Press Release

The Community Centre

February 20, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 8.00 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable

** Refer Annexure for details*

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+**' **(read as SMERA B plus)** on the Rs. 8.00 crore bank facilities of The Community Centre. The outlook is **'Stable'**.

The Community Centre (TCC), established in 1956 at Bengaluru, is an educational society that offers degree and post graduate courses. The society is headed by Mr. Chikkaiah, the Secretary and Mr. K. M. Nagaraj, Vice President. TCC plans to increase capacity at a total project cost of Rs.12.00 crore to be funded through term loan of Rs.8.00 crore and promoters contribution of Rs.4.00 crore. The project is expected to start in FY2017-18 and operations are to commence from FY2018-19.

Key Rating Drivers

Strengths

- **Experienced promoters**
  TCC, an education society established in 1956 is led by Mr. K. M. Nagaraj, President and Mr. Chikkaiah, Secretary. The promoters possess extensive experience in the education industry.

Weaknesses

- **Small scale of operations**
  The scale of operations of TCC is small marked by operating income of Rs.9.39 crore in FY2015-16 as against Rs.9.06 crore in FY2014-15.

- **Project execution and funding risks**
  TCC has undertaken capacity expansion. The project work is expected to start in FY2017-18 and be over by FY2018-19. The firm is faced with project execution risk as delays in completion will impinge the ability of the firm to service debt. Further, since the bank facilities are yet to be sanctioned, the firm faces funding risk.

Analytical Approach

SMERA has taken a standalone view of the business and financial profiles of The Community Centre.

Outlook: Stable

SMERA believes that TCC will maintain a stable outlook over the medium term owing to the extensive experience of its promoters in education. The outlook may be revised to Positive in case the society registers higher than expected scale of operations while achieving projected profit margins. Conversely, the outlook may be revised to Negative in case of delay in completion of project and/or lower than expected cash flow impinging the ability to service debt.

About the Rated Entity - Key Financials

For FY2015-16, the trust reported PAT (profit after tax) of Rs.0.15 crore on operating income of Rs.9.39 crore, as compared with PAT of Rs.0.69 crore on operating income of Rs.9.06 crore in FY2014-

15. The net worth stood at Rs.1.48 crore as on March 31, 2016.

Status of non-cooperation with previous CRA (if applicable)
None

Any other information
None

Applicable Criteria

• Default Recognition - https://www.smera.in/criteria-default.htm
• Entities In Services Sector - https://www.smera.in/criteria-services.htm
• Financial Ratios And Adjustments - https://www.smera.in/criteria-fin-ratios.htm

Note on complexity levels of the rated instrument
https://www.smera.in/criteria-complexity-levels.htm

Rating History (Upto last three years)
Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Proposed	Not Applicable	Not Applicable	Not Applicable	8.00	SMERA B+ / Stable

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