

Vindhya Shiksha Samiti

January 18, 2021

Ratings

Facilities / Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	13.04	CARE BB-; Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BB; Stable; (Double B; Outlook: Stable)
Total Facilities	13.04 (Rs. Thirteen Crore and Four Lakhs Only)		

*Details of instruments/facilities in Annexure-I***Detailed Rationale & Key Rating Drivers**

CARE had, vide its press release dated February 25, 2020, placed the rating of Vindhya Shiksha Samiti (VSS) under the 'Issuer non-cooperating' category as VSS had failed to provide information for monitoring of the ratings as agreed to in its rating agreement. VSS continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter dated December 02, 2020, December 03, 2020, December 04, 2020, December 07, 2020, December 21, 2020 etc. 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 ratings.

The ratings assigned to the bank facilities of VSS have been revised on account of non-availability of requisite information to carry out a rating exercise.

Detailed description of the key rating drivers

At the time of last rating on February 25, 2020, following was the key rating strengths and weaknesses

Rating Weakness**Continuous decline of Total Operating Income (TOI) with Gross cash accruals**

The society's scale of operations as indicated by Total Operating Income (TOI) stood modest at Rs.7.74 crore in FY18 and remained stagnant in FY18 over FY17. TOI of the society has declined continuous since last 3 financial years ended FY18. During FY18, surplus of the society stood healthy with SBID and Surplus margin of 43.04% and 14.23% respectively. However, surplus margin has declined by 707 bps in FY18 over FY17 mainly on account of increase in depreciation and interest expenses. With decline in Surplus margin, Gross Cash Accruals (GCA) of the society has declined by 5.14% in FY18 against FY17 and stood at Rs.1.84 crore in FY18 as against Rs.2.26 crore in FY17.

Deterioration of solvency position

The capital structure of the society stood moderate with an overall gearing of 0.99 times as on March 31, 2018, declined from 0.72 times as on March 31, 2017 mainly on account of increase in term loan as on balance sheet date which offset to some extent by accretion of profits to reserves. Further, debt coverage indicators stood moderate with total debt to GCA stood at 7.74 times as on March 31, 2018, deteriorated from 4.29 times as on March 31, 2017 owing to increase in total debt level as well as decline in GCA level. Further, interest coverage ratio stood moderate at 2.22 times in FY18. Further, VSS has availed moratorium for the period of 3 months ended May 2020 as a COVID relief measures.

Presence in highly regulated industry

Despite the increasing trend of privatization of education sector in India, regulatory challenges continue to pose a significant threat to the educational institutes. Regulatory bodies are responsible for the regulation, coordination and development of higher education in India. Further, each Institution offering Post Graduate or Under Graduate Technical Program are required to submit an application to the AICTE council, every year for extension of approval of courses offered by the Institution. Any delay or rejection of approval request may result into under-achievement of projected revenue streams. VSS being in the

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

*Issuer did not cooperate; Based on best available information

education sector is also highly regulated by the norms of governing bodies. These regulations on operations of VSS put limitation on the revenue growth of VSS.

Key Rating Strengths

Well qualified and experienced key management

VSS has a team of highly qualified and well experienced professionals. Mr. Diwakar Singh, President, is B.E. (Electronics and Communication) by qualification. He has vast experience of two decades in the education industry and looks after overall management of VSS. Miss Swati Jaiswal, Vice President, and Post Graduate (M. Tech.) by qualification, has two decades of experience in the industry and currently working as Principal of the college situated in Dongariya campus. Mrs. Seema Singh, Secretary, Post graduate in Science, has around two decades of experience in industry, look after management function of the society. Mr. Anshuman Singh, Joint Secretary, Post graduate in commerce, has around three decades of experience in the industry, look after administrative function of the society. Mr. Vireshwar Singh, Treasurer, Post-Graduate in commerce, has around two decades of experience in the industry and looks after finance function of the society.

Long track record of operations with continuous increase in enrolment of students

Being present in the education industry since 2000, the society has long standing presence in the industry. The same is reflecting with continuous growth in enrolment of students. The total number of students enrolled in AY17 for colleges was 1283 which increased to 1349 students in AY19. Further, the society has started Sardar Patel University where the enrolments in first year stood at 1847 students in AY19. However, enrolment of students in school declined marginally from 256 students in AY18 to 226 students in AY19.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non Cooperation by Issuer](#)

[Criteria on assigning outlook to credit rating](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios-Non Financial Sector](#)

[Rating Methodology - Service Sector Companies](#)

[Rating Methodology – Education Sector](#)

About the firm

Balaghat (Madhya Pradesh) based Vindhya Shiksha Samiti (VSS) is registered as a society in 2000 under M.P. Society Registration Act, 1973 with an objective to impart education. The society is presently operating nine colleges in Balaghat, Mandla and Dongariya district of Madhya Pradesh and offers degree courses in Engineering and Technology, Medical and Pharmaceutical sciences, basic science, nursing education, commerce and Polytechnic as well as post graduate course in M.Sc (IT) stream, M.Ed. It also offers diploma course in electrical mechanical & civil engineering courses to students under its colleges, Sardar Patel College of Technology and Sardar Patel Polytechnic College which are affiliated with Rajiv Gandhi Proudyogiki Vishwavidyalaya (RGPV) and Rani Durgawati Vishwavidyalaya University, Jabalpur and has taken approval from All India Council for Technical Education (AICTE), Pharmacy Council of India (PCI) and NCTE. The society is also running a school namely Mount Litera Zee Learn School in Balaghat from nursery to seventh. The school became operational from academic year 2017-18. The society is also running a university namely Sardar Patel University in Balaghat in Madhya Pradesh. University became operational from academic years 2018-19 and here are more than 70 courses in university.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	7.79	7.74
PBILDT	3.17	3.33
PAT	1.66	1.10
Overall gearing (times)	0.72	0.99
Interest coverage (times)	3.48	2.22

A:Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not applicable

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

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	June-2014	3.17	CARE BB-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Bank Overdraft	-	-	-	9.87	CARE BB-; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based in best available information

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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	3.17	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (25-Feb-20)	1)CARE BB+; Negative (04-Mar-19)	1)CARE BB+; Stable (15-Nov-17)
2.	Fund-based - LT-Bank Overdraft	LT	9.87	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (25-Feb-20)	1)CARE BB+; Negative (04-Mar-19)	1)CARE BB+; Stable (15-Nov-17)

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

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Bank Overdraft	Simple
2.	Fund-based - LT-Term Loan	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. 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.

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