THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

A Study on Operational Performance of CRISIL Credit Rating Agency

D. Sanjeeva Rao
Research Scholar, Rayalaseema University, Kurnool, Andhra Pradesh, India

Abstract:
Purpose: This paper aims to study operational performance of CRISIL credit rating agency, and find out the factors which enhanced the performances of various activities under taken by CRISIL credit rating agency.
Design: Data was collected through the various articles and CRISIL credit rating agency website, for a period of fifteen years.
Findings: The findings reported that few rating services were provided by CRISIL rating agency in the initial stage, and the number of services was increased on the basis of the issuer requirements. Issuer companies are also aware of the services provided by CRISIL credit rating agency. The important factors which have enhanced the effectiveness of credit rating agency are managerial effectiveness, credibility and creative marketing efforts.

Keywords: CRISIL Ratings, Stability Rate, Transition Rate

1. Introduction

The people in India were dependent on banks and financial institutions for their fund requirement to establish new businesses or to expand the existing businesses. The supply of fund by these institutions were based on different interest rates, it also was on account of the negotiations between the borrower and lender. Once the fund was borrowed usually it was held up to the date of maturity. There was no need of market valuation.

Gradually, the growth of business, economy and environment changed due to the availability of funds at cheaper rates on account of government policies and integration of global economy. The investors have also positively responded to the environmental changes in the market. The relationship between the borrower and lender was brought to narrower level by way of bilateral negotiations. The investor started looking towards trading opportunities by way of mark-to-market valuation owing to the market mechanism. The task of holding instruments over a specific period has become difficult. This action needed the assistance of experts. These experts critically assess the creditworthiness of borrowers. This job is done by the credit rating agencies.

Credit Rating and Information Services of India Limited, CRISIL) a Credit Rating Agency came into being to evaluate the credit risk of the instruments. These rating agencies enable the investors to take reasonable investment related decisions to minimise the risk and maximise the benefits. Growth of capital market and increase in the variety of instruments not only created opportunities to the investors but also created complexities in the market. The Issuer Company is no longer a surety to the quality of instrument which it issues. Under this situation, the Caveat Emptor rule (buyer beware) can be suitably applied as Investor beware. In light of this, an attempt is made to evaluate the performance of CRISIL credit rating agency in India. This evaluation is based on the performance statistics of CRISIL credit Rating Agency over a period of 15 years.
.

2. Objective

To assess the operational performance of CRISIL Credit Rating Agency

3. Research Methodology

The study makes use of secondary data for the purpose of evaluating the performance of CRISIL credit rating agency in India. The secondary data is obtained from the journals, Ratings Roundup (CRISIL), published by CRISIL credit rating agency and its website. An attempt is made to analyse and evaluate the performance of Rating Agency.

3.1. Statistical Tools Used

Mean, Standard Deviation and coefficient of variation values have been used for analysis of this study.

3.2. Conceptual Framework

The Credit Rating Information Services of India Limited (CRISIL) was established in the year 1987. The CRISIL rating agency initiated and popularized the concept of credit rating in India. Until then rating was not known to Indian investors. It was formerly known as Credit Rating Information Services of India Limited. The name was altered to CRISIL in the year 2003. It was set up in January, 1988; it started its rating activity in March 1988. It is India's premier credit rating agency and ranks amongst the top five in

the world.   Credit Rating Information Services of India Limited's core competencies are in the areas of risk identification classification and assessment. Its central office is located in Mumbai. It performs various functions through the branches located in Ahmadabad, Bangalore, Chennai, Hyderabad, Kolkata, New Delhi and Pune. It was promoted by a group of financial institutions, nationalized banks and International banks. Brief information about the promoters and their contribution is given in the table below.

3.3. Capital Structure of CRISIL
The first Credit Agency floated on 1 January, 1988, jointly started by ICICI and UTI with an equity capital of Rs.4 Crores as a Public Company.

