

Rating Rationale

Brickwork Ratings reaffirms ratings at 'BWR BB+' for the Bank Loan Facilities aggregating ₹17.06 Cr of Knowledge Institute of Technology Trust

Brickwork Ratings has reaffirmed the following **Ratings¹** for the enhanced Bank Loan facilities of **Knowledge Institute of Technology Trust (Trust)**:

Facility	Previous Limit (₹ Cr)	Present Limits (₹ Cr)	Tenure	Previous Rating (March 2015)	Present Rating
<u>Fund Based</u> Over Draft Term Loan* Vehicle Loan	1.00 12.96 2.35	1.60 12.47 2.99	Long Term	BWR BB+ (Pronounced as BWR Double B Plus) (Outlook: Stable)	Reaffirmed at BWR BB+ (Pronounced as BWR Double B Plus) (Outlook: Stable)
Total	16.31	17.06	INR Seventeen Crores and Six Lakhs Only		

* Term loan outstanding amount as on November 16, 2016.

BWR has principally relied upon the audited financials up to FY16, projections for FY17 and FY18, publicly available information and information/clarifications provided by the Trust's management.

The rating, inter alia, experience of the trustees in the educational space, good infrastructure facilities, the demand for courses offered by KIOT, moderate increase in enrollment ratio, above average financial profile of the trust reflected in comfortable debt equity ratio and debt protection metrics. However, the rating are partially offset by modest gross receipts, decreased profitability, stretched receivables, competition from established and upcoming institutes and regulatory risks associated with educational institutions.

Background:

Knowledge Institute of Technology Trust was registered as an educational trust in the year 2008. The founder of the trust is Dr. P S S. Srinivasan, Ph. D. The trust established Knowledge Institute of Technology (KIOT) in the year 2008 and Knowledge Business School (KBS) in the year 2011. The colleges & trust are located in Salem, Tamil Nadu. KIOT offers Bachelor of Engineering (B.E) in five streams and Master of Engineering (M.E) in four streams where KBS offers Master of Business Administration (MBA) course. The colleges are affiliated to Anna University, Chennai and approved by AICTE.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Financial Performance:

The trust reported increase in gross receipts to ₹27.15 crores in FY16 from ₹23.84 crores in FY15. The Surplus before Interest and Depreciation (SBID) is ₹8.32 crores in FY16 against ₹8.33 crores in FY15. The net surplus is ₹3.09 crores in FY16 against ₹3.11 crores in FY15. The trust has reported a corpus fund of ₹ 37.19 crores as on FY16.

Rating Outlook:

Going forward, the ability of the institution to continue to increase the student enrolments and increase revenue levels and profitability, manage receivables efficiently would be the key rating sensitivities.

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