

## Wipro Enterprises (P) Limited

December 16, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term / Short-term bank facilities	3,000.00	CARE AAA; Stable / CARE A1+	Reaffirmed
Issuer rating	0.00	CARE AAA; Stable	Reaffirmed
Non-convertible debentures	2,300.00 (Reduced from 2,600.00)	CARE AAA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation of ratings assigned to issuer rating, non-convertible debentures (NCD) instrument and bank facilities of Wipro Enterprises (P) Limited (WEL) derive strength from the company's strong business profile with reputed brands in the personal care segment having strong brand recall, considerable market share and significant presence in automation and hydraulic segments. The company's consumer care and lighting (CCLG) division brands continue to maintain dominant market presence in the segment and geographies it operates. Overall sales grew by ~10% in FY24 driven by ~22% and ~3% y-o-y growth in infrastructure engineering division and consumer care business, respectively. Growth in the consumer care business was moderated considering the decrease in sales of toilet soaps, which was offset to some extent by growth in personal care and cosmetics segment. The company witnessed robust growth in the infrastructure engineering division in FY24 driven by increase in sales from automation solutions segment, which resulted in its overall growth. Ratings also positively factor in its strong financial risk profile marked by consistent income growth and cash accruals, strong financial flexibility derived from robust net worth, negative net debt position, and superior liquidity. Being part of the Wipro group and having significant ownership by the resourceful promoter, Azim Premji, and WEL's diversified revenue profile also strengths ratings. Credit strengths far outweigh risks arising from exposure to macroeconomic, political and currency risks in overseas geographies, presence in intensely competitive fast-moving consumer goods (FMCG) industry and susceptibility to raw material price movements. Going forward, the company's ability to ramp-up its profitability levels comparable with previous years will be a key rating monitorable.

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

#### Positive factors

Not applicable

#### Negative factors

- Total debt to profit before depreciation interest and taxes (TD/PBDIT) of over 3x on sustained basis.
- Large debt-funded acquisition of over 50% of the net worth, impacting earnings accretion and the company's liquidity.
- Significant diminution in value of investments of the company, weakening the overall liquidity profile.

#### Analytical approach: Consolidated

The financial and operational performances of WEL, its subsidiaries and joint ventures (JVs) are considered due to strong operational, financial, and managerial linkages between them. Details of entities consider for consolidation have been listed under Annexure-6.

#### Outlook: Stable

The stable outlook reflects CARE Ratings Limited's (CARE Ratings') expectation that the strong brand recall and liquidity will continue in the near future.

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

## Detailed description of key rating drivers:

### Key strengths

#### Established market position in businesses with strong brands across segments and geographies

Consumer care: The company has a portfolio of strong established brands in both, India and international markets, with Santoor, Enchanteur, Bio-Essence, and Yardley among the prominent brands owned by the company. These brands have a dominant market presence in respective segments and geographies they operate in and are supported by a well-established distribution network. The company's global presence has been largely supported by acquisitions of brands and businesses over the years.

Lighting and furniture: Under this division, the company's business includes domestic and commercial lighting, office modular furniture, and the switches business. In FY24, ~7% (PY: 7%) of the consolidated total income was derived from this segment. The company is one of the leading players in the consumer lighting space and is a partner in majority commercial green buildings and Platinum-rated green buildings in India till date.

Infrastructure engineering: The company has a presence in hydraulics, water treatment solutions, aerospace, 3D, and industrial automation solutions. It is one of the largest independent hydraulic cylinder manufacturers in the world. In FY24, hydraulics and pneumatic equipment contributed to 19% (PY: 22%), while automation solutions contributed to 16% (PY: 7%) of the total consolidated income. The company's presence in automation solutions is expected to further bolster with the recent acquisition of Ferreto Group, Hochrainer GmbH, Linecraft AI and others.

### Diversified revenue profile

WEL's well-diversified business profile derives revenue across geographies and product segments. Overall revenue growth moderated to 10% in FY24 from a 23% growth witnessed in the previous year considering macro-economic factors. With easing inflation and considering acquisitions made by the company, CARE Ratings expects the company's total operating income (TOI) to grow at ~20-25% in FY25 driven majorly by increases in the volume.

