

## Rating Rationale

### Brickwork Ratings assigns 'BWR BB +' for Bank Loan Facilities of ₹ 11.55 Cr of Amma Chandrawati Educational and Charitable Trust.

Brickwork Ratings (BWR) has assigned the following **Rating<sup>1</sup>** for the Bank Loan Facilities of Amma Chandrawati Educational and Charitable Trust (*ACECT or the 'Trust'*):

Facility	Limits (₹ Cr)	Tenure	Rating
<b>Fund Based – Term Loan I</b>	<b>0.75</b>	<b>Long Term</b>	<b>BWR BB +</b> (Pronounced BWR Double B Plus) <b>(Outlook : Stable)</b>
<b>Term Loan II</b>	<b>5.80</b>		
<b>Overdraft Limit</b>	<b>5.00</b>		
<b>Total</b>	<b>11.55</b>	<b>(INR Eleven Crores and Fifty Five Lakhs only)</b>	

BWR has principally relied upon the audited financial statements up to FY14, projected financial statements up to FY16, publicly available information and information/clarifications provided by the trust's management.

The rating factors, inter alia, the experienced management, diverse courses offered by the institutes and the above average financial risk profile of the Trust marked by moderate tangible net worth, low gearing, comfortable debt protection metrics and adequate profitability. However, the rating is constrained by the current small scale of operations, exposure to risks arising from project execution of the proposed Medical college and Hospital, vulnerability to regulatory risks associated with the education sector and the continuous need for capital expenditure for investment in infrastructure facilities.

#### Background:

Amma Chandrawati Educational and Charitable Trust (ACECT) is a registered Trust established in New Delhi in 2006. Currently, ACECT operates three institutes – World College of Technology & Management (WCTM), KNS World Management College and Oxford College of Education. The institutes are located in Gurgaon, Haryana. ACECT offers various courses in the field of management and engineering. WCTM, the flagship institution, is located in a 18 acre campus equipped with all amenities and hostel facilities. The Trust has enrolled around 1500 students in all the three colleges. ACECT proposes to establish a Medical College – World College of Medical Sciences & Research (WCMSR) and 300 bedded Hospital at Village Gurawar, Dist. Jhajjar (Haryana). The project is envisaged to be implemented in three phases at an estimated cost of around ₹ 96 Cr, to be funded by term loans and additional corpus infusion. Phase I of the project is expected to be operational from April 2015.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

### Trustee Profile:

ACECT is promoted by experienced and qualified educationists, Dr. Narender Singh and his wife Dr. Ritu Singh. Dr. Narender Singh has served on the Board of Governors of premier management institutes such as IIM Bangalore, NIT Surathkal etc. Presently he is the Chairman of Chandrawati Group of Institutions, Bharatpur.

### Financial Performance:

Total Operating Income marginally increased from ₹15.14 Cr in FY13 to ₹15.23 Cr in FY14. Net profit of the trust in FY14 decreased to ₹3.43 Cr from ₹4.85 Cr in FY13 due to increase in operational expenses. The Trust's corpus stood at ₹26.53 Cr in FY14 as against ₹20.05 Cr in FY12. Overall gearing was low at 0.29 times.

### Rating Outlook

The outlook is expected to be stable for the current year. Going forward, the ability of the trust to raise timely funding for implementation of the ongoing medical college and hospital project within the estimated costs and time schedules, sustain its profitability amidst competition in the education industry, increase student enrolments and expand its infrastructure appropriately would be the key rating sensitivity factors.

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