



# असर्फी हॉस्पिटल

## सबके लिए स्वास्थ्य

AHL/AO/2024/553

Date:09/09/2024

To  
**BSE Limited**  
P. J. Towers,  
Dalal Street,  
Mumbai- 400 001

**Sub: Asarfi Hospital Limited: Intimation Regarding Revision in Credit Rating.**

**Scip Code:**

Dear Sir/Madam

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform that CareEdge RATINGS has revised its outlook on the long-term bank facilities of Asarfi Hospital Limited ('Company') to 'Positive Stable' from 'Negative Stable and also rating removed from Issuer not Cooperating category' while reaffirming the rating at 'CARE BB+'.

Facilities/Instruments	Amount (in Crore)	Rating	Rating Action
Long Term Bank Facilities	14.80	CARE BB+; Stable	Assigned
Long Term Bank Facilities	65.20 (Enhanced from 25.00)	CARE BB+; Stable	Rating removed from Issuer not Cooperating Category and Revised from CAREBB-; Stable;

A copy of the Rating Rationale issued by CARE Ratings Limited for Reaffirmation of Credit Rating is enclosed. We request you to take the above information on record.

Thanking you

Your's faithfully

For **ASARFI HOSPITAL LIMITED**

**UDAI PRATAP SINGH** Director  
**MANAGING DIRECTOR**  
DIN: 08453794

## Asarfi Hospital Limited

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## Asarfi Hospital Limited

September 06, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	14.80	CARE BB+; Stable	Assigned
Long Term Bank Facilities	65.20 (enhanced from 25.00)	CARE BB+; Stable	Rating removed from ISSUER NOT COOPERATING category and Revised from CARE BB-; Stable;

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

In the absence of minimum information required for the purpose of rating, CARE Ratings Ltd. (CARE) was unable to express an opinion on the rating of Asarfi Hospital Limited (AHL) and in line with the extant SEBI guidelines, CARE revised the rating of bank facilities of the company from 'CARE BB; Stable' to 'CARE BB-; Stable; ISSUER NOT COOPERATING'.

However, the company has submitted the requisite information to CARE. Accordingly, CARE has carried out a full review of the rating and the rating has been revised to 'CARE BB+; Stable'.

The revision in rating assigned to the bank facilities of Asarfi Hospital Limited (AHL) is on account of improvement in scale of operations backed by increased occupancy and ARPOB level over last few years albeit occupancy still remaining at moderate levels.

The rating remains constrained by geographically concentrated revenue stream from single location hospital, highly regulated by government and other regulatory bodies with reputational risk, elongated collection cycle and risk associated with capex.

However, the rating derives comfort from satisfactory capital structure and debt coverage indicator, tie-up with corporates/government organization, insurance companies and TPAs and diversified revenue profile being a multi-speciality hospital.

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

#### Positive factors

- Ability to increase the scale of operation beyond Rs. 125 crore and operating margin (PBILDT) beyond 20% on sustained basis.

#### Negative factors

- Deterioration in occupancy level below 50% on sustained basis.
- Any major debt funded capital expenditure deteriorating its overall gearing beyond 1.00x on sustained basis.

#### Analytical approach: Consolidated

CARE Ratings Limited has taken a consolidated approach view of AHL and its wholly owned subsidiary viz Asarfi Educational Foundation (AEF). AEF is incorporated in FY24, hence did not have any operations till FY23. The list of entity consolidated with AHL is placed at **Annexure-6**.

#### Outlook: Stable

The stable outlook is on account of expectation in improvement in occupancy and ARPOB level and ramp-up in scale of operation from its newly setup cancer unit.

### Detailed description of the key rating drivers:

#### Key weaknesses

##### Geographically concentrated revenue stream from single location hospital

AHL is currently operating 300 beds (including 50 beds related to cancer unit) multi-speciality hospital in Dhanbad, Jharkhand. The revenue is being derived from single hospital resulting geographical concentration risk along with revenue stream from single location.

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

**Highly regulated by the government and other bodies with reputational risk:**

Healthcare sector is highly regulated requiring various statutory approvals. Moreover, healthcare is a highly sensitive sector where any mishandling of a case or negligence on part of any doctor and/or staff of the unit can lead to distrust among the masses. Thus, all the healthcare providers need to monitor each case diligently and maintain standard of services in order to avoid the occurrence of any unforeseen incident. They also need to maintain high vigilance to avoid any malpractice at any pocket.

