

Aryabhatta Academic Society

April 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	23.08	CARE BBB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of Aryabhatta Academic Society (AAS) continues to derive strength from its long track record of operations in the education sector with qualified and experienced management, accredited colleges and school with respective universities/authorities, and adequate infrastructural facilities with campus recruitment programme. The rating also continues to derive strength from diversified revenue stream with satisfactory enrolment ratios, healthy surplus margin, comfortable solvency position, and adequate liquidity. However, these strengths continue to remain constrained due to its moderate scale of operations in the highly regulated and competitive education sector, stabilisation risk associated with newly set up hospital and its moderate net worth base.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant increase in scale of operations of the society to more than Rs.70 crore along with maintenance of healthy profitability and capital structure on a sustained basis.

Negative factors

- Any Major decline in scale of operations of the society and/or SBILDT below 25% on a sustained basis.
- Any Debt-funded project undertaken by the society which results in deterioration of capital structure beyond 1.00 times on sustained basis.
- Any Delay in receipt of fees from student in near term which results in elongated operating cycle of more than 100 days.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CARE Ratings') view that AAS is likely to sustain its operating performance and comfortable solvency position supported by its long track record of operations and experienced management.

Detailed description of key rating drivers:

Key strengths

Long track record of operations with highly qualified management and staff

AAS was formed in 2002 and has established its brand name in education. Dr Amit Shastri, founder and secretary, is PHD, with around two decades of experience in the education industry. Vijay Arora, president, post-graduate, has over three decades of industry experience. He manages the society's overall affairs. Dr Ridhima Shastri, treasurer, is PHD, and has around two decades of experience in the education sector. All the colleges and school are managed by the respective well-qualified principals having vast experience in the education sector. AAS has a team of highly qualified and well-experienced professionals.

Accredited colleges and adequate infrastructural facilities with campus recruitment programme

Being present in the education industry since 2002, the society has established its brand presence and enjoys good reputation in Rajasthan. All its colleges and school are well affiliated per the regulations. All its campuses are enabled with well-equipped laboratories, conveyance facility, cafeterias, sport facilities and so on. AAS has a long track record of placements for its students owing to its tie ups with prestigious and established companies for campus recruitment.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Diversified revenue stream with satisfactory enrolment

The society offers courses under its four colleges in Ajmer ranging from B.Tech, M.Tech, Polytechnic courses, BCA, M.Sc, B.Pharma and D. Pharma, BBA and MBA to diploma courses, among others. It is also running one Rajasthan Board of Secondary Education (RBSE) affiliated school, Aryabhatta World School (AWS) in Ajmer. Society also operates one ayurvedic hospital, Atreya Ayurvedic Hospital (offering ayurvedic healthcare services) and it has set up 100 beds multi-specialty Tertiary Care hospital, B R Shastri Hospital, which became operational from June 2023. Thus, the society generates revenue from diversified stream, and hence, it has less dependency on one stream for revenue generation.

Being present in the industry since 2002 with established brand, the total number of enrolled students stood at 5,367 in academic year (AY) 2025 with enrolment ratio of 90%. AAS plans to offer new courses in para-medical field such as Bachelor of Homeopathic Medicine (BHMS) (4-year course) and B.Sc Nursing (3-year course) and has applied for registration for the same.

Healthy surplus margin

The society's profit margins stood healthy with SBILDT margin and surplus margin of 34.39% (PY: 46%) and 12.18% (PY: 21.15%), respectively, in FY24. Some moderation in SBILDT margin in FY24 over previous year is considering increase in input cost (raw material and employee cost) owing to commencement of operations at newly set up tertiary care hospital.

The society's gross cash accruals (GCA) stood moderate at ₹6.76 crore in FY24 (PY: ₹7.27 crore) owing to limited scale.

Comfortable solvency position though with moderate net worth base

The society's capital structure stood comfortable marked by an overall gearing of 0.76x as on March 31, 2024 (0.51x as on March 31, 2023). The debt coverage indicators stood moderate with interest coverage and total debt to GCA of 4.39x (PY: 7.59x) and 4.17 years (PY: 2.37 years), respectively, as on March 31, 2024. However, owing to its moderate scale, the society's net worth base stood moderate at ₹36.90 crore (inclusive of ₹0.22 crore of subordinated unsecured loans) as on March 31, 2024.

Key weaknesses

Moderate scale of operations

In FY24, the society's scale of operation stood moderate with total operating income (TOI) of ₹24.86 crore, improved by 42% y-o-y, with healthy enrolment in the educational institutes and additional income from newly set up tertiary care hospital. The hospital has started offering specialised cancer treatments from FY24 and income from hospital stood at ~₹5 crore in FY24.

In 11MFY25, the society booked revenue of ₹27 crore (₹18.62 crore in 9MFY24), with full-year TOI is expected to be ~₹30 crore, with hospital contributing ~₹10 crore to full year TOI.

