

RATING RATIONALE

20 Jan 2020

Rachana Educational Society

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹ 14.59 Crores of Rachana Educational Society based on best available information, as the issuer did not cooperate.

Particulars

Facility	Amount (₹ Cr)		Tenure	Rating#	
	Previous	Present		Previous (Feb, 2016)	Present
Fund Based	14.59	14.59	Long Term	BWR BB/Stable	BWR B+/Stable Issuer Not Cooperating* [Downgraded]
Total	14.59	14.59	INR Fourteen Crores and Fifty Nine Lakhs Only		

Note: Moved to Rating Not Reviewed on June 2, 2017

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

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

Details of Bank facilities is provided in Annexure-I

RATING ACTION

On account of inadequate information and lack of management cooperation, Brickwork Ratings has downgraded the long-term rating to BWR B+ “Stable” (Issuer did not Cooperate) for the bank loan facilities of ₹ 14.59 Crores of **Rachana Educational Society**.

The lenders/investors may note to exercise due caution while using the above ratings which mentions "Issuer Not Cooperating" since the ratings lacks any projections or forward looking component as it is arrived based on the best available information on the firm without any management/banker's interaction.

OUTLOOK / NATURE OF NON-COOPERATION

The rating was due for a review in Feb, 2017. BWR took up with the issuer to provide required information over emails and through telephone calls. The society was initially assigned a rating of BWR BB-/Stable in Jun, 2014, upgraded to BWR BB/Stable in Feb, 2016 and moved to Rating Not Reviewed in Jun, 2017. Despite the best efforts of BWR to get at least the minimum required information for a review, the entity has not provided the same. In the absence of adequate information from the society, BWR is unable to assess the society's financial performance and its ability to service its debt and maintain a valid rating.

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.

KEY FINANCIAL INDICATORS (in ₹ Cr) [AS AVAILABLE WITH BWR]

Key Parameters	Units	FY15
Result Type		Audited
Net Sales/ Revenue	Rs In Crs	4.36
EBIDTA	Rs In Crs	2.24
PAT	Rs In Crs	(0.78)
Tangible Net-worth(TNW)	Rs In Crs	3.31
Total Debt: TNW	In Times	3.77
Current Ratio	In Times	0.45

SOCIETY PROFILE(as per the information available with BWR)

Rachana Educational Society, Hanamkonda was incorporated on 25/08/2011 as a society under Andhra Pradesh Societies Registration Act. The Society has established Delhi Public School (DPS) in Pedda Pendyala Village, Warangal District for all classes up to 12th under CBSE board. The RES entered into an educational Joint Venture agreement with Delhi Public School (DPS) Society on 06th August 2012. The DPS Society is a non-profit, non-proprietary, private, educational organization. This Global Network of over 190 English medium, co-educational, secular schools provides education from Pr-Nursery/Nursery to Class XII. RES completed the construction of the school building in June 2014, started its operations in the same year and commenced the construction of Hostel building in June 2015.

Ownership & Management:

Mr. V Raji Reddy is the president of the society. He is a prominent personality in the Textile and Real Estate sector in Warangal District and is the founder of Rachana Educational Society. The other prominent members of the society are Mr. V Rakesh Reddy and Mr. V Ravi Kiran Reddy, who are the sons of Mr. V. Raji Reddy. The members have interest in the real estate sector, where they have successfully taken up various construction activities.

NON-COOPERATION WITH PREVIOUS RATING AGENCY : NA

RATING HISTORY

Facilities	Current Rating			Rating History		
	Tenure	Amount (₹ Cr)	Rating	2.6.2017	22.2.2016	17.6.2014
Fund Based	Long Term	14.59	BWR B+ (Outlook: Stable) [Downgraded]	Rating Not Reviewed	BWR BB/Stable	BWR BB-/Stable

Total	14.59	INR Fourteen Crores and Fifty Nine Lakhs Only
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COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

[General Criteria](#)

[Approach to Financial Ratios](#)

[What Constitutes Non-Cooperation](#)

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ANNEXURE I

**Rachana Educational Society
Details of Bank Facilities rated by BWR**

Sl.No.	Name of the Bank	Type of Facilities	Long Term [₹ Cr]	Short Term [₹ Cr]	Total [₹ Cr]
1	State Bank of India	Overdraft	1.50	-	1.50
2		Term Loans	1309	-	13.09
TOTAL					14.59

Total Rupees Fourteen Crores and Fifty Nine Lakhs only.



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