

Mahayana Theravada Vajrayana Buddhist Religious and Charitable Trust
April 07, 2021

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Rating Action
Long Term Bank Facilities	33.65 (Reduced from 34.98)	CARE BBB-; Stable (Triple B Minus; Outlook: Stable)	Reaffirmed
Long Term / Short Term Bank Facilities	67.50	CARE BBB-; Stable / CARE A3 (Triple B Minus; Outlook: Stable/ A Three)	Reaffirmed
Total Bank Facilities	101.15 (Rs. One Hundred One Crore and Fifteen Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Mahayana Theravada Vajrayana Buddhist Religious and Charitable Trust (MTV) continue to derive strength from the experience of its trustees and long track record of operations of the institutions under the trust. The ratings also factor in steady operational performance, MTV's comfortable financial risk profile, well-established brand and infrastructure of the institutions under the trust. The ratings are, however, constrained by intense competition, project execution risk and susceptibility of its operations to regulatory changes in the education sector in India.

Rating Sensitivities

Positive Factors - Factors that could lead to positive rating action/upgrade:

- Sustained improvement in scale of operations beyond Rs.350 crore
- Sustained improvement in SBID margin above 40%

Negative Factors- Factors that could lead to negative rating action/downgrade:

- Decline in scale of operations below Rs.200 crore
- Decline in SBID margin below 30%
- Debt funded capex leading to overall gearing above 1.25x

Detailed description of the key rating drivers**Key Rating Strengths**

Experienced trustees and well qualified management team: The trust was established in 1995 by Dr. Atul Krishna Bhatnagar (Founder Trustee) and his wife Dr. Mukti Bhatnagar (Vice-President and Trustee). The other members of the trust are independent/ technical trustees involved in strategic planning and decision making. All the trustees are professionally qualified with most of them having experience in medical and other related fields. In past the trustees have infused capital in form of donations, however, owing to healthy cash accruals since FY19 (refers to the period: April 01 to March 31) the donation amount is negligible.

Long track record and well-established operations: The trust has a long track record of more than 20 years of operations. The trust offers wide variety of courses like MBBS, MD, courses in Arts & Social Sciences, Dental Sciences, Education, Engineering & Science, Journalism & Mass Communication, Law, Management & Commerce, Medicine and Paramedical Sciences, etc, through its 19 colleges offering more than 100 courses. The trust's university campus is spread over an area of 250 acres and has been accredited with A grade by NAAC. Furthermore, with acquisition of Dr. Jagat Narain Subharti charitable Trust which used to operate RAS Bihari Bose University, Dehradun and 7 other colleges the operations have enlarged even further.

Steady operational performance: MTV's total operating income increased by ~16% to Rs. 308.86 crore in FY20 from Rs. 265.98 crore in FY19 due to increase in average fees in FY20 coupled with increase in student strength from 7864

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

students in AY19 to 8,851 students in AY20. The increase is attributed to Bihar Credit Card Scheme (BSSC) which was launched by Government of Bihar in the year 2016 to provide financial assistance to those students who are willing to pursue higher education. Also, the operation of RAS Bihari Bose Subharti University, Dehradun & 7 other colleges will help in improvement of operational performance going forward. The SBID margin of the trust moderated marginally, however, stood healthy at 34.13% in FY20 (PY: 36.36%), the moderation is on account of additional expense of Rs. 9.50 crore in FY20 towards settlement of litigation. Consequently, net surplus margin also moderated to 15.97% in FY20 from 20.28% in FY19. The trust reported total revenue of Rs. 217.97 crore during 9MFY21 (refers to the period: April 01 to December 31) with SBID margin of 48.39% and surplus margin of 27.28%.

Comfortable financial risk profile: Overall gearing of the trust improved and stood comfortable at 0.91x as on March 31, 2020 (PY: 0.97x) the marginal improvement despite increase in the total debt is on account of accretion of surplus in corpus fund. The overall gearing further improved to 0.73x as on December 31, 2020. Owing to significant increase in the interest cost as a result of higher FD backed working capital borrowing the interest coverage ratio moderated to 4.36x during FY20 (PY: 6.76x). Total debt to Gross Cash Accruals (GCA) of the trust also moderation however stood adequate at 3.44x as on March 31, 2020 (PY: 3.03x).

Key Rating Weaknesses

Project execution risk: During FY19 MTV completed the acquisition of Dr. Jagat Narain Subharati Charitable Trust and is incurring capex for Medical College & Hospital in RAS Bihari Bose Subharti University, Dehradun which is expected to get completed by March 31, 2023. The estimated cost the construction of the medical college & hospital is approximately Rs. 280 crore which will be funded primarily through internal accruals along with fresh term debt and unsecured loans from trustees. The project risk is mitigated to a certain extent by healthy cash accruals and support from trustees in the form of unsecured loan.

Intense competition: MTV faces competition from other educational institutes located in and around Meerut. It derives demand for its professional courses from students in nearby villages and areas. Several educational institutes setting up their campuses in the vicinity, along with process of central counselling conducted by the UP government have led to increase in competition for MTV.

