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S&P Upgrades India Rating

The world's largest rating agency, Standard & Poor's (S&P), has upgraded the India's sovereign rating to "Investment Grade".

With this, for the first time in 15 years, all three global rating agencies, including Moody's and Fitch, have placed India in "Investment Grade". The decision marks a dramatic reversal of the situation in 1991, when S&P downgraded India to below investment grade following the balance of payments crisis.

The upgrade "reflects the country's strong economic prospects and external balance sheet, and its deep capital market, which supports a weak but improving fiscal position", said an S&P release.

The sovereign rating now stands at BBB- from BB+.

The 'Stable' outlook signifies there is no threat to the present rating but substantial improvements are required for a further upgrade.

What The Upgrade Means. . .

CORPORATE	MARKETS	ECONOMY
Indian cos, banks can bargain for cheaper overseas loans	Higher inflows could partly offset a rate hike impact	India exposure limits for foreign banks to rise
More merger & acquisition, LBO opportunities for Indian Inc	Pension and other global funds with low-risk appetite can now invest	Increased inflow of foreign direct investments into the country

*Source: The Economic Times, Mumbai
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Telephone : +91 (22) 2509 3509 / 10 / 11 ● **Fax :** +91 (22) 2516 6259 / 2510 6259

Website : <http://www.interlinkre.com> **Email :** intlink@bom5.vsnl.net.in

circulars@interlinkre.com