JSW Infrastructure Limited

August 28, 2024

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	230.00	CARE AA+; Stable / CARE A1+	Reaffirmed
Short-term bank facilities	20.00	CARE A1+	Reaffirmed
Issuer rating	0.00	CARE AA+; Stable	Reaffirmed
Commercial paper	1,000.00	CARE A1+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities and commercial paper of JSW Infrastructure Limited (JSWIL) factors in steady growth in scale of operations in FY24 (refers to April 01 to March 31) and Q1FY25 (refers to April 01 to June 30) due to ramp up of cargo volumes on capacities at eastern and western coast, geographically diversified port locations with longer concession period, and JSWIL's strategic importance to the JSW group for catering their cargo requirements with the presence of take-or-pay agreements (TPAs).

Ratings remains underpinned by strengthened financial flexibility post raising of ₹2,800 crore through an initial public offer (IPO) in October 2023. Expansion in profit before interest, lease rentals, depreciation and tax (PBILDT) and rationalisation of debt levels also led to consistent improvement in consolidated leverage marked by consolidated net debt/PBILDT improving from 1.60x in FY23 to 0.29x in FY24 and nil in Q1FY25.With strengthened financial flexibility and robust cash accruals, JSWIL has outlined ambitious growth plans (organic and inorganic) with estimated cash outflow of ₹13,000-14,000 crore in the medium term. This includes projects to be funded out of the existing IPO proceeds while the other projects shall be funded through a mix of debt and internal accruals. Furthermore, as per the regulatory requirement, the promoter shareholding needs to be brought down to maximum 75% by September 2026, which also provides some financial flexibility. The capex exposes JSWIL to project execution and post-commissioning ramp-up risks, although JSWIL's experience in executing similar projects provides mitigation to a certain extent. CARE Ratings Limited (CARE Ratings) expects that low leverage and enhanced financial flexibility shall provide necessary headroom to JSWIL for aiding growth plans. Going forward, any debt-funded capital expenditures (capex)/acquisition by JSWIL resulting in net debt/PBILDT exceeding 2.00x on a sustained basis, shall be a key credit rating sensitivity.

However, ratings strengths are tempered considering limited hinterland prospects for third-party cargo and large reliance on coastal and road transportation for evacuation at the Jaigarh port, resulting in lower capacity utilisation at the port. JSWIL's concentrated cargo profile, mainly in handling coal, coke and iron ore with a moderate share from third-party cargo (but with gradual improvement) continues to remain a credit weakness. JSWIL is also exposed to inherent risk related to a decline in cargo handling rates through renegotiation of contracts or bulk discounts. Nevertheless, savings in freight cost for JSW Steel Limited (JSWSL: rated CARE AA; Stable / CARE A1+) owing to its proximity to port locations and comparable cargo handling rates with other minor ports mitigate this risk. There have not been downward revisions in cargo handling rates of Jaigarh and Dharmtar ports in the last 10 years, as articulated by the management. The continued restrictions on operations of the southwest port, and relatively high revenue-sharing arrangement with limited pricing flexibility at some terminals on major ports, are other credit weaknesses.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significantly scaling-up of operations achieved through substantial diversification in cargo mix and majority contribution from third-party cargo on a sustained basis.

Negative factors

- Significant debt-funded capex/inorganic acquisition resulting in net debt/PBILDT beyond 2x on a sustained basis.
- Deteriorating business linkages and financial profile of counterparties (the JSW group companies), impacting JSWIL's revenue visibility.
- Significantly declining cargo handling rates impacting profitability.

[1]Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications.

Analytical approach:

The consolidated approach is considering operational and financial linkages with its subsidiaries. The entities consolidated are listed under Annexure 6. The cargo handled of the JSW group comprises 60% of total cargo handled by JSWIL on a consolidated basis for FY24. Jaigarh Port, Dharamtar Port and Southwest Port terminal have strategic importance for raw material procurement by JSWSL.

Outlook: Stable

The stable outlook reflects CARE Ratings' expectation that JSWIL will continue to maintain its healthy operational performance in the medium term marked by its strategic importance to the JSW group and aided benefit from strong financial flexibility and low leverage. These factors, and a favourable outlook for the Indian port sector, support its credit profile.

