



Press Release

Silver Oak Shops & Offices Co. Op. Housing Society Limited

February 14, 2024

Ratings

Details of Facilities are in Annexure 1

Facilities	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities – Term Loans	78.60 (Reduced from 88.26)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	Upgraded	Simple
Long Term Bank Facilities – Term Loans – Fresh	17.52	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	Assigned	Simple
Long Term Bank Facilities – Overdraft	5.50	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	Upgraded	Simple
Long Term Bank Facilities – Bank Guarantee	6.00	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	Upgraded	Simple
Total	107.62 (Rupees One hundred seven crore and sixty two lacs only)			

Detailed Rationale

The upgradation of the ratings to the bank facilities of Silver Oak Shops & Offices Co. Op. Housing Society Limited (SOSOCOHS) factors in experienced board of management, Improvement in total number of student enrollment in FY23 resulting into increase in revenue and adequate infrastructure of the institute with experienced faculties. The ratings, however, are constrained by susceptibility to regulatory risks and intense competition.

Key Rating Sensitivities:

Upward Factors

- Improvement in enrolment ratio leading to improvement in the operating income and profitability on a sustained basis
- Improvement in the capital structure with reduction in debt level and/or improvement in debt protection metrics



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Downward Factors

- Dip in operating income and/or profitability due to decline in enrolment ratio impacting the debt protection metrics
- Deterioration in the capital structure and/or debt protection metrics and liquidity position

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced Board of Management**

The promoters of the society, the Silver Oak Group started their operations in the education sector in 2008. Mr. Shital Omprakash Agarwal, the main promoter and Chairman of SOSOCHS is highly experienced in the education sector with more than two decades of experience. He is actively involved in the management of the society with support from Ms. Poonam D Agarwal (Executive Director) also having experience for over one decade and Mr Janak Khandwala (Joint Executive Director). The day-to-day activities of the educational institutions are managed by respective principals under the guidance of society members.

- **Improvement in total number of students enrolled in FY23**

The number of students of colleges / institutes run by SOSOCHS has increased to 21552 in FY23 from 14201 in FY22. Incremental admission of 7882 students mainly attributed to increase in number of courses post receipt of university status to the society. The society's revenue increased by 24.54% in FY23 and improved from Rs.92.27 crore in FY22 to Rs.114.92 crore in FY23. Society reported total revenue of Rs.130.45 crore for 10MFY24.

- **Adequate infrastructure with association of experienced faculties**

The institutes under SOSOCHS have the privilege of having a number of experienced faculty members, which is essential in building a strong brand name and attracting quality students. Further, all the institutes under SOSOCHS have modern infrastructure including modern lab, canteen facilities and latest tools & technologies.



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Key Rating Weaknesses

Susceptibility to regulatory risks

The education sector is highly regulated and compliance with specific operational and infrastructure norms set by regulatory bodies are important. Any regulatory changes that impact the flexibility of society may adversely impact the revenue profile and cash accruals.

Intense competition

The education sector is highly fragmented with the presence of large number of small and big players due to high growth opportunities and Government's thrust on education for all. Therefore, the players in this industry are exposed to competition induced pressures on student enrolments and overall student strength. Society faces intense competition from reputed public and private institutes in the nearby states. This puts pressure on attracting / retaining talented students and faculty.

Analytical Approach: Standalone

Applicable Criteria:

[Criteria of assigning rating Outlook](#)

[Rating Methodology for Service Sector Companies](#)

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

[Criteria on default recognition](#)



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Liquidity – Adequate

The liquidity position of the society is expected to remain adequate as the society is expected to generate sufficient cash accruals to meet the repayment obligations during FY24. Current ratio and quick ratio were 2.38x as on March 31, 2023. Society has cash and bank balance of Rs.12.80 crore as on March 31st 2023.

About the Company

Silver Oak Shops & Offices Co. Op Housing Society (SOCOCHS), incorporated in 2006, manages Silver Oak University (setup in 2019) which has 16 institutes under it including Silver Oak College of Engineering and Technology (set up in 2009) and Aditya Silver Oak Institute of Technology (ASOIT) (set up in 2014) in Ahmedabad, Gujarat. SOSOCHS is managed by Mr Shital Omprakash Agrawal (Chairman), and Mrs Poonam D Agrawal (Executive Director) having an experience of more than a two decade and supported by qualified personnel.

The society also manages a National Skill Development Centre, a vocational training centre under the Skill India Campaign and an incubation centre. SOSOCHS had applied to set up the Private University for which it got approval by the state government on July 16, 2019.

Financials (Standalone)

(Rs. crore)

For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	92.27	114.92
EBITDA	34.27	39.25
PAT	22.79	22.92
Total Debt	102.29	133.88
Adj. Tangible Net Worth (Including Quasi Equity)	80.66	103.58
<u>Ratios</u>		
EBITDA Margin (%)	37.14	34.15
PAT Margin (%)	24.41	19.86
Adj. Overall Gearing Ratio(x)	1.27	1.29

*As per Infomerics' standards

Status of non-cooperation with previous CRA: None



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Any other information: Nil

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 (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23		Date(s) & Rating(s) assigned in 2021-22 (June 16, 2022)	Date(s) & Rating(s) assigned in 2020-21 (August 25 th 2020)
					November 30, 2022	August 31 st 2023		
1.	Term Loans	Long Term	78.60	IVR BBB/Stable	IVR BBB-/Stable	IVR BB+ (INC)	IVR BBB-/Stable	IVR BBB-/Stable
2.	Term Loans (Fresh)	Long Term	17.52	IVR BBB/Stable	-	-	-	-
3.	Overdraft	Long Term	5.50	IVR BBB/Stable	IVR BBB-/Stable	IVR A4+ (INC)	IVR BBB-/Stable	IVR BBB-/Stable
4.	Bank Guarantee	Long Term	6.00	IVR BBB/Stable	IVR BBB-/Stable	-	-	-

Name and Contact Details of the Analytical department:

Name: Jalaj Srivastava
Tel: (079) 40393043
Email: jalaj.srivastava@infomerics.com



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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



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Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loans	-	-	September 2030	78.60	IVR BBB/Stable
Term Loans (Fresh)	-	-	March 2030	17.52	IVR BBB/Stable
Overdraft	-	-	Revolving	5.50	IVR BBB/Stable
Bank Guarantee	-	-	-	6.00	IVR BBB/Stable

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

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-SilverOak-feb24.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.