

## Srei Infrastructure Finance Limited

March 03, 2022

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long Term Bank Facilities	10,772.71	CARE D (Single D)	Reaffirmed
Short Term Bank Facilities	345.00	CARE D (Single D)	Reaffirmed
<b>Total Bank Facilities</b>	<b>11,117.71</b> <b>(Rs. Eleven Thousand One Hundred Seventeen Crore and Seventy-One Lakhs Only)</b>		
Long Term Infrastructure Bond	20.22	CARE D (Single D)	Reaffirmed
Non-Convertible Debenture issue (Series II, IV, V)	95.90	CARE D (Single D)	Reaffirmed
Unsecured Subordinated Tier II NCDs (Series IV-VI)	594.51	CARE D (Single D)	Reaffirmed
<b>Total Long Term Instruments</b>	<b>710.63</b> <b>(Rs. Seven Hundred Ten Crore and Sixty-Three Lakhs Only)</b>		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities and instruments of Srei Infrastructure Finance Limited (SIFL) continue to remain constrained by the continuing delays in debt servicing. The Board of SIFL and its subsidiary Srei Equipment Finance Limited (SEFL) was superseded by the Reserve Bank of India (RBI) on October 04, 2021 and it is presently being managed by the Administrator appointed by the RBI.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, SIFL and SEFL have been admitted under Corporate Insolvency Resolution Process (CIRP) vide Hon'ble National Company Law Tribunal (NCLT) order dated October 08, 2021.

SEFL had earlier 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 have been rejected by majority of the lenders.

Based on application filed by the Administrator, Hon'ble NCLT, vide Order dated February 14, 2022, has directed consolidated insolvency resolution process for SEFL and SIFL.

The ratings take note of the significant consolidated losses incurred by the company in FY21 (refers to the period April 1 to March 31) and 9MFY22 and erosion of network.

### Rating Sensitivities

#### Positive Factors – Factors that could lead to positive rating action/upgrade:

- 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

### Detailed description of the key rating drivers

#### Key Rating Weaknesses

##### Delays in servicing of debt obligations

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 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 continuing uncertainty involved with the slump exchange in view of consent from all the lenders not being obtained.

The collections of SEFL (including transferred book of SIFL) were significantly impacted on account of disruptions caused by the Covid-19 pandemic and large proportion of borrowers applying for one-time restructuring of their loans. This resulted in significant cash flow mismatch. The company had applied for restructuring of its liabilities through the schemes filed in NCLT. The schemes have been rejected by the lenders. Both the companies are presently under CIRP.

### Significant losses reported in FY21 and H1FY22

SIFL reported consolidated net loss of Rs.7,338 crore in FY21 and Rs.2,869 crore in 9MFY22 due to significant increase in provisions amidst lower interest income. The same has resulted in negative network.

<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

**Liquidity: Poor**

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

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

Subsidiaries/Associates	% holding
Srei Capital Markets Ltd	100.00%
Trinity Alternative Investment Managers Limited	100.00%
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%

**Applicable Criteria**

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[Criteria on assigning 'outlook' and 'credit watch' to credit ratings](#)

[Rating Methodology – Non Banking Finance Companies](#)

[Financial Ratios – Finance Sector](#)

[Consolidation](#)

**About the 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 Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9MFY22 (UA)
Total Income	5969.53	3451.19	2356.23
PAT	88.75	-7338.39	-2869.49
Interest coverage (times)	1.04	-1.15	-0.35
Total Assets	37749.34	28981.86	NA
Net Stage III (%)	7.24	36.15	NA
ROTA (%)	0.23	NM	NA

A: Audited; UA: Unaudited; NM: Not Meaningful; NA: Not Available

**Status of non-cooperation with previous CRA:** Brickwork Ratings has conducted the review on the basis of best available information and has classified SEFL as "Non-cooperating" vide its Press Release dated May 13, 2021.