Sl. No	Name of the Promoter	Percentage
1	ICICI	15%
2	UTI	15%
3	ADB	15%
4	LIC of India	5%
5	GIC and Subsidiaries	5%
6	SBI	5%
7	HDFC	5%
8	Nationalized Banks	18%
9	Foreign Banks	17%

Table 1: Promoters and their contributory percentage
Source: www.crisil.com

Note:
01. Nationalized Banks Include – Bank of India, Bank Of Baroda, UCO, Indian Overseas Bank, Vysya Bank, Bank of Madura.
02. Foreign Banks Include - SC Bank, Banque Indo Suez, Mitsui Bank, Bank of Tokyo, Hong Kong Bank, Citi Bank

The rating of a financial instrument requires a thorough analysis of three factors, i.e. Business analysis, Financial Analysis and Fundamental Analysis. Business analysis covers the industry risk, market position, operating efficiency and legal position. Industry risk includes the actual and estimated demand and supply, number of firms and potential entrants in the industry, government policies relating to the industry, its future potentiality and other factors. Market position covers the study of market share of the firms, marketing arrangements, products and customers. Operating efficiency is the study of production process of the firm, its cost structure, location advantages, labour relationships, input availability and prices. Legal position covers a study of prospectus, accuracy of information and filing of forms, returns with proper regulatory authorities.

Financial analysis includes an analysis of accounting quality, earnings protection cash flow adequacy and financial flexibility. Accounting quality is known by the study of method of income recognition, inventory valuation, depreciation policies and auditor's remarks and off balance liabilities. Earnings protection is examined with reference to profitability ratios, earnings growth and projected earnings. Adequacy of cash flows includes a study of future cash flows, working capital needs and capital budgets.

Financial flexibility is examined in terms of alternate financing plans have been developed and feasibility of such plans. Financial Performance of CRISIL covers Revenue, Profit before Depreciation, Profit before Tax, Earnings per Share, Net worth, Percentage of Dividend, Market capitalization, number of employees.
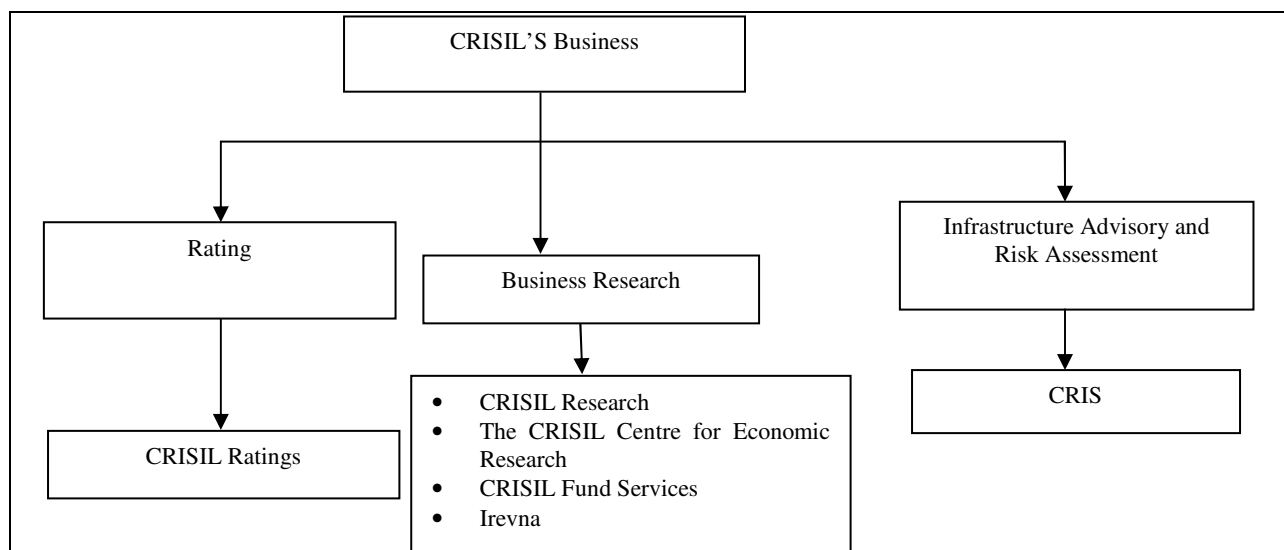

