

Rating Report

Brickwork Ratings assigns 'BWR BB' for the fund based bank credit facility of Asian Education Charitable Society (AECS)

Brickwork Ratings has assigned the following **Ratings¹** to the Bank Loan Facilities aggregating Rs 19.46 Cr of Asian Education Charitable Society ('AECS' or the 'Society'):

Facility	Limits (Crs)	Tenure	Rating
Overdraft Limit (Fund Based)	5.00	Long Term	BWR BB (Pronounced BWR Double B) (Outlook-Stable)
Term Loan 1 (Fund Based)	12.03		
Term Loan 2 (Fund Based)	1.305		
Term Loan 3 (Fund Based)	1.13		
Total	19.46	(INR Nineteen Crores Forty six lakhs only)	

BWR has essentially relied upon the audited financials upto FY15, projections for FY16 and FY17 of Asian Education Charitable Society, publicly available information and information/clarification provided by the Company's management.

The rating assigned to the bank facilities of Asian Education Charitable Society factors in the management's experience in running education institutions for the past 15 years. The rating also derives strength from AECS's positive net profit margins in FY 15, moderate debt protection metrics, and revenue growth. However, rating is constrained by its stretched liquidity position, inherent to educational institutions, and a relatively low enrolment growth in Ecole Globale Girls International School, which is in its fourth year of perations.

Background:

Asian Education Charitable Society was registered with Registrar of Firms & Societies, Dehradun, in January 1999 and under the Uttarakhand Registration and Regulation of Societies Act 2012. The society started a primary school (classes I to VI) in April 2000 under the name & style of "The Asian School" at Dehradun which was upgraded to senior secondary school in 2007 (upto class XII). The school is both day and boarding, and co-educational. The school is affiliated to the Central Board of School Education (CBSE).

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

The other school, Ecole Globale Girls International School, was established in the year 2012 as fully air- conditioned residential girls’ school, starting from grade 3 to grade 12. The school is affiliated to both CBSE and IGSC boards. The Society is currently being managed by its key members, viz. Mr. Amarjeet Singh (President) and Mrs. Kuldeep Chatwal (Vice President).

Financial Performance:

AECS’s net surplus stood at 1.71 cr in FY 15 as against that of (-) 0.11 Cr in FY14. Corpus Fund has increased to 10.44 Cr in FY15 from 8.73 Cr in FY14 on account of positive net surplus. The Society registered the revenue of 23.35 crores in FY15 as against the revenue of 18.23 crores in FY14

Rating Outlook:

The rating reflects the established position of the society in the education sector. Going forward, the Society’s ability to increase its revenue in the highly competitive education sector, manage short term liquidity, improve enrolment, retaining quality teachers which comes at an additional costs are the key rating sensitivities. The outlook of the Society is expected to remain stable going forward.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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Profit and Loss Account (Crores)	31-Mar-13	31-Mar-14	31-Mar-15
Result Type	Audited	Audited	Audited
Gross Sales	14.85	18.23	23.35
Net Sales	14.85	18.23	23.35
Total Operating Income			
Cost of Goods Sold			
Operating Expenses			
OPBDIT	0.54	2	4.9
Depreciation/Amortization/Impairment			
OPBIT	-1.64	0.15	2.99
Interest and Finance Charges			
OPBT	-2.79	-0.94	0.71
Non Operating Income(Expenses)			
PBT	-2.04	-0.11	1.71
PAT	-2.04	-0.11	1.71

Balance Sheet Crores	31-Mar-13	31-Mar-14	31-Mar-15
Liabilities			
EQUITY AND RESERVES	8.84	8.73	10.44
Share capital	10.8	8.84	8.73
Reserves and Surplus	-	-0.11	1.72
Non-current liabilities	17.2	16.51	19.71
Long-Term Borrowings	14.5	13.63	16
Other Long Term liabilities	2.77	2.88	3.71
Current liabilities	11.6	13.93	13.89
Short-Term Borrowings	4.57	4.87	5.12
Trade Payables	5.7	5.29	6.22
Other Current Liabilities	1.29	3.63	2.42
Short-Term Provisions	0.04	0.13	0.13
Total Liabilities	37.7	39.17	44.04
ASSETS			
Non-current assets	27.5	29.59	32.27
Net Fixed assets	27.51	29.59	32.27

Current assets	10.21	9.58	11.77
Inventories	0.01	0.02	0.02
Cash and Cash Equivalents	0.74	1.43	1.29
Short-Term Loans and Advances	9.01	7.2	10.46
Other Current Assets	0.44	0.93	0.01
Total Assets	37.72	39.17	44.04