

### Maharashtra Academy of Engineering and Educational Research: Assigned

| Facilities                         | Amount (Rs. Crore) | Ratings/Outlook            |
|------------------------------------|--------------------|----------------------------|
| Cash Credit                        | 75.00              | SMERA A+/Stable (Assigned) |
| Term Loan                          | 66.07              | SMERA A+/Stable (Assigned) |
| Proposed                           | 13.93              | SMERA A+/Stable (Assigned) |
| Bank Guarantee/Letter of Guarantee | 25.00              | SMERA A1 (Assigned)        |

SMERA has assigned ratings of '**SMERA A+**' (read as **SMERA A plus**) and **SMERA A1** (read as **SMERA A one**) to the above mentioned bank facilities of Maharashtra Academy of Engineering and Education Research (MAEER). The outlook is '**Stable**'.

The ratings derive comfort from the long track record of operations and modest growth in revenues. The ratings also draw support from the established brand name of the academy, healthy occupancy levels, above average financial risk profile and geographical expansion. However, the ratings are constrained by the stringent regulatory framework for educational institutes in India and intense competition from institutes in Tier I cities.

MAEER was one of the first private engineering colleges in Pune in 1983. Since then it has grown to 64 institutes in 10 campuses across Maharashtra. The operating revenues grew at a CAGR of 12 per cent. Since 80 per cent of income is derived from its professional colleges and institutes, MAEER plans to introduce railway and aeronautical engineering courses to generate additional revenue. Professional courses include engineering and medicine. The occupancy levels, ratio of total sanctioned intake and student intake, have been healthy registering an increase from 79 per cent in A.Y 2013-14 to 81 per cent in A.Y 2014-15. MAEER has expanded operations to cities including Latur, Loni, Alandi, Solapur and further to Madhya Pradesh also. The geographical expansion is expected to help improve the operational risk of geographic concentration. The trust operates on healthy margins of around 20.31 per cent EBITDA in FY2015. Strong accruals have kept the coverage indicator healthy visible in the interest coverage ratio (ICR) which stands at 9.72 times as on March 31, 2015 and 9.15 times as on March 31, 2014. The trust has a corpus fund of Rs.304.32 crore as on March 31, 2015.

However, the ratings are constrained by stringent regulatory framework in the education industry and intense market competition from Tier I and Tier II cities.

#### Rating Sensitivity Factors

- Increasing student intake
- Deterioration in the financial risk profile
- Increasing scale of operations while maintaining margins

#### Outlook-Stable

SMERA believes that MAEER will maintain a stable outlook over the medium term and the trust will continue to benefit from its long track record of operations and brand name. The outlook may be revised to 'Positive' in case the trust registers higher than expected revenues and profits. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile.

## About the Trust

Established in 1983 by a group of professionals, MAEER is a trust that operates 64 educational institutions across Maharashtra to provide primary/secondary education as also academic programs in the fields of engineering, management, pharmacy to name a few.

## Contacts:

| Analytical   | Business Development   |
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## ABOUT SMERA

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