

February 23, 2024

Karnataka Housing Board: Continues to remain in Issuer Non-Cooperating category, Rating downgraded based on best available information

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term - Unallocated	1000.00	1000.00	[ICRA]B+ (Stable); ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB+ (Stable) ISSUER NOT COOPERATING*; Rating Continues to remain under issuer not cooperating category
Total	1000.00	1000.00	

*Issuer did not cooperate; based on best available information.

[^]Instrument details are provided in Annexure-1

Rationale

The rating downgrade is attributable to the lack of adequate information regarding Karnataka Housing Board performance and in turn, the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its “Policy in respect of non-cooperation by a rated entity” available at www.icra.in. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the same may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with Karnataka Housing Board, ICRA has been trying to seek information from the entity to monitor its performance. Further, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. Despite repeated requests by ICRA, the entity’s management has remained non-cooperative. In the absence of the requisite information and in line with the aforesaid policy of ICRA, the rating has been moved to the “Issuer Not Cooperating” category. The rating is based on the best available information.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities, Key Financial Indicators: [Click here](#) ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Policy in respect of non-cooperation by the rated entity Corporate Credit Rating Methodology Rating Methodology State Governments Rating Methodology Implicit parent or group support
Parent/Group Support	Not Applicable
Consolidation/Standalone	Standalone

About the company

The Karnataka Housing Board (KHB) was established under the Karnataka Housing Board Act, 1962 as a successor to the Mysore Housing Board, which was constituted in 1956. The primary objective of the KHB is to provide housing to various sections of people in Karnataka at an affordable price, with special emphasis on the economically weaker sections and the low-income group. The entity is administered by the Housing Department of the GoK and it is the nodal agency for delivering housing in the state. The KHB is governed by a Board of Directors (BoD), headed by a Chairman (appointed by the GoK). Other members of the BoD are also appointed by the GoK (mainly representatives of various stakeholder departments). The Housing Commissioner, who is also a member of the BoD, is the executive officer and is responsible for regular operations of the board. The Housing Commissioner is supported by the heads of various functions. The KHB's headquarter is in Bengaluru and there are coordinating/project offices across the state. At present, the KHB has about 600 employees across its offices, out of which 150 are contractual.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for past three years

Instrument	Current Rating (FY2024)				Chronology of Rating History for the past 3 years				
	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. Crore)	Date & Rating in	Date & Rating in FY2023		Date & Rating in FY2021	Date & Rating in FY2020	
				23-Feb-2024	20-Dec-2022	23-Jun-2022	05-Mar-2021	20-Jan-2020	28-Nov-2019
1 Unallocated	Long Term	1000.00	-	[ICRA]B+ (Stable); ISSUER NOT COOPERATING	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING	[ICRA]BBB+ (Stable); ISSUER NOT COOPERATING	[ICRA]A (Stable)	[ICRA]A (Stable)	[ICRA]A (Stable); ISSUER NOT COOPERATING

Complexity level of the rated instrument

Instrument	Complexity Indicator
Unallocated	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Unallocated	-	-	-	1000.00	[ICRA]B+ (Stable); ISSUER NOT COOPERATING

Source: Karnataka Housing Board

Annexure-2: List of entities considered for consolidated analysis: Not Applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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