



Rating Rationale

All India Society for Electronics and Computer Technology(AISECT)

12 July 2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 17.00 Crores of All India Society for Electronics and Computer Technology(AISECT).

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Aug, 2018)	Present
Fund based Proposed Dropline OD Dropline OD	5.00 0.00	0.00 17.00	Long Term	BWR BBB (Pronounced as BWR Triple B) (Outlook:Stable)	BWR BBB (Pronounced as BWR Triple B) (Outlook:Stable) Reaffirmed
Total	5.00	17.00	INR Seventeen Crores Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon audited financial results of AISECT upto FY18, provisional financials of FY19 and projected financials from FY20 to FY21, publicly available information and information/clarifications provided by the Company's management.

The assigned ratings draw comfort from Extensive experience of Management in the Education Sector, Diversified Geographical presence and Further Expansion, Low Gearing, Comfortable Coverage Indicators, Strong Profitability Margins, and Comfortable Liquidity.

The ratings are, however, constrained on account of Moderate Scale of Operations, Enrollment Risk and Inherent risk of regulatory changes as well as intense competition from large & established players.

The ability of the concern to increase its scale of operations and student enrollment while achieving its projections would be its key rating sensitivity. The provisional financial data considered for rating is subject to change and is dependent on no. of students actually accommodated in the universities.



Description of Key Rating Drivers

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
- **Low Gearing:** Due to repayment of the term loan, the Overall gearing of the Society has improved and remained comfortable at 0.34 times as on FY18 and further reduced to 0.16 times as on FY19.
- **Comfortable Coverage Indicators:** Due to relatively lower and decreasing interest expenditure on account of loan repayment, ISCR of the Society has improved further to 13.99x for FY19 (prov.) v/s 5.97x for FY18.
- **Strong Profitability Margins:** OPM and NPM stood at 31.07% and 9.63% in FY18 v/s 21.24% and 11.45% in FY17 owing to increased TOI as well as higher interest costs. OPM and NPM stood at 37.39% and 21.33 in FY19 (prov).
- **Comfortable Liquidity:** The current ratio (Adjusted) of the society has decreased to 3.61x as on FY18 as compared to 18.56x as on FY17 due to decrease in Current investment (Fixed Deposits), increase in other current liabilities. However, in FY19, CR(A) stood at 7.45x

Credit Risks:

- **Moderate Scale of Operations:** TOI has marginally increased to 58.79 cr in FY19 from 56.89 cr in FY18 (3.33%) despite increase in the no of students enrolled by 9.59% and increase in course fee structure.
- **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 85841 in Academic Year 2017-18 from 90598 in Academic Year 2016-17. As on AY 2018-19, No of students enrolled stood at 94070.
- **Sensitivity to external factors:** Educational Institutions are exposed to regulatory changes in the education sector and as well as intense competition from large and established players.

Liquidity Profile: Current Ratio stood at 7.72 in FY18. Cash & Cash Equivalent stood at Rs. 5.23 cr. Dropline OD facility utilisation is around 90% on average.



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

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.

Company Financial Performance

Corpus has increased to 90.49 cr in FY18 from 78.14 cr in FY17 due to retention of surplus. Adjusted TNW for FY19 (provisional) stood at 78.61 cr. TOI has marginally increased to 58.79 cr in FY19 from 56.89 cr in FY18 (3.33%). OSBDIT has increased to 17.68 cr in FY18 up from 8.73 cr in FY17 (up by 102.40%) in line with increase in TOI as well as overall lower operating costs. Current ratio (Adjusted) of the society has decreased to 3.61x as on FY18 as compared to 18.56x as on FY17. In FY19, CR(A) stood at 7.45x.



Rating History for the last three years

S.No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	9th August 2018	2017	2016
	Fund Based	Long Term	17.00	BWR BBB (Pronounced as BWR Triple B) (Outlook:Stable) Reaffirmed	BWR BBB (Pronounced as BWR Triple B) (Outlook:Stable)	N.A	N.A
	Total			₹ Seventeen Crores Only			

Status of non-cooperation with previous CRA (if applicable)- nil

Any other information - nil

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	Rs in Crs	56.89	41.12
SBITDA	Rs in Crs	17.68	8.73
SAT	Rs in Crs	5.48	4.71
Tangible Net worth	Rs in Crs	90.49	78.14
Total Debt/Tangible Net worth	Times	0.34	0.10
Current Ratio	Times	7.72	25.91

Hyperlink/Reference to applicable Criteria

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

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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