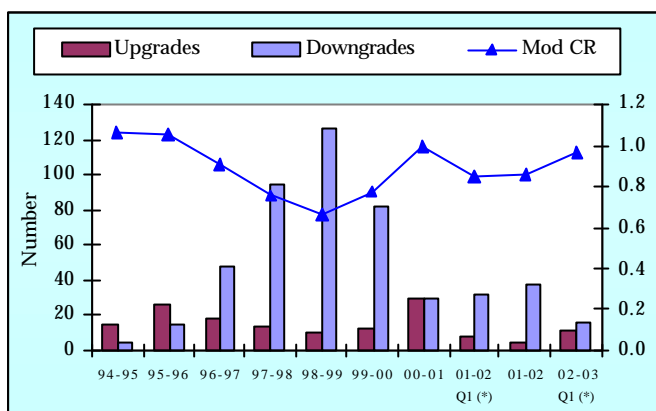


CRISIL Ratings Round-Up: First Quarter 2002-03

Increased Stability of CRISIL's Ratings



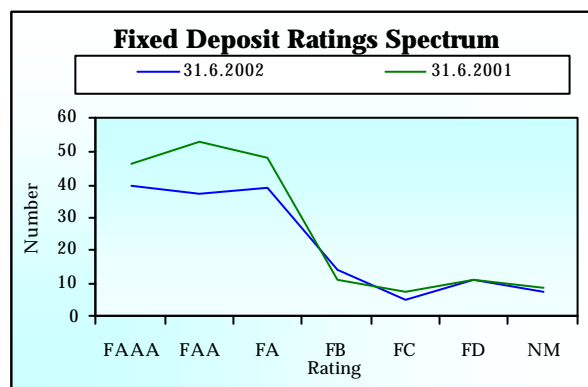
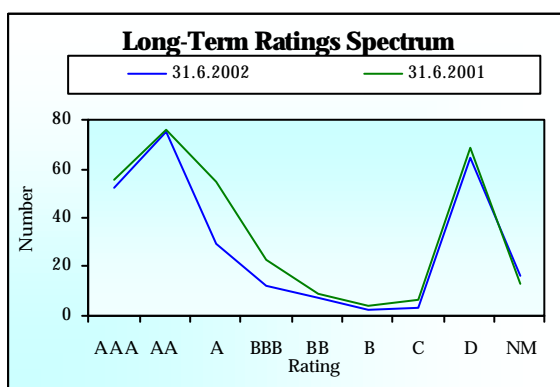
(*) Number of upgrades / downgrades are multiplied by 4

This study analyses CRISIL's rating actions and rated debt volumes in the first quarter (Q1) of 2002-03 and compares them with the corresponding period in the previous year. The quarter has seen a continuation of past trends such as an increasing stability in CRISIL's ratings. CRISIL's long-term ratings portfolio witnessed 41 rating actions within these three months, including 34 reaffirmations, three

upgrades and four downgrades. All the

rating changes (upgrades or downgrades) occurred in the manufacturing sector. The infrastructure and financial sectors displayed high stability, accounting for 18 reaffirmations. The modified credit ratio¹, which indicates the overall performance of CRISIL's portfolio, has improved significantly over the past two years. It reached a high of 0.97 in Q1 2002-03 as against 0.85 in the same quarter the previous year. In addition, CRISIL's ratings have displayed improved stability during the first quarter of 2002-03 compared to the stability achieved in Q1 2001-02, with reaffirmations accounting for a greater fraction of the rating actions as compared to rating changes. Reaffirmations comprised 82.9% of all ratings actions in Q1 2002-03 against a figure of 75.6% in the previous year's Q1.

Trends in Ratings Distribution



CRISIL's long-term ratings spectrum has continued to exhibit a polarisation in ratings with a declining number of entities in the A and BBB ratings categories. During Q1 2002-03, around 4% of the outstanding ratings in the high and highest safety rating categories (AA and AAA) were withdrawn whereas 14% of the ratings in the adequate and moderate safety categories (A and BBB) were withdrawn. In contrast, the number of

¹ The ratio of (upgrades + reaffirmations) to (downgrades + reaffirmations)

rated entities in the higher safety rating categories has declined in the case of fixed deposit ratings.

