

Rating Rationale

Brickwork Ratings Reaffirms ‘BWR BBB’ for Long Term Bank Loan Facilities of ₹ 67.21 Cr to Adesh Welfare Society

Brickwork Ratings has *reaffirmed* the following **Rating** to the Bank Loan Facilities aggregating ₹ 67.21 Crores of Adesh Welfare Society (‘AWS’ or ‘the Society’).

Facility (Fund Based)	Previous Limit (₹Cr)	Present Limit (₹Cr)	Tenure	Rating History	Rating
Cash Credit	2.00	2.00	Long Term	BWR BBB (Pronounced BWR Triple B)	Reaffirmed at BWR BBB (Pronounced BWR Triple B) Outlook: Stable
Term Loan	11.48	65.21		Outlook: Stable (August, 2014)	
Total	13.48	67.21	INR Sixty Seven Crores & Twenty One Lakhs only		

Term Loans O/S as on 10/08/2015 and Find the Complete Bank Facilities in Annexure-I

BWR has principally relied upon the audited financial results upto FY14, Certified Provisional financials of FY15, Projected financials of upto FY 18 of Adesh Welfare Society, publicly available information and information/clarification provided by the management.

The rating assigned to the bank facilities of Adesh Welfare Society (AWS) derives strength from its qualified and experienced management, their long standing experience in managing education institutes, established brand name, wide spectrum of courses offered under it which helps in addressing a larger student base; and The rating also favorably takes into account its diversified revenue stream, good surplus margin, comfortable capital structure and favorable debt protection parameters.

The rating is, however, constrained by the moderate scale of its operation, proposed new university is in nascent stage of its operations, risk associated with the implementation of a large sized predominantly debt-funded capex towards development of various infrastructure in its university, competition from other institutions and high level of government regulation in the education sector.

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.

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

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 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.

AWS started a new project called Adesh Haryana University, Ambala in Punjab (Including Teaching Hospital of 700 bedded, Medical College with intake of 150 MBBS Seats, College of Nursing, College of Management Studies & College of Para-Medical Sciences and College of Physiotherapy at initial stage), location at On NH-1, Village Mohri, Tehsil Shahbad, District Kurukshetra, Haryana with a Project Cost of 107.69 Crores and Means of Finance : ₹21.00 Crores- Member's Contributions (Promoters), ₹55.00 Crores-Term Loan from SBI, ₹31.69 Crores-Internal Accruals of the Society. This project of Adesh Haryana University will be completed in a phased manner by Year 2019.

Financial Performance

During FY14, AWS had achieved a total operating income of ₹ 14.87 Cr with a net surplus of ₹3.54 Cr as against a total operating income of ₹ 10.19 Cr with a net surplus of ₹0.37 Cr in FY13. As per the provisional results for FY15, AWS had achieved a total operating income of ₹ 20.79 Cr with a net surplus of ₹ 6.56 Cr. AWS financial profile is marked by low debt-equity ratio, comfortable debt coverage ratios and robust profitability margins. TNW stood at ₹ 56.46 Cr as on 31st March 2015.

Rating Outlook

AWS is expected to be stable over the next twelve months. AWS' ability to complete its ongoing project within the envisaged cost and time parameters, ability to increase its scale of operations with an improvement in enrolment ratio offered in its university in a highly competitive education sector along with improvement in its surplus margins and capital structure would be the key rating sensitivities.

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Adesh Welfare Society

Annexure-I

Name Of The Bank	Limits(Rs.Crs)	Facility(Fund Based)	Tenure
State Bank Of India	2.00	CA/OD Limit	Long Term
	10.21	Term Loan-I*	
	28.00	Term Loan-II(new)	
State Bank Of Patiala	27.00	Term Loan(new)	
Total	67.21	INR Sixty Seven Crores and Twenty One Lakhs Only	

Term Loans O/S as on 10/08/2015