

Press Release

Ujwal Trust

October 30, 2020

Rating Withdrawn



Total Bank Facilities Rated*	Rs. 20.00 Cr.
Long Term Rating	ACUITE BBB (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuite has withdrawn the long-term rating of '**ACUITE BBB**' (read as **ACUITE triple B**) on the Rs. 20.00 crore bank facilities of Ujwal Trust (UT). The rating is being withdrawn on account of request received from the company and NOC received from the banker and based on confirmations received as per Acuite's policy.

UT, a charitable and non-profit organisation was established in 1982, by Mrs. Anne Warrior, Dr. Geetha Narayanan and others. The trust runs Mallya Aditi International School and Srishti Institute of Art, Design and Technology at Bangalore. Mallya Aditi International School has its campus spread across 20,500 sq. m. and is affiliated to Council for Indian School Certificate Examinations Centre (Delhi) and Cambridge International Fellowship Centre (UK). The school offers classes from standard 1 to 12 and has around 600 students. The Srishti Institute of Art, Design and Technology is affiliated to Bengaluru Central University and Manipal University.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Ujwal Trust (UT) to arrive at a rating.

Key Rating Drivers

Strengths

- **Established track record of operations and experienced management**

Established in 1982, Ujwal Trust has been successfully running Mallya Aditi International School and Srishti Institute of Art, Design and Technology at Bangalore for the past two decades. The management possesses over two decades of experience in the education industry.

- **Healthy financial risk profile**

The financial risk profile is a healthy marked by modest net worth and comfortable debt protection measures. The net worth of the trust is high at Rs. 66.55 crore as on 31 March 2020 (Provisional) as against Rs. 48.59 crore as on 31 March 2019. The entity has no debt outstanding as on March 31, 2020 (Provisional). Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 0.43 times as on 31 March 2020 (Provisional) as against 0.73 times as on 31 March 2019. Interest Coverage Ratio (ICR) stood healthy at 61.34 times in FY2020 (Provisional) as against 34.78 times in FY2019.

Weaknesses

- **Exposure to intense competition**

The institutes under Ujwal Trust offer various graduate and undergraduate courses and run at almost full occupancy. However, it faces intense competition from other private institutions offering similar courses.

Liquidity Position: Adequate

The entity generated cash accruals of Rs. 20.26 crore for FY2020 (Provisional) against no maturing debt obligations for the same period. The firm maintains unencumbered cash and bank balances of Rs. 8.85

crore as on 31 March, 2020 (Provisional). The current ratio stood low at 2.93 times as on 31 March, 2020 (Provisional). The entity also has investments in bank deposits of Rs. 50.01 crore as March 31, 2020 (Provisional). Acuite believes that the liquidity of Ujwal Trust is likely to remain adequate over the medium term on account of healthy cash accrual and no repayments over the medium term.

Rating Sensitivities

Not Applicable

Outlook

Not Applicable

About the Rated Entity - Key Financials

	Unit	FY20 (Provisional)	FY19 (Actual)
Operating Income	Rs. Cr.	89.22	77.84
PAT	Rs. Cr.	17.97	10.39
PAT Margin	(%)	20.14	13.35
Total Debt/Tangible Net Worth	Times	-	0.21
PBDIT/Interest	Times	61.34	34.78

Any other information

Not Applicable

Any Material Covenants

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Entities In Services Sector - <https://www.acuite.in/view-rating-criteria-50.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
22-Aug-2019	Proposed Cash Credit	Long Term	7.00	ACUITE BBB / Stable (Upgraded from ACUITE BBB- / Stable)
	Cash Credit	Long Term	13.00	ACUITE BBB / Stable (Upgraded from ACUITE BBB- / Stable)
28-May-2018	Cash Credit	Long Term	18.00	ACUITE BBB- / Stable (Reaffirmed)
	Proposed Cash Credit	Long Term	2.00	ACUITE BBB- / Stable (Reaffirmed)
23-Mar-2017	Cash Credit	Long Term	5.00	ACUITE BBB- / Stable (Assigned)
	Proposed Cash Credit	Long Term	15.00	ACUITE BBB- / Stable (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	13.00	ACUITE BBB (Withdrawn)
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.00	ACUITE BBB (Withdrawn)

Contacts

Analytical	Rating Desk
Aditya Gupta Vice President Tel: 022-49294041 aditya.gupta@acuite.in Parth Pandit Analyst - Rating Operations Tel: 022-49294032 parth.pandit@acuite.in	Varsha Bist Senior Manager - Rating Desk Tel: 022-49294011 rating.desk@acuite.in

About Acuité Ratings & Research:

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