

October 24, 2013

Facilities	Amount (Rs. Crore)	Rating
Term Loans	11.02	SMERA D (Assigned)
Proposed Term Loan	3.15	SMERA D (Assigned)

SMERA has assigned a rating of '**SMERA D** (read as SMERA D)' to the Rs.14.17 crore bank facilities of Sri Swamy Vivekananda Educational Trust (SSVET). The rating is constrained by the trust's irregularity in servicing interest and repaying term loan instalments. The rating is also constrained by the intense competition prevalent in the education industry, which is highly regulated. The rating factors in the trust's moderate leverage, steady growth in fee receipts, experienced management and diversified course portfolio.

SSVET, established in 1989, is a Tamil Nadu-based trust engaged in running seven educational institutes including schools, colleges and training institutes. SSVET's term loan statements reflect consistent delays and irregularities in servicing of interest and repayment of principal during the past six months.

The educational institutes run by the trust offer schooling, under-graduate courses, diplomas, engineering courses and teachers' training programs. SSVET's consolidated fee income increased from Rs.3.13 crore in FY2007-08 (refers to financial year, April 01 to March 31) to Rs.17.39 crore (provisional) in FY2012-13 due to increase in the number courses and commencement of new colleges. SSVET's net profit margin declined from 19.60 per cent in FY2007-08 to 14.85 per cent in FY2011-12 due to increase in operating expenses. However, the trust's net profit margin improved to 20.74 per cent in FY2012-13 due to the commencement of the Sri Ramakrishna College of Engineering. SSVET's tangible net worth stands at Rs.13.09 crore (provisional) as on March 31, 2013. The trust has a moderate leverage of 1.10 times as on March 31, 2013.

About the trust

SSVET is a Tamil Nadu-based trust established on August 23, 1989 by Mr. M. Sivasubramaniam. SSVET currently owns and manages seven educational institutes, which include five colleges and two schools (Sri Saradha Arts and Science College for Women, Sri Ramakrishna College of Education, Sri Saradha Teachers Training Institute for Women, Sri Ramakrishna Polytechnic College, Sri Ramakrishna College

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of Engineering, Sri Ramakrishna Matric Higher Secondary School and Sri Saradha Devi Girls Higher Secondary School). SSVET's head office is located in Perambalur, Tamil Nadu.

SSVET is headed by Mr. M. Sivasubramaniam, Mrs. S. Premavathi, Mr. M. S. Vijayanand and Mr. M. S. Vivekanandan.

For FY2011-12, SSVET registered a surplus of Rs.1.73 crore on operating income of Rs.11.66 crore as compared with a surplus of Rs.2.61 crore on operating income of Rs.10.28 crore for FY2010-11. For FY2012-13 (as per provisional financials), SSVET registered a surplus of Rs.3.61 crore on operating income of Rs.17.39 crore. SSVET's corpus fund stands at Rs.13.09 crore as on March 31, 2013 as compared with Rs.9.49 crore a year earlier.

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