



Press Release

Periyasamy Pillai Educational Trust

February 16, 2021

Ratings

Sl. No.	Facilities	Amount (Rs. Crore)	Ratings	Rating Action
1.	Long Term Bank Facilities- Fund Based	13.62	IVR BBB-/Stable Outlook (Pronounced as IVR Triple B minus with Stable Outlook)	Assigned
2.	Short Term Bank Facilities- Fund Based	22.00	IVR A3/Stable Outlook (Pronounced as IVR Single A Three)	Assigned
	Total	35.62		

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Periyasamy Pillai Educational Trust (PPET) derive strength from experienced board of trustee, satisfactory infrastructure with association of experienced faculties, and stable financial position. However, the ratings are challenged by modest scale of operations, limited brand image, and susceptibility to regulatory risks.

Key Rating Sensitivities:

Upward Factor:

- Improvement in enrolment ratio and hostel occupancy ratio coupled with increase in no. of seat intake for various courses leading to improvement in the operating income and profitability on a sustained basis
- Improvement in the capital structure with reduction in debt level and/or improvement in debt protection metrics

Downward factor:

- Dip in operating receipt and/or surplus due to decline in enrolment ratio impacting the debt protection metrics and liquidity profile.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Experienced Board of Trustee

Periyasamy Pillai Educational Trust (PPET) is a Chennai-based educational trust which was established in the year 2004 and is currently providing educational Services through Educational Institutions imparting education in various streams under the brand name of “Apollo” namely Apollo College of Pharmacy (affiliated to The Tamil Nadu Dr. M.G.R. Medical University, Chennai), Apollo Arts & Science College (affiliated to University of Madras, Chennai), Apollo Engineering College affiliated to Anna University, Chennai), Apollo Polytechnic College (affiliated to DOTE), Apollo College of Education (affiliated to Tamil Nadu Teachers Education University, Chennai), and Apollo Vidyashram (affiliated to CBSE, New Delhi). Mr. P Subramani is founder of the trust and he is supported by the other trustees and a team of qualified and experienced professionals in managing the day to day affairs of the trust.

Satisfactory infrastructure with association of experienced faculties

PPET has the privilege of having a number of experienced faculty members, which is essential in building a strong brand name and attracting quality students. Further, the institute has modern infrastructure including furnished hostels for boys and girls, transport & canteen facilities and latest tools & technologies.

Stable Financial Position

There has been a significant increase in surplus margins as well. EBITDA margin and PAT margin have increased to 47.83% and 18.43% respectively in FY 2020 (provisional) as compared with 35.37% and 9.86% respectively in FY 2019. Gearing ratio has improved in FY20 to 0.70x from 0.96x in FY19, owing to significant decrease in debt to Rs. 53.82 crore in FY20 (provisional) from Rs. 65.80 crore in FY19. Overall gearing ratio was low and has also eased owing to decrease in Total Debt but due to increase in creditors and other liabilities, the Total indebtedness marked by TOL/TNW was also low at 0.91x in FY 2020 (provisional). Debt repayment metrics were



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comfortable with DSCR at 2.35x and Interest Coverage ratio at 3.83x for FY20 (provisional).

Key Rating Weaknesses

Modest small scale of operations

PPET has recorded considerable growth in scale of operations over the past three years with satisfactory enrolment rate in its institute, the scale of operation continues to be modest with revenue of Rs. 45.72 crore in FY20 provisional.

Limited brand image

PPET offers a variety of courses still it has a limited brand image unlike other more renowned universities due to which its ability is limited in attracting students on pan-India basis.

Susceptibility to regulatory risks

The education sector is highly regulated and compliance with specific operational and infrastructure norms set by regulatory bodies are important. Thus, regular investment in the workforce and infrastructure is needed to conduct the operations efficiency.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Services Sector

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity - Stretched

The Company has stretched liquidity marked by tightly matched cash accruals to its maturing debt obligations. The current ratio stood at 0.57 times as on 31 March 2020. However, the liquidity profile finds some headroom with the average utilization of 50.12% during the last twelve months ended January 2021.



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About the Entity

Periyasamy Pillai Educational Trust (PPET) is a Chennai-based educational trust which was established in the year 2004. Periyasamy Pillai Educational Trust is currently providing educational Services through Educational Institutions imparting education in various streams under the brand name of “Apollo” namely Apollo College of Pharmacy (affiliated to The Tamil Nadu Dr. M.G.R. Medical University, Chennai), Apollo Arts & Science College (affiliated to University of Madras, Chennai), Apollo Engineering College affiliated to Anna University, Chennai), Apollo Polytechnic College (affiliated to DOTE), Apollo College of Education (affiliated to Tamil Nadu Teachers Education University, Chennai), and Apollo Vidyashram (affiliated to CBSE, New Delhi).

Financials (Standalone):

(Rs. crore)

For the year ended*/As on	31-03-2020	31-03-2019
	Provisional	Audited
Total Operating Income	45.72	44.76
EBITDA	21.87	15.83
PAT	8.90	4.55
Total Debt	53.83	65.80
Corpus Fund	77.16	68.26
EBITDA Margin (%)	47.83	35.37
PAT Margin (%)	18.43	9.86
Overall Gearing Ratio (x)	0.70	0.96

*Classification as per Infomerics’ standards

Status of non-cooperation with previous CRA: NA

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
1.	Term Loan (O/s)	Long Term Fund Based	13.62	IVR BBB-/Stable	-	-	-



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Sr. No.	Name of Facilities	Current Rating (Year 2020-21)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18
2.	Overdraft	Short Term Fund Based	22.00	IVR A3	-	-	-

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facility – Term Loan (O/s)	-	-	-	13.62	IVR BBB- /Stable
Short Term Bank Facility- Overdraft	-	-	-	22.00	IVR A3