



Press Release

Rajasthani Sammelan Education Trust January 11, 2021

Ratings:

| Instrument / Facility | Amount (Rs. Crore) | Ratings | Rating Action |
|---|--------------------|--|---------------|
| Long Term Fund based facilities - Term Loan | 23.00 | IVR BB+/Stable (IVR Double B Plus with Stable Outlook) | Assigned |
| Long Term Fund based facilities - Overdraft | 12.00 | IVR BB+/Stable (IVR Double B Plus with Stable Outlook) | Assigned |
| Total | 35.00 | | |

Details of Facilities are in Annexure 1

Detailed Rationale:

The aforesaid ratings assigned to the bank facilities of Rajasthani Sammelan Education Trust (RSET) derives strength from its experienced board of trustee, its established brand image and track record of trust and its educational institutions, satisfactory infrastructure coupled with experienced faculties and satisfactory enrolment rates. The rating however is constrained by modest leverage and debt protection parameters, exposure to intense competition and stringent regulatory framework and challenges involved retaining high quality faculties.

Key Rating Sensitivities:

Upward Factors

- Improvement in enrollment rates thereby adding to the growth in operations and profitability and consequent increase in liquidity on a sustained basis.
- Reduction in debt level with improvement in the capital structure and debt protection metrics

Downward Factors

- Decline in the intake of students and/or negative change in government regulations leading to moderation in the operating income and/or dip in profitability impacting the liquidity.
- Any major capex impacting the overall financial risk profile.



Press Release

Key Rating Drivers with detailed description

Key Rating Strengths:

Experienced Board of Trustee:

The president, Mr. Ashok Saraf, is involved with the activities of RSET for more than 30 years. He is on the committee of several educational institutions as a Trustee and Office bearer other than the institutions run by the trust. Under the leadership of Shri Ashok Saraf, RSET undertook the project of massive expansion and Modernisation of its educational complex by constructing a 12 storied building and also a 7 storied building facing S.V. Road in Malad (West), to house Durgadevi Saraf Institute of Management Studies and other institutions. The other key management personnel also have more than 30 years of experience in the similar industry.

Established brand image and track record of the trust and the educational institutions:

RSET was established in the year 1948 at Malad, Mumbai. All the Institutes under REST offer a variety of courses and placement opportunities; its established brand image, enables the trust to attracting students from pan-India. The Trust had started its educational activities for girls, but in due course of time, it has opened its doors to boys as well. Trust has played a vital role in promoting and providing better education from primary to post graduation in the fields of Commerce, Management, Information Technology, Media Studies, etc. At present more than 15,000 students are receiving education in various educational institutions run by the Trust.

Satisfactory infrastructure coupled with experienced faculties:

RSET has the privilege of having experienced faculty members, which is essential in building a strong brand name and attracting quality students. For the academic year 2019-20 the trust has a total of 488 faculties. The Educational Institute owns and runs schools, colleges, and also runs online courses, vocational education training and career counselling centre, hostels, welfare institutions & facilities. Further, RSET have Dhurmal Bajaj Bhavan (Community Hall), Durgadevi Saraf Hall, IT Hub, Food Court, Ramnarayan Saraf Educational Outlet, RS CA Study Centre, Vijay Pal Singh Health Centre, Kirandevi Saraf Library and Reading Room and Lalchand Dalmia Golf Cart.



Press Release

Satisfactory enrolment rates in educational institute:

Enrolment rate depends upon available infrastructural facilities, composition of experienced faculties, placement records and brand image of the institution. REST has maintained a satisfactory enrolment rate over the past years.

Key Rating Weaknesses:

Modest leverage and debt protection parameters:

The financial risk profile of the RSET is marked by modest net worth, debt protection metrics and debt coverage indicators. The net worth of trust stood at Rs.30.53 Cr as on 31 March, 2020. The total debt outstanding as on 31 March 2020 has declined to Rs.61.86 Cr compared to Rs.66.32 Cr previous year. The debt-equity stood at 1.56 times as on 31 March, 2020. The overall gearing (debt-equity) stood at 2.03 times as on 31 March, 2020 as against 1.91 times as on 31 March, 2019. The Interest Coverage Ratio was at 1.65 times in FY2020. Total Debt / GCA ratio was at 14.31 times in FY2020 and Long term Debt to EBITDA stood at 4.92 times in FY2020 as against 4.55 times in FY2019. TOL/TNW stood at 2.70 times as on 31 March 2020.

