

February 11, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan	27.36	SMERA B+/Stable (Assigned)
Term Loan (proposed)	2.63	SMERA B+/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA B+**' (**read as SMERA single B plus**) to the Rs.30.00 crore bank facilities of Indus Valley World School, a unit of Gopal Chakraborty Charitable Trust (GCCT). The outlook is '**Stable**'. The rating derives comfort from the experienced management and moderate gearing (debt-to-trust funds ratio) of the trust. The rating also draws comfort from the steady growth in fee receipts and improvement in operating profit margins of the trust. However, the rating is constrained by the implementation risk inherent in the ongoing project of the trust.

GCCT, established in 2007, is a Kolkata-based trust engaged in running of a CBSE school under the name 'Indus Valley World School'. GCCT benefits from its experienced management. The trustees of GCCT have around four decades of experience in the education sector.

GCCT's fee income has increased from Rs. 5.39 crore in FY 2012-13 (refers to financial year, April 01 to March 31) to Rs.12.61 crore in FY2013-14 on account of increase in student enrolment and hike in fees. The trust's operating profit margin has increased from 9.86 per cent in FY2010-11 to 37.96 per cent in FY2013-14 on account of increase in enrolments. GCCT reported surplus of Rs.1.52 crore in FY2013-14, as against deficit of Rs.1.98 crore in FY2010-11. The trust's gearing (debt-to-trust funds ratio) is moderate at 0.52 times as on March 31, 2014. For arriving at the gearing, SMERA has considered interest-bearing unsecured loans (subordinated to bank debt) of Rs.13.41 crore from promoters as a part of trust funds.

GCCT's financial profile is susceptible to time and cost overruns in project implementation. The trust is undertaking capex of Rs.39.59 crore towards construction of a new building within the exiting school premises. The trust has availed term loan of Rs.24.00 crore for the project. Around 20 per cent of the construction activity has been completed till date. The trust expects to complete the project by March 2016.

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Outlook: Stable

SMERA believes the outlook on GCCT's rated facilities will remain stable over the medium term. The outlook may be revised to 'Negative' in case the trust registers lower-than-expected student enrolment rate, or in case of time and cost overruns in the project undertaken by the trust. The outlook may be revised to 'Positive' in case the trust maintains its moderate financial risk profile while achieving steady growth in student enrolment rate.

About the trust

GCCT, established in 2007, is a Kolkata-based trust established by Mr. Shailesh Khaitan (Managing Trustee). GCCT is currently running a CBSE school under the name of 'Indus Valley World School'. The school has sanctioned intake capacity of 1,875 students. Post completion of capex, sanctioned intake capacity of the school is expected to increase upto~3,500 students.

For FY2013-14, GCCT registered surplus of Rs.1.52 crore on fees receipts of Rs.12.61 crore, as compared with deficit of Rs.0.24 crore on fees receipts of Rs.7.80 crore in the previous year. Further, the trust registered fee receipts of Rs.14.68 crore (provisional) during April 2014 to December 2014.

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