



SMERA RATINGS LIMITED

Chintpurni School (Chintpurni)

*Rating
Rationale*

December 14, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan	6.00	SMERA B+/Stable (Assigned)
Cash Credit	3.00	SMERA B+/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B+**' (read as **SMERA B plus**) to the Rs.9.00 crore fund based bank facilities of Chintpurni School (Chintpurni). The outlook is '**Stable**'. The rating is constrained by the project implementation risk inherent in the expansion of the existing school and funding risk. However, the rating draws comfort from the experienced management.

Outlook: Stable

SMERA believes Chintpurni will maintain a stable business risk profile over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company implements expansion of the project as per the scheduled timeline and generates steady cash flows from fresh admissions. Conversely, the outlook may be revised to 'Negative' in case of delays in project execution or deterioration in the school's financial risk profile and liquidity position.

Rating Sensitivity Factors

- Timely completion of upcoming capex plan
- Generation of adequate cash flows to meet debt obligations on time

About the School

Chintpurni, incorporated in 2006, runs The Heritage School, a boarding school in Punjab, promoted by Mr. Sunil Kumar Joshi and partners. Plans are on to expand facilities at the school at capex of Rs.9.00 crore to be funded by a term loan of Rs.6.00 crore and promoters' contribution of Rs.3.00 crore.

The school reported profit after tax (PAT) of Rs.0.54 crore on operating income of Rs.7.40 crore in FY2014-15 (refers to financial year, April 01 to March 31), as compared with PAT of Rs.0.55 crore on operating income of Rs.7.06 crore in the previous year. The net worth of the school stands at Rs.14.47 crore as on March 31, 2015 as compared with Rs.14.03 crore a year earlier.

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