

Press Release

REVA (SUNIL) EDUCATION SOCIETY

February 22, 2018



Rating Upgraded

Total Bank Facilities Rated*	Rs. 7.50 Cr.
Long Term Rating	SMERA B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has upgraded the long-term rating to '**SMERA B**' (**read as SMERA B**) on the Rs. 7.50 crore bank facilities of REVA (SUNIL) EDUCATION SOCIETY. The outlook is '**Stable**'.

RES (registered under M.P. Society Registration Act, 1973) was established in 2015. Promoted by Mr. Sunil Patidar, Mr. Sunil Dora and Mr. Narendra Kumar Gole, RES is a non-profit organisation that plans to set up a CBSE affiliated co-educational school under the 'Saket International School' name in Barwani, Madhya Pradesh.

Key Rating Drivers

Strengths

• Experienced management

The trustees, Mr. Sunil Patidar, Mr. Sunil Dora and Mr. Narendra Kumar Gole have around a decade's experience in running educational institutions. Already three educational societies are currently under the names of Rudresh Education Society, Himani Education Society and Patidar Education Society. Their first school, Paramount Academy was set up in 2006. The schools are affiliated with the Central Board of Secondary Education (CBSE) and have classes up to 12th Standard.

• Moderate financial risk profile

The moderate financial risk profile of the society is marked by moderate networth, gearing and healthy debt protection metrics. The net worth stood at Rs.6.52 crore in FY2017, an increase from Rs.4.38 crore in FY2016, mainly on account of retention of current year profit. The gearing stood moderate at 1.31 times in FY2017. The Interest Coverage Ratio (ICR) stood healthy at 1.79 times in FY2017. The Debt Service Coverage Ratio (DSCR) of the society stood comfortable at 1.79 times in FY2017. The net cash accruals against total debt has been comfortable at 0.32 times in FY2017.

Weaknesses

• Stringent regulations

The society is exposed to the unfavourable changes in regulations governing the educational sector in India from time to time.

• Nascent stage of operations

Since the school opened in July, 2016, the operations are at a nascent stage.

Analytical Approach

SMERA has considered the standalone financial and business risk profile of the society.

Outlook: Stable

SMERA believes that RES will maintain a Stable outlook and benefit over the medium term from the extensive experience of the management. The outlook may be revised to 'Positive' if the scale of operations increases substantially resulting in improved accruals. Conversely, the outlook may be revised to 'Negative' if the society fails to achieve the expected revenue or undertakes significant debt funded capex further deteriorating the financial risk profile.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	4.12	0.00
EBITDA	Rs. Cr.	2.25	0.00
PAT	Rs. Cr.	0.38	0.00
EBITDA Margin (%)	(%)	54.55	0.00
PAT Margin (%)	(%)	9.20	0.00
ROCE (%)	(%)	13.89	0.00
Total Debt/Tangible Net Worth	Times	1.31	0.99
PBDIT/Interest	Times	1.79	0.00
Total Debt/PBDIT	Times	3.75	0.00
Gross Current Assets (Days)	Days	146	0

Status of non-cooperation with previous CRA (if applicable)

NA

Any other information

NA

Applicable Criteria

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Entities In Services Sector - <https://www.smerra.in/criteria-services.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smerra.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
24-Oct, 2017	Term Loan	Long Term	INR 7.5	SMERA B- (Indicative)
24-May, 2016	Term Loan	Long Term	INR 7.5	SMERA B- / Stable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	7.50	SMERA B / Stable

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