

1. Background

CARE Rating's Issuer Rating (CIR) is an issuer-specific assessment of credit risk. While the scope of CIR is similar to the long-term instrument ratings, the main difference between CIR and other instrument ratings is that CIR is not instrument-specific but issuer-oriented. Issuer rating factors in expected performance of the entity over a medium-term time horizon of around three years and indicates the degree of safety of the issuer or the rated entity with regard to timely servicing of all its debt obligations. In this assessment, CARE Ratings specifies a debt level or gearing level upto which the rating is valid. Once accepted, the rating is subject to periodic reviews. If the rated entity wishes to get the CIR withdrawn, it is required to provide a written request to CARE Ratings for withdrawal, and CARE Ratings shall withdraw the rating as per CARE Rating's withdrawal policy (please refer to the CARE Ratings' 'Policy on Withdrawal of Ratings on CARE Ratings' website: www.careedge.in).

CARE Ratings' symbols and definitions for Issuer ratings are as under:

| Symbols | Rating Definition |
|----------|---|
| CARE AAA | Issuers with this rating are considered to have the highest degree of safety regarding timely servicing of debt obligations. Debt exposures to such issuers carry lowest credit risk. |
| CARE AA | Issuers with this rating are considered to have high degree of safety regarding timely servicing of debt obligations. Debt exposures to such issuers carry very low credit risk. |
| CARE A | Issuers with this rating are considered to have adequate degree of safety regarding timely servicing of debt obligations. Debt exposures to such issuers carry low credit risk. |
| CARE BBB | Issuers with this rating are considered to have moderate degree of safety regarding timely servicing of debt obligations. Debt exposures to such issuers carry moderate credit risk. |
| CARE BB | Issuers with this rating are considered to have moderate risk of default regarding timely servicing of debt obligations. |
| CARE B | Issuers with this rating are considered to have high risk of default regarding timely servicing of debt obligations. |
| CARE C | Issuers with this rating are considered to have very high risk of default regarding timely servicing of debt obligations. |
| CARE D | Issuers with this rating are in default or are expected to be in default soon. |

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE AA to CARE C. The modifiers reflect the comparative standing within the category.

2. Methodology

2.1. Manufacturing/Services/Infrastructure Companies

The methodology mainly focuses on the entity's future cash generation capability and consequently its ability to honour its financial obligations. The methodology for undertaking CIR of manufacturing / services / infrastructure companies is similar to the methodology applied for conventional ratings. Please refer to CARE Ratings' website (www.careedge.in) for the respective methodologies:

- Rating Methodology - Manufacturing companies
- Rating Methodology – Service Sector companies
- Rating Methodology – Infrastructure sector ratings

Also, sector-specific methodologies shall be referred to while assigning CIR to an entity belonging to a particular sector.

2.2. Banks, Financial Institutions and NBFCs

Issuer rating of Banks, Non-Banking Finance Companies (NBFCs) or Financial Institutions (FI) depends on a range of quantitative and qualitative factors and methodology adopted would be similar to CARE Ratings' methodology on rating Banks and CARE Ratings' methodology on rating NBFCs, which are available on our website (www.careedge.in).

The Issuer rating process is ultimately an assessment of the fundamentals and the probabilities of change in the fundamentals. Rating determination is a matter of experienced and holistic judgment of the Rating Committee based on the relevant quantitative and qualitative factors affecting the credit quality of the issuer.

[For previous version please refer 'CARE Ratings' Issuer Rating' methodology issued in [January 2021](#)]



CARE Ratings Limited

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Phone : +91 - 22 - 6754 3456 | CIN: L67190MH1993PLC071691

Connect :



Locations: Ahmedabad | Andheri-Mumbai | Bengaluru | Chennai | Coimbatore | Hyderabad | Kolkata | New Delhi | Pune

About:

CareEdge is a knowledge-based analytical group that aims to provide superior insights based on technology, data analytics and detailed research. CARE Ratings Ltd, the parent company in the group, is one of the leading credit rating agencies in India. Established in 1993, it has a credible track record of rating companies across multiple sectors and has played a pivotal role in developing the corporate debt market in India. The wholly-owned subsidiaries of CARE Ratings are (I) CARE Advisory, Research & Training Ltd, which offers customised advisory services, credible business research and analytical services (II) CARE Risk Solutions Private Ltd, which provides risk management solutions.

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