

Banasthali Vidyapith

April 07, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	19.32 (Reduced from 25.38)	CARE A+; Stable (Single A Plus; Outlook: Stable)	Reaffirmed
Total Bank Facilities	19.32 (Rs. Nineteen Crore and Thirty-Two Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE Ratings has reaffirmed its ratings on the long-term bank loan facilities of Banasthali Vidyapith (BV) continuing to draw its strength from the established track record and recognised brand name of 'Banasthali' in girls' education in Northern and Western India, wide spectrum of courses offered which helps in addressing wider student market, high enrolments across most of the courses and healthy operating surplus. The rating further factors its robust capital structure and debt coverage indicators.

The rating, however, remains constrained due to the relatively moderate scale of its operations, regular need of capital expenditure (capex) for infrastructure development and intense competition in the education sector.

Rating Sensitivities

Positive Factors - Factors that could lead to positive rating action/upgrade:

- Substantial growth in total operating income by increasing its intake capacity across various courses and diversifying its revenue across various streams along with improvement in operating surplus margin above 40% on sustained basis while maintaining its healthy net worth and leverage.

Negative Factors- Factors that could lead to negative rating action/downgrade:

- Significant decline in enrolment level across courses.
- Deterioration in operating surplus margin below 25% on sustained basis.
- Deterioration in overall gearing beyond 0.75 times as a result of large debt funded capex being undertaken.
- Deterioration in debt coverage indicators with Total Debt/GCA and Total Debt/Cash Flow from Operations beyond unity along with moderation in its liquidity.

Detailed description of the key rating drivers

Key Rating Strengths

Established track record and recognized brand name of 'Banasthali' in girls' education in northern India: BV has an established track record of more than 8 decades in providing quality education to girls. BV through its long track record and quality education system for overall development of girls has created a strong brand name and thus attracts students from different parts of the country. All the members of BV are well qualified and have rich experience in running educational society. BV is accredited with Grade "A++" rating by National Assessment and Accreditation Council (NAAC) and has been ranked 37th university under overall ranking of National Institutional Rating Framework (NIRF).

Wide spectrum of courses offered which helps in addressing wider student market with high enrolments across most of the courses: The revenue stream of BV is diversified with revenue coming from school and higher education courses. BV has its own board and it does not need any other affiliation. Further, under higher education courses, BV offers wide spectrum of courses in various streams including management, engineering, pharmacy, information technology, education, PhD / research, etc. which helps in addressing wider student market.

BV reported almost full enrolments in senior secondary classes at 98.63% during AY202-22 (full enrolments in AY2020-21); while it also reported full enrolment in primary schools during AY2021-22 (AY refers to Academic Year) similar to previous academic year. However, enrolments in higher education moderated marginally to 82.91% during AY2021-22 as against 88.32% during AY2020-21 with an increase in intake capacity.

Robust capital structure and debt coverage indicators: Over the years, BV's capital structure stood robust owing to lower reliance on debt to fund the capex undertaken from time to time. BV's overall gearing continued to remain robust at 0.04x as on March 31, 2021 similar to previous fiscal ending and is estimated to remain robust as on FY22 ending. On the bank of limited debt usage and healthy surplus, the debt coverage metrics also remain robust. No major debt funded capex is expected over the medium term, leading to robust financial risk profile.

Healthy operating surplus: The society has been able to consistently generate healthy operating surplus over the years. BV's operating surplus margin has improved by 631 bps on y-o-y basis to 39.21% in FY21 on account low expenditure in hostel

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

division, while being able to collect campus development fee. The operating surplus margin is estimated to remain at similar level in FY22 with continued operating scenario, however in the medium term, the operating surplus may revert to pre-COVID levels.

Key Rating Weaknesses

Moderate scale of operations: The turnover of BV continued to remain moderate. Net sales moderated to Rs.252.22 crore in FY21 from Rs.273.33 crore in FY20, majorly on account of drop in hostel fees as students have been taught in online mode due to COVID-19 restrictions. As per provisional results for 9MFY22 (10MFY21), the society has reported gross receipt of ~Rs.210 crore (Rs.211.05 crore). Being limited to single location constrains the ability to significantly scale up its operations, however, the brand name of 'Banasthali' attracts various girl students from different parts of world, partly mitigating its moderate scale of operations.

Regular need to incur capex: Being an educational institution, there would always be a need for continuous capex to upgrade / setup infrastructure for existing courses as well as to meet the requirement as per the increasing enrolments. The said risk gets minimised on account of healthy cash accruals generated by BV which are utilised to fund these capex programmes. However, BV may have to resort to debt to fund capex programmes in case of large sized projects for which cash accruals may not be sufficient which would result in deterioration in its capital structure.

High competition in the education sector: Due to increasing focus on technical education in India, a number of colleges have opened up in the adjoining areas. This exposes the revenues of BV to competition from other colleges. Despite the increasing trend of privatization of education sector in India, regulatory challenges continue to pose a significant threat to the educational institutes. Statutory bodies such as University Grant Commission (UGC) along with professional councils are responsible for the regulation, coordination and development of higher education in India. However, deemed to be university status from UGC in case of BV has resulted in lower operating restrictions like fees fixation, conducting examinations and course curriculum.

Liquidity: Adequate

The society's liquidity remained adequate marked by healthy cash accruals against relatively lower debt repayment obligations. Furthermore, the reliance on overdraft limits (against fixed deposits) stood moderate with average of maximum utilisation of OD limit being around 24.6% during past 12 months ended December 2022. Moreover, the society had free cash and bank balance of Rs.30.36 crore as on March 31, 2021. The education (tuition) fee, development fee, mess, room rent, electricity and water and campus fees are collected in two equal instalments i.e. at the time of admission (Apr-July) and December every year. BV's term loan instalments fall due in January and July every year which is in uniformity with its half yearly fee collection model. The society utilises its internal accruals to fund its capex programs from time to time. Robust capital structure provides the society significant headroom to contract additional debt if required.

Analytical approach: Standalone

Applicable Criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Education](#)

[Service Sector Companies](#)

About the Company

BV was formed on October 6, 1935 as 'Shri Shantabai Shiksha Kutir' by Late Mr Hiralal Shastri and the name was subsequently changed to BV in 1943. BV is registered under Societies Registration Act, 1860 and was granted 'Institution Deemed to be University' status in 1983 by the UGC, Government of India. BV has 28 departments offering under-graduate, post-graduate, Ph.D., M Phil, postgraduate / advanced diploma, diploma, certificate courses and has a school running under it. BV's campus is located at Banasthali (Newai) near Jaipur.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	31-12-2021 (UA)
Total operating income	278.69	258.65	210
SBILDT	91.43	101.19	NA
SAT	89.74	99.22	
Overall gearing (times)	0.04	0.04	
Interest coverage (times)	53.93	51.20	

A: Audited; NA: Not available

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

Covenants of rated instrument / facility: Not Applicable

Complexity level of various instruments rated for this company: Annexure 3

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	-	-	-	January-2026	19.32	CARE A+; Stable

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	19.32	CARE A+; Stable	-	1)CARE A+; Stable (01-Mar-21)	1)CARE A+; Stable (20-Mar-20)	1)CARE A+; Stable (27-Dec-18)
2	Fund-based - LT-Bank Overdraft	LT	-	-	-	-	-	1)Withdrawn (27-Dec-18)

* Long Term / Short Term

Annexure 3: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Term Loan	Simple

Annexure 4: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

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

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