

[Issued in February 2025]

## 1. Background

CARE Ratings Limited's (CARE Ratings') Issuer Rating (IR) is an issuer-specific assessment of the credit risk. While the scope of IR is broadly similar to the instrument rating, the main difference between IR and other instrument rating is that IR is not instrument-specific but issuer-oriented. IR factors the expected performance of the entity over a medium-term time horizon of around three years and indicates the degree of safety of the rated entity regarding timely servicing of its debt obligations. Once accepted, the rating is subject to periodic reviews. If the rated entity wishes to get the IR withdrawn, it is required to provide a written request to CARE Ratings for withdrawal of the rating, and CARE Ratings shall withdraw the rating as per CARE Ratings' Withdrawal Policy available on CARE Ratings' website [www.careratings.com](http://www.careratings.com). For rating symbols and definitions of IR, please refer to CARE Ratings' website [www.careratings.com](http://www.careratings.com).

## 2. Methodology

### 2.1 Manufacturing / Trading / Services / Infrastructure Companies / Public Finance

The methodology mainly focuses on the risks that could impact an entity's future cash generation capability and consequently its ability to honour its debt obligations. The evaluation for undertaking IR of manufacturing / trading / services / public finance / infrastructure entities is similar to the methodology applied for conventional credit rating. Please refer to CARE Ratings' website [www.careratings.com](http://www.careratings.com) for the respective methodologies:

- Rating Methodology – Manufacturing Companies
- Rating Methodology – Wholesale Trading
- Rating Methodology – Service Sector Companies
- Rating Methodology – Infrastructure Sector Ratings
- Rating Methodology – State Governments
- Rating Methodology – Urban Infrastructure Projects

Sector-specific methodologies shall also be referred to while assigning IR to an entity belonging to a particular sector. CARE Ratings' sector-specific methodologies / criteria are available on [www.careratings.com](http://www.careratings.com).

### 2.2 Banks, Financial Institutions and NBFCs

IR of banks, non-banking finance companies (NBFCs), housing finance companies (HFCs) or financial institutions (FIs) depends upon a range of quantitative and qualitative factors, and the methodology adopted would be similar to CARE Ratings' methodology on rating banks / HFCs / NBFCs / insurance sector, etc., which are available on CARE Ratings' website [www.careratings.com](http://www.careratings.com).

The IR process is ultimately an assessment of the fundamentals of an entity (including its ability and willingness to service the debt obligations in a timely manner) and the probability of changes in such 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 the previous version, please refer to 'CARE Ratings' Criteria on Issuer Ratings' issued in [February 2023](#)]

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## 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.

## Disclaimer:

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