

BENCHMARKS
Nifty 16,793.90 135.5

NSE GAINER-LARGE CAP
Hindalco 573.75 39.85

FEATURED FUNDS ★★★★★ 5Y RETURN
Mirae Asset Hybrid Equit... 14.3% INVEST NOW

MARKET WATCH ▼

THE ECONOMIC TIMES | News

English Edition | E-Paper

Subscribe Sign In

Super Saver Sale

Home #ELECTIONS'22 ETPrime Markets News Industry RISE Politics Wealth MF Tech Jobs Opinion NRI Panache ET NOW More ▼

India Decoded Web Stories Morning Brief Podcast Economy ▼ Industry Politics Company ▼ Defence ▼ International ▼ More ▼

Business News › News › Company › Corporate Trends › Ukraine-Russia war fallout: Creditworthiness of Indian companies come under scanner

India Q3 GDP [Growth momentum slows to 5.4% in December quarter](#)

Ukraine-Russia war fallout: Creditworthiness of Indian companies come under scanner

Synopsis

ICRA, CARE and India Ratings are now busy analysing sector-wise cause and effect. Defence, tea exports, steel, coal, pharmaceuticals, fertiliser, oil and gas are some of those local sectors that will likely face ramifications. Individual rating revisions may be the next step amid evolving scenarios.



"The Ukraine war followed by economic sanctions

The [creditworthiness](#) of [Indian companies](#) is under scanner, as local ratings firms are assessing the fallout of the [Ukraine-Russia conflict](#) and the resultant global economic sanctions on Moscow.

If the geopolitical tension escalates and

SECTIONS [Ukraine-Russia war fallout: Creditworthiness of Indian companies come under scanner](#)

SHARE FONT SIZE SAVE PRINT COMMENT

three ratings companies ET spoke with.

ICRA, [CARE](#) and India Ratings are now busy analysing sector-wise cause and effect. Defence, tea exports, steel, coal, pharmaceuticals, fertiliser, oil and gas are some of those local sectors that will likely face ramifications. Individual rating revisions may be the next step amid evolving scenarios.



Most Popular Stories

1. Reliance Retail: King of India Retail



2. Baba Vanga: Bulgarian seer's predictions about Russia's rise go viral amid Ukraine war





“The Ukraine war followed by economic sanctions on Russia will have repercussions on Indian companies,” said K Ravichandran, chief ratings officer at [ICRA](#).

ET PRIME - TOP TRENDING STORIES



A boring exercise can help you spot multibaggers like Bajaj Finance early



Skipping Suez: A 7,200-km route can make India a leader in global trade



Subscribe to **ETPrime**

“We are looking into it going sector wise. Initial analysis suggests companies in sectors like oil & gas, fertilisers, tea exports, pharmaceuticals and defence would bear the brunt the most,” he said. “We would revisit individual rating grades based on our assessment amid evolving geo-political tension.”

However, it is not necessary that every such sector would be impacted negatively.

For example, the indigenous steel sector could well become a beneficiary. The sanctions on Moscow could affect market access for Russian steelmakers, which are heavily reliant on exports, in turn helping Indian steel producers increase footprints in geographies like Europe and the Middle East, according to ICRA.

Russia being a major exporter of oil gas and aluminium, commodity prices are likely to be on a roil impacting local auto and auto ancillaries.

“We are assessing... including direct exposure to Russia and Ukraine as well a... of rising oil price on specific companies,” said Sachin Gupta... cer at CARE Ratings. “Based on our assessment, we will likely take a call on individual companies, who may face a revision of outlook or any other rating action.”

Nifty **CLOSED**
16793.90 135

3. Wait and hold your cash, don't invest right now: Ajay Bagga



4. Russia-Ukraine war: How long will Nifty take to recover? Explained in 8 charts



5. Western allies to expel key Russian banks from SWIFT payment system; Ukraine fights on



TOP TRENDING NEWS

- India Covid Fourth Wave
- Sensex Today
- India GDP News Live
- UP Elections 2022

Popular in Company

1. Indian-American entrepreneur optimistic on India's future as major global player



2. Vedanta team visits Pune to explore feasibility for setting up semiconductor plant



3. Female employees break a Tata Steel glass ceiling



4. Celebrating outstanding success and innovation



[BACK TO TOP](#)

"This geo-political tension, though simmering for some time, may have unexpected escalations which we are monitoring closely." he said.

In fiscal 2021, India's importers from Russia and Ukraine were estimated at \$5.48 billion and \$2.14 billion, respectively. Exports were \$2.65 billion to Russia and \$0.45 billion to Ukraine, show data compiled by Bank of Baroda.

Ratings companies are also applying stress tests going through different credit matrices to derive a conclusion.

"We are attempting a multiple-order stress test assessment based on possible impact," said Abhishek Bhattacharya, senior director at India Ratings.

"The first level assessment looks at direct exposure to either supply or demand linkages from Russia and Ukraine, and the likely implications," he said. "We are also identifying vulnerable credits, which are dependent on refinancing and immediate capital raise."

Gas price increase will likely hurt the fertiliser sector. With European gas prices witnessing upward pressure, international ammonia and urea prices would sustain at elevated levels. This would put pressure on India's subsidy budget and profitability of the sector.

The subsidy outgo is estimated to rise to around Rs 1.5 lakh crore for FY23, well above the budgetary allocation of Rs 1.05 lakh crore for the fiscal year. In the absence of additional allocations, according to ICRA, industry would witness moderation in the working capital cycle.

Coal India could play a crucial role in ramping up domestic coal supplies amid a steady rise in seaborne coal prices. This acts as a cushion against expensive imported coal.

(Originally published on Feb 27, 2022)

READ MORE NEWS ON

Indian Companies Creditworthiness Icra Care India Rating

(Catch all the **Business News**, **Breaking News** Events and **Latest News** Up ...more

2 COMMENTS ON THIS STORY



Kumud Das

7 hours ago

It is a mat



nitin agarwal

15 hours ago

Acha...dar

Nifty **CLOSED**
16793.90 ▲ 135

lol

[BACK TO TOP](#)

Most Popular Opinion

1. Executive control of the prosecution system must be resisted and stopped

By Aditya Ranjan & Chitrakshi Jain

2. Government should reconsider its tax on charities before it's too late

By Uday M Karve

3. India must leverage for peace in Ukraine

Top Category Deals



250+ Deals

55" and above LED TVs



450+ Deals

Kitchen & Winter Appliances

[Explore 20+ Categories >](#)

Latest News

1. Live: Russia, Ukraine hold talks in Belarus amid ongoing fighting

2. Around 1,400 Indians evacuated from Ukraine, says MEA: Top developments

3. How Ukraine's entertainer became its saviour