Figure 1: CRISIL's Business
Source: www.crisil.com

Year	Number of Instruments rated	Volume of Debt Rated (Rs in. Crores)	Average Amount Involved with each debt Instrument Rated (Rs.in crores)
2001	272	53,013	194.90
2002	328	70,441	214.76
2003	381	70,407	184.80
2004	356	70,917	199.21
2005	421	1,30,332	309.58
2006	418	1,24,159	297.03
2007	502	1,87,217	372.94
2008	743	3,86,000	519.52
2009	900	7,00,000	6,949.78
2010	943	16,00,000	8,031.72
2011	3,002	23,00,000	10,024.50
2012	5,178	24,00,000	11,847.50
2013	7,525	30,00,000	12,825.00
2014	10,588	68,21,700	11,147.28
2015	11,699	75,92,500	12,077.07
Total	**43,256**	**2,55,06,686**	**75,195.59**

Table 2: Instruments and Volume of Debt Rated
Source: CRISIL Annual Reports.

The average number of instruments rated for a period of 15 years is 2884. When the Standard Deviation is calculated, it is found that the rating value is 3964. The coefficient of variance is considered to be less consistent as its value is 137.46. The rating of instrument is significant during 2001 to 2015 as the instruments show an increasing trend. The volume of debt rated over 15 years has reached an enormous increase up to Rs 2, 55, 06,686 which is positively correlated with the number of instruments rated. The average amount of rated instruments is low during 2001 to 2004 except 2002. But the average number of rated instruments is showing a progressive increasing trend in the next decade. The above information is presented in a graphical form.
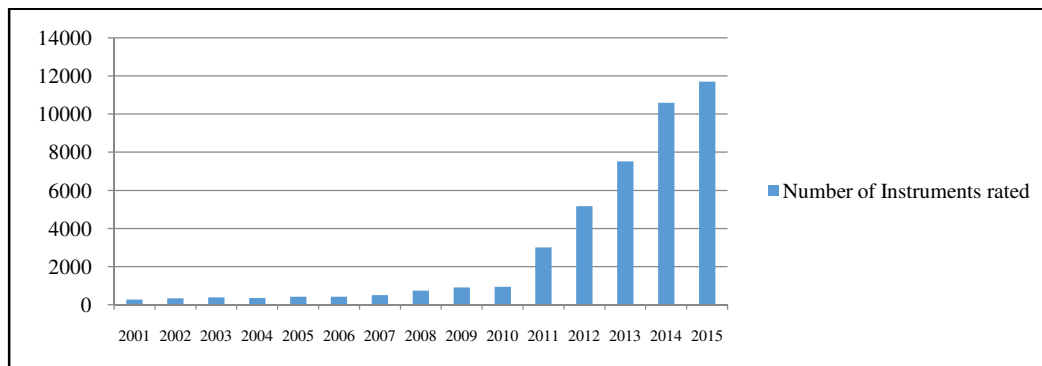

Figure 2: Number of Instruments rated

3.4. Credit Rating Process

Credit Ratings are based on the latest information which are provided by the issuer company to the rating agency. In evaluation of credit worthiness of an issuer company's financial product, it will analyze all the factors regarding business analysis and financial analysis for a manufacturing concern.

3.4.1. Financial Analysis
Under this head, the CRISIL examines the earning capability, accounting standards, financial status, analysis of cash inflows and management evaluation.

3.4.2. Earning Capability
The team examines the earning capacity of the issuer company. They will also assess about the future earnings and earning protection. Earning protection is more important element in the growth of a company. Retaining the present earnings are the most problematic aspect in the business environment. The business is uncertain and no one knows what happens tomorrow. Though the present earnings are low but the future capabilities may turn the status of the company. The earning capability is based on the general economy of the state. It is based on the quantum level of production.

