



RATING WATCH AND ITS IMPLICATIONS

FRAMEWORK

Rating Watch indicates that there is a heightened probability of a rating change and the likely direction of such a change. These are designated as “Positive”, indicating a potential upgrade, “Negative”, for a potential downgrade, or “Developing”, if ratings may be raised, lowered or affirmed. However, ratings that are not on Rating Watch can be raised or lowered without being placed on Rating Watch first, if circumstances warrant such an action

Events such as change in ownership control, a merger, a demerger, an acquisition or a sudden regulatory development may lead to implication of credit rating on watch. While credit rating remains on watch, Infomerics Nepal utilizes such period by monitoring the ongoing developments and gathering additional information so as to assess whether and to what extent the existing credit rating may have to be revised.

Rating symbols used by Infomerics Nepal for Rating under Watch.

Rating Watch Symbol	Definitions
IRN %	“Watch with positive implications” and once the credit uncertainty gets resolved, the Credit Rating is most likely to be upgraded.
IRN @	“Watch with negative implications” and once the credit uncertainty gets resolved, the Credit Rating is most likely to be downgraded.
IRN &	“Watch with developing implications” and once the credit uncertainty gets resolved, the Credit Rating may either upgraded, downgraded or reaffirmed.

Note: Credit rating placed on “Watch with Positive Implications” or on “Watch with Negative Implications” does not imply that the credit rating would necessarily be upgraded or downgraded in the future, nor is placing any rating on “Watch” necessarily a precursor to a credit rating change. A credit rating “Watch” is applicable to all debt instruments regardless of the rating level and including those instruments that are rated on the short-term scale.