

April 09, 2015

Facilities	Amount (Rs. Crore)	Rating
<b>Term Loan</b>	<b>19.50</b>	<b>SMERA B-/Stable (Assigned)</b>
<b>Term Loan (proposed)</b>	<b>14.50</b>	<b>SMERA B-/Stable (Assigned)</b>

SMERA has assigned a long-term rating of '**SMERA B-**' (**read as SMERA single B minus**) to the Rs.34.00 crore bank facilities of Shrividya Education Foundation (SEF). The outlook is '**Stable**'. The rating is constrained by the trust's small-scale operations. The rating is also constrained by the trust's exposure to project execution risk. The rating notes that the trust faces intense competition in the education sector. However, the rating draws comfort from the trust's experienced management and moderate financial profile.

SEF, established in 2007, is a Mangalore-based education trust engaged in running a pre-university college named 'Brilliant Pre-University College' (affiliated to Department of Pre University Education, Karnataka). SEF has small-scale operations with total income of Rs.0.92 crore in FY2013-14 (refers to financial year, April 01 to March 31).

SEF is setting up a new pre-university college in Bajpe, Mangalore. The total project cost (excluding cost of land) is estimated at Rs.47.23 crore, which is likely to be funded through bank loan of Rs.34.00 crore and corpus fund of Rs.13.23 crore. SEF is exposed to project execution risk as the building construction is at the nascent stage. The trust faces intense competition from several players in the education sector.

SEF benefits from its experienced management. The members of the trust have around two decades of experience in the education sector.

#### Rating sensitivity factors

- Timely completion of the ongoing project
- Healthy cash accruals
- Capital structure

#### Outlook: Stable

SEF's rating has 'Stable' outlook. SMERA believes the trust will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the trust registers sustained growth in fee receipts while achieving a comfortable capital structure. The outlook may be revised to 'Negative' in case of delays in project execution, or in case of deterioration in the trust's financial risk profile.

## About the trust

SEF, established in 2007, is a Mangalore-based education trust engaged in running a college named 'Brilliant Pre-University College'.

SEF is setting up a new pre-university college (named Pana Pre-Uni) in Bajpe, Mangalore.

For FY2013-14, SEF reported surplus of Rs.0.04 crore on total income of Rs.0.92 crore, as compared with surplus of Rs.0.02 crore on total income of Rs.0.49 crore in FY2012-13. SEF's corpus fund stood at Rs.1.04 crore as on March 31, 2014, as compared with Rs.0.99 crore a year earlier.

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