Exposure to intense competition and stringent regulatory framework for the educational sector in India:

The trust faces intense competition from other institutions offering similar courses. Given the competition, the ability of the trust to attract requisite students in tune with its sanctioned intake would be a challenge. Further, the Indian education industry is highly regulated and consequently subject to the stringent regulatory framework, which is to be followed by group operated institutes. Any major change in regulatory framework by the Government of India or change in policy by affiliated boards will have major impact on the revenue, financial and operating performance of the trust.

Challenges involved retaining high quality faculties:

Faculty is important for an education institute because at times it's not just about the tips and a trick of a subject, but the approach towards the subject. For RSET to operate, it requires professionally qualified and experienced faculties. If interviewed and selected, retaining high quality faculty is a challenge.



Press Release

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Service Sector Companies
Financial Ratios & Interpretation (Non-Financial Sector)

Liquidity - Stretched

The Trust has a stretched liquidity profile with gross cash accrual tightly matching the repayment obligation. The average Annual Utilisation for the last 12 months ended Nov 2020 stood at 90.33%.

About the Company:

Rajasthani Sammelan Education Trust, a registered public charitable trust was established in the year 1948. The trust has played a vital role in promoting and providing better education from primary to post graduation in the fields of Commerce, Management, Information Technology, Media Studies, etc. The Educational trust owns and runs schools, - colleges, and also runs online courses, vocational education training and career counselling centre, welfare institutions & facilities like hostel, research centre, sports academy, libraries, canteen, health service centre, banquet hall.

Financials: Standalone

(Rs. Crore)

| For the year ended/ As On | 31-03-2019 | 31-03-2020 |
|---------------------------|------------|------------|
| | (Audited) | (Audited) |
| Total Operating Income | 64.43 | 62.47 |
| EBITDA | 11.94 | 9.68 |
| PAT | (1.82) | (4.30) |
| Total Debt | 66.32 | 61.86 |
| Tangible Net-worth | 34.79 | 30.53 |
| Ratios | | |
| EBITDA Margin (%) | 18.53 | 15.49 |
| PAT Margin (%) | (2.79) | (6.83) |
| Overall Gearing Ratio (x) | 1.91 | 2.03 |

Status of non-cooperation with previous CRA:



Press Release

CRISIL in their press release dated October 26th, 2020 has classified the case under Issuer Not Co-operating status on account of non-submission of relevant information.

Any other information: NA

Rating History for last three years:

| Sr. No. | Name of Instrument/ Facilities | Current Ratings (Year 2020-21) | | | Rating History for the past 3 years | | |
|---------|---|--------------------------------|--------------------------------|-----------------|---|---|---|
| | | Type | Amount outstanding (Rs. Crore) | Rating | Date(s) & Rating(s) assigned in 2019-20 | Date(s) & Rating(s) assigned in 2018-19 | Date(s) & Rating(s) assigned in 2017-18 |
| 1. | Long Term Fund based facilities -Term Loan | Long Term | 23.00 | IVR BB+/ Stable | -- | -- | -- |
| 2. | Long Term Fund based facilities - Overdraft | Long Term | 12.00 | IVR BB+/ Stable | -- | -- | -- |

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

Name and Contact Details of the Rating Team:

Name: Rushabh Shah

Mr. Amit Bhuwania

Tel.: (022) 6239 6023

Tel.: (022) 6239 6023

[Email: rpsah@infomerics.com](mailto:rpsah@infomerics.com)

[Email: abhuania@infomerics.com](mailto:abhuania@infomerics.com)

About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually



Press Release

widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are 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 us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors





Press Release

Annexure 1: Details of Facilities:

| Name of Facility | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Size of Facility (Rs. Crore) | Rating Assigned/ Outlook |
|---|------------------|------------------|----------------|------------------------------|--------------------------|
| Long Term Fund based facilities -Term Loan | -- | -- | Upto July 2027 | 23.00 | IVR BB+/Stable |
| Long Term Fund based facilities - Overdraft | -- | -- | -- | 12.00 | IVR BB+/Stable |