



Rating Rationale

Arka Educational & Cultural Trust

22 September 2017

Brickwork Ratings has reviewed the Rating assigned to the bank loan facilities of Rs.43.31 Crs of Arka Educational & Cultural Trust based on best available information, as the issuer did not cooperate. Accordingly the rating for the said instrument is revised to **BWR BBB- ISSUER NOT COOPERATING***

Particulars

Facility #	Amount(Rs. Crs)		Tenure	Rating ##	
	Previous	Present #		Previous	Present
Fund Based	43.31	43.31	Long Term	BWR BBB (Outlook: Stable)	BWR BBB- (Pronounced BWR Triple B minus) ISSUER NOT COOPERATING* Downgraded from BWR BBB
Total	43.31	43.31	INR Forty Three Crore and Thirty One Lakhs Only		

#Annexure 1 provides details of bank loan facilities

##Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

* Issuer did not cooperate; Based on best available information

Long Term Rating downgraded

Nature of Non-co-operation:

The rating was due for a review in March 2017. BWR took up with the issuer to provide required information over emails and through telephonic communication. Despite the best efforts of BWR to get at least the minimum required information for a review, the company has not provided the same. In the absence of adequate information from the issuer, BWR is unable to assess the issuer's financial performance and its ability to service its debt and maintain a valid rating. Hence, on account of inadequate information and lack of management co-operation, Brickwork Ratings has revised the ratings to **BWR BBB- ISSUER NOT COOPERATING***



Limitations of the rating:

Information availability risk is a key factor in the assessment of credit risk as generally, noncooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit rating should therefore take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholding of information required for a review of the rating.

Analytical approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

About the Company

ARKA Educational & Cultural Trust(AECT) is part of Jain Group of Institutions (JGI), established in 2009 at Bangalore, Karnataka, by Mr. R.Chenraj Jain. It manages around 38 educational institutions, ranging from preschools to colleges offering UG and PG courses with Visvesvarya Technological University and Bangalore University.

JGI is headquartered in Bengaluru and manages more than 80 educational establishments, with courses ranging from pre-primary, K –12, undergraduate, and postgraduate levels across the campuses.

Financial Performance

AECT achieved revenue of Rs. 94.42 crore in FY 2015 as against revenues of Rs.76.94 crore in FY14. The company reported net profit of Rs. 10.56 crore for FY15 against net profit of Rs.41.17 crore for FY14. AECT's total corpus stood at Rs.35.55 crore as on March 31st 2015.



Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No	Instrument /Facility	Current Rating (August 2017)			Rating History		
		Type	Amount (Rs. Crs)	Rating	March 14 2016#	2015	2014
1	Term Loan	Long Term	43.31	BWR BBB- ISSUER NOT COOPERATING* Revised from BWR BBB (Outlook:Stable)	BWR BBB (Outlook: Stable)	N.A.	N.A.
Total			43.31	INR Forty Three Crore and Thirty One Lakhs Only			

Rated amount was Rs. 43.31 Crs.

* Issuer did not cooperate; Based on best available information

Status of non-cooperation with previous CRA: Not Applicable

Any other information: NA

Hyperlink/Reference to applicable Criteria / Policies

- [General Criteria](#)
- [Services](#)
- [Approach to Financial Ratios](#)
- [What Constitutes Non-cooperation](#)

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For print and digital media



Arka Educational & Cultural Trust

Annexure I

Bank Facilities

Name of the Bank	Name of Facility	Rated Amount (Rs Crs)
Syndicate Bank	Term Loan	26.86
Karur Vysya Bank Ltd	Term Loan	4.35
Indusind Bank	Term Loan	12.10
Total		43.31 *

***As per information furnished to BWR in 2016**

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9, 30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER



Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.