

## Srei Infrastructure Finance Limited (Revised)

March 02, 2023

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	10,772.71	CARE D	Reaffirmed
Short Term Bank Facilities	345.00	CARE D	Reaffirmed
Long Term Infrastructure Bond	20.22	CARE D	Reaffirmed
Non-Convertible Debenture issue (Series II, IV, V)	95.90	CARE D	Reaffirmed
Unsecured Subordinated Tier II NCDs (Series IV-VI)	594.51	CARE D	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The ratings assigned to the bank facilities/instruments of Srei Infrastructure Finance Limited (SIFL) continue to remain constrained by the continuing delays in debt servicing by the company. The Board of SIFL and its subsidiary company Srei Equipment Finance Limited (SEFL) was superseded by the Reserve Bank of India (RBI) on October 04, 2021 and it is presently being managed by the Administrator appointed by the RBI. Also, SEFL and SIFL are under Corporate Insolvency Resolution Process (CIRP) vide Hon'ble National Company Law Tribunal (NCLT) order dated October 08, 2021 in which National Asset Reconstruction Company Limited (NARCL) has emerged as the successful bidder. The resolution plan submitted by NARCL has been approved by the Committee of Creditors by majority voting for consolidated resolution of SIFL and SEFL as the successful resolution plan. The Administrator of SIFL and SEFL has filed an application for submission of the approved resolution plan with the Adjudicating authority i.e. Hon'ble NCLT, Kolkata on February 18, 2023.

The ratings take note of the significant consolidated losses incurred by the company in FY22 (refers to the period April 1 to March 31) and 9MFY23 and erosion of net worth.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Successful restructuring of debt and sustained improvement in liquidity leading to timely debt servicing.
- Improvement in asset quality and profitability.
- Capital Adequacy Ratio (CAR) remaining above regulatory requirement on sustained basis.

**Negative factors:** Not Applicable

### Analytical approach: Consolidated

Consolidated considering the operational and financial linkages with subsidiaries. List of companies being consolidated is as under:

Subsidiaries/Associates	% holding (as on March 31, 2022)
Srei Capital Markets Ltd	100.00%
Trinity Alternative Investment Managers Limited	51.00%
Controlla Electrotech Pvt Ltd	100.00%
Srei Mutual Fund Asset Management Pvt Ltd	100.00%
Srei Mutual Fund Trust Pvt Ltd	100.00%
Srei Insurance Broking Private Limited	100.00%
Bengal Srei Infrastructure Development Ltd	51.00%
Hyderabad Information Technology Venture Enterprises Limited	51.00%
Cyberabad Trustee Company Private Limited	51.00%
Srei Asset Leasing Limited (formerly Srei Finance Limited)	100.00%
Srei Equipment Finance Ltd.	100.00%
Srei Mutual Fund Trust	100.00%

### Key weaknesses

**Delays in servicing of debt obligations:** SIFL and SEFL are under CIRP and have not been servicing debt.

SIFL had given effect to the slump exchange for the transfer of its Lending Business, Interest Earning Business & Lease Business including external borrowings thereon, to its wholly owned subsidiary SEFL in its accounts for the quarter ended

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

December 31, 2019 with appointed date of October 1, 2019. Though SIFL has transferred the rated debt to SEFL in the financial statements, CARE continued to rate the debts under SIFL due to the uncertainty involved with the slump exchange in view of consent from all the lenders not being obtained.

SEFL had approached Hon'ble NCLT, Kolkata with two Schemes of Arrangement which proposed for restructuring of its debt and also obtain formal consent from required majority of lenders for the slump exchange transaction of assets/liabilities from SIFL. Both the schemes of arrangement were rejected by majority of the lenders and status quo on the transfer is being maintained under CIRP.

**Significant losses reported in FY22 and 9MFY23:** SIFL reported net loss of ₹2,545 crore in FY22 and ₹11,017 crore in 9MFY23. The consolidated losses increased in 9MFY22 on account of exceptional expense of ₹10,088.15 crore relating to provisions created on exposures which were subject to transaction audit. The net worth continues to remain negative.

### Liquidity: Poor

There are on-going delays/default on the borrowings and both SEFL and SIFL are under CIRP.

### Applicable criteria

[Policy on default recognition](#)

[Financial Ratios - Financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Non Banking Financial Companies](#)

[Consolidation](#)

### About the company and industry

#### Industry Classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Financial Services	Financial Services	Finance	Investment Company

SIFL, a three-decade old Kolkata-based NBFC, was engaged in leasing and hire-purchase/hypothecation financing of heavy construction equipment and financing of infrastructure related projects. Pursuant to forming a 50:50 joint venture (JV) with BNP Paribas Lease Group (BPLG), SIFL divested a major part of its equipment financing and leasing business to SEFL. Post divestment, SIFL was engaged in project financing and infrastructure project advisory. In June 2016, SIFL acquired the 50% stake of BPLG in SEFL, resulting in SEFL becoming a 100% subsidiary of SIFL and BPLG acquiring 5% stake of SIFL against its shareholding in SEFL. The Lending Business, Interest Earning Business & Lease Business of SIFL was transferred to SEFL w.e.f October 1, 2019 pursuant to the slump exchange.