Consumer care and lighting (CCLG): In FY24, ~61% (PY: 65%) of the consolidated total income was derived from the consumer care segment. CCLG sales saw a modest growth of 3% in FY24. Indian consumer business was impacted negatively due to muted off-take in rural India, which forms a huge market for Santoor brand. Other segments catering to urban population has shown faster recovery. The international business saw modest growth in FY24. Malaysia, which remained a key market, saw a modest decline in revenue in FY24 after a notable growth in the previous year. Indonesia and the Philippines markets have also seen a decline in revenue, whereas Vietnam saw a modest growth.

Infrastructure engineering: The infrastructure engineering segment contributed 39% sales in FY24. This segment witnessed significant growth in revenue driven by increase in automation solutions sales. Automation solutions, which contributed 16% (PY: 7%) of the total consolidated revenue, witnessed robust growth of 49% and 83% in FY23 and FY24 respectively. The infrastructure engineering division had acquired multiple entities in the last two years, which include majors such as the Ferreto Group, Hochrainer GmbH, and Linecraft AI among others. Recent acquisitions including Mailhot Industries and Columbus Hydraulics Holding LLC are aimed to expand WEL's presence into new markets and strengthening its global presence.

WEL has a demonstrated track record of acquiring strong local brands and generating synergies by combining operations of acquired entities to drive scale and profitability. In the last few years, the company made significant strides in its foods business with two notable acquisitions. In December 2022, WEL acquired Nirapara, a renowned spice brand, followed by the acquisition of Brahmins, another established brand from Kerala, in April 2023. These strategic moves aim to bolster the company's presence in spices, breakfast, and Ready-to-Cook categories. As apprised by the management, WEL targets double-digit growth of 15-20% in its food business in FY25, leveraging its distribution network, especially in the southern region. The company aims to penetrate general and modern trade channels more efficiently post-acquisition.

### Healthy financial risk profile with high cash accruals and strong debt protection

WEL's financial risk profile is marked by increasing income and cash accrual levels, aided by organic and inorganic growth, strong net worth base, continued negative net debt position, healthy cash and bank balance, but relatively lower margins in the engineering division. In an intensely competitive business, marked by organised and unorganised players, the company's PBDIT margins in the CCLG segment is in range of 11-13%. WEL's margins in the infrastructure engineering division in FY24 improved compared to FY23. CARE Ratings expects profitability of this segment to improve in the future considering continued increase in sales and better cost absorptions.

WEL's debt has increased to ₹4,559 crore as on March 31, 2024, compared to ₹3,828 crore as on March 31, 2023. This is due to increase in working capital borrowings availed by one of the subsidiary Wipro Pari Private Limited. WEL's liquidity profile continues to be strong with healthy cash accruals of ₹2,397 crore (PY: ₹1,700 crore) in FY24 and liquid investments amounting to ₹9,176 crore (mainly invested in mutual funds, NCDs and bonds) as on March 31, 2024. The capital structure stood comfortable at 0.25x as on March 31, 2024 (PY: 0.23x). CARE Ratings notes that if the company carries out large-size acquisitions, the capital structure may alter based on the source of funds for the acquisition.

### Resourceful promoters and experienced management team

WEL was founded by Azim H Premji, who has guided Wipro through four decades of diversification and growth to emerge as one of the global leaders in the software industry. WEL is owned by the resourceful Azim Premji through partnership firms and trusts. WEL's day-to-day activities are run by an experienced management team headed by Vineet Agrawal, CEO-Wipro Consumer Care and Lighting Business and Executive Director, and Pratik Kumar, CEO-Wipro Infrastructure Engineering Business and Executive Director.

### Key weaknesses

#### Macroeconomic, political, and currency risks in overseas geographies

Apart from India, WEL has a presence mainly in Southeast Asian countries (mainly in Indonesia, China, Singapore, and Malaysia) and Europe. Macroeconomic changes can limit growth in overseas operations. Risks such as geopolitical events, change in government, and unrest among others can impact operations. WEL is also exposed to foreign exchange risk on its currency exposures. The risk of changes in foreign exchange rates relates primarily to the company's operating activities and translation risk, which arises from recognition of foreign currency assets and liabilities. CARE Ratings notes that WEL mitigates this risk by board-approved hedging policies for entering interest rate swaps and foreign exchange forward contracts. Despite this, WEL has demonstrated its ability to manage such risks over the years. While the company incurred net losses of ₹22 crore on forex transactions in FY23, it earned foreign exchange gain of ₹11 crore in FY24.

