



Rating Rationale

Centre for Advanced Studies in Engineering

1 July 2019

Brickwork Ratings assigns the long term rating for the Bank Loan Facilities of Rs. 11.72 Crs of Centre for Advanced Studies in Engineering (CASE).

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating*
Fund Based			
Term Loan	4.72	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable
Overdraft	7.00		
Total	11.72	INR Eleven Crores and Seventy Two Lakhs Only	

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

Rating: Assigned

Brickwork Ratings assigned long term rating of 'BWR BB-' with 'Outlook:Stable' to the bank loan facilities of Rs. 11.72 Crores of Centre for Advanced Studies in Engineering.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating has factored, inter alia, nearly two decades of experience of members of the society, long existence of the society for 19 years, diversified courses provided by the institutions managed by the society and low gearing in FY18. However, the rating is constrained by year on year decline in net receipts for the last three years due to decline in enrolments, negative net surplus for the last two years, regulatory risk associated with the education sector, continuous need to maintain infrastructural facilities followed by intense competition in the education sector. Going forward, the ability of the Society to increase its scale of operations by improving the enrolment percentage in institutions managed by the society, to improve its surplus margins, to manage its working capital efficiently and to manage its gearing will be the key rating sensitivities.

Rating Outlook: Stable

BWR believes that the business risk profile of Centre for Advanced Studies in Engineering 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.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale)

Key Rating Drivers

Credit Strengths

- **Experienced Management** : The members of the society are having extensive experience of nearly two decades in managing educational institutions.
- **Long Existence of the Society**: The society is in existence for 19 years with satisfactory operational track record.
- **Low Gearing**: The society has maintained low gearing with total debt to corpus fund of 0.52 times in FY18.

Credit Weaknesses

- **Year on year Decline in Net Receipts** : The Society has registered net receipts of Rs. 20.74 Crores in FY18 as against Rs. 24.62 Crores in FY17 & Rs. 29.52 Crores in FY16.
- **Negative Net Surplus in FY17 & FY18** : The Net Surplus of the Society was negative with -1.34 Crores and -1.07 Crores in FY17 and FY18 respectively.
- **Regulatory Risk** : The education sector is highly regulated and continues to operate under stringent regulatory purview.
- **High Degree of Competition**: Increasing competition due to increased number of private educational institutions.

About the Society

Centre for Advanced Studies in Engineering (CASE) was established in 2000 with registered office in New Delhi. Objective of the Society was to provide quality education in the field of engineering, information technology, management and allied subjects. The Society has a ten member management committee with chairman Mr. Ram Prasad Aggarwala. The Society has established a university namely "Baddi University of Emerging Sciences and Technologies" in 2009 at Baddi in Solan District of Himachal Pradesh. At present the society is managing seven educational institutions namely School of Engineering & Emerging Technologies (SEET), School of Pharmacy & Emerging Sciences (SPES), School of Management Studies (SMS),



School of Sciences (SOS), Baddi International School (BIS), School Of Agricultural Sciences (SOAS) and BUEST Nursing College.

Society's Financial Performance

The Society has registered Net Receipts of Rs.24.62 Crores in FY17 and Rs.20.74 Crores in FY18 . The Society has reported operating surplus margin of 12.70% and net surplus margin of -5.17% in FY18. Corpus fund of the society stood at Rs. 41.39 Crores as on March 31, 2018.

As per the information provided, the society has received receipts of Rs. 16.58 Crores in FY19 .

Key Parameters		31-Mar-2016	31-Mar-2017	31-Mar-2018
		Audited	Audited	Audited
Net Receipts	In ₹ Crs	29.53	24.62	20.74
Operating Surplus	In ₹ Crs	5.65	2.45	2.63
Net Surplus	In ₹ Crs	0.87	-1.34	-1.07
TNW (Corpus Fund)	In ₹ Crs	43.81	42.46	41.39
Total Debt	In ₹ Crs	23.49	20.60	21.51
Total Debt / TNW	Times	0.54	0.48	0.52
Current Ratio	Times	1.88	1.16	0.90

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

Facility	Current Rating (June, 2019)			Rating History		
	Type	Amount (Rs. Crs)	Rating	2018	2017	2016
Fund Based Term Loan Overdraft	Long Term	4.72 7.00	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable	Nil		
Total		11.72	INR Eleven Crores and Seventy Two Lakhs Only			

Status of non-cooperation with previous CRA (if applicable) : CRISIL has assigned the rating of “CRISIL B/Stable (migrated from 'CRISIL BB+/Stable' Issuer Not Cooperating*)” to the bank loan facilities of Rs. 17.04 Crores on April 11, 2018.

Any other information: Nil



Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Short Term Debt](#)
- [Approach to Financial Ratios](#)
- [Services Sector](#)

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

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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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