

NHPC Limited

January 17, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Bonds	2,600.00	CARE AAA; Stable	Assigned
Bonds	316.50	CARE AAA; Stable	Reaffirmed
Bonds	888.42	CARE AAA; Stable	Reaffirmed
Bonds	366.50	CARE AAA; Stable	Reaffirmed
Bonds	737.46	CARE AAA; Stable	Reaffirmed
Bonds	900.00	CARE AAA; Stable	Reaffirmed
Bonds	600.00	CARE AAA; Stable	Reaffirmed
Bonds	1,285.71	CARE AAA; Stable	Reaffirmed
Bonds	2,017.20	CARE AAA; Stable	Reaffirmed
Bonds	2,000.00	CARE AAA; Stable	Reaffirmed
Bonds	750.00	CARE AAA; Stable	Reaffirmed
Bonds	1,500.00	CARE AAA; Stable	Reaffirmed
Redeemable Non-convertible Unsecured Taxable Bonds	996.00	CARE AAA; Stable	Reaffirmed
Bonds	885.00	CARE AAA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the long-term rating of NHPC Limited (NHPC) continues to derive strength from the low sales risk by virtue of the long-term power purchase agreement (PPA) for 40 years from commercial operations date (COD) with discoms for its operational hydro power plants. Moreover, the tariff for hydro power projects is cost plus in nature and determined per Central Electricity Regulatory Commission (CERC) tariff regulations under Section 62, which ensures full cost recovery upon meeting the normative parameters and lead to stable cash flows. CARE Ratings Limited (CARE Ratings) also notes significant tie-up of under-construction capacity through long-term PPA, which further supports the long-term revenue visibility. While weaker hydrology and temporary disruption due to floods had affected the generation of few plants in FY24 and H1FY25, the generation and plant availability of operational hydro power projects of the company was satisfactory leading to incentive income. The financial risk profile characterised by low overall gearing and deployment of large portion of equity upfront for its under-construction projects continues to support the rating. The rating continues to favourably factor in NHPC's established position as India's largest hydropower producer with geographical diversification and the majority ownership by the Government of India (GoI). NHPC remains strategically important as the largest hydropower generator in the country and the growing importance of hydro power given the increasing share of renewable energy in the country. CARE Ratings notes that GoI has extended subordinated loans to some NHPC projects and has also guaranteed few bonds which highlights the strategic importance of the entity.

However, these rating strengths are tempered by the counterparty credit risks considering exposure to state electricity distribution utilities and departments with relatively weak credit profiles. However, the payments in recent past have been timely post implementation of Late Payment Surcharge Rules 2022. The rating is also constrained by the execution risks associated with under construction projects being developed on standalone basis and through joint ventures (JVs) and subsidiaries. Several of these projects including 800-MW Parbati II and 2000-MW Subansiri Lower have witnessed cost and time overrun in the past. The company's ability to commission under-construction projects on timely basis and approval of capital cost by regulator without major disallowance remains critical considering the cost plus nature of these projects.

Rating sensitivities: Factors likely to lead to rating actions

Negative factors

- Overdue receivables remaining at over 60% of total debtor on a sustained basis.
- Significant decrease in the GoI's shareholding, leading to reduction in financial and strategic support.
- Any unfavourable changes in regulatory regime impacting cash flows of the company.

Analytical approach: Consolidated. The rating factors in NHPC's strategic importance to the Government of India (GOI) and its role as the largest hydro power company in India. The list of subsidiaries/JVs which have been consolidated is presented in **Annexure-6**.

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

Outlook: Stable

The 'stable' outlook of the company factors in presence of long-term PPAs with cost plus tariff, healthy operational performance which is expected to sustain, reasonable collection efficiency, and steady physical and financial progress in terms of capex in the medium term.

Detailed description of key rating drivers

Key strengths

Cost-plus tariff providing stable cash flow and assured returns

NHPC has low sales risk considering presence of long-term PPAs for 40 years from COD for its hydro-projects. The tariff for each hydropower station of NHPC is determined by the CERC on cost plus basis per CERC tariff regulations under Section 62 of Electricity Act, 2003. The tariff comprises depreciation, interest on term loan, interest on working capital, operation and maintenance expenses and return on equity (post tax). While 50% of tariff is payable subject to availability being higher than normative availability, the rest is paid if generation is higher than design energy. Overall tariff of the plants continues to remain competitive at below ₹4.0/unit.

