

CARE's Issuer Rating

[Issued in January 2021]

1. Background

CARE'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 reflects the capability of the entity as regards timely servicing of its financial 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 If the rated entity wishes to get the CIR withdrawn, it is required to provide a written request to CARE Ratings for withdrawal, and CARE Ratings shall withdraw the rating as per CARE's withdrawal policy (please refer to the CARE's Credit Rating process document on CARE Ratings' website: <http://www.careratings.com>). CARE Ratings attaches a suffix 'Is' to its issuer ratings. CARE Ratings' symbols and definitions for Issuer ratings are as under:

Symbols	Rating Definition
CARE AAA (Is)	Issuers with this rating are considered to offer the highest degree of safety regarding timely servicing of financial obligations. Such issuers carry lowest credit risk.
CARE AA (Is)	Issuers with this rating are considered to offer high degree of safety regarding timely servicing of financial obligations. Such issuers carry very low credit risk.
CARE A (Is)	Issuers with this rating are considered to offer adequate degree of safety regarding timely servicing of financial obligations. Such issuers carry low credit risk.
CARE BBB (Is)	Issuers with this rating are considered to offer moderate degree of safety regarding timely servicing of financial obligations. Such issuers carry moderate credit risk
CARE BB (Is)	Issuers with this rating are considered to offer moderate risk of default regarding timely servicing of financial obligations.
CARE B (Is)	Issuers with this rating are considered to offer high risk of default regarding timely servicing of financial obligations.
CARE C (Is)	Issuers with this rating are considered to offer very high risk of default regarding timely servicing of financial obligations.
CARE D (Is)	Issuers with this rating are in default or are expected to be in default soon.

CARE's Issuer Rating (CIR) reflects the overall credit risk of the issuer. The rating scale has been aligned with the long-term instrument rating scale ranging from AAA(Is) (Highest Safety) to D(Is) (Default). 'Is' suffix indicates 'Issuer Rating'

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE AA (Is) to CARE C (Is). 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.careratings.com) 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.careratings.com).

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's Issuer Rating' methodology issued in [March 2020](#)]

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Disclaimer

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