



Press Release

Ajeenkya D.Y. Patil Infra Private Limited (ADYPIPL)

March 27, 2024

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator (Simple/ Complex/ Highly complex)
Long Term Bank Facilities	258.55	IVR BB+/ Stable (IVR Double B plus with Stable Outlook)	Assigned	Simple
Total	258.55 (Rupees two hundred fifty-eight crore and fifty-five lakhs only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The ratings assigned to the bank facilities of Ajeenkya D.Y. Patil Infra Private Limited (ADYPIPL) derive strength from its established track record of group and promoters, revenue visibility from lease rentals and healthy operating margins. The rating strengths are, however, constrained by revenue concentration risk, stretched working capital cycle, weak capital structure and debt protection parameters and project implementation risk.

Key Rating Sensitivities:

Upward rating factor

- Substantial and sustained growth in operating income and improvement in profitability.
- Project completion within envisaged cost and time

Downward rating factor

- Significant decline in operating profitability.
- Delays in implementation of project or cost overruns or any milestone payment leading to increased dependence on external borrowings.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Established track record of group and promoters.

The company is engaged in the business of developing education and related infrastructure and make available the assets for utilisation by the educational institutions of ADYP Group. It also provides other services such as hostel, bus transportation, catering, security and supervisory services to the group companies. The ADYP group entities are well established in education sector which ensures stable revenue stream for the company in the form of lease rentals and revenue for the other services. The company is managed by three directors, Dr. Ajinkya D Y Patil, Mr. Rohit Mhaskar and Mr. Lingaraj Shigli Anand. Dr. Ajinkya D Y Patil is the chairman of Ajeenkya D Y Patil Group (ADYPG) and managing director of ADYPIPL and holds leadership position in several other organizations such as Vice President Continental Medical Foundation, Vice President DY Patil Educational Academy, Trustee, DY Patil Education Society and President Ramrao Adik Education Society. He has around 22 years of experience in the related field. Mr. Rohit Mhaskar has a degree of BSc and has around 8 years of experience in the related field. Dr. Lingaraj Shigli Anand is an MDS Doctor and has around 25 years of experience in the related field.

Revenue visibility from lease rentals.

The company's revenue profile consists of 52.68% revenue from lease rentals in FY23. The long-term lease agreements are in place which are expected to continue in future years keeping in view that the same are group entities. The same provides stable revenue visibility. The company also has substantial portion of revenue from other sources viz. managing school operations. The volatility in profitability and cash accruals is observed in the past owing to changes in such other income. However, the cash flows were supported through other income by way of sale of land (Rs.13.80 crore in FY23).

Healthy operating margins.

Operating cost of the company is low as the company provides infrastructure on lease basis to the educational institutes operated by the ADYP group. This has led to consistently strong operating margin of over 50%-60% in past three years. The company is expected to continue to generate strong operating margin driven by steady revenue streams and low operating costs.

Key Rating Weaknesses



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Revenue concentration and stretched working capital cycle.

Even though the ADYP Group's educational institutions are projected to provide steady sources of income for the company, the company is nevertheless heavily dependent on the group entities' performance, which exposes it to revenue concentration risk.

Although the company invoices the group entities on monthly basis and offers continuous other services to them, it gives these entities flexibility in paying according to collections. The operating cycle of the company increased substantially from last year which is 151 days in FY23 compared to 43 days in FY22.

Weak capital structure and debt protection parameters.

The capital structure of the company looks moderate as on March 31, 2023 the Debt-equity ratio is 1.84 times (PY: 4.02 times) and overall gearing ratio is 1.90 times (PY: 4.02 times. Total debt/GCA is moderate at 7.59 years. The company's scale of operations and operational cashflows are very low compared to debt levels.

Project implementation risk.

ADYPIPL continues to be exposed to project implementation risk for its new healthcare project for a 300-bed tertiary-level hospital at Charholi (Bk), Pune. The estimated project cost is Rs.154.19 crore which is proposed to be funded through promoters contribution of Rs.38.55 crore and bank loans of Rs.115.64 crore. As on December 12, 2023, Rs.27.24 crore of total project cost has been incurred and around 18% financial progress of the project is achieved, the same is funded from promoters' contribution. The proposed project is scheduled to get completed by April-2026. Any delays in meeting the milestone achievement may lead to cost-overruns.

Analytical Approach: Standalone Approach

Applicable Criteria:

[Rating Methodology for Service Sector Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning rating outlook](#)

[Criteria on Default Recognition](#)



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Liquidity –Adequate

The liquidity of the company is expected to remain adequate in FY24-26 marked by sufficient accruals vis-à-vis its debt repayment obligations during the period. Further, the company has limited gearing headroom due to its capex plan in FY24-FY26. The free cash balance as on March 31, 2023, remained at Rs. 2.88 crore.

About the company:

Ajeenkya D. Y. Patil Infra Private Limited (ADYPIPL) formerly known as Dr. D.Y. Patil Educational Enterprises Private Limited is a private limited company incorporated on June 25, 2002. Further it changed the name as Ajeenkya D. Y. Patil Infra Private Limited (ADYPIPL) on August 24, 2015. ADYPIPL is a part of Ajeenkya DY Patil group.

The company is engaged in the business of developing education and related infrastructure and make available the assets for utilisation by the educational institutions of ADYP Group. It also provides other services such as hostel, bus transportation, catering, security and supervisory services to the group companies. The ADYP group entities are well established in education sector which ensures stable revenue stream for the company in the form of lease rentals and revenue for the other services.

Currently ADYPIPL is managed by three directors, Dr. Ajinkya D Y Patil, Mr. Rohit Mhaskar and Dr. Lingaraj Shigli Anand.

Financials (Standalone):

(Rs. Crore)

For the year ended / As On*	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	24.28	32.52
EBITDA	15.87	17.94
PAT	17.44	12.90
Total Debt	154.47	142.13
Tangible Net worth	38.40	74.65
Ratios		
EBITDA Margin (%)	65.35	55.16
PAT Margin (%)	35.81	27.75
Overall Gearing Ratio (x)	4.02	1.90

* Classification as per Infomerics' standards



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Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr . N o.	Name of Instrument/Fac ilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstand ing (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loan	Long Term	114.93	IVR BB+/ Stable	-	-	-
2.	Term Loan- LRD facilities	Long Term	115.87	IVR BB+/ Stable			
3.	Overdraft	Long Term	27.75	IVR BB+/ Stable	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

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Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.



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Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan (GECL)	-	-	November, 2027	2.60	IVR BB+/ Stable
Term Loan	-	-	April, 2029	7.37	IVR BB+/ Stable
Term Loan (LRD facilities)	-	-	September, 2034	39.77	IVR BB+/ Stable
Term Loan	-	-	December, 2033	4.96	IVR BB+/ Stable
Term Loan (LRD facilities)	-	-	November, 2037	47.61	IVR BB+/ Stable
Term Loan (LRD facilities)	-	-	June, 2038	28.49	IVR BB+/ Stable
Term Loan	-	-	October, 2033	100.00	IVR BB+/ Stable
Overdraft	-	-	-	17.75	IVR BB+/ Stable
Overdraft	-	-	-	10.00	IVR BB+/ Stable



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Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-ADYPIPL-mar24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com