3.4.3. Accounting Standards
The profits of the corporate sector are declared by the accounting department. The accounting department fully involves the book keeping and the maintenance of records. After the completion of routine process of accounting the company submits its reports to the

shareholders in AGM. They also examine the method of income recognition. The team also scrutinises the method of inventory valuation and depreciation policies and thorough check will be done on all the items of balance sheet on both sides.

3.5. Financial Status
The team analyses the financial plans of the company and their implementations. The procurements of funds and disbursing of the fund is the most important task of the finance department. The team also examines the efficiency of the finance being in all aspects. They also verify the EPS, Profitability Ratios and proportion of interest and net profit.

3.6. Analysis of Cash Inflows
The CRISIL team investigates the debt equity mix and variability of future cash flows. They assess about the requirement of fixed capital and working capital. The adequacy of cash flows reflects in working capital management, current ratio, inventory to sales etc., The financial flexibility also examined in terms of capital financing plans, flexibility in financing through alternative method.

3.7. Management Evaluation
The experts examine about the relation to track record of promoters, managers and top level executives. The experts examine the abilities, skill talent dynamism, managerial skill, problem solving capacity, implementation of the plans, strategies, decision making capacity etc.,   They evaluate the targets, company philosophy and financial strategies. They also check about the capacity of adjusting with flexibility. Foresight is the most important element to a commercial enterprise. The top-level management have a foresight about the company future that enables the company to move in a right direction.

3.8. Fundamental Analysis
Fundamental Analysis will be done by the crisil's group of experts. They will analyse the liquidity position of the company, asset quality, profitability, financial sound etc. The team also checks the interest and tax sensitivity of the company. The analysis of liquidity position includes capital structure, matching of assets and liabilities. The top-level management policy on liquid assets in relating to financing commitments and refunding of deposits. The capital structure refers to the makeup of a firm capitalization. It represents different sources of long term funds in the total capitalization of the company.   The choice of an appropriate capital structure depends on the number of factors, such as the nature of the company's business, regularity of earnings, conditions of the market, attitude of the investor, asset Quality. Asset quality depends upon the company's credit risk management. The company undertakes the system of monitoring credit affairs of the company. The profitability analysis is another factor of evaluation of finance companies. The team also examines the historic profits and fund deployment. The quantum of revenues arose on non-fund based services. The team observes the financial leverage of the company.

3.9. Activities Undertaken
Credit Rating Agencies specialize in analysing and evaluation of creditworthiness of debt instruments. Credit rating agencies become more popular on the basis of guidance and information provided to the investors and institutions. These services enhance the ability of issuers to have access to the capital markets.

Activities	CRISIL
Rating and Grading	✓
Research	✓
Credit Risk Solutions	✓
Information Advisory Services	✓
Information Technology Services	-

Table 3: Activities undertaken

3.9.1. Rating and Grading
Credit Rating is a symbolic indicator of issuer's capability of timely servicing of debt obligations. Grading is done to assess the quality of performance of that particular entity. Rating may be changed on the adequacy of information provided by the issuer. Different types of Rating and Grading services provided by CRISIL, are shown in the table below.

Services	CRISIL
Ratings of Long Term Instruments	✓
Ratings of Short Term Instruments	✓
Ratings of Structured Finance Instruments	✓
Bank Loan Ratings	✓
SME Ratings	✓
Real Estate Ratings	✓
Education Grading	✓
IPO Grading	✓
Corporate Governance Rating	✓
Grading of Mutual Funds	✓
Assessment of State Governments	✓