Brief Consolidated Financials (₹ crore)	FY21 (A)	FY22 (A)	9MFY23 (UA)
Total Income	3452.44	2998.69	1309.72
PAT	-7338.39	-2544.75	-11017.41
Interest coverage (times)	NM	NM	NM
Total assets	28981.86	27115.97	NA
Net Stage III (%)	36.15	47.46	90.48*
ROTA (%)	NM	NM	NA

A: Audited; UA: Unaudited; NA: Not available, NM: Not meaningful; Note: 'the above results are latest financial results available'

\* Based on published figures

**Status of non-cooperation with previous CRA:** Brickwork Ratings has conducted the review on the basis of best available information and has continued its rating as "Non-cooperating" vide its Press Release dated June 13, 2022.

**Any other information:** Not Applicable

**Rating history for the last three years:** Please refer Annexure-2

**Covenants of the rated instruments/facilities:** Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of the various instruments rated:** Annexure-4

**Lender details:** Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date*	Size of the Issue (₹ crore)	Rating assigned along with Rating Outlook
Non-fund-based - ST-BG/LC	-	-	-	-	345.00	CARE D
Fund-based - LT-Cash Credit	-	-	-	-	8685.00	CARE D
Term Loan-Long Term	-	-	-	Dec-24	2087.71	CARE D
Debentures-Non Convertible Debentures	INE872A07PQ5	29-Oct-11	11.90%	29-Oct-21	30.00	CARE D
Debentures-Non Convertible Debentures	INE872A07PL6	09-Sep-11	11.90%	09-Sep-21	10.00	CARE D
Debentures-Non Convertible Debentures	INE872A07RC1	24-Jan-13	11.50%	24-Jan-23	0.40	CARE D
Debentures-Non Convertible Debentures	INE872A07QD1	08-Jun-12	11.40%	08-Jun-22	0.70	CARE D
Debentures-Non Convertible Debentures	INE872A07QM2	31-Jul-12	11.40%	31-Jul-22	1.30	CARE D
Debentures-Non Convertible Debentures	INE872A07SD7	29-Nov-13	11.10%	29-Nov-23	4.50	CARE D
Debentures-Non Convertible Debentures	INE872A07QS9	05-Oct-12	11.35%	05-Oct-22	20.00	CARE D
Debentures-Non Convertible Debentures	INE872A07TE3	10-Jun-14	11.40%	10-Jun-24	10.00	CARE D
Debentures-Non Convertible Debentures	INE872A07TP9	09-Dec-14	10.05%	09-Dec-24	19.00	CARE D
Bond	INE872A07PV5	22-Mar-12	8.90%	22-Mar-22	2.86	CARE D
Bond	INE872A07PY9	22-Mar-12	8.90%	22-Mar-22	7.69	CARE D
Bond	INE872A07PZ6	22-Mar-12	9.15%	22-Mar-27	2.16	CARE D
Bond	INE872A07QA7	22-Mar-12	9.15%	22-Mar-27	7.51	CARE D
Debt – Subordinate debt	INE872A08BX9	23-Dec-11	11.90%	23-Dec-21	69.05	CARE D
Debt – Subordinate debt	INE872A08BZ4	11-Jan-12	11.90%	11-Jan-22	66.00	CARE D
Debt – Subordinate debt	INE872A08CA5	12-Jan-12	11.90%	12-Jan-22	84.10	CARE D
Debt – Subordinate debt	INE872A08CQ1	24-Jan-13	11.80%	24-Jan-23	20.00	CARE D
Debt – Subordinate debt	INE872A08CB3	30-Mar-12	11.40%	30-Mar-22	100.00	CARE D
Debt – Subordinate debt	INE872A08CD9	01-Jun-12	11.50%	01-Jun-22	11.30	CARE D
Debt – Subordinate debt	INE872A08CF4	31-Jul-12	11.50%	31-Jul-22	12.06	CARE D
Debt – Subordinate debt	INE872A08CO6	16-Jan-13	11.70%	16-Jan-23	2.50	CARE D
Debt – Subordinate debt	INE872A08CP3	16-Jan-13	11.85%	16-Jan-23	70.00	CARE D
Debt – Subordinate debt	INE872A08CQ1	24-Jan-13	11.80%	24-Jan-23	27.51	CARE D
Debt – Subordinate debt	INE872A08CH0	28-Sep-12	11.70%	28-Sep-22	28.90	CARE D
Debt – Subordinate debt	INE872A08CJ6	18-Oct-12	11.70%	18-Oct-22	10.60	CARE D
Debt – Subordinate debt	INE872A08CL2	31-Oct-12	11.70%	31-Oct-22	4.90	CARE D
Debt – Subordinate debt	INE872A08CQ1	24-Jan-13	11.80%	24-Jan-23	13.19	CARE D
Debt – Subordinate debt	INE872A08CT5	28-Jan-13	11.80%	28-Jan-23	7.00	CARE D
Debt – Subordinate debt	INE872A08CW9	01-Mar-13	11.25%	01-Mar-23	17.50	CARE D
Debt – Subordinate debt	INE872A08CY5	28-Mar-13	11.25%	28-Mar-23	16.50	CARE D
Debt – Subordinate debt	INE872A08DB1	29-Jun-13	10.75%	29-Jun-23	10.40	CARE D
Debt – Subordinate debt	INE872A08DH8	17-Jul-13	10.75%	17-Jul-23	23.00	CARE D