Healthy operational performance

NHPC's plants achieved an aggregate plant availability factor (PAF) of 77.6% and 82.68% in FY24 and H1FY25, respectively, which is higher than the normative PAF (NAPAF) of 77.4%. In FY24, 10 of the 20 hydro power plants of NHPC (standalone) had surpassed the NAPAF target. Also, six plants had generation higher than their design energy (PY: 11 plants). The dip in generation was due to overall lower hydrology and adverse impact of flash floods on certain projects. Consequently, NHPC continued to booked incentive income in FY24 driven by incentives on capacity, deviation charges and energy incentives considering superior plant availability.

Comfortable leverage and coverage metrics

NHPC's overall financial risk profile continued to remain comfortable characterised by low overall gearing despite large capex and dividend payout. Overall gearing remained low at 0.74x in FY24 (PY: 0.69x), while interest cover remained healthy at 8.50x in FY24 (PY: 12.13x) on consolidated basis. The company has significant capital expenditure plans in hydro and renewable which will lead to moderation in debt coverage indicators in the medium term.

Government support and majority ownership by GoI

NHPC benefits substantially from its strong linkages with the GoI, with the Government holding a majority stake (67.40% as on September 30, 2024). The GoI has provided support in the form of longer tenure subordinated debt to fund strategically important projects at concessional interest rates. Moreover, GoI has guaranteed certain loans of the company. NHPC benefits from supportive policy frameworks such as hydro purchase obligations, and budgetary support for hydro power projects among others.

Key weaknesses

Execution risks pertaining to projects under implementation

The expansion plans of NHPC exposes the company to the project execution and funding-related risks considering large capital expenditure plans in hydro and renewable segment on consolidated basis. NHPC has faced cost and time overrun for 800-MW Parbati II and 2000-MW Subansiri Lower projects in the past, which are expected to be commissioned in March 2025 and May 2026, respectively. The company has 15 under-construction projects with capacity of 10.6 GW on consolidated basis as on September 30, 2024. The company's ability to commission projects without significant cost and/or time overrun and approval of capital cost from regulator without material disallowance shall be a key rating sensitivity.

Counterparty credit risk

The company is exposed to counter party credit risk considering exposure to state distribution utilities and departments which have moderate to weak credit profile. In the past, there has been accumulation of debtors, especially from Jammu & Kashmir Power Corporation Limited. However, several liquidity measures rolled out by the MoP has aided in reduction in overdue receivable of the company. Overdue receivables, which were 55% of total as on March 31, 2021, is consistently moderating and thus has reduced to 8% and 12% of total as on March 31, 2024 and September 30, 2024, respectively.

NHPC's dominance in hydro power generation in India with fairly diversified off-taker base alleviates the risk to a great extent. Nonetheless, timely receipt of payment from off-takers, shall remain a key monitorable going forward.

Liquidity: Strong

There is sufficient headroom in the projected gross cash accrual with less internal accrual committed for capex in FY25 against the scheduled debt repayment. Since a portion of the scheduled repayment pertains to the debt raised for under-construction projects, the company is expected to elongate its debt maturity profile through refinancing and thus, ease its liquidity profile. The company's cash and bank balance stood at ~₹2,781 crore as on September 30, 2024. The reduction in overdue receivables aids the liquidity profile of the company. The company also has sanctioned fund-based limits of ₹1,326 crore, which remained largely un-utilised in the last 12 months ended December 2024. Considering the comfortable capital structure, the company has sufficient headroom, to raise additional debt for its planned capex.

Environment, social, and governance (ESG) risks

The ESG objective of NHPC is to produce clean energy from hydro, wind, and solar resources. NHPC seeks to promote sustainability, lessen carbon footprints, and safeguard the environment via its commercial activities. NHPC has put in place the necessary rules and processes to achieve the objectives of waste management that is scientific and water conservation that is a result of company activities. In accordance with the relevant Waste Management Rules of the Government, NHPC works toward efficient waste management via moral behaviour.

Applicable criteria

[Consolidation](#)

[Policy on Default Recognition](#)

[Notching by Factoring Linkages with Government](#)

[Financial Ratios – Non financial Sector](#)

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

[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Infrastructure Sector Ratings](#)

[Solar Power Projects](#)

[Wind Power Projects](#)

About the company and industry

Industry classification

Macro-economic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power generation

NHPC, a Maharatna and GoI enterprise, was incorporated in 1975 with an objective to plan, promote, and organise an integrated and efficient development of hydroelectric power in the country. The company is the largest hydro power generating company in the country with an aggregate installed hydropower capacity (including subsidiaries) of 6,971 MW as on September 30, 2024, which is ~15% of the installed hydro power capacity in India. The total installed capacity (hydro and renewable) of NHPC is 7,233 MW as on September 30, 2024. NHPC is present across 13 states, and currently operates 24 hydropower stations (including two through its subsidiary). As on September 30, 2024, GoI holds 67.4% stake in the company, while the rest is held by public.

