

## Rating Rationale

### Brickwork Ratings assigns 'BWR B+' for the Bank Loan Facilities aggregating ₹ 8.63 Cr of Kastoori Devi Foundation

Brickwork Ratings (BWR) has assigned the following **Rating<sup>1</sup>** for the Bank Loan Facilities of Kastoori Devi Foundation.

Facility	Limits (₹ Cr)	Tenure	Rating
Over Draft	2.00	Long Term	BWR B+ (BWR B Plus)  (Outlook: Stable)
Term Loans*	6.46		
SME Car Loan	0.17		
<b>Total</b>	<b>8.63</b>	<b>INR Eight Crores Sixty Three Lakhs only</b>	

*Note: \* Term loan outstanding as on 4<sup>th</sup> October, 2013.*

BWR has principally relied upon the audited financials of FY11, FY12 and FY13 & projections for FY14, FY15, FY16 and information/clarifications provided by the trust's management.

The rating assigned to the bank facilities of *Kastoori Devi Foundation* factors primarily the qualified & experienced management trustees, moderate gearing and sound infrastructure facilities. However, the rating is constrained by low occupancy levels as reflected in trust's gross enrolment ratio which is the major concern, intense competition with other education institutions in the vicinity, susceptibility to changing student preference and there are many regulatory risk associated with the educational institutions with respect to code of conduct, enrolment, etc.

#### Background:

*Kastoori Devi Foundation* (KDF) was established in the year 2004. The trustees of the KDF are Ms. Shashi Bharadwaj, Mr. Satya Deo Bharadwaj, Mr. Atul Bharadwaj and Ms. Preeti Sharma. KDF is registered as a Public Charitable Trust; the trust operates ABSS Institute of Technology in Meerut, U.P. which is started in August 2007. The purpose of establishing educational trust is to promote, establish and manage educational institutions in various fields beneficial to the community at large.

ABSS Institute of Technology offering four-year technical course (Bachelor of Technology), 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 185000 Sq. ft. At present, the institute has 694 students, 80 faculties and 20 administrative staffs. The college is

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

affiliated to Mahamaya Technical University, Noida (formerly UPTU, Lucknow) and approved by AICTE, Ministry of HRD, Govt. of India.

**Financial Performance:**

KDF's financial performance is marked by a low net worth of Rs. 5.19 Cr in FY13, which has increased from Rs. 4.73 Cr reported in FY12. The income from fees and other receipts increased by 6.54% from Rs. 4.28 Cr in FY12 to Rs. 4.56 Cr in FY13. Operating Profit Margin averaged at ~50% in FY13. Total Debt / Tangible Net worth stood at 1.64 times in FY13.

**Rating Outlook:**

The rating reflects the experience of promoters and infrastructure of the trust. Going forward ability of the institution to attract the new students at optimum capacity, improvement in revenue, maintaining quality education and sourcing quality teaching staff will be the key rating sensitivities.

<b>Analyst Contact</b>	<b>Relationship Contact</b>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone</b>	<b>Media Contact</b>
<b>1-860-425-2742</b>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

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