

**All India Society for Electronics and Computer Technology(AISECT)**

**Brickwork Ratings reaffirms the long term rating for the Bank Loan Facilities of ₹. 18.00 Crores of All India Society for Electronics and Computer Technology (AISECT)**

**Particulars**

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous* (July 2019)	Present
<b>Fund based</b> Dropline Overdraft WCTL: Emergency Credit Line Term Loan	17.00 - -	14.00 2.90 1.10	<b>Long Term</b>	<b>BWR BBB Stable</b>	<b>BWR BBB Stable (Reaffirmed)</b>
<b>Total</b>	<b>17.00</b>	<b>18.00</b>	<b>INR Eighteen Crores Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

Complete details of Bank facilities is provided in Annexure-I

\*The rating was migrated to rating not reviewed category in July 2020

**RATING ACTION/ OUTLOOK**

BWR has reaffirmed the long term rating of All India Society for Electronics and Computer Technology(AISECT) to BWR BBB/Stable.

The rating draws strength from promoter’s experience over two decades in the education sector, diversified geographical presence and further expansion , strong financial risk profile, moderate



profit margins and liquidity position. The rating is however constrained by moderate and reduced scale of operations , enrollment risk, vulnerability to regulatory risk associated with the education sector and exposed to negative impact of COVID 19.

BWR believes that the business risk profile of All India Society for Electronics and Computer Technology(AISECT) will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term.

### **KEY RATING DRIVERS**

BWR principally relied upon audited financials upto FY19, FY20 Provisional and CMA Projected upto FY21 and publicly available information and information / clarification provided by the management.

#### **Credit Strengths:**

- **Extensive experience of Management:** The management team have extensive experience of over 20 years each in the industry with the founder Mr. Santosh Chaubey himself with over 40 years of experience. Over the last year, AISECT has won multiple accolades from government and non government organisations with respect to its education, infrastructure and management.
- **Diversified Geographical presence and Further Expansion:** AISECT has diversified geographical presence with campuses at Kargi Road, Kota, Bilaspur, (G.G.) as well as newly acquired campus at Vaishali, Bihar. It also provides Regular, Distance Education Courses and Certifications. AISECT has its Skill Knowledge Providers (SKP's) located across PAN India wherein they provide counselling for admission to its courses
- **Strong financial risk profile: :** The D/E stood at 0.10x in FY 20, improving from 0.15x in FY19, due to improved net worth. The TOL/Corpus Fund (CF) stood at 0.20x in FY 20 v/s 0.26x in FY19. The Corpus Fund and gearing level in the company is moderate. The DSCR stood moderate at 2.16x in FY20 as against 2.29x in FY19 and ISCR stood moderate 6.99x in FY20 as against 43.54x in FY19 respectively.
- **Profit Margins & Liquidity Position :** OPM is at 26.27% in FY20, v/s 20.00% in FY19 & 31.07% in FY 18, which shows a fluctuating trend YOY. NPM is at 13.51% in FY20, v/s 8.73% in FY19 & 9.63% in FY 18, which shows a fluctuating trend YOY.



The same can be considered as moderate. The current ratio (Adjusted) of the society has decreased to 2.78 x as on FY19 as compared to 3.61 x as on FY18 due to decrease in Current investment (Fixed Deposits), increase in other current liabilities. However, in FY20, CR(A) stood at 1.51x.

#### **Credit risks:**

- **Moderate and reduced Scale of Operations:** Revenue Receipts has stood stagnant in FY20 to Rs 49.25 crs VS Rs. 48.95 crs in FY19. In FY19. The scale of operations is at a moderate level showing fluctuating trends on Y-O-Y basis. They have cloaked receipts of Rs. 15.40crs during 8M FY21.
- **Enrollment Risk:** AISECT is subject to likely uncertainty in enrollment of students. No of students enrolled in both regular and distance learning courses have decreased to 71493 in Academic Year 2018-19 from 85841 in Academic Year 2017-18. As on AY 2019-20, No of students enrolled stood at 72175.
- **Vulnerability to Regulatory risk associated with the Education Sector:** The educational institutions are regulated by various bodies, namely, University Grants Commission (UGC), All India Council for Technical Education (AICTE), Paramedical Council of India, and are vulnerable to regulatory changes and as well intense competition from large and established players.
- **COVID 19 Impact :** The lockdown has compelled many educational institutions to cancel their classes, examination, internship etc. and to choose the online modes. Initially, educators and students were quite confused. AISECT society has not faced many issues with online mode, since it runs many online courses since the beginning of the society. But later on all realised that lockdown has taught many lessons to manage with emergence of such pandemic. Thus, COVID 19 has created many challenges and opportunities to strengthen their infrastructure and technical knowledge.

