



RATING RATIONALE

19 May 2020

Aditya Academy

Brickwork Ratings Reaffirms the ratings for the Bank Loan Facilities of ₹12.53 Crores of Aditya Academy

Particulars:

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (Jul 2019)	Present
Fund based	14.82	12.53	Long Term	BWR BBB-(Stable)	BWR BBB-(Stable) Reaffirmed
Total	14.82	12.53	INR Twelve Crores and Fifty Three Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details of Bank facilities is provided in Annexure-I&II

RATING ACTION / OUTLOOK

The rating draws strength from the experience of the management team, increased operating receipts, satisfactory interest service coverage ratio and debt service coverage ratio, high operating surplus margin, high corpus fund, and low gearing ratio. The rating however is constrained by regulatory risk, geographical concentration and competitive nature of industry.

BWR believes the business risk profile of **Aditya Academy** will be maintained over the medium term. The Stable outlook indicates a low likelihood of a rating change over the medium term.

KEY RATING DRIVERS

BWR has essentially relied on the audited financials upto FY19, projected financial FY20 and FY21 and information/clarification given by the trust's management.

- **Credit Strengths:**

Management team is having sufficient experience in the industry. Total receipts improved to ₹202.73 Crs in FY19 from ₹178.16 Crs in FY18. In FY19, interest service coverage ratio and debt service coverage ratio is 10.48x and 6.4x respectively. In FY19 operating surplus margin is 18.27%. As on 31st Mar 2019, corpus fund stood at ₹144.2 Crs and Gearing Ratio is at 0.22x.

- **Credit Risks:**

The trust is having all the schools and colleges in Andhra Pradesh. Competitive nature of industry and exposed to regulatory risk.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at Aditya Academy's rating, BWR has considered its standalone financial and business risk profile.

RATING SENSITIVITIES

Going forward, the trust's ability to improve its scale of operations by sustaining revenue growth, managing working capital efficiency and through the prompt servicing of debt obligation shall remain key rating sensitivities.

Positive: The rating may be upgraded if the trust is able to improve its total operating income and profit margins.

Negative: The rating may be downgraded if the trust achieves lower revenue than projected financials.

LIQUIDITY POSITION

The current ratio was adequate at 1.69 times as on 31 March 2019. Net cash accruals to total debt stood at 1.17 times as on 31 March 2019. Cash and cash equivalents stood at ₹25.18 crore as on 31st March 2019.

TRUST PROFILE

Aditya Academy was established as an educational society in 1984 in Kakinada, Andhra Pradesh. It is registered under Registration of Societies Act XXI 1860. Aditya Academy started a public school confining primary and secondary education. In succession, Aditya Academy established a number of Junior Colleges, Degree Colleges, PG Colleges, Engineering Colleges, Pharmacy Colleges, Nursing Colleges. At present, the Trust is running 12 Schools and 36 Colleges. Aditya Academy is providing education from LKG to PG level. At present, the trust has increased teaching & non teaching staff to 5203. The President of the Aditya Academy is Sri N. Sessa Reddy (he is also the founder of Aditya Academy) and Vice – President is Sri N. Satish Reddy.

KEY FINANCIAL INDICATORS

Key Parameters	Units	FY18	FY19
Result Type		Audited	Audited
Operating Receipts	In ₹ Crs	178.16	202.73
SBITDA	In ₹ Crs	35.51	37.04
SAT	In ₹ Crs	17.00	18.83
Corpus Fund	In ₹ Crs	125.37	144.2
Total Debt/Corpus Fund	Times	0.21	0.22
Current Ratio	Times	1.65	1.69

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NA

NON-COOPERATION WITH PREVIOUS RATING AGENCY: Nil

RATING HISTORY (Including withdrawal and suspended)

Sr. No.	Name of the Instrument	Facilities		Current Rating		Rating History		
		Type	Tenure	Amount (₹ Cr)	Rating	23.07.2019	17.04.2018	6.07.2017
1.	Bank Loan Facility	Fund Based	Long Term	12.53	BWR BBB- (Stable)	BWR BBB- (Stable)	BWR BB+ (Stable)	BWR BB+ (Stable)
Total				12.53	INR Twelve Crores and Fifty Three Lakhs Only			

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

Analytical Contacts	Investor and Media Relations
<p>Dimple Bhut Primary Analyst +91 80 4040 9940 Ext: 334 dimple.b@brickworkratings.com</p> <p>K Nagaraj [Assoc. Director– Ratings] +91 80 4040 9940 Ext: 372 nagaraj.ks@brickworkratings.com</p>	<p>Liena Thakur Assistant Vice President - Corporate Communications +91 84339 94686 liena.t@brickworkratings.com</p>

ANNEXURE I

Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term {(₹ Cr)}	Short Term (₹ Cr)	Total (₹ Cr)
1.	Syndicate Bank	Overdraft	7.50	-	7.50
2.		Term Loan	5.03		5.03
TOTAL					12.53

Total INR Twelve Crores and Fifty Three Lakhs Only.

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