

Press Release

Chintpurni School (Chintpurni)

23 May 2017

Rating Reaffirmed

Total Bank Facilities Rated*	Rs.9.00 Crore
Long Term Rating	SMERA B+/Stable (Reaffirmed)

*Refer Annexure for details

Rating Rationale

SMERA has reaffirmed the long term rating of '**SMERA B+**' (**read as SMERA B plus**) on the above mentioned bank facilities of Chintpurni School (Chintpurni). The outlook is '**Stable**'.

Chintpurni was registered in 2006 and is headed by Mr. Sunil Joshi, Mr. Adarsh Mohan and Mr. Vikram Joshi. The society runs "The Heritage School," a boarding school located at Pathankot, Punjab. The school offers classes from Kindergarten to 12th standard with total student strength of 875 students.

List of key rating drivers and their detailed description

Strengths:

Experienced promoters: Chintpurni is headed by Mr. Sunil Joshi, Mr. Adarsh Mohan and Mr. Vikram Joshi, who possess an experience of more than a decade in the education industry.

Healthy financial risk profile: The healthy financial risk profile is marked by conservative gearing of 0.94 times in FY2016 as against 0.74 times in the previous year. The conservative gearing is eminent from healthy networth of Rs.16.43 cr against the total debt of Rs15.42 cr in FY2016. The total debt of Rs.15.42 cr as on 31st March 2016 includes term loan of Rs.9.57 cr, unsecured loan of Rs.1.86 cr and short term debt of Rs. 3.99 cr. The interest coverage ratio of the society stood comfortable at 3.54 times for FY2016 as against 3.00 times for FY2015 on account of healthy profitability margins. The net cash accrual to total debt (NCA/TD) of the society stands at 0.25 times in FY2015-16 as compared to 0.28 times a year earlier. SMERA expects the society's credit risk will continue to draw support from healthy financial risk profile.

Weaknesses:

Modest scale of operations: The modest scale of operations are marked by operating income of Rs.8.28 crore in FY2015-16 as against operating income of Rs.7.40 crore a year earlier. The company has reported approximate fee income of Rs.11.5 crore for the period April 2016-January 2017 (provisional).

Competitive and fragmented nature of industry: Chintpurni faces competition from other private along with government aided schools running in the vicinity of Chintpurni.

Analytical approach: SMERA has taken a standalone view of the business and financial risk profiles of Chintpurni.

Applicable Criteria

- Service Entities - <https://www.smerra.in/criteria-service.htm>
- Application of Financial Ratios and Adjustments: <https://www.smerra.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smerra.in/criteria-default.htm>

Outlook: Stable

SMERA believes Chintpurni will maintain a 'Stable' outlook over the medium term owing to the extensive experience of promoters in education society and conservative financial risk profile. The outlook may be revised to 'Positive' in case the society registers higher than expected scale of operations while maintain profitability margins and prudent gearing. The outlook may be revised to 'Negative' in case of significant decline in fee income or/and decline in debt protection metrics.

About the Rated Entity

Chintpurni was registered in 2006 and is headed by Mr. Sunil Joshi, Mr. Adarsh Mohan and Mr. Vikram Joshi. The society runs "The Heritage School," a boarding school located at Pathankot, Punjab. The school offers classes from Kindergarten to 12th standard with total student strength of 875 students.

For FY2015-16, the firm reported PAT (profit after tax) of Rs.0.90 crore on operating income of Rs.20.20 crore, as compared with PAT of Rs.0.05 crore on operating income of Rs.12.70 crore in FY2014-15. The net worth stood at Rs.1.78 crore as on 31 March, 2016 against Rs.1.67 crore a year earlier.

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: N.A.

Rating History for the last three years

Facilities	Scale	FY 2018		FY 2017		FY 2016		FY 2015	
		Amount Rs. Crore	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Term Loan	LT	6.00	SMERA B+/Stable (Reaffirmed)	-	-	Dec 14, 2015	SMERA B+/Stable (Assigned)	-	-
Cash Credit	LT	3.00	SMERA B+/Stable (Reaffirmed)	-	-	Dec 14, 2015	SMERA B+/Stable (Assigned)	-	-

*Annexure - Details of instruments rated:

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term Loan	N.A	N.A	December 2021	6.00	SMERA B+/Stable (Reaffirmed)
Cash Credit	N.A	N.A	N.A	3.00	SMERA B+/Stable (Reaffirmed)

Note on complexity levels of the rated instrument:

<https://www.smera.in/criteria-complexity-levels.htm>

Contacts:

Analytical	Rating Desk
Vinayak Nayak, Head - Ratings Operations, SMERA Bond Ratings Tel: 022-67141190 Email: vinayak.nayak@smera.in	Varsha Bist, Sr. Executive Tel: 022-67141160 Email: varsha.bist@smera.in
Shashank Shukla Analyst - Rating Operations Tel: 011-49731302 shashank.shukla@smera.in	

ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details please visit www.smerra.in.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smerra.in) for the latest information on any instrument rated by SMERA.