



Infomerics Valuation And Rating Pvt. Ltd.

Press Release

Ompee Education Trust

November 27, 2018

Ratings

Instrument/Facility	Amount (Rs. Crore)	Rating Assigned	Rating Action
Fund Based Facilities- Term Loans	5.48	IVR BB-/Stable Outlook (IVR Double B Minus with Stable Outlook)	Assigned

Details of Facilities are in Annexure 1

Detailed Rationale

The rating derives strength from the experience of the trustees and technical support and staff training provided by Kingsmead School, UK. The ratings are constrained by nascent origin and small scale of operations, high gearing and moderate debt protection metrics, book losses in the previous two years and constitution being a Trust. Growth in scale of operations, gearing level and timely servicing of debt are the key rating sensitivities.

List of Key Rating Drivers

- Experience of the trustee
- Technical support and staff training from Kingsmead School, UK
- Nascent origin and small scale of operations
- High gearing and moderate debt protection metrics
- Book losses in the previous two years
- Constitution being a trust

Detailed Description of Key Rating Drivers

Key Rating Strengths

Experience of the trustee

Ompee World School (OWS) was established in Manesar, under the aegis of Ompee Education Trust (OET) in March 2015. The Director of the OWS is Mr. Yogender Singh. He has experience in education sector since 2002 having been instrumental in setting up two other



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schools namely, KVM Public School (established in 2002) and G.D. Goenka International School (established in 2014) in Rohtak. Now, Mr. Singh is involved in managing the Ompee World School.

Technical support and staff training from Kingsmead School, UK

The school has tied-up with Kingsmead School of UK for technical support and teachers training in the form of online and class room training. There is also a student exchange programme with Kingsmead.

Key Rating Weaknesses

Nascent origin and small scale of operations

OWS is at a very nascent stage of operations, as it was set up in March 2015 only and has completed 3 academic years since it was established. The scale of operations of the school are also small, with a total revenue of Rs.3.3 crore for FY18.

High gearing and moderate debt protection metrics

The overall gearing is high at 5.93x as on March 31, 2018, which was 5.38x as on March 31, 2017. Total debt to GCA was 9.06x as on March31, 2018. Interest coverage was comfortable at 2.23x in FY18.

Book losses in the previous two years

The school is in the early stage of operations having completed only 3 academic years till March 2018. OWS reported a loss of Rs.0.06 crore for FY18 as compared to Rs.0.25 crore for FY17.

Constitution being a trust

The constitution of the entity being a trust results in a possibility of inadequate transparency in corporate governance. Also, the disclosure level with respect to financial statements is low.

Analytical Approach & Applicable Criteria:

Rating Methodology for Service Sector Companies

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Financial Ratios & Interpretation (Non-financial Sector)

Default Recognition and Post-Default Curing Period

About the Company

Ompee World School (OWS) was established in Manesar, under the aegis of Ompee Education Trust (OET) in March 2015. OWS offers educational curriculum based on International Baccalaureate (IB). OWS has tied up with Kingsmead School of UK, which has a history of over 100 years, having been founded in 1904.

The Director of the OWS is Mr. Yogender Singh. He has experience in education sector since 2002 having been instrumental in setting up two other schools namely, KVM Public School (established in 2002) and G.D. Goenka International School (established in 2014) in Rohtak. Now, Mr. Singh is solely involved in managing the Ompee World School.

Financials (Standalone)

For the year ended / As On	(Rs. Crore)	
	31-03-2017	31-03-2018
	Audited	Audited
Total Operating Income	2.0	3.3
EBITDA	1.2	1.5
PAT	-0.3	-0.1
Total Debt	12.5	9.4
Long Term Debt	7.0	7.4
Tangible Networth	1.3	1.2
Ratios (%)		
EBITDA Margin (%)	60.56	44.50
PAT Margin (%)	-12.23	-1.70
Overall Gearing Ratio (x)	5.38	5.93

Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Not applicable

Any other information: Nil

Rating History for last three years: Nil



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S. No.	Name of Instrument/ Facilities	Current Rating (Year 2018-19)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17	Date(s) & Rating(s) assigned in 2015-16
1.	Long Term fund-based facilities- Term Loan	Long Term	5.48	IVR BB-/ Stable Outlook (IVR Double B Minus with Stable Outlook)	--	--	--

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are 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 us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs 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/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facilities



Infomerics Valuation And Rating Pvt. Ltd.

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term fund-based facilities- Term Loan	--	--	September 2024	5.48	IVR BB-/ Stable Outlook (IVR Double B Minus with Stable Outlook)