

March 30, 2022

St. Johns Orthodox Church Society (Regd.): Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term – Fund-based Term Loan	10.00	10.00	[ICRA]BB- (Stable); Reaffirmed
Total	10.00	10.00	

*Instrument details are provided in Annexure-1

Rationale

The rating reaffirmation considers the ramp-up in the student strength in St. John’s Orthodox Church Society’s (Regd.) new school in Greater Noida, which is expected to continue in the future, especially after receiving affiliation from the Central Board of Secondary Education (CBSE) up to class XII. The student enrolments have remained high in the Greater Noida school with a head count of ~1,600 students in AY2021-22. Despite a reduction in its fee income, the society has been able to achieve healthy operating profit margin, resulting in healthy net cash accruals (NCA) of Rs. 4.5 crore in FY2021. While the income was adversely impacted due to the pandemic, lower cost of operations in the online mode of classes supported its profitability. The rating continues to favourably factor in the society’s extensive experience in the field of education, along with support from the members and fellow societies under The Malankara Orthodox Syrian Church through unsecured loans to assist its expansion plans.

However, the rating continues to remain constrained by the society’s small scale of operations and its inability to receive CBSE affiliation for its school in Mayur Vihar, which resulted in low enrolment levels and limited its operations to class V. However, ICRA notes that the society has received CBSE affiliation for its Greater Noida school for up to class XII. This should enable the society’s top line to grow in the near term with increasing capacities. The rating is further constrained by the exposure to concentration risk as both the schools are operating out of Delhi National Capital Region (NCR).

The Stable outlook on the [ICRA]BB- rating reflects ICRA’s opinion that the society will continue to benefit from its increasing capacities and demonstrated track record of student enrolments.

Key rating drivers and their description

Credit strengths

Experienced trustee profile – St. John’s Model School was established in 2003 under the aegis of St. John’s Orthodox Church Society (Regd.). At present, the society is running two schools – one in Mayur Vihar, Delhi (KG-V) and another in Greater Noida (KG-XII). It also runs a church under its ambit and the schools contributed ~99% to FY2021 revenues. The society has adequate experience of running school and provides fee concession to the students from the economically weaker section, resulting in ramp-up of student occupancies.

Favourable location of its schools – One school of the society is situated in Mayur Vihar, Phase I (Delhi), which is around 3 km from the Vasundhra Enclave in Delhi and is surrounded by the residential colonies of Mayur Vihar. The Greater Noida school has four blocks. It is situated in the opposite side of Supertech, Ecovillage-I and adjacent to Nirala, Greenshire housing societies, and has demonstrated potential to tap students from the residential units nearby.

Financial support from fellow societies – The society has been receiving interest-free unsecured loan from its fellow societies spread across India. The interest-free unsecured loans stood at Rs. 3.21 crore as on March 31, 2021.

Credit challenges

Small scale of operations; further impacted by pandemic – The revenue base of the society is small with an operating income of Rs. 11.3 crore in FY2021 compared to Rs. 14.7 crore in the previous year. The top line was adversely impacted by the Covid-19 as the transportation income was nil in FY2021 and FY2022 due to discontinuation of bus services. Further, the trust waived fee for one month in FY2021 for students of both the schools and extended concessions to the economically weaker students, who were impacted by the pandemic.

Absence of CBSE affiliation for Mayur Vihar School, affiliation received for Greater Noida school up to class XII – The school in Mayur Vihar has not been able to receive affiliation from CBSE and therefore it runs up to class V only, which resulted in lower enrolments as well as exits. Nevertheless, the society has been successful in shifting some of the student to its school in Greater Noida, which has CBSE affiliation up to class XII.

Geographical concentration risk – The society is exposed to geographical concentration risk as both its schools are operating from Delhi NCR.

Liquidity position: Adequate

The liquidity position is **adequate** as the trust has repayment obligation of ~Rs. 2.4 crore against cash accruals of Rs. 4.5 crore in FY2021, which are expected to remain at similar levels in FY2022. Further, the liquidity is supported by unsecured loans from the society worth Rs. 3.21 crore as on March 31, 2021.

Rating sensitivities

Positive factors – Sustained increase in student enrolments, occupancy and thereby revenues while maintaining its operating profitability could lead to a rating upgrade.

Negative factors – A significant decline in the society's enrolment rates, thereby impacting its scale, could result in a rating downgrade. Further, any significant debt-funded capital expenditure, resulting in a deterioration in its liquidity position could put pressure on the rating. Specific credit metrics that could result in a rating downgrade include DSCR below 1.1 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology
Parent/Group Support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of the rated entity

About the company

St. John's Orthodox Church Society is a charitable society registered under the Society Registration Act, Delhi. The society commenced operations of St. John's Model School, Mayur Vihar in 2003 and St. John's School, Greater Noida in 2017.

St. John's Model School, Mayur Vihar is a co-educational, English medium school and follows the CBSE curriculum. The school is spread over an area of 836 square metres and has over 300+ students enrolled for AY2021-22 from LKG to class V.

St. John's Model, Greater Noida commenced operations in 2017. The school is offering education for students from K-XII. It is spread over an area of 10,000 square metres and has over 1,600+ students enrolled for AY2021-22 from LKG to class XII.

Key financial indicators

St. Johns Orthodox Church Society (Regd.)	FY2020	FY2021
Operating Income (Rs. crore)	14.7	11.3
PAT (Rs. crore)	4.3	3.3
OPBDIT/OI (%)	45.3%	48.5%
PAT/OI (%)	29.6%	29.1%
Total Outside Liabilities/Tangible Net Worth (times)	0.8	0.7
Total Debt/OPBDIT (times)	1.8	2.5
Interest Coverage (times)	6.8	5.7

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

S. No.	Instrument	Current Rating (FY2022)				Chronology of Rating History for the past 3 years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding as of Mar 31, 2021 (Rs. crore)	Date & Rating in FY2022	Date & Rating in		
					Mar 30, 2022	FY2021	FY2020	FY2019
1	Term Loan	Long- term	10.00	6.20	[ICRA]BB- (Stable)	Dec 24, 2020	Sep 30, 2019	-
						[ICRA]BB- (Stable)	[ICRA]BB- (Stable)	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Term Loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, are available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan	2013	NA	2023	10.00	[ICRA]BB- (Stable)

Source: Society

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-2: List of entities considered for consolidated analysis: NA

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