

Rating Rationale

Brickwork Ratings Revises ratings to ‘BWR BB’ for the Bank Loan Facilities amounting to ₹ 5.16 Cr of Aryabhata Academic Society

Brickwork Ratings (BWR) has *revised* the following **Rating¹** for the Bank Loan facilities of Aryabhata Academic Society (**AAS or the ‘Society’**):

Facility	Limits (₹ Cr)		Tenure	Rating	Previous Rating (June 2014)
	Present	Previous			
<u>Fund Based</u>			Long Term	BWR BB (Pronounced BWR Double B) (Outlook:Stable) Upgraded	BWR BB- (Pronounced BWR Double B minus) (Outlook:Stable)
Overdraft	2.00	-			
Term Loans	3.16*	5.29			
Total	5.16		INR Five Crore & Sixteen Lakhs only		

*Term loan outstanding as of Jan’16

BWR has principally relied upon the audited financial results up to FY15, 9MFY16 provisional financials certified by the management, publicly available information and information/clarifications provided by the Society’s management.

The ratings continue to positively factor in the experience and qualification of the key society members, adequate infrastructure facilities, diverse courses and revenue profile, low gearing levels along with the improved performance and Gross Enrolment ratio levels and satisfactory placement record. The ratings remain constrained by the modest scale of operations, below average institutional rankings of society’s colleges, regulatory risks associated with the educational institutions and the intensely competitive nature of the industry.

Background:

Aryabhata Academic Society (“AAS” or “The Society”) was established in 2002 with the objective of promoting educational institutions and is located in Ajmer, Rajasthan. The society runs three educational institutions under Aryabhata Group of Colleges which are located on two campuses at Ajmer, Rajasthan. AAS established the Aryabhata College of Technical Education (ACTE) in 2009 offering varied graduate, post graduate and diploma courses in the field of science & management. The Society has also established the Aryabhata College of Management (ACM) offering the Master in Business Administration course.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

The Society established the Aryabhata College of Engineering & Research Centre (ACERC) in 2010 offering Bachelor of Technology courses in the fields of Computer Science Engineering, Electronic & Communication Engineering, Electrical & Electronics Engineering, Civil Engineering, Electrical Engineering and Mechanical Engineering. The institutions are approved by the All India Council for Technical Education (AICTE) and have affiliations to Rajasthan Technical University, Kota and Maharshi Dayanand Saraswati University, Ajmer. All the institutions of AAS are well equipped with adequate modern facilities like laboratories, libraries, computer labs, canteens and hostels.

Management:

Dr. B. R. Shastri, President, AAS has over 40 years' experience of successfully running/managing educational institutions while Dr. Amit Shastri, Secretary, AAS has over 15 years of teaching and managing experience in the same field.

Financial Performance:

AAS reported Net Revenue of ₹7.59 Crores and Surplus After Tax of ₹1.93 Crores in FY15 as against Net Revenue of ₹5.95 Crores and SAT of ₹1.40 Crores for FY14. On a provisional basis, the society has reported Net Revenue of ₹7.53 Crores for 9MFY16.

Rating Outlook:

The rating outlook for AAS is expected to be stable over the current year. Going forward, the ability of the Society to improve its scale of operations considering the intense competition in the sector, ensure delivery of quality education, recruit and retain qualified faculty and achieve geographical diversification of its operations will be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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