

## Issuer Rating

CARE's Issuer Rating (CIR) is issuer-specific assessment of the credit risk. CIR is similar to long-term instrument ratings except for the fact that they are specific to an issuer and not specific to any of the issuer's instruments. Issuer Rating factors in the expected performance of the entity over an intermediate time horizon of around three year and reflects the overall debt management capability of the entity as regards to its senior unsecured debt obligations.

## Methodology for Manufacturing Companies

The methodology mainly focuses on entity's cash generation capability in the future and its debt servicing ability. The entity's past audited financials for five years are studied and analysis of its performance for the next three financial years is made under various sensitivity scenarios. The cash generation capacity is analysed vis-à-vis its debt obligations during that period. To determine entity's cash generation capability, various qualitative and quantitative factors are looked into. Qualitative factors mainly consider industry scenario, operational performance of the entity and management capabilities. Quantitative factors mainly look into the financial ratio analysis, debt servicing track record, financial flexibility and validation of projections and sensitivity analysis.