



Rating Rationale

Zee Learn Education Society

29 Oct 2020

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 61.33 Crores of Zee Learn Education Society.

Particulars

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (July, 2020)	Present
Fund based	61.33	61.33	Long Term	BWR BBB- (CE) Credit Watch With Negative Implications	BWR D
Total	61.33	61.33	INR Sixty One crores and Thirty Three 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 Zee Learn Education Society 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 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 company’s management of ZLES, the performance of the credit enhancer ZLL and feedback from the lending bank.

RATING SENSITIVITIES

Going forward, the 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

Zee Learn Education Society (ZLES) was incorporated on 19 December 2008 and is registered with the office of the registrar of societies with registration no 2008 GBBSD 2619 and is also registered under the Bombay Trust Act 1950.

The main objective of the society is to administer support and assist in the education of pre-primary, primary, secondary, higher secondary, school and college children, among others. Currently, ZLES runs two schools, viz. Mount Litera Zee School Bhatinda and Mount Litera Zee School Nagpur. These two schools will be affiliated to the CBSE board.

KEY FINANCIAL INDICATORS (in INR Crs)

FINANCIAL INDICATORS - Zee Learn Education Society

Key Parameters	Units	FY 2018	FY 2019
Result Type		Audited	Audited
Total Operating Income	Rs. in crores	7.61	7.24
EBITDA	Rs. in crores	-3.57	-5.00
PAT	Rs. in crores	-9.85	-13.51
Corpus Fund (CF)	Rs. in crores	-23.60	-37.11
Total Debt	Rs. in crores	59.12	64.83
Total Debt/CF	Times	-2.51	-1.75

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	11.04.2018	2017										
Term Loan (TL)	Long Term	53.33	BWR D	04.05.2020	01.02.2019												
Overdraft (OD)		8.00		<table border="1"> <tr> <td>T</td> <td>55.00</td> <td rowspan="2">BWR A-(CE) Credit Watch with Negative Implications</td> </tr> <tr> <td>O</td> <td>8.00</td> </tr> </table>	T			55.00	BWR A-(CE) Credit Watch with Negative Implications	O	8.00	<table border="1"> <tr> <td>T</td> <td>65.00</td> <td rowspan="2">BWR A-(SO) Credit Watch With Developing Implications</td> </tr> <tr> <td>O</td> <td>8.00</td> </tr> </table>	T	65.00	BWR A-(SO) Credit Watch With Developing Implications	O	8.00
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				20.07.2020	14.09.2019	<table border="1"> <tr> <td>T</td> <td>65.00</td> <td rowspan="2">BWR A-(SO) Stable</td> </tr> <tr> <td>O</td> <td>8.00</td> </tr> </table>	T	65.00	BWR A-(SO) Stable	O	8.00	NA					
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Total		61.33															

Total Rupees Sixty One Crores and Thirty Three 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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Zee Learn Education Society

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	8.00	-	8.00
		Term Loan	53.33	-	53.33
TOTAL					61.33

Total Rupees Sixty One Crores and Thirty Three Lakh only.



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About Brickwork Ratings : Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI], offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,400 medium and large corporates and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Real Estate Developers, Urban Local Bodies and Municipal Corporations. BWR has Canara Bank, a leading public sector bank, as one of the promoters and strategic partners. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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