

October 31, 2019

Velammal Educational Trust: Ratings downgraded and continues to remain under Non-Cooperating category, based on best available information

Summary of rated instruments

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
LT Fund based CC	105.50	105.50	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING *;
LT Fund based Term loan	377.39	377.39	Rating downgraded from [ICRA]BBB- (Stable)
LT Unallocated	122.39	122.39	ISSUER NOT COOPERATING; rating continues to remain under 'Issuer Not Cooperating' category
Total	605.28	605.28	

^{*}Issuer did not cooperate; based on best available information.

[^]Instrument details are provided in Annexure-1

Rationale

ICRA has downgraded the long-term rating for the fund based bank facilities of Velammal Educational Trust (VET) to [ICRA]BB+ ISSUER NOT COOPERATING (pronounced ICRA Double B Plus ISSUER NOT COOPERATING) from [ICRA]BBB- ISSUER NOT COOPERATING (pronounced ICRA Triple B minus ISSUER NOT COOPERATING). The outlook on the long term rating is 'Stable'. The ratings continue to remain under 'Issuer Not Cooperating' category. The rating is denoted as "[ICRA]BB+ (Stable) ISSUER NOT COOPERATING"

The rating downgrade is because of lack of adequate information regarding VET's performance and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its "Policy in respect of non-cooperation by the rated entity". The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with VET, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information

The previous detailed rating rationale is available on the following link: [Click Here](#)

About the company:

Established in 1986 by Mr. MV Muthuramalingam, Velammal Educational Trust (VET) operates twelve schools, three engineering colleges and a medical college and has total student strength of around 88,000. The schools and colleges of

the trust are spread across Tamil Nadu in various districts including Thiruvallur, Kancheepuram, Sivagangai, Madurai, Theni & Karur marking a strong foothold in TN in the education space.

VET is a part of Velammal group which operates three other trusts - Veeramakali Memorial Welfare Trust (VMWT), Velammal Madurai Educational Trust (VMET) and Ramana Educational Trust (RET).

Status of non-cooperation with previous CRA

Not applicable

Any other information

Not applicable

Key Financial Indicators

Not applicable

Rating history for past three years

All figures in Rs. Crore

	Instrument	Current Rating (FY2020)			Rating History for the Past 3 Years					
		Type	Amount Rated	Amount Outstanding	Rating	FY2019		FY2018		FY17
					31-October 2019	29-Oct 2018	16-Apr 2018	16-Jan 2018	03-July 2017	
1	LT Fund based CC	Long Term	105.50	NA	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING	[ICRA]BBB- (Stable) ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)	[ICRA]BBB- (Stable) ISSUER NOT COOPERATING	[ICRA]BBB- (Stable)	-
2	LT Fund based TL	Long Term	377.39	377.39						
3	LT Unallocated	Long Term	122.39	NA						

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [click here](#)

Annexure-1 Instrument Details

ISIN No	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	LT Fund based CC	NA	NA	NA	105.50	[ICRA]BB+ (Stable) ISSUER NOT COOPERATING
NA	LT Fund based TL	NA	NA	NA	377.39	
NA	LT Unallocated	NA	NA	NA	122.39	
	Total				605.28	

Source: Velammal Educational Trust

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