#### Susceptibility to raw material prices

Palm oil and crude derivatives (chemicals) are major raw materials for soap manufacturing for WEL. The company's cost of raw materials as a percentage of sales have traditionally remained stable, at 45-51%. FMCG is a price-sensitive sector, and prices are mainly market leader-driven. WEL's major share of revenue (61% in FY24) comes from FMCG and the company's ability to pass on increased raw material prices to consumers is key. However, the impact is expected to be limited, with WEL having a portfolio of established brands across product segments. The infrastructure engineering segment uses tubes, rounds and rods casting, forging materials, and metallic sheets in the hydraulic and aerospace segment and water treatment skids and systems in the water treatment segment. Prices of major raw materials, steel and castings have witnessed a high level of price volatility in the past.

#### Susceptibility to intense competition

The Indian FMCG industry is marked by the presence of organised and unorganised players across segments and product categories. The company continues to face stiff competition in key segments, with the entry of new players, including multinationals, in segments such as soaps and detergents and personal care products.

#### Liquidity: Strong

Liquidity is marked by strong accruals and liquid investments to the tune of ₹2,397 crore and ₹9,176 crore respectively as on March 31, 2024. The company maintains negative net debt position in the backdrop of significant cash and liquid investments. With a gearing of 0.25x as on March 31, 2024, WEL has sufficient gearing headroom, to raise additional debt for its capex. Its unutilised bank lines are more than adequate to meet its incremental working capital needs in the next one year. Considering cash accruals generated by the company against debt obligations to be serviced in the next two years, CARE Ratings opines that these can be met comfortably. For FY25, the company has already made the NCD payment of ₹300 crore in July 2024.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

### Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Short Term Instruments](#)

[Issuer Rating](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Diversified	Diversified	Diversified	Diversified

WEL commenced operations on April 01, 2012, post Wipro Limited demerging its non-IT divisions (consumer care and lighting, medical equipment, and infrastructure engineering) into a separate company. The company's business comprises two main verticals; Wipro Consumer Care and Lighting and Wipro Infrastructure Engineering.

Wipro Consumer Care and Lighting is the FMCG division of the group, with a global presence, is primarily into personal wash, skin care, toiletries, wellness, household, domestic and commercial lighting solutions, and modular office furniture.

Wipro Infrastructure Engineering (WIN) is a diversified business with product offerings in aerospace, water treatment for industries, additive manufacturing, and automation solutions, in addition to the hydraulics business. In hydraulics, where the company is one of the largest independent hydraulic cylinder manufacturers, it provides solutions for a wide range of applications, including aerospace and defense. The company has expanded into the food segment with two notable acquisitions till date. WEL has 10 subsidiaries, 64 step-down subsidiaries, and 17 JVs/associate companies as on March 31, 2024. WEL has presence in over 60 countries mainly operating in India, Malaysia, the Middle East, China, Vietnam and Europe.

Brief Consolidated Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	15,407	16,934
PBILDT	1,478	2,002
PAT	1,410	1,903
Overall gearing (times)	0.23	0.25
Interest coverage (times)	10.04	7.36

A: Audited UA: Unaudited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

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

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of 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 and Rating Outlook
Debentures-Non Convertible Debentures	INE889O08030	30-Jul-2020	5.87	30-Jul-2025	300.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	INE889O08048	17-Sep-2020	5.85	17-Sep-2025	700.00	CARE AAA; Stable
Debentures-Non Convertible Debentures	Proposed	-	Proposed	Proposed	1300.00	CARE AAA; Stable
Fund-based-LT/ST		-	-	-	505.00	CARE AAA; Stable / CARE A1+
Fund-based/Non-fund-based-LT/ST		-	-	-	1975.00	CARE AAA; Stable / CARE A1+
Issuer Rating-Issuer Ratings		-	-	-	0.00	CARE AAA; Stable
Non-fund-based-LT/ST		-	-	-	520.00	CARE AAA; Stable / CARE A1+

