

Press Release

Sunbeam Infotech Private Limited

December 11, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 11.00 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) on the Rs. 11.00 crore bank facilities of Sunbeam Infotech Private Limited. The outlook is '**Stable**'.

The Pune-based, Sunbeam Infotech Private Limited (SIPL) was incorporated in 2000 by Mr. Sarang S. Patil and Mrs. Rachana Sarang Patil. SIPL is an Authorized Training Centre (ATC) to conduct various courses designed by Centre for Development of Advanced computing (C-DAC). These courses are Diploma in Advance Computing (DAC), Diploma in Mobile Computing (DMC), Diploma in Embedded Systems and Designs (DESD) and Diploma in Big Data Analytics (DBDA).

Recently, SIPL has set up a new expansion project to increase its occupancy level to start with new set of courses offered by C-DAC and some other preparatory courses. The operations are expected to start by August 2019.

Analytical Approach

Acuité has taken the standalone view of the financial and business risk profile of SIPL to arrive at the rating.

Key Rating Drivers

Strengths

• Established track record of operations and experienced management

SIPL has been in operation for 18 years and promoted by Mr. Sarang S. Patil (B.E. - Mech., M.B.A. - Finance) and Mrs. Rachana Sarang Patil (M.B.A. - HR, M.S. - Psychotherapy), having experience of almost two decades in the field of education. The promoters are being supported by team of 58 technically qualified faculties.

Acuité believes that SIPL will sustain its existing business profile on the back of established track record of operations and experienced management.

• Association with C-DAC

SIPL offers four courses designed by C-DAC. Further, C-DAC has given letter of intent to operate with 10 courses provided approval is required after implementation of new project. Acuité believes that the association with C-DAC will provide revenue visibility in near to medium term.

Weaknesses

• Project implementation risk

SIPL has set up new project. The total estimated cost of this project is Rs.18.80 crore. The project funding includes term loan of Rs.9.80 crore and balance by promoter's contributions. The project work has been initiated and is expected to commence its operations from August 2019; any delay would impact the debt servicing ability of the institute. Notwithstanding the benefits of the debt funded capex, timely completion and stabilisation of the project will remain key rating sensitivities.

• Stringent regulatory framework

The education industry in India is regulated by various agencies such as AICTE, NAAC and UCG under the State and Central Government. The compliance is highly regulated and marked with entry, operation and

exit barriers at each level which can impact the revenues and profitability.

• **Intense competition and fragmented nature of business**

The institute is exposed to intense competition from other authorised training institutes located in Pune, which is an educational hub, and its surrounding area. However, in face of such regulatory framework, Acuite believes that SIPL is well positioned on account of its longstanding and quality education to students.

Outlook: Stable

Acuite believes that SIPL will maintain a 'Stable' outlook from its experienced management and association with C-DAC in the medium term. The outlook may be revised to 'Positive' if there is more than expected increase in the revenue. Conversely, the outlook may be revised to 'Negative' if the institute fails to achieve the scalability amidst intensifying competition in the area of operation or if financial risk profile or working capital cycle deteriorates.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	6.59	5.83	4.97
EBITDA	Rs. Cr.	1.39	1.49	0.82
PAT	Rs. Cr.	0.83	0.71	0.31
EBITDA Margin	(%)	21.08	25.47	16.59
PAT Margin	(%)	12.64	12.25	6.28
ROCE	(%)	21.15	25.83	22.77
Total Debt/Tangible Net Worth	Times	0.04	0.04	0.00
PBDIT/Interest	Times	130.80	54.77	99.34
Total Debt/PBDIT	Times	0.17	0.13	0.01
Gross Current Assets (Days)	Days	144	91	93

Any other information

Not Applicable

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 Long Term Loan	Not Applicable	Not Applicable	Not Applicable	9.80	ACUITE B+ / Stable
Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	1.20	ACUITE B+ / Stable

Contacts

Analytical	Rating Desk
<p>Avadhoot Mane Senior Analyst - Rating Operations Tel: 022 49294022 avadhoot.mane@acuiteratings.in</p> <p>Simranjeet Kaur Analyst - Rating Operations Tel: 02249294023 Simranjeet.Kaur@acuiteratings.in</p>	<p>Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in</p>

About Acuité Ratings & Research:

Acuité Ratings & Research Limited (erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité.