

## RATING RATIONALE

02 Apr 2020

### Dolphin Educational Society of India

**Brickwork Ratings Reaffirms the ratings for the Bank Loan Facilities of ₹ 8.87 Crores of Dolphin Educational Society of India**

#### Particulars:

Facility	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (Sep, 2018)	Present
Fund based	9.49	8.87	Long Term	BWR BB+ Stable Upgrade	BWR BB+ Stable Reaffirm
Total	9.49	8.87	INR Eight Crores and Eighty Seven Lakhs Only		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings.

# Details of Bank facilities is provided in Annexure-I

#### RATING ACTION / OUTLOOK

Brickwork Ratings has reaffirmed the rating of Dolphin Educational Society of India for Long Term Bank loan facilities as BWR BB+ (Outlook:Stable). The rating takes into account the long track record of institute, improvement in enrolment ratio and adequate financial risk profile.

However the rating is constrained by the scale of operations, competition in education industry and regulatory risks of the sector. The rating has been assigned a 'stable' outlook as the society's performance and business risk profile is likely to be maintained in the medium term.

#### KEY RATING DRIVERS

##### Credit Strengths:

- **Long Track Record and wide range of courses:** The society was set up in the year 2002 and the members of the society have more than 2 decades of experience in the education sector. The institute offers 9 undergraduate courses and 13 postgraduate courses.
- **Improvement in gross enrolment ratio:** Enrollment ratio of the institute is steadily increasing for the last three years. Gross enrollment ratio for the academic year 2019-20 was 82.94% against 79.97% for the academic year 2018-19.

- **Financial Risk Profile:** Financial risk profile is supported by adequate gearing of 0.25 times and comfortable interest coverage ratio of 10.18 times as on 31 Mar 2019. Net surplus margin is also improved from 17.57% in FY18 to 19.28% in FY19.

#### **Credit risks:**

- **Moderate Scale of operations:** The scale of operations of the society has remained moderate, marked by total receipts at Rs.19.49 Crs for FY19. The small scale limits the society's financial flexibility in times of stress and deprives it of scale benefits.
- **Stiff competition in the Education sector:** The institute faces competition from various Government and private institutes/universities offering similar courses. Now, institutes are also using technology to enhance the learning experience of students, therefore, digital education also poses risk for the traditional education sector.
- **Regulatory risks of the sector:** The education institutions in India are regulated by respective State Governments with respect to matters such as determining the number of management quota seats, amount of tuition fee charged for government quota and management quota giving limited flexibility to the institutions. The education industry remains a highly regulated industry with constant intervention from the central/ state government and other regulatory bodies. These factors have significant bearing on the revenues and surplus levels of the institutions.

#### **ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA**

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

#### **RATING SENSITIVITIES**

**Positive:** BWR may upgrade the rating if the society is able to increase its scale of operations while maintaining its surplus margin and significantly improve its enrolment ratio.

**Negative:** The rating may be downgraded if there is a decline in enrolment ratio, delay in debt servicing or deterioration in the liquidity profile.

#### **LIQUIDITY POSITION (Adequate)**

The liquidity position of the Society remained adequate characterized by sufficient cushion in accruals vis-à-vis repayment obligations. Percentage of net cash accruals to total debt was 100% as on 31 Mar 2019. Interest coverage ratio (ISCR) was at 10.18 times for FY 19 and average utilization of working capital limit is ~16% in the last 6 months.

#### **SOCIETY'S PROFILE**

Dolphin Education Society of India, Dehradun was set-up in 2002. Dolphin (PG) Institute offers UGC approved courses in the field of Physiotherapy, Medical Lab Technology, Microbiology, Medical Microbiology, Botany, Zoology, Agriculture, Biotechnology, Biochemistry, Pharmaceutical Chemistry, Physics, Chemistry, Forestry, Horticulture, Agriculture, Agronomy etc. The Institute is affiliated to H.N.B. Garhwal Central University, Garhwal, Uttarakhand and is also approved & recognized by the State Govt.

of Uttarakhand. The Institute is approved by Indian Association of Physiotherapists (IAP), Delhi and National Council for Teachers Education (NCTE), New Delhi, India.

### KEY FINANCIAL INDICATORS (in ₹ Cr)

Key Parameters	Units	FY18	FY19
Result Type		Audited	Audited
Gross Receipts	Rs. Crores	18.36	19.49
OSBITDA	Rs. Crores	4.32	5.37
Net Surplus	Rs. Crores	3.95	4.84
Corpus Fund	Rs. Crores	14.80	19.64
Total Debt/Corpus Fund	Times	0.36	0.25
Current Ratio	Times	0.58	0.58

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NA**

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY**

No Data Available

### RATING HISTORY

Instrument / Facilities	Current Rating (2020)			Rating History*		
	Tenure	Amount (₹ Cr)	Rating	2019	26 Sep 2018	17 Mar 2017
Fund Based	Long Term	8.87	<b>BWR BB+</b> Stable Reaffirm	-	<b>BWR BB+</b> Stable Upgrade	<b>BWR BB</b> Stable Reaffirm
Total		8.87	<b>INR Eight Crores and Eighty Seven Lakhs Only</b>			

\* BWR assigned initial rating of BWR BB (Stable) on 08 Aug 2013

## COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

### Hyperlink/Reference to applicable Criteria

#### General Criteria

#### Approach to financial ratios

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## Dolphin Educational Society of India

### ANNEXURE I

#### Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term {(₹ Cr)}	Short Term (₹ Cr)	Total (₹ Cr)
1.	Punjab National Bank	Overdraft	6.25	-	6.25
		Term Loan	2.62	-	2.62
<b>TOTAL</b>					<b>8.87</b>

**Total Rupees Eight Crores and Eighty Seven Lakhs only.**

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