

Omaxe Limited

August 21, 2023

Ratings

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	251.51 (Reduced from 405.05)	CARE BBB-; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	37.87 (Reduced from 42.71)	CARE BBB-; Stable / CARE A3	Reaffirmed
Long Term Bank Facilities	-	-	Withdrawn
Fixed Deposit	0.34 (Reduced from 9.05)	CARE BBB-; Stable	Reaffirmed
Fixed Deposit	0.34 (Reduced from 3.00)	CARE BBB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

The rating withdrawal is at the request of Omaxe Limited and 'No Dues Certificate' received from the bank that have extended the facilities rated by CARE

Rationale and key rating drivers

The rating assigned to the bank facilities of Omaxe Limited continues to derive strength from healthy collection momentum, healthy cash coverage ratio along with adequate liquidity position, experienced promoters with established track record in real estate sector and moderate demand for residential housing.

The ratings, however, continues to remain exposed to execution and saleability risk for ongoing projects along with new launches, high cost of borrowing, continued Net Losses in FY23, high debt repayment in FY24 and H1FY25 offset by adequate liquidity buffer and committed receivable from sold inventory, inherent risk associated with Real Estate sector, cyclical and seasonality associated with real estate industry and exposure to local demand-supply dynamic.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Timely completion of the project within the estimated timelines
- Decline in total debt level below Rs. 1000 crore on consolidated basis
- Increase in quarterly collections beyond 600 crore on consolidated basis

Negative factors

- Decline in quarterly collections beyond 200 crore on consolidated basis
- Aggressive debt funded project launches leading to debt higher than envisaged level of total debt

Analytical approach:

Consolidated

CARE has taken consolidated approach for analysing Omaxe Ltd which has 117 subsidiaries/ step subsidiaries/ associates which are primarily land holding companies, the details of which are given in Annexure 6

Outlook: Stable

The "Stable" outlook reflects that the entity is likely to sustain its collection and sales momentum from the ongoing projects resulting in healthy operational growth along with adequate liquidity position as reflected by large cash balances.

²Complete definitions of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications.

Detailed description of the key rating drivers:

Key strengths

Experienced promoters with established track record in real estate sector

Omaxe derives strength from the experience of the promoters, Mr. Rohtas Goel (Chairman) and Mr. Mohit Goel (Managing Director), having an experience of over two decades in the field of construction and real estate development. The promoter group held 74.14% stake in Omaxe as on March 31, 2023. Omaxe has a track record of successful completion of real estate projects, including development of township, group housing, commercial complexes, etc. As of March 31, 2023, Omaxe has a track record of executing 129.25 msf as a real estate developer and as third-party contractor.

Healthy cash coverage ratio

The financial risk profile of Omaxe group is characterized by modest debt position. The total debt at group level has been reducing over the period of time from Rs.1236cr at the end of FY21 to Rs.908cr at the end of FY23. Also during FY23, Omaxe has repaid debt of Rs. 500 Crores to lenders as principal payment. However due to dip in the net worth of the group on account of losses in FY23, the overall gearing stood 2.10x as on March 31, 2023 (PY: 1.39x).

The group continues to maintain strong booking during FY23 and collection is expected to significantly increase in FY24 thereby leading to improvement in cash coverage ratio. The CCR (excl. op. cash balance) is estimated to be healthy in the range of 1.96x-4.52x for the next 4 quarters.

Healthy collection momentum

The group had collections of Rs.2282 crores in FY23 as against Rs.1912 crores in FY22. Further during the last three months ending Jun 30, 2023 group has achieved collections of Rs.590 crores (PY: 450 cr) with average monthly collection of ~Rs.196 crores (PY: ~Rs.150 crores). Due to consistently healthy collections, during FY23 Omaxe group has repaid debt of Rs. 500 Crores to lenders as principal payment.

Further, the group has sold 2.65 mn sqft for sales value of Rs 1280 crore in FY23 (vis-à-vis 1.62 mn sqft valued at Rs 1266 crore in FY22). The major sales pertains to New Chandigarh, Lucknow, Faridabad, New Delhi, Ludhiana. The sales comprises of 1.76 mn sqft valued at Rs 576 crore in residential and 0.89 mn sqft valued at Rs. 704.5 crore in commercial segment.

