

Press Release

Kaveri Engineering Projects Private Limited

November 06, 2020



Rating Update

Total Bank Facilities Rated*	Rs.60.00 Cr. #
Long Term Rating	ACUITE BB (Downgraded from ACUITE BBB-/Stable) Issuer not co-operating*
Short Term Rating	ACUITE A4+ (Downgraded from ACUITE A3) Issuer not co-operating*

Refer Annexure for details`

* The issuer did not co-operate; Based on best available information.

Acuité has reviewed and downgraded the long-term rating to '**ACUITE BB**' (**read as ACUITE double B**) from '**ACUITE BBB-**' (**read as ACUITE triple B minus**) and the short term rating to '**ACUITE A4+**'(**read as ACUITE A four plus**) from '**ACUITE A3**' (**read as ACUITE A three**) on the Rs.60.00 crore bank facilities of Kaveri Engineering Projects Private Limited(KEPPL). The rating is now an indicative rating and is based on the best available information. The downgrade is based on information risk.

Kaveri Engineering Projects Private Limited (KEPL) is a Telangana based company incorporated in 2015. It is engaged in civil, infrastructure construction works and primarily undertakes irrigation projects such as Canal works, earthwork execution, lining works and feeder channel works, among others. The company was promoted by Mr. Suman Rao Gujja. Prior to this, he was executing works under a proprietorship concern, 'Suman Rao' established in the year 2011. After incorporation of KEPL, all the new orders are taken up under KEPL and orders under the proprietary firm have reduced in a phased manner. Till FY2017, all the orders received by the company are on sub-contract. From FY2019, KEPL started bidding on its own and through joint ventures.

Analytical Approach

Acuité has considered the standalone business and financial profiles of KEPPL to arrive at this rating.

Non-cooperation by the issuer/borrower

Acuité has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date.

Acuité believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with an unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

This rating is, therefore, being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

Applicable Criteria

- Default Recognition-<https://www.acuite.in/view-rating-criteria-52.htm>
- Financial Ratios and Adjustments -<https://www.acuite.in/view-rating-criteria-53.htm>
- Infrastructure entities <https://www.acuite.in/view-rating-criteria-51.htm>

Limitation regarding information availability

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuité endeavored to gather information about the entity/industry from the public domain. Therefore, Acuité cautions lenders and investors

regarding the use of such information, on which the indicative credit rating is based.

About the Rated Entity - Key Financials

The rated entity has not shared the latest Financial Statements despite repeated attempts.

Status of non-cooperation with previous CRA (if applicable)

India Ratings vide its press release dated 19th August, 2020 has mentioned the rating for KEPPL of IND BB+/Stable/A4+Issuer not cooperating'

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
09-Aug-2019	Overdraft	Long Term	5.50	ACUITE BBB-/Stable (Assigned)
	Bank Guarantee	Short Term	22.50	ACUITE A3 (Assigned)
	Letter of Credit	Short Term	2.00	ACUITE A3 (Assigned)
	Proposed Bank Guarantee	Short Term	30.00	ACUITE A3 (Assigned)

#Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Overdraft	Not Available	Not Available	Not Available	5.50	ACUITE BB (Downgraded from ACUITE BBB-/Stable) Issuer not co-operating*
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	22.50	ACUITE A4+ Downgraded from ACUITE A3) Issuer not co-operating*
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A4+ Downgraded from ACUITE A3) Issuer not co-operating*
Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	30.00	ACUITE A4+ Downgraded from ACUITE A3) Issuer not co-operating*

*The issuer did not co-operate; Based on best available information.

Contacts

Analytical	Rating Desk
Pooja Ghosh Head - Corporate and Infrastructure Sector Ratings Tel: 033-66201203 pooja.ghosh@acuite.in	Varsha Bist Senior Manager - Rating Desk Tel: 022-49294011 rating.desk@acuite.in

Shubham Ghosh
Analyst - Rating Operations
Tel: 033-66201212
shubham.ghosh@acuite.in

About Acuité Ratings & Research:

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.