



ICRA Rating Feature

Mapping of ICRA's Long-Term and Short-Term Ratings

Short-Term Ratings

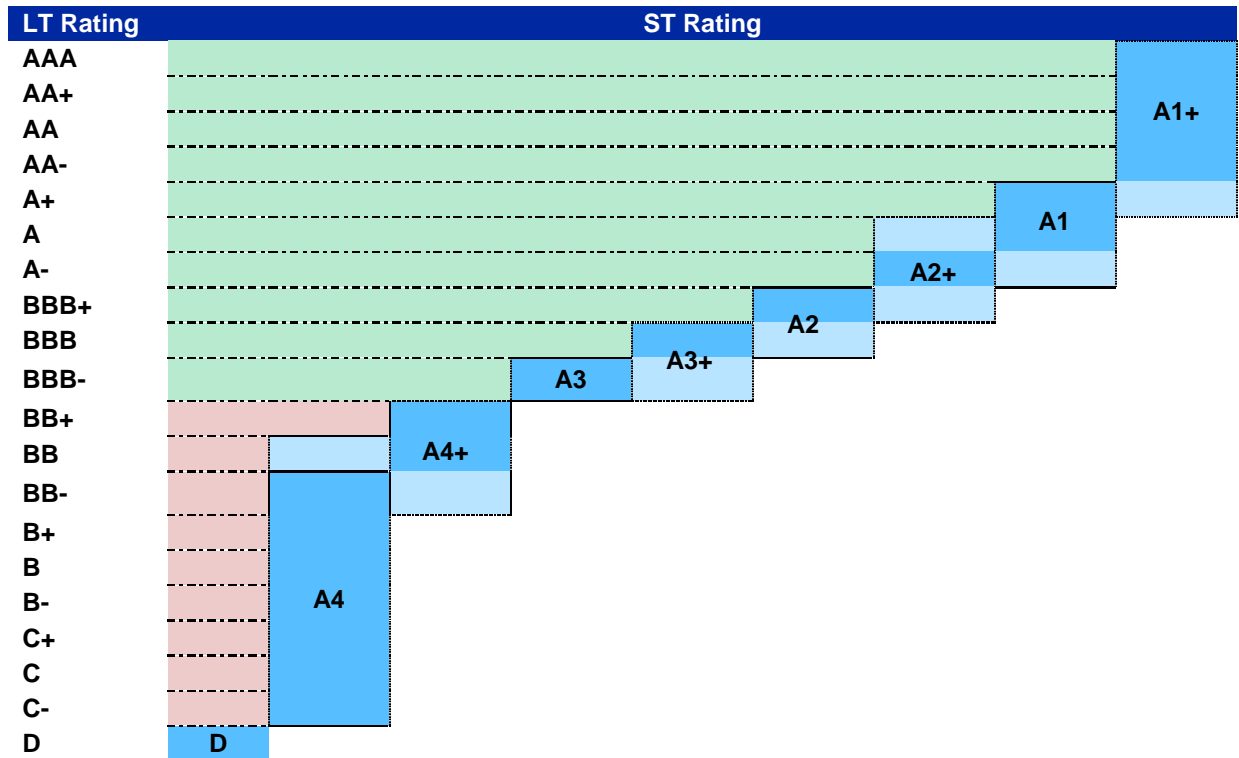
ICRA assigns short-term ratings with symbols from [ICRA]A1 through to [ICRA]D to debt instruments with original maturity up to one year. ICRA's short-term ratings measure the probability of default on the rated debt securities over their entire tenure. For the short-term ratings, modifiers {"+" (plus)} are used with the rating symbols for the categories [ICRA]A1 to [ICRA]A4. The modifier reflects the comparative standing within the category. While the short-term rating of [ICRA]A1 indicates that the instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations and such instruments carry the lowest credit risk, the short-rating of [ICRA]D indicates that the instruments with this rating are in default or are expected to be in default upon maturity. 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

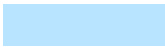
Although ICRA ratings are specific to the rated instruments, the short-term ratings in general have a linkage with the assigned or implicit long-term ratings of the entities concerned. Besides the fact that short-term instruments like commercial paper are usually on-going programmes, thus warranting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

Thus, apart from focusing on short-term factors like near-term business risk drivers and liquidity position of the entities, ICRA also factors in an entity's long-term credit profile while assigning short-term ratings to debt instruments issued by it. The *Chart* below 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. But an entity with a non-investment grade long-term credit rating will be rated in the non-investment grade in the short-term too.

Chart: Indicative mapping of ICRA's long-term and short-term ratings



 Reflects the 'typical mapping' of the long-term rating with the short-term rating

 Reflects the mapping when there is a reason for assigning a higher or a lower short-term rating (for a given long-term rating) than that indicated by the 'typical mapping'



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