



Rating Rationale

Children's Education Society

23 April 2018

Brickwork Ratings has reviewed the Rating assigned to the bank loan facilities of Rs.239.29 Crs of Children's Education Society based on best available information, as the issuer did not cooperate. Accordingly the rating for the said instrument is revised to BWR BB/A4 with revision in Outlook to Negative and migrated to ISSUER NOT COOPERATING* category.

Particulars

Facility #	Amount(Rs. Crs)		Tenure	Rating ##	
	Previous	Present		Previous	Present
Fund Based	237.29	237.29	Long Term	BWR BB+ (Outlook: Stable)	BWR BB <i>(Pronounced BWR Double B)</i> ISSUER NOT COOPERATING* Outlook: Negative Revised
Non Fund Based	2.00	2.00	Short Term	BWR A4+	BWR A4 <i>(Pronounced BWR A Four)</i> ISSUER NOT COOPERATING* Revised
Total	239.29	239.29	INR Two Hundred and Thirty Nine Crores & Twenty Nine 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

Ratings Downgraded

Nature of Non-cooperation:

The rating was due for a review in January 2018. 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 society 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



cooperation, Brickwork Ratings has revised the ratings to BWR BB (Outlook: Negative) /A4 and migrated the ratings to ISSUER NOT COOPERATING* category.

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.

About the Society

Children’s Education Society (CES), Bangalore, was formed under the Karnataka Societies Registration Act in 1974 by Mr. S. Narasa Raju. The society runs various educational institutions in the name of “The Oxford Educational Institutions” in Bangalore.

Financial Performance

Children’s Education Society reported operating income of Rs 101.53 Crs in FY 16 against Rs 97.46 Crs in FY15 and net loss of Rs 25.92 Crs in FY 16 as against loss of Rs 26.53 Crs in FY 15. Total corpus was Rs.154.81 Crs as on March 31 2016.

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No	Instrument /Facility	Current Rating (April 2018)			Rating History		
		Type	Amount (Rs.Crs)	Rating	January 23 2017#	2016	December 17 2015##
1	Fund Based	Long Term	237.29	BWR BB ISSUER NOT COOPERATING* Downgraded Outlook: Negative Revised from Stable	BWR BB+ (Outlook: Stable) Reaffirmed	-	BWR BB+ (Outlook: Stable) Reaffirmed
2	Non Fund Based	Short Term	2.00	BWR A4 ISSUER NOT COOPERATING* Downgraded	BWR A4+ Reaffirmed	-	BWR A4+ Reaffirmed
Total			239.29	INR Two Hundred and Thirty Nine Crores & Twenty Nine Lakhs Only			



* Issuer did not cooperate; Based on best available information

Rated amount was Rs. 239.29 Crs.

Rated amount was Rs.131.46 Crs

Note: Initially BWR had rated bank loans of Rs.146.39 Crs on October 13 2014 and assigned rating of BWR BB+ (Outlook: Stable)/A4+

Status of non-cooperation with previous CRA: NA

Any other information : NA

Hyperlink/Reference to applicable Criteria / Policies

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

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Children's Education Society

Annexure I

Bank Facilities

Type of Facility (₹ in Crs)		Vijaya Bank	Canara Bank	Total
Fund Based	Overdraft	10.00	20.00	30.00
	Adhoc Overdraft	20.00		20.00
	Term Loan	48.77	38.52	87.29
	Proposed Term Loan	50.00	50.00	100.00
Long Term Total		128.77	108.52	237.29
Non Fund Based	Bank Guarantee	2.00	-	2.00
Short Term Total		2.00	-	2.00
Total (Long & Short)		130.77	108.52	239.29



**As per information furnished to BWR in 2016*

For print and digital media

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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.