#### **ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA**

BWR has factored in the standalone business parameters and financial risk profile of the company to arrive at the rating. Reference may be made to the Rating Criteria hyperlinked detailed below (hyperlinks provided at the end of this rationale).



## **RATING SENSITIVITIES**

Going forward, the ability of the entity to accelerate its scale of operations, increase its profit margins, compliance of bank's sanction terms, efficiently manage its working capital and cash flows for timely servicing of interest/debt obligations and strengthening of overall financial risk profile shall be the key rating sensitivities over short to medium term.

Positive: The rating outlook may be revised to positive or rating may be upgraded if the company is able to sustain its growth and profit margins. Any additional infusion of share's capital would help to improve its capital structure of the entity.

Negative: The rating outlook may be revised to negative or rating may be downgraded if the entity achieves lower revenue and profit margins than projected.

## **LIQUIDITY POSITION: Moderate**

The liquidity profile is moderate. The cash & cash equivalent stood at Rs.2.88 Crs as on March 19. The average utilisation of the working capital stood at the level 95%.The Current ratio is above unity and stood at 4.16 x as of March 2019. The net cash accrual stood Rs. 10.05 Crs in FY19 , Rs. 11.34 Crs in FY20 and Rs. 10.83 Crs in FY21. The society does not have a high debt obligation .

## **COMPANY PROFILE**

M/S All India Society for Electronics and Computer Technology (AISECT) was founded in 1985 by Mr. Santosh K. Choubey for providing skill development, educational and training services in semi-urban and rural areas of the country. In 2006, the society started a private university in the name of Dr. C. V. Raman University under section 2(f) of the University Grant Commission Act, 1956. AISECT is engaged in printing & publications of study materials, e-inclusion and bank business correspondent service through AISECT Ltd. operation of educational universities in Bilaspur (Chhattisgarh), Bhopal (MP), Khandwa (MP), Hazaribagh (Jharkhand) and Vaishali (Bihar) through AISECT Group of Universities providing both Regular as well as Distance Education courses and skill Development Courses in association



with NSDC. AISECT also has nearly 20,000 Skill Knowledge Providers (SKP's) for dissemination of information.

### KEY FINANCIAL INDICATORS

Key Parameters	Units	2019	2018
Result Type		Audited	Audited
Revenue Receipts	₹ Cr	48.95	56.89
SBITDA	₹ Cr	9.79	17.68
SAT	₹ Cr	4.28	5.48
Corpus Fund (CF)	₹ Cr	95.65	90.49
Total Debt/CF	Times	0.15	0.34
Current Ratio	Times	4.16	7.72

On a Provisional basis : The company reported Revenue Receipts Rs. 49.25 Crs , SBITDA Rs. 12.94 Crs , SAT Rs. 6.65 crs , Corpus Fund (CF) Rs. 103.18 Crs , total debt to CF 0.10 x and current ratio 4.78 x in FY20

**KEY COVENANTS OF THE FACILITY RATED: NA**

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: NA**



**RATING HISTORY FOR LAST 3 YEARS ( INCLUDING WITHDRAWN/SUSPENDED)**

Facilities	Current Rating 2020	Rating History										
Bank Loan	Current Rating	12 July 2019		09 Aug 2018		2017						
	<table border="1"> <tr> <td>F B</td> <td>18.00</td> <td>BWR BBB Stable (Reaffirmed)</td> </tr> </table>	F B	18.00	BWR BBB Stable (Reaffirmed)	<table border="1"> <tr> <td>FB</td> <td>17.00</td> <td>BWR BBB Stable (Reaffirmed)</td> </tr> </table>	FB	17.00	BWR BBB Stable (Reaffirmed)	<table border="1"> <tr> <td>FB</td> <td>5.00</td> <td>BWR BBB Stable (Assigned)</td> </tr> </table>	FB	5.00	BWR BBB Stable (Assigned)
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\*Issuer not cooperating based on best available information

**COMPLEXITY LEVELS OF THE INSTRUMENTS**

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**Hyperlink/Reference to applicable Criteria**

- **General Criteria**
- **Approach to Financial Ratios**
- **Services Sector**

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### ANNEXURE I

#### All India Society for Electronics and Computer Technology Details of Bank Facilities rated by BWR

Sl.No.	Name of the Bank	Type of Facilities	Long Term [₹ Cr]	Short Term [₹ Cr]	Total [₹ Cr]
1.	<b>Central Bank of India</b>	Dropline OD WCTL: Emergency Credit Line Term Loan	14.00 2.90 1.10	-	<b>18.00</b>
<b>TOTAL</b>					<b>18.00</b>

**Rupees Eighteen Crores Only**

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