Omaxe has one major project namely Omaxe Chandni Chowk in New Delhi with committed receivables of Rs.1359 crores as on March 31, 2023. The company has already applied for the OC in the first week of August 2023 and is expected to be received by Oct'23. The major portion of the cash flow is due on offer of possession and with the completion of the project and major portion of inventory being sold, the group is expecting large collection during the period of Nov 23 to Jun 24, of which partially it will be used for repayment of NCD of Rs.440cr and remaining will support the liquidity in the company.. Although the group's NCD and interest both are payable at maturity, but due to surplus cash flow the group has started repaying the interest on NCDs from Jul'23 onwards.

Further, the group has also raised debt of Rs.192 cr during Q4FY23 from Swamih Investment Fund for the residential project in New Chandigarh "The Resort" out of which Rs.30 crores has already been disbursed as on June 30, 2023. The group doesn't plan to take full disbursement of the debt as it is already having liquidity buffer of ~Rs.60cr in the said project.

Majority of the group's outstanding debt is due in the next 1.5 years which will be paid through operating cash flow and from the cash flow of Omaxe chowk project in Chandni Chowk having confirmed receivables of Rs.1359 crores as on March 31, 2023 which will reduce total debt to large extent leading to improvement in the capital structure of the group.

Moderate demand for residential housing

The industry's revenues are likely to grow on the back of a continuation in demand for residential housing during the FY24. Moreover, developers are likely to pass on any rise in input costs through price hikes. This is likely to result in margin expansion for the industry. Although residential sales are projected to grow in the year 2023-24, the pace of growth will be slower as compared to 2022-23. Increase in housing loan rates and property prices, slowdown in hiring in key employment generating sectors and lower salary growth is likely to result in a moderation in housing sales in the current year

Key weaknesses

Execution and saleability risk for ongoing projects along with new launches

As on March 31, 2023, Omaxe is executing 20 projects in township, group housing (GH) and commercial segments. At an aggregate level, the group is yet to incur 30% of the total project cost which is Rs. 4109 crores. The group has sold out 42.60 mn sq ft (~80%) out of the total saleable area of 53.80 mn sq ft as on March 31, 2023 for a sale price of Rs 14904 crores and has received Rs 11515 crore reflecting collection efficiency of ~77%.

Further, the group plans to launch some new projects in the medium term with significant saleable area which poses project execution risk. The group will be requiring debt for construction of these projects. However, comfort can be derived from the large land bank available which provides adequate financial flexibility to the group.

Going forward, timely execution of the new projects along with the increase in debt for new projects within envisaged limit would be a key monitorable going forward.

Continued Net Losses in FY23

The group continued to suffer net losses in FY23 as there has been change in the accounting policy from 'Percentage of completion method' to 'Completed Contract method' wherein revenue is recognized on completion of the project. Adoption of Ind AS has affected inventory measurement, taxes, provisions, leases, financial instruments and other key financials. Further, the consecutive hikes in interest rate have led to increased cost of credit, construction and consumption with proportionate impact on the profit margin. Also, the sales of the projects which are recognizing in the P&L are the projects which were launched 8-10 years before pandemic and got delayed. However, going forward the group is hopeful to show profitability with the delivery of Chandni Chowk project.

High debt repayment in FY24 and H1FY25 offset by adequate liquidity buffer and committed receivable

During FY23, Omaxe has repaid Rs. 500 Crores to lenders as principal payment and has raised debt of Rs.542 crores and has an outstanding debt of Rs.1333.16 crores as on March 31, 2023 as compared to debt of Rs.1357.16 crores as on March 31, 2022. Of the debt being raised major one is the NCD of Rs.440cr due for repayment in Jul'25 along with the redemption premium at IRR of 18%. Apart from this the group has total debt repayment of Rs.388 crores (Principal + Interest) during FY24 as against to which it has bank balance of Rs.191.74 crores as on March 31, 2023 and committed receivable of Rs.3388 crores as on March 31, 2023. Of the total receivable, company has receivable of Rs.1359 crores from its Chandni Chowk project, which it expects to realize in the next 9 months, which will further aid the liquidity and support the debt repayment. The group has already repaid debt of Rs.63 crores during Q1FY24 funded through the customer collections. Also, the group has unencumbered cash and bank balance of Rs.191.74 crores as on March 31, 2023