**Annexure-2: Rating history for 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	Issuer Rating-Issuer Ratings	LT	0.00	CARE AAA; Stable	1)CARE AAA; Stable (02-Apr-24)	1)CARE AAA; Stable (12-Sep-23)	1)CARE AAA; Stable (26-Dec-22) 2)CARE AAA (Is); Stable (15-Sep-22)	1)CARE AAA (Is); Stable (16-Sep-21)
2	Debentures-Non Convertible Debentures	LT	2300.00	CARE AAA; Stable	1)CARE AAA; Stable (02-Apr-24)	1)CARE AAA; Stable (12-Sep-23)	1)CARE AAA; Stable (15-Sep-22)	1)CARE AAA; Stable (16-Sep-21)
3	Non-fund-based-LT/ST	LT/ST	520.00	CARE AAA; Stable / CARE A1+	1)CARE AAA; Stable / CARE A1+ (02-Apr-24)	-	-	-
4	Fund-based/Non-fund-based-LT/ST	LT/ST	1975.00	CARE AAA; Stable / CARE A1+	1)CARE AAA; Stable / CARE A1+ (02-Apr-24)	-	-	-
5	Fund-based-LT/ST	LT/ST	505.00	CARE AAA; Stable / CARE A1+	1)CARE AAA; Stable / CARE A1+ (02-Apr-24)	-	-	-

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

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non Convertible Debentures	Simple
2	Fund-based-LT/ST	Simple
3	Fund-based/Non-fund-based-LT/ST	Simple
4	Issuer Rating-Issuer Ratings	Not applicable
5	Non-fund-based-LT/ST	Simple

### Annexure-5: Lender details

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

### Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Cygnus Negri Investments Private Limited	Full	Subsidiary
2	Wipro Pari Private Limited	Full	Subsidiary
3	Wipro Hydraulics Private Limited	Full	Subsidiary
4	Wipro Chandrika Private Limited	Full	Subsidiary
5	Wipro Consumer and Personal Care Private Limited	Full	Subsidiary
6	Wipro Consumer Care Lanka (Private) Limited	Full	Subsidiary
7	Wipro Consumer Care Private Limited	Full	Subsidiary
8	Wipro Enterprises Cyprus Limited	Full	Subsidiary
9	Wipro Foods Private Limited	Full	Subsidiary
10	Wipro Consumer Care Bangladesh Private Limited	Full	Subsidiary
11	Wipro Do Brazil Industrial LTDA	Full	Subsidiary
12	Wipro Enterprises Participações Ltda.	Full	Subsidiary
13	Unza International Limited	Full	Subsidiary
14	Wipro Pari Canada Inc. (Formerly known as Pari Robotics Canada Inc.)	Full	Subsidiary
15	Zhongshon Ma Er Daily Products Company Limited	Full	Subsidiary
16	L D Waxson (Quanzhou) Co. Limited	Full	Subsidiary
17	Shanghai Wocheng Trading Development Co. Limited	Full	Subsidiary
18	Wipro Consumer Care China Limited	Full	Subsidiary
19	Wipro Unza (Guangdong) Consumer Products Limited	Full	Subsidiary
20	Guangzhou Wipro Consumer Products Co. Limited	Full	Subsidiary
21	Wipro Yardley FZE	Full	Subsidiary
22	Wipro Infrastructure Engineering Oy	Full	Subsidiary
23	PARI Robotics GmbH (Formerly known as Pari Robotics GmbH)	Full	Subsidiary
24	Wipro Hochrainer GmbH	Full	Subsidiary
25	Wipro Unza Cathay Limited	Full	Subsidiary
26	Wipro Unza China Limited	Full	Subsidiary
27	L D Waxson (H K) Limited	Full	Subsidiary
28	Wipro Pari Robotics Private Limited	Full	Subsidiary
29	Wipro Linecraft AI Private Limited (Formerly known as Linecraft AI Private Limited)	Full	Subsidiary
30	Wipro Pari Engineering and Services Private Limited	Full	Subsidiary
31	Wipro Pari High Speed Automation Private Limited	Full	Subsidiary
32	PT Unza Vitalis	Full	Subsidiary
33	P.T. Splash Cahaya	Full	Subsidiary
34	Wipro Pari Italy SRL	Full	Subsidiary
35	Wipro Ferretto SRL	Full	Subsidiary
36	Wipro Givon Limited	Full	Subsidiary
37	4 Valley – Karmiel Incubator for Smart Industry Limited	Full	Subsidiary
38	Wipro Unza Nusantara Sdn. Bhd	Full	Subsidiary
39	Wipro Unza (Malaysia) Sdn Bhd	Full	Subsidiary
40	Winnox Cosmeceutics Sdn Bhd	Full	Subsidiary



