



**Press Release**  
**DATTAKALA SHIKSHAN SANSTHA**  
**October 30, 2024**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	22.00	ACUITE BB-   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	22.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating of 'ACUITE BB-' (read as ACUTE double Bminus) on Rs. 22.00 crore bank loan facilities of Dattakala Shikshan Sanstha. The outlook is 'Stable'.

**Rationale for rating**

The rating reaffirmation factors in the experience of more than two decades of the trustees in the education industry. The rating also draws comfort from improvement in business risk profile marked by stable operating income of the trust. The operating income stood at Rs.34.17 crore for FY24(Prov) as against Rs. 33.01 crore in FY23 and Rs. 28.88 crore in FY22, though still remain modest. The rating also considers the introduction of new courses by the trust. These strengths are partially offset by the elongated debtor collection period leading to stretch in liquidity position and the trust's below average financial risk profile.

**About the Company**

Formed in 2006, Dattakala Shikshan Sanstha (DKSS) is a charitable trust that established with an object of imparting education. DKSS is located at Bhigwan in Maharashtra and has a 25 acre campus which houses all the institutes under the trust. The trust has total of 9 institutes which provide school education from nursery to 12th and technical courses like pharmacy, engineering and management. The trust is managed by Mr. Ramdas Zol who has over two decades of experience in the field of education.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of DKSS to arrive at the rating

**Key Rating Drivers**

**Strengths**

**Established track record of operations and experienced management**

DKSS has been in operations since 2006. The founder, Mr. Ramdas Zol along with other trustees namely Mrs. Maya Zol, Mr. Rana Suryawanshi and Ms. Jaymala Baldal who have more than two decades of experience in the field of education. With experience of trustees the trust has set up 9 institutes and promote girl child education. The institute has a total of 182 qualified faculty members .

Acuite believes that the established track record and experienced management will continue to benefit DKSS over

medium to long term.

**Steady improvement in operating performance**

The operating performance of the trust has been steady albeit a slight decline in the intake of students. The operating income of the trust stood at Rs.34.17 crore in FY24(Prov) as against Rs. 33.01 crore in FY22 and Rs.28.88 crore in FY22. Approximately 85% of the trust's income is generated by various colleges of trust. The total actual intake of all the technical courses offered by the trust decreased to 2363 students from 2470 students

in FY23 and 2177 students in FY22. The trust during 2023-24 introduced a new M. Pharm 2 year course with a sanctioned intake capacity of 60 students along with the latest courses introduced in 2024-25 BBA & BCA with the sanctioned capacity of 60 & 120 students respectively and fees around Rs. 50000 per student per annum in Dattakala Group of Institutions. The first round of admission has just completed in both the courses. The occupancy levels of pharma courses stood around 70.79% and of engineering and management courses stood around 67.37%.

The operating margins of the trust stood at 12.15 percent in FY24(Prov) as against 12.21 percent in FY23. The PAT margins of the trust stood at 0.57 percent in FY24(Prov) as against 0.69 percent in FY23 and 0.70 percent in FY22.

## **Weaknesses**

### **Intensive working capital operations**

The working capital operations of the trust are intensive marked by GCA days of 202 days in FY24(Prov) as against 230 days in FY23 and 369 days in FY22. The GCA days remain driven by the debtor collection period. Approximately 60% of the seats are for students who receive scholarships under certain schemes of the government. Hence the fees for such students are received from the welfare department where the recovery takes around a year. Further, the fees are cleared by the students in the month of May-June and when exams are held and hence the debtor collection period as on balance sheet date remain elongated. The debtor collection period of the trust stood at 191 days in FY24(Prov) as against 216 days in FY23 and 282 days in FY22. The reliance of the trust on bank limits for its working capital requirements remains low as the trust has a sanctioned limit of Rs. 0.50 crore and an average utilization of ~32 percent for 12 months ended August 2024.

### **Average financial risk profile**

The financial risk profile of the trust is average marked by moderate net worth, high gearing and average debt protection metrics. The tangible net worth of the trust stood at Rs. 11.81 crore as on March 31, 2024(Prov) as against Rs. 11.61 crore as on March 31, 2023, and Rs. 11.38 crore as on March 31, 2022. The increase in net worth is on account of increased accretion of profits to reserves. The total debt of the trust stood at Rs. 21.16 crore as on March 31, 2024(Prov) as against 22.12 crore as on March 31, 2023, and Rs. 25.23 crore as on March 31, 2022. The total debt of the trust includes Rs. 15.53 crore of long-term debt, Rs. 2.27 crore of unsecured loans and Rs. 0.13 crore of short-term debt of Rs. 3.34 crore of current maturities of term loans. The trust makes prepayment of its loans. Gearing (Debt to Equity) of the trust stood at 1.79 times as on March 31, 2024(Prov) as against 1.91 times as on March 31, 2023 and 2.22 times as on March 31, 2022. The TOL/TNW of the trust stood at 2.59 times as on March 31, 2024(Prov) as against 3.02 times at March 31, 2023 and 3.61 as on March 31, 2022. The debt protection metrics of the trust remained stretched marked by DSCR of 0.70 times in FY24(Prov) as against 1.00 times in FY23 and 1.71 times in FY22. The ICR of the trust stood at 1.88 times in FY24(Prov) as against 2.00 times for FY23 and 2.03 times for FY22. Going forward, the trust has high repayments of its debt obligations on account of ballooning repayments.

## **Rating Sensitivities**

- Movement in occupancy levels and scale of operation
- Movement in the working capital cycle

## **Liquidity Position**

### **Stretched**

Liquidity of the trust is stretched marked by ballooning debt service obligations in the near to medium term and slow growth in the net cash accruals. Further, the elongated debtor collection period also adds pressure to the liquidity position. The net cash accruals of the trust stood at Rs. 2.15 crore as for FY24(Prov) as against repayment obligations of Rs. 4.12 crore during the same period. However, presently the management is prepaying its term loan. The increased repayment obligation also contains a part of prepaid loans which were met out of cash flows. The reliance of trust on bank limits remain low with ~32 percent utilization for 12 months ended August 2024. The trust maintains an unencumbered cash balance of Rs. 0.35 crore as on March 31, 2024(Prov).

## **Outlook: Stable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	34.17	33.01
PAT	Rs. Cr.	0.19	0.23
PAT Margin	(%)	0.57	0.69
Total Debt/Tangible Net Worth	Times	1.79	1.91
PBDIT/Interest	Times	1.88	2.00

### 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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
03 Aug 2023	Covid Emergency Line.	Long Term	2.23	ACUITE BB- Stable (Assigned)
	Cash Credit	Long Term	0.50	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	7.52	ACUITE BB- Stable (Assigned)
	Covid Emergency Line.	Long Term	1.28	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	1.55	ACUITE BB- Stable (Assigned)
	Term Loan	Long Term	5.08	ACUITE BB- Stable (Assigned)
	Proposed Cash Credit	Long Term	3.84	ACUITE BB- Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.50	Simple	ACUITE BB-   Stable   Reaffirmed
Bank of India	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	01 Feb 2027	1.72	Simple	ACUITE BB-   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	7.71	Simple	ACUITE BB-   Stable   Reaffirmed
Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Dec 2027	6.43	Simple	ACUITE BB-   Stable   Reaffirmed
Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Dec 2027	1.30	Simple	ACUITE BB-   Stable   Reaffirmed
Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Dec 2027	4.34	Simple	ACUITE BB-   Stable   Reaffirmed

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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