Brief Financials (₹ crore)*	FY23 (A)	FY24 (A)	H1FY25 (Prov.)
Total operating income	10,933	9,607	5,746
PBILDT	6,328	4,517	3,955
PAT	4,235	4,028	2,178
Overall gearing (times)	0.71	0.74	0.75
Interest coverage (times)	12.13	8.50	10.33

A: Audited Prov.: Provisional NA: Not Available; Note: these are latest available financial results || * Consolidated financials are available, Financials reclassified per CARE Ratings' internal standards

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	Coupon Rate	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Bonds – Q-Series	INE848E07146	12.03.2012	9.25%	12.03.2025	105.50	CARE AAA; Stable
	INE848E07153	12.03.2012	9.25%	12.03.2026	105.50	
	INE848E07161	12.03.2012	9.25%	12.03.2027	105.50	
Bonds - S1-Series	INE848E07666	26.11.2014	8.49%	26.11.2024	36.50	CARE AAA; Stable
Bonds - S2 Series	INE848E07732	26.11.2014	8.54%	26.11.2024	55.00	CARE AAA; Stable
	INE848E07740	26.11.2014	8.54%	26.11.2025	55.00	
	INE848E07757	26.11.2014	8.54%	26.11.2026	55.00	
	INE848E07765	26.11.2014	8.54%	26.11.2027	55.00	
	INE848E07773	26.11.2014	8.54%	26.11.2028	55.00	
	INE848E07781	26.11.2014	8.54%	26.11.2029	55.00	
Bonds – T Series	INE848E07856	14.07.2015	8.50%	14.07.2025	122.91	CARE AAA; Stable
	INE848E07864	14.07.2015	8.50%	14.07.2026	122.91	
	INE848E07872	14.07.2015	8.50%	14.07.2027	122.91	
	INE848E07880	14.07.2015	8.50%	14.07.2028	122.91	
	INE848E07898	14.07.2015	8.50%	14.07.2029	122.91	
	INE848E07906	14.07.2015	8.50%	14.07.2030	122.91	
Tax Free Bonds 2A	INE848E07526	02.11.2013	8.54%	02.11.2028	213.12	CARE AAA; Stable
Tax Free Bonds 2B	INE848E07559	02.11.2013	8.79%	02.11.2028	85.61	CARE AAA; Stable
Tax Free Bonds 3A	INE848E07534	02.11.2013	8.67%	02.11.2033	336.07	CARE AAA; Stable
Tax Free Bonds 3B	INE848E07567	02.11.2013	8.92%	02.11.2033	253.62	CARE AAA; Stable
Bonds - U Series	INE848E07914	27.06.2016	8.24%	27.06.2031	540.00	CARE AAA; Stable
Bonds - U1 Series	INE848E07922	07.07.2016	8.17%	27.06.2031	360.00	CARE AAA; Stable
Bonds - V2 Series	INE848E07AA3	06.06.2017	7.52%	06.06.2025	295.00	CARE AAA; Stable
	INE848E07AB1	06.06.2017	7.52%	06.06.2026	295.00	
	INE848E07AC9	06.06.2017	7.52%	06.06.2027	295.00	
Bonds - W2 Series	INE848E07AJ4	15.09.2017	7.35%	15.09.2024	150.00	CARE AAA; Stable
	INE848E07AK2	15.09.2017	7.35%	15.09.2025	150.00	
	INE848E07AL0	15.09.2017	7.35%	15.09.2026	150.00	
	INE848E07AM8	15.09.2017	7.35%	15.09.2027	150.00	
Bonds - X Series	INE848E07AN6	08.02.2019	8.65%	08.02.2029	1285.71	CARE AAA; Stable
Bonds - AA-1 Series	INE848E07BD5	11.03.2020	6.89%	11.03.2026	100.00	CARE AAA; Stable
	INE848E07BE3	11.03.2020	6.89%	11.03.2027	100.00	
	INE848E07BG8	11.03.2020	6.89%	10.03.2028	100.00	
	INE848E07BH6	11.03.2020	6.89%	09.03.2029	100.00	
	INE848E07BI4	11.03.2020	6.89%	11.03.2030	100.00	
Bonds - AA Series	INE848E07AY3	11.02.2020	7.13%	11.02.2026	300.00	CARE AAA; Stable
	INE848E07AZ0	11.02.2020	7.13%	11.02.2027	300.00	
	INE848E07BA1	11.02.2020	7.13%	11.02.2028	300.00	
	INE848E07BB9	11.02.2020	7.13%	09.02.2029	300.00	
	INE848E07BC7	11.02.2020	7.13%	11.02.2030	300.00	
NHPC-GOI Fully Serviced bonds Series I	INE848E08136	22.03.2019	8.12%	22.03.2029	2017.20	CARE AAA; Stable
Bonds - AB Series	INE848E07BJ2	24.04.2020	6.80%	24.04.2026	150.00	CARE AAA; Stable
	INE848E07BK0	24.04.2020	6.80%	23.04.2027	150.00	
	INE848E07BL8	24.04.2020	6.80%	24.04.2028	150.00	
	INE848E07BM6	24.04.2020	6.80%	24.04.2029	150.00	
	INE848E07BN4	24.04.2020	6.80%	24.04.2030	150.00	
Bonds - AC Series	INE848E07BO2	12.02.2021	6.86%	12.02.2027	150.00	CARE AAA; Stable
	INE848E07BP9	12.02.2021	6.86%	11.02.2028	150.00	
	INE848E07BQ7	12.02.2021	6.86%	12.02.2029	150.00	
	INE848E07BR5	12.02.2021	6.86%	12.02.2030	150.00	
	INE848E07BS3	12.02.2021	6.86%	12.02.2031	150.00	
	INE848E07BT1	12.02.2021	6.86%	12.02.2032	150.00	