**Elongated collection cycle:**

AHL has o/s debtors of Rs. 24.42 crores as on March 31, 2024. Out of the same, around RS.10.76 crore is pending for more than 6 months. Around 40% of the revenue is derived from PSUs, government departments & corporates & rest is on cash basis. The above debtors pertain to outstanding amount from Railway, ESIC, BCCL, ECHS which constitutes around Rs. 19.05 crores. The average collection period from Railway & ESIC is 9 months each, ECHS & BCCL is around 6 months each and average collection time under the Ayushman Bharat scheme is 3 months. However, the company is in process to negotiate the payment terms from said govt. agencies.

**Risk associated with capex:**

In FY25, the company plans to take term loan of Rs. 6.80 crores for upgradation of OT and ICU in FY25 (total project cost of around Rs.8-9 crore). The proposal for the same is under consideration by SBI and it is expected to sanction the said amount by September 2024 (as articulated by lender).

The company is planning to set up Health Management and Research Institute at Ranchi, Jharkhand under Asarfi Hospital Limited (AHL) at a project cost of around Rs. 40 crores. Out of the same, Rs.13.06 crores already being paid by the company to Ranchi Smart City Corporation Limited for acquisition of 5.6 acres land (registry of land is pending) out of IPO proceed (Rs.7.65 crore), Rs. 20 crores through proposed term loan and remaining through internal accrual. The institute is expected to become operational from FY28.

**Key strengths****Improvement in scale of operations backed by increased occupancy and ARPOB level albeit occupancy remain at moderate levels:**

The total operating income (TOI) grew by approximately 29% in FY24 compared to the past three years, with revenue from operations reaching Rs. 84.99 crores in FY24, up from Rs. 72.68 crores in FY23 on the back of increasing occupancy and ARPOB level.

ARPOB of the hospital has improved from Rs.15,880 in FY22 to Rs.17,177 in FY24 while occupancy has improved from 49% in FY22 to 60% in FY24 however occupancy remain at moderate levels.

PBILDT margin moderated from 21.67% to 19.82% in FY24 mainly due to lower spread of fixed overhead related to newly commissioned cancer unit. Moreover, higher depreciation expense pertaining to cancer unit has contributed to the decline in PAT margin from 11.03% to 4.90% in FY24.

In case of Cancer unit, occupancy has remained low however improving from 8% in Apr 2024 to 18% in Jun 2024 and 24% in Jul 2024. ARBOB has also improved from around Rs.14,167 in Apr 2024 to Rs.20,699 in Jul 2024.

In Q1FY25, income from operations stood at Rs. 22.53 crores (Rs. 1.42 crore from cancer unit).

**Satisfactory capital structure and debt coverage indicator:**

The company's capital structure remains comfortable, with an overall gearing ratio of 0.69x in FY24, compared to 0.41x in FY23 on account of avilment of term loan of Rs. 28.50 crore (backed by lien marked FD of around Rs. 10.06 crore) related to the new cancer unit. Moreover, the company has lien marked FD of Rs. 10.48 crores with HDFC bank against Term loan as on March 31, 2024.

The debt potential metric, marked by TD/GCA, stands at 3.22x in FY24 as against 1.44x in FY23. The interest coverage ratio is 6.26x in FY24, down from 11.76x in FY23, due to higher interest expenses related to increase in term loan.

**Tie up agreements with various TPA, insurance companies and government agencies:**

AHL has tie up with various TPAs, corporate and insurance companies to provide medical services, including annual health checkup. AHL has also tie up with government agencies such as Railways, Ex-Servicemen Contributory Health Scheme (ECHS), ESIC etc and health scheme of central government like Ayushman Bharat. Such tie-ups ensures steady referrals of patients to AHL, thereby improving its occupancy rate.

**Diversified revenue profile being a multi-speciality hospital:**

AHL provides secondary and tertiary healthcare services in various fields (Orthopaedics, Cardiology, Cardiac Surgery, Nephrology, Pulmonology, Gastroenterology, Neurology, Laparoscopic Surgery etc.) Cardiology and Neuroscience contribute to major portion of revenue and accounted for around 29% and 16% respectively in FY24 (27.66% and 15.45% in FY23, respectively).

**Liquidity: Adequate**

The liquidity of the company is adequate marked by gross cash accruals of Rs 15.11 crore as against debt repayment obligations of Rs 3.01 crore in FY24. The projected cash accruals are expected to be sufficient to meet the debt repayment obligations and for meeting required internal accrual for capital expenditure going forward. The average utilization of fund-based limit for the last 12 months ending July 2024 stood moderate at 79.8%.

