



Rating Rationale

Association of Management Studies

13 November 2017

Brickwork Ratings reaffirms the rating for the bank loan facilities of Association of Management Studies

Particulars

Facility Rated	Previous Amount Rated (In Rs. Crs)	Present Amount Rated (In Rs. Crs)	Tenure	Previous Rating	Present Rating *
Fund Based					
Cash Credit	25.00	0.00	Long Term	BWR BBB (Pronounced as Triple B) Outlook: Stable	BWR BBB (Pronounced as Triple B) Outlook: Stable Reaffirmed
Overdraft	6.00	31.00			
Term Loan	4.55	10.00			
Total	35.55	41.00 (Rupees Forty One Crores Only)			

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

Long term rating Reaffirmed

Brickwork Ratings has relied upon audited financial statements up to FY16, unaudited financial statements for FY17, publicly available information and other documents provided by the management, while reaffirming the long term rating at BWR BBB to the bank loan facilities of Association of Management Studies.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

While reaffirming the rating to Association of Management Studies (AOMS or 'the Society'), BWR has factored in the trustees' experience in the education sector, long-term existence of educational institutions, increase in corpus funds, low leverage supported by strong debt protection metrics, strong financial risk profile on account of sector advantages like steady cash flows and recession proof nature of the sector. The rating strengths are, however, constrained on account of geographic concentration risks as all the educational institutions are located at Meerut in Uttar Pradesh, besides regulations imposed by statutory authorities which, at times, restrict admissions, maintenance of high quality education with improvement in technology is a challenge, and competition from other educational institutes and private universities operating in the vicinity.

13 November 2017



Ability of the Society to increase the intake of students by offering courses in more varied fields, improve fees structure to support students as well as corpus fund, and timely servicing debt obligations would be the key rating sensitivities.

Key Rating Strengths

- 1. Trustees' experience:** The registered society "Association of Management Studies" (AOMS) was formed by 7 Rotarians in the year 1994 at Meerut, UP, with an aim to impart quality management and technical education.
- 2. Diversification in curriculum:** AOMS runs the IIMT group of institutions at 5 campuses of which 4 are located at Meerut and 1 at Greater Noida, comprising 17 colleges and 1 school. The courses offered are in the fields of engineering, medical, management, law, polytechnic and other vocational courses.
- 3. Strong Financial Risk profile:** Low leverage of 0.22 times with a strong debt protection metrics with debt service coverage ratio (DSCR) of 2.88 times and interest service coverage ratio (ISCR) of 5.54 times in FY17 (unaudited). Negative working capital has been observed in all financial years on account of collection of fees in advance from students and a moderate percentage of which is kept as bank deposits. This bank deposits are used by the trust to finance long term assets and helps in reducing dependence on bank loans to some extent.

Key Rating Weaknesses

- 1. High geographic concentration risk:** All the educational institutions run by the Trust are located at Meerut, Uttar Pradesh. This leads to a high geographic concentration risk for the Trust.
- 2. Low growth in revenues:** The intake of students is highly dependent upon the ability of the institute to offer varied courses and quality education supported by other facilities. AOMS's revenues declined in FY-16 (Audited) to Rs. 81.90 Crs, but recovered to the level of Rs. 86.46 Crs in FY17 (unaudited).

Analytical Approach:

BWR has factored in the standalone business parameters and financial risk profile of the Society to arrive at the rating. Reference may be made to the Rating Criteria hyperlinked below.

Rating Outlook: Stable

BWR believes the **Association of Management Studies'** 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 Entity

The registered Society "Association Of Management Studies" (AOMS) was formed by 7 Rotarians in the year 1994 at Meerut, U.P., with an aim to impart quality management and



technical education. AOMS is registered under the society's Registration Act 21 of 1860. The Society runs the IIMT group of educational institutions which has 5 campuses, of which 4 are at Meerut and one is at Greater Noida. The Society runs 17 colleges, which offer technical, management and other courses, and 1 school at these campuses. AOMS employs more than 1330 highly experienced and qualified faculty in their respective functional areas.

Entity's Financial Performance

Particulars	Units	FY2016	FY2017
		(Audited)	(Unaudited)
Net Receipts	Rs. in Crores	81.90	86.46
EBIDTA	Rs. in Crores	19.68	19.56
PAT	Rs. in Crores	9.32	11.06
Corpus Fund	Rs. in Crores	93.02	114.73
TOL : Corpus Fund	Times	0.84	0.64
Current Ratio	Times	0.44	0.77

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/ Facility	Current Rating (FY 2018)			Rating History		
		Type	Amount (Rs Crs)	Rating	FY 2017	FY2016	*FY2015
1	Cash Credit	Long Term	0.00	BWR BBB	BWR BBB	NA	NA
2	Overdraft		31.00	Outlook:Stable Reaffirmed	Outlook: Stable		
3	Term Loan		10.00				
	TOTAL		41.00	(Rupees Forty One Crores Only)			

*FY refers to the financial year commencing on 1st April and ending on 31st March each year

Status of non-cooperation with previous CRA (if applicable): Reason and comments:
Not Applicable

Any other information: NA

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratio](#)

For any other criteria obtain hyperlinks from website

13 November 2017



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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.

DISCLAIMER

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