

Rating Symbols and definitions

Long-Term Scale

Rating symbols	Definition	
CareEdge AAA	Denotes the highest degree of safety regarding servicing of debt obligations with lowest credit risk.	Investment Grade
CareEdge AA	Denotes a high degree of safety regarding servicing of debt obligations carrying very low credit risk.	
CareEdge A	Denotes adequate degree of safety regarding servicing of debt obligations with low credit risk	
CareEdge BBB	Denotes a moderate degree of safety regarding servicing of debt obligations with moderate credit risk.	
CareEdge BB	Denotes inadequate degree of safety regarding servicing of debt obligations with high credit risk.	Sub-Investment Grade
CareEdge B	Denotes high vulnerability to default regarding servicing of debt obligations with very high credit risk.	
CareEdge CCC	Denotes very high vulnerability to default regarding servicing of debt obligations with substantial credit risk.	
CareEdge CC	Denotes imminent likelihood of default.	
CareEdge C	Denotes imminent likelihood of default and/or restructuring with potential loss of principal.	
CareEdge SD	Denotes default on one or more instruments while obligations on other instruments are being honoured.	
CareEdge D	Denotes default on debt obligations.	

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CareEdge AA to CareEdge CCC. The modifiers reflect the comparative standing within the category.

Definition of Default

CGIL defines default as the failure of an issuer or sovereign to honour any promised debt servicing obligations within the stipulated timeframe and in full.

A sovereign is also considered to be in default if it enters a debt exchange with its commercial financial creditors in a distress situation, based on the criteria mentioned in CareEdge Global Sovereign Rating Methodology

Rating Outlook

CGIL's rating outlook is an opinion on likely direction of rating in the medium term. In determining a rating outlook, consideration is given to any changes in economic and/or fundamental business conditions.

An outlook can be Positive, Negative and Stable. A stable outlook indicates a low likelihood of a rating change over the medium term. A Positive or Negative outlook indicates a higher likelihood of a rating change over the medium term. Positive or Negative outlook may not necessarily mean that a rating upgrade or downgrade will happen.

Outlooks are assigned for the categories CareEdge AA to CareEdge B.

Credit Watch:

CGIL may place ratings under 'Credit Watch' in case of occurrence of events not envisaged earlier which are likely to impact the credit profile of the issuer. Credit Watch is warranted when the impact of specific events on the credit profile cannot be accurately assessed at the point when they occur, and additional information may be necessary to fully evaluate their impact on rated instruments.

Some examples of such specific events are mergers, acquisitions, regulatory changes, sudden management shifts, or other developments that could affect the issuer's financial health. This approach helps stakeholders stay informed about potential changes in an issuer's credit profile.

Credit watch indicates that there is a probability of change in ratings assigned and indicates the likely direction of change.

Credit Watch also indicates the expected rating trajectory, consequent to the resolution of the 'Credit watch' event. At the same time, placing a rating on Credit Watch does not always mean that a rating change is inevitable. However, in some cases, it is certain that a rating change will occur and only the magnitude of the change is unclear.

Types of Credit Watch:

1. **Positive Implications:** Indicates a potential upgrade in the rating on resolution of Credit Watch.
2. **Negative Implications:** Indicates a potential downgrade in the rating on resolution of Credit Watch.
3. **Developing Implications:** Indicates that the rating could be either upgraded or downgraded, depending on the outcome of the event or trend being monitored on resolution of Credit Watch.

CGIL would promptly publish the rationale on periodic basis to communicate the possible resolution of Credit Watch.