



Rating Rationale

National Institute of Computer Education Society

17th January 2018

Brickwork Ratings reaffirms the rating for the bank loan facilities aggregating Rs. 10 crores of National Institute of Computer Education Society ('NICE' or 'the Trust').

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating*	
	Previous	Present		Previous	Present
Fund Based Overdraft Limits	35.00	10.00	Long Term	BWR BB+ (Outlook Stable)	BWR BB+ (BWR Double B Plus) (Outlook Stable) (Reaffirmed)
Total	Rs. 10.00 Crores (INR Ten Crores Only.)				

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

Long Term Rating reaffirmed at BWR BB+ (Stable outlook).

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the Trust's audited financial results upto FY17, projected financials for FY18 and FY19, publicly available information and clarifications provided by the Trust.

The rating continues to draw strength from the established track record coupled with extensive experience of the Trustees in the education sector, healthy operating surplus along with comfortable coverage ratios & debt protection metrics, comfortable liquidity position with satisfactory track record of prepaying outstanding debt installments and comfortable financial risk profile of the society. BWR also takes note of significant increase in number of students from non-engineering courses over the past two years and thus providing diversification benefits to its income profile.

The rating is, however, continues to factor in decline in its scale of operations on account of slowdown in demand for engineering & management courses in the state of Uttar Pradesh, intense competition from other reputed institutes in North India and regional presence with operations primarily limited to Uttar Pradesh.



Key Rating Drivers

Credit Strengths:

- Long track record of the society coupled with extensive experience of the Trustees in the education sector.
- Consistent increase in number of students for non-engineering courses (primarily B.A.M.S. courses) over the past 2-3 years; providing diversification benefits to its revenue profile. The total strength of B.A.M.S. (Bachelor of Ayurvedic Medicine & Surgery) courses increased significantly from 56 to 140 students during AY 15-16 and further to 279 students in AY 16-17.
- The society reports healthy operating surplus along with comfortable debt protection metrics. ISCR & DSCR of the society stood at 7.55 times and 8.22 times, respectively in FY17.
- Comfortable liquidity position as reflected in track record of prepaying debt instalments. The society has already prepaid its all outstanding term loans availed from various lenders during FY17
- Comfortable financial risk profile reflecting low gearing profile and adequate corpus funds of the society. It has reported a total corpus fund of Rs. 253.73 Crs against the total debt of Rs. 14.75 Crs during FY17. Further, gearing profile expected to improve over the medium term considering repayment of its outstanding term loans and below average utilization of its secured overdraft limits throughout the year.

Credit Weaknesses

- The Trust's total operating income continues to decline on account of slowdown in student in-take for engineering and management courses. The demand for these courses declined over the past two year in Uttar Pradesh owing to uncertainty in the job market for these streams. Further, the outlook for the said courses are likely to remain negative over the medium term.
- Intense competition from other reputed engineering institutes in North India.
- Regional presence of all its institutes primarily located in the state of Uttrakhand.

Analytical Approach

BWR has applied its rating methodology on a standalone basis, as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes **National Institute of Computer Education Society'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



Trust able to improve its scale of operations significantly, maintain its comfortable liquidity position & coverage ratios over the medium term. The rating outlook may be revised to 'Negative' if the total receipts further decline and profit margins show lower than expected figures.

About the Society

National Institute of Computer Education Society (NICE) is a Trust which was established in the year 1989. Its registered office is situated in New Delhi. All the institutions running under NICE are situated in Uttar Pradesh (Meerut and Gangoh, Saharanpur). NICE runs six educational institutions which offer diploma, graduate and post graduate level courses and have ~ 4500 students and ~ 300 faculty members.

The flagship institute of the Trust is Shobhit University, which is a deemed university at Meerut and offers diploma and degree courses at graduate and post graduate levels, mostly in management and engineering disciplines. The Trust also runs Shobhit University at Gangoh (Saharanpur). Besides, the Trust operates a charity hospital at Gangoh with OPD & ambulance services to serve the underprivileged people in rural areas.

NICE's management committee is headed by Mr. Shobhit Kumar, Mr. Shekhar Kumar, Ms. Shalini and Ms. Nidhi, who are very experienced and have been in the field of education for more than two decades.

Society Financial Performance

The total gross receipts of the society has declined from Rs. 46.44 Crs to Rs. 29.28 Crs during FY17. It has reported a net surplus of Rs. 9.27 Crs during FY17 as against Rs. 22.73 Crs during FY16. As on 31st March 2017, it has reported a total corpus fund of Rs. 253.73 Crs against Rs. 243.74 Crs as on 31st March 2016

Key financial indicators are summarized below.

Particulars	FY16 (A)	FY17 (A)
Total Gross Receipts (Rs. Crs)	46.44	29.28
Operating Surplus (Rs. Crs)	28.25	13.26
Net Surplus (Rs. Crs)	22.73	9.27
Total Corpus Fund (Rs. Crs)	243.74	253.73
Gearing (TOL/Total Corpus Fund) Ratio (times)	0.07	0.06
ISCR (times)	9.42	7.55



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

Sl. No.	Facility	Current Rating (FY2018)			Rating History		
		Type	Amount (Rs Crs)	Rating	FY2017	FY2016	FY2015*
1	Fund Based	Long Term	10.00	BWR BB+ (Stable) (Reaffirmed)	BWR BB+ (Stable) (Reaffirmed)	N.A.	BWR BB + (Stable)
Total			10.00	INR Ten Crores Only			

*FY refers to the period from 1st April to 31st March

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [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

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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