

September 23, 2014

Facilities	Amount (Rs. Crore)	Rating
Term Loan - I	3.00	SMERA B/Stable (Assigned)
Term Loan - II	15.00	SMERA B/Stable (Assigned)
Secured Overdraft	2.00	SMERA B/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B** (**read as SMERA single B**) to the Rs.20.00 crore bank facilities of Krishna Yogashram Trust (KYT). The outlook is '**Stable**'. The rating is constrained by the implementation risk inherent in the ongoing project of the trust. The rating is also constrained by the trust's exposure to intense competition in the education sector. However, the rating derives comfort from the healthy growth in fee receipts and operating profit margin of the trust. The rating also draws comfort from the moderate leverage and experienced management of the trust.

KYT, established in 1990, is a Jaipur-based trust engaged in running two schools and one college. KYT's existing schools have intake capacity of 3,000 students. The trust is setting up a new school at a project cost of ~Rs.27.00 crore. KYT has received sanction for term loan of Rs.18.00 crore (of which Rs.8.00 crore has been disbursed) for the new school project. The trust purchased land (for ~Rs.9.50 crore) for the upcoming project from the Jaipur Development Authority in 2013. The project is under implementation and design approval from local authorities is awaited. Any significant delay in project execution will impact the profitability and debt servicing capability of the trust. KYT faces intense competition from several other education institutes in Jaipur.

KYT's fee income has increased from Rs.3.93 crore in FY2010-11 (refers to financial year, April 01 to March 31) to Rs.7.98 crore in FY2013-14 on account of increase in student enrolment and steady hike in fees. The trust's operating profit margin increased from 17.61 per cent in FY2010-11 to 23.94 per cent in FY2012-13 on account of increase in fee receipts. However, KYT's net profit margin declined from 13.34 per cent in FY2010-11 to 11.57 per cent in FY2012-13 on account of increase in interest expenses. The trust's leverage is moderate at 1.64 times as on March 31, 2013. KYT benefits from its experienced management. Captain Ramchander Singh Rawat, founder of KYT, has around 10 years of experience in the education sector.

### **Outlook: Stable**

SMERA believes the outlook on KYT's rated facilities will remain stable over the medium term. The outlook may be revised to 'Negative' in case of lower-than-anticipated student enrolment, larger-than-expected debt-funded capex, deterioration in debt protection metrics or stretch in working capital cycle. The outlook may be revised to 'Positive' in case the trust achieves sustained improvement in financial profile while maintaining healthy student enrolment rate.

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## About the trust

KYT, established in 1990, is a Jaipur-based trust established by Captain Ramchander Singh Rawat. KYT currently owns and manages three educational institutes, including two schools and one college (under the name of Cambridge Court). The trust is setting up a new school in Jaipur.

For FY2012–13, KYT registered surplus of Rs.0.93 crore on fee receipts of Rs.7.98 crore, as compared with surplus of Rs.0.73 crore on fee receipts of Rs.5.42 crore for FY2011–12. KYT's corpus fund stood at Rs.5.54 crore as on March 31, 2013, as compared with Rs.4.60 crore a year earlier.

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