

## Krishna Yogashram Trust

January 22, 2021

### Rating

| Facilities/Instruments       | Amount<br>(Rs. crore)                            | Rating   | Rating Action  |
|------------------------------|--|--|--|
| Long Term Bank Facilities    | 19.00  | CARE B+; Stable;<br>ISSUER NOT COOPERATING*<br>(Single B Plus; Outlook: Stable<br>ISSUER NOT COOPERATING*) | Rating continues to remain<br>under ISSUER NOT<br>COOPERATING category and<br>Revised from CARE BB; Stable;<br>(Double B; Outlook: Stable) |
| <b>Total Bank Facilities</b> | <b>19.00</b><br><b>(Rs. Nineteen Crore Only)</b> |  |  |

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated January 16, 2020, placed the rating(s) of Krishna Yogashram Trust (KYT) under the 'issuer non-cooperating' category as KYT had failed to provide information for monitoring of the rating for the rating exercise as agreed to in its Rating Agreement. KYT continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated December 21, 2020, December 23, 2020, December 28, 2020, December 30, 2020 and numerous phone calls 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 rating(s).***

The rating has been revised on account of non-receipt of requisite information. The ratings, further, continue to remain constrained on account of moderate solvency position, moderate liquidity position, and project implementation risk. The rating, further, continues to remain constrained on account of highly regulated education industry with regard to approval and accreditations.

The rating, however, continue to favorably takes into account experienced promoters and management, comfortable enrolment level with continues increase in Total Operating Income (TOI) and healthy profitability margins.

### Detailed description of the key rating drivers

*At the time of last rating on January 16, 2020 the following were the rating strengths and weaknesses*

#### Key Rating Weaknesses

##### ***Moderate solvency position***

The capital structure of the trust stood moderately leveraged with an overall gearing of 2.11 times as on March 31, 2018, improved marginally from 3.00 times as on March 31, 2017 mainly on account of lower utilization of working capital bank borrowings along with higher accretion of profits to reserve. However, debt service coverage indicators stood moderate with total debt to GCA of 5.16 times as on March 31, 2018, improved from 13.72 times as on March 31, 2017 mainly on account of decline in total debt along with increase in GCA level. Further, interest coverage stood comfortable at 3.50 times in FY18, improved marginally from 2.23 times in FY17 owing to higher proportionate increase in interest and finance expenses than in PBILDT level.

##### ***Moderate liquidity position***

KYT collects fees for its courses on quarterly basis for all its courses and any pending fees during the year is received at the time of enrolment by students for examination. It has utilized 50-60% of its working capital bank borrowings during last 12 months ended on November, 2018. The current ratio and quick ratio stood below unity level at 0.15 times as on March 31, 2018. It has cash & bank balance of Rs.0.39 crore as on March 31, 2018.

##### ***Project implementation risk***

In FY16, KYT has undertaken a project for construction of new school, Cambridge Court World School and envisaged project cost of Rs.30 crore to be funded through term loan of Rs.20 crore and remaining through unsecured loans and internal accruals. It has started partial operations from FY17 onwards and will complete its project in November 2019. Till November 30, 2018, it has incurred total cost of Rs.27.00 towards the project funded through term loan of Rs.11.54 crore and remaining through internal accruals and unsecured loans.

**Highly regulated education industry with regard to approvals and accreditations**

The higher education in India is placed in the concurrent list of the constitution and thus comes under the purview of both Central and State Government. The sector is regulated by Ministry of Human Resources at the national level by the education ministries in each state as well as by Central bodies like University Grant Commission (UGC) and 14 other professional councils like All India Council of Technical Education (AICTE), Directorate of Technical Education (DTE), etc. The main driver for growth in the education sector is India's booming population increasing at more than 2% annual rate and the increasing propensity of the middle income class to spend on education. In India, private sector participation in education was limited till a few years ago. There is an increasing preference for quality private educational institutions amongst the urban population. In the absence of any umbrella regulatory body governing K-12 schools and education being covered under 'Concurrent List', regulation confusion pervades with some states permitting "for profit" and others forbidding "commercialization" of education.

