



## Rating Rationale

### Mamata Educational Society

31May2019

**Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹.12.00 Crores of Mamata Educational Society.**

#### Particulars

| Facility              | Amount(₹ Crs) | Tenure                        | Rating Recommended                    |
|-----------------------|---------------|-------------------------------|---------------------------------------|
| <b>Non-fund Based</b> |               |                               |                                       |
| Bank Guarantee        | 1.40          | Short Term                    | BWR A3<br>(Pronounced as BWR A Three) |
| Existing              | 10.60         |                               |                                       |
| Proposed              |               |                               |                                       |
| <b>Total</b>          | <b>12.00</b>  | <b>INR Twelve Crores Only</b> |                                       |

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

#### Rating : Assigned

##### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial results up to FY18 and publicly available information and information/clarifications provided by the management.

The rating, inter alia, has factored the long track record, management experience, moderate net worth with low gearing level, increased gross receipts increased profit Y-O-Y. sufficient corpus fund, satisfactory infrastructure facilities, qualified faculty, diversified presence across various educational streams and established operational track record of the Society, However the rating is constrained by, staff attrition risk, and regulatory & political risks inherent in the industry.

Going forward, the ability of the society to recruit and retain experienced faculty, increase student enrolments, ensure the availability of adequate infrastructure, strengthen its credit profile and manage its working capital efficiently will be the key rating sensitivities.

### Description of Key Rating Drivers

#### Credit Strengths:

- Established track record.
- Professional management.
- Diversified presence across various streams and student enrollment.
- Educational society total receipts has increased from ₹ 77 Crs in FY17 to ₹ 96 Crs in FY18.
- Operating surplus increased from ₹ 22 Crs in FY17 to 32 Crs in Fy18.
- Profit is increasing Y-O-Y exponential.
- Corpus fund has increased from ₹ 149 Crs in FY17 to ₹181.5 Crs in FY18.
- Net fixed assets increased ₹ 102.7 Crs in FY18 because of construction of facilities for the educational society.

#### Credit Risks:

- Vulnerability to Regulatory risk associated with the Education Sector.
- Exposure to intense competition.

### Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

#### Rating Outlook: Stable

BWR believes the **Mamata Educational Society** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

#### About the Educational Society

Mamata Educational Society was established in May 1992 by Sri Puvvada Nageswara Rao. Educational and healthcare institutes with establishment of Dental and Nursing Colleges and commencement of postgraduate courses in all the 20 Medical specialities, 7 Dental specialities and 5 Nursing Specialities, upgradation of Mamata General Hospital to 840 bedded teaching hospital with 150 annual intake. Establishment of Mamata Super Specialty Hospital with its service in year 2003 with the departments Urology, Neurology, Neurosurgery, Paediatric surgery, Cardiology and Cardiothoracic Surgery. It is the first hospital to offer Cardiothoracic Surgery services in Khammam district.

### Company Financial Performance

Educational society total receipts has increased from ₹ 77 Crs in FY17 to ₹ 96 Crs in FY18. Operating surplus increased from ₹ 22 Crs in FY17 to 32 Crs in Fy18. Profit is increasing Y-O-Y exponential. Corpus fund has increased from ₹ 149 Crs in FY17 to ₹181.5 Crs in FY18. Net fixed assets increased ₹ 102.7 Crs in FY18 because of construction of facilities for the educational society.

### Key Financial Indicators

| Key Parameters                | Units | 2018    | 2017    |
|-------------------------------|-------|---------|---------|
| Result Type                   |       | Audited | Audited |
| Operating Revenue             | ₹ Cr  | 105.17  | 94.26   |
| EBITDA                        | ₹ Cr  | 4.60    | 3.54    |
| PAT                           | ₹ Cr  | 1.31    | 1.33    |
| Tangible Net worth            | ₹ Cr  | 181.52  | 148.98  |
| Total Debt/Tangible Net worth | Times | 0.00    | 0.00    |
| Current Ratio                 | Times | 6.16    | 9.04    |

### Rating History for the last three years

| S.No | Facility   | Current Rating |                |  | Rating History |      |      |
|------|--|----------------|----------------|--|----------------|------|------|
|      |  | Type           | Amount (₹ Crs) | Rating   | 2018           | 2017 | 2016 |
|      | Non-fund Based<br>Bank Guarantee<br>Existing<br>Proposed | Short<br>Term  | 1.40<br>10.60  | BWR A3<br>(Pronounced as<br>BWR A Three )<br>Outlook: Stable | Not Rated      |      |      |
|      | <b>Total</b>   |                | <b>12.00</b>   | <b>INR Twelve Crores Only</b>                                |                |      |      |

Status of non-cooperation with previous CRA :NA

Any other information:NONE



## Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Service Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

| Analytical Contacts  | Investor Contacts  |
|--|--|
| <p><b>K S Nagaraj</b><br/>Associate Director - Ratings<br/>B : +91 80 4040 9940<br/><a href="mailto:nagaraj.ks@brickworkratings.com">nagaraj.ks@brickworkratings.com</a></p> <p><b>Radha. G</b><br/>Ratings Analyst<br/>B : +91 80 4040 9940<br/>Ext :319<br/><a href="mailto:radha.g@brickworkratings.com">radha.g@brickworkratings.com</a></p> | <p><b>Satish Nair</b><br/>Director - Global Market Development &amp; Investor Relations<br/>M : +91 7738875550<br/>B : +91 80 6745 6666<br/><a href="mailto:satish.n@brickworkratings.com">satish.n@brickworkratings.com</a></p> |
| 1-860-425-2742   |  |

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### Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

### About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.



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