



## ICRA Nepal Rating Feature

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

### Short-Term Ratings

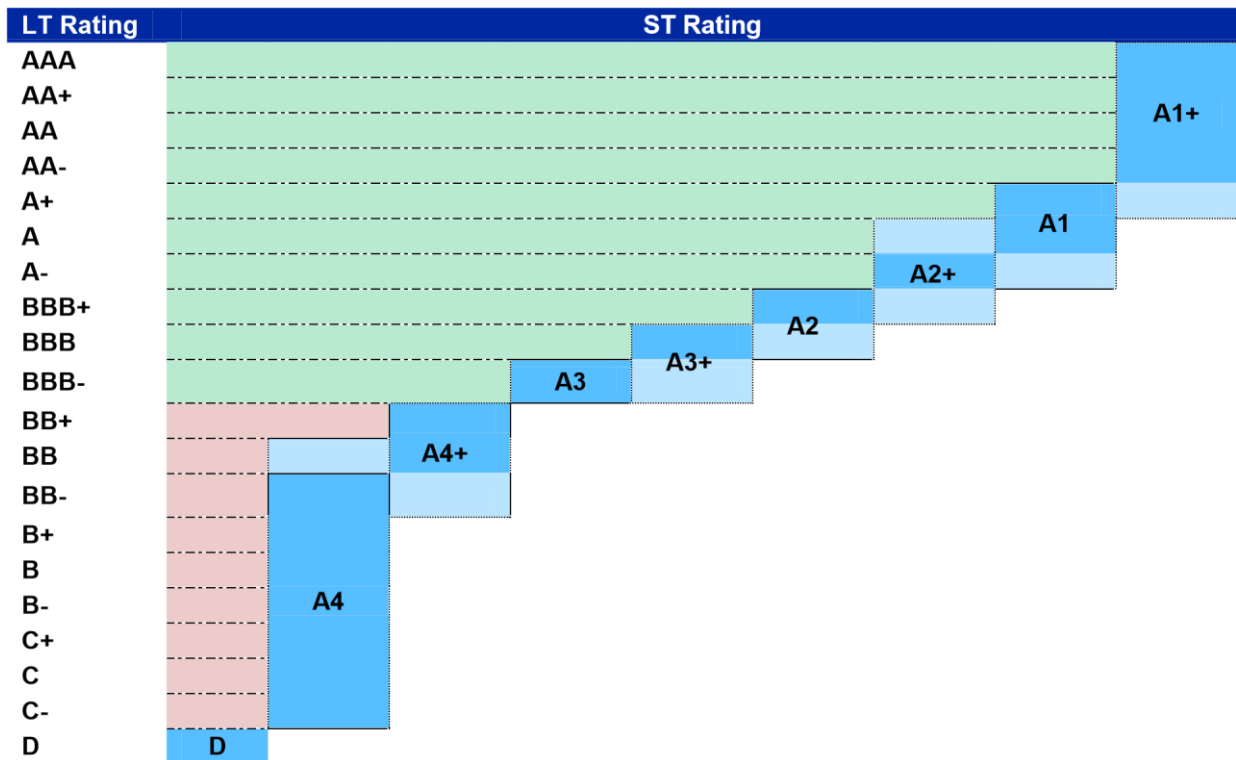
ICRA Nepal assigns short-term Ratings with symbols from [ICRANP]A1 through to [ICRANP]D to debt instruments with original maturity up to one year. ICRA Nepal's short-term Ratings measure the probability of default on the Rated debt securities over their entire tenure. For the short-term Ratings modifiers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

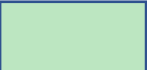
Thus, apart from focusing on short-term factors like near-term business risk drivers and liquidity position of the issuers, ICRA Nepal also factors in an issuer's long-term credit profile while assigning short-term Ratings to debt instruments issued by it. The following table presents a broad guidance to the linkage between ICRA Nepal'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.

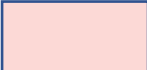
Chart: Indicative mapping of ICRA Nepal's long-term and short-term ratings



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

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

 Reflects Investment grade

 Reflects Non-Investment grade



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