

Central Academy Jodhpur Education Society

March 25, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	13.40	CARE BB; Stable; ISSUER NOT COOPERATING* (Double B; Outlook : Stable; ISSUER NOT COOPERATING*)	"Issuer not cooperating; Revised from CARE BB+; Stable (Double B Plus; Outlook: Stable) on the basis of best available information"
Total facilities	13.40 (Rupees Thirteen Crore and Forty Lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Central Academy Jodhpur Education Society (CAJES) to monitor the ratings vide e-mail communications/ letters dated January 17, 2019, January 22, 2019 and February 05, 2019 and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the ratings on the basis of the available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Further, CAJES has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The ratings on CAJES's bank facilities will now be denoted as CARE BB; Stable; ISSUER NOT COOPERATING*.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

The rating assigned to the bank facilities of Central Academy Jodhpur Education Society (CAJES) is primarily constrained on account of stressed liquidity position and regular need to incur capex. The rating, further, remain constrained owing to high competition from the existing well established schools located in the nearby areas.

The rating, however, derives strength from established presence of the trust at school level education and recognition of the management in the education industry, healthy enrolment ratio across various schools. The rating, further, derives strength from financial risk profile marked by growing scale of operations with comfortable solvency position.

Detailed Rationale & Key Rating Drivers

At the time of last rating on April 05, 2018, the following were the rating strengths and weaknesses.

Detailed description of the key rating drivers

Key Rating Weakness

Stressed liquidity position and regular need to incur capex

The liquidity ratios remained low on account of no major current assets except cash and deposits but high level of infusion of short term borrowings, term loan repayment due within a year and caution fee received from the students. Hence, the current ratio remained below unity at 0.71 times as on March 31, 2017. To increase the enrollments the society need to incur regular capex for expansion and seating capacity at various locations.

High competition from the existing well established schools located in the nearby areas

There has been consistent increase in the level of competition in the education sector with increase in the schools in Jodhpur. There are numerous schools at present and hence the competition remains stiff. Further, the existing established schools located in the vicinity are likely to challenge the ability of CAJES to enroll the envisaged number of students at a competitive fee structure.

Key Rating Strengths

Established presence of the trust at school level education and recognition of the management in the education industry

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

*Issuer did not cooperate; Based on best available information

CAJES was established in 2007 to facilitate the management of Central Academy Society (CAS) which was established in 1973 by Mr T N Mishra. In March 2007, the management of CAS formed separate trusts to carry out the education business in Jodhpur, Rajasthan and to simplify the management of the trust.

Healthy enrolment ratio across various schools

The total strength of CAJES was 18,750 in AY18, therefore exhibiting the healthy enrolment ratio across various schools. There are almost full enrollment students in each class. During AY18, the enrolment has been increased by 6.00%.

Financial risk profile marked by growing scale of operations, moderate capital structure

During FY17, Total Operating Income (TOI) grew at 13.48% over FY16 backed by the healthy enrollment in all schools along with hike in annual fees. However, the SBID and surplus margins of the trust stood volatile over the past three financial years ended FY17. During FY17, SBID of CAJES declined by 249 bps on account of increase in salaries given to the faculties and other expenses.

Despite the marginal improvement in the gearing ratio as on March 31, 2017 over the previous year, the capital structure of CAJES stood moderate marked by overall gearing of 0.93 times against 0.95 times as on March 31, 2016.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology – Education](#)

[Financial ratios – Non-Financial Sector](#)

About the Company

Jodhpur (Rajasthan) based Central Academy Jodhpur Education Society (CAJES) was established in March 2007 as a trust under the Rajasthan Societies Registration Act, 1958 by Mr Sangam Mishra with an objective to run educational institutes in Rajasthan, subsequently, the society is operated by his son Mr. Ankit Mishra. CAJES offers the schooling from Nursery to Class 12 education in affiliation with the Central Board of Secondary Education (CBSE) in Jodhpur and Pali under the name 'Central Academy' through Nine schools (Ratanada, Poata, Chopasani, Shashtrinagar, Kudi, Banar, Pal, BJS Colony and Pali) with total enrollment capacity of 18,750 students for the AY18 (Refers to period from April to March).

(Rs. In crore)

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	41.73	47.36
SBID	10.38	10.60
Surplus	1.33	1.50
Overall gearing (times)	0.95	0.93
Interest coverage (times)	2.74	2.84

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	April 2025	8.40	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; Stable on the basis of best available information
Fund-based - LT-Bank Overdraft	-	-	-	5.00	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; Stable on the basis of best available information

**Issuer did not cooperate; Based on best available information*

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	8.40	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; Stable on the basis of best available information	1)CARE BB+; Stable (05-Apr-18)	-	-	-
2.	Fund-based - LT-Bank Overdraft	LT	5.00	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; Stable on the basis of best available information	1)CARE BB+; Stable (05-Apr-18)	-	-	-

**Issuer did not cooperate; Based on best available information*

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