



## Rating Rationale

Aditya Academy

23 Jul 2019

**Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹14.82 Crores of Aditya Academy.**

### Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Apr 2018)	Present
Fund based	19.60	14.82	Long Term	<b>BWR BB+ (Pronounced as BWR Double B Plus) Outlook: Stable</b>	<b>BWR BBB- (Pronounced as BWR Triple B Minus) Outlook: Stable Upgraded</b>
<b>Total</b>	<b>19.60</b>	<b>14.82</b>	<b>INR Fourteen Crores and Eighty Two Lakhs Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings  
Complete details of Bank facilities is provided in Annexure-I

### Ratings: Upgraded

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon audited financial upto FY18 and Provisional FY19, and information / clarification given by Trust's management.

The rating draws strength from the experience of the management team, increased Operating Income, Satisfactory Interest Service Coverage Ratio and Debt Service Coverage Ratio, high Operating Surplus Margin, high Net Worth, and low Gearing Ratio. The rating however is constrained by regulatory risk, geographical concentration and competitive nature of industry.

Going forward, the ability of the Trust to improve its scale of operations by sustaining the revenue growth, manage working capital efficiency and prompt servicing of debt obligation shall remain key rating sensitivity.



## **Description of Key Rating Drivers**

### **Credit Strengths:**

Management team is having sufficient experience in the industry. Total Operating Income improved to ₹178.16 Crs in FY18 from ₹131.78 Crs in FY17. In FY18, Interest Service Coverage Ratio and Debt Service Coverage Ratio is 9.58x and 4.8x respectively. In FY18, Operating Surplus Margin is 19.93%. As on 31st Mar 2018, net worth stood at ₹125.37 Crs and Gearing Ratio is at 0.21x.

### **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**

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

## **Rating Outlook: Stable**

BWR believes the **Aditya Academy** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

## **About the Trust**

Aditya Academy has established as an educational society in the year 1984 in Kakinada, AP. It is registered under Registration of Societies Act XXI 1860. It is running a number of Schools, Junior Colleges, Degree Colleges, PG Colleges. Aditya Academy is providing education from LKG to PG level and has 40 educational institutions. The President of the Aditya Academy is Sri N. S. Sesha Reddy, Vice President is Sri N. Satish Reddy and Secretary is Sri N. K. Deepak Reddy.

## **Company Financial Performance**

Total Operating Income improved to ₹178.16 Crs in FY18 from ₹131.78 Crs in FY17. Surplus After Tax increased to ₹17.00 Crs in FY18 from ₹5.00 Crs in FY17. As on 31st Mar 2018, net worth stood at ₹125.37 Crs.



**Rating History for the last three years**

S. No	Facility	Current Rating			Rating History		
		Type	Amount (₹ Crs)	Rating	17.04.2018	6.06.2017	7.03.2016
1.	Fund Based Overdraft Term Loan	Long Term	7.50 7.32	<b>BWR BBB- (Pronounced as BWR Triple B Minus)</b>	<b>BWR BB+ (Pronounced as BWR Double B Plus)</b>	<b>BWR BB+ (Pronounced as BWR Double B Plus)</b>	<b>BWR BBB- (Pronounced as BWR Triple B Minus)</b>
<b>Total</b>			<b>14.82</b>	<b>INR Fourteen Crores and Eighty Two Lakhs Only</b>			

**Status of non-cooperation with previous CRA: Not Known**

**Any other information: Not Available**

**Key Financial Indicators**

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Income	In ₹ Crs	178.16	131.78
SBITDA	In ₹ Crs	35.51	20.48
SAT	In ₹ Crs	17.00	5.00
Tangible Net worth	In ₹ Crs	125.37	108.37
Total Debt/Tangible Net worth	Times	0.21	0.31
Current Ratio	Times	1.65	1.72



## Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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### Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

### About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has



rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

**DISCLAIMER**

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