



INFOMERICS VALUATION AND RATING PVT LTD.

ISSUER RATING



INFOMERICS ISSUER RATING

Issuer Rating (IR) is issuer (corporate) specific assessment of credit risk and is not confined to any specific debt instrument and/or borrowing programme. While the scope of IR is similar to long term instrument ratings, the main difference between IR and other ratings is that IR is not instrument specific but issuer-oriented. Issuer rating factors in expected performance of the entity over an intermediate time horizon of around three years and reflects the capability of the entity in servicing its entire financial obligations. The coverage of IR is much more wide vis-a-vis that of any debt instrument and the user of this rating can form an overall opinion on the credit worthiness and financial capability of the entity. Like for any other traditional debt instrument/borrowing programme, once the rating is accepted, the same shall be subject to periodic reviews.

BENEFITS

For lenders/investors:

- Facilitates portfolio management and monitoring.
- Assists in risk pricing and capital allocation.
- Provides an objective independent and reliable opinion on credit quality.

For the rated entities, Infomerics issuer ratings may help to:

- Improves the comfort level with prospective/existing lenders/investors/suppliers and other counter parties.
 - Negotiates terms based on their inherent credit quality.
 - Reduces the time involved in loan approvals.
 - Facilitates broadening the investor base.
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METHODOLOGY

The IR exercise mainly focuses on the entity's future cash generation capability and consequently its ability to honour its financial obligations. The analysis therefore attempts to determine the fundamentals of the business and the probabilities of change in these fundamentals, which could affect the creditworthiness of the borrower.

The framework of Infomerics' rating methodology is divided into two interdependent segments. The first deals with the operational characteristics and the second with the financial characteristics. Besides quantitative factors, qualitative aspects like assessment of management capabilities play a very important role in arriving at the IR. The relative importance of qualitative and quantitative components of the analysis varies with the type of issuer. Rating determination is a matter of experienced and holistic judgement, based on the relevant quantitative and qualitative factors affecting the credit quality of the issuer.

APPLICABILITY

IR is applicable for wide range of entities across varied industry segments ranging from manufacturing to banks, NBFCs, HFCs, etc. Relatively larger players prefer this product as IR can be used for participating in tender, engaging with new vendor(s).

RATING SCALE & DEFINITION:

IVR 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.

IVR 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.

IVR 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.

IVR 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.

IVR BB (Is) Issuers with this rating are considered to offer moderate risk of default regarding timely servicing of financial obligations.



IVR B (Is) Issuers with this rating are considered to offer high risk of default regarding timely servicing of financial obligations.

IVR C (Is) Issuers with this rating are considered to offer very high risk of default regarding timely servicing of financial obligations.

IVR D (Is) Issuers with this rating are in default or are expected to be in default soon in servicing of debt obligations.

WHY INFOMERICS VALUATION AND RATINGS?

Having promoted by few eminent & top notch finance & banking professionals, the company is mentored by **Mr. Vipin Malik, former member of Central Board of Directors of Reserve Bank of India.** Each rating/grading is assigned by an **independent Rating Committee** comprising quite a few eminent professionals from various walks of life, based on the intensive study carried out by an experienced rating team consisting of highly intellectual & experienced talent pool (mainly sourced from credit rating industry & banking parlance). The key management team consists of quite a few highly qualified & experienced professionals having demonstrated illustrious attainments in the rating industry.

Needless to make a mention here that the company has done pioneering work in the field of valuation and financial consulting from **1986** and has undertaken financial assessment of over **1200 business entities** which have contributed significantly in designing Infomerics Ratings' rating & grading models.

Mr. Sukanta Nag, a finance professional with about 32 years post-qualification experience majorly in Credit Rating and Corporate Banking is the Chief Executive Officer of Infomerics Ratings.



CONTACT

Head Office: Flat No 104, 1st Floor, Golf Apartments, Sujan Singh Park, New Delhi-110003. Phone- 011-24611910, 011-24601142

Corporate Office: Unit No 315, 3rd Floor, Turf Estate, Dr. E Moses Road, Mahalaxmi, Mumbai- 400011. Phone- 022-40036966

Kolkata Office - Shailaja Tower, Block – 10, Flat No. – 4F, 5/7, Buroshibtala Main Road, Kolkata – 700038. Phone – 9830302690

Web: www.infomerics.com