\*As per original maturity. Currently, the company is under CIRP.

**Annexure-2: Rating history for the last three years**

Sr.	Name of the	Current Ratings	Rating History
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No.	Instrument/Bank Facilities	Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fixed Deposit	-	-	-				
2	Non-fund-based - ST-BG/LC	ST	345.00	CARE D	-	1)CARE D (03-Mar-22)	1)CARE D (06-Mar-21) 2)CARE A4+ (CW with Negative Implications) (14-Dec-20) 3)CARE A2 (CW with Developing Implications) (09-Nov-20) 4)CARE A2 (CW with Developing Implications) (07-May-20)	1)CARE A2 (CW with Developing Implications) (27-Feb-20) 2)CARE A2+ (CW with Negative Implications) (13-Aug-19)
3	Fund-based - LT-Cash Credit	LT	8685.00	CARE D	-	1)CARE D (03-Mar-22)	1)CARE D (06-Mar-21) 2)CARE BB+ (CW with Negative Implications) (14-Dec-20) 3)CARE BBB+ (CW with Developing Implications) (09-Nov-20) 4)CARE BBB+ (CW with Developing Implications) (07-May-20)	1)CARE BBB+ (CW with Developing Implications) (27-Feb-20) 2)CARE A- (CW with Negative Implications) (13-Aug-19)
4	Debt-Non-convertible Debenture/Subordinate Debt	LT	-	-	-	-	1)Withdrawn (30-Apr-20)	1)CARE BBB (CW with Developing Implications) (27-Feb-20) 2)CARE BBB+ (CW with Negative Implications) (13-Aug-19)
5	Debt-Non-convertible Debenture/Subordinate	LT	-	-	-	-	1)Withdrawn (14-Dec-20)	1)CARE BBB (CW with

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
	Debt						2)CARE BBB (CW with Developing Implications) (27-Feb-20) 2)CARE BBB+ (CW with Negative Implications) (13-Aug-19) 3)CARE BBB (CW with Developing Implications) (07-May-20)	
6	Commercial Paper- Commercial Paper (Carved out)	ST	-	-	-	-	1)Withdrawn (30-Apr-20)	1)CARE A2 (CW with Developing Implications) (27-Feb-20) 2)CARE A2+ (CW with Negative Implications) (13-Aug-19)
7	Debentures-Non Convertible Debentures	LT	40.40	CARE D	-	1)CARE D (03-Mar-22)	1)CARE D (06-Mar-21) 2)CARE BB+ (CW with Negative Implications) (14-Dec-20) 3)CARE BBB+ (CW with Developing Implications) (09-Nov-20) 4)CARE BBB+ (CW with Developing Implications) (07-May-20)	1)CARE BBB+ (CW with Developing Implications) (27-Feb-20) 2)CARE A- (CW with Negative Implications) (13-Aug-19)
8	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (27-Feb-20) 2)CARE A- (CW with Negative Implications) (13-Aug-19)
9	Debt-Subordinate Debt	LT	239.15	CARE D	-	1)CARE D (03-Mar-22)	1)CARE D (06-Mar-21) 2)CARE BB	1)CARE BBB (CW with Developing

