

August 12, 2014

Facility	Amount (Rs. Crore)	Rating
Proposed Term Loan	12.00	SMERA B-/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA B-**' (**read as SMERA single B minus**) to the abovementioned proposed bank facility of Shiksha Bharti Educational Society (SBES). The outlook is '**Stable**'. The rating is constrained by the society's small scale of operations. The rating is further constrained by the society's exposure to project execution risks and intense competition in the education sector. However, the rating is supported by the society's established track record of operations and experienced management.

SBES, established in 1987, is a Delhi-based educational society engaged in running a CBSE-affiliated higher secondary school (named Shiksha Bharti Public School) in Dwarka, New Delhi. SBES has small-scale operations reflected in total income of Rs.6.71 crore in FY2012-13 (refers to financial year, April 01 to March 31). The society's net profit margin stands at 6.73 per cent in FY2012-13. SBES plans to shift the school to new premises in Dwarka, New Delhi. The total project cost is Rs.15.15 crore, which is likely to be funded through term loan of Rs.12.00 crore and corpus funds of Rs.3.15 crore. The society is exposed to project execution risk arising from the nascent stage of construction of the new school building.

SBES faces intense competition from several players in the education sector. However, the society benefits from its experienced management. The members of the society have around two decades of experience in the education sector.

Outlook: Stable

SMERA believes SBES will continue to benefit over the medium term from its established track record of operations and experienced management. The outlook may be revised to 'Positive' in case the society completes the project in a timely manner while achieving a comfortable capital structure and registering sustained growth in fee receipts and surplus. Conversely, the outlook may be revised to 'Negative' in case of delays in project execution, or in case of deterioration in the society's financial risk profile.

About the society

SBES, established in 1987, is a Delhi-based educational society engaged in running a CBSE-affiliated higher secondary school (named Shiksha Bharti Public School) in Dwarka, New Delhi. For FY2012-13, SBES reported surplus of Rs.0.45 crore on total income of Rs.6.71 crore, as compared with surplus of Rs.0.48 crore on total income of Rs.5.61 crore for FY2011-12. The society's corpus fund stood at Rs.5.47 crore as on March 31, 2013, as compared with Rs.5.07 crore a year earlier.

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