



Rating Rationale

Academy of Maritime Education and Training

10 Aug 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹ 60.00 Crores of Academy of Maritime Education and Training (AMET or ‘The Trust’.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	60.00	Long Term	BWR BB (Pronounced as BWR Double B) (Outlook:Stable)
Non Fund Based	0.00	Short Term	-
Total	60.00[^]	₹ Sixty Crores Only	

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

[^] Bankwise loan breakup in Annexure I

Ratings : Assigned

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating drive strength from long standing services in education for more than two decades and reputed name in maritime education in India and Deemed to be University status which provides competitive curriculum among peers. Moreover, the Trust’s more than 50% of receipts are from seagoing courses (Marine Engineering, Nautical Science etc.) which is coupled with more than 90% of placements track record since inception. During FY12, the Trust bought a Cruise Liner for on board training for students and promote tourism in India. However, due to lack of business opportunities in India the Trust incurred heavy losses till FY14 . As a result, ship was scrapped and the losses were around ₹ 110 Crs, including operational cost. Hence, overall corpus deteriorated in FY15. The Trust’s overall operating cash flow is strengthened by increase in student’s strength for last couple of years. However, the ratings is constrained due to ongoing capex, which will result in increase in debt levels, which may strain the cash flows. Going forward, the Trust’s ability to achieve projected revenue in competitive industry while maintaining profitability without compromising liquidity and debt obligation will be key rating sensitivities.



Description of Key Rating Drivers

Credit Strengths:

- **Long Standing and experienced Trustees :** The long standing Trust for more than two decades in maritime education and in 2007, Directorate General of shipping (DGS) has granted status as a deemed to be a university under sec 3 of University Grants Commission (UGC). it is an independent Maritime education university in India. Moreover, Trustees, Ms Susheela Ramachandran, Mr Ramachandran, Ms and Mr Rajesh Ramachandran are dedicated to education services for more than two decades.
- **Placement record:** It is one of the few institutions in India, offers maritime courses under AMET university with strong placement record which is more than 90% since inception.

Credit Risks:

- **Debt & liquidity profile:** Due to ongoing capex, the Trust's debt level likely to increase between ₹ 30-38 Crs in next couple of years to provide competitive facilities like lab equipments, hostel facility and other basic infrastructure to accommodate students. Although, students enrollment is more than 90%, the fee collection is either half-yearly or trimester-wise, and so, any adverse movement in receipts will impact the liquidity and meeting debt obligations in time.

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 **Academy of Maritime Education and Training** 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 Company

Pattammal Educational and Charitable Trust was established on 27-Jan-1992 for Charitable purposes and objects of General Public utility. During 2006, it was renamed to Academy of Maritime Education and Training (AMET) and subsequently in 2007 Directorate General of shipping (DGS) has granted status as a deemed to be a university under sec 3 of UGC. it is an independent Maritime education university in India. The trust office is located in Chennai, Tamilnadu. Presently, the AMET University has intake strength of 3500 students and has ~3300 student strength as of now. The placement cell of the university is well established and more than 90% of students are placed in maritime related occupations. There are 192 teaching staff and 325 non staffing staff in the University.

Company Financial Performance

The Trust has recorded receipts of ₹ 88.66 Crs in FY17 as against ₹ 82.83 Crs in FY16. Similarly, the Trust’s surplus stood at ₹ 12.49 Crs in FY17, compared to ₹ 11.86 Crs in FY16. On provisional basis, the Trust has achieved receipts of ₹ 95.27 Crs in FY18.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
1	Fund Based	Long Term	60.00	BWR BB (Stable)	-	-	-
2	Non Fund Based	Short Term	0.00	-	-	-	-
Total			60.00	₹ Sixty Crores Only			

Academy of Maritime Education and Training
Bank & Loan wise breakup
Annexure I

Type of Facilities (In ₹ Crs)		IOB (24-Jul-2018)	Corporation Bank (24-Jul-2018)	Proposed Loan	Amount to be rated
Fund Based	Cash Credits	18.00	0.00	0.00	18.00
	Term Loan I	1.82	0.39	38.46	40.67
	Term Loan II	1.12	0.00	0.00	1.12
	Vehicle Loan	0.21	0.00	0.00	0.21
Total		21.15	0.39	38.46	60.00



Academy of Maritime Education and Training

Key Financial Indicators

Annexure II

Key Parameters	Units	2016	2017
Result Type		Audited	Audited
Income	₹ Cr	82.83	88.66
Operating Surplus	₹ Cr	25.72	23.19
Net Surplus	₹ Cr	11.86	12.49
Corpus Fund	₹ Cr	8.83	21.32
Total Debt/Corpus Fund	Times	5.90	2.08
Current Ratio	Times	1.00	1.16

Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

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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

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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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