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							(CW with Negative Implications) (14-Dec-20) 3)CARE BBB (CW with Developing Implications) (09-Nov-20) 4)CARE BBB (CW with Developing Implications) (07-May-20)	Implications) (27-Feb-20) 2)CARE BBB+ (CW with Negative Implications) (13-Aug-19)
10	Debt-Subordinate Debt	LT	223.37	CARE D	-	1)CARE D (03-Mar-22)	1)CARE D (06-Mar-21) 2)CARE BB (CW with Negative Implications) (14-Dec-20) 3)CARE BBB (CW with Developing Implications) (09-Nov-20) 4)CARE BBB (CW with Developing Implications) (07-May-20)	1)CARE BBB (CW with Developing Implications) (27-Feb-20) 2)CARE BBB+ (CW with Negative Implications) (13-Aug-19)
11	Bonds	LT	20.22	CARE D	-	1)CARE D (03-Mar-22)	1)CARE D (06-Mar-21) 2)CARE BB+ (CW with Negative Implications) (14-Dec-20) 3)CARE BBB+ (CW with Developing Implications) (09-Nov-20) 4)CARE BBB+ (CW with Developing	1)CARE BBB+ (CW with Developing Implications) (27-Feb-20) 2)CARE A- (CW with Negative Implications) (13-Aug-19)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
							Implications) (07-May-20)	
12	Debentures-Non Convertible Debentures	LT	6.50	CARE D	-	1)CARE D (03-Mar-22)	1)CARE D (06-Mar-21) 2)CARE BB+ (CW with Negative Implications) (14-Dec-20) 3)CARE BBB+ (CW with Developing Implications) (09-Nov-20) 4)CARE BBB+ (CW with Developing Implications) (07-May-20)	1)CARE BBB+ (CW with Developing Implications) (27-Feb-20) 2)CARE A- (CW with Negative Implications) (13-Aug-19)
13	Term Loan-Long Term	LT	2087.71	CARE D	-	1)CARE D (03-Mar-22)	1)CARE D (06-Mar-21) 2)CARE BB+ (CW with Negative Implications) (14-Dec-20) 3)CARE BBB+ (CW with Developing Implications) (09-Nov-20) 4)CARE BBB+ (CW with Developing Implications) (07-May-20)	1)CARE BBB+ (CW with Developing Implications) (27-Feb-20) 2)CARE A- (CW with Negative Implications) (13-Aug-19)
14	Debt-Subordinate Debt	LT	131.99	CARE D	-	1)CARE D (03-Mar-22)	1)CARE D (06-Mar-21) 2)CARE BB (CW with Negative Implications) (14-Dec-20) 3)CARE BBB	1)CARE BBB (CW with Developing Implications) (27-Feb-20) 2)CARE BBB+ (CW with

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		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
							(CW with Developing Implications) (09-Nov-20) 4)CARE BBB (CW with Developing Implications) (07-May-20)	Negative Implications) (13-Aug-19)
15	Debentures-Non Convertible Debentures	LT	49.00	CARE D	-	1)CARE D (03-Mar-22)	1)CARE D (06-Mar-21) 2)CARE BB+ (CW with Negative Implications) (14-Dec-20) 3)CARE BBB+ (CW with Developing Implications) (09-Nov-20) 4)CARE BBB+ (CW with Developing Implications) (07-May-20)	1)CARE BBB+ (CW with Developing Implications) (27-Feb-20) 2)CARE A- (CW with Negative Implications) (13-Aug-19)
16	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (07-May-20)	1)CARE BBB+ (CW with Developing Implications) (27-Feb-20) 2)CARE A- (CW with Negative Implications) (13-Aug-19)
17	Bonds-Secured Redeemable Bonds	-	-	-				
18	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (07-May-20)	1)CARE BBB+ (CW with Developing Implications) (27-Feb-20) 2)CARE A- (CW with



Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
								Negative Implications) (13-Aug-19)
19	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (07-May-20)	1)CARE BBB+ (CW with Developing Implications) (27-Feb-20) 2)CARE A- (CW with Negative Implications) (13-Aug-19)
20	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (30-Apr-20)	1)CARE BBB+ (CW with Developing Implications) (27-Feb-20) 2)CARE A- (CW with Negative Implications) (13-Aug-19)
21	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (27-Feb-20) 2)CARE A- (CW with Negative Implications) (13-Aug-19)
22	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (27-Feb-20) 2)CARE A- (CW with Negative Implications) (13-Aug-19)
23	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (30-Apr-20)	1)CARE BBB+ (CW with Developing Implications) (27-Feb-20) 2)CARE A- (CW with Negative Implications)

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								(13-Aug-19)
24	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (07-May-20)	1)CARE BBB+ (CW with Developing Implications) (27-Feb-20) 2)CARE A- (CW with Negative Implications) (13-Aug-19)
25	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (14-Dec-20) 2)CARE BBB+ (CW with Developing Implications) (09-Nov-20) 3)CARE BBB+ (CW with Developing Implications) (07-May-20)	1)CARE BBB+ (CW with Developing Implications) (27-Feb-20) 2)CARE A- (CW with Negative Implications) (13-Aug-19)

**Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities:** Not Applicable

**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Bonds	Simple
2	Debentures-Non Convertible Debentures	Simple
3	Debt-Subordinate Debt	Complex
4	Fund-based - LT-Cash Credit	Simple
5	Non-fund-based - ST-BG/LC	Simple
6	Term Loan-Long Term	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Note on the complexity levels of the rated instruments:** CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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