



Press Release

Master Nihal Singh Memorial Education Society

September 01, 2021

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	75.00	IVR D	Assigned
Total	75.00 (Seventy Five Crores Only)		

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of Master Nihal Singh Memorial Education Society derives comfort from experience of the management. The rating also factors its comfortable capital structure. However, these strengths are partially offset by delay in servicing of debt obligations, average debt protection metrics, deficit reported by the society, exposure to intense competition and stringent regulatory framework for the educational sector in India.

Key Rating Sensitivities:

Upward Factors

- Improvement in profitability and consequent increase in liquidity on a sustained basis
- Reduction in debt level with improvement in the capital structure and debt protection metrics
- Timely servicing of debt obligations

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced Management

The Chairman of the Management Committee, Mr. Raj Singh Gehlot is a fellow member of the Institute of Chartered Accountants of India and has over 33 years of experience in business, profession. Mrs. Sheela Gehlot, the Vice Chairperson of the Management Committee has over 28 years of experience in the business, administration & education. The



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Society benefits from experienced members of the governing body and by a team of qualified faculty members having considerable experience in the education sector.

Comfortable Capital Structure

The capital structure of the society remained comfortable mainly due to healthy corpus fund. The Society's networth stood at 120.45 Crores in FY21(Prov) as against Rs.110.35 Crores in FY20. Total indebtedness of the society also remained strong as reflected by TOL/TNW at 0.81x as on March 31, 2021(Prov) as against 0.73x in FY20.

Key Rating Weaknesses

Delay in servicing of debt obligations

The Society has defaulted in repayment of its obligations in bank loan facilities.

Average Debt Protection Metrics and Deficit Reported by the Society

The debt protection parameters remained at an average level i.e., ICR & DSCR at 1.20x & 1.21x in FY21(Prov) as against 1.32x & 1.33x in FY20 respectively. The Society reported net deficit of Rs.2.73 Crores as per FY21(Prov) as against net deficit of Rs.1.56 Crores in FY20.

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

The society faces intense competition from other institutions offering similar courses. Given the competition, the ability of the society 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.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Service Sector Companies

Financial Ratios & Interpretation (Non- Financial Sector)



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Liquidity –Stretched

Stretched liquidity marked by limited cushion between expected cash accruals and repayment obligation during the projected period. The Society reported GCA of Rs.1.82 Crores in FY21(Prov) as against repayment obligation of Rs.0.20 Crore. Further the society had cash and bank balances of Rs.0.54 Crore as on March 31, 2021(Prov).

About the Society

Master Nihal Singh Memorial Education Society was incorporated on 23rd October 2002 under the Societies Registration Act NCT of Delhi, New Delhi vide Certificate of Registration No. S-44172 of 2002 as a Trust with the main object of carrying on business of Education. The registered office of the Trust is situated at 1/7, Sarvapriya Vihar New Delhi-110016.

Financials (Standalone):

(Rs. Crore)

For the year ended* / As on	31-03-2020 (Audited)	31-03-2021 (Provisional)
Total Operating Income	16.36	13.60
EBITDA	11.71	10.57
PAT	-1.56	-2.73
Total Debt	77.96	77.84
Tangible Net worth	110.35	120.45
EBIDTA Margin (%)	71.61	77.72
PAT Margin (%)	-9.48	-19.98
Overall Gearing Ratio (x)	0.71	0.65

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Brickwork Ratings in its press release dated August 18, 2021 has migrated the rating of Master Nihal Singh Memorial Education Society to "Issuer Not Cooperating" category due to non-availability of adequate information.

Any other information: Nil



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Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Fund Based Bank Facilities – Term Loan	Long Term	75.00	IVR D	-	-	-

Name and Contact Details of the Rating Analyst:

Name: Mr. Deepak KumarName: Mr Om Prakash Jain

Tel: (011) 24601142Tel: (011) 24601142

Email: deepak.kumar@infomerics.comEmail: opjain@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 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.

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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 Bank Facilities- Term Loan	-	-	March, 2031	75.00	IVR D

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details <https://www.infomerics.com/admin/prfiles/Lender-MNSMES-01-09-21.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 5: Complexity level of the rated Instruments/Facilities

Sr No.	Instrument	Complexity Indicator
1.	Term Loan	Simple

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.