

**December 08, 2015**

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	0.25	SMERA B-/Stable (Assigned)
Term Loan I	1.67	SMERA B-/Stable (Assigned)
Term Loan II	1.50	SMERA B-/Stable (Assigned)
Term Loan III	3.30	SMERA B-/Stable (Assigned)
Cash Credit (Proposed)	1.00	SMERA B-/Stable (Assigned)
Term Loan (Proposed)	2.28	SMERA B-/Stable (Assigned)

SMERA has assigned rating of '**SMERA B-**' (read as **SMERA B minus**) to the Rs.10.00 crore bank facilities of Sai Sanskrithi Educational Society (SSES). The outlook is '**Stable**'. The rating is constrained by its small scale of operations, geographical concentration, limited courses offered and the intense competition prevalent in the education industry, which is highly regulated. Further the rating is constrained by its stretched liquidity position. However, the rating derives comfort from its qualified and experienced management and healthy occupancy rate..

#### **Outlook- Stable**

SMERA believes SSES will maintain a stable business risk profile in the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while maintaining healthy debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected growth in revenues and profitability, or in case of deterioration in the company's financial risk profile

#### **Rating Sensitivity Factors**

- Increase in sanctioned intake
- Stable profit margins
- Debt funded capex plans

#### **About the Society**

SSES was established in the year 2008 by Mr.Vijay Bhaskar Reddy as a founding member. At present, management of subject is vested in the hands of Mr. V Barla. SSES provides technical qualification in the field of management and engineering. At present the society runs post-graduation courses in management and graduation courses in engineering.

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For FY2014-15, SSES registered a deficit of Rs. 0.15 crore on operating income of Rs. 1.54 crore as compared to a deficit of Rs. 0.04 crore on operating income of Rs. 1.60 crore for FY2013-14.

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