

Krishna Yogashram Trust
 January 16, 2020

Rating	Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
	Long term Bank Facilities	19.00	CARE BB; Stable; ISSUER NOT COOPERATING* (Double B; Outlook; Stable : ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Total		19.00 (Rs. Nineteen crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Krishna Yogashram Trust (KYT) to monitor the rating vide e-mail communications/letters dated September 12, 2019, October 15, 2019, November 05, 2019, November 25, 2019, December 10, 2019, December 18, 2019, January 01, 2020 and numerous phone calls. However, despite our repeated requests, KYT 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 best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Further, KYT has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on KYT's bank facilities will now be denoted as **CARE BB; 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).

Detailed description of the key rating drivers

At the time of last rating on December 18, 2018 the following were the rating weaknesses and strengths.

Key Rating Weakness

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, CCWS, 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

²Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate; Based on best available information

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 Total Operating Income (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](#)

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

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	-	-	Mar – 2023	17.00	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	2.00	CARE BB; Stable; 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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	17.00	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB; Stable (18-Dec-18)	-	-
2.	Fund-based - LT-Cash Credit	LT	2.00	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB; Stable (18-Dec-18)	-	-

**Issuer not cooperating; based on best available information*

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:

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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.