

September 10, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	8.00	SMERA BB+/Stable (Assigned)
Term Loan	7.00	SMERA BB+/Stable (Assigned)
Proposed Term Loan	8.00	SMERA BB+/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA BB+**' (read as **SMERA double B plus**) to the above mentioned bank facilities of Raj Educational Trust (RET). The outlook is '**Stable**'.

The rating derives comfort from the extensive experience of the management in the education sector and moderate financial risk profile marked by comfortable debt protection metrics. However, the ratings are constrained by risks related to trust's debt funded capex plan and exposure to intense competition in the education sector.

Outlook: Stable

SMERA believes that the company would continue to benefit from its experienced management and structured repayment schedule. The outlook may be revised to 'Positive' in case of healthy increase in cash accruals with increase in scaling up of operations. However, the outlook may be revised to 'Negative' in case of stressed liquidity arising out of delays in capex completion resulting in deterioration of financial profile.

Rating Sensitivity Factors

- Successful implementation of capex
- Scalability of operations

About the Company

RET, is a Tamil Nadu based educational trust established in 2001. The trust runs an engineering college in Pudukkottai (Tamil Nadu) offering courses (Under Graduate and Post Graduate). The day to day operations of the trust are managed by Ms. Sharmila (CFO) and Mr. T.R.S. Muthu Kumar (CEO).

RET reported surplus of Rs.0.50 crore on income of Rs.16.79 crore in FY 2013-14 as against surplus of Rs.0.47 crore on income of Rs.15.03 crore in FY 2012-13.

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.

Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development Tel: +91-22-6714 1191 Cell: +91-98208 02479 Email: antony.jose@smera.in Web: www.smera.in	Mohit Jain Vice President – Rating Operations Tel: +91-22-6714 1105 Email: mohit.jain@smera.in	Tel: +91-22-6714 1184 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.