

Press Release

RBS RELIGIOUS ASSOCIATION

March 26, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 6.50 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 minus)**' on the Rs. 6.50 crore bank facilities of RBS RELIGIOUS ASSOCIATION. The outlook is '**Stable**'.

RBS Religious Association is a Bangalore based religious trust established in 2006. The trust is engaged to conduct religious programmes for the benefit of its members, general public and for the benefit of the whole of India. The trust conducts wide range of activities catering to the spiritual, cultural, charitable, community welfare and artistic interests of the people in and around North and West part of Bangalore.

Key Rating Drivers

Strengths

• Experienced Management

RBS Religious Association (RRA) was established in 2006 by Sri. K K Ramachandran (President) Sri. K R Krishnan (Vide-President) Sri R. K Sundaram (Secretary) Sri. S. Narayanan (Joint Secretary) Sri. L.S. Venkatesh (Treasurer) and others. The promoters have more than three decades of experience in the aforementioned line of business.

• Receipt of donations

The trust received donation of Rs. 4.35 crore as on 31 March 2017 as against Rs.4.04 crore as on 31 March 2016. The total tangible networth stood at Rs.4.42 crore as on 31 March 2017 as against Rs.4.05 crore in the previous year. The total debt stood at Rs.4.57 crore as on 31 March 2017 which mainly consists of long term loan of Rs.4.57 crore as on 31 March 2017.

Weaknesses

• Project implementation risk

The trust has undertaken the construction of building to be used for religious puja's and functions. The total project cost of Rs. 7.00 crore is expected to be funded through a term loan. The project is spread over the next 18 months and is expected to be completed by FY2020. Also completion of the project within the stipulated timelines and expected cost would also be a key credit monitorable.

• Small scale of operations

The scale of operations is small with stagnant operating income of Rs. 0.13 crore for FY2017 as well as FY2016. However, going forward SMERA expects the trust to register marginal growth in revenue supported by the capital expenditure. The trust has booked revenue of Rs. 0.11 crore during the period April 2017 to December 2017.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of RBS Religious Association to arrive at the rating

Outlook: Stable

SMERA believes that RRA will maintain a stable outlook owing to its long standing presence in Karnataka and experienced management. The outlook may be revised to 'Positive' if the scale of operations increases on the back of further increase in fee receipts, while maintaining its operating profitability and coverage indicators. Conversely, the outlook may be revised to 'Negative' if the society fails to achieve scalability of project risk or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded capital plan.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	0.13	0.13	0.11
EBITDA	Rs. Cr.	-0.02	-0.02	0.00
PAT	Rs. Cr.	0.00	-0.01	0.01
EBITDA Margin	(%)	-14.64	-15.54	-3.74
PAT Margin	(%)	-3.54	-4.61	6.22
ROCE	(%)	-0.05	-0.12	1.34
Total Debt/Tangible Net Worth	Times	0.85	1.13	0.00
PBDIT/Interest	Times	0.00	0.00	0.00
Total Debt/PBDIT	Times	-832.43	-766.55	0.00
Gross Current Assets (Days)	Days	231	260	346

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

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Entities In Services Sector - <https://www.smera.in/criteria-services.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	Not Applicable	6.50	SMERA B- / Stable

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ABOUT SMERA

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