



Rating Rationale

Assembly of God Church School

8 Jan 2018

Brickwork Ratings downgrades the ratings for the Bank Loan Facilities of Rs. 7.83 Crs of Assembly of God Church School, Asansol ('AGCS')

Particulars

Bank Facilities	Type of Facility	Tenure	Previous Limits (₹ Crs)^	Present Limits (₹ Crs)^	Limits to be Rated(₹ Crs)^	Previous Rating	Present Rating^
Term Loan	Fund Based	Long Term	8.00	7.83	7.83	BWR BB (Outlook: Stable)	BWR BB- (BWR Double B Minus) (Outlook: Stable) Downgraded
Rated Amount				7.83	7.83	(INR Seven Crore Eighty Three Lakhs Only)	

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

Rating Downgraded: BWR BB- for Long Term

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials of the Company up-to FY17, projections up-to FY20 and publicly available information and information/clarifications provided by the management.

The rating has factored, inter alia, the long standing experience of the management in the field of education, established brand name of the school, adequate and well-experienced teaching staff members, consistent growth in revenue. The rating is, however, constrained by modest scale of operations, Stretched Debt Protection Metrics and Liquidity Constraint, high competition, project implementation risk and susceptibility to change in regulation in the education sector. Going forward, the AGCS's ability to scaling up operations while improving profit margin, completion of the project and intake of students would remain the key rating sensitivities.

Rating Outlook: Stable

BWR believes the Assembly of God Church School'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 margins show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and margins show lower than expected figures.

Key Rating drivers

Credit strengths

- **Experience of promoters:** The promoters of the AGCS have been in this business and are successfully running this business with ease.
- **Feedback from Banker:** The Banker has given positive feedback for the account of AGCS.
- **Track Record and Established Name:** The School has established brand name and well-experienced staff members in the school. It also has a very good track record in the field of education.

Credit Weaknesses

- **Stretched Debt Protection Metrics:** The debt protection metrics of the AGCS reflected by ISCR of -1.19 times.
- **Project Execution Risk:** The Company also faces project execution risks in terms of time and cost overrun.
- **Fragmented and Competitive Industry:** The Education industry is highly fragmented resulting in stiff competition from other key players in the vicinity and profitability is vulnerable to fluctuations to intake of new students .
- Non achievement of intake of students as per projection at optimum level.

About the Company

The Assembly of God Church School, Asansol was established in 1963 by Rev. Willis. G. Long. The school is under Assemblies of God of North India –a society who also established two other schools in the name of Assembly of God Church, Sodepur and Ukhra. At present, the school has strength of around 2000 students comprising only girls and classes upto 10th standard under ICSE Board. Due to demand for admission in higher classes, the management has decided to construct a new school building on a plot of land at Kalyanpur Housing, covering an area of 2.18 acres. This plot of land has been purchased from Asansol Durgapur Development Authority on 99 years lease. As per the discussion with the management, the project has not been not completed yet. As against of COD of April 2017, it is expected to be completed by th month of December. AGCS also have received +2 affiliations from ISC Council, Delhi.

Financial Performance

As per the Audited financial FY17, the revenue of the AGCS has been increased from ₹ 6.02 Crores in FY16 to ₹ 6.11 Crores in FY17. The AGCS has reported Net Loss of Rs. 0.11 Crores in FY17 against Net



profit Rs. 0.72 Crores in FY16. Tangible net worth of the AGCS has increased from ₹ 4.89 Crores in FY16 to ₹ 6.91 Crores in FY17 on account of infusion of capital.

.Rating History for the last three years:

Sl No	Instrument/ Facility	Current Rating (December, 2018)			Rating History		
		Type	Amount (Rs. Crore)	Rating	2016	2015	2014
1.	Term Loan	Long Term	7.83	BWR BB- (Outlook: Stable) Downgraded	BWR BB	NA	NA
Total			Rs. 7.83 Crore (Seven Crore Eighty Three Lakhs Only)				

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Hyperlink/Reference to applicable Criteria:

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

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For print and digital media



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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, 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 ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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Assembly of God Church School
Bank Facilities
Annexure I

Nature of all facilities			(Rs in Crore)
Bank Name	Facilities	Existing Limits	Amount to be Rated
State Bank of India	TL	7.83	7.83
	Total (Seven Crore Eighty Three Lakhs Only)		7.83

Annexure II
Key Financial Indicators

	FY16(Audited)	FY17(Audited)
Net Sales/ Revenues (Rs. Cr)	6.02	6.11
EBIDTA (Rs. Cr)	0.72	-0.36
PAT (Rs. Cr)	0.72	-0.11
Tangible Networth (Rs. Cr)	4.89	6.91
Total Debt : TNW (Times)	--	1.10
Current Ratio (Times)	2.94	1.94