



Press Release

Sahyog Charitable Trust

September 24, 2021

Ratings

Sl. No.	Instrument/Facility	Amount (Rs. Crore)	Rating	Rating Action
1	Long-Term Bank Facility-Term Loan	40.00	IVR BBB (CE) /Stable (IVR Triple B [Credit Enhancement] with Stable Outlook) *	Assigned
2	Long Term Bank Facility - Proposed	10.00	Provisional IVR BBB (CE) /Stable (Provisional IVR Triple B [Credit Enhancement] with Stable Outlook) *	Assigned and Withdrawn
	Total	50.00		

**CE rating is backed by shortfall undertaking from General Computer Services International (GCSI)*

Details of Facilities are in Annexure 1

Detailed Rationale

The aforesaid ratings assigned to the bank facilities of Sahyog Charitable Trust (SCT) derives strength from being a part of the Universal Education Group's (UEG) strong and diverse presence across the education sector and shortfall undertaking from General Computer Services International (GCSI, rated: IVR BBB+/Stable vide press release dated August 16, 2021). This shortfall undertaking results in credit enhancement in the rating of the said bank facilities to **IVR BBB (CE)/Stable Outlook (IVR Triple B [Credit Enhancement] with Stable Outlook)** against the unsupported rating of **IVR BB+/Stable (IVR Double B Plus with Stable Outlook)**. Further, the rating also continues to derive strength from its experienced board of trustees and strong management team, long track record of operations, satisfactory infrastructure with experienced faculties and satisfactory enrolment rates in the Institutes. The rating also factors in substantial improvement in financial performance of UEG during FY21. However, these rating strengths are partially offset by the leveraged capital structure of the group with moderate debt protection metrics. Further, the rating also note the group's susceptibility to regulatory risk and intense competition in the sector.

Infomerics has assigned Provisional IVR BBB (CE) /Stable (Provisional IVR Triple B [Credit Enhancement] with Stable Outlook to the proposed bank facilities of the entity upon pendency of transaction documents. However, the sanctioning of the said proposed facilities remained due and the provisional rating was subsequently withdrawn at the request of the entity.



Press Release

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
- Improvement in liquidity position

Downward factor:

- Dip in operating income and/or profitability due to decline in enrolment ratio impacting the debt protection metrics
- Higher than anticipated capital expenditure
- 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 Trustee with long track record

UEG has presence in the education sector since 2003 and runs 50 educational institutes across 30 entities and offers K-12 education, degree and technical courses. The group has its presence in Maharashtra, Karnataka and Tamil Nadu.

UEG was established under the Chairmanship of Mr. Jesus S.M. Lall who has over two decades of experience in the education sector. Mr. Jesus S. M. Lall, is a member of the International Advisory Committee of the Educational Institute of India; a Fellow of the Indian Institute of Educational Management; and 2005 “Educational Personality of the Year”. Apart from being the CEO of Universal Education, Mr. Lall is also a director of the NGO, S. M. Lall Foundation. The operations of the group are looked after by Mr. Jesus S.M. Lall. He is supported by the other trustees and a team of qualified and experienced professionals in managing the day-to-day affairs of the Group.

Diverse presence across the education sector through established schools and colleges offering varied diploma, graduation and post-graduation courses

UEG offers primary and secondary education, undergraduate courses like B. Tech, BBA, B. Com, LLB, diploma courses in engineering, diploma in elementary education, Bachelor of Education courses (B. Ed) and post-graduate courses like MBA, MCA, M. Com, etc. The engineering courses are approved by The All India Council for Technological Education



Press Release

(AICTE) with accreditation of NAAC B+ and the respective institutes are affiliated to the Mumbai University. The schools are affiliated to the Indian Certificate of Secondary Education (ICSE). The combined current strength of all the schools and colleges together is over 30,000+ students.

Satisfactory infrastructure coupled with experienced faculties

UEG has 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 the Group have modern infrastructure including but not limited to, transportation & canteen facilities and latest tools & technologies.

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. UEG has maintained a satisfactory enrolment rate over the past years in all its Institutes.

Substantial improvement in financial performance of the Group in FY21

TOI witnessed a y-o-y growth of 9.16% from Rs.262.55 crore in FY20 to Rs.286.61 crore in FY21 driven by increase in student headcount as well as revision in fee structure across all institutes in FY21 fiscal year. Also, increase in revenue from book, stationery and uniform added to the increase in TOI in FY21. Absolute EBITDA increased substantially from Rs.69.75 crore in FY20 to Rs.131.46 crore in FY21 resulting in increase in EBITDA margin from 26.57% in FY20 to 45.87% in FY21. The significant increase in EBITDA margin in FY21 is on account of various cost reduction initiatives taken by the management like 1. Rationalising electricity usage, 2. Centralised books and uniform purchase resulting in economies of scale, 3. Rationalising of transport routes, 5. Effective staff deployment, etc. With increase in EBITDA margin, PAT margin also increased significantly from 0.16% in FY20 to 21.44% in FY21. GCA improved from Rs.23.18 crore in FY20 to Rs.82.41 crore in FY21.