**Any other information:** Not Applicable

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

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

**Complexity level of various instruments rated for this company:** Annexure 4

**Annexure-1: Details of Instruments / Facilities**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date*	Size of the Issue (Rs. 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 of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Date(s) & Rating(s) assigned in 2021-2022	Rating history		
		Type	Amount Outstanding (Rs. crore)	Rating		Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fixed Deposit	-	-	-				
2	Non-fund-based - ST-BG/LC	ST	345.00	CARE D	-	1)CARE D (06-Mar-21) 2)CARE A4+ (CWN) (14-Dec-20) 3)CARE A2 (CWD) (09-Nov-20) 4)CARE A2 (CWD) (07-May-20)	1)CARE A2 (CWD) (27-Feb-20) 2)CARE A2+ (CWN) (13-Aug-19)	1)CARE A1+ (CWD) (29-Jan-19) 2)CARE A1+ (06-Jul-18)
3	Fund-based - LT-Cash Credit	LT	8685.00	CARE D	-	1)CARE D (06-Mar-21) 2)CARE BB+ (CWN) (14-Dec-20) 3)CARE BBB+ (CWD) (09-Nov-20) 4)CARE BBB+ (CWD) (07-May-20)	1)CARE BBB+ (CWD) (27-Feb-20) 2)CARE A- (CWN) (13-Aug-19)	1)CARE A+ (CWD) (29-Jan-19) 2)CARE A+; Stable (06-Jul-18)
4	Debt-Non-convertible Debenture/Subordinate Debt	LT	-	-	-	1)Withdrawn (30-Apr-20)	1)CARE BBB (CWD) (27-Feb-20) 2)CARE BBB+ (CWN) (13-Aug-19)	1)CARE A (CWD) (29-Jan-19) 2)CARE A; Stable (06-Jul-18)
5	Debt-Non-convertible Debenture/Subordinate Debt	LT	-	-	-	1)Withdrawn (14-Dec-20) 2)CARE BBB (CWD) (09-Nov-20) 3)CARE BBB (CWD) (07-May-20)	1)CARE BBB (CWD) (27-Feb-20) 2)CARE BBB+ (CWN) (13-Aug-19)	1)CARE A (CWD) (29-Jan-19) 2)CARE A; Stable (06-Jul-18)
6	Commercial Paper-Commercial Paper (Carved out)	ST	-	-	-	1)Withdrawn (30-Apr-20)	1)CARE A2 (CWD) (27-Feb-20) 2)CARE A2+ (CWN) (13-Aug-19)	1)CARE A1+ (CWD) (29-Jan-19) 2)CARE A1+ (26-Oct-18) 3)CARE A1+ (06-Jul-18)
7	Debentures-Non Convertible Debentures	LT	40.40	CARE D	-	1)CARE D (06-Mar-21) 2)CARE BB+ (CWN) (14-Dec-20) 3)CARE BBB+ (CWD) (09-Nov-20) 4)CARE BBB+ (CWD) (07-May-20)	1)CARE BBB+ (CWD) (27-Feb-20) 2)CARE A- (CWN) (13-Aug-19)	1)CARE A+ (CWD) (29-Jan-19) 2)CARE A+; Stable (06-Jul-18)
8	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (27-Feb-20)	1)CARE A+ (CWD)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
							2)CARE A- (CWN) (13-Aug-19)	(29-Jan-19) 2)CARE A+; Stable (06-Jul-18)
9	Debt-Subordinate Debt	LT	239.15	CARE D	-	1)CARE D (06-Mar-21) 2)CARE BB (CWN) (14-Dec-20) 3)CARE BBB (CWD) (09-Nov-20) 4)CARE BBB (CWD) (07-May-20)	1)CARE BBB (CWD) (27-Feb-20) 2)CARE BBB+ (CWN) (13-Aug-19)	1)CARE A (CWD) (29-Jan-19) 2)CARE A; Stable (06-Jul-18)
10	Debt-Subordinate Debt	LT	223.37	CARE D	-	1)CARE D (06-Mar-21) 2)CARE BB (CWN) (14-Dec-20) 3)CARE BBB (CWD) (09-Nov-20) 4)CARE BBB (CWD) (07-May-20)	1)CARE BBB (CWD) (27-Feb-20) 2)CARE BBB+ (CWN) (13-Aug-19)	1)CARE A (CWD) (29-Jan-19) 2)CARE A; Stable (06-Jul-18)
11	Bonds	LT	20.22	CARE D	-	1)CARE D (06-Mar-21) 2)CARE BB+ (CWN) (14-Dec-20) 3)CARE BBB+ (CWD) (09-Nov-20) 4)CARE BBB+ (CWD) (07-May-20)	1)CARE BBB+ (CWD) (27-Feb-20) 2)CARE A- (CWN) (13-Aug-19)	1)CARE A+ (CWD) (29-Jan-19) 2)CARE A+; Stable (06-Jul-18)
12	Debentures-Non Convertible Debentures	LT	6.50	CARE D	-	1)CARE D (06-Mar-21) 2)CARE BB+ (CWN) (14-Dec-20) 3)CARE BBB+ (CWD) (09-Nov-20) 4)CARE BBB+ (CWD) (07-May-20)	1)CARE BBB+ (CWD) (27-Feb-20) 2)CARE A- (CWN) (13-Aug-19)	1)CARE A+ (CWD) (29-Jan-19) 2)CARE A+; Stable (06-Jul-18)
13	Term Loan-Long Term	LT	2087.71	CARE D	-	1)CARE D (06-Mar-21) 2)CARE BB+ (CWN) (14-Dec-20) 3)CARE BBB+ (CWD) (09-Nov-20) 4)CARE BBB+ (CWD)	1)CARE BBB+ (CWD) (27-Feb-20) 2)CARE A- (CWN) (13-Aug-19)	1)CARE A+ (CWD) (29-Jan-19) 2)CARE A+; Stable (06-Jul-18)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
						(07-May-20)		
14	Debt-Subordinate Debt	LT	131.99	CARE D	-	1)CARE D (06-Mar-21) 2)CARE BB (CWN) (14-Dec-20) 3)CARE BBB (CWD) (09-Nov-20) 4)CARE BBB (CWD) (07-May-20)	1)CARE BBB (CWD) (27-Feb-20) 2)CARE BBB+ (CWN) (13-Aug-19)	1)CARE A (CWD) (29-Jan-19) 2)CARE A; Stable (06-Jul-18)
15	Debentures-Non Convertible Debentures	LT	49.00	CARE D	-	1)CARE D (06-Mar-21) 2)CARE BB+ (CWN) (14-Dec-20) 3)CARE BBB+ (CWD) (09-Nov-20) 4)CARE BBB+ (CWD) (07-May-20)	1)CARE BBB+ (CWD) (27-Feb-20) 2)CARE A- (CWN) (13-Aug-19)	1)CARE A+ (CWD) (29-Jan-19) 2)CARE A+; Stable (06-Jul-18)
16	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (07-May-20)	1)CARE BBB+ (CWD) (27-Feb-20) 2)CARE A- (CWN) (13-Aug-19)	1)CARE A+ (CWD) (29-Jan-19) 2)CARE A+; Stable (06-Jul-18)
17	Bonds-Secured Redeemable Bonds	-	-	-				
18	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (29-Jan-19) 2)CARE A+; Stable (06-Jul-18)
19	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (07-May-20)	1)CARE BBB+ (CWD) (27-Feb-20) 2)CARE A- (CWN) (13-Aug-19)	1)CARE A+ (CWD) (29-Jan-19) 2)CARE A+; Stable (06-Jul-18)
20	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (07-May-20)	1)CARE BBB+ (CWD) (27-Feb-20) 2)CARE A- (CWN) (13-Aug-19)	1)CARE A+ (CWD) (29-Jan-19) 2)CARE A+; Stable (06-Jul-18)
21	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (30-Apr-20)	1)CARE BBB+ (CWD) (27-Feb-20) 2)CARE A- (CWN) (13-Aug-19)	1)CARE A+ (CWD) (29-Jan-19) 2)CARE A+; Stable (06-Jul-18)
22	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (27-Feb-20) 2)CARE A- (CWN)	1)CARE A+ (CWD) (29-Jan-19) 2)CARE A+;

