

## Press Release

### SRT Educational & Charitable Trust (SRT)

February 15, 2017

#### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs.16.09 Cr
<b>Long Term Rating</b>	SMERA D (Assigned)
<b>Short Term Rating</b>	SMERA D (Assigned)

\*Refer Annexure for details

#### Rating Rationale

SMERA has assigned rating of '**SMERA D**' (read as SMERA D) on the Rs.16.09 crore bank facilities of SRT Educational & Charitable Trust (SRT).

The rating reflects delays in serving of term debt obligations.

The trust, established in 2009, runs Madurai Institute of Engineering and Technology, an engineering college in Madurai. It offers various graduate, post graduate and diploma courses in engineering and electronics.

#### List of key rating drivers and their detailed description

##### Strength:

**Experienced management:** The promoters, Mr Su. Thirunavukkarasar, Mr. T Ramachandran and Mr. T R Karpakam have more than a decades experience in the education industry.

##### Weaknesses:

**Delays in payment of debt obligations:** The rating factors in delays in servicing of debt obligations due to a stretched liquidity position.

**Weak financial risk profile:** The weak financial risk profile is marked by negative gearing of 6.91 times, low interest coverage of 0.11 times, low DSCR of 0.11 times and negative networth of Rs.3.09 crore in FY2016. The negative networth is on account of continuous net losses in the last three years ended FY2016, which resulted in erosion of networth.

**Analytical approach:** SMERA has considered the standalone business and financial risk profiles of the trust.

#### Applicable Criteria

- Service Entities - <https://www.smerra.in/criteria-services.htm>
- Application of Financial Ratios and Adjustments: <https://www.smerra.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smerra.in/criteria-default.htm>

#### About the Rated Entity

SRT established Madurai Institute of Engineering and Technology (MIET) college in 2009 at Madurai. The institution is AICTE approved and affiliated to Anna University, Chennai. It was founded by Mr Su. Thirunavukkarasar. The current chairman is Mr T Ramachandran.

For FY2015-16, SRT registered net losses of Rs.3.42 crore on operating income of Rs.3.70 crore, as compared with loss of Rs.2.29 crore on operating income of Rs.4.14 crore in FY2014-15.

**Status of non-cooperation with previous CRA (if applicable):** Not Applicable

**Any other information:** Not Applicable

**Rating History for the last three years:**

Name of Instrument /Facilities	2017			2016		2015		2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Term Loan	LT	15.59	SMERA D (Assigned)	-	-	-	-	-	-
Overdraft	LT	0.50	SMERA D (Assigned)	-	-	-	-	-	-

**\*Annexure – Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term Loan	N.A	N.A	Nov 2020	15.59	SMERA D (Assigned)
Overdraft	N.A	N.A	N.A	0.50	SMERA D(Assigned)

**Note on complexity levels of the rated instrument:**

<https://www.smerra.in/criteria-complexity-levels.htm>

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## ABOUT SMERA

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