

June 21, 2023

Bandlaguda Jagir Municipal Corporation: Rating downgraded based on best available information; Continues to remain under issuer Non-Cooperating category

Summary of rating action

| Instrument [^] | Previous Rated Amount (Rs. crore) | Current Rated Amount (Rs. crore) | Rating Action |
|-------------------------|-----------------------------------|----------------------------------|---|
| Issuer Rating | - | - | [ICRA]B+(Stable); ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB+ (Stable) and continues to remain under 'Issuer Not Cooperating' category. |
| Total | - | - | |

*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 Bandlaguda Jagir Municipal Corporation 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 Bandlaguda Jagir Municipal Corporation, 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, a rating view has been taken on the entity 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 Rating Methodology for Urban Local Bodies |
| Parent/Group Support | NA |
| Consolidation/Standalone | Standalone |

About the company

Bandlaguda Jagir Municipal Corporation (BJMC) is an urban local body (ULB) that has been recently constituted. It was initially constituted as a municipality by merging five gram panchayats namely Bandlaguda Jagir, Himayathsagar, Hydershakote, Kismathpur and Peeramcheruvu in April 2019. Subsequently, its status was upgraded to a municipal corporation in June 2019.

The ULB provides urban infrastructure services to Bandlaguda Jagir and is governed by the Telangana Municipalities Act 2019 (Act). The BJMC covers an area of 37.1 sq. km. and serves a population of 1.52 lakh (projected as on date). Its main functions include solid waste management and construction, repair and maintenance of roads and streetlights. The ULB is divided into 22 municipal wards and is governed by an elected body (Council) headed by a Mayor, while the Commissioner acts as the chief executive, overseeing its everyday functioning.

Status of non-cooperation with previous CRA: NA

Any other information: None

Rating history for past three years

| Instrument | Type | Current Rating (FY2024) | | | Chronology of Rating History for the past 3 years | | | |
|-----------------|-----------|--------------------------|--------------------------------|--|---|-------------------------|-------------------------|--|
| | | Amount Rated (Rs. Crore) | Amount Outstanding (Rs. Crore) | Date & Rating in | Date & Rating in FY2023 | Date & Rating in FY2021 | Date & Rating in FY2020 | |
| | | | | June 21, 2023 | May 20, 2022 | February 24, 2021 | - | |
| 1 Issuer rating | Long-term | - | - | [ICRA]B+ (Stable); ISSUER NOT COOPERATING | [ICRA]BB+ (Stable); ISSUER NOT COOPERATING | [ICRA]BBB- (Stable) | - | |

Complexity level of the rated instrument

| Instrument | Complexity Indicator |
|---------------------------|----------------------|
| Long Term – Issuer rating | 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 No | Instrument Name | Date of Issuance / Sanction | Coupon Rate | Maturity Date | Amount Rated (RS Crore) | Current Rating and Outlook |
|---------|-----------------|-----------------------------|-------------|---------------|-------------------------|---|
| NA | Issuer rating | NA | NA | NA | - | [ICRA]B+ (Stable); ISSUER NOT COOPERATING |

Source: Bandlaguda Jagir Municipal Corporation

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

ANALYST CONTACTS

Jayanta Roy
+91 33 7150 1120
jayanta@icraindia.com

Subhechha Banerjee
+91 33 7150 1130
subhechha.banerjee@icraindia.com

Sweety Shaw
+91 33 7150 1180
sweety.shaw@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 022-6169 3300
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2023 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.