

## Dental and Medical Education Trust

September 30, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	20.61	CARE B+; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	6.39	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has been seeking information from Dental and Medical Education Trust (DMET) to monitor the rating(s) vide e-mail communications dated August 14, 2024; August 20, 2024; September 03, 2024; September 18, 2024; and numerous phone calls. However, despite our repeated requests, the trust has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings has reviewed the ratings on the basis of the best available information which, however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating. The ratings of DMET bank facilities will now be denoted as CARE B+; Stable/ CARE A4; ISSUER NOT COOPERATING\*.

**Users of this ratings (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

The ratings assigned to the bank facilities of DMET are constrained on account of its small scale of operations with low profitability margins and trust's moderating student enrolment ratio. The ratings also take into consideration deterioration in financial risk profile coupled with stretched liquidity. The ratings also factor in limited geographical reach of the institute operated by trust and competitive and highly regulated nature of education industry. However, the ratings derive strength from experienced management, long track record of operations and moderate student strength.

**Analytical approach:** Standalone

### Outlook: Stable

"Stable" outlook reflects CARE Ratings' opinion that the trust is likely to maintain its market position which coupled with favorable demand scenario shall enable it to sustain & improve operating performance and capital structure over the medium term.

### Detailed description of key rating drivers:

At the time of last rating on September 25, 2023, the following were the rating strengths and weaknesses.

### Key weaknesses

#### Small scale of operations with low profitability margins

The scale of operations of trust has remained small as the trust is providing dental courses only with moderating student intake ratio on year on year (Y-o-Y) basis. The income from hospital facility also remains low. The total operating income (TOI) of the trust has remained in the range of ₹12-13 crore during past five financial years and stood at ₹11.72 crore during FY23 (refers to April 01 to March 31). No growth is observed in TOI on account of moderating enrolments in courses offered which has also impacted the hostel fee of the trust. Surplus before interest, lease rentals, depreciation and taxation (SBILDIT) margin of the trust has moderated to 1.75% during FY23 and net surplus margin of the society stood at 4.35% during FY23 as against 10.74% during FY22. Y-o-Y decrease in student strength albeit increasing employee cost, interest cost & fixed nature of expenses have impacted the profitability margins of the trust. Trust has recently developed a world-class laboratory at dental college which is expected to result in better enrolment ratio.

#### Deterioration in financial risk profile

The capital structure of the trust is moderate as reflected by overall gearing of 0.89x as on March 31, 2023 (PY: 0.32x). Debt coverage indicators of the trust has also remained moderate characterized by interest coverage ratio (ICR) and total debt to gross cash accruals (TDGCA) of 0.32x and 15.07x, respectively, as on March 31, 2023 (PY: 9.50x and 3.92x, respectively).

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

### Intense competition with limited geographical reach

The education sector is highly fragmented with the presence of large number of small and big players due to high growth opportunities and government's thrust on education for all. Therefore, the players in this industry are exposed to competition induced pressures on student enrolments and overall student strength. There are numerous dental medical colleges in and around NCR, leading to intense competition.

### Highly regulated nature of the educational sector

The "education" being a subject in the concurrent list of India, is the responsibility of both the state and central governments. The standards and policies for higher and technical education in India are thus, laid down by the Ministry of Human resource development under Central government. The sector is further regulated by the federal agencies viz. University Grants Commission (UGC), All India Council for Technical Education (AICTE) and various other specialized bodies like National Medical Commission, Pharmacy Council of India, Dental Council of India etc. The education industry thus faces regulatory challenges as the institutions are bound by the regulations pertaining to fee structure, number of seats and changes in curriculum laid down by the aforesaid authorities. Although, trust's dental college has all the requisite approvals and affiliations. However, any violation adhering to regulations can have significant impact on the courses run.