Table 4: Rating and Grading Services Source: www.crisil.com

It is evident from the table that CRISIL provides Rating of Long Term Instruments, Short Term Instruments, Structured Finance Instruments, which depicts the rating agency's view of ability of Issuer Company to repay the debt and interest in a timely manner. Bank Loan Ratings indicate the degree of risk regarding timely payment of bank facility being rated; the facility includes principal and interest. SME Ratings help to build the credibility of the business and gain the confidence of business partners. Housing and real estate form the backbone of the country's infrastructure and economic development. These services emphasize faster economic growth, attracting large investments from both domestic and foreign investors and exercise caution in their exposure as the sector is largely unorganized. Education grading services enables all the stakeholders to take well informed decisions on quality of education provided by the institutions from ITIs to Business schools. Initial Public Offer (IPO) grading represents the relative assessment of fundamentals of issue graded in relation to other equity securities listed in India. Corporate Governance meant to indicate relative level with which it follows the guidelines and governance practices that are present in the organization. The grading of mutual funds signifies the likelihood of achieving the objective of the investors. The assessment of State Governments provides the information to setup industries and carryon enterprises.

3.10. Research
CRISIL offers products and services covering both equity and debt markets thereby furthering the objective to make markets perform function better. Under research services it provides grading to equity outsourcing and customised research for information as part of their fund-raising initiatives. It offers CRISIL Fund and Fixed Income Research, by valuing fixed incomes and its insightful, independent evaluative performance of investments.

3.11. Credit Risk Solutions
CRISIL provides credit risk solutions covering Risk Assessment Model, Credit Processing System (CPS), Early Warning System, Operational Risk Evaluator, Capital Assessment Model and Credit Capital services.

3.12. Information Advisory Services
It provides services extensively in the areas of policy making, and economic development. Its range of activities include Complex feasibility studies, creation of appropriate policy frameworks, sector reforms, regulatory support and project structuring for various large and complex projects.

Year	Upgraded		Downgraded		Reaffirmed		Rating Watch		Withdrawal/Suspended		Not meaningful		Total	
	No	Rs	No	Rs	No	Rs	No	Rs	No	Rs	No	Rs	No	Rs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
2001	6 (14.28)	155 (4.32)	4 (9.52)	73 (1.99)	26 (61.94)	3302 (90.14)	0	0	6 (14.28)	133 (3.63)	-	-	42 (100)	3663 (100)
2002	141 (6.66)	35712 (3.34)	591 (27.91)	135546 (12.68)	1023 (48.32)	862008 (80.64)	90 (4.25)	26788 (2.50)	272 (12.84)	8880 (0.83)	-	-	2117 (100)	1068933 (100)
2003	26 (3.21)	1645 (0.34)	201 (24.84)	135423 (28.80)	410 (50.67)	279619 (59.47)	45 (5.56)	26572 (5.65)	127 (15.69)	26901 (5.72)	-	-	809 (100)	470160 (100)
2004	54 (6.85)	14780 (2.19)	43 (5.45)	7064 (1.04)	521 (66.11)	627786 (93.07)	31 (3.39)	13182 (1.95)	128 (16.24)	11438 (1.69)	11 (1.35)	230 (0.03)	788 (100)	674480 (100)
2005	81 (6.69)	22199 (2.63)	60 (4.95)	9582 (1.13)	887 (73.30)	793540 (94.19)	21 (1.73)	4720 (0.56)	153 (12.64)	12278 (1.45)	8 (0.66)	116 (0.01)	1210 (100)	842435 (100)
2006	68 (5.75)	51827 (3.61)	43 (3.63)	6852 (4.77)	870 (73.6)	1339016 (93.37)	21 (1.77)	2319 (0.16)	177 (14.97)	33792 (2.35)	3 (0.25)	287 (0.02)	1182 (100)	1434093 (100)
2007	32 (2.89)	6533 (0.54)	41 (3.71)	5050 (0.42)	854 (77.35)	1141734 (95.94)	39 (3.53)	11364 (0.94)	127 (11.5)	19335 (1.62)	11 (0.99)	5991 (5.03)	1104 (100)	1190006 (100)
2008	62 (4.46)	8762 (0.45)	73 (5.25)	31490 (1.64)	1031 (74.22)	1805468 (94.45)	51 (3.67)	40602 (2.12)	172 (12.38)	25188 (1.31)	0	0	1389 (100)	1911510 (100)
2009	36 (1.71)	17033 (0.63)	251 (11.92)	130021 (4.87)	1430 (67.93)	2323424 (87.05)	52 (2.47)	123303 (4.62)	335 (15.91)	44853 (1.68)	1 (0.003)	90	2105 (100)	2668725 (100)
2010	197 (5.30)	61052 (1.80)	324 (8.72)	131668 (3.88)	2766 (0.08)	3080727 (90.99)	70 (1.88)	27726 (0.81)	358 (9.63)	84569 (2.49)	0	0	3715 (100)	3385741 (100)
2011	743 (13.91)	157395 (3.48)	310 (5.80)	28203 (0.62)	3605 (67.49)	4199714 (93.09)	100 (1.87)	38662 (0.85)	518 (9.69)	87314 (1.93)	0	0	5341 (100)	4511289 (100)
2012	696 (11.48)	101523 (2.5)	650 (10.72)	135515 (3.34)	3935 (64.95)	3736592 (92.19)	45 (0.74)	32807 (0.80)	717 (11.83)	81947 (2.02)	0	0	6058 (100)	4052774 (100)
2013	463 (7.85)	28624 (0.57)	904 (15.34)	219321 (4.39)	3827 (64.95)	3916772 (78.52)	57 (0.96)	22898 (0.45)	637 (11.42)	107177 (2.14)	0	0	5892 (100)	4988163 (100)
2014	434 (8.28)	27333 (0.67)	833 (15.89)	198184 (4.89)	3380 (64.50)	3033258 (74.97)	37 (0.70)	15097 (0.37)	552 (10.53)	78386 (1.93)	0	0	5240 (100)	4045627 (100)
2015	464 (14.96)	187443 (2.94)	206 (6.64)	103203 (1.62)	1930 (62.23)	5947139 (93.44)	50 (1.61)	60743 (0.95)	451 (14.54)	65843 (1.03)	0	0	3101 (100)	6364371 (100)