Susceptibility of operations to regulatory changes: Despite the increasing trend of privatization of education sector in India, regulatory challenges continue to pose a significant threat to the educational institutes. Statutory bodies such as University Grants Commission (UGC) and All India Council for Technical Education (AICTE) along with professional councils such as National Medical Commission (NMC) are responsible for the regulation, coordination and development of higher education in India. The seats for professional courses and fees for various courses are fixed by the regulatory authorities and MTV has to follow the same fee structure, which puts limitation on the revenue growth.

Industry prospects:

As a preventive measure to curb the further spread of the COVID-19 pandemic, schools universities, training centres and other educational institutions were closed across India since mid-March 2020. In such unprecedented times, managing the finances and working capital requirement will be crucial for educational institutions. Availability of additional liquidity either in the form of unencumbered liquid investments, financial support from resourceful promoters or unutilised bank limits would provide some cushion. The long-term outlook for the sector is favourable on expectation of increasing population, increase in per capita income, rising enrolment ratios, variety of courses being offered, growth in vocational courses, government support in terms of Fee Reimbursement Scheme, flexibility in curriculum, innovation fund for secondary education, etc.

Liquidity: Adequate

Adequate liquidity characterized by adequate cushion in accruals vis-à-vis repayment obligations, capex and adequate cash balance. The trust had free cash & bank balance of Rs. 95.15 crore as on December 31, 2020 (March 31, 2020: Rs. 39.72 crore). The trust has scheduled debt repayment of Rs. 26.95 crore for FY22 and planned capex of Rs. 70 crore for FY22 against projected cash accruals of ~Rs. 118 crore. Average utilization of the fund based limits remained moderate at 62.40% in the trailing 12 month period ending February, 2021. The trust availed both the moratorium under RBI Covid-19 relief package and additional term loan under Covid-19 relief package of Rs. 6.25 crore is sanctioned to the trust by its lender.

Analytical approach: Standalone

Applicable Criteria

[Criteria on assigning “Outlook” and “credit watch” to Credit Ratings](#)

[CARE’s Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

[Rating Methodology- Education Sector](#)

[Criteria for Short Term Instruments](#)

About the Trust

Established in 1995 by Dr. Atul Krishna Bhatnagar, MTV Buddhist Religious and Charitable Trust (MTV) is engaged in operating educational institutions and providing healthcare services. The trust was formerly known as Subharati KKB Charitable Trust (SKKB), however, in December 2017, the name of the trust was changed to MTV. In September 2008, MTV’s educational institutions were granted university status in the name of Swami Vivekananda Subharati University (SVSU). SVSU offers more than 100 courses in 19 educational institutions at its 250 acre campus situated near Meerut, Uttar Pradesh. MTV also operates Chhatrapati Shivaji Subharati Hospital (CSSH), a 1,000-bed super-specialty hospital cum medical college in the main campus. After the acquisition of Dr. Jagat Narain Subharti charitable Trust in FY19, the RAS Bihari Bose University, Dehradun and 7 other colleges are also operated by MTV.

Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
Total operating income	265.98	308.86
SBID	96.72	105.40
Surplus	53.94	49.34
Overall gearing (times)	0.97	0.91
Interest coverage (times)	6.76	4.36

A: Audited

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Term Loan-Long Term	-	-	June, 2024	33.65	CARE BBB-; Stable
LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	-	-	-	62.50	CARE BBB-; Stable / CARE A3
Non-fund-based - LT/ST-Bank Guarantees	-	-	-	5.00	CARE BBB-; Stable / CARE A3

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned	Date(s) & Rating(s) assigned	Date(s) & Rating(s) assigned	Date(s) & Rating(s) assigned

					in 2020-2021	in 2019-2020	in 2018-2019	in 2017-2018
1.	Term Loan-Long Term	LT	33.65	CARE BBB-; Stable	-	1)CARE BBB-; Stable (23-Mar-20)	1)CARE BBB-; Stable (08-Mar-19)	1)CARE BBB-; Stable (26-Mar-18)
2.	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	LT/ST	62.50	CARE BBB-; Stable / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (23-Mar-20)	1)CARE BBB-; Stable / CARE A3 (08-Mar-19)	1)CARE BBB-; Stable / CARE A3 (26-Mar-18)
3.	Non-fund-based - LT/ST-Bank Guarantees	LT/ST	5.00	CARE BBB-; Stable / CARE A3	-	1)CARE BBB-; Stable / CARE A3 (23-Mar-20)	1)CARE BBB-; Stable / CARE A3 (08-Mar-19)	1)CARE BBB-; Stable / CARE A3 (26-Mar-18)

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Nil

Annexure 4: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1.	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	Simple
2.	Non-fund-based - LT/ ST-Bank Guarantees	Simple
3.	Term Loan-Long Term	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Contact us

Media Contact

Mradul Mishra
 +91-22-6754 3573
mradul.mishra@careratings.com

Analyst Contact

Mr. Sachin Mathur
 +91-11- 45333206
sachin.mathur@careratings.com

Business Development Contact

Ms. Swati Agrawal
 +91-11-45333200
swati.agrawal@careratings.com

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**