

April 30, 2013

Facilities	Amount (Rs. Crore)	Rating
Term Loans	13.26	SMERA D/Assigned

SMERA has assigned a rating of '**SMERA D**' (read as **SMERA D**) to Rs. 13.26 crore long term facilities of Ponmudi Muthusamy Gounder Trust (PMGT). The rating has primarily considered delays in servicing the interest on its term loan obligations. The rating is also constrained by the highly competitive and regulated education industry. However, the trust's financial profile is marked by low gearing and good coverage indicators and steady growth in fee receipts. Further, PMGT's promoters are well experienced in the education field and their Trust offers diversified portfolio of courses with high occupancy.

PMGT is engaged in running educational institutes from the year 1999 and since then it has expanded and set up 5 institutes with multiple courses on offer; these courses range from Management, Engineering, Under-Graduate Courses, Teachers' Training and Schooling courses. All the institutes under the trust are primarily located in Tirupur; however it has also set up an institute in Coimbatore, a town adjacent to Tirupur. Currently, it is in process of setting up a Polytechnic College and improving infrastructure at its existing institutions. The Trust has been able to register growth in its consolidated fee income at a CAGR of 33.41% for the last five years due to increase in courses and expansion into metros. While PMGT's revenue, which includes tuition/admission fees, miscellaneous fees, hostel and mess fees, has increased from Rs. 9.65 crore in FY 2008 to Rs. 30.58 crore in FY 2012, its operating margin has improved from 40.62% in FY 2010 to 47.55% in FY 2012.

Tangible Networth (Corpus Fund) of PMGT has improved from Rs. 11.43 crore as on 31/Mar/2008 to Rs. 33.49 crore as on 31/Mar/2012 on account of retention of profits. The financial profile of the Trust is comfortable marked by low gearing. The debt equity ratio of the trust has marginally improved from 0.85 as on 31/Mar/2008 to 0.61 as on 31/Mar/2012. However, despite PMGT's year on year increase in fee receipts and surplus and low gearing position, there are consistent delays observed in servicing the interest on the term loans availed by the Trust.

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About Ponmudi Muthusamy Gounder Trust

PMGT was established on 29th January, 1999 by Mr. A. M. Kandasamy and Mrs. K. Malarvizhi. PMGT is primarily engaged in setting up and running educational institutes. It currently manages 5 educational institutes – 4 Colleges and 1 School - viz. Sasurie Vidya Bhavan Higher Secondary School, Sasurie College of Engineering, Sasurie Academy of Engineering, Sasurie College of Arts and Science and Sasurie College of Education. Barring Sasurie Academy of Engineering which is situated in Coimbatore, all other institutes are situated in Tirupur. PMGT has its head office at Tirupur, Tamil Nadu.

The management of PMGT comprises of Mr. A. M. Kandasamy and Mrs. K. Malarvizhi.

PMGT has registered a surplus of Rs. 7.34 crore on the operating income of Rs. 30.58 crore for FY 2012 as against a surplus of Rs. 4.64 crore on the operating income of Rs. 26.19 crore for FY 2011.

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Contact List

Media/Business Development	Analytical Contacts	Rating Desk
Mr. Virendra Goyal, VP - Sales – SME Tel: +91-22-67141177 Cell: +91 9930074009 Email: virendra.goyal@smera.in Web: www.smera.in	Mr. Charu Dutt Sharma, VP – Operations – SME Tel: +91-22-67141130 Cell: +91 9820751853 Email: charu.sharma@smera.in	Tel: +91-22-67141128 Email: ratingdesk@smera.in

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