Detailed description of key rating drivers:

Key strengths

Geographically diversified port locations

JSWIL has two minor ports (Jaigarh and Dharamtar) on the western coast, while it has seven operational terminals on major ports as on June 30, 2024. Among seven port terminals, four are located on the eastern coast and three on the western coast, leading to a geographically diverse presence for JSWIL. Besides, the ports are favourably located in the vicinity of JSW group companies, with Paradip terminals located near the coal and iron ore mines in Orissa and the Ennore, Mormugao and Mangalore terminals near JSWSL plants in Vijaynagar and Salem and the Nandyal plant of JSW Cement. In FY24, JSWIL expanded its footprints by acquiring oil terminal business at the Port of Fujairah, United Arab Emirates, and a riverine port near Dharamtar.

Dharamtar port is strategically located in proximity of JSWSL's Dolvi plant and acts as a captive port for the plant for the import of coal/coke and iron ore. However, since Dharamtar port is a river jetty and cannot handle large vessels, most of the cargo at Dharamtar is transhipment from Jaigarh port, transported in smaller barges and mini bulk carriers, both Jaigarh and Dharamtar acting as twin ports. Jaigarh port is also adjacent to JSW Energy Limited's (JSWEL) Ratnagiri plant and the entire coal requirement for the plant is imported through this port.

Strategic importance to JSW group

Due to its presence on major ports, such as Paradip, Mangalore, Ennore and Mormugao, and ownership of Jaigarh and Dharamtar ports, JSWIL has strategic importance to JSWSL, the flagship entity of the JSW group, and to JSWEL. The port special purpose vehicles (SPVs) cater to cargo needs of the Dolvi, Vijaynagar and Salem plants of JSWSL and the power plant of JSWEL. JSWSL has already completed expansion at the Dolvi plant with capacity reaching to 10 MMTPA and has initiated further phase of expansion by 5 MMTPA. It is also undertaking brownfield expansion at the Vijaynagar plant by 5 MMTPA. In the medium term, ramp up in production volumes of JSWSL owing benefit of completed capex augurs well for JSWIL's cargo visibility prospects.

Ports under JSWIL, Jaigarh Port, Dharamtar Port and Ennore Terminals have TPAs with JSWSL and JSWEL. Though some of these ports have TPAs for lower quantity, the overall actual cargo volumes handled at ports is higher. TPAs were ~25% of the cargo handled in FY24. JSWSL has historically been sourcing almost its majority cargo requirements from JSWIL and intends to continue to do so considering competitive charges and lower logistics costs due to proximity to its plants in Maharashtra and Karnataka, which provides good cargo visibility for the JSWIL.

Healthy growth in cargo volumes in FY24 and Q1FY25

Overall consolidated cargo volumes have reported a healthy year-over-year growth of 15%, escalating to 106.50 million metric tonnes (MMT) in FY24 from 92.81 MMT in FY23. This growth is attributed to heightened cargo handling primarily at Paradip Iron Ore terminal and Paradip East quay terminal followed by moderate growth in Jaigarh, Dharamtar and Ennore Coal terminal. The growth has been aided from addition of cargo from PNP Maritime and Middle East Liquid Terminal, which were acquired in latter half of FY24. The cargo handled at Paradip East quay terminal primarily consists of coastal coal cargo, insulating JSWIL against decline in coal imports in India.

Despite growth observed in FY23 and FY24 at Jaigarh port, capacity utilisation remains moderate at 39% (excluding transhipment), constrained by limited hinterland prospects for third-party cargo and reliance on coastal and road transportation for cargo evacuation. However, pricing flexibility at Jaigarh port, being a non-major port, has contributed to strong PBILDT.

In Q1FY25, JSWIL managed a consolidated cargo volume of 28 MMT compared to 25.3 MMT in Q1FY24, marking a year-over-year growth of 11% despite moderation in cargo from Jaigarh and Dharamtar Port due to planned maintenance of Dolvi plant.

Strong growth in scale operations with healthy profitability
With the healthy ramp-up in cargo in FY24, JSWIL reported a strong growth in its total operating income (TOI), which grew by around 17% to ₹3,783 crore in FY24 (FY23: ₹3,225 crore). JSWIL has clocked a compound annual growth rate (CAGR) of 28% in the last three years. It has also reported healthy profitability with a PBILDT margin increasing to 52.54% in FY24 from 51.24% in FY23. JSWIL has also reported healthy growth in the profit after tax (PAT) margin to 30.68% in FY24 (FY23: 23.24%) majorly considering stable interest cost and expansion in PBILDT margins on increased revenue. It reported strong gross cash accruals (GCA) of ₹1,681 crore in FY24 (FY23: ₹1,347 crore).