High cost of borrowing

The debt taken by the group to fund the ongoing projects constitutes high cost of borrowing ranging ~14%-18%. The funding from Swamih Investment Fund i.e NCDs of Rs.192 crores constitutes IRR of 12% which is used in completion of residential project "The Resort" in New Chandigarh. Also, the funding from Varde partners i.e NCDs of Rs.440 crores constitutes IRR of ~18% which was partially used in the prepayment of debt and partially for the completion of its Chandni Chowk project in Delhi, scheduled for delivery in FY24. Apart from this the group is generating liquidity by way of replacing BG initial made at 100% margin money by lower margin money BG. Therefore, going forward, the reduction in interest cost along with the release of margin money from BG limit, will be key monitorable and will help the group to improve its liquidity position.

Liquidity: Adequate

The group has sufficient cushion available for meeting its debt obligations as the total debt repayments in FY24 for the group stood ~Rs 388 crores (Principal +Interest). Further, the cash and bank balance of the group stood Rs.191.74 crores as on March 31, 2023. Therefore, given the average monthly collection of Rs.196 crores and remaining debt repayment of ~Rs.300 crores for FY24, the liquidity appears adequate. Further the future cash flows are supported by the committed receivable of Rs.3388 crores as on March 31, 2023 from the confirmed sales along with the unsold inventory of Rs.7371 crores.

Environment, social, and governance (ESG) risks

CARE Ratings believes that Omaxe Limited's environment, social, and governance (ESG) profile supports its credit risk profile. The sector's social impact is characterised by health hazards, leading to a higher focus on labour safety and wellbeing, given the nature of its operations. Omaxe Group has continuously focused on mitigating its environmental and social risks. Key highlights of the ESG initiatives are as below:

- The company is designing and upgrading environment friendly buildings and in continuation with the company and its contractors are attempting to provide hygienic and healthy working environment to workers at construction sites, including training to improve the capabilities of the local work force.
- The company implements building structure designs that are safer than mandatorily required under the requisite building code
- The company disposes some of the construction waste as scrap to get it recycled and re-use the same in construction works. The company has deployed sewage treatment plants at its projects and construction sites which treat and re-cycle waste water for reusing in watering plants, toilets, etc.
- There are no anti-competitive, abuse of dominant position or unfair trade practices cases pending against the company

Applicable criteria

[Policy on default recognition](#)

[Consolidation](#)

[Factoring Linkages Parent Sub JV Group](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Rating methodology for Real estate sector](#)

[Policy on Withdrawal of Ratings](#)

About the company and industry

Industry Classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Realty	Realty	Residential, Commercial Projects

Omaxe Ltd was promoted in March 1989 and in August 1999, the company was converted into a public limited company. The name was changed to Omaxe Constructions Ltd and later in 2006, the name of the company was again rechristened as Omaxe Limited. The company is currently engaged in the business of real estate development and has presence across 27 cities in 8 states of India. Omaxe has undertaken various projects in the areas of contractual construction, township development, building of commercial complexes, multi-storied apartments, etc.

Consolidated

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	March 31, 2023 (UA)
Total operating income	475.70	617.80	773.33
PBILDT	-99.76	-43.69	-300.52
PAT	-235.21	-161.61	-351.08
Overall gearing (times)	1.54	1.39	2.10
Interest coverage (times)	-0.62	-0.36	-2.66

A: Audited; UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

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 covenants of the rated instruments/facilities is given in Annexure-3

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

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fixed Deposit		-	-	-	0.34	CARE BBB-; Stable
Fixed Deposit		-	-	-	0.34	CARE BBB-; Stable
Fund-based - LT-Cash Credit		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	March 2028	102.13	CARE BBB-; Stable
Fund-based - LT-Term Loan*		-	-	-	50.00	CARE BBB-; Stable
Non-fund-based - LT-Bank Guarantee		-	-	-	99.38	CARE BBB-; Stable
Non-fund-based - LT/ST-BG/LC		-	-	-	37.87	CARE BBB-; Stable / CARE A3

