

Press Release
Dashmesh Educational Charitable Trust
 August 14, 2018
Rating Assigned



Total Bank Facilities Rated*	Rs.160.00 Cr.
Long Term Rating	ACUITE BBB- / Outlook: Stable
Short Term Rating	ACUITE A3

* Refer Annexure for details

Rating Rationale

Acuité has assigned long-term rating of '**ACUITE BBB-**' (**read as ACUITE triple B minus**) and short term rating of '**ACUITE A3**' (**read as ACUITE A three**) on the Rs.160.00 crore bank facilities of Dashmesh Educational Charitable Trust. The outlook is '**Stable**'.

Dashmesh Educational Charitable Trust (DECT) was founded by Mrs. Madhupreet Kaur Chawla and Mr. Manmohan Singh Chawla in April 1999. The trust commenced operations with a Shree Guru Gobind Singh Tricentenary dental college in 2002, and started a 300-bed general hospital in 2005, a medical college in 2010 and a nursing college in 2012. Shree Guru Gobind Singh Tricentenary attained private university status in 2013 under the name of Shree Guru Gobind Singh Tricentenary University. The university has been established under the Haryana Private Universities (amendment) Act No. 8 of 2013 and recognised by University Grants Commission. The university has 17 institutions offering courses in dental science, medical & health science, nursing, physiotherapy, engineering, commerce & management, law, pharmacy, Ayurveda, hotel & tourism management, mass communication, para medical courses and allied health sciences.

Key Rating Drivers

Strengths

• Established position in the education sector

DECT has an established position in the education sector for the last two decades. The trust through Shree Guru Gobind Singh Tricentenary University runs 17 institutions offering courses in dental science, medical & health science, nursing, physiotherapy, engineering, commerce & management, law, pharmacy, Ayurveda, hotel & tourism management, mass communication, para medical courses and allied health sciences.

DECT has reputed senior faculty which includes Dr. Sarla Hooda, Dean-Faculty of Medicine and Health Sciences Dr. Anil Gupta, Dean-Faculty of Dental Sciences, Dr. Ravindrakumar S. Arahansi, Dean-Faculty of Indian Medical System among others who are well experienced in their respective fields. Acuité expects longstanding presence of the trust and reputed faculty will help in attracting students to its institutes.

• Above average financial risk profile

DECT has above average financial risk profile marked by tangible net worth of Rs.118.30 crore as on 31 March, 2018 (Provisional) as against Rs.96.05 crore as on 31 March, 2017. The gearing stood at 0.88 times as on 31 March, 2018 (Provisional) as against 1.16 times as on 31 March, 2017. The debt of Rs.104.14 crore mainly consists of term loans of Rs. 90.62 crore and working capital borrowings of Rs.13.51 crore as on 31 March 2018 (Provisional). Interest Coverage Ratio (ICR) stood at 3.12 times for FY 2018 (Provisional). Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 1.68 times as on 31 March, 2018 (Provisional).

Weaknesses

- **Stringent regulatory framework for educational sector in India**

The operations of the trust are susceptible to stringent regulatory framework in the higher education sector in India.

- **Intense competition and stringent regulatory framework for the educational sector in India**

Various agencies like All India Council for Technical Education (AICTE), National Assessment and Accreditation Council (NAAC), University Grants Commission (UGC), etc. under the State and Central government prescribe regulatory frame work depending on the professional courses offered. The institution faces intense competition from other institutes offering similar courses. Given the competition, the ability of the institutes to attract requisite students in tune with its sanctioned intake could be a challenge.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the DECT to arrive at this rating.

Outlook: Stable

Acuité believes that DECT will maintain a Stable outlook over the medium term owing to its long standing presence in Delhi NCR. 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 society fails to achieve 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 capital expansion plans.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	160.96	125.31	103.66
EBITDA	Rs. Cr.	41.47	24.58	26.94
PAT	Rs. Cr.	21.84	8.88	11.67
EBITDA Margin	(%)	25.77	19.62	25.99
PAT Margin	(%)	13.57	7.08	11.26
ROCE	(%)	16.88	9.80	14.11
Total Debt/Tangible Net Worth	Times	0.88	1.16	1.28
PBDIT/Interest	Times	3.12	2.52	2.42
Total Debt/PBDIT	Times	2.30	4.12	3.68
Gross Current Assets (Days)	Days	82	65	61

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

India Ratings and Research, vide its press release dated August 13, 2018 had denoted the rating of Dashmesh Educational Charitable Trust as 'IND BB+/ IND A4+; ISSUER NOT COOPERATING' on account of lack of adequate information required for monitoring of ratings.

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Entities in service sector- <http://acuite.in/view-rating-criteria-8.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument
<https://www.acuite.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. Crore)	Ratings/Outlook
Overdraft	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE BBB-/Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	21.48	ACUITE BBB-/Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	7.53	ACUITE BBB-/Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	24.57	ACUITE BBB-/Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	24.29	ACUITE BBB-/Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	48.29	ACUITE BBB-/Stable
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	17.70	ACUITE A3
Proposed bank facility	Not Applicable	Not Applicable	Not Applicable	1.14	ACUITE BBB-/Stable

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About Acuité Ratings & Research:

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