In Q1FY25, JSWIL reported a TOI of ₹1,010 crore registering a y-o-y growth of 15% with PBILDT margin of 49.32%.

Strengthening financial flexibility and steady improvement in leverage
Post completion of JSWIL's IPO of ₹2,800 crore in October 2023 and healthy accretion of profits, its capital structure improved significantly marked by reduction in overall gearing from 1.12x as on March 31, 2023, to 0.58x as on March 31, 2024. Net debt/PBILDT also improved from 1.60x in FY23 to 0.29x in FY24 and nil in Q1FY25. In FY24, JSWIL successfully consummated acquisition oil terminal business at Port of Fujairah, United Arab Emirates and a riverine port near Dharamtar. The oil terminal acquisition was funded in debt to equity of 65:35, while the bulk terminal was funded by internal accruals. JSWIL also earns marine income, which is USD-denominated, providing a natural hedge to the interest coupon foreign currency outflow. However, principal repayment of bond, which falls due in FY29, is unhedged, exposing JSWIL to inherent forex risk.

JSWIL announced the acquisition of Navakar Corporation Limited (NCL) at an enterprise value of ₹1,644 crore for 70.37% stake. NCL is operating container trains, container freight station and inland container depot (ICD) offering synergy to JSWIL. It also approved the acquisition of under-development Slurry Pipeline Project from JSW Utkal Limited (wholly owned subsidiary of the JSWSL) at a consideration of ~₹1,700 crore and proposes to enter into TPA for 18 MTPA subject to contractual agreement. These acquisitions will be funded through mix of debt and equity.

Favourable industry outlook
Overall cargo throughput at Indian ports is at its all-time peak at 1539 MMT for financial year ended March 31, 2024, representing ~7% growth over FY23. With the revival in economic activity, increasing demand and consumption of major commodities and declining shipping freights, the traffic re-gained from FY22 and expected to report healthy CAGR of 7% for FY21-FY24. India's coastal cargo has witnessed significant growth of 17% and 18% in FY22 and FY23, respectively, in comparison of EXIM cargo and grows at 7% in FY24. Coal and iron ore comprised almost 70% of the India Coastal cargo. CARE Ratings expects increase in share of coastal cargo of coal to 42% in FY26 from 33% in FY23, which augurs well for JSWIL due to its cargo profile and presence on both coasts as well.

Key weaknesses
Project execution risk for underlying capex
JSWIL is planning to undertake multiple capex projects in the next 3-5 years marked by two greenfield projects at Keni, Karnataka and Jatadhar, Orissa and brownfield project at its Jaigarh Port, Dharamtar Port, Southwest Port and Mangalore Container terminal. Projects include capex for newly awarded terminals at JNPT and V.O. Chidambaranar, acquisition of NCL and under-development Slurry Project Pipeline. Planned capex for the three-year horizon of FY25-FY27 is estimated to be between ₹13,000 to ₹14,000 crore. This elevates the inherent project execution risk. JSWIL's strong financial flexibility and established project execution track record mitigate these risks to an extent. The promoter's stake in JSWIL stood at 85.61% as on June 30, 2024 and as per the regulatory requirement, the promoter shareholding needs to be brought down to maximum 75% by September 2026, which also provides some financial flexibility. CARE Ratings notes that JSWIL has continuing plans to bid for port projects on a pan-India basis under the public-private partnership (PPP) mode or acquire assets in ports/logistics businesses inorganically. Its scale and impact on leverage would be key monitorable.

Competition from nearby ports and terminals and concentrated cargo mix
JSWIL faces competition from the minor ports on the eastern and western coast. Its terminals at major ports also face competition from other terminals on the same port. JSWIL's cargo profile is largely concentrated in coal, coke and iron ore constituting 87% of the total cargo handled for FY24, exposing it to inherent cyclicity of the steel industry and energy demand from thermal plants. Despite the gradual decline in cargo concentration to the JSW group, it stands at 60% in FY24. This large proportion of group cargo exposes JSWIL to inherent risk related to decline in cargo handling rates through renegotiation of contracts or bulk discounts.

