

October 13, 2017

## Deorani Devi Memorial Trust

### Summary of rated instruments

Instrument <sup>^</sup>	Rated Amount (in Rs. crore)	Rating Action*
Fund-based – Term Loan	14.13	[ICRA]B+ (Stable) ISSUER NOT COOPERATING*; Rating moved to the ‘Issuer Not Cooperating’ category
Non- Fund-based Untied limits	0.87	[ICRA]B+ (Stable)/ [ICRA]A4 ISSUER NOT COOPERATING*; Rating moved to the ‘Issuer Not Cooperating’ category
<b>Total</b>	<b>15.00</b>	

\* Issuer did not co-operate; based on best available information

<sup>^</sup>Instrument Details are provided in Annexure-1

### Rating action

ICRA has moved the rating for the Rs. 15.00-crore bank facilities of Deorani Devi Memorial Trust (DDMT) to the ‘Issuer Not Cooperating’ category. The rating is now denoted as: “[ICRA]B+ (Stable)/ [ICRA]A4 ISSUER NOT COOPERATING”.

### Rationale

The rating is based on no updated information on the entity’s performance since the time it was last rated in March, 2016. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating does not adequately reflect the credit risk profile of the entity. The entity’s credit profile may have changed since the time it was last reviewed by ICRA; however, in the absence of requisite information, ICRA is unable to take a definitive rating action.

As part of its process and in accordance with its rating agreement with UNL, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity’s management has remained non-cooperative. In the absence of requisite information, and in line with SEBI’s Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA’s Rating Committee has taken a rating view based on the best available information.

### Key rating drivers

#### Credit strengths

**Strong brand image of the Birla group in the field of education, with successful franchisee models running in different states** - The Deorani Devi Memorial Trust was incorporated as a public charitable trust on March 22, 2010. The trust currently runs a co-educational secondary school under the name ‘Open Minds - a Birla K-12 School’, under a franchisee agreement with Birla Edutech Limited (BEL). Open Minds has similar franchisees at other locations in India like Gaya, Gopalganj, Giridih, Kankarbagh, Hyderabad, etc. run by different trusts/ educational societies.

### Credit weaknesses

Attracting students, increasing fee per student, and retaining faculty are a challenge, given the highly competitive school education segment with similar franchisees of Birla Edutech Limited and other CBSE affiliated schools running in close proximity- DDMT remains exposed to the highly competitive school education segment with other CBSE-affiliated schools running in close proximity, thus making it a challenging proposition for it to attract students and increase fees per student.

**Analytical approach:** For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

### Links to applicable Criteria

[Corporate Credit Rating Methodology](#)

### About the company:

Deorani Devi Memorial Trust is a public charitable trust formed in March 2010. It currently runs a school in the name of 'Open Minds - a Birla K-12 School' in Patna, Bihar. It is in a franchisee agreement with Birla Edutech Limited, which has other similar ventures like Shloka School, Globe Tot'ers (Preschool), SPEED (for sports and physical education of children), Birla Institute for Teacher Training, in the sphere of education. The school commenced its operations from the academic session 2010-11.

### Key Financial Indicators

	<b>FY2014</b>	<b>FY2015</b>
Operating Income (Rs. crore)	4.45	6.01
PAT (Rs. crore)	0.49	1.33
OPBDIT/ OI (%)	31.32%	41.38%
RoCE (%)	14.41%	22.86%
Total Debt/ TNW (times)	1.15	0.96
Total Debt/ OPBDIT (times)	3.00	1.91
Interest coverage (times)	2.37	3.70
NWC/ OI (%)	12%	19%

*OI: Operating Income; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation; ROCE: PBIT/Avg (Total Debt + Tangible Net-Worth + Deferred Tax Liability - Capital Work - in Progress);*

