

Rating Rationale

Brickwork Ratings Reaffirms 'BWR BBB' for Long Term Facilities for the Bank Loan Facilities of ₹ 13.48 Cr of Adesh Welfare Society.

Brickwork Ratings has reaffirmed the following **Rating**¹ to the Bank Loan Facilities aggregating ₹ 13.48 Crores of Adesh Welfare Society ('AWS' or 'the Society').

Facility	Previous Limit (₹Cr)	Present Limit (₹Cr)	Tenure	Rating	Rating History
Fund Based					
Cash Credit	2.00	2.00	Long Term	Reaffirmed at BWR BBB (Pronounced BWR Triple B) Outlook: Stable	BWR BBB (Pronounced BWR Triple B) Outlook: Stable (June, 2013)
Term Loan	12.99	11.48			
Total	14.99	13.48	(INR Thirteen Crores and Forty Eight Lakhs only)		

BWR has principally relied upon the audited financial results upto FY14, Projected financials of upto FY 17 of Adesh Welfare Society, publicly available information and information/clarification provided by the Firm's management.

The rating continues to factor in, inter alia, experience of the promoter group, growth of top line, commencement of courses under the newly setup technology institute which are expected to boost top line and financial profile marked by low debt-equity ratio and robust operating profit margins. However the rating is constrained by competitive nature of the education sector, recognition for various courses offered through newly set up Adesh Institute of Technology and its ability to attract students will be critical to ensure seat capacity utilization.

Further, higher depreciation and interest expenses have impacted AWS's Net Profit during FY14.

Overview

Adesh Welfare Society (AWS) is a part of the Adesh Group that has presence in the health sector of Punjab since 1991. AWS was registered with the Registrar of Firms & Societies, Punjab, under Societies Registration Act, 1860 on February 22, 1993. The Society is promoted by Dr. Harinder Singh Gill and his family members who are well qualified and have experience in the field of medicine and management.

AWS, through four institutions operating under its aegis, offers courses in nursing, physiotherapy, para-medical sciences and engineering. The engineering college viz. Adesh

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Institute of Technology (AIT) has been established in the year 2012 having recognition/approval of AICTE, New Delhi and affiliated to Punjab Technical University, Jalandhar. AWS also has a charitable cancer hospital that provides necessary facilities for cancer treatment including diagnostic facilities, radiotherapy, brachytherapy, chemotherapy and cancer surgery. Three institutions viz. Adesh Charitable Cancer Hospital, College of Nursing and Adesh Institute of Technology contributed about 87% of AWS revenues for FY14.

The educational institutions run by Adesh Welfare Society are concentrated in the southern region of Punjab. The state of Punjab has over 100 engineering colleges, 8 medical colleges including three state-run colleges. While competition is intense, there is also a great demand for MBBS and MD courses.

Financial Performance

AWS's turnover has grown by 44.06% during FY14 from ₹ 10.19 Crores in FY13 to ₹ 14.68 Crores in FY14. Net Profit increased from ₹ 0.37 Crs in FY13 to ₹ 3.54 Crs in FY14.

AWS financial profile is marked by low debt-equity ratio, comfortable debt coverage ratios and robust profitability margins. TNW stood at Rs. 34.35 Crores as on 31st March 2014.

Rating Outlook

AWS is expected to be stable over the next twelve months. The ability of the AWS institution to sustain in a competitive environment, maintain healthy gross enrolment, expand its infrastructure appropriately would be the key rating sensitivities.

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