

Krishanveer Maina Trust: Reaffirmed

Facility	Amount (Rs Crore)	Rating/Outlook
Term Loan	12.00 (Enhanced from 10.00)	SMERA BB-/Stable (Reaffirmed)

SMERA has reaffirmed the long term rating of **'SMERA BB-' (read as SMERA double B minus)** on the abovementioned bank facility of Krishanveer Maina Trust (KMT). The outlook is **'Stable'**.

The rating draws support from the experienced management and brand name of G.D. Goenka International School. The rating also takes into account the modest financial risk profile marked by moderate operating margin, interest coverage and consistent increase in student strength. However, the rating is constrained by the limited track of operations, geographical concentration risk and exposure to intense competition in the education industry.

Krishanveer Maina Trust runs the G.D. Goenka International School. The trust benefits from its experienced management. The promoters, Mr. Karamveer Maina and Mrs. Sunita Maina have around one decade of experience in the education industry.

However, the trust's financial risk profile reflects healthy operating margin of 60.23 percent as on March 31, 2016 (Provisional) as compared to 6.18 per cent in FY2014-15. The interest coverage ratio stood at 6.52 times in FY2015-16 (Provisional) as compared to 1.02 times in FY2014-15. The trust reported healthy gearing of 0.65 times (Provisional) as compared to 2.46 times in FY2014-15 and net profit margin of 50.99 per cent in FY2014-15. SMERA also notes that the trust has reported consistent increase in student strength from 350 students in FY2014-15 to 1040 students in FY2015-16. Also, the trust faces intense competition in the education industry and geographical concentration risk as it only manages one school based out of Rohtak, Haryana.

Outlook-Stable

SMERA believes that the outlook on KMT's rated facility will remain stable over the medium term on account of the trust's experienced management and moderate financial risk profile. The outlook may be revised to 'Positive' if the trust achieves better than expected growth in revenues and student strength. Conversely, the outlook maybe revised to 'Negative' in case of decline in profitability or deterioration of capital structure.

Rating Sensitivity Factors

- Timely servicing of debt
- Increase in student enrollment

About the Trust

KMT, a Haryana-based trust established in 2013 is headed by Mr. Karamveer Maina and Mrs. Sunita Maina. The trust runs G.D. Goenka International School.

For FY2015-16, the trust reported net profit after tax of Rs.8.22 crore (Provisional) on total income of Rs.16.12 crore as against net profit after tax of Rs.0.00 crore on total income of Rs.0.94 crore a year earlier. The net worth stood at Rs.12.50 crore as on March 31, 2016 (Provisional), as compared with Rs.4.27 crore a year earlier. The total net worth of Rs.12.50 crore (includes quasi equity of Rs.4.09 crore as on March 31, 2016 provisional).

Rating History

Date	Facility	Amount (Rs. Crore)	Rating	Rating/ Outlook
			Long Term	
24 June, 2016	Term Loan	10.00	SMERA BB- (Assigned)	Stable

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ABOUT SMERA

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