

Centurion School of Rural Enterprise Management Trust

May 05, 2025

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	69.61	CARE BBB-; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of facilities in Annexure-1.

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

Rationale and key rating drivers

Centurion School of Rural Enterprise Management Trust (CSREM) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on CSREM's bank facilities will now be denoted as **CARE BBB-; 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(s).

The rating assigned to the bank facilities of Centurion School of Rural Enterprise Management Trust (CSREM) draws strength from its experienced management team with a long track record in education industry, status of Private University with diverse course offering, experienced faculty albeit moderate student-faculty ratio, satisfactory capital structure and debt coverage indicators. The rating also takes into account the satisfactory financial performance in FY24 (refers to period April 01 to March 31) and H1FY25, albeit moderation in surplus margin.

The rating is, however, constrained by high debt funded capital expenditure for setting up of educational infrastructure for launching of various courses and expansion of existing courses, high average collection period, intense competition and regulated nature of the education industry.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that the entity shall sustain its satisfactory financial and operational performance, with ongoing capex not having significant impact on the credit risk profile over the medium term.

Detailed description of key rating drivers:

Key strengths

Long operational track record with experienced management team

The trustees, Professor Mukti Kanta Mishra and Professor D.N. Rao have around three decades of experience in the education and development sectors, and a vast network across NGOs and gram panchayats. The trust carries out skill programs, bringing in industry partnerships for joint skill programs, qualification pack (QP)/national occupational standards (NOS) alignment with sector skill councils (SSCs) & skills integration with Centurion University of Technology and Management (CUTM) and Centurion University of Technology and Management Andhra Pradesh (CUTMAP), program implementation such as mobilization, centre setup, training, placement, post placement support, etc.

Status of private University with diverse course offering

CUTM, a private State University, was formed by an Act of the Odisha Legislative Assembly in 2010 while CUTMAP, a private State university, was formed by an Act of the Andhra Pradesh Private Universities in 2017. The status of being a private university makes the management relatively free to take vital decisions like curriculum, fees, capacity, etc.

CSREM manages three colleges and offers engineering, management, commerce, mass media, pharmacy, paramedic & allied health sciences and polytechnic courses. All the courses are affiliated to CUTM and CUTMAP.

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

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

Experienced faculty albeit moderate student-faculty ratio

There are 326 teaching staffs including laboratory staff at CSREM across different streams. The faculties are alumni of reputed educational institutes and are well experienced in their respective fields of study. The institute has a stringent faculty selection criterion, and a minimum of master's degree is required to apply for a position. The student-faculty ratio remained moderate at 28:1.

Satisfactory financial performance in FY24 and H1FY25, albeit moderation in surplus margin

The total operating income (TOI) of the trust have witnessed y-o-y growth of 26.11% from ₹92.06 crore in FY23 to ₹116.10 crore in FY24 on account increase in student enrolment along with increase in fees structure. Though, SBILDT margin has moderated from 41.36% in FY23 to 31.41% in FY24 on account of increase in operational cost, however, absolute SBILDT stood at ₹36.47 crore in FY24 (₹38.07 crore in FY23). The decline was due to increased operational expenses, such as salary costs and higher accreditation and affiliation fees. Furthermore, the trust earned GCA of ₹33.34 crore vis-à-vis debt repayment obligation of ₹4.70 crore in FY24.

During H1FY25, the trust has earned revenue of ₹135.64 crore as against ₹110.09 crore in H1FY24.

Satisfactory capital structure and debt coverage indicators

The capital structure of the trust continues to remain satisfactory with overall gearing ratio of 0.62x as on March 31, 2024 (0.65x as on March 31, 2023). Despite increase in total debt, overall gearing has witnessed improvement on account of accretion of profits to reserves. Going forward, capital structure is expected to improve further with no debt funded capex plans of the trust. Debt protection metrics marked by TDGCA continues to remain satisfactory at 2.33x as on March 31, 2024 (2.12x as on March 31, 2023). Interest coverage ratio (SBILDT interest coverage) witnessed improvement from 5.56x in FY23 to 6.37x in FY24.

