

Tree House Education & Accessories Limited

October 11, 2021

Ratings

| Facilities/Instruments | Amount (Rs. crore) | Rating ¹ | Rating Action |
|------------------------------|---|---|--|
| Long Term Bank Facilities | 102.80 | CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*) | Rating continues to remain under ISSUER NOT COOPERATING category |
| Total Bank Facilities | 102.80 (Rs. One Hundred Two Crore and Eighty Lakhs Only) | | |

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated October 20, 2020, placed the rating(s) of Tree House Education & Accessories Limited (THEAL) under the 'issuer non-cooperating' category as THEAL had failed to provide information for monitoring of the rating and had not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. THEAL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and email dated September 09, 2021, September 13, 2021 and September 14, 2021. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Detailed description of the key rating drivers

At the time of last rating on October 20, 2020 the following were the rating strengths and weaknesses (updated for the information available from stock exchange):

Key Rating Weaknesses

Delay in debt-servicing obligations: The ratings of Tree house Education & Accessories Ltd continue to reflect on-going delays in servicing of debt obligations by the company.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

About the Company

Tree House Education & Accessories Ltd incorporated on July 10, 2006 as a private limited company by Mr. Rajesh Bhatia and his wife Ms. Geeta Bhatia, is primarily engaged in pre-school education across various locations in India. As on date there are 524 pre-school centers across the country. TEAL also operates in K12 segment with 24 schools under its management.

| Brief Financials (Rs. crore) | 31-03-2020 (A) | 31-03-2021 (A) |
|------------------------------|----------------|----------------|
| Total operating income | 4.14 | 5.30 |
| PBILDT | -0.72 | -1.71 |
| PAT | -28.15 | -40.29 |
| Overall gearing (times) | 0.09 | 0.12 |
| Interest coverage (times) | -0.17 | -0.31 |

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Disclosure of Interest of Independent/Non-Executive Directors of CARE: Not Applicable

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Disclosure of Interest of Managing Director & CEO: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments / Facilities

| Name of the Instrument | ISIN | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. crore) | Rating assigned along with Rating Outlook |
|---|------|------------------|-------------|---------------|-------------------------------|---|
| Fund-based - LT-Term Loan | | - | - | - | 87.80 | CARE D; ISSUER NOT COOPERATING* |
| Fund-based - LT-Bank Overdraft | | - | - | - | 12.00 | CARE D; ISSUER NOT COOPERATING* |
| Fund-based - LT-Working Capital Demand loan | | - | - | - | 3.00 | CARE D; ISSUER NOT COOPERATING* |

Annexure-2: Rating History of last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating history | | | |
|---------|---|-----------------|--------------------------------|----------------------------------|---|--|--|---|
| | | Type | Amount Outstanding (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2021-2022 | Date(s) & Rating(s) assigned in 2020-2021 | Date(s) & Rating(s) assigned in 2019-2020 | Date(s) & Rating(s) assigned in 2018-2019 |
| 1 | Fund-based - LT-Term Loan | LT | 87.80 | CARE D; ISSUER NOT COOPERATING * | - | 1)CARE D; ISSUER NOT COOPERATING * (20-Oct-20) | 1)CARE D; ISSUER NOT COOPERATING * (18-Sep-19) | - |
| 2 | Fund-based - LT-Bank Overdraft | LT | 12.00 | CARE D; ISSUER NOT COOPERATING * | - | 1)CARE D; ISSUER NOT COOPERATING * (20-Oct-20) | 1)CARE D; ISSUER NOT COOPERATING * (18-Sep-19) | - |
| 3 | Fund-based - LT-Working Capital Demand loan | LT | 3.00 | CARE D; ISSUER NOT COOPERATING * | - | 1)CARE D; ISSUER NOT COOPERATING * (20-Oct-20) | 1)CARE D; ISSUER NOT COOPERATING * (18-Sep-19) | - |

* Long Term / Short Term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities - Not Applicable

Annexure 4: Complexity level of various instruments rated for this company

| Sr. No | Name of instrument | Complexity level |
|--------|---|------------------|
| 1 | Fund-based - LT-Bank Overdraft | Simple |
| 2 | Fund-based - LT-Term Loan | Simple |
| 3 | Fund-based - LT-Working Capital Demand loan | Simple |

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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