

Press Release

KONKAN GYANPEETH

March 06, 2018

Rating Assigned



Total Bank Facilities Rated*	Rs. 15.00 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+**' (read as **SMERA B plus**) on the Rs. 15.00 crore bank facilities of KONKAN GYANPEETH. The outlook is '**Stable**'.

Konkan Gyanpeeth (KG), was established in 1989 by the Late Mr. Prabhakar Narayan Dharkar (Ex-Minister - Maharashtra Government) and registered as a charitable trust under the Societies Registration Act 1860 and The Bombay Public Trust Act 1950 on 30 Sept, 1989. The trust runs four colleges - . Konkan Gyanpeeth College of Engineering (Karjat), Rahul Dharkar College of Pharmacy & Research Institute (Karjat), Konkan Gyanpeeth Karjat College of Arts, Science & Commerce and Konkan Gyanpeeth Uran College of Commerce and Arts. The colleges offer a range of courses in science, arts, commerce, engineering and pharmacy.

Key Rating Drivers

Strengths

- **Established track record, range of courses offered**

Konkan Gyanpeeth has been in existence for three decades offering a range of courses for undergraduate and post graduate students in the fields of Arts, Science, Commerce, Engineering and Pharmacy. The college is affiliated with University of Mumbai.

- **Experienced management**

The trust is led by Founder member and Chairperson, Smt. Anupama Dharkar Wangdi, Capt. Sariputta Wangdi (Ex- Naval Officer), Mr. Zulkarnain A. Dabhiya among others. The management collectively possesses around four decades of experience in the educational sector.

Weaknesses

- **Average financial risk profile**

KG has a moderate financial risk profile marked by net worth of Rs.43.05 crore as on 31 March, 2017 compared to Rs. 40.34 crore as on 31 March, 2016. The gearing improved to 0.17 times as on 31 March, 2017 from 0.19 times as on 31 March, 2016. This is due to fresh equity infusion of Rs.2.35 crore apart from internal accruals of Rs.0.36 crore. The total debt of Rs. 7.16 crore is the term loan from the bank as on 31 March, 2017. The Interest Coverage ratio stood at 1.72 times in FY2017 as against 2.10 times in FY2016. This is mainly due to decline in profitability in FY2017. The Net Cash Accruals stood at Rs.1.30 crore as against repayment obligation of Rs.0.94 crore in FY2017. Going forward, SMERA expects KG to maintain its financial risk profile and improve its networth in the absence of major debt funded capex plan.

- **Intense competition and fragmented nature of business**

The trust is exposed to intense competition from other educational institutions in and around Maharashtra and across India.

- **Stringent regulatory framework for educational institutions**

The trust is exposed to risks arising from unfavourable changes in regulations from time to time.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of Konkan Gyanpeeth to arrive at the rating.

Outlook: Stable

SMERA believes that Konkan Gyanpeeth will benefit from its experienced management. The outlook may be revised to 'Positive' if the scale of operations increases on the back of further increase in fee receipts while maintaining its operating profitability and coverage indicators. Conversely, the outlook may be revised to 'Negative' if the Trust fails to achieve the scalability amidst intensifying competition in its area of operations or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded capex.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	23.44	22.99	21.37
EBITDA	Rs. Cr.	2.22	3.59	3.63
PAT	Rs. Cr.	0.20	1.40	1.27
EBITDA Margin (%)	(%)	9.47	15.60	16.97
PAT Margin (%)	(%)	0.87	6.10	5.92
ROCE (%)	(%)	4.08	8.09	17.12
Total Debt/Tangible Net Worth	Times	0.17	0.19	0.22
PBDIT/Interest	Times	1.72	2.10	1.92
Total Debt/PBDIT	Times	2.31	1.57	1.63
Gross Current Assets (Days)	Days	473	419	377

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

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Entities In Services Sector - <https://www.smerra.in/criteria-services.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smerra.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Dropline Overdraft	Not Applicable	Not Applicable	Not Applicable	15.00	SMERA B+ / Stable

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ABOUT SMERA

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