



Press Release
DR G D POL FOUNDATION
March 19, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	10.00	ACUITE BB Stable Assigned	-
Bank Loan Ratings	10.00	-	ACUITE A4+ Assigned
Total Outstanding Quantum (Rs. Cr)	20.00	-	-

Rating Rationale

Acuite has assigned its long-term rating of '**Acuite BB**' (read as **ACUITE double B**) and short-term rating of '**Acuite A4+**' (read as **ACUITE A four plus**) on 20.00 crore bank facilities of Dr. G D Pol Foundation (DGDPF). The outlook is '**Stable**'.

Rationale for rating assigned

The rating assigned reflects the trust's long track record of operations in the education industry. The rating also draws comfort from the additional of new courses and with the healthy occupancy levels for the trust. Further the rating also factors in the healthy financial risk profile as marked by the low gearing of 0.29 times and DSCR of 4.49 times as on 31st March 2023. However, the rating is constrained by the delay in receipts of scholarship fees from the government as marked by high debtors days for the trust. The rating also factors in the growing competition in the field of education and the various regulatory risk associated with the business.

About the Company

Dr. G. D. Pol Foundation was incorporated as a charitable trust in 1989 with an object of imparting education through various educational institutions. Its main objectives are providing education in the field of medical, para-medical, technical and management, etc. including free medical treatment to needy in general and poor mankind in particular. The trust currently has 5 institutions along with three training hospitals. The five institutions include YMT Homeopathy college, YMT School of Nursing, YMT Ayurvedic medical college, YMT college of Physiotherapy and YMT dental college.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has taken a standalone business and financial risk profile of Dr. G D Pol Foundation to arrive at the rating.

Key Rating Drivers

Strengths

Established track record of operations with healthy occupancy levels.

DGDPF has been in operations since 1989. The chairman of the trust, Mr. Gajanan Pol has

experience of around three decades in the field of education. The founders, along with a strong team of more than 600 qualified faculty members and doctors have been imparting

quality education to their students.

The income of the trust stood at Rs.54.5 crores in FY2023 as against Rs. 48.54 crores in FY2022 and Rs.38.33 crore in FY2021. The trust generated 83 percent of its income from student fees, 10 percent from hospital fees and the rest from hostel and premises compensation fees. The trust provides eleven courses at its institutions with a total sanctioned intake of 749 seats. Occupancy levels at these colleges remain healthy at 100 percent. The trust has three hospitals- General, Ayurvedic and Homeopathy, the treatments at such hospitals are done at a subsidised rate.

Acuite believes that the established track record along with healthy occupancy levels will continue to benefit the trust going ahead.

Healthy Financial Risk Profile.

The financial risk profile of the trust stood healthy, marked by moderate trust corpus fund, low gearing (debt-equity) and strong debt protection metrics. The tangible net worth stood at Rs. 38.11 crores as on 31 March 2023 as against Rs. 42.24 crore as on 31 March 2022. The decrease in corpus fund was on account of reductions in other funds marked by trust. The total debt of the trust stood at Rs. 11.19 crore which includes short-term loan of 5.12 crore in form of CC and unsecured loans from others stood at 6.06 crore as on 31 March 2023. The gearing (debt-corporus fund) stood at 0.29 times as on 31 March 2023 as compared to 0.28 times as on 31 March 2022. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 1.59 times as on 31 March 2023 as against 1.32 times as on 31 March 2022. Debt Service Coverage Ratio and Interest Coverage Ratio both stood at 4.49 times for FY2023 as against 4.47 times for FY2022. Net Cash Accruals to Total Debt (NCA/TD) stood at 0.22 times for FY2023 as same as 0.22 times for FY2022.

Acuite believes the financial risk profile of the trust will remain healthy on account of no additional debt planned.

Weaknesses

Delays in receipt of scholarship fees of students from government leading

Students at DGDPF get scholarship from the government based on their merit around 30 percent of the fees is received from government which takes more than a year. Hence, timely receipt of fees from government will remain a key rating sensitivity.

Stringent regulatory framework and intense competition

Various agencies such as AICTE, NBA, NAAC, MCI, and UCG, among others, under the State and Central government prescribe regulatory framework to DGDPF depending on the professional courses offered. Fees charged by the college is also regulated by Fee regulatory authority (FRA) and the trust cannot revise its fees without the approval of FRA. 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. Further, DGDPF is exposed to intense competition from various educational institutes located in surrounding areas.

Rating Sensitivities

- Addition of new courses leading to significant improvement in operating performance and margins.
- Any deterioration in the occupancy levels.

Liquidity Position

Adequate

The trust's liquidity position is adequate, marked by moderate net cash accruals. The firm is expected to generate cash accrual in the range of Rs. 2.11-2.62 crores over the medium term. The working capital limits are marked moderate as reflected by moderate utilizations of fund-based limit of around 77 percent in the last 9 months ended December' 2023. However, the current ratio stands at 0.63 times as on March 31, 2023, as against 0.61 times as on 31 March 2022.

Acuite believes that the liquidity position to remain adequate marked by the moderate cash accruals against negligible debt repayments for the trust.

Outlook: Stable

Acuité believes that DGDPF will maintain a 'Stable' outlook over the medium term on the back of its experienced management and healthy occupancy levels. The outlook may be revised to 'Positive' in case the trust registers higher-than-expected growth in its revenue and profitability on account of addition of new courses. Conversely, the outlook may be revised to 'Negative' in case the trust registers lower-than-expected growth in revenues or in case of deterioration in the trust's financial risk profile.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	54.50	48.54
PAT	Rs. Cr.	0.26	0.49
PAT Margin	(%)	0.49	1.01
Total Debt/Tangible Net Worth	Times	0.29	0.28
PBDIT/Interest	Times	4.49	4.47

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

None

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.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, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite'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 :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Abhyudaya Cooperative Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE A4+ Assigned
Abhyudaya Cooperative Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE BB Stable Assigned

Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 mohit.jain@acuite.in Parth Patel Analyst-Rating Operations Tel: 022-49294065 parth.patel@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

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.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.