

S V G Charitable Trust

March 04, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	9.65	CARE B+; Stable	Reaffirmed
Short Term Bank Facilities	0.40	CARE A4	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation in the ratings assigned to the bank facilities of SVG Charitable Trust (SVG) are constrained on account of its small scale of operations with low surplus margins and trust's low student enrolment ratio. The ratings also take into consideration weak financial risk profile coupled with stretched liquidity. The ratings also factor in competitive and highly regulated nature of education industry. However, the ratings derive strength from experience of promoters.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in total operating income (TOI) above Rs. 18 crores with gross cash accruals above Rs 3.00 crores.
- Improvement in debt coverage indicator as marked by total debt to gross cash accruals of below 6.50x.

Negative factors

- Decline in total operating income below Rs 7.50 crores with gross cash accruals below Rs 0.70 crores.
- Deterioration in debt coverage indicator as marked by total debt to gross cash accruals above 14.00x.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects that the trust is likely to maintain its market position which coupled with favourable demand scenario shall enable it to sustain & improve operating performance and capital structure over the medium term.

Detailed description of key rating drivers:

Key weaknesses

Small scale of operations: The scale of operations of the trust has remained low with TOI in the range of Rs. 8.00-9.50 crores during the past five years. The TOI of the trust declined to Rs. 8.40 crore (PY: Rs. 9.11 crore). The trust reported loss of Rs. 0.19 crore during FY24 (refers to April 01 to March 31) as against profit of Rs. 0.41 crore for FY23. The SBILDT (Surplus Before Interest, Lease, Depreciation, and Tax) margin also moderated to 21.52% (PY: 30.38%). The moderation in operational performance of the trust was because intake for students in B. Ed and B. Pharma were on lower side. Thus, overall student strength was lower during FY24. This has also affected the current year's college's operational performance of the trust. The trust has already booked fees of Rs. 3.37 crore and revenue from hospital of Rs. 4.50 crore in 9MFY25 (refers to April 01 to December 31). The trust is expecting improvement in operational performance for FY25 with surplus against losses for current year.

Weak Financial risk Profile: The capital structure of the trust remain leverage as marked by the debt-to-equity ratio and overall gearing of 0.90x and 1.46x respectively as on March 31, 2024. The debt to equity has improved owing to repayment of term debt. Going forward, the capital structure is expected to improve given the repayment of term debt and reducing working capital limits along with addition of surplus to corpus fund.

Highly regulated nature of the educational sector: The Indian education sector is in the concurrent list of the constitution and thus comes under the purview of both the central and the state governments. The regulatory framework of education sector allows higher educational institutions to operate only as not-for-profit entities. The restriction on running for profit institutes implies that institutions can be established only in three forms: trusts, societies, and Section 8 companies, resulting in lower

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

return on investment. It is regulated by the Ministry of Human Resources at the national level, by the education ministries in each state, central bodies like University Grants Commission (UGC) and other professional councils like All India Council for Technical Education, etc. In addition to the UGC norms, the operations of higher educational institutes are regulated with respect to the number of seats and amount of fee for professional courses, management quota, etc. Maintaining standard of education, offering training programs to teachers etc. are some of the other challenges faced by the entities engaged in the education sector. Although, DMET's dental college has all the requisite approvals and affiliations. However, any violation by DMET in adhering to regulations can have significant impact on the courses.

High competition in the education sector: The education industry is highly fragmented with few players in the organized sector. Barring a few, most of the organized sector players have one or two institutes only. All these lead to high level of competition in the industry.

Key strengths

Experienced Promoters: SVG runs hospital and educational institutions in Moradabad, Uttar Pradesh. President of Trust is Sardar Gurbinder Singh and secretary is Dr (Mrs) Gurusharan Kumar. They are further supported by other members of trust and team of faculty members to look after day-to-day operations of the educational institutes.

Liquidity: Stretched

Liquidity profile of the trust is stretched on account of inability of the trust to generate sufficient cash accruals to meet its debt obligation. The debt obligation for FY25 stands at Rs 1.84 crores against envisaged Gross cash accruals of Rs 1.23 crores, therefore the management will infuse funds to support the repayment. Further, the working capital limits remain ~80-90% utilised for twelve-month period ending January 2025. However, the liquidity draws comfort from positive cash flow from operations of Rs. 1.55 crores during FY24.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Education](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the trust and industry

Industry classification

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

Incorporated on July 21, 2007, SVG was founded by Smt. Shanti Devi in the memory of her husband Late Shri Roshan Lal Ji. The trust runs hospitals and institutions in Moradabad, Uttar Pradesh

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	9.11	8.40	7.87
PBILDT	2.77	1.81	NA
PAT	0.41	-0.19	NA
Overall gearing (times)	1.44	1.46	NA
Interest coverage (times)	2.23	1.78	NA

A: Audited UA: Unaudited; 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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	2.25	CARE B+; Stable
Fund-based - LT-Term Loan	-	-	-	31/03/2027	7.40	CARE B+; Stable
Non-fund-based - ST-Bank Guarantee	-	-	-	-	0.40	CARE A4

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	7.40	CARE B+; Stable	-	1)CARE B+; Stable (20-Mar-24)	-	-
2	Fund-based - LT-Cash Credit	LT	2.25	CARE B+; Stable	-	1)CARE B+; Stable (20-Mar-24)	-	-
3	Non-fund-based - ST-Bank Guarantee	ST	0.40	CARE A4	-	1)CARE A4 (20-Mar-24)	-	-

LT: Long term; ST: Short 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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Bank Guarantee	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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