



Rating Rationale

Aditya Academy

6th June 2017

Brickwork Ratings Revises ratings for the Bank Loan Facilities of Rs. 23.29 Crs of Aditya Academy.

Particulars

Facility Rated	Previous Amount (Rs. Crs)	Present Amount (Rs. Crs)	Tenure	Rating ^	Rating History
Cash Credit	2.50	7.49	Long Term	BWR BB+ (Outlook:Stable) (Pronounced BWR Double B Plus)	BWR BBB- (Outlook:Stable) (Pronounced BWR Triple B Minus)
Term Loan 1	4.24	2.24			
Term Loan 2	1.24	-			
Term Loan 3	18.60	13.56			
Total	26.58	23.29	(INR Twenty Three Crores and Twenty Nine Lakhs Only.)		

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

Rating Downgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of **Aditya Academy** up to FY16, projected financials for FY17 & FY18 and information/clarifications provided by the Society.

The rating revision takes into account, high competition in education sector, regulatory risks associated with the educational institutions, quality teaching staff and attrition risk and ability to service its debt in time.

The rating has factored, inter alia, the experience of the members in educational Society, the demand for courses offered by various institutions under the Society, low debt equity, stable profit margins, healthy corpus funds and good coverage ratios.

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 Company

Aditya Academy was established as an educational society in the year 1984 in Kakinada, Andhra Pradesh. The President of the Aditya Academy is Mr. N. Sesha Reddy (founder of Aditya Academy), Vice – President is Sri N. Satish Reddy and Secretary is Sri P. Bhaskara Reddy. The Society has established and is operating 30 educational institutions in Andhra Pradesh. Aditya Academy was started with a public school, confining to primary and secondary education. Over a period, Aditya Academy established a number of Junior Colleges, Degree Colleges, PG Colleges, Engineering Colleges, Pharmacy Colleges, and Nursing Colleges.

Aditya Academy is providing education from LKG to PG level and has 42150 students are studying in its various constituent schools and colleges.

Financial Performance

In FY16, Society has achieved net sales of Rs 124.52 Crs against Rs 108.29 Crs in FY15. The operating profit margin stood at 27.37 per cent and net profit margin at 15.53 per cent for FY16. The company has debt equity of 0.39 times in FY16. The tangible net-worth stood at Rs 103.36 Crs for FY16.

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument / Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs in Crs)	Rating	2016	2015	2013
1	Fund Based	Long Term	23.29	BWR BB+ (Outlook: stable)	BWR BBB-	BWR BB+	BWR BBB

Status of non-cooperation with previous CRA (if applicable): Reason and comments

NA

Any other information

NA

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Services Sector](#)



For any other criteria obtain hyperlinks from website

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For print and digital media

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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 Investors queries can be sent to 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 ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.