

Rating Rationale

Brickwork Ratings reaffirms “BWR BBB” rating for the Bank Loan Facilities of ₹ 65.46 Cr of Adesh Welfare Society

Brickwork Ratings (BWR) has re-affirmed the following **Ratings**¹ for the Bank Loan Facilities aggregating ₹ 65.46 crore of Adesh Welfare Society (‘AWS’ or ‘the Society’).

Facility (Fund Based)	Previous Limits ₹Cr	Present Limit (₹Cr)	Tenure	Rating History	Rating
Cash Credit	2.00	2.00	Long Term	BWR BBB (Pronounced BWR Triple B) Outlook: Stable (August, 2015)	Reaffirmation BWR BBB (Pronounced BWR Triple B) Outlook: Stable
Term Loans	65.21	63.46			
Total	67.21	65.46	INR Sixty Five Crore Forty Six Lakh Only		

Term Loans O/S as on 14/06/2016 and Find the Complete Bank Facilities in Annexure-I

BWR has principally relied upon the audited financial results upto FY15, Certified Provisional financials of FY16 of Adesh Welfare Society and publicly available information and information/clarification provided by the management.

The rating takes into account long standing presence of the members of the society in the field of education, established brand name of “AWS” resulting in satisfactory enrolment & infrastructure facilities, diversified revenue stream, increasing corpus funds and satisfactory financial profile. The rating is however constrained by sizeable capital expenditure plans of the trust over the next two to three years towards in setting up of the new university, sustaining the enrolment ratio, to minimise the attrition risk, challenges involved in attracting high quality faculty, continuous need to maintain infrastructural facilities, intense competition from other reputed public and private institutes.

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 established 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 five institutions operating under its aegis, offers courses in nursing, Physiotherapy, Para-Medical Sciences and medical sciences and engineering. The engineering college viz. Adesh 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 started a new project called Adesh Haryana University, Ambala with a Project Cost of Rs 107.69 Crores in Haryana, including 700 bedded

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

Teaching Hospital, Medical College with intake of 150 Seats, College of Nursing, College of Management Studies & College of Para-Medical Sciences and College of Physiotherapy at initial stage. The same is located at NH-1, Village Mohri, Tehsil Shahbad, District Kurukshetra, and Haryana. This project of Adesh Haryana University will be completed in a phased manner by Year 2019.

ADESH HOSPITAL & MEDICAL COLLEGE located in Ambala, in the state of Haryana, commenced its operations in August 2015, and currently has 23 specialty departments with nearly 100 qualified doctors. Hospital presently has a total capacity of 300 beds catering to mutli-specialty treatments (Medicine, Psychiatry, Skin & VD, Pediatrics, Chest & TB, Surgery, Obstetrics and gynecology,, ENT, Orthopedic, Ophthalmology, Nephrology, Neurosurgery, Urology and Gastroenterology. among others). The Hospital is providing 24 hours Blood Bank/Emergency/ICU, ICCU, SICU, RICU and PICU/Dialysis/ Pharmacy/ Ambulance Services). Hospital has empaneled at present 15 corporates in 8 months of its operations.

Financial Performance:

As per the provisional results for 2015-2016, the society had a net surplus of Rs.20.08 crore on revenue receipts of Rs.34.27 crore as compared to a net surplus of Rs. 6.54 crore over revenue receipts of Rs. 20.58 crore as per the audited financial results of 2014-2015 and Total corpus fund stood at ₹102.51 Crore coupled with debt-equity ratio 0.95 times.

Rating Outlook:

AWS is expected to be stable over the next twelve months. Going forward, AWS's ability to execute the planned project in time and promoting for good occupancy levels, providing quality healthcare, ability to retain good consultants, increase enrolment ratio, would be the key rating sensitivities.

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Adesh Welfare Society
Annexure-I

Name of the Bank	Limits Rs.Crs	Facility(FB)	Tenure
State Bank of India	2.00	CA/OD	Long Term
	8.46	Term Loan-I	
	28.00	Term Loan-II	
State Bank of Patiala	27.00	Term Loan	
Total	65.46	INR Sixty Five Crore Forty Six Lakh Only	

Term Loans O/S as on 14/06/2016