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ICRA assigns LBBB- rating to bank facilities of Silicon Institute of Technology

ICRA has assigned an LBBB- (pronounced L triple B minus) rating to the Rs. 8.10 crore¹ term loans and Rs. 2.50 crore long term fund based bank limits of Silicon Institute of Technology (SIT)[†]. The outlook on the rating is stable.

The rating factors in SIT's well-established operations in the field of engineering education in Orissa, accreditation from AICTE, the institute's low faculty-to-student ratio, and its comfortable financial profile characterized by healthy revenue growth, high profit margins, a conservative capital structure, adequate coverage indicators and efficient cash flow management. The rating also takes into account the intense competition in the field of technical education that has impacted student intake quality in SIT, as reflected by the average cut-off ranks of students, the moderate placement track record of the institute, and its significant capital expenditure requirements for maintenance and development of infrastructural facilities as well as expected financial support to an upcoming institute at Sambalpur, Orissa.

Entity Profile

SIT was established under the Silicon Institute of Technology Trust in 2001 for imparting technical education in engineering. The institute is located in Bhubaneswar, Orissa, and offers both bachelors and masters level courses. It is affiliated to the Biju Patnaik University of Technology, Orissa.

During 2009-10 (provisional), SIT recorded a profit after tax of Rs. 5.55 crore on the back of an operating income of Rs. 16.19 crore.

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ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

¹100 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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