Shortfall undertaking from one of the Group entities, General Computer Services International (GCSI)

GCSI has extended shortfall undertaking for the bank facilities taken by SCT. GCSI is a part of UEG and manages a pre-primary school in Maharashtra. GCSI owns a school building which is managed by Vidya Vikas Education Trust (VVET). Hence the firm receives infrastructure sharing from VVET in the form of rental receipts. Going forward, Infomerics



Press Release

believes timely, need based financial support will also be extended by the shortfall undertaking provider, in case of pressure on cash flows.

Key Rating Weaknesses

Leveraged capital structure of the Group albeit improvement in debt protection metrics in FY21

The debt profile of the group majorly consists of term loans from banks, small amounts of unsecured loans and bank overdrafts. The overall gearing though improved marginally yet remained high at 1.88x as on March 31, 2021 as against an overall gearing of 2.65x as on March 31, 2020 [considering subordinated long term unsecured loans of Rs.31.78 crore as on March 31, 2020 and Rs.103.03 crore as on March 31, 2021 from directors and relatives as part of adjusted net worth]. With increase in profits, interest coverage ratio and total debt to GCA also improved from 1.44x and 21.29x respectively in FY20 to 2.75x and 7.26x respectively in FY21.

The group further intends to avail term loan to the extent of Rs.150.00 crore for construction of three new schools with international curriculum in Mumbai, Maharashtra which will become operational from September 2022 onwards. Out of Rs.150.00 crore, Rs.100 crore has been sanctioned and Rs.53.64 crore has been disbursed in FY21.

Susceptibility to regulatory risks

The education sector is highly regulated and compliance with specific operational and infrastructure norms set by regulatory bodies are important. Thus, regular investment in the workforce and infrastructure is needed to conduct the operations efficiently.

Intense competition

UEG 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:

Credit Enhancement (CE) rating: Assessment of the credit profile of GCSI provider of shortfall undertaking for servicing of the bank facilities of SCT.

For arriving at the rating of GCSI, Infomerics has consolidated the business and financial risk profiles of Vidya Vikas Education Trust, National Education Society, Maharashtra Samaj Ghatkopar, Universal Education Foundation, Super Value Properties Private Limited, SML Supervalue Education Private Limited, SML Properties Private Limited, JND Edu-Reality Private Limited, JND Edu-Management Services Private Limited, UTOPIA Hospitality Private



Press Release

Limited, UDAN Recreation Services Private Limited, JND Realcon Private Limited, SML Realtech Private Limited, Almighty Infrastructure Private Limited, SML Edu-Infra Private Limited, SAA Edu-Infra Services LLP, Abraham Memorial Education Trust, Alpha Foundation for Education and Research, Primus Trust, General Computer Services International, Universal Edu Infra Services Pvt Ltd, A. P. Greig Foundation Trust, AJL Edu-Solutions LLP, Agastya Edu-Reality LLP, Bombay Education Trust, Gareeb Vidyarthi Sahayak Mandal Trust, AJL Edu-Infra Services LLP, AJL Buildcon LLP, JND Edu Infra Services Private Limited and Sahyog Charitable Trust together referred to as the 'Universal Education Group' (UEG) as these entities are under a common management and have strong operational linkages and cash flow fungibility. The list of entities is given in **Annexure 2**.

Unsupported rating: Standalone

Applicable Criteria

Rating Methodology for Service Sector Companies

Rating Methodology for Structure Debt Transaction (Non-Securitisation Transaction)

Financial Ratios & Interpretation (Non-financial Sector)

Policy on Withdrawal

Liquidity: Adequate

The liquidity of the group is expected to remain adequate in the near term marked by sufficient cash accruals vis-à-vis its debt repayment obligations. Also, with resourcefulness of the Universal Education Group and its established presence, Infomerics, do not envisaged much difficulty for the Trust in meeting its debt obligations in the near term. The group had satisfactory free cash and cash equivalent of Rs.63.59 crore as on April 30, 2021. The current ratio also stood comfortable at 1.27x and 1.03x respectively as on March 31, 2020 and March 31, 2021.

About the Trust

Established in 2000 and taken over by the Universal Education Group, SCT is registered under the Bombay Public Trust Act 2000. The trust was formed for the purpose of setting up a new IB Curriculum school in Mumbai, Maharashtra which will be operational from September 2022 onwards. The detail of the proposed school is mentioned below:

S. No.	Name of School	Curriculum	Means of Finance (Rs. In Crore)	Present Status
--------	----------------	------------	---------------------------------	----------------



Press Release

1	Stellar World School, Goregaon	IB	Project Cost – 72.57 Bank funding - 50.00 Promoter's funding – 22.57	50%
---	--------------------------------	----	--	-----

About General Computer Services International

Established in 2003 as a partnership firm by Mr. Jesus Lall, GCSI is a part of the Universal Education Group and manages a pre-primary school in Maharashtra. GCSI owns a school building which is managed by Vidya Vikas Education Trust (VVET). Hence the firm receives infrastructure sharing from VVET in the form of rental receipts.

