

June 23, 2010

**CARE ASSIGNS 'CARE BBB-' RATING TO THE BANK FACILITIES OF SHARDA EDUCATIONAL TRUST****Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	156.07	'CARE BBB-' (Triple B Minus)	Assigned
<b>Total Facilities</b>	<b>156.07</b>		

**Rating Rationale**

The rating derives strength from the consistent growth in revenues and surplus from the existing educational institutions, 'private university' status of Sharda University resulting in greater autonomy, diversified presence of SET including medical, engineering and other higher education courses, well-established infrastructure and experience of the members of the Trust in education sector. The rating is, however, constrained by high gearing level, large on-going debt-funded capital expenditure, high level of regulation by Government (Central and State) in the educational sector and intense competition from both upcoming and established public and private players in the education sector. The successful and timely completion of the on-going projects and ability to attract a large number of students for various programs in the future would be the key rating sensitivities.

**Company Profile**

Sharda Educational Trust (SET) is primarily engaged in establishing and running educational institutions in Northern India. SET is governed by an Executive Board which currently comprises three members including Mr Pradeep Kumar Gupta, the Managing Trustee & Chancellor of SET, who is also the founder member of the Trust. Currently, SET has two campuses located in Greater Noida and Mathura, both in Uttar Pradesh with a total student strength of 8,417 in 2009-10. SET also has a 350-bed hospital 'Sharda Hospital' at its Greater Noida campus which was established in 2006-07. Sharda University was established as a private university in Greater Noida through the U.P. State Legislative Act in 2009-10.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

The operating income of SET has grown at a Compounded Annual Growth Rate (CAGR) of 71% over the period FY07-09 on account of opening of new institutions, introduction of new courses, increased intake of students in existing campuses and increase in revenue from operating hospital. SET recorded operating income of Rs.70 cr with Surplus Before Interest and Depreciation (SBID) Margin of 39.03% and Surplus Margin of 15.32% in FY09.

**Analyst Contact**

Name: Jyotsna Gadgil

Tel: 011-23716199

Mobile: 9811552926

Email: [jyotsna.gadgil@careratings.com](mailto:jyotsna.gadgil@careratings.com)

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CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

**HEAD OFFICE: MUMBAI**

**Mr. D.R. Dogra**

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

**Mr. Rajesh Mokashi**

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

**Mr. Ankur Sachdeva**

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4<sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,  
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

**Website: www.careratings.com**

**OFFICES**

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, <b>Ahmedabad - 380 015.</b> Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's PlaceNo. 6, Raja Ram Mohan Roy Road, Richmond Circle, <b>Bangalore - 560 025.</b> Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr.Ashwini Jani Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, <b>Chennai 600 002</b> Tel: 044 2849 7812/2849 0811 Mobile – 91766 47599 E-mail : ashwini.jani@careratings.com</p>	<p>Mr. Rahul Patni Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar<b>Hyderabad - 500 029</b> Tel – 040 _40102030 Mobile – 91600 04563 E-mail: rahul.patni@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3<sup>rd</sup> Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani <b>Kolkata - 700 071.</b> Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, <b>New Delhi - 110 001.</b> Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>