

Press Release

The Surabhi Educational Society

October 13, 2020



Rating Update

Total Bank Facilities Rated*	Rs.25.00 Cr. #
Long Term Rating	ACUITE B+ Downgraded & Issuer not co-operating*
Short Term Rating	ACUITE A4 Downgraded & Issuer not co-operating*

#Refer Annexure for details

*The issuer did not co-operate; based on best available information.

Rating Rationale

Acuité has downgraded the long term rating to '**ACUITE B+** (read as **ACUITE B plus**) from '**ACUITE BB-**' (read as **ACUITE double B minus**) and the short term rating to '**ACUITE A4**' (read as **ACUITE A four**) from '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs.25.00 crore bank facilities of The Surabhi Educational Society (JCC). This rating is now an indicative rating and is downgraded on account of information risk.

The Surabhi Educational Society (TSES) was established in July, 2014 by Mr. Mahender Rao and Mr. Hareender Rao along with others. TSES operates 'Surabhi Institute of Medical Sciences', a medical college and a 300 bedded hospital -'Surabhi Hospital'. Both the medical College and hospital are located at Siddipet (Telangana). Medical Council of India (MCI) has accorded permission to start operations of the college with an intake of 150 students for the first batch of 2019-20.

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.

This rating is, therefore, being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuité's policies.

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

Applicable Criteria

- Default Recognition -<https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector Entities -<https://www.acuite.in/view-rating-criteria-50.htm>

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 endeavored 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

	Unit	FY20 (Provisional)	FY19 (Actual)
Operating Income	Rs. Cr.	11.48	0.92
PAT	Rs. Cr.	(0.32)	(0.29)
PAT Margin	(%)	(2.80)	(31.61)
Total Debt/Tangible Net Worth	Times	0.02	0.01

PBDIT/Interest	Times	3.40	22.36
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Status of non-cooperation with previous CRA (if applicable)

None

Any other information

Not Applicable

Rating History (Up to last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
23-Jul-2019	Proposed Term Loan	Long term	12.75	ACUITE BB-/Stable (Assigned)
	Proposed bank loan facility	Long term	2.75	ACUITE BB-/Stable (Assigned)
	Bank Guarantee	Short term	9.50	ACUITE A4+ (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	12.75	ACUITE B+ Downgraded & Issuer not co-operating*
Proposed bank loan facility	Not Applicable	Not Applicable	Not Applicable	2.75	ACUITE B+ Downgraded & Issuer not co-operating*
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	9.50	ACUITE A4 Downgraded & Issuer not co-operating*

*The issuer did not co-operate; based on best available information.

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and 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. Since then, it has assigned more than 6,000 credit 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 Mumbai.

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