These risks are mitigated to an extent due to savings in freight cost for JSWSL owing to its proximity to port locations, comparable cargo handling rates with other minor ports and entering TPAs. As articulated by management, there have not been downward revisions in cargo handling rates of Jaigarh and Dharmtar ports in the last 10 years, which provides additional comfort. Going forward, significant downward revisions in cargo handling rate and its impact on profitability shall be key rating monitorable.

Relatively higher revenue sharing for terminals at major ports and presence of MGT clauses
Per their concession agreements, terminals at major ports are required to pay a revenue sharing of around 18-36% barring one terminal, where the revenue share is 52.52% to major port trusts. Some of these terminals are required to pay per minimum guaranteed tonnage in case of underachievement of cargo performance. Pricing at these terminals is governed by the Tariff Authority of Major Port (TAMP) leading to limited pricing flexibility. However, the corporatised rate structure at Ennore Coal and Ennore Bulk terminals provides pricing flexibility despite the high revenue share. Hence, considerable revenue sharing with limited pricing flexibility increases the market risk for these terminals. Operations of South West Port Limited (SWPL), Mormugao were also impacted due to pollution issues in the past although interim relief has been granted subsequently by restricting the cargo handling capacity to 8.5 MMTPA.

Liquidity: Strong
JSWIL has a strong liquidity position on a consolidated level marked by sufficient generations of cash accruals against repayment obligations and sufficient liquid investments (including unencumbered cash and bank balance and excluding earmarked IPO money) to the tune of ₹3,025 crore as on March 31, 2024, and ~₹3,520 crore as on June 30, 2024, apart from unutilised working capital limits. The receivable period also improved from 57 days in FY23 to 52 days in FY24. The management articulated that for meeting repayment obligations of funds raised through the commercial paper, it shall have access to replace it with long term funds or shall maintain sufficient liquidity position.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

Environment	JSWIL is exposed to environmental risk with respect to handling large coal volumes. As the port assets may operate in environmentally sensitive regions, tightening of regulations may impact operations and require additional capex. JSWIL has identified a focus on renewable energy, waste management and optimum utilisation of resources to mitigate this risk.
Social	JSWIL focuses on access to drinking water, health care and education services to society.
Governance	Around 55% of JSWIL's board comprises of independent directors. The company has a dedicated grievance redressal mechanism for its stakeholders and fully independent audit committee.

Applicable criteria

Consolidation
Definition of Default
Factoring Linkages Parent Sub JV Group
Investment Holding Companies
Issuer Rating
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Port & Port services
Financial Ratios – Non financial Sector
Infrastructure Sector Ratings
Short Term Instruments

About the company and industry

Industry classification

Macro-economic indicator	Sector	Industry	Basic industry
Services	Services	Transport infrastructure	Port & port services

Incorporated in 2006, JSWIL is a part of the JSW group led by Sajjan Jindal and is engaged in developing infrastructure and operations for ports across India. JSWIL through its subsidiaries has two minor ports, namely, Jaigarh and Dharamtar in Maharashtra, seven operational terminals at major ports (one at Mormugao and two at Mangalore, on the south-west coast, and four on eastern coast [two each at Paradip and Ennore]). Recently, it acquired oil terminal business at Fujairah Port, expanding its international presence. As on June 30, 2024, JSWIL has total operational capacity of ~170 MMTPA.

Through its wholly owned subsidiary, JSWIL entered an agreement with Port of Fujairah (POF) for operation and maintenance of entire bulk handling system of ship loaders and conveying system at Fujairah Port with a capacity of 24 MTPA and at Dibba port with a capacity of 17 MTPA.

Brief Consolidated Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	Q1FY25 (UA)
Total operating income	3,225	3,783	1,010
PBILDT	1,652	1,988	498
PAT	750	1,161	297
Overall gearing (times)	1.12	0.58	NA
Interest coverage (times)	5.86	6.87	6.73

A: Audited UA: Unaudited; NA: Not available; 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 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: 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
Commercial Paper-Commercial Paper (Standalone)	Proposed	-	-	7-364 days	1000.00	CARE A1+
Fund-based - ST-Bank Overdraft		-	-	-	20.00	CARE A1+
Fund-based/Non-fund-based-LT/ST		-	-	-	50.00	CARE AA+; Stable / CARE A1+
Issuer Rating-Issuer Ratings		-	-	-	0.00	CARE AA+; Stable
Non-fund-based - LT/ ST-BG/LC		-	-	-	180.00	CARE AA+; Stable / CARE A1+

