

September 25, 2015

Facility	Amount (Rs. Crore)	Rating
Term Loan	8.00	SMERA B/Stable (Assigned)

SMERA has assigned - rating of '**SMERA B**' (**read as SMERA B**) to the above mentioned bank facility of Tapti Valley Education Foundation (TVEF). The outlook is '**Stable**'. The rating is constrained by the small scale of operations, geographical concentration risk, dependence on donation receipts and the intense competition in the education industry. However, the rating draws comfort from the experienced management, healthy increase in fee receipts and moderate financial risk profile

Outlook: Stable

SMERA believes that TVEF will benefit from its experienced management and promoters' funds in the long term. The outlook may be revised to 'Positive' if the society's scale of operations increases on the back of further increase in fee receipts, while maintaining its operating profitability and coverage indicators. Conversely, the outlook may be revised to 'Negative' if the society fails to achieve the scalability amidst intensifying competition in the area of operation or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded capital expansions and lower than expected donations.

Rating Sensitivity Factors

- Growth in scale of operations
- Timely servicing of interest obligations and principal on term loans availed

About the Company

Tapti Valley Education Foundation (TVEF) was incorporated in May 2008 under Section 25 of the Companies Act, 1956 by a group of Surat based businessmen. TVEF was set up with the objective of promoting education and research in India through development of educational institutions. In FY2011, the foundation set up the Tapti Valley International School (TVIS), an English medium co-educational school in Surat, Gujarat affiliated to the Central Board of Secondary Education (CBSE) to impart education from Nursery to Grade 11. The management of TVIS has experience of around two decades in the education industry.

For FY2014-15, the society reported PAT of Rs. 8.60 crore on operating income of Rs.17.16 crore as compared with PAT of Rs. (1.87) crore on operating income of Rs. 5.88 crore for FY2013-14. The net worth stands at Rs.14.93 crore as on March 31, 2015 as compared with Rs.1.21 crore a year earlier.

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