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
	INE848E07BU9	12.02.2021	6.86%	11.02.2033	150.00	
	INE848E07BV7	12.02.2021	6.86%	10.02.2034	150.00	
	INE848E07BW5	12.02.2021	6.86%	12.02.2035	150.00	
	INE848E07BX3	12.02.2021	6.86%	12.02.2036	150.00	
Bonds - AD Series	INE848E08144	20-02-2023	7.59%	20-02-2027	83	CARE AAA; Stable
	INE848E08151	20-02-2023	7.59%	19-02-2028	83	
	INE848E08169	20-02-2023	7.59%	20-02-2029	83	
	INE848E08177	20-02-2023	7.59%	20-02-2030	83	
	INE848E08185	20-02-2023	7.59%	20-02-2031	83	
	INE848E08193	20-02-2023	7.59%	20-02-2032	83	
	INE848E08201	20-02-2023	7.59%	19-02-2033	83	
	INE848E08219	20-02-2023	7.59%	20-02-2034	83	
	INE848E08227	20-02-2023	7.59%	20-02-2035	83	
	INE848E08235	20-02-2023	7.59%	20-02-2036	83	
	INE848E08243	20-02-2023	7.59%	20-02-2037	83	
	INE848E08250	20-02-2023	7.59%	20-02-2038	83	
Bonds	NA	NA	NA	NA	2600.00	CARE AAA; Stable

NA: Not applicable as it is not placed

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	Bonds	LT	316.50	CARE AAA; Stable	1)CARE AAA; Stable (20-Aug-24)	1)CARE AAA; Stable (21-Aug-23)	1)CARE AAA; Stable (09-Feb-23) 2)CARE AAA; Stable (01-Jul-22)	1)CARE AAA; Stable (02-Jul-21)
2	Bonds	LT	888.42	CARE AAA; Stable	1)CARE AAA; Stable (20-Aug-24)	1)CARE AAA; Stable (21-Aug-23)	1)CARE AAA; Stable (09-Feb-23) 2)CARE AAA; Stable (01-Jul-22)	1)CARE AAA; Stable (02-Jul-21)
3	Bonds	LT	366.50	CARE AAA; Stable	1)CARE AAA; Stable	1)CARE AAA; Stable	1)CARE AAA; Stable	1)CARE AAA; Stable