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
							(13-Aug-19)	Stable (06-Jul-18)
23	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (27-Feb-20) 2)CARE A-(CWN) (13-Aug-19)	1)CARE A+(CWD) (29-Jan-19) 2)CARE A+; Stable (06-Jul-18)
24	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (30-Apr-20)	1)CARE BBB+ (CWD) (27-Feb-20) 2)CARE A-(CWN) (13-Aug-19)	1)CARE A+(CWD) (29-Jan-19) 2)CARE A+; Stable (06-Jul-18)
25	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (07-May-20)	1)CARE BBB+ (CWD) (27-Feb-20) 2)CARE A-(CWN) (13-Aug-19)	1)CARE A+(CWD) (29-Jan-19) 2)CARE A+; Stable (06-Jul-18)
26	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (14-Dec-20) 2)CARE BBB+ (CWD) (09-Nov-20) 3)CARE BBB+ (CWD) (07-May-20)	1)CARE BBB+ (CWD) (27-Feb-20) 2)CARE A-(CWN) (13-Aug-19)	1)CARE A+(CWD) (29-Jan-19) 2)CARE A+; Stable (06-Jul-18)

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: NA**

**Annexure 4: Complexity level of various instruments rated for this company**

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

**Annexure 5: Bank Lender Details for this Company**

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

**Note on complexity levels of the rated instrument:** CARE Ratings Ltd. 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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### About CARE Ratings Limited:

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With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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