

Press Release

Lions Club Of Ankleshwar Industrial Area Community Trust

May 02, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 6.10 Cr.
Long Term Rating	SMERA B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B**' (read as **SMERA B**) on the Rs. 6.10 crore bank facilities of Lions Club Of Ankleshwar Industrial Area Community Trust. The outlook is '**Stable**'.

Lions Club of Ankleshwar Industrial Area Community Trust was established in 1993 by Mr. Deepak D.Ruparel (Chairman). The 21 member trust runs the Lions School affiliated to the Gujarat State Board with classes from pre -primary to standard XII. The trust has set up yet another school - Lions International Academy (CBSE) in 2011 with classes from pre- primary to standard X. The current student strength of the schools stand at around 3,300 and 900 respectively.

Key Rating Drivers

Strengths

- **Experienced management**

Lions Club of Ankleshwar Industrial Area Community Trust has over two decades of experience in the education industry. Mr. Deepak Rupa Rel is well supported by Mr. Vimal R.Jethwa (Vice-Chairman), J.K. Goswami (secretary) and 18 other trustees. The trust has been imparting education since 1993.

Weaknesses

- **Modest scale of operations**

The trust has modest scale of operations with receipts of Rs 4.97 cr in FY2016 as against Rs 3.76 cr in FY2015.

- **Stretched financial risk profile**

The trust has moderate financial risk profile as on 31 March, 2016 marked by moderate corpus fund of Rs 12.28 cr, comfortable interest coverage ratio of 4.43 times and low debt-equity of 0.31 times. However, going forward the financial risk profile is likely to remain stretched with annual repayment obligation of ~Rs 1.28 cr from April 2017.

- **Intense competition in the educational sector**

The trust faces competition from other schools in the locality.

Analytical Approach

For arriving at the rating, SMERA has considered the standalone business and financial risk profiles of the entity.

Outlook: Stable

SMERA believes that Lions Club of Ankleshwar Industrial Area Community Trust will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case the trust registers strong growth in receipts and increase in student enrolments.

Conversely, the outlook may be revised to 'Negative' in case of deterioration in the scale of operations and surplus or capital structure.

About the Rated Entity - Key Financials

For FY2016, Lions Club of Ankleshwar Industrial Area Community Trust achieved net surplus of Rs. 1.11 cr on total receipts of Rs.4.97 cr as compared with net surplus of Rs. 1.38 cr on total receipts of Rs. 3.76 cr in FY2015.

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

None

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	31-Mar-2022	6.07	SMERA B / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	0.03	SMERA B / Stable

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ABOUT SMERA

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