41	Wipro Manufacturing Services Sdn Bhd	Full	Subsidiary
42	Formapac Sdn Bhd*	Full	Subsidiary
43	Wipro Consumer Care (LDW) Sdn Bhd	Full	Subsidiary
44	Wipro Manufacturing (LDW) Sdn Bhd	Full	Subsidiary
45	Wipro Enterprises Netherlands BV	Full	Subsidiary
46	Wipro Unza Africa Limited	Full	Subsidiary
47	Splash H&B Limited	Full	Subsidiary
48	Unza Philippines Holding Private Inc.	Full	Subsidiary
49	Splash Corporation	Full	Subsidiary
50	Splash Global Properties Realty Inc	Full	Subsidiary
51	Wipro Infrastructure Engineering S.A.	Full	Subsidiary
52	Wipro Pari Romania S.R.L (Formerly known as Pari Robotics Romania S.R.L)	Full	Subsidiary
53	Wipro Singapore Pte Limited	Full	Subsidiary
54	Wipro Unza Holdings Limited	Full	Subsidiary
55	Wipro Consumer Care Singapore Pte Limited	Full	Subsidiary
56	Wipro Unza Indochina Pte Limited	Full	Subsidiary
57	L D Waxson (Singapore) Pte Limited	Full	Subsidiary
58	Wipro Properties SA PTY Limited	Full	Subsidiary
59	Canway (Pty) Limited	Full	Subsidiary
60	Canway Supply Chain Solutions Proprietary Limited	Full	Subsidiary
61	Wipro Infrastructure Engineering AB	Full	Subsidiary
62	L D Waxson (Taiwan) Co. Limited	Full	Subsidiary
63	Wipro Holdings (Taiwan) Co., Limited	Full	Subsidiary
64	Wipro Unza (Thailand) Limited	Full	Subsidiary
65	Yardley of London Limited	Full	Subsidiary
66	Wipro Enterprises Inc.	Full	Subsidiary
67	Wipro Givon Holdings Inc.	Full	Subsidiary
68	Wipro Givon USA Inc.	Full	Subsidiary
69	Wipro Pari Inc. (Formerly known as Pari Robotics Inc.)	Full	Subsidiary
70	Wipro Pari Robotics Inc.	Full	Subsidiary
71	Ferreto Group Inc.	Full	Subsidiary
72	Wipro Pari Mexico	Full	Subsidiary
73	Wipro Consumer Care Vietnam Co., Limited (Formerly known as Wipro Unza Vietnam Co., Limited)	Full	Subsidiary
74	Wipro Pari Turkey Robotik Otomasyon Sistemleri Sanayi Veticaret Limited Sirketi	Full	Subsidiary
75	Wipro GE Healthcare Private Limited	Proportionate	Associate
76	Wipro Kawasaki Precision Machinery Private Limited	Proportionate	Associate
77	Lets Shave Private Limited	Proportionate	Associate
78	Onelife Nutriscience Private Limited	Proportionate	Associate
79	PT Invent India Private Limited	Proportionate	Associate
80	KE Health Care Private Limited	Proportionate	Associate
81	Bakers dozen	Proportionate	Associate
82	Aqualitas Technologies Limited	Proportionate	Associate
83	Bizwatch Technologies Limited	Proportionate	Associate
84	KIINNS Foodtech Limited	Proportionate	Associate
85	Engini.ai Limited	Proportionate	Associate
86	CloudYo Limited	Proportionate	Associate
87	Insighting Technologies Limited	Proportionate	Associate



88	FVMat Limited	Proportionate	Associate
89	Capsule Minimal Limited	Proportionate	Associate
90	Polyfos 3D Limited	Proportionate	Associate
91	Alumentry	Proportionate	Associate

\*Entity under liquidation process

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

## Contact us

<b>Media Contact</b>  Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>	<b>Analytical Contacts</b>  Ranjan Sharma Senior Director <b>CARE Ratings Limited</b> Phone: +91-079 4026-5617 E-mail: <a href="mailto:Ranjan.Sharma@careedge.in">Ranjan.Sharma@careedge.in</a>
<b>Relationship Contact</b>  Saikat Roy Senior Director <b>CARE Ratings Limited</b> Phone: 912267543404 E-mail: <a href="mailto:saikat.roy@careedge.in">saikat.roy@careedge.in</a>	Pulkit Agarwal Director <b>CARE Ratings Limited</b> Phone: 912267543505 E-mail: <a href="mailto:pulkit.agarwal@careedge.in">pulkit.agarwal@careedge.in</a>
	Naveen Kumar Dhondy Associate Director <b>CARE Ratings Limited</b> Phone: +91-040-4010-2030 E-mail: <a href="mailto:dnaveen.kumar@careedge.in">dnaveen.kumar@careedge.in</a>

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