



## Rating Rationale

Vallalar Educational and Charitable Trust

24 Apr 2018

**Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹7.80 Crores of Vallalar Educational and Charitable Trust**

## Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous January 2016	Present
<b><u>Fund Based</u></b>					
Term Loan	9.60	7.80	Long Term	BWR B (Pronounced as BWR Single B) Outlook: Stable	BWR D (Pronounced as BWR Single D) Downgraded
<b>Total</b>	<b>9.60</b>	<b>Rs.7.80 Crores (Rupees Seven Crores and Eighty Lakhs only)</b>			

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

## Ratings: Downgraded

### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials upto FY17 publicly available information and information/clarifications provided by the trust and Banker's feedback.

### Description of Key Rating Drivers

The rating has factored, inter alia, the trustees' vast experience in the educational sector and growth in fee receipts. The rating is constrained by small scale of operations with continuous losses, trust is yet to generate adequate cash flows, thin profit margins and on-going delay in debt servicing. Going ahead, the ability of VECL to improve in the revenues and profitability, increase student enrollments and regularize its bank loan facilities will be the key rating sensitivity.

### Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).



### **About the Trust**

Vallalar Educational and Charitable Trust has been formed on 22nd Dec 2000 by Mr.R. Palanisamy at Dhalavapalayam , Karur to run non-profit, non – political and secular establishments for Education and Charitable objects. At present the trust runs Vallalar Higher Secondary School, a Hostel and Vallalar Transports. The total strength of the school is 540 students. The trust has 20 members. Mr.S.P.N. Sharavanan is the Chairman & Managing Trustee , Mr. K.Thangavel is the Secretary and Ms.S.Chandra is the treasurer.

### **Trust Financial Performance**

As confirmed by VECT, the revenue received by the trust from Apr'17 to Mar'18 is Rs.4.00 cr. Debt-Equity of the trust has increased to 10.08 times in FY17 from 7.72 times in FY16 however considering the unsecured loan of Rs.8.65 cr. it is considered to be moderate.

### **Key Financial Indicators**

<b>Key Parameters</b>	<b>2016</b>	<b>2017</b>
<b>Result Type</b>	<b>Audited</b>	<b>Audited</b>
Total Operating Income (In Crs)	2.20	4.28
EBITDA (In Crs)	0.60	1.51
PAT (In Crs)	-0.24	-0.50
Net worth (In Crs)	2.38	1.87
Total Debt / TNW (Times)	7.72	10.08
Current Ratio (Times)	1.38	1.47



### Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	Jan 2016	2015
1	Fund Based Term Loan	Long term	7.80	<b>BWR D (Pronounced as BWR Single D)</b>	NIL	<b>BWR B Outlook: Stable</b>	
	<b>Total</b>		<b>7.80</b>	<b>Rupees Seven Crores and Eighty Lakhs only</b>			

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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#### **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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

#### **DISCLAIMER**

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