

September 29, 21010

CARE ASSIGNS 'CARE BBB-' AND 'PR3' RATINGS TO THE BANK FACILITIES OF SURYANAGRI EDUCATIONAL SOCIETY**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	7.35	'CARE BBB-' (Triple B Minus)	Assigned
Short-term Bank Facilities	2.50	'PR3' (PR Three)	Assigned
Total Facilities	9.85		

Rating Rationale

The rating factors in the good experience of the promoter in the education sector, established operations and moderate financial risk profile marked by moderate surplus margin compared to other established players, moderate liquidity and cash accruals. The rating is, however, constrained by the small size of operations, high gearing, high competition and regulatory restrictions in the education sector.

The improvement in the enrolment ratio and the overall financial risk profile are the key rating sensitivities.

Company Profile

SES was promoted by the present Chairman Mr Kamal Mehta in August 2002 at Jaipur, Rajasthan. Mr Kamal Mehta, aged 48 years, is a Chartered Accountant and had also promoted Vaishali Urban Co-operative Bank in 1998 and a Management college "The Institute of Certified Management Accountants of India" at Jaipur in 2000. In 2002, besides SES, he had also established Kushal Education Trust (also known as Jodhpur National University) offering various degree courses at the graduate and post-graduate level.

The flagship institute, Marwar Engineering College & Research Centre (MECRC), was established in 2003 and offers engineering degree courses. The other degree courses offered are MBA, Pharmacy, B.Ed. etc.

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

SES registered operating income of Rs.5.55 crore with a net surplus of Rs.0.62 crore during FY09. As per provisional results for FY10, the operating income was Rs.6.58 crore with a net surplus of Rs.0.73 crore.

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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.

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.

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