

Bhoruka Charitable Trust: Assigned

Facilities	Amount (Rs Crore)	Ratings/Outlook
Term Loan	1.50	SMERA BB+/Stable (Assigned)
Term Loan	1.89	SMERA BB+/Stable (Assigned)
Term Loan	1.00	SMERA BB+/Stable (Assigned)
Cash Credit	1.50	SMERA BB+/Stable (Assigned)
Bank Guarantee	0.50	SMERA A4+ (Assigned)
Long Term (Proposed)	3.61	SMERA BB+/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA BB+**' (read as **SMERA double B plus**) to the Rs.9.50 crore long term (fund based) facilities and '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.0.50 crore short term (non-fund based) facility of Bhoruka Charitable Trust (BCT). The outlook is '**Stable**'.

The ratings draw support from the long track record of operations and experienced management. The ratings are also strengthened by the moderate financial risk profile marked by comfortable profitability, low gearing and healthy interest coverage. However, the ratings are constrained by the small scale of operations, stretched liquidity profile (93 per cent bank limit utilised from October 2015 to March 2016) and exposure to intense competition in the education industry.

The moderate financial risk profile is marked by revenue of Rs.23.35 crore with PAT of Rs.1.54 crore in FY2015-16. In the previous year, the revenue stood at Rs.17.06 crore with PAT of Rs.0.09 crore. The trust registered operating margin of 13.63 per cent in FY2015-16 against 6.83 per cent in FY2014-15. The PAT margin stood at 6.61 per cent in FY2015-16 against 0.54 per cent in FY2014-15. The trust reported comfortable gearing of 0.54 times in FY2015-16 and moderate interest coverage ratio of 2.71 times in FY2014-15. However, it faces intense competition from several players in the unorganised segment of the educational industry.

Outlook: Stable

SMERA believes that BCT will maintain a stable outlook over the medium term. The outlook may be revised to 'Positive' if the trust registers significant growth in scale of operations while achieving sustained improvement in its financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial profile on account of large debt-funded capital expenditure.

Rating Sensitivity Factors

- Scaling up of operations while maintaining margins
- Timely servicing of debt

About the Trust

BCT was incorporated in 1962 by Mr. P D Aggarwal. The trust is engaged in the execution of health, water and sanitation projects for the state governments of Rajasthan, Karnataka and Andhra Pradesh. It also manages schools and a degree college in Churu district, Rajasthan. Further, the trust has also established the Bhoruka Group of Industries. The current trustee of BCT is Dr. Ashok Agarwal.

For FY2015-16, BCT reported profit after tax (PAT) of Rs.1.54 crore on operating income of Rs.23.35 crore, as compared with profit after tax (PAT) of Rs.0.09 crore on operating income of Rs.17.06 crore in FY2014-15. The net worth stood at Rs.9.48 crore as on March 31, 2016 against Rs.7.79 crore a year earlier.

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ABOUT SMERA

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