



Press Release

Master Nihal Singh Memorial Education Society

August 31st, 2023

Ratings

Sl. No.	Instrument/ Facility	Amount (Rs. Crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
1.	Long Term Bank Facility	75.00	IVR D	IVR D	Reaffirmed	Simple
	Total	75.00	Rupees Seventy Five Crore Only			

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has reaffirmed the rating of Master Nihal Singh Memorial Education Society at IVR D for the bank loan facility. The reaffirmation is on account of delay in servicing of debt obligations in last 12 months. Further, account has been classified as Non-Performing Asset (NPA) by Statutory Auditor of bank due to inherent weakness as confirmed by the bank

Key Rating Sensitivities:

Upward Factors

- Continuous timely servicing of debt obligations for at least 90 days.

List of Key Rating Drivers with Detailed Description

Key Rating Weaknesses

Delay in servicing of debt obligations

The Society has defaulted in repayment of its obligations in bank loan facilities. Now the bank has confirmed that account is regularised and account is upgraded as standard assets.



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Poor Debt Protection Metrics and Deficit Reported by the Society

The debt protection parameters remained at an average level i.e., ISCR & DSCR at 0.52x & 0.50x in FY23 (provisional) as against 1.36x & 1.28x in FY22 respectively. The Society reported net deficit of Rs.7.15 crore as per FY23 (provisional) as against net profit of Rs.0.35 crore in FY22.

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 Entities](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria on Default Recognition and Post-Default Curing Period](#)

Liquidity – Poor

As per the banker feedback, the society has defaulted in repayment of term loans in past 12 months. Further, account is under NPA category due to inherent weakness. Project is not generating enough cash flows to service its interest and instalments however party is depositing the funds from other sources.

About the Company

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



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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	31-3-2022	31-3-2023
	(Audited)	(Provisional)
Total Operating Income	16.26	9.39
EBITDA	12.44	4.15
PAT	0.35	-7.15
Total Debt	81.64	77.18
Tangible Net worth	130.72	123.72
EBIDTA Margin (%)	76.51	44.20
PAT Margin (%)	2.07	-75.74
Overall Gearing Ratio (x)	0.62	0.62

*Classification as per Infomerics` standards

Status of non-cooperation with previous CRA: Brickwork Ratings in its press release dated September 02nd, 2022 has reaffirmed the rating of Master Nihal Singh Memorial Education Society to "Issuer Not Cooperating" category due to non-availability of adequate information.

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (Aug 24,2022)	Date(s) & Rating(s) assigned in 2021-22(Sept 01,2021)	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loan	Long Term	75.00	IVR D	IVR D	IVR D	-



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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com.

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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 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/len-mnsmes-aug23.pdf>

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

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.