

## Rating Rationale

### Brickwork Ratings assigns 'BWR B+' for the Bank Loan Facilities aggregating ₹ 19.00 Cr of Arogyam Educational Trust.

Brickwork Ratings has assigned the following **Rating<sup>1</sup>** to Bank Loan Facilities of Arogyam Educational Trust.

Facility	Limits (₹ Cr)	Tenure	Rating
Term Loan (Fund Based)	19.00	Long Term	<b>BWR B+</b> (BWR B Plus)  (Outlook-Stable)
<b>Total</b>	<b>19.00</b>	<b>(INR Nineteen Crores only)</b>	

\* As on 18th March 2014, the company has availed term loan Rs. 16.42 Cr sanctioned by Punjab National Bank, outstanding amount for the term loan is Rs. 16.42 Cr.

BWR has principally relied upon project report of Arogyam Educational Trust, and information/clarifications provided by the trust's management.

The rating assigned to the bank facilities of *Arogyam Educational Trust* factors trustee's experience in running education institutions in view of successfully running of Dolphin Education Society in India based in Dehradun having existence of more than 10 years with common management. However, rating is constrained by hospital project being new, likely time & cost overrun associated with project delivery affecting projected revenues and estimates.

#### Background:

*Arogyam Educational Trust* established in the year February 2012. The trust is situated in Dehradun, Uttarakhand. The trust is currently being managed by 2 managing trustees, namely, Mr. Sanjay Agarwal, Mr. Arvind Gupta and other 8 trustees. The management of the trust has good reputation in the society. The management trustees Mr. Sanjay Agarwal and Mr. Arvind Gupta have established education institutions in Dehradun. The trust is proposing to start Medical College, named as Arogyam Medical College & Hospital.

#### Hospital Project Details:

The trust is proposing to set up a hospital at Bhagwanpur, Roorkee under the name of Arogyam Medical College & Hospital. The trust has planned to set up a 300 bedded Super Speciality Hospital at a cost of Rs. 37.71 Cr. which will finally be converted into 700 bedded hospital. The trust has already acquired a land of 23.5 acres land and started construction of hospital over it. After constructing hospital, the trust has planned for medical college with 150 intakes per annum.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

The trust requires loan of Rs. 20.00 Cr for establishment of hospital. The balance of Rs. 17.71 Cr will be contributed by the promoters of which Rs. 5.00 Cr will be the corpus fund and balance Rs. 12.71 Cr will be in the form of unsecured loans from trustees, friends and relatives. The likely date of commencement of operations will be 1st April 2014 and the repayment of loan will begin from October 2014

### Group Concern Details

Dolphin Education Society of India (DESI) was set-up in the year 2002. The members of DESI are Mr. Arvind Gupta, Mr. Ramesh Garg, Mr. Vinod Mithal and Mr. Narendra Gupta. DESI operates one institute in Dehradun- Dolphin (PG) Institute of Bio Medical & Natural Sciences affiliated to H.N.B. Garhwal Central University, Srinagar (Garhwal) Uttarakhand. The Institute is running UG & PG courses in Biotechnology, Biomedical Science, Microbiology, Medical Microbiology, Physiotherapy, Medical Lab Technology, Bio-Chemistry, Pharma-Chemistry, Chemistry, and Forestry Etc.

### Rating Outlook:

The outlook is expected to be stable over the current year. Going forward, the ability of the trust to complete the construction of hospital within scheduled time, manage cost & time overrun for the project and start commercial operation as per schedule time would be the key rating sensitivities.

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