



MAPPING OF ICRA’S LONG-TERM AND SHORT-TERM RATINGS

Short-Term Ratings

ICRA assigns short-term ratings with symbols from A1 through to A5 to debt instruments with original maturity up to one year. ICRA’s short-term ratings measure the probability of default on the rated debt securities over their entire tenure. A suffix of “+” may be attached to the rating symbols of A1 through to A4 to indicate the relative position of the issuer within the rating category. While the short-term rating of A1 indicates that the rated debt issuance has the highest credit quality, A5 indicates that the rated debt is either in default or is expected to default on its repayment obligations. ICRA assigns short-term ratings to instruments such as commercial paper, certificates of deposit, short-term debentures, other money market related instruments maturing within one year from the date of issuance and bank loans with contractual maturity of up to one year.

Linkage between Long-term and Short-term Ratings

Although ICRA ratings are specific to the rated instruments, the short-term ratings in general have a linkage with the assigned or implicit long-term ratings of the issuers concerned. Besides the fact that short-term instruments like commercial paper are usually on-going programmes, thus warranting a longer-term rating view, in ICRA’s opinion, refinancing risk or an issuer’s access to other sources of funding, is also largely influenced by the issuer’s longer-term credit profile.

Thus, apart from focusing on short-term factors like near-term business risk drivers and liquidity position of the issuers, ICRA also factors in an issuer’s long-term credit profile while assigning short-term ratings to debt instruments issued by it. The following *table* presents a broad guidance to the linkage between ICRA’s short-term and long-term ratings. The linkage shown is not rigid but only indicative. Significantly, an issuer with a speculative grade long-term credit rating will in most cases be rated in the speculative grade in the short-term too.

| | Long Term | Short Term | | | | |
|----------------------|-----------|------------|----|----|----|----|
| Investment Grade | LAAA | A1+ | A1 | A2 | A3 | A4 |
| | LAA+ | | | | | |
| | LAA | | | | | |
| | LAA- | | | | | |
| | LA+ | | | | | |
| | LA | | | | | |
| | LA- | | | | | |
| | LBBB+ | | | | | |
| | LBBB | | | | | |
| | LBBB- | | | | | |
| Non-Investment grade | LBB+ | A5 | A4 | A3 | A2 | A1 |
| | LBB | | | | | |
| | LBB- | | | | | |
| | LB+ | | | | | |
| | LB | | | | | |
| | LB- | | | | | |
| | LC+ | | | | | |
| | LC | | | | | |
| | LC- | | | | | |
| | LD | | | | | |



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