

## Press Release

Kaleshwaram Irrigation Project Corporation Limited

April 25, 2023



### Rating Downgraded and Issuer not co-operating

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

### Rating Rationale

Acuite has downgraded its long-term rating of '**ACUITE BBB+**' (read as **ACUITE triple B plus**) to **ACUITE BB** (read as **ACUITE double B**) on the Rs.18752.00 crore bank facilities of Kaleshwaram Irrigation Project Corporation Limited (KIPCL). This rating continues to be 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 Acuite has considered the standalone business and financial risk profile of KIPCL 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 Acuite's revised rating criteria w.r.t credit enhancement.

### Standalone (Unsupported) Rating:

ACUITE B-/Stable

### **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.

### **About the Rated Entity - Key Financials**

The entity has not shared the latest financial statement for Acuite to comment.

### **Rating Sensitivity**

"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

### **Status of non-cooperation with previous CRA**

None

### **Any other information**

Acuite is yet to receive the latest No Default Statement from the rated entity despite repeated requests and followups.

### **Applicable Criteria**

- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.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>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>

### **Note on Complexity Levels of the Rated Instrument**

In order to inform the investors about complexity of instruments, Acuité has categorized such

instruments in three levels: Simple, Complex and Highly Complex. Acuite' s categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

### Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
26 Oct 2022	Term Loan	Long Term	14093.40	ACUITE BBB+ (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	4657.95	ACUITE BBB+ (Downgraded and Issuer not co-operating*)
	Proposed Bank Facility	Long Term	0.62	ACUITE BBB+ (Downgraded and Issuer not co-operating*)
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	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	0.62	ACUITE BB   Downgraded   Issuer not co-operating*
Rural Electrification Corporation Ltd.	Not Applicable	Term Loan	13 Jul 2019	10.90	30 Jun 2034	Simple	4657.95	ACUITE BB   Downgraded   Issuer not co-operating*
Rural Electrification Corporation Ltd.	Not Applicable	Term Loan	13 Jul 2019	10.90	30 Jun 2034	Simple	14093.43	ACUITE BB   Downgraded   Issuer not co-operating*

## Contacts

Analytical	Rating Desk
Aditya Gupta Vice President-Rating Operations Tel: 022-49294041 <a href="mailto:aditya.gupta@acuite.in">aditya.gupta@acuite.in</a>  Gnanreddy Rakesh Reddy Analyst-Rating Operations Tel: 022-49294065 <a href="mailto:rakesh.reddy@acuite.in">rakesh.reddy@acuite.in</a>	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a>

### 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.

**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. Ratings assigned by Acuité 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. Ratings assigned by Acuité 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](http://www.acuite.in)) for the latest information on any instrument rated by Acuité.