



Press Release

Datta Meghe Institute of Higher Education And Research (Erstwhile Datta Meghe Institute of Medical Sciences)
November 08, 2024
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	17.00	ACUITE BBB+ Stable Reaffirmed	-
Bank Loan Ratings	16.00	-	ACUITE A2 Reaffirmed
Total Outstanding Quantum (Rs. Cr)	33.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating at ‘**ACUITE BBB+**’(read as **ACUITE triple B plus**)and short-term rating to ‘**ACUITE A2**’(read as **ACUITE A two**)on the Rs.33.00 crore bank facilities of Datta Meghe Institute of Higher Education and Research (Erstwhile Datta Meghe Institute of Medical Sciences) (DMIHER). The outlook is ‘**Stable**’.

Rational for rating

The rating reaffirmation considers DMIHER’s moderate operating and financial performance. The rating continues to derive comfort from the established experience of the trustees in the medical and education sector. The trust’s operating income grew to Rs. 844.54 Cr. in FY2024 as against Rs. 732.78 Cr. in FY2023. The operating profit of FY24 stood lower due to donations made to sister concerns. Further, the gearing levels stood at 0.19 times as on March 31,2024 as against 0.11 times in the previous year. Going ahead, the trust’s ability to increase its revenue and profitability margins while maintaining its capital structure will be a key rating monitorable.

About the Company

Maharashtra-based, Datta Meghe Institute of Higher Education and Research (DMIHER) was established by Mr. Dattatraya Raghobaji Meghe in 1988. The trust currently has 23 institutes which offer graduate and post-graduate courses in the field medical, dental, pharmacy, engineering, management, nursing and para medical courses in Health Sciences and Allied Sciences. The deemed to be University started a new off campus institute in Wanadongri, Nagpur and expect this all the institutes of the deemed to be university are located on area of more than 160 acre campus in Sawangi, Wardha including off-campus Wanadongri, Nagpur. NAAC ranking 2023 is A++ for the next 7 years. NRIF ranking 2023 is 39th University India.

Unsupported Rating

Not Applicable

Analytical Approach

For arriving at this rating, Acuite has taken a standalone view of the business and financial risk profile of Datta Meghe Institute of Higher Education and Research.

Key Rating Drivers

Strengths

Established track record of operations and experienced management

DMIHER has been in operations since 1988. The Promoter, Mr. Dattatraya Raghobaji Meghe has experience of around three decades. Other trustees, Mr. Madhukar Janrao Ingle, Mr. Sagar Dattatraya Meghe, Mr. Ravi Dinkar Meghe, Mr. Manish Balam Vaidya, Mr. Sandeep Vitthaal Meghe and Mr. Nitin Shriram Korke has more than two

decades of experience in the field of education. The founders along with a strong team of more than 650 qualified faculty members have been imparting quality education to their students. Acuité believes that DMIHER would continue to benefit from promoters' experience and the qualified team.

Growing revenues and healthy occupancy levels

DMIHER has 23 institutes along with 4 teaching hospitals including 1 dental care hospital (3 on campus and 1 off campus) and 10 hostel facilities available for the students in the campus under the deemed to be university and trust. The total sanctioned seats for the year have been increased to 4156 seats in FY24 from 3614 seats in FY23. On absolute basis there is an increase in number of students enrolled from 3436 in FY23 to 3591 in FY24 however on a percentage basis the occupancy levels have recorded a slight decline from 95% in FY2023 to 86% in FY2024. The total revenue of the trust stood at Rs. 844.54 Cr. in FY2024 as against Rs. 732.78 Cr. in FY2023, reflecting a year-over-year increase of 15.25%. This growth was attributed to higher fee receipts and an increased in total enrolled students.

Healthy financial risk profile

The trust maintains a healthy financial risk profile characterized by high net worth, moderate gearing, and moderate debt protection metrics. As of March 31, 2024, DMIHER's net worth increased to Rs. 602.85 crore as against Rs. 556.19 crore as of March 31, 2023 driven by accretion of profits to reserves and increase in student welfare and depreciation fund. The company's gearing ratio rose to 0.19 times on March 31, 2024, compared to 0.11 times the previous year, reflecting an increase in both long-term and short-term debt sourced from various banks. Total debt as of March 31, 2024, was Rs. 113.36 crore as against Rs. 61.18 crore on March 31, 2023. The total debt as on March 31, 2024 includes Rs. 41.84 crore in long-term debt and Rs. 23.03 crore in short-term debt and maturing debt repayment obligation of Rs. 48.50 crore. The TOL/TNW ratio was 0.58 times as of March 31, 2024. The company's interest coverage ratio was 10.63 times in FY24. Debt to EBITDA stood at 2.19 times for FY2024 as against 0.40 times for FY2023.

Weaknesses

Stringent regulatory framework

Various regulatory authorities such as MCI, DCI, NCI, MNC, PCI, UGC, Ministry of Aysuh, AICTE under the State and Central government prescribe regulatory frame work to DMIHER depending on the professional courses offered. The compliance is highly regulated and marked with entry, operation and exit barriers at each level which can impact the revenues and profitability of the trust.

Rating Sensitivities

- Movement in occupancy levels
- Maintenance of financial risk profile and improvement in profitability margins

Liquidity Position

Adequate

DMIHER has adequate liquidity marked by adequate net cash accruals to its maturing debt obligations. DMIHER's net cash accruals stood at Rs. 46.85 crore for FY24. The net cash accruals are expected to range from Rs. 125 crore to Rs. 130 crore for FY2025-FY2026, while repayment obligations are projected to be around Rs. 25 crore to Rs. 50 crore during that period. The trust's unencumbered cash and bank balance was Rs. 15.88 crore as of March 31, 2024. The current ratio was 1.67 times in FY24. DMIHER receives the majority (approximately 80%) of its fee receipts between August - October, 12%-13% is collected by December, and the remaining balance by March. However, the trust requires working capital support for the remaining months, and to address this working capital crunch, it utilizes WCTL and OD facilities. The average utilization of fund-based bank limits stood at 33.96% for the six months ending September 2024.

Acuite believes that the liquidity of the trust is likely to remain adequate over the medium term on account of healthy cash accruals and lower reliance on external debt for its working capital requirements.

Outlook: Stable

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	844.54	732.78
PAT	Rs. Cr.	10.25	124.00
PAT Margin	(%)	1.21	16.92
Total Debt/Tangible Net Worth	Times	0.19	0.11
PBDIT/Interest	Times	10.63	0.00

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

Not Applicable.

Any other information

None.

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
11 Aug 2023	Bank Guarantee (BLR)	Short Term	16.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Secured Overdraft	Long Term	12.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
	Secured Overdraft	Long Term	5.00	ACUITE BBB+ Stable (Upgraded from ACUITE BBB Stable)
31 May 2022	Bank Guarantee (BLR)	Short Term	16.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Proposed Long Term Bank Facility	Long Term	0.27	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Secured Overdraft	Long Term	12.00	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Secured Overdraft	Long Term	4.73	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
05 Mar 2021	Bank Guarantee (BLR)	Short Term	16.00	ACUITE A3 (Upgraded from ACUITE A4+)
	Secured Overdraft	Long Term	5.00	ACUITE BBB- Stable (Upgraded from ACUITE BB Stable)
	Secured Overdraft	Long Term	12.00	ACUITE BBB- Stable (Upgraded from ACUITE BB Stable)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Punjab National Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	16.00	Simple	ACUITE A2 Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB+ Stable Reaffirmed
Punjab National Bank	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	12.00	Simple	ACUITE BBB+ Stable Reaffirmed

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About Acuité Ratings & Research

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