December 31, 2024

Dr. D. Y. Patil Vidyapeeth Society: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund-based – Working capital facilities	39.00	39.00	[ICRA]A+(Stable); reaffirmed
Non-fund based – Working capital facilities	14.00	14.00	[ICRA]A1+; reaffirmed
Total	**53.00**	**53.00**	

**Instrument details are provided in Annexure-I*

Rationale

The ratings reaffirmation for Dr. D.Y. Patil Vidyapeeth Society (DYPVS) factors in the steady increase in its scale of operations, along with healthy surplus margins, aided by strong admission levels in its flagship institutes. Robust cash flows have resulted in limited dependence on external debt, translating into a solid financial risk profile. Additionally, the liquidity position of society remains strong with free cash and investment balance of Rs. 679.9 crore as on March 31, 2024, and unutilised overdraft facility of Rs. 39 crore. The ratings draw comfort from the society's established position in the field of medical and dental education in Maharashtra, as evident from the high ranking in National Institutional Ranking Framework (NIRF) enjoyed by its flagship institutes. The occupancy level in its flagship courses has remained healthy at 95-100% in FY2024 and FY2025, offering adequate revenue visibility. ICRA also notes the self-financed deemed-to-be-university status of society, which provides it with operational and financial flexibility regarding student intake capacity, addition of new courses, course content and fee structure.

The ratings, however, remain constrained by the society's exposure to geographical and revenue concentration risks, regulatory risks, as well as intense competition in the medical education sector. The society's footprints are limited to Maharashtra. Additionally, a large part of its revenues (~70% in FY2024) is derived from two courses, medical and dental. The medical and dental colleges face intense competition from other Government, private and deemed universities in and outside Maharashtra, competing for both the quality of students and faculties alike. The education sector faces irregularity in cash flows, which are linked to student admission timelines. Generally, DYPVS receives major portion of the fees from July-September in a fiscal. Thus, cash flow management is the key to ensure timely salary payments, debt servicing and accommodating any capital expenditure plans. The society is planning to incur a capex of Rs. 500-600 crore in the medium term towards setting up of a new cancer hospital. While this exposes the company to project execution risk, comfort can be drawn from the society's strong liquidity position and expected healthy cash flow generation, which is likely to limit its dependence on external debt.

The Stable outlook reflects ICRA's opinion that the society's financial profile will remain adequately supported by healthy enrolments across key courses, aided by its strong reputation and its strong liquidity profile, which would limit its dependence on external debt to fund its capex plans.

Key rating drivers and their description

Credit strengths

Steady increase in scale of operations, healthy operating profitability – The revenues of the society increased significantly by 21% over FY2023 to Rs. 1,060.7 crore in FY2024. Healthy enrolment levels in most of the courses in conjunction with premium and increasing fees for flagship courses translated into healthy growth in revenue receipts during the last few years. Further, the operating profitability of the trust remained strong at 23.4% in FY2024. The society witnesses healthy occupancy levels for its key flagship courses - MBBS, BDS and MS/MD[1] at 95-100% in FY2024, which lends adequate revenue visibility. The overall student strength increased to 27,527 students in academic year 2023-24 vis-a-vis 19,142 students in academic year 2022-23, supported by healthy occupancy levels in flagship courses, growing admissions in online learning courses and introduction of new courses.

Strong reputation of medical and dental colleges – The society has an established position in the field of medical education in Maharashtra with an extensive track record in running medical and dental colleges. The society commenced operations of the medical college in 1996. The society was ranked 5th among the dental colleges and 11th among the medical colleges by NIRF in 2024. The society is accredited by NAAC[2] with 'A++' Grade.

Comfortable capital structure and robust coverage indicators, strong liquidity position – Despite capex incurred every year towards upgrading of infrastructure, high fee income and surplus facilitated limited dependency on external debt, leading to a robust financial profile. The entity continues to be debt free with free cash and bank balances as well as fixed deposits of Rs. 679.9 crore as of March 2024 end. The leverage levels remained low with total outside liabilities vis-à-vis tangible net worth of 0.4 times as March 31, 2024. Strong surplus and limited dependence on external debt led to robust coverage indicators with interest coverage ratio of ~319 times in FY2024. Going forward, the financial risk profile is expected to remain strong, aided by healthy cash flows, which will limit the society's dependence on external debt.

Deemed and self-financed university status provide operational and financial flexibility – Being a self-financed deemed-to-be university, DYVPS can decide its own course structure, examination pattern and fee structure, resulting in high operational and financial flexibility.

Credit challenges

Geographical and revenue concentration risks – The society's footprints are limited to Maharashtra. Further, a large part of its revenues (close to 70%) is concentrated in its two key colleges, medical and dental colleges. Both these colleges have a long operating history and enjoy good reputation in Maharashtra. The revenue contribution from the medical college is expected to remain high, given its large intake and premium fee structure. Further, there is a large demand-supply mismatch for medical education in India. Apart from the medical and dental colleges, contribution from the remaining courses has remained low.