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 2024-2025	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
1	Non-fund-based - LT/ ST-BG/LC	LT/ST	180.00	CARE AA+; Stable / CARE A1+	-	1)CARE AA+; Stable / CARE A1+ (22-Feb-24) 2)CARE AA+; Stable / CARE A1+ (15-Dec-23)	1)CARE A1+ (09-Dec-22) 2)CARE A1+ (20-Sep-22) 3)CARE A1+ (26-Jul-22)	1)CARE A1+ (16-Aug-21)
2	Fund-based - ST-Term loan	ST	-	-	-	1)Withdrawn (15-Dec-23)	1)CARE A1+ (09-Dec-22) 2)CARE A1+ (20-Sep-22) 3)CARE A1+ (26-Jul-22)	-
3	Fund-based - ST-Bank Overdraft	ST	20.00	CARE A1+	-	1)CARE A1+ (22-Feb-24) 2)CARE A1+ (15-Dec-23)	1)CARE A1+ (09-Dec-22) 2)CARE A1+ (20-Sep-22) 3)CARE A1+ (26-Jul-22)	-
4	Fund-based/Non-fund-based-LT/ST	LT/ST	50.00	CARE AA+; Stable / CARE A1+	-	1)CARE AA+; Stable / CARE A1+ (22-Feb-24)	-	-

						2)CARE AA+; Stable / CARE A1+ (15-Dec-23)		
5	Issuer Rating-Issuer Ratings	LT	0.00	CARE AA+; Stable	-	1)CARE AA+; Stable (22-Feb-24)	-	-
6	Commercial Paper-Commercial Paper (Standalone)	ST	1000.00	CARE A1+				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of 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	Commercial Paper-Commercial Paper (Standalone)	Simple
2	Fund-based - ST-Bank Overdraft	Simple
3	Fund-based/Non-fund-based-LT/ST	Simple
4	Non-fund-based - LT/ ST-BG/LC	Simple
5	Issuer Rating-Issuer ratings	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Annexure-6: List of all the entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	JSW Jaigarh Port Limited	Full	Subsidiary with 100% shareholding
2	South West Port Limited	Full	Subsidiary with 90% shareholding
3	JSW Shipyard Private Limited	Full	Subsidiary with 100% shareholding
4	JSW Nandgaon Port Private Limited	Full	Subsidiary with 100% shareholding
5	JSW Dharamtar Port Private Limited	Full	Subsidiary with 100% shareholding
6	JSW Mangalore Container Terminal Private Limited	Full	Subsidiary with 100% shareholding
7	Masad Marine Services Private Limited	Full	Subsidiary with 100% shareholding
8	Jaigarh Digni Rail Limited	Full	Subsidiary with 100% shareholding
9	JSW Jatadhar Marine Services Private Limited	Full	Subsidiary with 100% shareholding
10	JSW Paradip Terminal Private Limited	Full	Subsidiary with 97.40% shareholding
11	Paradip East Quay Coal Terminal Pvt. Ltd.	Full	Subsidiary with 97.40% shareholding
12	Ennore Coal Terminal Private Limited	Full	Subsidiary with 100% shareholding
13	Ennore Bulk Terminal Private Limited	Full	Subsidiary with 90% shareholding
14	Mangalore Coal Terminal Private Limited	Full	Subsidiary with 100% shareholding
15	Southern Bulk Terminals Private Limited	Full	Subsidiary with 100% shareholding
16	JSW Terminal Middle East FZE	Full	Subsidiary with 100% shareholding
17	JSW Middle East Liquid Terminal Corporation	Full	Subsidiary with 100% shareholding
18	PNP Maritime Services Private Limited	Full	Subsidiary with 50% shareholding
19	JSW JNPT Liquid Terminal Private Limited	Full	Subsidiary with 100% shareholding

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.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Rajashree Murkute Senior Director **CARE Ratings Limited** Phone: 022-68374474 E-mail: Rajashree.murkute@careedge.in
Relationship Contact Saikat Roy Senior Director **CARE Ratings Limited** Phone: 91 22 6754 3404 E-mail: saikat.roy@careedge.in	Maulesh Desai Director **CARE Ratings Limited** Phone: 079-40265605 E-mail: maulesh.desai@careedge.in Setu Gajjar Assistant Director **CARE Ratings Limited** Phone: 079-40265615 E-mail: setu.gajjar@careedge.in

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

For the detailed Rationale Report and subscription information,
please visit www.careedge.in