

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 4.33 Crores of Ushodaya Educational Society.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (March, 2017)	Present
Fund Based Limits			Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable [Upgraded]
Secured Overdraft	3.00	3.00			
Term Loans	1.74	1.33*			
Total	4.74	4.33	INR Four Crores and Thirty Three Lakhs Only		

Note: Term Loans - O/s amount as on 17.4.2018

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

Ratings: Upgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has primarily relied upon the audited financials up-to FY17 and projected financials of FY19 and publicly available information and the information/clarifications provided by the management.

The rating draws strength from the experience of the members in educational society, improvement in gross enrolment ratio, satisfactory debt coverage ratio and improved surplus margins. However, the ratings are constrained by small scale of operations, marginal increase in net receipts , high gearing , low corpus funds, high competition in education sector, regulatory risks associated with the educational institutions.



Description of Key Rating Drivers

- **Credit Strengths:** Members of society is having more than two decades of experience, Enrolment ratio is increased from 75% in AY2016-17 to 89% in AY 2017-18, Debt coverage is 1.29 times in FY17 and Operating & net surplus margins reported at 19.01% & 6.88% in FY17 as against 13.31% & negative 1.22% in FY16
- **Credit Risks:** Net receipts increased from Rs. 9.26 Crs in FY16 to Rs.10.50 Crs in FY17 and Corpus funds reported at Rs. 1.46 Crs and gearing is 6.28 times in FY 17 .

Going forward, the ability of the society to increase its scale of operations, improve profitability by prudently managing operating expenses, further to improve enrolment ratio, to be competitive and to service the debt obligations promptly would be the key rating sensitivities.

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 **Ushodaya Educational Society** 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

Ushodaya Educational Society was established in the year 2008. The society is presently running an educational Institute in the name of M/s Geethanjali Institute of science and Technology (GIST) at Nellore, Andhra Pradesh. Courses Offered by (GIST) are B.Tech courses segmenting into Civil, CSE, ECE, EEE and Mechanical Engineering, M.Tech courses segmenting into Power Electronics & Computer Science and Engineering and Diploma courses segmenting into Civil and Mechanical approved by AICTE , New Delhi and affiliated to Jawaharlal Nehru Technological University (JNTU). Members of the educational society are D.B. Ravi Reddy(Chairman), J. S. Ranganayakulu (President), V. Sudhakar Reddy(Vice President), N. Sudhakar Reddy(Secretary), P. Srinivasulu Reddy(Joint Secretary), Y. Vijaya Shankar Reddy(Treasurer) and Mr.D.Vinaya Kumar Reddy, Mr.D.Vidyadhara Kumar Reddy, Mr.P.Audishesha Reddy, Mr. S. Jayachandran and G.SubbaRao Principal Geethanjali Institute of Science & Technology (GIST) is Member Secretary.

Society Financial Performance

The society is reported a net receipts of Rs.10.50 Crores in FY17 and Rs.9.26 Crores in FY16. Operating & net surplus margins reported at 19.01% & 6.88% in FY17 as against 13.31% & negative 1.22% in FY16. Corpus Funds of the society is stood at 1.46 Crores on March 2017. The Society is reported to have debt equity of 6.28 times in FY17.

Rating History for the last three years

Instrument /Facility	Current Rating (2018)			Rating History		
	Type	Amount (₹ Crs)	Rating	22.3.2017	2016	2015
Fund Based	Long Term	4.33	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable	BWR B+	Not Rated	Not Rated
Total		4.33	₹ Four Crores and Thirty Three Lakhs Only			

Status of non-cooperation with previous CRA (if applicable) - Nil

Key Financial Indicators

Key Parameters	Units	FY17	FY16
Result Type		Audited	Audited
Net Receipts	Crores	10.64	9.47
EBITDA	Crores	2.02	1.26
SAT	Crores	0.73	(0.12)
Corpus Funds	Crores	1.46	0.73
Total Debt/Tangible Net worth	Times	6.28	12.83
Current Ratio	Times	1.86	1.80



Hyperlink/Reference to applicable Criteria

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

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 ₹ 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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