**Key Rating Strengths****Experienced promoters and management**

KYT has a team of highly qualified and well experienced professionals. It is promoted by experienced and qualified personnel having an experience of more than a decade in the field of education. Mr R.S. Rawat, Managing Trustee, is qualified by B.Tech and has experience of more than 18 years in education sector. He looks after overall affairs of the trust. He is also a renowned social worker in Jaipur. Ms Lata Rawat, Trustee, is B.Com, Master of Arts and B.Ed. by qualification and looks after overall function of the trust. Mr Ayush Rawat, trustee, B.Tech and MBA by qualification, has four years of experiences and looks after marketing and development function of the trust. Further, the colleges and school has separate principals and teacher staff in smooth functioning of the institutes.

**Comfortable enrolment level with continuous increase in TOI**

The enrolments of the student in college and school are continuously increasing due to established track record of operations and established brand name. The students in college and school stood at 4807 students in FY19 as against 4200 students in AY18 owing to healthy increase in students in CCWS. CCWS has started operations from AY17. The enrolment in its college stood comfortable with 476 stood enrolled out of 500 seats allocated.

Due to continuous increase in students along with revision in fees, the scale of operations of the trust as indicated by TOI grew at a Compounded Annual Growth Rate (CAGR) of around 31.28% in last three financial years ended FY18.

**Healthy profitability margins**

The profitability margins of KYT stood healthy with SBID and surplus margin of 23.39% and 8.02% respectively in FY18. In FY18, SBID margin has significantly improved by 582 bps over FY17 mainly due to increase in enrolment of students in CCWS where the fee structure is higher. With improvement in SBID margin, surplus margin has also improved by 653 bps in FY18 over FY17. The GCA level improved by 7.13 times and stood moderate at Rs.3.86 crore.

**Analytical approach: Standalone****Applicable Criteria**

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

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

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

[Rating Methodology – Education Sector](#)

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

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

**About the Trust**

KYT was formed as a trust on November 09, 1999 under The Rajasthan Public Trust Act, 1959 with an objective to establish and operate educational institutes. Currently, KYT is managing two schools namely Cambridge Court High School (CCHS) and Cambridge Court World School (CCWS) and one college namely Cambridge Court College of Education (CCCE). CCCE provides Bachelor of Education (B.Ed) and Basic School Teachers Certificate Course (BSTC) and is affiliated by University of Rajasthan. CCHS and CCWS run school from pre-primary to senior secondary class and are affiliated by Central Board of Secondary Education (CBSE).

| Brief Financials (Rs. crore) | FY17(A) | FY18(A) |
|------------------------------|---------|---------|
| Total operating income       | 17.28   | 23.13   |
| PBILDT                       | 3.04    | 5.41    |
| PAT                          | 0.26    | 1.86    |
| Overall gearing (times)      | 3.00    | 2.11    |
| Interest coverage (times)    | 2.24    | 3.50    |

A=Audited

Status of non-cooperation with previous CRA: None

Any other information: Not Applicable

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

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

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

#### 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 – 2023  | 17.00                         | CARE B+; Stable; ISSUER NOT COOPERATING*  |
| Fund-based - LT-Cash Credit | -                | -           | -             | 2.00                          | CARE B+; Stable; ISSUER NOT COOPERATING*  |

\*Issuer did not cooperate; Based on 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              | 17.00                          | CARE B+; Stable; ISSUER NOT COOPERATING* | -   | 1)CARE BB; Stable; ISSUER NOT COOPERATING* (16-Jan-20) | 1)CARE BB; Stable (18-Dec-18)             | -   |
| 2.      | Fund-based - LT-Cash Credit            | LT              | 2.00                           | CARE B+; Stable; ISSUER NOT COOPERATING* | -   | 1)CARE BB; Stable; ISSUER NOT COOPERATING* (16-Jan-20) | 1)CARE BB; Stable (18-Dec-18)             | -   |

\*Issuer did not cooperate; Based on best available information

Annexure 3: Detailed explanation of the covenants of rated 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-Cash Credit | 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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

**Contact us**
**Media Contact**

Mradul Mishra  
 Contact no. – +91-22-6754 3573  
 Email ID – [mradul.mishra@careratings.com](mailto:mradul.mishra@careratings.com)

**Analyst Contact**

Group Head Name – Mr Abhishek Kumar Jain  
 Group Head Contact no.- 0141-4020213/14  
 Group Head Email ID – [abhishek.jain@careratings.com](mailto:abhishek.jain@careratings.com)

**Relationship Contact**

Name: Mr Nikhil Soni  
 Contact no. : +91-141-402 0213 / 14  
 Email ID: [Nikhil.soni@careratings.com](mailto:Nikhil.soni@careratings.com)

**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.

**Disclaimer**

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.