Rating Rationale

Om Welfare and Educational Trust **26 Feb 2018**

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 9.19 Crores of Om Welfare and Educational Trust.

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based			
Term Loan	**8.82***	**Long Term**	**BWR BB- (Pronounced BWR double B minus) Outlook: Stable**
Bank Overdraft	**0.37**		
Total	**9.19**	**INR Nine Crores & Nineteen Lakhs Only**	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
*Term Loan outstanding as on February 2018.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial statements upto FY17, provisional figures upto 31st December 2017, projected financial statements upto FY19, publicly available information and clarification provided by the trust's management.

The rating derives strength from the trust member's experience combined with their fund support and improving revenue receipts along with profitability margins. However, the rating is constrained by highly regulated nature of Indian Education sector and small scale of operations along with average financial risk profile.

Going forward, the ability of the trust to improve the scale of operations, profitability and corpus structure by infusion of funds will be the key rating sensitivity.

Description of Key Rating Drivers

- **Credit Strengths:**

Experienced Trust Members and their fund support-

The trust is managed by Dr. Puneet Goyal along with other trust members. The trust members have a long standing experience of over a decade in the field of education. The promoters have also provided fund support in the form of unsecured loans in the past and are expected to continue to provide fund support on need basis.

Improving Revenue Receipts along with Profitability-

The revenue have improved to be Rs.4.63 Crs in FY17 vis-a-vis Rs.0.75Crs in FY16. The trust has achieved ~70% of their projected revenue according to 9M FY18 figures. The Net Surplus margins have increased to 11.95% in FY17 from 3.62% in FY16.

- **Credit Risks:**

Regulated and Competitive nature of Indian Education Sector-

The Indian Education Sector is highly regulated with respect to approval requirements from various government bodies for addition of courses. High competition due to presence of large and established institutions.

Small Scale of Operations along with average Financial Risk Profile.

The Trust being comparatively young will string along with the constraint of small scale of operations. The Total Debt/Tangible Net Worth ratio stands at 2.28times in FY17 post considering unsecured interest free loans as corpus fund.

Analytical Approach

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

Rating Outlook: Stable

BWR believes the **Om Welfare and Educational Trust** 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 Company

Om Welfare and Educational Trust (OWAET) was established on 14th November 2014 as a same family concern of Om Welfare Society located at Hisar, Haryana.

OWAET with an objective to impart quality education has come up with Om Group of Institutions (OGI) with Jain Minority.
Currently, the trust is running 4 institutions which offer an array of courses in the city Hisar, Haryana. The Institutions include, Om International Public School (CBSE), Om Pvt Industrial Training Institute, Vidya Sankar Polytechnic and Atam Institute of Pharmacy. In FY18, OWAET is expected to start it's 5th Institute, Om Ayurvedic Medical and Research Institute subject to approvals from the concerned regulating authority.

Company Financial Performance

In FY17 the trust has earned a revenue of Rs 4.63 cr with a Net Surplus Margin of Rs 0.55cr vis-a-vis Rs 0.75 cr & Rs 0.03cr in FY16. In FY17, the trust reported an operating surplus margin of 71.47% and net surplus margin of 11.95%.

Rating History for the last three years

S.No	**Instrument /Facility**	**Current Rating (2018)**			**Rating History**		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
	Fund Based						
	Term Loan	Long Term	8.82	**BWR BB- (Outlook:Stable)**	**NA**	**NA**	**NA**
	Bank Overdraft		0.37				
	Total		**9.19**	**₹ Nine Crores and Nineteen Lakhs Only**			

Status of non cooperation with Previous CRA : Non Applicable

Any other information: Non Applicable

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		**Audited**	**Audited**
Operating Revenue	₹ Cr	4.63	0.75
EBITDA	₹ Cr	3.31	0.45
Net Surplus	₹ Cr	0.55	0.03
Tangible Net worth	₹ Cr	2.87	3.18
Total Debt/Tangible Net worth	Times	5.22	2.72
Current Ratio	Times	3.19	0.51

Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Service Sector

Analytical Contacts	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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

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