



Press Release

Kaleshwaram Irrigation Project Corporation Limited

October 26, 2022

Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	18752.00	ACUITE BBB+ Downgraded Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	18752.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed the long-term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) on the Rs.18752.00 crore bank facilities of Kaleshwaram Irrigation Project Corporation (KIPC). This rating is now an indicative rating and is based on the best available information.

The rating has been downgraded on account of information risk.

About the Company

Kaleshwaram Irrigation Project Corporation Ltd (KIPCL) was incorporated on August 05, 2016 by the Government of Telangana (GoT) as a 100 percent owned entity to implement the Project. It is a special purpose vehicle (SPV) created to construct the Kaleshwaram lift irrigation project, it is one of the world's largest lift irrigation project undertaken by Telangana state. The project envisages creating potential to irrigate 18.25 lakh acres of land and stabilize the existing reservoirs which can further irrigate 18.83 lakh acres ayacut. The project is further sub-divided to provide 169 thousand million cubic feet (TMC) Irrigation Water Supply, 10 thousand million cubic feet (TMC) of drinking water to the villages' en-route, 30 TMC of drinking water to twin cities of Hyderabad & Secunderabad and 16 TMC of water for Industrial use. The entire project has been divided into seven link each of which will convey water to different command areas through 21 pump houses covering the Project area under the 13 districts in Telangana.

Analytical Approach

To arrive at the rating Acuité has considered the standalone business and financial risk profile of KIPL and also factored in the support by Government of Telangana (GOT) by the way of unconditional and irrevocable guarantee for timely payment of both interest and principal of the rated debt. The analytical approach has been revised from a Credit Enhancement (CE) to a standalone rating with a notch up based on support from Government of Telangana (GOT). This is to bring analytical approach in line with Acuité's revised rating criteria w.r.t credit enhancement.

Standalone (Unsupported) Rating:

About the Group

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 noncooperation 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 has endeavoured 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.

Rating Sensitivities

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

Material Covenants

None

Liquidity Position

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

Outlook

Not applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 20 (Actual)	FY 19 (Actual)
Operating Income	Rs. Cr.	0.00	0.00
PAT	Rs. Cr.	(1.73)	(1.17)
PAT Margin	(%)	0.00	0.00
Total Debt/Tangible Net Worth	Times	7.25	7.08
PBDIT/Interest	Times	(86.20)	0.00

Status of non-cooperation with previous CRA

None

Any other information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.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
17 Aug 2021	Term Loan	Long Term	4657.95	ACUITE A+ (CE) Stable (Reaffirmed)
	Proposed Bank Facility	Long Term	0.62	ACUITE A+ (CE) Stable (Reaffirmed)
	Term Loan	Long Term	14093.40	ACUITE A+ (CE) Stable (Reaffirmed)
22 May 2020	Term Loan	Long Term	14093.40	ACUITE A+ (CE) Stable (Assigned)
	Proposed Bank Facility	Long Term	0.62	ACUITE A+ (CE) Stable (Assigned)
	Term Loan	Long Term	4657.95	ACUITE A+ (CE) Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	0.62	ACUITE BBB+ Downgraded Issuer not co-operating*
Rural Electrification Corporation Ltd.	Not Applicable	Term Loan	Jul 13 2019 12:00AM	10.90	Jun 30 2034 12:00AM	4657.95	ACUITE BBB+ Downgraded Issuer not co-operating*
Rural Electrification Corporation Ltd.	Not Applicable	Term Loan	Jul 13 2019 12:00AM	10.90	Jun 30 2034 12:00AM	14093.43	ACUITE BBB+ Downgraded Issuer not co-operating*

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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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