

Educomp Solutions Limited

June 24, 2020

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 the basis of 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 the basis of 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 the basis of best available information
Receivables Assignment Facility	404.08 (Rupees Four Hundred Four crore and Eighty Lakh only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated July 26, 2019, placed the ratings of Educomp Solutions Limited under the 'Issuer Not Cooperating' category as the company had failed to provide the surveillance fees and requisite information required for monitoring of the ratings as agreed to in its rating agreement. Educomp Solutions Limited continues to be non-cooperative despite repeated requests for submission of information through phone calls and a letter/email dated June 17, 2020. 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. The ratings on bank facilities of Educomp Solutions Limited will be denoted as '**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 rating(s).

Detailed description of the key rating drivers

CARE has not received any information from the company. However, the company is under corporate insolvency resolution process in NCLT.

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](#)

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

[CARE's methodology for Education Sector](#)

[CARE's methodology for Short-term Instruments](#)

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 was 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)).

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

*Issuer did not cooperate; Based on best available information

'Smart Class' was a first of its kind, teacher-led educational content based solution which provides technology based learning into the classrooms. Edureach worked closely with various State and Central Government agencies to implement large scale Public-Private-Partnership projects. The company was 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.

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

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	235.04	211.32
PBILDT	-41.36	-50.00
PAT	-304.37	-475.56
Overall gearing (times)	37.95	-7.07
Interest coverage (times)	-0.16	-0.20

A: Audited

Status of non-cooperation with previous CRA: NA

Any other information: Not Applicable

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

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	ISIN	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* Issuer not cooperating; Based on best available information
Non-fund-based-LT/ST		-	-	-	37.40	CARE D / CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit		-	-	-	151.71	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Debentures-Non Convertible Debentures	INE216H07016	-	-	-	45.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Direct Assignment-Assignee Payout		-	-	-	404.08	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

*Issuer not cooperating; 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.	Term Loan-Long Term	LT	1732.69	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (26-Jul-19)	-	1)CARE D; ISSUER NOT COOPERATING* (07-Mar-18)
2.	Non-fund-based-LT/ST	LT/ST	37.40	CARE D / CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D / CARE D; ISSUER NOT COOPERATING* (26-Jul-19)	-	1)CARE D / CARE D; ISSUER NOT COOPERATING* (07-Mar-18)
3.	Fund-based - LT-Cash Credit	LT	151.71	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (26-Jul-19)	-	1)CARE D; ISSUER NOT COOPERATING* (07-Mar-18)
4.	Debentures-Non Convertible Debentures	LT	45.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (26-Jul-19)	-	1)CARE D; ISSUER NOT COOPERATING* (07-Mar-18)
5.	Direct Assignment-Assignee Payout	LT	404.08	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (26-Jul-19)	-	1)CARE D; ISSUER NOT COOPERATING* (07-Mar-18)

*Issuer not cooperating; Based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: NA

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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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.

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