

Rating Report

Brickwork Ratings reaffirms rating at “BWR B+” for existing Bank Loan Facilities amounting to Rs.6.86 Crores of ABSS Institute of Technology (Kastoori Devi Foundation).

Brickwork Ratings has reaffirmed **Ratings**¹ for the existing bank loan facilities of Rs.6.86 Crores (Rupees Six Crores and Eighty Six Lacs Only) of ABSS Institute of Technology (Kastoori Devi Foundation). (“KDF” or the “Trust”) as follows:

| Facility | Present Limits (₹ Crs) | Previous Limits (₹ Crs) | Tenure | Rating | Rating History |
|-----------------------------|------------------------|-------------------------|--|--------------------------------|---|
| Term Loan (Fund Based) | 3.91* | 6.46 | Long Term | Rating Reaffirmed at | BWR B+ (Pronounced BWR B Plus) (Outlook-Stable) (November 2013) |
| Corporate Loan (Fund Based) | 2.85 | - | | BWR B+ (Pronounced BWR B Plus) | |
| SME Car Loan (Fund Based) | 0.10 | 0.17 | | (Outlook-Stable) | |
| Over Draft (Fund Based) | - | 2.00 | | | |
| Total | 6.86 | 8.63 | INR Six Crores and Eighty Six Lacs Only | | |

* Term Loan outstanding as on 6th November, 2015.

BWR has essentially relied upon the audited financial results up to FY15 and projections upto FY17, publicly available information and information/clarifications provided by the company’s management.

The rating draws strength from well qualified & experienced trustees, well qualified faculty, adequate infrastructure, popular academic streams and low leverage. However, the rating is constrained by competition from other established institutions, challenge of achieving projected intake of students and low enrolment levels.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Background

Kastoori Devi Foundation (KDF) was established in the year 2004. KDF is registered as a public Charitable Trust.

The Trust operates ABSS Institute of technology which is located in Meerut, U.P established in August 2007. The purpose of establishing the educational trust is to promote, establish and manage educational institutions.

ABSS Institute of Technology offers four-year technical course, two year management programme and a polytechnic course. The campus of the institute is spread over an area of 10 acres and college building built up area is 185000 sq.ft. For the academic year 2015-16, the institute has enrolled 937 student and has employed , 80 teaching staff and 22 non-teaching staff.

Trustee Details

The trustees of the KDF are Ms. Shashi Bharadwaj, Mr. Satya Deo Bhardwaj, Mr. Atul Bharadwaj and Ms. Preeti Sharma.

Financial Performance:

Net receipts have increased to Rs 5.79 Crs in FY15 from Rs 5.31 Crs in FY14. Surplus after tax has increased to Rs 0.62 Crs in FY15 as against Rs 0.57 Crs in FY14. Net surplus after tax of the company stood at 10.27% . Actual average intake in the academic year 2016 has decreased to ~48% against ~50% in the academic year 2015.

Credit Risk Analysis:

- The trust is managed by qualified and experienced management. The management team brings the required amount of experience and understanding. Trustees have relevant experience and BWR expects that they will be able to manage these risks adequately.
- Actual average intake in the academic year 2016 has decreased to ~48% against ~50% in the academic year 2015. Increase in the intake percentage enable increase in total receipts.
- During FY15, Trust's external borrowings has increased with an adverse impact on debt protection metrics.
- This industry is characterized by high competition with presence of many established players and a large number of unorganized players. Improvement in operating margins and reduced gearing will be helpful in reducing the credit risk.

Rating Outlook:

The rating outlook is expected to be stable over the current year. Going forward, the ability of the institution to increase the intake and receipts and ensure timely debt servicing would be the key rating sensitivities.

