

March 23, 2015

Facility	Amount (Rs. Crore)	Rating
Term Loan	10.00	SMERA B/Stable (Assigned)

SMERA has assigned a long-term rating of **'SMERA B' (read as SMERA single B)** to the Rs.10.00 crore bank facility of The Mogaveera Vyavasthapaka Mandali (MVM). The outlook is **'Stable'**.

The rating is constrained by the firm's high dependence on donation receipts. The rating notes that the trust has not received recognition for some of the new courses likely to be introduced in the next academic year. However, the rating derives comfort from the trust's established operations in the education sector. The rating also draws comfort from the moderate gearing level of the trust.

MVM, established in 1902, is a Mumbai-based trust engaged in running of schools and colleges. MVM's operating income has increased from Rs.5.16 crore in FY2012-13 (refers to financial year, April 01 to March 31) to Rs.9.52 crore in FY2013-14 on account of increase in donation receipts. The trust received donation of Rs.4.86 crore in FY2013-14 (Rs.1.15 crore in the previous year) for branding of various facilities in its new building. SMERA believes MVM may not receive donations on a sustained basis over the medium term. The trust's ability to generate healthy cash flows from fee receipts is a key rating sensitivity. MVM has undertaken capex of Rs.21.05 crore for construction of a college building within its existing campus. The capex was funded through term loan of Rs.10.00 crore (prepaid to the extent of Rs.4.13 crore as on May 31, 2014) and corpus funds of Rs.11.05 crore. The construction work has been completed; however, the trust has not received recognition for some of the new courses scheduled to commence in the next academic year.

MVM's trustees have extensive experience of around 30 years in the education sector. The trust's gearing (debt-to-corpus fund ratio) is moderate at 0.42 times as on March 31, 2014.

Outlook: Stable

SMERA believes the outlook on MVM's rated facility will remain stable over the medium term. The outlook may be revised to 'Negative' in case the trust registers lower-than-expected enrolment rate. The outlook may be revised to 'Positive' in case the trust maintains moderate gearing level while achieving steady growth in enrolment rate.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



SMERA RATINGS LIMITED

The Mogaveera Vyavasthapaka Mandali (MVM)

*Rating
Rationale*

About the trust

MVM, established in 1902, is a Mumbai-based charitable trust founded by the Mogaveera Community. MVM runs a school, junior college and degree college in Andheri West, Mumbai. The trust also runs a pre-primary section in Dombivli, Thane. MVM caters to ~2,198 students. The trust runs welfare schemes under various categories such as education, medical and social development. MVM is an umbrella organization that networks several institutes such as Mogaveera Cooperative Bank, Mogaveera Matrimonial Services and Mogaveera Yuvaka Sanghas (youth club). The trust has ~7,000 members at present.

For FY2013-14, MVM registered surplus of Rs.1.63 crore on operating income of Rs.9.52 crore, as compared with surplus of Rs.0.64 crore on operating income of Rs.5.16 crore in the previous year. The trust's corpus fund stood at Rs.14.86 crore as on March 31, 2014, as compared with Rs.11.72 crore a year earlier.

Contact List:

Media / Business Development	Analytical Contacts	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 98208 02479 Email: antony.jose@smera.in	Ashutosh Satsangi Vice President – Operations Tel: +91-22-6714 1107 Email: ashutosh.satsangi@smera.in	Tel: +91-22-6714 1170 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.