*Proposed loan

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	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
1	Fund-based - LT-Term Loan	LT	102.13	CARE BBB-; Stable	-	1)CARE BBB-; Stable (12-Aug-22)	1)CARE BB; Stable (07-Jan-22) 2)CARE BB; Stable (18-Nov-21)	1)CARE D (05-Mar-21) 2)CARE BB+; Stable (03-Apr-20)
2	Fund-based - LT-Term Loan	LT	50.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (12-Aug-22)	1)CARE BB; Stable (07-Jan-22) 2)CARE BB; Stable (18-Nov-21)	1)CARE D (05-Mar-21) 2)CARE BB+; Stable (03-Apr-20)
3	Fund-based - LT-Cash Credit	LT	-	-	-	1)CARE BBB-; Stable (12-Aug-22)	1)CARE BB; Stable (07-Jan-22) 2)CARE BB; Stable (18-Nov-21)	1)CARE D (05-Mar-21) 2)CARE BB+; Stable (03-Apr-20)
4	Non-fund-based - LT-Bank Guarantee	LT	99.38	CARE BBB-; Stable	-	1)CARE BBB-; Stable (12-Aug-22)	1)CARE BB; Stable (07-Jan-22) 2)CARE BB; Stable (18-Nov-21)	1)CARE D (05-Mar-21) 2)CARE BB+; Stable (03-Apr-20)
5	Non-fund-based - LT/ ST-BG/LC	LT/ST*	37.87	CARE BBB-; Stable / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (12-Aug-22)	1)CARE BB; Stable / CARE A4 (07-Jan-22) 2)CARE BB; Stable / CARE A4	1)CARE D (05-Mar-21) 2)CARE BB+; Stable / CARE A4+ (03-Apr-20)

							(18-Nov-21)	
6	Fixed Deposit	LT	0.34	CARE BBB-; Stable	-	1)CARE BBB-; Stable (12-Aug-22) 2)CARE BB; Stable (22-Jun-22)	1)CARE BB (FD); Stable (07-Jan-22) 2)CARE BB (FD); Stable (18-Nov-21)	1)CARE D (FD) (05-Mar-21) 2)CARE BB+ (FD); Stable (03-Apr-20)
7	Fixed Deposit	LT	0.34	CARE BBB-; Stable	-	1)CARE BBB-; Stable (12-Aug-22) 2)CARE BB; Stable (22-Jun-22)	1)CARE BB (FD); Stable (07-Jan-22) 2)CARE BB (FD); Stable (18-Nov-21)	1)CARE D (FD) (05-Mar-21) 2)CARE BB+ (FD); Stable (03-Apr-20)

*Long term/Short term.

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	Fixed Deposit	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Fund-based - LT-Term Loan	Simple
4	Non-fund-based - LT-Bank Guarantee	Simple
5	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

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

Annexure 6: List of Subsidiaries

Subsidiaries of Omaxe Limited	
1	Aashna Realcon Private Limited
2	Anjaniputra Builders Private Limited
3	Aradhya Real Estate Private Limited
4	Arman Builders Private Limited
5	Atulah Contractors and Constructions Private Limited
6	Ayush Landcon Private Limited
7	Blackbull Retails Private Limited (w.e.f. 16.06.2022)
8	Chapal Buildhome Private Limited
9	Colors Real Estate Private Limited (w.e.f. 05.08.2022)
10	Dhanu Real Estate Private Limited
11	Ekansh Buildtech Private Limited
12	Golden Glades Builders Private Limited
13	Green Planet Colonisers Private Limited
14	Hamara Ghar Constructions and Developers Private Limited
15	Jagdamba Contractors and Builders Limited
16	JKB Constructions Private Limited
17	JRS Projects Private Limited
18	Kamini Builders And Promoters Private Limited
19	Kashish Buildtech Private Limited
20	Kavya Buildtech Private Limited
21	Landlord Developers Private Limited
22	Link Infrastructure and Developers Private Limited
23	Ludhiana Wholesale Market Private Limited (w.e.f. 03.08.2022)
24	Mehboob Builders Private Limited
25	Mehtab Infratech Private Limited
26	Monarch Villas Private Limited
27	MR Real Estate Private Limited
28	National Affordable Housing Limited (Formerly known as National Affordable Housing and Infrastructure Limited)
29	Navratan Techbuild Private Limited
30	Nexten (I) Growth Private Limited
31	Nexten Infra Growth Private Limited
32	Nexten Infra Private Limited
33	Nexten Real Growth Private Limited
34	Nexten Super Growth Private Limited
35	Oasis Township Private Limited
36	Omaxe Buildhome Limited
37	Omaxe Buildwell Limited
38	Omaxe Entertainment Limited
39	Omaxe Forest Spa and Hills Developers Limited
40	Omaxe Garv Buildtech Private Limited
41	Omaxe Heritage Private Limited
42	Omaxe Hitech Infrastructure Company Private Limited
43	Omaxe Housing and Developers Limited

