



Press Release
SHREE SWAMINARAYAN GURUKUL
October 29, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	45.00	ACUITE BBB+ Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	45.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of 'ACUITE BBB+' (read as ACUITE triple B plus) on the Rs.45.00 Cr. bank facilities of Shree Swaminarayan Gurukul. The outlook is 'Stable'.

Rationale for Rating

The rating takes into cognizance long track record of operations and healthy business risk profile, healthy financial risk profile and adequate liquidity position; these strengths are however partly offset by competitive nature of education industry.

About the Company

Incorporated in 1996, Shree Swaminarayan Gurukul is based in Telangana and is engaged in running seventeen schools across India. Mr. Swami Devkrishnadasji and Mr. Sadhu Devprasad Das are the chairman and Vice Chairman of the school respectively. The trustees include Mr. Sadhu Nityaswarupdas, Mr. Sadhu Krushnacharandas, Mr. Sadhu Shukavallabhadas, Mr. Nanajibhai Patel, Mr. Harjivanbhai Patel, Mr. Patel Laljibhai Patel, Mr. Patel Tulshibhai Keshavbhai, Mr. Bhangadiya Kailash Narayan, Mr. Patel Shivilal and Mr. Dhirjlal Jerambhai Babariya.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of Shree Swaminarayan Gurukul to arrive at the rating.

Key Rating Drivers

Strengths

Healthy revenues and operating profitability

The revenues of the trust have increased to Rs. 163.92 Cr. as on March 31, 2024 (Prov.) from Rs. 125.11 Cr. as on March 31, 2023 on account of opening new schools at Telangana and Bhilai. The operating profitability have remained stable at 43.86 percent as on March 31, 2024 (Prov.) as compared to 43.54 percent as on March 31, 2023 due to absorption of fixed costs

The school also plans to open four more branches in Delhi, Tirupathi, Vishakhapatnam and Honnur in about three to four years to be funded by a mix of internal accruals and term loan.

Healthy financial risk profile

The financial risk profile is healthy marked by comfortable net worth, moderate gearing and comfortable debt protection metrics. The tangible net worth stood at Rs.282.56 Cr. as on March 31,2024(Prov.) as compared to Rs. 232.26 Cr. as on March 31,2023 due to accretion of reserves. Gearing stood comfortable at 0.18 times as on March 31, 2024(Prov.) as compared to 0.11 times as on March 31, 2023. The TOL/TNW stood at 0.24 times as on March 31,2024(Prov.) as compared to 0.18 times as on March 31, 2023. Acuite believes that the trustee's financial risk profile will remain at a healthy level in medium term backed by steady cash accruals.

Weaknesses

Highly regulated and competitive industry

The education sector is highly regulated with the government deciding on the maximum student intake, fees, mandatory facilities and faculty strength. Any adverse government regulations may impact the school's revenue growth and accruals. The student-teacher ratio is within the stipulated norms for all the institutions. However, considering that they have an established brand presence and has been consistently producing academic achievements, the school has been insulated from the competition, to some extent.

Rating Sensitivities

- Movement in the revenues and profitability margins
- Capex plans

Liquidity Position

Adequate

The liquidity is adequate marked by steady net cash accruals of Rs. 72.07 Cr. as on March 31, 2024(Prov.) as compared to Rs. Rs. 56.28 Cr. as on March 31, 2023. The cash and bank balances stood at Rs. 36.58 Cr. as on March 31, 2024(Prov.) as compared to Rs. 20.75 Cr. as on March 31, 2023. The current ratio stood at 2.88 times as on March 31, 2024(Prov.) as compared to 1.85 times as on March 31, 2023. Acuité believes that going forward the liquidity position of the school will remain adequate in the near to medium term.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	163.92	125.11
PAT	Rs. Cr.	50.30	41.92
PAT Margin	(%)	30.68	33.51
Total Debt/Tangible Net Worth	Times	0.18	0.11
PBDIT/Interest	Times	27.44	298.00

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

None

Any other information

None

Applicable Criteria

- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History:Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Federal Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Jan 2030	45.00	Simple	ACUITE BBB+ Stable Assigned

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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