Exposure to intense competition and regulatory risks; lumpiness of cash flows linked to student admissions – The medical and dental colleges face intense competition from other Government, private and deemed universities in and outside Maharashtra, competing for both the quality of students and faculty alike. The trust will have to continuously enhance its online and offline teaching infrastructure to attract the best quality students and retain its faculty. Any increase in seats by the Government by expanding the capacity of Central and state government colleges, could further intensify the competition. The society has benefited from its deemed university status allowing it to regularly hike fees. Any future regulatory action to cap the fee could affect the society's financial prospects.

The education sector exhibits irregularities in cash flows linked to student admission timelines. Given the nature of operation, wherein majority of the fee amount is typically received from July-September in a fiscal, effective cash flow management remains critical to ensure timely salary payments, debt servicing and accommodating any capex plans for the entire year.

Exposed to project execution risks related to large medium-term capex plans – The society is planning to incur a capex of Rs. 500-600 crore in the medium term towards setting up of a new cancer hospital. The same is envisaged to be set up in a phased manner. The capex is estimated to be funded through internal accruals. While this exposes the company to project execution risk, comfort can be drawn from the society's strong liquidity position and expected healthy cash flow generation, which is likely to limit its dependence on external debt.

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[1] MBBS: Bachelor of Medicine, Bachelor of Surgery, BDS: Bachelor of Dental Surgery and MS: Master of Science /MD: Doctor of Medicine

[2] National Assessment and Accreditation Council

Liquidity position: Strong

The liquidity position of the society is strong, underpinned by healthy unencumbered cash and bank deposits of Rs. 679.9 crore as on March 31, 2024. Moreover, the unutilised bank limits of Rs. 39 crore provides additional liquidity buffer. The cash flow from operations is expected to remain strong in the range of Rs. 250-280 crore over FY2025-FY2027, given the healthy enrolment rates for its key courses. Against this, it has envisaged a capex of Rs. 500-600 crore over the medium term towards setting up of a new cancer hospital and a parking building. The capex has been proposed to be funded via internal accruals and available cash and bank deposits. The society had no long-term loans outstanding as on March 31, 2024.

Rating sensitivities

Positive triggers – ICRA could upgrade the long-term rating if the society demonstrates a substantial growth in its revenues, aided by high occupancy level, strengthening its student base, while maintaining healthy profitability and strong liquidity position.

Negative triggers – Pressure on the ratings could arise in case of a considerable decline in revenues and/or the operating surplus, or any significant debt-funded capex, which adversely impacts its coverage indicators and the liquidity position. Any substantial cash outflow to Group entities, adversely impacting the liquidity position, would be a negative for the rating. Specific credit metric that could lead to a rating downgrade include core RoCE falling below 18% on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Higher Education
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the standalone financial statements of the rated entity.

About the company

Dr. D Y Patil Vidyapeeth Society is a deemed university offering courses such as undergraduate and post-graduate courses in medical, homeopathy, dental, physiotherapy, nursing, Ayurved, MBA, among others through the 14 institutes under its aegis. The medical college was started as a women's only college in 1996-1997 and later converted into a co-education college from 2000-01 onwards. The university started with one constituent unit, i.e., the medical college in January 2003, which was later expanded to nine constituent colleges/institutions offering a variety of programmes. At present, there are a total of 14 institutions under DY Patil Vidyapeeth Society. The hospital has 2,200 beds including 1,660 teaching beds.

The society is accredited by the National Assessment and Accreditation Council (NAAC) with 'A++' grade and ISO 9001: 2015 and 14001:2015 certified as a Green Education Campus. Moreover, under National Institutional Ranking Framework (NIRF) 2024, conducted by the Ministry of Human Resource Development (MHRD), New Delhi, Dr. D. Y. Patil Vidyapeeth, Pune has achieved 5th rank in the dental category, 11th in medical category, 44th in university category and 63rd in the overall category in India.

Key financial indicators (audited)

DDYPVS Standalone	FY2023	FY2024
Operating income	875.4	1,060.7
PAT	131.3	229.0
OPBDIT/OI	19.3%	23.4%
PAT/OI	15.0%	21.6%
Total outside liabilities/Tangible net worth (times)	0.3	0.4
Total debt/OPBDIT (times)	0.0	0.0
Interest coverage (times)	229.9	318.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore, PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)			Chronology of rating history for the past 3 years					
	FY2025			FY2024		FY2023		FY2022	
	Type	Amount Rated (Rs. crore)	Dec 31, 2024	Date	Rating	Date	Rating	Date	Rating
Fund-based limits	Long-term	39.00	[ICRA]A+ (Stable)	Sep 27,2023	[ICRA]A+ (Stable)	Jul 28,2022	[ICRA]A (Stable)	Apr 05,2021	[ICRA]A- (Stable)
Non-fund-based limits	Short-term	14.00	[ICRA]A1+	Sep 27,2023	[ICRA]A1+	Jul 28,2022	[ICRA]A1+	Apr 05,2021	[ICRA]A2+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Fund-based limits	Simple
Non-fund based limit	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Overdraft facilities**	-	-	-	39.0	[ICRA]A+(Stable)
NA	**Non-fund based limits**	-	-	-	14.0	[ICRA]A1+

Source: Company

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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