

Press Release

Vidya Educational Society

August 07, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 7.50 Cr.
Long Term Rating	ACUITE B- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE B-** (read as **ACUITE B minus**)' on the Rs.7.50 crore bank facilities of Vidya Educational Society. The outlook is '**Stable**'.

Vidya Educational Society is a Faridabad (Haryana) based trust that started Vidya Sanskar International School (VSIS) in 2006. VSIS is a Cambridge University affiliated 10+2 school. The school also provides hostel facility. The trust has 12 founding members.

Key Rating Drivers

Strengths

- Experienced management**

Vidya Sanskar International School (VSIS) was established in 2006 by Vidya Educational Society (VES) trust. The school is affiliated to Cambridge University and imparts education up to class XII. The President, Mr. Jai Parkash Gupta, supported by Mr. Shanti Parkash Gupta (Chairman) and Vice-Presidents- Mr. Vijay Parkash Gupta, Mr. Prem Parkash Gupta and Mr. Amit Gupta have experience of more than 15 years in managing the educational trust.

Weaknesses

- Declining scale of operations**

The trust has modest scale of operations with receipts of Rs.7.56 crore in FY2018 (Provisional) as against Rs.8.31 crore in FY2017. The school registered a loss of Rs.4.86 crore in FY2018 (Provisional) as well as in FY2017 of Rs.5.12 crore because of lesser admissions and children dropping out of school due to the board being unpopular in India and high competition. Acuite believes that the ability of the trust to maintain its revenue stream over the medium term will be key rating sensitivity.

- Weak financial risk profile**

The trust has weak financial risk profile as on 31 March, 2018 (Provisional) marked by negative corpus fund of Rs.50.12 crore due to accumulated losses. The net cash accruals also stood negative as on 31 March, 2018. Acuite believes that timely repayment of the debt obligations will be critical for VES marked by negative corpus and negative accruals.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of VES to arrive at the rating.

Outlook: Stable

Acuite believes that VES will maintain a 'Stable' risk profile over the medium term. The trust will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the trust registers substantial growth in scale of operations while registering sustained improvement in surplus. The outlook may be revised to 'Negative' in case of deterioration in scale of operations and capital structure.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	7.56	8.31	9.75
EBITDA	Rs. Cr.	(1.62)	0.33	(0.12)
PAT	Rs. Cr.	(4.86)	(5.12)	(3.76)
EBITDA Margin	(%)	(21.44)	3.92	(1.22)
PAT Margin	(%)	(64.34)	(61.54)	(38.59)
ROCE	(%)	(20.89)	(8.25)	(13.19)
Total Debt/Tangible Net Worth	Times	(1.26)	(1.37)	(1.39)
PBDIT/Interest	Times	(0.93)	0.09	(0.06)
Total Debt/PBDIT	Times	(39.13)	187.70	(540.01)
Gross Current Assets (Days)	Days	119	248	156

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Service Entities - <https://www.acuite.in/view-rating-criteria-8.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loan	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE B- / Stable (Assigned)
Overdraft	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE B- / Stable (Assigned)

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About Acuite Ratings & Research:

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