*NWC: Net Working Capital*

**Rating history for last three years:**
**Table:**

S.No	Name of Instrument	Current Rating				Chronology of Rating History for the past 3 years		
		Type (Long term/ Short term)	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Month-year & Rating	Month-year & Rating in FY2017	Month-year & Rating in FY2016	Month-year & Rating in FY2015
					<b>October 2017</b>	-	<b>March 2016</b>	-
1	Term Loan	Long term	14.13	(Not available)	[ICRA]B+ (Stable) ISSUER NOT COOPERATING*	-	[ICRA]B+	-
3	Untied limits	Long term/ Short Term	0.87	(Not available)	[ICRA]B+ (Stable)/ [ICRA]A4 ISSUER NOT COOPERATING*	-	[ICRA]B+ (Stable)/ [ICRA]A4	-

\* Issuer did not co-operate; based on best available information

**Complexity level of the rated instrument:**

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [www.icra.in](http://www.icra.in)

**Annexure-1**  
**Details of Instrument**

<b>Instrument</b>	<b>Date of Issuance/ Sanction</b>	<b>Coupon rate</b>	<b>Maturity Date</b>	<b>Amount Rated (Rs. Crore)</b>	<b>Current Rating and Outlook</b>
Term Loan	-	-	-	14.13	[ICRA]B+ (Stable) ISSUER NOT COOPERATING*
Untied limits	-	-	-	0.87	[ICRA]B+ (Stable)/ [ICRA]A4 ISSUER NOT COOPERATING*

Source: Deorani Devi Memorial Trust

\* Issuer did not co-operate; based on best available information



## Analyst Contacts

**Mr. Jayanta Roy**  
+91 33 7150 1120  
[jayanta@icraindia.com](mailto:jayanta@icraindia.com)

**Mr. Sujoy Saha**  
+91 33 7150 1184  
[sujoy.saha@icraindia.com](mailto:sujoy.saha@icraindia.com)

**Mr. Sandipan Kumar Das**  
+91 33 7150 1190  
[sandipan.das@icraindia.com](mailto:sandipan.das@icraindia.com)

## Relationship Contact

**Mr. Jayanta Chatterjee**  
+91 33 7150 1100  
[jayantac@icraindia.com](mailto:jayantac@icraindia.com)

About ICRA Limited:

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001  
Tel: +91-11-23357940-50, Fax: +91-11-23357014

**Corporate Office****Mr. Vivek Mathur**

Mobile: +91 9871221122

Email: [vivek@icraindia.com](mailto:vivek@icraindia.com)

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002  
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

**Mumbai****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

3rd Floor, Electric Mansion  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai—400025,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: [jayanta@icraindia.com](mailto:jayanta@icraindia.com)

A-10 & 11, 3rd Floor, FMC Fortuna  
234/3A, A.J.C. Bose Road  
Kolkata—700020  
Tel +91-33-22876617/8839 22800008/22831411,  
Fax +91-33-22870728

**Chennai****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

5th Floor, Karumuttu Centre  
634 Anna Salai, Nandanam  
Chennai—600035  
Tel: +91-44-45964300; Fax: +91-44 24343663

**Bangalore****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

'The Millenia'  
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,  
Murphy Road, Bangalore 560 008  
Tel: +91-80-43326400; Fax: +91-80-43326409

**Ahmedabad****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

907 & 908 Sakar -II, Ellisbridge,  
Ahmedabad- 380006  
Tel: +91-79-26585049, 26585494, 26584924; Fax:  
+91-79-25569231

**Pune****Mr. L. Shivakumar**

Mobile: +91 9821086490

Email: [shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range  
Hills Road, Shivajinagar, Pune-411 020  
Tel: + 91-20-25561194-25560196; Fax: +91-20-  
25561231

**Hyderabad****Mr. Jayanta Chatterjee**

Mobile: +91 9845022459

Email: [jayantac@icraindia.com](mailto:jayantac@icraindia.com)

4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj  
Bhavan Road, Hyderabad—500083  
Tel:- +91-40-40676500