

**The Times of India**

**Title : Cos' credit score up on economic recovery**

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**Pressure Remains On Firms With High Debt**

The recovery in the economy has helped improve the credit profile of Indian companies, although there is still pressure on firms with high level of debt and low profitability.

At least two ratings agencies—Crisil and Care— reported numbers that show that more companies saw credit rating upgrades during the first half of the current financial year than downgrades. While ICRA is yet to release the data on companies that it rates, its MD & CEO Naresh Takkar said compared to the median rating of BB+ last year, companies seemed to be on a firmer footing now.

Crisil data showed that the upgrades (741) were 1.64 times the downgrades (451) during April-September 2014-15—first time in 30 months the ratio was higher than 1 (downgrades equal upgrades).

Similarly, Care data showed that the ratio of upgrades to downgrades was 1.25 during July-September 2014, the highest since April-June 2012. During the first quarter, the ratio was 1.02, it said. In the second quarter of this fiscal year, 80 entities recorded a rating upgrade, 61 entities a rating downgrade and 61 entities a rating downgrade and 326 saw their ratings being reaffirmed. “Parallel to the positive signs the economy witnessed so far in terms of GDP and industrial growth, we have seen an improvement in the modified credit ratio, which indicates a recovery in the economy ,” Care MD & CEO D R Dogra said. The improvement, however, is not broad-based. “Last year downgrades were very high. It was the worst in five years, even worse than 2008-09. The worst is behind us... the recovery is not broad-based but as the economy picks up things will improve further for companies,” said ICRA 's Takkar.

Crisil said the improvement in business-related factors was the key driver for 60% of the upgrades, which was visible in export-linked sectors and non-discretionary consumer segments such as traders, packaged foods, pharmaceuticals, textiles and agricultural products, which have the highest upgrade rates.

**Biz confidence soars**

New Delhi: A stable government at the Centre and an improved macro-economic environment have pushed up business confidence. CII said its Business Confidence Index (CII-BCI) shot up to 57.4, during the July-September quarter, compared an all-time low of 45.7 a year ago. Similarly, Ficci's Overall Business Confidence Index stood at 72.7, the highest in 15 quarters. The index value in the previous survey was 69. TNN

## GREENSHOOTS

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