

Rating Rationale

Brickwork Ratings reaffirms ‘BWR B+’ for the Bank Loan Facilities amounting to ₹ 6.83 Cr of Sri Sai Educational Trust.

On a review, Brickwork Ratings has reaffirmed the **Ratings¹** for the Bank Loan Facilities amounting to ₹ 6.83 Crores (reduced from ₹7.04 Crores) of Sri Sai Educational Trust (SSET) as follows:

Facility	Previous Limits (₹ Cr)	Current Limits (₹ Cr)	Tenure	Rating History (Nov 2014)	Rating
<u>Fund Based</u>				BWR B+ (BWR Single B Plus) (Outlook : Stable)	BWR B+ (BWR Single B Plus) (Outlook: Stable) Reaffirmed
Cash Credit	0.20	0.20	Long Term		
Term Loan	6.84	6.63			
Total	7.04	6.83	(INR Six Crores and Eighty Three Lakhs Only)		

BWR has principally relied upon the audited results of FY15, projections upto FY 18, publicly available information and information/ clarifications provided by the Trust’s management.

The rating continues to derive strength from the extensive experience of the trustees in the field of education, synergy with group institution – Shri Sai Coaching Centre, adequate gross enrolment in the first year of operation and increased student intake in academic year 2015-2016 with the receipt of permission for admissions for Class-8 to 10. The rating, however, remains constrained by stiff competition from other established schools in the vicinity, low corpus and weak financial risk profile of the trust.

Background:

Sri Sai Educational trust was established as an educational trust in 2009 for the purpose of promoting educational institutions such as polytechnic, engineering colleges, art colleges, school and other educational institutions. Currently, the trust runs a school “KMR International School” (CBSE syllabus) in Nagamalai Puddukkottai, Madurai. The school building has been built on leased land of 2 acres and 48 cents for which SSET has entered into lease agreement with land owner cum Managing Trustee Ms. P. Krishnaveni for tenure of 30 years from 2013.

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

The school was initially running classes up to 7th standard and in FY16, it has received permission for 8th to 10th standard. Around 448 students have been enrolled in the school. Ms. P. Krishnaveni, Managing Trustee also runs a coaching centre - Sri Sai Coaching Centre since 2003 to provide coaching for academic and competitive exams like banking, teachers' recruitment and others.

Trustees Details:

Ms. P Krishnaveni, a post graduate with more than decade of experience in teaching is the Managing Trustee and manages the day to day activities of the school. Her family members, Mr. R. Ramaswamy, Ms. S. Shanmugathai, Ms. R. Subbulakshmi, Ms. R. Saraswathy, Mr. V. Pooliah and Ms. M. Velammal are the other trustees.

Financial Performance:

The trust has reported net deficit of ₹0.19 Crores on net receipts of ₹1.01 Crores in FY15.

Rating Outlook

The rating outlook is expected to be stable over the current year. Going forward, the Trust's ability to improve its scale of operations by increasing student intake, infuse additional funds to strengthen its financial profile, recruit and retain trained faculty, ensure timely debt servicing and efficiently manage its operations would be key rating sensitivities.

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