



Rating Rationale

Gyanmala Public Education Trust

29 Oct 2020

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 23.40 Crores of Gyanmala Public Education Trust.

Particulars

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (July, 2020)	Present
Fund based	23.40	23.40	Long Term	BWR BBB- (CE) Credit Watch With Negative Implications	BWR D
Total	23.40	23.40	INR Twenty Three crores and Forty Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for the definition of the ratings

** Details of bank facilities are provided in Annexure-I

RATING ACTION / OUTLOOK

Brickwork Ratings (BWR) has downgraded the rating of **Gyanmala Public Education Trust** to BWR D as the issuer failed to timely service the debt for pre and post moratorium (moratorium as specified by RBI - COVID moratorium scheme from 1st March 2020 to 31st August 2020) period as informed by the lending bank on 27th Oct 2020.

The credit enhancement (CE) is in the form of an unconditional and irrevocable corporate guarantee extended by Zee Learn Limited (ZLL) for the repayment obligations on bank facilities with an escrow mechanism with a T-2 funding commitment by the guarantor. BWR has revised the rating to unsupported from the CE rating as the guarantor is in financial stress and its credit profile has deteriorated materially leading to seeking One Time Restructuring of its own debt. As such no meaningful credit enhancement is available on account of the said guarantee.

KEY RATING DRIVERS

Credit Risks:

- Regulated nature of the Indian education industry that requires approvals from various government bodies for adding new courses and seats



- The overall performance, operations and liquidity of the issuer company are expected to be adversely impacted due to Covid related situations and restrictions on schools.
- The trust has applied for restructuring of its debt, unable to service the same in time.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

BWR has essentially relied on audited financials upto FY19, publicly available information and information/clarification provided by the issuer company's management, the performance of the credit enhancer ZLL and feedback from the lending bank.

RATING SENSITIVITIES

Going forward, the issuer company's ability to improve its revenue and EBITDA and manage its liquidity and overall financial performance remain key rating sensitivities.

Positive: The rating and outlook may be reviewed on curing of the default and material improvement in liquidity and overall financial performance of the company.

LIQUIDITY POSITION: Poor

The company's liquidity is currently "Poor" as it does not have sufficient cash flow to meet its debt obligation.

COMPANY PROFILE

Gyanmala Public Education Trust (GPET) was incorporated on 16 February 2009 and is registered with the office of the sub-registrar of Mormugao with registration no: 176 in the state of Goa. It is a part of the Zee/Essel group, promoted by Dr. Subhash Chandra. The main objective of the trust is to administer support and assist in the education of pre-primary, primary, secondary, higher secondary, school and college children, among others. Currently, GPET runs one school viz. Mount Litera Zee School Goa. GPET is affiliated to the CBSE board.

KEY FINANCIAL INDICATORS (in INR Crs)

FINANCIAL INDICATORS - Gyanmala Public Education Trust

Key Parameters	Units	FY 2018	FY 2019
Result Type		Audited	Audited
Total Operating Income	Rs. in crores	5.66	7.13
EBITDA	Rs. in crores	-2.07	-1.33
PAT	Rs. in crores	-4.07	-3.87
Corpus Fund (CF)	Rs. in crores	-7.61	-11.48
Total Debt	Rs. in crores	22.21	23.54
Total Debt/CF	Times	-2.92	-2.05

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY : NA

RATING HISTORY for past three years (Including suspension/Withdrawal)

Instrument	Current Rating			Rating History									
	Tenure (Long Term/ Short Term)	Amount (₹ Cr)	Rating	2020			2019			2018			2017
Term Loan (TL)	Long Term	19.40	BWR D	4th May 2020			01.02.2019			11.04.2018			NA
		4.00		TL	19.40	BWR A-(CE) Credit Watch with Negative Implications	TL	20.00	BWR A-(SO) Credit Watch With Developing Implications				
Overdraft (OD)	Long Term		4.00	BWR D	20th July 2020			14.09.2019			11.04.2018		
		TL			19.40	BWR BBB-(CE) Credit Watch with Negative Implications	TL	20.00	BWR A-(CE) Credit Watch With Developing Implications	OD	4.00	BWR A-(SO) Stable	
	Total	23.40											



Total Rupees Twenty Three Crores and Forty Lakh only.

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Service Sector](#)
- [Default recognition](#)

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Gyanmala Public Education Trust

ANNEXURE I

Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
1	Yes Bank	Overdraft	4.00	-	4.00
		Term Loan	19.40	-	19.40
TOTAL					23.40

Total Rupees Twenty Three Crores and Forty Lakh only.

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