Table 5: Review of Accepted Ratings of Corporate Debt Securities (Rs. in Crores)
Source: http://www.sebi.gov.in/sebiweb/home/list/4/32/0/0/Handbook-of-Statistics
Note: Figures in parentheses denote percentages

The table shows the Rating exercise of CRISIL, Credit Rating Agency after the initial Rating. It exhibits the quality of Rating and competency of Rating Agency to take a record of developments. The upgrades and downgrades are however critically viewed. For example, an instrument rated 'A', upgraded to 'A+' or downgraded to 'A-'is considered as stable in the category of 'A'. The study covers Investment grade and Non-Investment grades which are grouped as per the study of Rating Agencies. The present analysis shows the trends in rating exercises and their influences. The analysis cycle involves the debt. There is more number of downgrades than the upgrades which is not desirable in the interest of investors. It refers to the stringent framework which was not adopted in the Initial Rating. This infers that the rating is issuer-based. From the year 2000 to 2015, there were 28.84 percent of downgrades which were only 201 instruments. In terms of number of instruments and the volume of debt the ratings 45 instruments were referred to ratings watch whereas 212 instruments were suspended in all.

During the year 2007-08 only 73 instruments were downgraded worth of Rs.31, 490 Crores against the upgrades of 62 instruments worth Rs. 8,762 crores. It reflects seriousness of the situation. In the year 2010 the upgraded instruments have rose to 743 which is (13.91%) with a value of Rs.1, 57,395 crores from Rs.61, 052 in the previous year. This shows that the impact of financial crisis has not influenced our rating process. The Reaffirmed ratings have shown a continuous improvement from 26 instruments to 1930 between 2000-01 to 2014-15. The value has ranged between Rs.3, 302 crores to Rs.59, 47,139 Crores.

In reviewing the accepted ratings of corporate debt securities, it is also noted that the ratings are not meaningful but were negligible with a range between 3 to 11 instruments but an amount of Rs 287 crores to Rs.5, 991 crores. Reaffirmed ratings were low as compared to withdrawal or suspended ratings. This indicates that the ratings assigned were gaining the confidence levels amongst issuer companies, where ever the CRISIL has given support to prove issuer companies' truthful commitment.

