

Rating Rationale

Brickwork Ratings assigns ‘BWR BB’ rating for the Bank Loan Facilities aggregating ₹ 5.35 Cr of Srinivas Trust.

Brickwork Ratings has assigned the following **Rating¹** for the bank loan facilities of Srinivas Trust (ST).

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based:			
Term Loan Over Draft	2.60* 2.75	Long Term	BWR BB (Pronounced BWR Double B) (Outlook-Stable)
Total	5.35	INR Five Crores and Thirty Five Lakhs only	

*Term Loan Outstanding as on 30th November

BWR has essentially relied upon the audited financial results up to FY15, and projected financials up to FY17, publicly available information and information/clarifications provided by the Trust’s management.

The rating factors, interalia, experience of trustees in running educational institutions, Y-O-Y increase in the corpus of the trust, Low gearing , well qualified faculty members and sound infrastructure facilities, good placement record of the educational institutions under the trust. However, the rating is constrained by regulatory risk associated with the education sector, intense competition from other reputed institutes in the vicinity and decreasing enrolment ratio under the engineering stream.

Background:

Srinivas Trust (ST) was started as a public charitable trust in July 2000 in Madurai. The Trustees of ST are M.K.S. Sreenivasan, S. Ushadevi, SR. Vijayshrenivas, M.SR Rajsanthosh , M.S. Vikram. ST operates Vickram Engineering College (VCE), Vickram Polytechnic College (VPC) and Vickram Teacher Training College (V.T.TC).

VEC offers several undergraduate and Post Graduate courses in Engineering. The college is affiliated to Anna University, Chennai and approved by AICTE, New Delhi. College has the average placement record of 90%.

V.P.C offers 3 year Diploma course and approved by AICTE, New Delhi.

VTTC offers one year program in Bachelor of education (B.Ed).

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

The Trust in total has 169 teaching staff and 117 non-teaching staff.

Management Profile

Srinivas Trust is managed by its qualified and experienced trustees. Mr. M.K.S. Sreenivasan is the Managing Trustee, SR. Vijayshrenivas is Director, Mr. M.SR Rajsanthosh is Secretary and Mr. M.S. Vikram is Joint Secretary.

Financial Performance:

As per the audited financial statements of FY15, the gross receipts of the trust has slightly declined from Rs. 10.21 crores against Rs. 10.93 crores in FY 14, . PAT has increased to Rs.2.30 crores in FY15 from Rs.2.26 Crores in FY14. In FY15, the firm's corpus stood at at Rs. 29.82 crs against total debt of Rs. 11.24 Crs resulting in a debt equity of 0.38 times.

Rating Outlook

Performance of Srinivas Trust over the next one year is expected to be stable. Going forward, ability of the trust to improve its revenues by improving its enrolment ratio, to source and retain qualified and experienced faculty, to maintain quality of education, to improve its infrastructure facilities on a continuous basis and to manage placement cell actively will be the key rating sensitivities.

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