



Sree Vidyanikethan Educational Trust

Instrument	Amount in Rs Crore	Rating Action
Term Loans	30.00 (revised from Rs 30.86 crore)	[ICRA]BB(Stable) reaffirmed
Cash Credit	5.00	[ICRA]BB(Stable) reaffirmed
Unallocated Limits	15.00 (revised from Rs 14.14 crore)	[ICRA]BB(Stable) reaffirmed

ICRA has reaffirmed the rating of [ICRA]BB(pronounced ICRA double B) to Rs 50.00 crore* bank facilities of Sree Vidyanikethan Educational Trust(SVET)[†]. The outlook on long term rating is stable.

The rating reaffirmation continues to take into account the long track record of SVET in the field of education in Andhra Pradesh (AP) and diversified portfolio of courses offered by the trust including engineering, business management, pharmacy and nursing. The rating also factors in healthy occupancy levels of 88% for Academic Year 2014-15 for the flagship institute of the trust i.e. Sree Vidyanikethan Engineering College(SVEC) and sustained growth in operating income of the trust in FY2014 by 11% supported by increase in the number of students by 10%. The rating is however constrained by the dip in profitability levels with operating margins declining to 24.51% in FY2014 from 28.91% in FY2013 owing to increase in employee costs; and adverse liquidity position of the trust due to delays in receipt of fee reimbursements from Government of AP. The rating further factors in the high dependence of the trust on the revenues from engineering college and international school at Tirupati together contributing to ~84% of the total gross fee receipts in FY2014 and increasing competition among private schools and colleges in the state of Andhra Pradesh and also from neighboring states of Telangana, Karnataka and Tamil Nadu which may likely to impact the occupancy levels. ICRA also notes the debt funded capital expansion plans of the trust which may adversely impact the capital structure and debt coverage indicators going forward.

Going forward, the ability of the trust to manage the liquidity and the quantum and funding of capex will be key rating sensitivities from credit perspective

Company Profile

Sree Vidyanikethan Educational Trust (SVET) was established in the year 1992, by Dr. M Mohan Babu, a popular movie artist and film producer in Andhra Pradesh and former Member of Parliament (Rajya Sabha). The trust was started with the objective to provide education from basic schooling to colleges of higher learning. The main campus of the trust is situated about 14 KMs away from Tirupati and has engineering, degree, pharmacy, nursing and management institutes along with an international school. The trust has also set up an international school at Hyderabad in 2007.

Recent Results

As per audited results of FY2014, the trust has recorded net surplus of Rs 2.73 crore on operating income of Rs 56.90 crore as against net surplus of Rs 2.69 crore on operating income of Rs 51.20 crore in FY2013.

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* 100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



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