

Witty Enterprises Private Limited

November 06, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	100.00	CARE B; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Witty Enterprises Private Limited (WEPL) to monitor the ratings vide various e-mail communications dated October 22, 2024, October 17, 2024, October 10, 2024, and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. 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. The ratings of Witty Enterprises Private Limited's bank facilities will now be denoted as CARE B; Stable; ISSUER NOT COOPERATING*.

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

The rating has been revised on account of non-availability of requisite information due to non-cooperation by Witty Enterprises Private Limited with CARE Ratings Ltd.'s efforts to undertake a review of the rating outstanding. CARE Ratings Ltd. views information availability risk as a key factor in its assessment of credit risk. The ratings assigned to the bank facilities of Witty Enterprises Private Limited (WEPL) factors competition from other schools and highly regulated industry. The ratings however, drive strength from experienced promoters, established brand name of schools, completion of school construction, diversified sources of revenue and repayment of term debt.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

Key weaknesses

Competition faced from other school

Despite the increasing trend of privatization of the education sector in India, regulatory challenges continue to pose a significant threat to the educational institutes. Hence, the company is required to follow the regulations of the same from time to time. However, the decision about fee fixation is taken by the board of directors on recommendation of the head of the school resulting to flexibility. WEPL is expected to face stiff competition from other established and upcoming schools in the nearby area. Hence, the ability of the company to increase the number of students going forward would depend on its ability to continuously offer quality education along with unique learning experience.

Highly regulated nature of industry

The K-12 education industry is characterized by extensive regulation, with government authorities in many countries imposing stringent oversight. These regulations encompass various aspects, including curriculum standards, teacher certification, school licensing, student assessments, compulsory education laws, funding mechanisms, special education provisions, health and safety standards, teacher-student ratios, school governance structures, and parental rights and involvement. This regulatory framework is designed to ensure the quality, equity, and accountability of education provided to students, but the specifics can vary widely from one region to another.

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

Key strengths

Experienced Promoters

VJTF Eduservices Private Ltd was promoted by Dr. Vinay Jain and Dr. Raina Jain. The promoters are medical graduates and educationists, having conducted number of seminars, workshops and research work in the field of education. They founded Witty Group of Institutions (WGI) in 2000, which operates under the aegis of VJTF Eduservices Ltd. WGI operates in various verticals including Witty Kids Preschool and Activity Club, Schools, teacher Training Institutes etc.

Established Brand Name of Schools

Witty is a well-established brand name in education with substantial reputation of schools especially in the Mumbai sub-urban market where it operates four out of its seven schools. Apart from Mumbai, the group has presence in Udaipur and Bhilwara. The group has a strategy of focusing on demand generated out of densely populated residential market areas. It operates its preschools under the name of 'Witty Kids' and provides education to Grade 1-12th under 'Witty International School'. One of the Group's school operating in Mumbai (Pawan Baug, Malad), has also been acknowledged by Cambridge University to be affiliated with Cambridge Board (IGCSE). Witty Group schools are known for focus on quality of education and are a popular brand amongst premium schools.

Completion of the construction

The construction of the school has been completed in June 2022, the revenue booked in the balance sheet reflects the revenues from banquet hall which is in the premises of the school only. The construction was completed with promoters' contribution of Rs 40.35 crores and loan from PNB Housing finance of 100 crores (Now taken over by Bob). As per the sanction letter, the term loan has to be repaid by way of conversion into LRD. The outstanding amount as on March 31, 2023 stands at Rs 75.96 crores. However, company repaid the Bob loan as this loan has been taken-over by another bank. The loan has been repaid through new sanction of term debt by IndusInd bank at group level. WEPL has received USL from the group company wherein loan has been taken.

Diversified sources of revenue

WEPL has signed lease agreement with PFCT dated Jan-23, at monthly rental of Rs.1.57 cr plus applicable GST, appreciable at 5% after every year. Lease deed has been signed for a term of around 30 years, commencing from Jan 01, 2023. Apart from the lease rentals WEPL also generates income from Banquet hall available in the school premises only.

Repayment of term debt

In July company has repaid all the LRD debt availed from Bob bank. In July, Learnverse Education Private Limited (LEPL) has infused funds in the form of USL in WEPL which was used to repay the existing term loan from Bob. At present there is no bank term debt availed by WEPL.

USL from LEPL amounting Rs.178 crore has been utilized to repay the BOB loan of Rs.100 crore, USL from VJTF Buildcom amounting Rs.32 crore and Lease deposit from Pratiksha foundation amounting Rs.46 crore.

Liquidity: Stretched

Stretched liquidity is marked by limited cash inflows from operations recorded by the company as a result of low collections of rentals and other revenue. Presently there is no debt in the company but has unsecured loan from the group companies. Also the banker has taken escrow on all the cash flow of schools in the group and the debt servicing for the loan of Rs.300cr will be done from those cash flow. In the future, WEPL plans to raise debt in its books and repay the USL.

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Services	Other Consumer Services	Education

Witty Enterprises Private Limited (WEPL) is a group company of VJTF Eduservices Ltd (VEL) which is engaged in the business of education services, education infrastructure, curriculum development, trainings, management of institutions and education audits. Incorporated in 2016, WEPL has proposed to set-up a K-12 school in Borivali, Mumbai with a project cost of Rs. 140.35 crore.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	2.84	4.49	NA
PBILDT	2.19	-0.45	NA
PAT	-0.26	-4.15	NA
Overall gearing (times)	-203.71	-31.70	NA
Interest coverage (times)	1.09	-0.13	NA

A: Audited NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	NA	100.00	CARE B; Stable; ISSUER NOT COOPERATING*

*Proposed loan so maturity is NA

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	100.00	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B; Stable (27-Sep-23)	1)CARE C; ISSUER NOT COOPERATING* (01-Jul-22)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (28-May-21)

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

LT: Long term;

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

Annexure-4: Complexity level of instruments rated

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

Annexure-5: Lender details

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

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

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About us:

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Disclaimer:

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