

Rating Rationale

Brickwork Ratings assigns 'BWR BB-' for Bank Loan facilities aggregating to ₹ 8.00 Cr of Sree Amman Trust.

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for Bank Loan facilities of ₹ 8.00 Cr of Sree Amman Trust.

| Facilities* | Limits (₹ in Cr) | Tenure | Rating |
|-------------------|---------------------|------------------------------|---|
| Fund Based | | | |
| Cash Credit | 3.00 | Long Term | BWR BB- (BWR Double B Minus) Outlook:Stable |
| Term Loan | 5.00 | | |
| Total | 8.00 | INR Eight Crores only | |

*Please refer Annexure for detailed facilities

BWR has essentially relied upon the audited financial statements up to FY15, publicly available information and information /clarifications provided by the Trust's management.

The rating derives its strength from recognized & existence of trust from past 25 years, qualified and vast experience of the trust members, diversified courses offered by the institutions under the trust, Y-O-Y improvement in corpus fund, comfortable debt equity ratio along with strong debt protection metrics and facilities provided by the institutions. However, the rating is constrained by enormous existence of institutions in Tamil Nadu indicates high competition, moderate gross enrolment ratio and exposure to regulatory risk associated with educational institutions.

Background:

Sree Amman Trust was established in 1986 and located at Erode, Tamil Nadu. The trust is running (7) educational institutions and schools in the name of Sree Amman and San. The institutions and Schools are located in surroundings of Coimbatore and Erode cities which includes facilities like digital library, health club, cafeteria, auditorium, Wi-Fi lab, banking/ATM centre, sports association ,career guidance and placement cell with in the Campus. Total students enrolled for the academic year 2014-2015 are ~3585 with a gross enrolment ratio of ~54% and students to teaching faculty ratio stood at 20X.

Management Profile:

The trust is managed by Smt. T Jaya Lakshmi (Founder & Chairperson), Mr. Balakumar T (Treasurer) and Mr. Giri T (Secretary) are having experience of 26, 11 and 14 years respectively.

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

Financial Performance:

As per FY15 audited financials, Sree Amman Trust had reported net receipts of ₹ 7.39 Crores against ₹ 6.79 Crores in FY14. Operating surplus & net surplus margin had declined from 60.63% & 47.44% in FY14 to 48.89% & 38.31% in FY15, respectively. As of March 31, 2015, the trust corpus fund stood at ₹ 23.22 Cr. Trust has reported low gearing profile with strong debt protection metrics.

Rating Outlook:

The outlook of the trust for the next year is expected to be stable. Going forward, ability of the trust to attract enrolments, to improve net receipts and profitability ratios, to sustain the capital structure and coverage indicators achieved, and to withstand in highly competitive education sector will be the key rating sensitivities.

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**Sree Amman Trust
Annexure**

| Name of the Bank | Type of Facility | Limits (₹in Crores) |
|-------------------------|-------------------------|--------------------------------|
| Axis Bank | Cash Credit | 1.00 |
| | Term Loan* | 1.73 |
| Canara Bank | Cash Credit (Proposed) | 2.00 |
| | Term Loan (Proposed) | 3.00 |
| Total Amount | | 7.73 |

* O/s amount in term loan as on Oct 27, 2015