

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 12.76 Crores of Akbar Educational Trust.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based			
Term Loan 1	4.34	Long Term	BWR BB- (Pronounced as BWR Double B Minus) (Outlook: Stable)
Term Loan 2	3.60		
Term Loan 3	1.92		
Term Loan Proposed	2.00		
Cash Credit	0.90		
Total	12.76	INR Twelve Crores and Seventy Six Lakhs Only	

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial statements of Akbar Educational Trust(AET) upto FY18, projected financials of FY19, publicly available information and information/clarifications provided by the trust's management.

The rating derives its strength from the experience trustees, moderate financial risk profile and reputation of the institute. However, the rating is constrained by geopolitical unrest in the area of operation and regulated as well as the competitive nature of Indian education sector.

Going forward, the ability of the trust to improve its scale of operations, profitability, liquidity profile & capital structure by infusion of additional capital as projected will be the key rating sensitivities.



Description of Key Rating Drivers

- **Credit Strengths:**

Experienced Trustees: The trust is chaired by Mr. Showkat Hussain Khan and managed efficiently along with other members. The trustees have a long standing experience of over two decades in the field of education. The trustees and the teaching staff have profound educational qualifications.

Moderate Financial Risk Profile: AET has adjusted Tangible Net Worth of Rs. 8.50crs along with moderate adjusted gearing ratio(TD/TNW) of 1.21 times in FY18. Debt Coverage metrics of the trust are moderate with ISCR at 2.30 times and DSCR at 1.09 times in FY18.

Reputation of institute: Doon International School(DIS) in Srinagar operated by AET is a franchisee of Doon International School, Dehradun . The parent institution carries an exclusive reputation in the country; DIS Srinagar has had smooth operations since inception and has received various awards for overall performance and extracurricular activities both at national and international levels.

- **Credit Risks:**

Geopolitical unrest: The trust's school is located in Srinagar, Jammu and Kashmir which has prevailing political unrests, the school has to take additional measures in ensuring undisturbed functioning and safety.

Regulated and Competitive nature of Indian Education Sector: The Indian Education Sector is highly regulated with respect to approval requirements from various government bodies for addition of courses. High level competition is faced due to presence of large and established institutions.

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).

Liquidity Profile

AET has no liquid investments and the Cash & Bank balances of Rs. 0.06Cr as on March 31 2018. Current ratio was average at 2.27 times in FY18. The trust has not submitted cash flow statement. Average working capital utilization for the six months period (June 2018 to November 2018) is 80.61%. The trust's debt protection metrics are moderate with ISCR & DSCR at 2.30 times and 1.09 times respectively as on March 31 2018. The trust has high receivable days of 76 days in FY18.



Rating Outlook: Stable

BWR believes the **Akbar Educational Trust's** 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

Akbar Educational Trust ('AET' or 'The Trust') was established on 1st August 2014, in the state of Jammu and Kashmir.

The trust runs one school under the name of Doon International School (DIS). DIS Srinagar is a franchisee of Doon International School, Dehradun and both are run by a separate trusts. DIS is affiliated with CBSE board and classes from nursery to 12th grade.

Due to the geopolitical conditions prevailing in the state, the school operators at an average of 10-15 days per month. In case the courses are incomplete, extra lectures are arranged during winter breaks and telephonic conference calls are setup between a class of students and teachers.

Trust's Financial Performance

As per the Audited Financials of FY18 the trust has reported a revenue of Rs 5.70crs with PAT of Rs 0.33 crs vis-a-vis Rs 4.90 crs & PAT of Rs. 0.97crs in FY17. The operating profit margin and net profit margin are 49.77% and 5.79% respectively in FY18.

Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	2018	2017	2016
1.	Fund Based	Long Term	12.76	BWR BB- (Pronounced as BWR Double B Minus) (Outlook: Stable)	NA	NA	NA
	Total		12.76	₹ Twelve Crores and Seventy Six Lakhs Only			

Status of non-cooperation with previous CRA- NA

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue (Receipts)	₹ Cr	5.70	4.90
EBITDA	₹ Cr	2.84	2.70
PAT	₹ Cr	0.33	0.97
Tangible Net worth Analysed (Corpus)	₹ Cr	8.50	8.08
Total Debt/Tangible Net worth Analysed	Times	1.21	1.19
Current Ratio	Times	2.27	57.64

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Services Sector](#)

Analytical Contacts	Media
V. K. Kukreja Associate Director-Ratings analyst@brickworkratings.com	media@brickworkratings.com
	Relationship Contact bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.