Key weaknesses

Project implementation risk associated with setting up of educational infrastructure

The trust is constructing an additional hostel at the Bhubaneswar campus, with a total estimated cost of approximately ₹23 crore. Till November 30, 2024, the trust has incurred ₹15 crore, with an additional ₹8 crore to be spent over the next two years. The project will be completed in two phases: Phase 1 is expected to be completed by FY25, while Phase 2 is anticipated to be completed by FY27. Besides the hostel, the trust is planning to construct a pavilion for the cricket ground, a powerhouse, and other minor capital expenditures such as lab equipment, machinery, furniture, and vehicles. No further loan will be availed, and all cost would be funded from internal accruals.

Elongated collection period on account of collection structure

The tuition fees for the courses are collected in two instalments during the academic year from July to June. The first instalment of 50% is due in June and July, while the second instalment of 50% is due in January and February. Every year, around 20% of the student pay the instalment due in January-February in the months of April-May. This results in higher year-end receivables, leading to average collection period of 83 days in FY24 (118 days in FY23).

Intense competition and regulated nature of the industry

Despite the increasing trend of privatization of education sector in India, regulatory challenges continue to pose a significant risk to private educational institutions as they are highly susceptible to changes in regulatory framework. CUTM, although a private university, is required to follow regulations regarding course offerings, curriculum, examinations, seat allocation, selection criteria, etc. The affiliations have to be renewed each year and delay in doing so might affect execution of expansion plans. This limits the scope of these colleges and schools in terms of growth in capacity and therefore its revenue.

Liquidity: Adequate

The trust has an adequate liquidity profile marked by it earning GCA of ₹33.34 crore vis-à-vis debt repayment obligation of ₹4.70 crore in FY24. In FY25, CSREM has a repayment obligation of around ₹4.80 crore against which the trust is expected to generate sufficient cash accruals. The free cash and bank balance as on March 31, 2024, stood at ₹33.21 crore which remain high on account of fee collection during the period of February and March. Given healthy enrolment rate and steady collections, the overall liquidity is expected to remain adequate for servicing its overall debt over the medium term. Furthermore, the utilisation of its working capital limit has remained low at around 70% during the past 12 months. Current ratio stood at 2.72 times as on March 31, 2024.

Applicable criteria

[Definition of Default](#)

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

[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Education](#)
[Financial Ratios – Non financial Sector](#)
[Service Sector Companies](#)

About the company and industry

Industry classification

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

CUTM, a private State University, was formed by an Act of the Odisha Legislative Assembly in 2010 while CUTMAP a private State University, was formed by an Act of the Andhra Pradesh Private Universities in 2017. The university includes School of Management, School of Engineering & Technology, School of Vocational Education and Training, School of Architecture Planning & Design, School of Applied Science, School of Humanities & Social Science, MS Swaminathan School of Agriculture, School of Media Communication, School of Mines, School of Pharmacy & Life Sciences, School of Paramedics and Allied Health Service, Institute of Knowledge and Societies and PhD courses.

CSREM, a constituent of CUTM, founded in the year 2007 (migrated to CUTM in the year 2010) by Prof. (Dr) Mukti K. Mishra and Prof. Dechiraju Narasimha Rao, manages three colleges in Jatni (Bhubaneswar) and Vizianagaram (registered under CUTM AP), and Balasore offering engineering, management, commerce, mass media, pharmacology and polytechnic courses.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	92.06	116.10	135.64
PBILDT	38.07	36.47	NA
PAT	20.41	20.18	NA
Overall gearing (times)	0.65	0.62	NA
Interest coverage (times)	5.56	6.37	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 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-Term Loan		-	-	April 2034	69.61	CARE BBB-; Stable; ISSUER NOT COOPERATING*

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

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 2025-2026	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
1	Fund-based - LT-Term Loan	LT	69.61	CARE BBB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable (09-Jan-25)	1)CARE BBB-; Stable (27-Mar-24)	1)CARE BBB-; Stable (14-Mar-23)

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

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated 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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