

## CRISIL Issues 10,000th SME Rating

by [Radha Rao](#) on July 30th 2010 and filled under [Small and Medium Enterprise \(SME\)](#)

Harold McGraw III, chairman, president and chief executive officer of The McGraw-Hill Companies, presented CRISIL's 10,000th SME rating certificate to Vardhaman Technology Private Limited, a computer hardware company. The event was hosted by Ms Roopa Kudva, managing director and chief executive officer of CRISIL Ltd. CRISIL's SME ratings help Small and Medium Enterprises (SMEs) gain affordable access to the capital they need to grow their businesses and create jobs. The McGraw-Hill Companies owns Standard & Poor's (S&P), the world's foremost provider of independent credit ratings, indices, risk evaluation, investment research, data and valuations, and is the majority stakeholder of CRISIL, India's largest credit rating agency. SMEs have played a vital role in the growth of the Indian economy, contributing almost half of the country's industrial output while creating one million new jobs each year. In 2005, CRISIL began rating the creditworthiness of SMEs, and today's 10,000th SME credit rating marks a significant milestone in the company's commitment to helping empower these companies with the resources they need to advance their entrepreneurial endeavors. At the event, Mr McGraw and Ms Kudva also launched a CRISIL publication titled "Transforming Potential into Achievement: CRISIL's Analysis of 50 Leading SMEs." The publication aims to serve as an inspiration for SMEs looking to grow into stronger enterprises. "India's entrepreneurial spirit continues to fuel the country's robust growth by creating new jobs and markets," said Mr McGraw. "SMEs are an important growth engine for India, and we are proud to play a role in helping them capture the immense opportunities being created by the 21st century global economy. Part of McGraw-Hill's mission is to help markets and societies reach their full potential, and we will continue to expand our ratings coverage so more Indian companies can gain access to capital to fund business investment and growth." Most SMEs are managed by first-generation entrepreneurs and often struggle to obtain affordable funding for their businesses. CRISIL's SME ratings program has helped thousands of these companies gain credibility with lenders, customers and partners. Instead of benchmarking SMEs against large corporate houses, CRISIL uses a customised rating scale for SMEs. Using innovative delivery mechanisms and leveraging technology to the fullest, CRISIL has evolved a robust framework for the credit assessment of SMEs that reflects the learning gained from two decades of ratings and research experience. CRISIL's reach in more than a hundred Indian cities ensures easy access to SMEs across the country. "Highly affordable ratings and easy access through CRISIL's wide network have been key to rapid expansion of the rated SME population," said Ms. Kudva. "SME ratings are helping the market make better-informed decisions. Bankers find CRISIL's reports insightful and valuable, and use the additional insights to support their lending and pricing decisions. We estimate that rated SMEs have already saved more than a billion rupees in interest costs alone, and will save a total of Rs.5.6 billion (USD125 million) by 2013." CRISIL's SME ratings are steadily embedding themselves in banks' SME lending decisions: more than 30 public and private sector banks endorse CRISIL SME ratings, and use them as part of their internal credit evaluation processes. Furthermore, 13 banks provide interest rate incentives of up to 1.25% to enterprises with good SME ratings from CRISIL. "At Vardhaman Technology, we are pleased to be the recipients of CRISIL's 10,000th SME rating, and wish the initiative all success," said Mr. Amit Rambhia, CEO and Joint Managing Director of Vardhaman Technology, the 10,000th SME rated by CRISIL. "This rating has benefited us greatly as we look to grow our business. Our bankers have reduced both

the interest rate we pay on our loans and the collateral that we need to post. Internally, it has helped us better assess our strengths and weaknesses, and we believe that being rated might also help us raise equity in the future. We would like to see these ratings gain greater prominence." SME ratings also are bringing about an important structural and cultural shift in Indian industry, with SMEs gaining a deeper understanding of the transparency and disclosure standards that are expected of them as they scale up their businesses.