



Rating Rationale

Rayappan Mariapushpam Educational & Public Charitable Trust

07th August 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs.5.91 crs of Rayappan Mariapushpam Educational & Public Charitable Trust (RMEPCT)

Particulars

| Facility Rated | Amount (Rs. Crs) | Tenure | Rating * |
|-----------------------------|---|-----------|--|
| <u>Fund Based</u> | | | |
| Overdraft (Fresh) | 1.50 | Long Term | BWR B+ (Pronounced BWR B Plus) Outlook: Stable |
| Term Loans o/s(Existing) | 4.34 | | |
| Term Loan(Fresh) | 0.07 | | |
| Total | Rs. 5.91 Crores (Rupees Five Crores and Ninety One Lakhs Only) | | |

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY16, provisional financial of FY17 and projected financial of FY18 and publicly available information/clarifications provided by the trust.

The ratings draw strength from long experience of the trustees in the education space, moderate enrollment levels, growth in fee receipts and healthy profit margins. The ratings are, however, constrained by limited track record and small scale of operations, leveraged capital structure on account of debt funded capital expansion, intense competition from other established intuitions present in the state of Tamil Nadu. Going ahead, increase student enrollments, retain qualified and experienced faculty amidst intense competition from other institutions, improve it's gearing levels and expand its infrastructure appropriately would be the key rating sensitivities.



About the trust

Rayappan Mariapushpam Educational & Public Charitable Trust was established in October 2010 with five trustees, and is promoted by Mr. Er.R.Sathianathan and registered under Indian Trust Act. The trust has established Ramya Sathianathan Polytechnic College, Ramya Sathianathan College of Education (Teachers Training College), Ramya Sathianathan Vidhyashram (Cbse School)

The trustees have received all the necessary approvals from the statutory bodies for the college. The college is accredited by All India Council for Technical Education (AICTE) New Delhi and it is affiliated to Anna University of Technology, Chennai. The Polytechnic College currently offers Civil Engineering, Mechanical Engineering, Automobile Engineering, Electrical & Electronics Engineering and Electronics & Communications Engineering.

The college is well equipped with modern classrooms, seminar halls, laboratories, library, computer centers, canteen and hostels. The institution has qualified and experienced team of staff members is to impart qualitative education to the student's

Management

RMEPCT was promoted by Mr. Mr.R.Sathianathan B.E. a Civil Engineer and his desire is to offer an opportunity to the underprivileged in order to pursue an academic excellence in pragmatic experience in the field of technical education. The institutions are managed by experienced professionals in their respective fields.

Rating Outlook: Stable

BWR believes the 'Rayappan Mariapushpam Educational & Public Charitable Trust' business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

Trust Financial Performance

RMEPCT has reported a profit after tax (PAT) of Rs.0.82crs. on gross receipts of Rs.4.02 crs. for FY16 as against Net Profit (NP) of Rs.1.40 crs. on gross receipts of Rs.3.54crs. for FY15. As per provisional financial of FY17, the gross receipts of Rs.4.48 crs and Tangible networth is Rs.3.11 crs.

Rating History for the last three years: (including withdrawn/suspended ratings)

| Sl. No. | Instrument/Facility | Current Rating (Year 2017) | | | Rating History | | |
|---------|-----------------------|-----------------------------|-----------------|--------|----------------|--------------|--------------|
| | | Type (Long Term/Short Term) | Amount (Rs Crs) | Rating | Date in 2016 | Date in 2015 | Date in 2014 |
| 1 | Overdraft | Long Term | 1.50 | BWR B+ | NA | NA | NA |
| 2 | Term Loans*- Existing | | 4.34 | | | | |
| 3 | Term Loan - Fresh | | 0.07 | | | | |

Term Loans o/s as on 13.07.17

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

| Analytical Contacts | Media |
|--|--|
| <R.Varadarajan> <Chief Manager - Ratings> | media@brickworkratings.com |
| analyst@brickworkratings.com | Relationship Contact |
| | bd@brickworkratings.com |
| Phone: 1-860-425-2742 | |

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.