

### Geeta Educational Trust: Assigned

Name of the Instruments	Amount (Rs Crore)	Rating/Outlook
Cash Credit	7.75	SMERA BB-/Stable (Assigned)
Term Loan	0.25	SMERA BB-/Stable (Assigned)

SMERA has assigned rating of '**SMERA BB-**' (read as SMERA double B minus) to the Rs.8.00 crore long-term (fund based) bank facilities of Geeta Educational Trust (GET). The outlook is '**Stable**'. The rating draws support from the experienced management and comfortable financial risk profile marked by moderate gearing and interest coverage. However, the rating is constrained by the small scale of operations and exposure to intense competition in the education industry.

GET has achieved operating income of Rs.12.06 crore in FY2014-15, a decline from Rs.14.41 crore in FY2013-14. The trust reported profit of Rs.0.33 crore in FY2014-15 against PAT of Rs.0.24 crore in FY2013-14. The moderate financial risk profile is marked by small scale of operations with revenue of Rs.12.06 crore, moderate gearing (debt-to-equity) of 1.58 times as on March 31, 2015 against 1.97 times in FY2013-14. Moreover, the interest coverage ratio stood at 2.56 times in FY2014-15 against 2.64 times in FY2013-14. The trust registered PAT margin of 2.74 per cent in FY2014-15 as against 1.67 per cent in FY2013-14. GET operates in an intensely competitive segment of the educational industry. The trust is set up by six trustees who possess around a decades experience in the education industry.

#### Outlook- Stable

SMERA believes that GET will maintain a stable outlook and continue to benefit over the medium term from its long track record of operations and extensive experience of promoters. The outlook may be revised to 'Positive' with increase in demand for its courses resulting in year on year increase in revenue receipts. Conversely, the outlook may be revised to 'Negative' in case of substantial decline in revenue and surplus due to lower than envisaged number of students. Besides, a significantly larger-than-expected debt-funded capex undertaken by the trust that impacts its financial risk profile, particularly liquidity may also entail a 'Negative' outlook.

#### Rating Sensitivity Factors

- Increase in student-intake
- Introduction of courses that are in demand

#### About the Trust

Established in 2007, GET runs an educational institute in Haryana by the name Geeta Institute of Management & Technology. The institute offers courses in engineering, management and computer applications. The trust is managed by Mr. D K Gupta, who possesses more than four decades of experience in the technical education space.

For FY2014-15, the trust reported profit after tax (PAT) of Rs.0.33 crore on operating income of Rs.12.06 crore, as compared with profit after tax (PAT) of Rs.0.24 crore on operating income of Rs.14.41 crore in FY2013-14. The net worth stood at Rs.7.43 crore as on March 31, 2015 against Rs.7.07 crore a year earlier.

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