Study on Rated Debt Volumes

New debt instruments include new ratings or enhancements in currently rated debt programmes. CRISIL has rated 16 new long-term and short-term debt instruments each in this period. The amount of AAA-rated debt increased to over Rs. 150 billion in Q1 2002-03, a rise of almost 200% over AAA-rated debt in Q1 of the previous year. The share of AAA-rated entities has risen from 91% to 97% in this period. While the number of entities raising debt has fallen marginally, AAA-rated entities comprise a larger share of the total. The primary reason for the rise in volume of AAA-rated debt is not only their increased number (from six to 10) but also a considerable growth in the average volumes rated by each entity (over Rs. 15 billion, from around 8.5 billion in the corresponding period last year). Four entities contributed the bulk of the AAA-rated debt – Power Finance Corporation, Rural Electrification Corporation, National Highway Authority of India and National Thermal Power Corporation Ltd – and had a combined debt volume of Rs. 151 billion. A similar increase in the average debt rated has been witnessed for lower rated entities as well. Thus, though the number of AA-rated issuers in Q1 2002-02 is four (compared to nine in Q1 2001-02) the amount of AA-rated debt has remained stable.

| Rating | 2002 - 03 Q1 | | | 2001 - 02 Q1 | | |
|--------------|--------------|-------------------|-------------------|--------------|-------------------|-------------------|
| | Debt Volumes | Number of issuers | Fraction of total | Debt Volumes | Number of issuers | Fraction of total |
| AAA | 153924 | 10 | 97.0% | 52350 | 6 | 90.9% |
| AA | 3900 | 4 | 2.77% | 4220 | 9 | 7.33% |
| A | 250 | 1 | 0.2% | 1000 | 3 | 1.7% |
| BBB | 44 | 1 | 0.0% | 0 | | 0.0% |
| Total | 158118 | 16 | | 57570 | 18 | |

Debt volumes in Rs. million

There has been a drop in rated debt volumes in commercial paper (CP) and short-term debt, although the number of issuers is identical. Rated short-term debt volumes per issuer have shrunk by 45% in Q1 2002-03 compared to the previous year. Only four of the 16 short-term debt or CP programmes in Q1 2002-03 were of Rs. 1 billion or above, versus seven such issues in the corresponding period last year.

| Rating | 2002 - 03 Q1 | | 2001 - 02 Q1 | |
|--------------|--------------|-------------------|--------------|-------------------|
| | Debt Volumes | Number of issuers | Debt Volumes | Number of issuers |
| P1+ | 10290 | 15 | 18630 | 16 |
| P1 | 100 | 1 | | |
| Total | 10390 | 16 | 18630 | 16 |

Debt volumes in Rs. Million

CRISIL Rating Upgrades / Downgrades in Q1 2002-03:

| UPGRADES | | | | | |
|-------------------|--------------------------------|-----------------|---------------------------|-------------|-----------|
| Sl No | Company | Industry | Sector | From | To |
| 1 | Eimco Elecon (India) Ltd. | Manufacturing | Steel & Steel Products | A+ | AA- |
| 2 | Lupin Laboratories Ltd. | Manufacturing | Drugs & Pharmaceuticals | D | BB+ |
| 3 | Tata SSL Ltd. | Manufacturing | Engineering | AA- | AA |
| DOWNGRADES | | | | | |
| Sl No | Company | Industry | Sector | From | To |
| 1 | Atlas Cycle (Haryana) Ltd | Manufacturing | Cycles & Cycle Components | A+ | BBB |
| 2 | BPL Ltd. | Manufacturing | Consumer Durable | A- | D |
| 3 | Orient Paper & Industries Ltd. | Manufacturing | Diversified | C | D |
| 4 | Perfect Circle India Ltd. | Manufacturing | Auto Ancillaries | A | A- |