

St. Peters Society

March 11, 2020

Ratings

Facilities	Amount (Rs. Crore)	Rating ¹	Remarks
Long Term	5.66	CARE BB; Stable; ISSUER NOT COOPERATING* (Double B; Outlook Stable Issuer Not Cooperating)	Issuer not Cooperating; Revised from CARE BB+; Stable on the basis of best available information
Long term/Short Term	2.34	CARE BB; Stable/CARE A4; ISSUER NOT COOPERATING* (Double B; Outlook Stable/ A Four Issuer Not Cooperating)	Issuer not Cooperating; Revised from CARE BB+/CARE A4+ on the basis of best available information
Total	8.00 (Rs. eight crores only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from St. Peters Society (SDE) to monitor the rating vide e-mail communications dated February 11, 2020, February 07, 2020, February 06, 2020, January 15, 2020, December 27, 2019 and numerous phone calls. However, despite our repeated requests, the society has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on St. Peters Society's bank facilities will now be denoted as **CARE BB; Stable/CARE A4; 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 ratings.

The rating has been revised by taking into account no due-diligence conducted due to non-cooperation by St. Peters Society with CARE'S efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk.

Detailed description of the key rating drivers

At the time of last rating on April 05, 2019 the following were the rating weaknesses and strengths:

Key Rating Weakness

Small, though growing scale of operations

The scale of operations of society stood small marked by a total operating income (TOI) and gross cash accruals of Rs. 10.85crore and Rs. 2.40crore respectively in FY18 (refers to period from April 01 to March 31). The small scale limits the society's financial flexibility in times of stress and deprives it of scale benefits.

Intense competition from established and upcoming educational institutes

St. Peter's society has its three schools under operations which limits the reach penetration level for the trust to tap opportunities. The society is expected to face high competition from the existing schools in nearby areas. The fee structure of the school is very competitive as it is regulated by the Society. The ability of St. Peter's Society to enroll the projected number of students at a competitive fee structure depends on its capability to distinguish itself and leverage on its established brand name in the market.

Regulatory risk associated with education sector

The main driver for growth in the education sector is India's booming population increasing at more than 2% annual rate and the increasing propensity of the middle income class to spend on education. Current spending on education in India is not more than 3.5% of GDP and only 0.4% of GDP is spent on higher education. Developed countries like USA spend 1.5% of GDP on higher education, whereas UK spends about 1% on higher education. In India, private sector participation in education was limited till a few years ago. However, since the privatization of education commenced in India, several private schools have been established in different parts of country. There is an increasing preference for quality private educational institutions amongst the urban population.

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

Key Rating Strengths

Experienced trustees and management

Sr. Jancy Maria is the current president of the society who is a post graduate by qualification and is associated with the St. Peter Society since inception and thereby has an experience of more than three decades in the educational industry. She is further supported by other trustees i.e. Sr. Aleyamma Zachariah (Vice-President), Sr. Nirmal Mary (Secretary) along with around 10 members of the society who are all well versed in educational sector and support in overall functions. They are all further assisted by teaching and non-teaching staff of 143 and 82 respectively to look after the daily operations of all three schools.

Well established infrastructure

The society has its three school campuses located at Faridabad and Jaipur-Agra Highway. The campus environment and facilities are conducive to professional studies with ample facilities such as sports, science labs, medical rooms, dance rooms, Amphitheatre, computer centers including conference halls, multi-media projectors, well stocked libraries etc. The campus is well equipped with seminar halls, laboratories, computer centers, to ensure holistic development of students.

Moderate surplus margins

The SBID (surplus before interest, and tax) net surplus margin of the society stood moderate at 25% and 7.44% respectively for FY18 (as against 39.70% and 25.24% for FY17). The decrease in margins in FY18 was on account of increased operational expenses due to hiring of additional teaching and administrative staff.

Comfortable solvency position and moderate liquidity position

The capital structure of the society stood comfortable as marked by an overall gearing of 0.39x as on March 31, 2018, on account of limited reliance on external borrowings (as against 0.10x as on March 31, 2017). Further, owing to comfortable gearing level and moderate surplus margin, the coverage indicators as marked by interest coverage and total debt to GCA stood comfortable at 7.06x and 3.39 years respectively as at the end of FY18. Further, the current ratio of the society stood at 1.76x as on March 31, 2018.

Moderate enrollment ratio

The society has been successfully able to fill its seats over the years of its operations with 91% seats being filled in the academic session of 2018-2019. The school registered total students of 3261 in 2018 as against 2742 in 2017 as against total Sanctioned seats of 3600 and 3100 in 2018 and 2019 respectively thereby having an enrollment ratio of nearly 90%.

Analytical Approach: Standalone

Applicable Criteria

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

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

[Criteria for Short Term Instruments](#)

[CARE's methodology for Educational Sector](#)

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

About the Company

St. Peter Society was registered as an educational society in 1983 under Society Registration Act, 1957 with an objective to provide education services by establishing and operating an educational institute. The trust is managing 3 schools under the name St. Peter School. All the campuses of the society are well equipped with modern classrooms, auditorium, laboratories, library, computer centers, dance room, music rooms and playground.

(Rs. In crores)

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	9.32	10.85
PBILDT	3.70	2.78
PAT	2.35	0.81
Overall gearing (times)	0.10	0.39
Interest coverage (times)	155.83	7.06

A-Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

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	-	-	-	5.66	CARE BB; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; Stable on the basis of best available information
Fund-based/Non-fund-based-LT/ST	-	-	-	2.34	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; Stable / CARE A4+ on the basis of 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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	5.66	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-19)	-	-	-
2.	Fund-based/Non-fund-based-LT/ST	LT/ST	2.34	CARE BB; Stable / CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB+; Stable / CARE A4+ on the basis of best available information	1)CARE BB+; Stable / CARE A4+ (05-Apr-19)	-	-	-

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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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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