CRISIL		
Year	**Rating Symbol**	**Stability Rate**
2000	CRISIL AAA	97.4
	CRISIL AA	88.1
	CRISIL A	82.6
	CRISIL BBB	85.3
	CRISIL BB	77.3
	CRISIL B	60.0
	CRISIL C	66.7
Transition Rate		**79.63**
2001	CRISIL AAA	98.15
	CRISIL AA	91.46
	CRISIL A	84.00
	CRISIL BBB	86.84
	CRISIL BB	NA
	CRISIL B	NA
	CRISIL C	NA
Transition Rate		**90.11**
2002	CRISIL AAA	96.25
	CRISIL AA	87.21
	CRISIL A	96.43
	CRISIL BBB	81.82
	CRISIL BB	NA
	CRISIL B	NA
	CRISIL C	NA
Transition Rate		**90.11**
2003	CRISIL AAA	94.87
	CRISIL AA	97.10
	CRISIL A	75.70
	CRISIL BBB	100.00
	CRISIL BB	NA
	CRISIL B	NA
	CRISIL C	NA
Transition Rate		**91.91**
2004	CRISIL AAA	97.14
	CRISIL AA	95.80
	CRISIL A	91.67
	CRISIL BBB	72.70
	CRISIL BB	NA
	CRISIL B	NA

	CRISIL C	NA
Transition Rate		**89.32**
2005	CRISIL AAA	100.00
	CRISIL AA	95.89
	CRISIL A	78.57
	CRISIL BBB	71.43
	CRISIL BB	NA
	CRISIL B	NA
	CRISIL C	NA
Transition Rate		**89.32**
2006	CRISIL AAA	100.00
	CRISIL AA	96.72
	CRISIL A	100.00
	CRISIL BBB	87.50
	CRISIL BB	NA
	CRISIL B	NA
	CRISIL C	NA
Transition Rate		**96.05**
2007	CRISIL AAA	100.00
	CRISIL AA	NA
	CRISIL A	NA
	CRISIL BBB	NA
	CRISIL BB	NA
	CRISIL B	NA
	CRISIL C	NA
Transition Rate		**100.00**
2008	CRISIL AAA	96.23
	CRISIL AA	97.00
	CRISIL A	87.50
	CRISIL BBB	66.67
	CRISIL BB	NA
	CRISIL B	NA
	CRISIL C	NA
Transition Rate		**86.85**
2009	CRISIL AAA	97.40
	CRISIL AA	86.40
	CRISIL A	86.8
	CRISIL BBB	93.0
	CRISIL BB	83.0
	CRISIL B	77.5
	CRISIL C	56.4
Transition Rate		**82.92**
2010	CRISIL AAA	97.7
	CRISIL AA	85.1
	CRISIL A	86.7
	CRISIL BBB	84.5
	CRISIL BB	86.9
	CRISIL B	77.87
	CRISIL C	52.25
Transition Rate		**81.57**
2011	CRISIL AAA	96.79
	CRISIL AA	91.87
	CRISIL A	85.71
	CRISIL BBB	85.78
	CRISIL BB	84.58
	CRISIL B	80.43
	CRISIL C	60.21
Transition Rate		**83.62**

2012	CRISIL AAA	97.00
	CRISIL AA	92.33
	CRISIL A	86.72
	CRISIL BBB	86.99
	CRISIL BB	86.83
	CRISIL B	82.25
	CRISIL C	61.77
Transition Rate		**84.84**
2013	CRISIL AAA	97.13
	CRISIL AA	92.59
	CRISIL A	87.14
	CRISIL BBB	87.37
	CRISIL BB	87.25
	CRISIL B	83.71
	CRISIL C	61.76
Transition Rate		**85.27**
2014	CRISIL AAA	97.28
	CRISIL AA	92.96
	CRISIL A	87.79
	CRISIL BBB	87.58
	CRISIL BB	87.33
	CRISIL B	84.43
	CRISIL C	62.07
Transition Rate		**85.63**
2015	CRISIL AAA	97.31
	CRISIL AA	93.32
	CRISIL A	88.67
	CRISIL BBB	88.59
	CRISIL BB	87.47
	CRISIL B	83.98
	CRISIL C	59.72
Transition Rate		**85.58**

