



Rating Rationale

Aaryan Educational & Charitable Trust

27 Apr 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹7.18 Crores of Aaryan Educational & Charitable Trust.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	7.18	Long Term	BWR B- (Pronounced as Single B Minus) Outlook: Stable
Total	7.18	INR Seven crores and Eighteen Lakhs Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating Assigned

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financials upto FY17, projected financials upto FY20 and information/ clarification given by trust's management.

The rating draws strength from experience of the trustees, increase in gross receipts in FY17 satisfactory enrollment ratio and increased Net Profit Margin. The rating however is constrained by small scale of operation, low net worth, high Gearing Ratio and low Liquidity Ratio.

Going forward, ability to improve its scale of operation by increasing sanctioned intake capacity, to improve gearing by infusing own funds and prompt serving of debt obligation shall remain key sensitivity.



Description of Key Rating Drivers

Credit Strengths

Two trustees have 2 decades of experience. Revenue has increased to ₹3.53 Crs in FY17 from ₹1.76 Crs in FY16. In FY18, the trust has reportedly achieved approximate income of ₹4.10 Crs and SAT of ₹0.76 Crs. Net Profit Margin has improved to 7.66% in FY17 from 6.79% in FY16.

Credit Risks

Gearing Ratio is 3.63 times in FY17. Net Worth stood at ₹1.42 Crs on 31st Mar 2017.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Aaryan Educational & Charitable Trust** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Trust

Aaryan Education & Charitable Trust was established in 2009 and new trustees were inducted in Nov 2016. The trust is in Berhampur, Odisha. The trust is currently being managed by 3 trustees, Mr. Rajeev Tripathy, Ms. Jayshree Tripathy and Mr. Mahendra Mahapatro. The trust has established one educational institute namely 'Aaryan Gurukul Residential College' in Berhampur. Presently, the 'Aaryan Gurukul Residential College' is offering plus 2 (Science & Commerce) and plus 3 (Graduation- B.Sc. & B.Com.) courses. Plus 2 course is recognised by Council of Higher Secondary Education (CHSE), Odisha and plus three courses are recognised by Berhampur University. The trust also provides hostel facilities to their students in Berhampur.

Plus 2 has 2 streams in science and commerce and totally 416 and 64 students are enrolled respectively in AY18. Plus 3 has streams in B Sc and B Com and totally 96 and 64 students are enrolled respectively in AY18



Financial Performance of the trust

Total operating income as at 31.3.2017 is Rs 3.53 Crs operating profit in FY 17 is Rs 0.24 Crs. In FY18, the trust has achieved Operating Revenue of ₹4.10 Cr.

Rating History for the last three years

S.No	/Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	2016	2015r
1.	Fund Based	Long Term	7.18	BWR B- (Pronounced as Single B Minus)	Not Rated	Not Rated	Not Rated
	Total		7.18	₹ Seven Crores & Eighteen Lakhs Only			

Status of non-cooperation with previous CRA: Not Available

Any other information: Not Available

Key Financial Indicators

Key Parameters	Units	FY16	FY17
Result Type		Audited	Audited
Operating Income	₹ Cr	1.76	3.53
SBITDA	₹ Cr	0.23	0.24
SAT	₹ Cr	0.12	0.27
Tangible Net worth	₹ Cr	0.88	1.42
Total Debt/Tangible Net worth	Times	1.94	3.63
Current Ratio	Times	0.71	0.66

Hyperlink/Reference to applicable Criteria



- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<i>Venkatesh</i> <i>CGM-Ratings</i>	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

DISCLAIMER



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