



Maharashtra Academy of Engineering And Educational Research

Instrument	Amount	Rating Action
		August 2015
Term Loan	Rs. 80.00 crore	[ICRA]A (Stable) outstanding
Long Term, Fund Based Facilities (Overdraft)	Rs. 75.00 crore	[ICRA]A (Stable) outstanding
Long Term, Non Fund Based Facilities (Bank Guarantees)	Rs. 25.00 crore	[ICRA]A (Stable) assigned

ICRA has assigned the long term rating of [ICRA]A (pronounced ICRA A) to the Rs. 25.00 crore* long term non fund based facilities of Maharashtra Academy of Engineering and Educational Research (MAEER)[†]. ICRA has a rating outstanding of [ICRA]A (pronounced ICRA A) to the Rs. 80.00 crore term loan facilities and Rs. 75.00 crore long term fund based facilities of MAEER. The outlook on the long term rating is Stable.

The ratings continue to factor in MAEER's scale of operations and diversity in terms of number of institutes, the educational courses offered, the brand image of its flagship institute, Maharashtra Institute of Technology (MIT), Pune. The financial risk profile of the company has remained healthy supported by improvement in profitability as the higher salary expenses in the past have been reflected in increasing revenues which has resulted in healthy accruals. The management's intention to keep the debt levels at modest levels coupled with higher accruals favourably support the capital structure and coverage indicators of the trust. The ratings also take into consideration the strengths arising from its experienced and reputed board of trustees. While in the past, MAEER has been able to maintain optimum seat occupancy levels in most of its institutes, its ability to attract high quality students given its regional footprint and maintain the quality of its teaching staff in a scenario where access to quality teachers remains an issue for the education sector as whole, remain the key challenges for the trust going forward. The ratings are also constrained by the trust's continuous need to incur capex to maintain its infrastructural facilities and add new courses/institutes and the regulatory challenges that private players are exposed to in the education sector. The cash flow position is adversely impacted by delayed recovery of receivables from Social Welfare Office for fees of reserved category students and the trust plans to fund the gap by availing temporary overdraft facilities, which is expected to increase the debt levels in the near to medium term.

Company Profile

MAEER is a multi-disciplinary trust conducting university approved academic programs in Engineering, Management, Pharmacy, Medicine, Polytechnic and primary /secondary schools throughout Maharashtra. The trust was established in 1983 by a group of professionals – professors, lawyers, doctors. While majority of the institutions under the trust are located in and around Pune, the trust currently owns and operates 57 institutions and has a strong base of more than 38,000 students.

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* 100 lakh = 1 crore = 10 million

[†] For complete rating definition, please refer to ICRA website www.icra.in or any of the ICRA Rating Publications.



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