

Press Release

Kaveri Engineering Projects Private Limited

February 04, 2022



Rating Downgraded, Reaffirmed and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	5.50	ACUITE BB- Downgraded Issuer not co-operating*	-
Bank Loan Ratings	54.50	-	ACUITE A4+ Reaffirmed Issuer not co-operating*
Total Outstanding Quantum (Rs. Cr)	60.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reviewed and downgraded the long-term rating to '**ACUITE BB-**' (**read as ACUITE double B Minus**) from '**ACUITE BB**' (**read as ACUITE double B**) and reviewed the short term rating of '**ACUITE A4+**' (**read as ACUITE A four plus**)' on the Rs.60.00 crore bank facilities of Kaveri Engineering Projects Private Limited(KEPL). The rating continues to be flagged as "Issuer Not-Cooperating" and is downgraded on account of information risk.

About the Company

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.

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.

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.

Rating Sensitivity

"No information provided by the issuer / available for Acuite to comment upon."

Material Covenants

Not Applicable.

Liquidity Position

No information provided by the issuer / available for Acuite to comment upon.

Outlook

Not Applicable.

Status of non-cooperation with previous CRA

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.

Applicable Criteria

- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on Complexity Levels of the Rated Instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
06 Nov 2020	Letter of Credit	Short Term	2.00	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Bank Guarantee	Short Term	22.50	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Proposed Bank Guarantee	Short Term	30.00	ACUITE A4+ (Downgraded and Issuer not co-operating*)
	Secured Overdraft	Long Term	5.50	ACUITE BB (Downgraded and Issuer not co-operating*)
09 Aug 2019	Bank Guarantee	Short Term	22.50	ACUITE A3 (Assigned)
	Letter of Credit	Short Term	2.00	ACUITE A3 (Assigned)
	Secured Overdraft	Long Term	5.50	ACUITE BBB- Stable (Assigned)
	Proposed Bank Guarantee	Short Term	30.00	ACUITE A3 (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Union Bank of India	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	22.50	ACUITE A4+ Reaffirmed Issuer not co-operating*
Union Bank of India	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE A4+ Reaffirmed Issuer not co-operating*
Union Bank of India	Not Applicable	Overdraft	Not Applicable	Not Applicable	Not Applicable	5.50	ACUITE BB- Downgraded Issuer not co-operating*
Union Bank of India	Not Applicable	Proposed Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	30.00	ACUITE A4+ Reaffirmed Issuer not co-operating*

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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 8,850 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 Kanjurmarg, Mumbai.

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