

April 22, 2022

Siddipet Municipality: Moved to 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
Issuer Rating	-	-	[ICRA]B+(Stable) ISSUER NOT COOPERATING*; Rating downgraded from [ICRA]BB+(Stable) and rating moved to 'Issuer Not Cooperating' category.
Total	-	-	

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

[^]Instrument details are provided in Annexure-1

Rationale

ICRA has moved the issuer rating for Siddipet Municipality (SM) to the 'Issuer Not Cooperating' category. The rating is denoted as "[ICRA]B+ (Stable) ISSUER NOT COOPERATING".

The rating downgrade is because of lack of adequate information regarding Siddipet Municipality performance and hence 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 rating 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 Siddipet Municipality, ICRA has been trying to seek information from the entity so as to monitor its performance but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of 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 the 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	Not Applicable
Consolidation/Standalone	Not Applicable

About the company

Siddipet Municipality (SM), an urban local body (ULB) was constituted as a municipality in 1952. The ULB provides urban infrastructure services to the town of Siddipet and is governed by the Telangana Municipalities Act 2019. The SM covers an

area of 50.03 sq. km. and serves a population of 1.45 lakh (Projected as on date). Its main functions include water supply, solid waste management, sewerage and construction, repair and maintenance of roads and street lights in its area. The ULB is divided into 34 municipal wards and is governed by an elected body (Council) headed by a Chairperson, 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	Current Rating (FY2023)				Chronology of Rating History for the past 3 years				
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. Crore)	Date & Rating in	Date & Rating in FY2022	Date & Rating in FY2021			Date & Rating in FY2020
							April 22, 2022	January 28, 2021	December 28, 2020	
1	Issuer rating	NA	NA	NA	[ICRA]B+(Stable); ISSUER NOT COOPERATING	-	[ICRA]BB+(Stable)	[ICRA]B+(Stable); ISSUER NOT COOPERATING; Withdrawn	[ICRA]B+(Stable) ISSUER NOT COOPERATING;	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Issuer rating	NA

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: www.icra.in

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: Siddipet Municipality

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.

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.

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