

Rating Rationale

Brickwork Ratings assigns 'BWR BB+' & 'BWR A4+' for the Bank Loan Facilities of ₹ 44 Cr of R.K.D.F. Education Society.

Brickwork Ratings (BWR) has assigned the following **Ratings¹** for the Bank Loan facilities of ₹ 44.00 Cr of **R.K.D.F. Education Society ('RKDF' or 'the Society')**.

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based : Over Draft	1.90	Long Term	BWR BB+ (Pronounced BWR Double B Plus) (Outlook:Stable)
Fund Based : Term Loan	32.10		
Non - Fund Based : Bank Guarantee	10.00	Short Term	BWR A4+ (Pronounced BWR A Four Plus)
Total	44.00	(INR Forty Four Crores only)	

Note: Term Loan is the outstanding balances as on August 21, 2014.

BWR has principally relied upon the audited financials results for FY11-FY13, provisional financials for FY14 and Projections for FY15 & FY16, publicly available information and information / clarifications provided by the management.

The rating factors experience of members of R.K.D.F. Education Society in the education field for more than a decade, established track record of the institution in Engineering, Medical and Science field, comfortable tangible net worth, moderate debt protection metrics and coverage ratios. However, the rating is constrained by declining trend in enrolment ratio and heavy competition in educational field along with regulatory risk.

Background:

R.K.D.F. Education Society (RKDF), a society was constituted on August 13, 1995. Under RKDF Education society, there are nine institutions which are into engineering, management and medical studies in Bhopal, Madhya Pradesh. RKDF has also providing 6 hostel facilities for their students, which has a capacity of 1050 students. They also ply 54 bus services for the benefit of students of day scholar which run to Bhopal city and other nearby towns. RKDF Medial College, College of nursing and Homoeopathic College are located in one place whereas all other colleges are located in more than 20 acres land in a separate campus within a radius of 1 km from medical college campus.

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

Recently, the Medical Council of India has granted permission to RKDF to open medical college in the name of R.K.D.F. Medical College Hospital & Research Institute and has 150 bed facilities and affiliated to Barkatullah University, Bhopal.

Management Profile:

Mr. Ramnath Kapoor, Chairman of the society is a retired banker and has experience in managing society for more than a decade. Dr. Sadhna Kapoor is a doctor and secretary for society for last 15 years looking after society's management. Mr. Sidharath Kapoor is a member who is graduated as a Master of Business Administration and has 5 years of experience in managing society activities.

Financial Performance:

As per provisional FY14 financials, RKDF has reported Net revenues of ₹ 31.77 Crores and Net profit of ₹ 1.30 Crores, while the Net-worth stands at ₹ 122.11 Crores. For FY14, overall enrolment ratio has declined to 80.36 per cent from 82.74 per cent in FY13.

Under stiff competition, RKDF has reported Net revenue of ₹ 29.00 Cr in FY13 as against Net revenue of ₹ 33.95 Cr in FY12, while the net profit declined to ₹ 10.67 Cr in FY 13 from ₹ 20.69 Cr in FY12. Due to retention of profits over the years, the Net-worth improved to ₹ 121.07 Cr in FY13 from ₹ 89.71 Cr in FY11.

Rating Outlook:

The outlook is expected to be stable for the current year. Going forward, the society's ability to add up new courses in engineering stream and filing up of remaining Medical college seats, sustain and overcome the competition in education field, improve the gross receipts, improve profit margins, contain the attrition risks, prompt debt repayment will be the rating sensitivities.

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