Implementation and stabilisation risk associated with continuous capacity expansion and upgradation projects

In FY22, the society concluded construction of a 100-bed multi-speciality hospital facility at total cost of ₹10 crore, funded through ₹6.50 crore in debt and balance through internal accruals. The hospital became operational from June 2023. AAS has been continuously investing into capex since last few years to towards infrastructure development and modernisation of its existing buildings due to an increasing competition and increase in the enrolment of students and purchase of machineries/equipment for the hospital. In FY23 and FY24, the society has incurred capex of ₹22 crore and in current year capex of ~₹5 crore is incurred towards purchase of machines and building augmentations. These capex are funded through mix of external debt and internal accruals. Timely implementation and subsequent stabilisation of such continuous capacity upgradation projects by the society shall remain crucial from credit perspective.

Highly regulated education industry subject to approvals and accreditations

The higher education in India is placed in the concurrent list of the constitution and thus comes under the purview of central and state government. The sector is regulated by Ministry of Human Resources at the national level by the education ministries in each state and by central bodies such as University Grant Commission (UGC) and 14 other professional councils, such as All India Council of Technical Education (AICTE), and Directorate of Technical Education (DTE), among others. The operating and financial flexibilities of the higher education sector are limited, as regulations governs almost all aspects of operations, including fee structure, number of seats, changes in curriculum, and infrastructure requirements. Each Institution offering Post Graduate or Under Graduate Technical Programme is required to submit an application to the AICTE council, every year for extension of approval of courses offered by the Institution. Delay or rejection of approval request may result in under-achievement of projected revenue streams.

AAS being in the education sector is also highly regulated by the norms of governing bodies. The school operated by AAS is affiliated from RBSE. Hence, the society is required to follow the regulations of RBSE from time to time. The society has limited flexibility for increasing school fee, as this is governed by State Fee Regulation Act.

Liquidity: Adequate

Liquidity remains adequate with adequacy of cash accruals against the repayment obligations and moderate utilisation of fund-based limits with moderate operating cash flows. The fees realisation structure of colleges is quarterly, while fees in school are realised monthly. Majority college fees are realised in June, September, December, and March. The entire revenue receipts of the colleges are concentrated in few months, but its operating expenses are spread evenly throughout the year. The society's operating cycle improved to 59 days in FY24 (65 days in FY23 and 90 days in FY22) due to reduced receivables days. Average utilisation of working capital bank borrowings stood moderate at 84% in last 12 months ended December 2024. The society has generated positive cash flow from operating activities of ₹7.02 crore in FY24 (PY: ₹9.42 crore), while it had free cash and bank balance of ₹7.82 crore as on March 31, 2024. Its GCA, though limited, is likely to suffice its debt repayment obligations.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Education](#)

[Hospital](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer services	Other consumer services	Education

Ajmer (Rajasthan) based, AAS was registered as a society in 2002 under Rajasthan Societies Registration Act, 1958 with an objective to impart education. Currently, Vijay Arora is President and Dr Amit Shastri is the society's secretary. Under AAS, it operates four colleges and one school (1-10 class) at Ajmer. AAS also operates one ayurvedic hospital namely Atreya Ayurvedic Hospital (offering Panchkaram and other ayurvedic healthcare services) and in FY24, it has also set up 100 beds multi-specialty Tertiary Care hospital namely B R Shastri Hospital, which became operational from June 2023.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	11MFY25 (Prov.)
Total operating income	17.55	24.86	27.00
PBILDT	8.02	8.53	NA
PAT	3.71	3.03	NA
Overall gearing (times)	0.51	0.76	NA
Interest coverage (times)	7.54	4.38	NA

A: Audited Prov.: Provisional, NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA:

CRISIL has conducted the review based on the best available information and has continued ratings of AAS in "Issuer Not cooperating" category vide its press release dated June 10, 2024, due to its inability to carry out a review in the absence of the company's requisite information.

Brickwork has conducted the review based on the best available information and has continued ratings of AAS in "Issuer Not cooperating" category vide its press release dated June 06, 2024, due to its inability to carry out a review in the absence of the company's requisite information.

Any other information: Nil

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Bank Overdraft		-	-	-	17.00	CARE BBB-; Stable
Term Loan-Long Term		-	-	July, 2028	6.08	CARE BBB-; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Bank Overdraft	LT	17.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (28-Mar-24)	1)CARE BBB-; Stable (17-Feb-23)	1)CARE BBB-; Stable (04-Feb-22)
2	Term Loan-Long Term	LT	6.08	CARE BBB-; Stable	-	1)CARE BBB-; Stable (28-Mar-24)	1)CARE BBB-; Stable (17-Feb-23)	1)CARE BBB-; Stable (04-Feb-22)

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Bank Overdraft	Simple
2	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in Relationship Contact Pradeep Kumar V Senior Director CARE Ratings Limited Phone: 044-28501001 E-mail: pradeep.kumar@careedge.in	Analytical Contacts Kalpesh Ramanbhai Patel Director CARE Ratings Limited Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in Vipin Bardia Associate Director CARE Ratings Limited Phone: 079-40265671 E-mail: Vipin.bardia@careedge.in Arpita Alax Christian Lead Analyst CARE Ratings Limited E-mail: Arpita.Christian@careedge.in
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About us:

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