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

**Applicable criteria**

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Hospital](#)

[Financial Ratios – Non financial Sector](#)

**About the company and industry****Industry classification**

Macro Economic Indicator	Sector	Industry	Basic Industry
Healthcare	Healthcare	Healthcare Services	Hospital

Asarfi Hospital Limited (AHL) was incorporated on October 04, 2005, and commenced operation in 2008 as a Private Limited Company. Moreover, the constitution of the company was changed to a public limited company in the year 2012 and In July 2023 the shares got listed in BSE-SME. The company is managed by Mr. Udai Pratap Singh who has around two decades of experience in the similar industry. He is supported by promoters Mr. Gopal Singh, Ms. Madhuri Singh, and Dr. Sukanti Kumar Das who is a qualified (MBBS, DGO, MS). AHL provides comprehensive and advanced medical care, including emergency services and has 250 beds. The Hospital has a full-fledged High Dependency Unit, Emergency Department, Outpatient consultation, CCU, ICU, NICU, SICU, Endoscopy, Neurosurgery and Cardiac unit equipped with modern equipment. In September 2023 Asarfi Cancel Hospital (ACH) has come with a 150-bed capacity (50 bed are currently into operation and for remaining bed approvals are pending) at a project cost of Rs. 74.46 crores which is funded through part proceed from IPO of Rs. 12.22 crore (gross & net proceeds of Rs. 26.94 crores and Rs. 23.20 crores respectively), TL of Rs. 28.5 crores and rest through internal accruals. The company is also eligible to receive capital subsidy from state government of around Rs. 12 crores for said cancer unit.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	Q1FY25(UA)
Total operating income	72.68	84.99	22.53
PBILDT	15.75	16.89	5.41
PAT	8.02	4.21	1.08
Overall gearing (times)	0.41	0.45	NA
Interest coverage (times)	11.76	6.27	NA

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
Fund-based - LT-Cash Credit		-	-	-	14.80	CARE BB+; Stable
Fund-based - LT-Term Loan		-	-	September 2032	65.20	CARE BB+; Stable

**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	Fund-based - LT-Term Loan	LT	65.20	CARE BB+; Stable	1)CARE BB-; Stable; ISSUER NOT COOPERATING * (16-May-24)	1)CARE BB; Stable; ISSUER NOT COOPERATING * (18-Apr-23)	-	1)CARE BB; Stable; ISSUER NOT COOPERATING * (02-Mar-22)
2	Fund-based - LT-Cash Credit	LT	14.80	CARE BB+; Stable	-	-	-	-

\*Issuer did not cooperate; based on best available information.

LT: Long 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	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	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	Asarfi Educational Foundation	Full	Subsidiary

**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

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### 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](http://www.careedge.in)**

## Asarfi Hospital Limited

May 16, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	25.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BB; Stable;

Details of instruments/facilities in Annexure-1

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Ltd. had, vide its press release dated April 18, 2023, placed the rating(s) of Asarfi Hospital Limited (AHL) under the 'issuer non-cooperating' category as AHL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. AHL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated May 13, 2024, May 14, 2024, May 15, 2024.

In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

The ratings assigned to the bank facilities of AHL have been revised on account of non-availability of requisite information. The revision also factored in increased debt levels during FY24(UA) over previous year.

**Analytical approach:** Standalone

**Outlook:** Stable

### Detailed description of the key rating drivers:

Please refer to PR dated [April 18, 2023](#)

### Applicable criteria

[CARE Ratings' criteria on information adequacy risk and issuer non-cooperation](#)

[Policy on default recognition](#)

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

### About the company

AHL(ISIN:INE0DN001027) was incorporated in 2005 as a Private Limited Company. The constitution of the company was changed to a public limited company in 2012 and got listed on BSE SME platform on July 2023. AHL operates a 120 beds premium private general medical facility; renders health care services offering advanced medical care and emergency services. The Hospital has a full-fledged High Dependency Unit, Emergency Department, Outpatient consultation, CCU, ICU, NICU, SICU, Endoscopy, Neurosurgery and Cardiac unit equipped with modern equipment. Currently the hospital has 65 doctors out of which 40 in-house doctors and 25 visiting doctors, 174 nursing staff and 284 other supporting staffs.

Brief Financials (Rs. crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (UA)
Total operating income	65.77	70.70	86.07
PBILDT	11.47	13.77	17.77
PAT	5.82	8.02	4.21
Overall gearing (times)	0.51	0.41	0.47
Interest coverage (times)	16.34	10.29	6.61

A: Audited, UA: Unaudited; 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

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

**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
Fund-based - LT-Term Loan <sup>^</sup>	-	-	-	-	25.00	CARE BB-; Stable; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information; <sup>^</sup>Proposed

#### 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	Fund-based - LT-Term Loan	LT	25.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (18-Apr-23)	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (02-Mar-22)

\*Issuer did not cooperate; based on best available information.

LT: Long 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	Fund-based - LT-Term Loan	Simple

#### Annexure-5: Lender details

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

**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

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#### About us:

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#### 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.

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