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ANNEXURE I: SNAPSHOT OF P & L STATEMENTS

| Crores | FY13 | FY14 | FY15 |
|-------------------------------|----------------|----------------|----------------|
| Result Type | Audited | Audited | Audited |
| Net Receipts | 4.56 | 5.31 | 5.79 |
| Other Operating Income | 0.20 | 0.22 | 0.26 |
| Total Operating Income | 4.76 | 5.54 | 6.04 |
| Power and Fuel Expenses | 0.04 | 0.05 | 0.06 |
| Employee Cost | 1.21 | 1.50 | 1.74 |
| Manufacturing Expenses | 0.81 | 1.04 | 1.24 |
| Cost of Goods Sold | 2.07 | 2.58 | 3.04 |
| Operating Expenses | 2.37 | 2.86 | 3.32 |
| OPBDIT | 2.39 | 2.67 | 2.73 |
| Depreciation | 0.79 | 0.82 | 0.90 |
| OPBIT | 1.60 | 1.86 | 1.82 |
| Interest and Finance Charges | 1.14 | 1.28 | 1.20 |
| Net Surplus | 0.45 | 0.57 | 0.62 |

ANNEXURE II: SNAPSHOT OF BALANCE SHEETS

| Crores | 31/03/2013 | 31/03/2014 | 31/03/2015 |
|--------------------------------|-------------------|-------------------|-------------------|
| Result Type | Audited | Audited | Audited |
| LIABILITIES | | | |
| EQUITY AND RESERVES | 5.19 | 5.76 | 6.38 |
| Share capital | 4.73 | 5.19 | 5.76 |
| Reserves and Surplus | 0.45 | 0.57 | 0.62 |
| Non-current liabilities | 7.67 | 8.73 | 10.87 |
| Long-Term Borrowings | 7.67 | 8.73 | 10.87 |
| Current liabilities | 0.99 | 1.41 | 0.18 |
| Short-Term Borrowings | 0.85 | 1.24 | 0.00 |
| Other Current Liabilities | 0.10 | 0.13 | 0.15 |
| Short-Term Provisions | 0.03 | 0.03 | 0.04 |
| Total Liabilities | 13.84 | 15.90 | 17.43 |
| ASSETS | | | |
| Non-current assets | 12.10 | 13.01 | 13.05 |
| Net Fixed assets | 11.36 | 12.06 | 13.05 |
| Non Current Investments | 0.75 | 0.80 | 0.00 |
| Other Non Current Assets | 0.00 | 0.15 | 0.00 |
| Current assets | 1.74 | 2.88 | 4.38 |
| Cash and Cash Equivalents | 0.03 | 0.04 | 1.23 |
| Short-Term Loans and Advances | 0.22 | 0.00 | 0.00 |
| Other Current Assets | 1.49 | 2.84 | 3.15 |
| Total Assets | 13.84 | 15.90 | 17.43 |

ANNEXURE III: KEY FINANCIALS INDICATORS

| PARAMETER | UOM | FY13 | FY14 | FY15 |
|---|---------------|--------------|--------------|--------------|
| | | Audited | Audited | Audited |
| Long Term Borrowings | Crores | 7.67 | 8.73 | 10.87 |
| Short Term Borrowings | Crores | 0.85 | 1.24 | 0.00 |
| Total Debt | Crores | 8.52 | 9.97 | 10.87 |
| Total Debt (Analyzed) | Crores | 7.50 | 8.53 | 9.43 |
| Tangible Net Worth | Crores | 5.19 | 5.76 | 6.38 |
| Tangible Net Worth (Analyzed) | Crores | 6.21 | 7.21 | 7.83 |
| Capital Employed | Crores | 13.71 | 15.73 | 17.25 |
| Total Debt/TNW | Times | 1.64 | 1.73 | 1.70 |
| Total Debt/TNW(Analyzed) | Times | 1.21 | 1.18 | 1.20 |
| Long Term Debt/TNW | Times | 1.48 | 1.52 | 1.70 |
| TOL/TNW | Times | 1.27 | 1.26 | 1.28 |
| ISCR | Times | 2.09 | 2.08 | 2.26 |
| DSCR | Times | 2.09 | 1.12 | 1.11 |
| DSCR(Analyzed) | Times | 2.09 | 1.01 | 0.96 |
| Net Cash Accruals/Total Debt | Times | 0.15 | 0.14 | 0.14 |
| Net Cash Accruals/Long Term Debt | Times | 0.16 | 0.16 | 0.14 |
| Net Cash Accruals/Long Term Debt(Analyzed) | Times | 0.19 | 0.19 | 0.16 |
| Net Profit Margin | % | 9.54 | 10.35 | 10.27 |
| Operating Profit Margin | % | 50.23 | 48.27 | 45.11 |
| ROCE | % | 11.66 | 12.61 | 11.06 |
| Current Ratio | Times | 1.76 | 2.05 | 24.09 |