

Press Release

Swami Atulanand Rachana Parishad

August 30, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 6.00 Cr.
Long Term Rating	ACUITE BBB / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE BBB** (read as ACUITE triple B) to the Rs. 6.00 crore bank facilities of Swami Atulanand Rachana Parishad. The outlook is '**Stable**'.

The Varanasi based, Swami Atulanand Rachana Parishad (SARP) was established in 1979 and is headed by Mr. Rahul Singh and Ms. Vanadana Singh. The trust is engaged in operating of educational institutes which includes two schools under the name 'St. Atulanand Convent School' and 'St. Atulanand Residential Academy', one undergraduate college by the name 'Swami Atulanand Hindu Mahavidyalay'.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of SARP to arrive at the rating.

Key Rating Drivers

Strengths

- **Healthy financial risk profile**

The financial risk profile of the trust is marked by healthy net worth, comfortable gearing and healthy debt protection measures. SARP has a healthy net worth of Rs.53.47 crore as on FY2018 (Provisional) as compared to Rs.42.07 crore in FY2017. The gearing stood negligible at 0.00 times in FY2018 (Provisional) as compared to 0.01 times in the previous year. The total debt of Rs.0.19 crore consists mainly of term loan from the bank. The debt protection measures stood healthy with Interest Coverage Ratio (ICR) of 492.12 times in FY2018 (Provisional) as compared to 161.10 times in FY2017. Debt Service Coverage Ratio (DSCR) stood comfortable at 492.12 times in FY2018 (Provisional) as compared to 161.10 times in previous year. Net Cash Accruals/ Total Debt (NCA/TD) levels stood at 67.14 times in FY2018 (Provisional) as compared 22.89 times in the previous year.

- **Healthy liquidity position**

The trust has healthy liquidity position marked by adequate cash accrual of Rs.12.96 crore in FY2018 (Provisional). The unencumbered cash and cash equivalents of Rs.3.90 crore in FY2018 (Provisional) also supports the liquidity of the trust.

- **Healthy operating margin and profitability**

The operating margin is healthy at 40.06 percent in FY2018 (Provisional) as compared to 35.12 percent in the previous year. The healthy operating margins are due to the nature of the education industry. The PAT margin stood comfortable at 40.65 percent in FY2018 (Provisional) as compared to 34.21 percent in previous year.

Weaknesses

- **Stringent regulatory framework for education sector in India**

The trust is subjected to the stringent regulatory framework for the educational sector in India as it is affiliated with the Central Board of Secondary Education (C.B.S.E).

Outlook: Stable

Acuité believes SARP will continue to benefit over the medium term from the healthy profitability of the trust. The outlook may be revised to 'Positive' if there is a substantial increase in the operating income while maintaining its profitability leading to improvement in its financial risk profile. A considerable increase in the number of students would result in increased operating income. Conversely, the outlook may be revised to 'Negative' in case of intense competition, or a significant drop witnessed in the student enrolment.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	28.05	21.96	16.17
EBITDA	Rs. Cr.	11.24	7.71	4.25
PAT	Rs. Cr.	11.40	7.51	3.98
EBITDA Margin	(%)	40.06	35.12	26.26
PAT Margin	(%)	40.65	34.21	24.58
ROCE	(%)	23.78	19.56	22.82
Total Debt/Tangible Net Worth	Times	0.00	0.01	0.01
PBDIT/Interest	Times	492.12	161.10	476.08
Total Debt/PBDIT	Times	0.01	0.04	0.07
Gross Current Assets (Days)	Days	111	123	41

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

Not Available

Any other information

Not Available

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Entities In Services Sector - <https://www.acuite.in/view-rating-criteria-8.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.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
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	6.00	ACUITE BBB / Stable

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About Acuité Ratings & Research:

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