

Archisha Educational Trust: Assigned

Facilities	Amount (Rs Crore)	Rating/Outlook
Term Loan	5.50	SMERA BB+/Stable (Assigned)
Cash Credit	0.50	SMERA BB+/Stable (Assigned)
Proposed Long Term	8.00	SMERA BB+/Stable (Assigned)

SMERA has assigned long term rating of '**SMERA BB+**' (**read as SMERA double B plus**) on the Rs.14.00 crore bank facilities of Archisha Educational Trust (AET). The outlook is '**Stable**'.

The rating draws support from the experienced management. The rating also takes into account the modest financial risk profile marked by moderate operating margin, interest coverage and consistent increase in student strength. However, the rating is constrained by the limited track of operations, geographical concentration risk and exposure to intense competition in the education industry.

Archisha Educational Trust manages and runs the Archisha International School. The trust benefits from its experienced management. The promoters, Mrs. Uma Nigam and Mrs. Dolly Kumari have around a decades experience in the education industry.

However, the trust's financial risk profile reflects healthy operating margin of 72.14 percent as on March 31, 2016 (Provisional) as compared to 69.57 per cent in FY2014-15. The interest coverage ratio stood at 6.85 times in FY2015-16 (Provisional) as against 3.34 times in FY2014-15. The trust reported healthy gearing of 0.71 times as on FY2015-16 (Provisional) as compared to 0.83 times in FY2014-15 and net profit margin of 58.49 per cent in FY2015-16 (Provisional) as compared to 45.43 per cent a year earlier. SMERA also notes that the trust has reported consistent increase in student strength from 279 in FY2014-15 to 308 in FY2015-16. Also, the trust faces intense competition in the education industry.

Outlook-Stable

SMERA believes that the outlook on AET's rated facility will remain stable over the medium term on account of the trust's experienced management and moderate financial risk profile. The outlook may be revised to 'Positive' if the trust achieves better than expected growth in revenues and student strength. Conversely, the outlook may be revised to 'Negative' in case of decline in profitability or deterioration of capital structure.

Rating Sensitivity Factors

- Timely servicing of debt
- Increase in student enrollment

About the Trust

The Uttar Pradesh-based AET, is a non-profitable trust established in 2008. It is headed by Mrs. Uma Nigam and Mrs. Dolly Kumari and runs Archisha International School.

For FY2015-16 (Provisional), the trust reported net profit after tax of Rs.1.95 crore (Provisional) on total income of Rs.3.34 crore as against net profit after tax of Rs.0.73 crore on total income of

Rs.0.1.60 crore a year earlier. The net worth stood at Rs.5.64 crore as on March 31, 2016 (Provisional), as compared with Rs.3.69 crore a year earlier.

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ABOUT SMERA

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