

Rating Report

Brickwork Ratings assigns ‘BWR BB’ to the Bank Loan Facilities of Assembly of God Church School, Asansol aggregating to Rs. 8.00 Crs.

Brickwork Ratings has assigned the following ratings¹ to the Bank Loan Facilities of Rs. 8.00 Crs of Assembly of God Church School, Asansol (‘AGCS’):

Facility	Limit (Rs Crs)	Tenure	Rating
Fund Based Term Loan	8.00	Long Term	BWR BB (Pronounced BWR Double B) Outlook: Stable
Total	8.00	(INR Eight Crores Only)	

¹ Please refer to BWR website www.brickworkratings.com for definition of the rating assigned

BWR has principally relied upon the audited financial results up to FY16, projected financials of FY17 to FY22, publicly available information and information/clarification provided by the management of the institute.

The rating has factored, inter alia, the long standing experience of the management in the field of education, established brand name of the school, adequate and well-experienced teaching staff members, consistent growth in revenue and decent profit margins. Moreover, at present the school is operating at full capacity and to accommodate more students new school building is being constructed which is expected to become operational from Academic Session 2017-18. The rating is, however, constrained by modest scale of operations, high competition, project implementation risk and susceptibility to change in regulation in the education sector.

Background

The Assembly of God Church School, Asansol was established in 1963 by Rev. Willis. G. Long. The school is under Assemblies of God of North India –a society who also established two other schools in the name of Assembly of God Church, Sodepur and Ukhra. At present, the school has strength of around 2000 students comprising only girls and classes upto 10th standard under ICSE Board. Due to demand for admission in higher classes, the management has decided to construct a new school building on a plot of land at Kalyanpur Housing, covering an area of 2.18 acres. This plot of land has been purchased from Asansol Durgapur Development Authority on 99 years lease.

The total cost of the project is estimated to be Rs. 13.38 Crores. The school is expected to become operational from April'2017.

Management

The Board members of the school have good experience in the field of education. Dr. P.C.Samuel is the present Chairman of the school.

Financial Performance

AGCS has reported Net surplus of Rs. 0.72 Crore on total operating income of Rs. 6.33 Crores in FY16 against Net Surplus of Rs. 0.81 Crore on total operating income of Rs. 5.46 Crores in FY15.

The financial details are in the Annexures I, II & III.

Key Rating Determinants:

The School has been in existence for more than five decades and its board members and teaching staffs are well-versed and qualified.

The school has received several awards, such as Best Academic Performance in 2014-15 by T.T.E.F, British Council International School Award for 2014-2017 etc.

Over the years, increase in the enrolment of students and fees resulted into consistent growth in collection from Fees. In FY16, the income from Fees & donation stood at Rs. 6.02 Crores compared to Rs. 5.20 Crores, registering 16% growth. During FY16, it has reported operating profit margin of 11.42%.

Presently, the school has strength of around 2000 students at 100% capacity. The new project of the school is expected to increase the capacity to around 2500 students.

However, there is a project implementation risk as major civil construction works are still to be executed.

Moreover, the rating is also constrained by small scale of operations with Net worth of Rs. 4.89 Crores in FY16, competition from other similar schools and highly regulated nature of the education industry.

Rating Outlook

The outlook of the Institute is expected to be stable in the near term. Going forward, its ability to improve its scale of operations, timely completion of new project without time and cost overruns, manage competition effectively, achieve projected occupancy levels and the ability to service its debt obligations in timely manner shall remain the key rating sensitivities.

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Assembly of God Church School, Asansol

Annexure I: Balance Sheet

Particulars (Rs in Crores)	FY14	FY15	FY16
	Audited	Audited	Audited
Liabilities			
Capital Fund	3.36	4.16	4.89
As per Last account	2.97	3.36	4.16
Surplus transferred from Income & Exp. A/c	0.39	0.81	0.72
Current liabilities	0.02	0.04	0.78
Other Current Liabilities	0.00	0.01	0.72
Short-Term Provisions	0.02	0.04	0.05
Total Liabilities	3.38	4.21	5.66
ASSETS			
Non-current assets	2.94	3.70	4.37
Net Fixed assets	2.22	2.27	3.19
Capital Work-In-Progress	0.00	0.00	0.99
Non Current Investments	0.73	1.43	0.19
Current assets	0.44	0.51	1.29
Cash and Cash Equivalents	0.32	0.36	0.10
Short-Term Loans and Advances	0.04	0.03	1.12
Other Current Assets	0.08	0.12	0.07
Total Assets	3.38	4.21	5.66

Assembly of God Church School, Asansol

Annexure II: Income and Expenditure Account

Particulars (Rs in Crores)	FY14	FY15	FY16
	Audited	Audited	Audited
Fees & Donation	4.46	5.20	6.02
Other Operating Income	0.39	0.26	0.31
Total Operating Income	4.85	5.46	6.33
Operating Expenses	4.39	4.66	5.61
OPBDIT	0.47	0.80	0.72
Depreciation/Amortization/Impairment	0.20	0.19	0.19
OPBIT	0.27	0.61	0.53
Interest and Finance Charges	0.00	0.00	0.00
OPBT	0.27	0.61	0.53
Non Operating Income(Expenses)	0.12	0.20	0.19
Excess of Income over Expenditure	0.39	0.81	0.72

Assembly of God Church School, Asansol

Annexure III: Ratios

Particulars		FY14	FY15	FY16
		Audited	Audited	Audited
Tangible Net Worth	Rs. in Crores	3.36	4.16	4.89
Capital Employed	Rs. in Crores	3.36	4.16	4.89
Net Profit Margin	Per Cent	7.97	14.75	11.40
Operating Profit Margin	Per Cent	9.59	14.69	11.42
ROCE	Per Cent	8.04	16.14	11.81
Current Ratio	Times	19.70	11.48	1.67