

Credit Rating Scales and Grades



Credit Rating Agencies evaluate the credit worthiness of an individual, business or governments after studying their financial status, industrial risks and market conditions. These agencies work on the request of companies.

At present, four credit Rating Agencies are working in the country. Credit Rating Information Services of India Limited (CRISIL), Investment Information and credit Rating Agency of India Ltd.(ICRA) , Credit Analysis and Research Ltd.. (CARE) and Duff Falps Credit Rating Private Ltd. (DCR India). CRISIL is the first Credit Rating Agency of the country which started its functioning since January 1988.

Investment Grades of Credit Rating Agencies in India

| Investment Grades | CRISIL | Credit Rating ICRA | CARE |
|-----------------------------|--------|--------------------|----------|
| Long Term Debentures | | | |
| Highest Safety | AAA | LAAA | CARE AAA |
| High Safety | AA | LAA | CARE AA |

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|------------------------------|------|------|----------|
| Adequate Safety | A | LA | CARE A |
| Inadequate Safety | BB | LBB | CARE BB |
| High-Risk | B | LB | CARE B |
| Mid-Term Debentures | | | |
| Highest Safety | FAAA | MAAA | CARE AAA |
| High safety | FAA | MAA | CARE AA |
| Adequate safety | FA | MA | CARE A |
| Inadequate Safety | FB | MB | CARE BB |
| High-Risk | FC | MC | CARE B |
| Short Term Debentures | | | |
| Highest safety | P1 | A1 | PR1 |
| High safety | P2 | A2 | PR2 |
| Adequate Safety | P3 | A3 | PR3 |
| Inadequate Safety | P4 | A4 | PR4 |
| High Risk | - | - | - |