

Oxford Educational Society
 January 22, 2021

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	10.00	CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; 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 Bank Facilities	10.00 (Rs. Ten Crore Only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated December 10, 2019 placed the rating(s) of Oxford Educational Society (OES), under the 'issuer non-cooperating' category as OES had failed to provide information for monitoring of the ratings. OES continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and emails dated January 01, 2020 to January 08, 2021. 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 rating.

The revision in the rating takes into account the non-availability of requisite information due to non-cooperation by Oxford Educational Society with CARE's efforts to undertake a review of the outstanding ratings as CARE views information availability risk as key factor in its assessment of credit risk profile

Detailed description of the key rating drivers

At the time of last rating on December 10, 2019 the following were the rating strengths and weaknesses:

Key Rating Weakness**Concentration risk with single lessee contributing to all of the revenue**

The revenue profile of OES is highly concentrated with lease rentals receivable from only DPS. The financial performance of the lessee shall remain critical from credit perspective, for repayment of loan by the society.

Volatility of real estate markets

A property cycle is a sequence of recurrent events reflected in demographic, economic and emotional factors that affect supply and demand for property subsequently influencing the property market. There are peaks and lows in the cycle. At peak, the market is usually tightest--occupancy rates are highest and rental growth is greatest and the adverse during the lows of the industry cycle.

Decrease in Gross Receipts

Gross Receipts of the society decreased from Rs.5.50 crore in FY18 to 2.21 crore in FY19

Key Rating Strengths**Established track record of the society and long term experience of the society members**

The society has a track record of two decades. Mr. Kullai Reddy (Secretary/Correspondent) is a M.A, M.Ed, with over two decades of experience in the teaching sector. He is supported by other key society members who also have more than two decades of experience in the teaching sector.

Satisfactory infrastructure facilities and resources

OES's campus is spread across an area of 12 acres with separate blocks for each class. It has well maintained laboratories, a digitalized library with vast and comprehensive collections on various topics and subjects, a computer lab with 40 computer systems and auditorium with latest equipments.

Improved SBID margin in FY19

SBID margin has improved from 31.08% FY18 to 69.53% in FY19 and Surplus margin also improved and stood 9.50% in FY19.

Satisfactory capital structure and debt coverage indicators

The capital structure marked by overall gearing ratio Satisfactory stood at 1.34x as on March 31, 2019.

Total debt/GCA marginally deteriorated from 6.20x in FY18 to 6.45x in FY19 and Interest coverage ratio of the society marginally improved from 2.55% in FY18 to 2.61 in FY19

Analytical Approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook to Credit Ratings](#)

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

[Rating Methodology -Education Sector](#)

[Financial ratios – Non-Financial Sector](#)

About the Firm

Oxford Educational Society (OES) was founded in May, 2001 by Mr. Kullai Reddy (Secretary/Correspondent) and Mrs. Harini (President) in Anantapur, Andhra Pradesh. Oxford Educational Society has been running a school in the name of 'Oxford E.M High School' at two locations. One of the branches is located at Anantapur Old Town and other at Pamurai Village, Anantapur. The school located at Anantapur Old Town is basically a day school which has a total student base of 600. However, for the school located at Pamurai Village, Anantapur on a land area of 12 acres, Oxford Educational Society has entered into a lease rental agreement with Delhi Public School for 20 years with effective from April 2018. The total student base was 1000, however after leasing out to DPS, the number of students increased to 1100. Presently, OES is getting lease rental income of Rs.13.00 lakhs per month from DPS School. This income is towards rent for the school building given to DPS School. There will be enhancement of rent by 5% for every year.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Gross Receipts	5.50	2.21
PBILDT	1.71	1.54
PAT	0.22	0.21
Overall gearing (times)	1.89	1.69
Interest coverage (times)	2.55	2.61

A: Audited

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History (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	-	-	March-2030	10.00	CARE B+; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on based 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	10.00	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (10-Dec-19)	1)CARE BB; Stable (27-Aug-18)	-

*Issuer did not cooperate; based on based available information

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

Annexure 4: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1.	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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