

Rating Rationale

VADANTA FOUNDATION SOCIETY

13 March, 2018

Brickwork Ratings assigns ratings for the long term bank loan facilities of Vadanta Foundation Society

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Assigned rating
Fund Based Term Loan (O.S) O.D. Limit	8.63 1.00	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook : Stable
Total	Rs 9.63 Crores (INR Nine Crores and Sixty Three Lakh Only)		

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings.

Long Term Rating Assigned at BWR B+

Rationale/Description of Key Rating Drivers/Rating sensitivities:

While assigning the rating of Vadanta Foundation Society (VFS or 'the Society'), BWR has factored in the Society's profitability margins, and availability of necessary school infrastructure. The Society operates two senior secondary schools in Jaipur which are affiliated to CBSE. However, the rating is constrained by small scale of operations, small corpus base, high gearing, modest debt service indicators and low liquidity profile.

Key Rating Drivers

Credit Weakness

- The rating is constrained by small scale of operations with revenues of Rs. 8.48 crores with net surplus of Rs. 0.42 crores in FY17.
- Small corpus base of Rs.1.60 crores in FY17.
- High gearing with TOL/TNW of 7.44x in FY17.
- Modest debt service indicators with Interest Service Coverage Ratio of 1.95x and Debt Service Coverage Ratio of 1.32x in FY17.
- Low liquidity profile with current ratio of 0.75x in FY17.
- The society is backed by corpus of Rs 1.60 crores in FY17 that include reserve and surplus of Rs 1.60 crores in FY17.

Credit Strengths:

- Experienced management as the promoters were traditionally engaged in education.

b) Comfortable Net profit margins of 4.90% and operating profit margins of 41.12% in FY17.

Rating Outlook: Stable

BWR believes the **Vadanta Foundation Society's** *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.

Analytical Approach

BWR has factored in the standalone business parameters and financial risk profile of the Society to arrive at the rating. Reference may also be made to the Rating Criteria hyperlinked below.

About the Company

Vadanta Foundation Society was founded in March 2011. The Society is running a school with the name of Vadanta International School with two branches; one at Govindpura, Jaipur (Nursery to Eight class) and other branch at Hathoj (Nursery to Twelfth class). The school is affiliated to CBSE and follows the syllabus according to CBSE Curriculum.

Company Financial Performance

Total Receipts improved from Rs 4.83 Cr in FY16 to Rs 8.48 Cr as per FY17 and net surplus declined from Rs 0.52 Cr in Fy16 to Rs 0.42 Cr as per FY17

Key Financial Ratios

	FY16	FY17
Total Receipts	Rs 4.83 Cr	Rs 8.48 Cr
EBIDTA	Rs 0.61 Cr	Rs 3.49 Cr
Net surplus	Rs 0.52 Cr	Rs 0.42 Cr
Corpus	Rs. 1.18 Cr	Rs. 1.60 Cr
Total Debt : Corpus	6.59 times	7.44 times
Current Ratio	0.33 times	0.75 times

Rating History for the last three years: (including withdrawn/suspended ratings)

S.No	Instrument/ Facility	Current Rating (FY 2018)			Rating History		
		Type	Amount (Rs Crs)	Rating	FY 2017	FY2016	FY2015
1	Term Loan (O.S)	Long Term	8.63	BWR B+ (Pronounced as BWR Single B Plus) Outlook : Stable	NA	NA	NA
	O.D. Limit		1.00		NA	NA	NA
		Total	Rs 9.63Crores (INR Nine Crores and Sixty Three Lakhs Rupees Only)				

* FY refers to the period from 1st April to 31st March each year

Status of non-cooperation with previous CRA (if applicable) – Crisil Ratings- Issuer Not Cooperating; 19 Dec 2017

Any other information - NIL

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach To Financial Ratios](#)
- [Services Sector](#)
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For print and digital media

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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 Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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