

Press Release

Rajeev Education Trust Regd

February 06, 2023



Rating Reaffirmed and Issuer not co-operating

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|---------------------------------------|---------------------|--|----------------------|
| Bank Loan Ratings | 19.50 | ACUITE BB Reaffirmed Issuer not co-operating* | - |
| Total Outstanding Quantum (Rs. Cr) | 19.50 | - | - |
| Total Withdrawn Quantum (Rs. Cr) | 0.00 | - | - |

Rating Rationale

Acuite has reaffirmed the long-term rating to '**ACUITE BB**' (read as **ACUITE double B**) on the Rs.19.50 crore bank facilities of Rajeev Education Trust Regd (RET). The rating continues to be flagged as "Issuer Not-Cooperating" and is based on the best available information.

About the Company

Rajeev Education Trust Regd (RET) was established in 1998. At present, the trust operates six institutes in Hassan (Karnataka) and offers undergraduate, graduate and post graduate courses in Engineering, Nursing, Polytechnic and Paramedical sciences. RET is headed by Dr. V. Rajeev (President), Dr. B. N. Rathnamma (Secretary), Dr. Ranjith Rajeev (Vice-President), Dr. Rachna Rajeev (Treasurer) and Mrs. Neelamma (Trustee).

Non-cooperation by the issuer/borrower:

Acuite 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.

Acuite believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

This rating continues to be flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

Limitation regarding information availability:

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). Acuite endeavored to gather information about the entity/industry from the public domain. Therefore, Acuite cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Rating Sensitivity

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

Material Covenants

Not Applicable

Liquidity Position

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

Outlook

Not Applicable

Other Factors affecting Rating

Not Applicable

Key Financials

| Particulars | Unit | FY 17 (Actual) | FY 16 (Actual) |
|-------------------------------|---------|----------------|----------------|
| Operating Income | Rs. Cr. | 20.76 | 19.50 |
| PAT | Rs. Cr. | 9.55 | 8.66 |
| PAT Margin | (%) | 46.01 | 44.39 |
| Total Debt/Tangible Net Worth | Times | 0.09 | 0.13 |
| PBDIT/Interest | Times | 11.84 | 7.95 |

Status of non-cooperation with previous CRA

None

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Service Sector: <https://www.acuite.in/view-rating-criteria-50.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>

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. Acuité'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.

Rating History

| Date | Name of Instruments/Facilities | Term | Amount (Rs. Cr) | Rating/Outlook |
|-------------|--------------------------------|-----------|-----------------|--|
| 08 Nov 2021 | Term Loan | Long Term | 5.15 | ACUITE BB (Downgraded and Issuer not co-operating*) |
| | Proposed Term Loan | Long Term | 4.85 | ACUITE BB (Downgraded and Issuer not co-operating*) |
| | Term Loan | Long Term | 9.50 | ACUITE BB (Downgraded and Issuer not co-operating*) |
| 06 Aug 2020 | Term Loan | Long Term | 9.50 | ACUITE BB+ (Downgraded and Issuer not co-operating*) |
| | Term Loan | Long Term | 5.15 | ACUITE BB+ (Downgraded and Issuer not co-operating*) |
| | Proposed Term Loan | Long Term | 4.85 | ACUITE BB+ (Downgraded and Issuer not co-operating*) |

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 Loan | Not Applicable | Not Applicable | Not Applicable | Simple | 4.85 | ACUITE BB Reaffirmed Issuer not co-operating* |
| Canara Bank | Not Applicable | Term Loan | Not available | Not available | Not available | Simple | 5.15 | ACUITE BB Reaffirmed Issuer not co-operating* |
| Canara Bank | Not Applicable | Term Loan | Not available | Not available | Not available | Simple | 9.50 | ACUITE BB Reaffirmed Issuer not co-operating* |

Contacts

| Analytical | Rating Desk |
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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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