

Educomp Solutions Limited (Revise)

March 31, 2017

Ratings

Facilities/ Instruments	Amount (Rs. Crore)	Rating ¹	Rating Action
Long term Bank Facilities	1884.40	CARE D; ISSUER NOT COOPERATING (Single D; ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information
Long-term/Short-term Bank Facilities	37.40	CARE D/CARE D; ISSUER NOT COOPERATING (Single D/ Single D; ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information
Total	1921.80 (Rupees One Thousand Nine Hundred Twenty One crore and Eighty lakh only)		
NCD	45.00 (Rupees Forty Five crore only)	CARE D; ISSUER NOT COOPERATING (Single D; ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Educomp Solutions Limited (ESL) to monitor the ratings vide e-mail communications/letters dated January 25, 2017, January 30, 2017, February 06, 2017, February 13, 2017, February 21, 2017, February 27, 2017, March 06, 2017, March 14, 2017, March 20, 2017 and March 21, 2017 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 publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Further, ESL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The ratings on ESL's bank facilities and NCDs will now be denoted as **CARE D/CARE D; 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 ratings.

The rating assigned to the bank facilities and NCDs of Educomp Solutions Limited (ESL) continues to factor in the delays in servicing of the company's debt obligations.

Detailed description of the key rating drivers

At the time of last rating on May 06, 2016, the following were the rating weaknesses (updated for the information available from BSE):

Key Rating Weaknesses

Delays in servicing of debt obligations: Weak operational and financial performance in past years led to stress on the liquidity position of the company and eventually led to delays in servicing of debt obligations by the company.

Analytical approach: Standalone

Applicable Criteria

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

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

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

[Financial ratios – Non-Financial](#)

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

About the Company

Educomp Solutions Ltd. (ESL) was incorporated in 1994 as Educomp Datamatics Pvt. Ltd. and the name of the company was changed to the present one in August 2005. The company is engaged in providing digital educational content in the classroom through its patented product 'Smart Class' and Edureach (earlier known as Instructional and Computational Technology (ICT)). 'Smart Class' is a first of its kind, teacher-led educational content based solution which provides technology based learning into the classrooms. Edureach works closely with various State and Central Government agencies to implement large scale Public-Private-Partnership projects. The company is also engaged in providing High Learning Solutions comprising vocational, higher education and professional development, K-12 schools (comprising pre-schools and high schools) and online, supplementary & global Business.

During FY16 (refers to the period April 01 to March 31), ESL reported total operating income of Rs.202.29 crore and loss of Rs.343.34 crore as against total operating income of Rs.199.27 crore and loss of Rs.1165.44 crore in FY15.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

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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****For detailed Rationale Report and subscription information, please contact us at www.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 credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. 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.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is 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.

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
Term Loan-Long Term	-	-	-	1732.69	CARE D; ISSUER NOT COOPERATING
Non-fund-based-LT/ST	-	-	-	37.40	CARE D / CARE D; ISSUER NOT COOPERATING

Fund-based - LT-Cash Credit	-	-	-	151.71	CARE D; ISSUER NOT COOPERATING
Debentures-Non Convertible Debentures	-	13.50%	May, 2019	35.00	CARE D; ISSUER NOT COOPERATING
Debentures-Non Convertible Debentures	-	13.25%	July, 2019	10.00	CARE D; ISSUER NOT COOPERATING

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 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015	Date(s) & Rating(s) assigned in 2013-2014
1.	Term Loan-Long Term	LT	1732.69	CARE D; ISSUER NOT COOPERATING	1)CARE D (06-May-16)	1)CARE D (21-Apr-15)	-	1)CARE D (25-Mar-14) 2)CARE D (04-Jun-13) 3)CARE BBB-(16-May-13)
2.	Non-fund-based-LT/ST	LT/ST	37.40	CARE D / CARE D; ISSUER NOT COOPERATING	1)CARE D / CARE D (06-May-16)	1)CARE D / CARE D (21-Apr-15)	-	1)CARE D / CARE D (25-Mar-14) 2)CARE D / CARE D (04-Jun-13) 3)CARE BBB- / CARE A3 (16-May-13)
3.	Commercial Paper	ST	-	-	-	-	-	1)Withdrawn (16-May-13)
4.	Fund-based - LT-Cash Credit	LT	151.71	CARE D; ISSUER NOT COOPERATING	1)CARE D (06-May-16)	1)CARE D (21-Apr-15)	-	1)CARE D (25-Mar-14) 2)CARE D (04-Jun-13) 3)CARE BBB-(16-May-13)
5.	Commercial Paper	ST	-	-	-	-	-	1)Withdrawn (02-May-13)
6.	Debentures-Non Convertible Debentures	LT	45.00	CARE D; ISSUER NOT COOPERATING	1)CARE D (06-May-16)	1)CARE D (21-Apr-15)	-	1)CARE D (25-Mar-14) 2)CARE D (11-Jul-13) 3)CARE C (04-Jun-13) 4)CARE BBB-(16-May-13)
7.	Direct Assignment-Assignee Payout	LT	404.08	CARE D; ISSUER NOT COOPERATING	1)CARE D (05-May-16)	1)CARE D (21-Apr-15)	-	1)CARE D (25-Mar-14) 2)CARE D (28-Jun-13) 3)CARE BBB-(SO) (16-May-13)

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