44	Omaxe Housing And Infrastructure Limited
45	Omaxe Indore Developers Limited
46	Omaxe Infotech City Developers Limited
47	Omaxe Infrastructure Limited
48	Omaxe International Bazaar Private Limited
49	Omaxe New Amritsar Developers Private Limited (w.e.f. 22.07.2022)
50	Omaxe New Chandigarh Developers Private Limited
51	Omaxe New Faridabad Developers Private Limited
52	Omaxe Next Private Limited (w.e.f. 21.06.2022)
53	Omaxe Pancham Realcon Private Limited
54	Omaxe Power Private Limited
55	Omaxe Rajasthan SEZ Developers Limited
56	Omtch Infrastructure and Construction Limited
57	Pam Developers (India) Private Limited
58	Panchi Developers Private Limited
59	Primordial Buildcon Private Limited
60	Rohtas Holdings (Gulf) Limited
61	Sarthak Landcon Private Limited
62	Sarva Buildtech Private Limited
63	Shamba Developers Private Limited
64	Shikhar Landcon Private Limited
65	Silver Peak Township Private Limited
66	Worldstreet Sports Center Limited (w.e.f. 02.06.2022)
67	Zodiac Housing and Infrastructure Private Limited
68	Dreamze New Faridabad Developers LLP
69	Giant Dragon Mart Private Limited
70	Hartal Builders and Developers Private Limited
71	Omaxe World Street Private Limited
72	PP Devcon Private Limited
73	Rivaj Infratech Private Limited
74	Sri Balaji Green Heights Private Limited
Step Subsidiary Companies	
1	Aadhira Developers Private Limited
2	Aarzo Technobuild Private Limited
3	Abhas Realcon Private Limited
4	Abheek Builders Private Limited
5	Adesh Realcon Private Limited
6	Anveshan Builders Private Limited
7	Ashok Infrabuild Private Limited
8	Ashray Infrabuild Private Limited
9	Aviral Colonizers Private Limited
10	Bhanu Infrabuild Private Limited
11	Caspian Realtors Private Limited
12	Daman Builders Private Limited
13	Damodar Infratech Private Limited
14	Davesh Technobuild Private Limited

15	Dinkar Realcon Private Limited
16	Ekapad Developers Private Limited
17	Estatelance Developers Private Limited (w.e.f. 09.09.2022)
18	Estatelance Real Estate Private Limited (w.e.f. 08.12.2022)
19	Glacier Agro Foods Products Private Limited
20	Hemang Buildcon private Limited
21	Hiresh Builders Private Limited
22	Manit Developers Private Limited
23	Navadip Developers Private Limited
24	NRI City Developers Private Limited
25	Oasis Suncity Realtors Private Limited
26	Omaxe India Trade Centre Private Limited
27	Radiance Housing and Properties Private Limited
28	Reliable Manpower Solutions Limited
29	RPS Suncity Promoters and Developers Private Limited
30	Rupesh Infratech private Limited
31	S N Realtors Private Limited
32	Salvatore Infra Buildtech Limited (w.e.f. 18.03.2023)
33	Sanvim Developers Private Limited
34	Satkar Colonisers Private Limited
35	Satvik Hitech Builders Private Limited
36	Shubh Bhumi Developers Private Limited
37	Tejpal Infra Developers Private Limited
38	Utkrisht Real Estate and Associates Private Limited
Associates Companies	
1	Capital Redevelopment Private Limited
2	FBD Real Grow Private Limited
3	Omaxe Be Together Project Developers Private Limited (Formerly known as Be Together Vrindavan Developers Private Limited) (w.e.f. 29.12.2022)
4	Parkash Omaxe Amusement Park Private Limited
5	Shine Grow New Faridabad LLP (up to 20.05.2022)

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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About us:

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