Following are the institutions managed by the General Computer Services International:

No	Institutions Name	Curriculum / Affiliations	Location
1	Universal Beginnings	UEG Curriculum	Goregaon, Mumbai
2	Universal Beginnings	UEG Curriculum	Ghatkopar, Mumbai

About UEG:

Founded by Mr. Jesus S.M. Mall, UEG has presence in the education sector since 2003 and runs 50 educational institutes across 30 entities and offers K-12 education, degree, and technical courses. The group is also coming up with three new schools with International Curriculum at Andheri, Bandra and Goregaon region of Mumbai, Maharashtra which will be operational from September 2022 onwards. While most of the entities are in education sector, some of them are asset holding and provides support services to the institutes. The group has its presence in Maharashtra, Karnataka, and Tamil Nadu.

Financials (Combined):

(Rs. crore)

For the year ended* / As On	31-03-2020	31-03-2021
	Combined	Combined
Total Operating Income	262.55	286.61
EBITDA	69.75	131.46
PAT	0.41	61.45
Total Debt	493.58	598.18
Adjusted Tangible Net worth	186.57	318.91
EBITDA Margin (%)	26.57	45.87
PAT Margin (%)	0.16	21.44
Overall Gearing Ratio (x)	2.65	1.88

*As per Infomerics' Standard



Press Release

Financials (Standalone):

(Rs. crore)

For the year ended* / As On	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	0.00	0.00
Total Income	0.01	0.01
EBITDA	0.00	0.00
PAT	0.00	0.00
Total Debt	0.00	0.00
Adjusted Tangible Net worth	10.00	9.63
EBITDA Margin (%)	NM	NM
PAT Margin (%)	NM	NM
Overall Gearing Ratio (x)	0.00	0.00

NM: Not Meaningful

*As per Infomerics' Standard

Financials of General Computer Services International (Standalone)

(Rs. Crore)

For the year ended* / As On	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	12.22	8.18
Total Income	12.22	8.18
EBITDA	6.01	6.94
PAT	0.84	1.13
Total Debt	39.59	48.85
Adjusted Tangible Net worth	27.10	24.83
EBITDA Margin (%)	49.18	84.82
PAT Margin (%)	6.85	13.76
Overall Gearing Ratio (x)	1.46	1.97

*As per Infomerics' Standard

Status of non-cooperation with previous CRA: Nil

Any other information: Infomerics initially assigned provisional rating to the bank facilities aggregating to Rs.50 crore of the entity upon pendency of transaction documents, however on subsequent receipt of acceptance of the ratings along with required transaction documents for Rs.40 crore converted the provisional rating to final rating for bank facilities of Rs.40 crore.

Rating History for last three years:



Press Release

Sr. No.	Name of Instrument/Facilities	Current Rating (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.	Term Loan	Long Term	40.00	IVR BBB (CE)/Stable Unsupported: IVR BB+/Stable	-	-	-
2.	Proposed Limit	Long Term	-	IVR BBB (CE)/Stable Unsupported: IVR BB+/Stable (Withdrawn)	-	-	-

***CE rating is backed by shortfall undertaking from General Computer Services International**

Name and Contact Details of the Rating Analyst:

Name: Ms. Harshita Didwania Tel: (033) 46022266 Email: hdidwania@infomerics.com	Name: Mr. Avik Podder Tel: (033) 46022266 Email: apodder@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. 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



Press Release

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.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	September 2032	40.00	IVR BBB (CE)*/Stable

***CE rating is backed by shortfall undertaking from General Computer Services International**

Annexure 2: List of entities considered for consolidated analysis

Name of the Company	Consolidation Approach
Vidya Vikas Education Trust	Full consolidation
National Education Society	Full consolidation
Maharashtra Samaj Ghatkopar	Full consolidation
Universal Education Foundation	Full consolidation
Super Value Properties Private Limited	Full consolidation
SML Supervalue Education Private Limited	Full consolidation
SML Properties Private Limited	Full consolidation
JND Edu-Realty Private Limited	Full consolidation
JND Edu-Management Services Private Limited	Full consolidation
UTOPIA Hospitality Private Limited	Full consolidation
UDAN Recreation Services Private Limited	Full consolidation
JND Realcon Private Limited	Full consolidation
SML Realtech Private Limited	Full consolidation
Almighty Infrastructure Private Limited	Full consolidation
SML Edu-Infra Private Limited	Full consolidation
SAA Edu-Infra Services LLP	Full consolidation
Abraham Memorial Education Trust	Full consolidation
Alpha Foundation for Education and Research	Full consolidation
Primus Trust	Full consolidation
General Computer Services International	Full consolidation
Universal Edu Infra Services Pvt Ltd	Full consolidation
A. P. Greig Foundation Trust	Full consolidation
AJL Edu-Solutions LLP	Full consolidation
Agastya Edu-Realty LLP	Full consolidation
Bombay Education Trust	Full consolidation
Gareeb Vidyarthi Sahayak Mandal Trust	Full consolidation
AJL Edu-Infra Services LLP	Full consolidation
AJL Buildcon LLP	Full consolidation
JND Edu Infra Services Private Limited	Full consolidation
Sahyog Charitable Trust	Full consolidation



Press Release

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/sahyog-charitable-lenders-24sep21.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	Complex

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.

