

Rating Rationale

Brickwork Ratings assigns rating for the Bank Loan facilities aggregating ₹ 11.90 Cr of Sooch Educational Welfare Society

Brickwork Ratings has assigned the following **Rating¹** for the Bank Loan facilities availed by Sooch Educational Welfare Society (**'SEWS' or the 'Society'**):-

Facilities		Present Limis(Cr)	O/s Amount* (Cr)	Amount to be Rated(Cr)	Tenure	Rating Recommended
Fund Based	Term Loan	12.00	11.90	11.90	Long Term	BWR B (Pronounced as Single B) Outlook: Stable
Total		12.00	11.90	11.90	(INR Eleven Crores and Ninety Lakhs only)	

o/s Amount*- As on July 18th,2016

BWR has essentially relied upon the provisional up to FY16 and projections till FY 19 publicly available information and information/clarifications provided by the management.

The rating has,inter alia, factored in established brand name of Delhi Public School, satisfactory infrastructure facilities, substantial increase in net receipts and affiliation from CBSE Board. However, the rating is constrained by school's moderate scale of operations ,deficit fund from last 2 years due to high depreciation cost,stretched liquidity and high gearing levels.

Background:

Delhi Public School(DPS) is the brand name for Sooch Educational Welfare Society(SEWS) which is established as a non profit making educational society in December 2011 with Mr. Manjit Singh Dhillon(President),Mr Surinder Pal Singh Sooch(Secretary) and Mr. Sanjay Ahuja(Treasurer) for the Society.The school is spread in 8 acres of Land with a built up area of 117000 sqft at 121/1 Church Road, Ferozepur Cantt.,Punjab. The school has started taking admission fee from January 2015 and have started its first academic session from FY16 from Pre Nursery standard to 9th standard. The School has taken affiliation from CBSE(Central Board of Secondary Education).The School has 48 fully AC class rooms,1 Art Room,1 Music Room,1 Dance Room,1 Conference Hall,1 Amphi Theater,5 Labs and 1 Library for studies and extra curricular activities. Further,The school also has 2 indoor sports room,1 Table Tennis Room,1 skating Ring,1 play ground and a recently build swimming pool. The School currently has 586 students enrolled combined for AY16 and AY17 .The school has a Pupil:Teacher Ratio of 25 : 2(Pre Nursery to Prep),25 : 1 grade 1 onward and Total Students to Total Teacher Ratio is 9 : 1.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Ownership and Management:

Sooch Educational Welfare Society(SEWS) is a non profitable society managed by Mr. Manjit Singh Dhillon(President) who is a Retd. Colonel, Mr. Surinder Pal Singh Sooch(Secretary) who is Retd. District Attorney and Mr. Sanjay Ahuja(Treasurer) who is Joint Chairman in a dental College.

Financial Performance:

The society has reported Net receipts of Rs. 2.77 Cr with deficit fund of 2.08 Cr due to high depreciation cost of 1.32 Cr for FY16 on provisional basis. The Society has Analyzed Corpus fund of 1.56 Cr and current ratio of 1.19x for FY16 on provisional basis. However, there may be some variation in provisional and audited figures for FY16.

Rating Outlook:

The Rating outlook is expected to be stable in near term. Going forward, the ability of the firm to improve its enrollment ratio resulting in improved net receipts and generating surplus would be the key rating sensitivities.

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