Table 6: Performance stability of Ratings
Source: www.crisil.com

3.13. Rating Stability and its Movements
One of the important determinants of quality of Ratings is stability of Ratings assigned. The ratings assigned by CRISIL with respect to safety and risk are such that CRISIL AAA is Highest Security, CRISIL AA is High Safety, CRISIL A is Adequate Safety, CRISIL BBB is Moderate Safety, CRISIL BB is Inadequate Safety, CRISIL B is High Risk, CRISIL C is Substantial Risk The above table shows the Rating stability and its movements of CRISIL, credit rating agency during the period of 15 years. It means the sustainability of ratings assigned to debt instruments and their movements from one grade to another grade. Ratings upgrades or downgrades by single or multiple signs in the same segment are considered as stable in the present study. Credit ratings are opinions on Default risk. Higher the rating the lower the probability of default risk should be.

During the year 2000, CRISIL ratings of instruments in category 'AAA' has registered to the extent of 97.4 percent, which shows that rating stability has been very high. On comparing, this category with other categories of instrument ratings there has been a fluctuating percentage which is identified as 79.63 mean percentages. Other category of rating in CRISIL have registered low stability. But the mean stability in rating is high in CRISIL ratings as a whole.   The similar mean stability rating continued in CRISIL for the year 2002 with 90.1 percent. CRISIL AAA ratings have registered a 100 percent stability during the year 2005, 2006 and 2007, which means the risk levels are zero. The other categories of instruments have been showing a decline in rating stability. Surprisingly the Highest safety rating instruments have been showing higher level of percentages during the study period of 15 years. CRISIL BBB to CRISIL C ratings have been showing a stability rate between 95 percent to 70 percent. As the category is falling the level of percentages are either constant or low with a little margin of difference. In 2015 the mean percentage is low stable in comparison with the previous years.

4. Suggestions
CRISIL performs research, advisory and rating services, as the present world is progressing towards technology based information services, it can also look forward in providing web-based research services. This solution enables to handle investment based services. It is also noted that the rating agency can undertake the packaged solutions for corporate functions.

5. Conclusion

An analysis of performance of CRISIL rating agency shows that the rating process adopted by its team is effectively functioning. At present due to frequent changes in the intentions of issuers, it has positive as well as negative impact. Some of the instruments have been upgraded in view of its research and advisory services. Hence, they have paid attention in rating various other instruments which resulted in increasing the volume of debts. The Transparency of disclosures presented as per the SEBI norms increases the performance of CRISIL rating agency. CRISIL is the first rating agency in India to classify industry wise information in presenting the default in its portfolio. The three factors which enhanced the performance levels of CRISIL rating agency are managerial effectiveness, credibility and creative marketing efforts.

6. References

i. Shreekant Iyengar, The Credit Rating Agencies – Are they reliable? A study of Sovereign Ratings, Vikalpa, Volume 37, Number 1, January – March, 2012.
ii. Suveera Gill, An analysis of Defaults of long term rated debts, Vikalpa, Volume 30, Number 1, January to March, 2005
iii. Sarbjit Singh Bedi, Amit Kumar Lal, Sukhwinder Kaur, A Study of Credit Rating Potential and Awareness Among SMEs in Baddi Region of Himachal Pradesh, Volume 6, Issue 3, March, 2013, Entrepreneurship.
iv. www.crisil.com
v. https://www.crisil.com/pdf/ratings/CRISIL-Default-Study-.pdf
vi. https://books.google.co.in/books?id=QfmTzPABmcMC&pg=