					(20-Aug-24)	(21-Aug-23)	(09-Feb-23) 2)CARE AAA; Stable (01-Jul-22)	(02-Jul-21)
4	Bonds	LT	737.46	CARE AAA; Stable	1)CARE AAA; Stable (20-Aug-24)	1)CARE AAA; Stable (21-Aug-23)	1)CARE AAA; Stable (09-Feb-23) 2)CARE AAA; Stable (01-Jul-22)	1)CARE AAA; Stable (02-Jul-21)
5	Bonds	LT	900.00	CARE AAA; Stable	1)CARE AAA; Stable (20-Aug-24)	1)CARE AAA; Stable (21-Aug-23)	1)CARE AAA; Stable (09-Feb-23) 2)CARE AAA; Stable (01-Jul-22)	1)CARE AAA; Stable (02-Jul-21)
6	Bonds	LT	885.00	CARE AAA; Stable	1)CARE AAA; Stable (20-Aug-24)	1)CARE AAA; Stable (21-Aug-23)	1)CARE AAA; Stable (09-Feb-23) 2)CARE AAA; Stable (01-Jul-22)	1)CARE AAA; Stable (02-Jul-21)
7	Bonds	LT	600.00	CARE AAA; Stable	1)CARE AAA; Stable (20-Aug-24)	1)CARE AAA; Stable (21-Aug-23)	1)CARE AAA; Stable (09-Feb-23) 2)CARE AAA; Stable (01-Jul-22)	1)CARE AAA; Stable (02-Jul-21)
8	Bonds	LT	1285.71	CARE AAA; Stable	1)CARE AAA; Stable	1)CARE AAA; Stable	1)CARE AAA; Stable	1)CARE AAA; Stable

					(20-Aug-24)	(21-Aug-23)	(09-Feb-23)	(02-Jul-21)
							2)CARE AAA; Stable (01-Jul-22)	
9	Bonds	LT	2017.20	CARE AAA; Stable	1)CARE AAA; Stable (20-Aug-24)	1)CARE AAA; Stable (21-Aug-23)	1)CARE AAA; Stable (09-Feb-23) 2)CARE AAA; Stable (01-Jul-22)	1)CARE AAA; Stable (02-Jul-21)
10	Bonds	LT	2000.00	CARE AAA; Stable	1)CARE AAA; Stable (20-Aug-24)	1)CARE AAA; Stable (21-Aug-23)	1)CARE AAA; Stable (09-Feb-23) 2)CARE AAA; Stable (01-Jul-22)	1)CARE AAA; Stable (02-Jul-21)
11	Bonds	LT	750.00	CARE AAA; Stable	1)CARE AAA; Stable (20-Aug-24)	1)CARE AAA; Stable (21-Aug-23)	1)CARE AAA; Stable (09-Feb-23) 2)CARE AAA; Stable (01-Jul-22)	1)CARE AAA; Stable (02-Jul-21)
12	Bonds	LT	1500.00	CARE AAA; Stable	1)CARE AAA; Stable (20-Aug-24)	1)CARE AAA; Stable (21-Aug-23)	1)CARE AAA; Stable (09-Feb-23) 2)CARE AAA; Stable (01-Jul-22)	1)CARE AAA; Stable (02-Jul-21)
13	Bonds-Redeemable Non Convertible Unsecured Taxable Bonds	LT	996.00	CARE AAA; Stable	1)CARE AAA; Stable	1)CARE AAA; Stable	1)CARE AAA; Stable	-

					(20-Aug-24)	(21-Aug-23)	(09-Feb-23)	
14	Bonds	LT	2600.00	CARE AAA; Stable				

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	Bonds-Redeemable Non Convertible Unsecured Taxable Bonds	Simple
2	Bonds	Simple

Annexure-5: Lender details

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

Annexure-6: List of all entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1.	NHDC Limited	Full	Subsidiary
2.	Loktak Downstream Hydroelectric Corporation Limited	Full	Subsidiary
3.	Bundelkhand Saur Urja Limited	Full	Subsidiary
4.	Lanco Teesta Hydro Power Limited	Full	Subsidiary
5.	Jalpower Corporation Limited	Full	Subsidiary
6.	Ratle Hydroelectric Power Corporation Limited	Full	Subsidiary
7.	NHPC Renewable Energy Limited	Full	Subsidiary
8.	Chenab Valley Power Projects Private Limited	Full	Subsidiary
9.	National High Power Test Laboratory Private Limited	Moderate	Associate

Note on complexity levels of 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 clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Sabyasachi Majumdar Senior Director CARE Ratings Limited Phone: 91-120- 04452006 E-mail: sabyasachi.majumdar@careedge.in
Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 91 22 6754 3404 E-mail: saikat.roy@careedge.in	Jatin Arya Director CARE Ratings Limited Phone: 91-120-4452021 E-mail: Jatin.Arya@careedge.in
	Shailendra Baghel Associate Director CARE Ratings Limited Phone: 022-6837-4340 E-mail: shailendra.baghel@careedge.in

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