

December 14, 2015

CARE PLACES RATING ASSIGNED TO LONG TERM BANK FACILITIES OF TREE HOUSE EDUCATION & ACCESSORIES LIMITED ON CREDIT WATCH

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Fund based Bank Facilities	102.80	CARE A [Single A]	Placed on Credit Watch
Total Facilities	102.80 (Rupees One Hundred Two Crore and eighty lakhs only)		

Rating Rationale

CARE has placed rating assigned to the bank facilities of Tree House Education & Accessories Limited (TEAL) on “credit watch” in view of in-principle approval by company’s board for exploring consolidation options with Zee Learn Limited. CARE is monitoring the developments in this regard and will take a view on the ratings once the exact implications of the above development on the credit profile of the company are clear.

Background

TEAL incorporated on July 10, 2006 as private limited company by Mr. Rajesh Bhatia and his wife Ms. Geeta Bhatia, is majorly into pre-school education across various locations in India. TEAL concluded QIP issue of 45.45 lakh equity shares at the issue price of Rs. 440 per equity share aggregating Rs. 200 crore in FY15 (refers to period April 01, to March 31). As on September 30, 2015 the company has 720 pre-school centres, out of which 611 are self-operated schools. The geographical spread of the company in pre-school segment increased from 88 cities as on March 31, 2015 to 103 cities as on September 30, 2015.

The company reported Profit After Tax (PAT) of Rs. 60.87 crore on Total Operating Income (TOI) of Rs.211.45 crore in FY15 (refers to period April 01 to March 31) as compared to PAT of Rs. 43.92 crore on TOI of Rs. 158.97 crore in FY14.

Further, the company reported PAT of Rs. 30.76 crore on TOI of Rs. 126.28 crore in H1FY16 (refers to period April 01 to September 30) as compared to PAT of Rs. 28.64 crore on TOI of Rs. 103.67 crore in H1FY15.

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

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.

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

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating 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.

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