### Key strengths

#### Experienced promoters with qualified faculty members & administrative staff

DMET was established in December 1995 by Late Padmshree Dr. L.K Gandhi. Currently, his wife Asha Gandhi is the chairperson of the trust. She has experience of around 2 decades in similar line of services. The functionaries of the society are supported by experienced and qualified faculty including MDS, Ph.D. holders, research scholars etc. Apart from the faculty members, the trust has employed competent and well qualified academic staff to run the day-to-day operations of the university.

#### Long track record of operations

DMET has a track record of more than 2 decades in operating a dental institute and a hospital. The Trust started its activity in the year 2001-2002 by establishing "Institute of Dental Studies and Technologies" (IDST), a dental college. IDST Dental College is approved by the Dental Council of India and is affiliated to Atal Bihari Vajpayee University, Lucknow. It offers Bachelor of Dental Surgery (BDS) and Master of Dental Surgery (MDS) courses with a total strength of around 350 students. IDST has got accreditation by NAAC. Further, the trust has recently started a school namely Delhi Public School under the aegis of the DPS Society.

#### Moderate student strength with satisfactory faculty-student ratio

IDST is having average enrolment ratio of ~71% during past four academic years across the two courses. Trust started with BDS course having an annual intake of 100 students. Later, trust also started offering MDS course from academic year (AY) 2013-14 with annual intake of 31 students. IDST has catered to 343 students in the AY 2022-2023. The number of students has decreased by ~9% Y-o-Y in AY 2022-23. Further, the trust has satisfactory student to faculty ratio of around 3.5:1 for the past four academic sessions. The trust is also providing hostel facility which is availed by almost all the enrolled students.

**Assumptions/Covenants:** Not Applicable

**Environment, social, and governance (ESG) risks:** Not Applicable

### Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Education](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Services	Other Consumer Services	Education

The trust was established in December 1995 by Late Padmshree Dr. L.K. Gandhi. Currently, his wife Asha Gandhi is the chairperson of the trust. DMET Led IDST was founded in year 2000. IDST Dental College is approved by the Dental Council of India and is affiliated to Atal Bihari Vajpayee University, Lucknow. The institute offers two courses i.e., BDS with annual sanctioned intake of 100 students and MDS with annual sanctioned intake of 31 students. Further, the trust has recently started a school namely DPS under the aegis of the DPS Society. Both school & college are located at Modinagar, Ghaziabad (Uttar Pradesh).

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (UA)
Total operating income	12.38	11.72	NA
PBILDT	2.27	0.21	NA
PAT	1.33	0.51	NA
Overall gearing (times)	0.32	0.89	NA
Interest coverage (times)	9.50	0.32	NA

A: Audited UA: Unaudited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Not Applicable

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	31-03-2031	20.61	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-Bank Overdraft		-	-	-	6.39	CARE A4; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

#### Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - ST-Bank Overdraft	ST	6.39	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (25-Sep-23)	-	-
2	Fund-based - LT-Term Loan	LT	20.61	CARE B+; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (25-Sep-23)	-	-

\*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not Applicable

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - ST-Bank Overdraft	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

## Contact us

<b>Media Contact</b>  Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>	<b>Analytical Contacts</b>  Puneet Kansal Director <b>CARE Ratings Limited</b> Phone: 120-4452000 E-mail: <a href="mailto:puneet.kansal@careedge.in">puneet.kansal@careedge.in</a>
<b>Relationship Contact</b>  Ankur Sachdeva Senior Director <b>CARE Ratings Limited</b> Phone: 912267543444 E-mail: <a href="mailto:Ankur.sachdeva@careedge.in">Ankur.sachdeva@careedge.in</a>	Rajan Sukhija Assistant Director <b>CARE Ratings Limited</b> Phone: 91-120-4452000 E-mail: <a href="mailto:Rajan.Sukhija@careedge.in">Rajan.Sukhija@careedge.in</a>  Srishti Jain Rating Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:Srishti.jain@careedge.in">Srishti.jain@careedge.in</a>

### About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

### Disclaimer:

The ratings issued by CARE 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. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For detailed Rationale Report and subscription information, please visit [www.careedge.in](http://www.careedge.in)**