



Press Release

Sanskriti Society for Education Research and Development

December 06, 2024

Ratings

| Facility | Amount (Rs. crore) | Current Ratings | Previous Ratings | Rating Action | Complexity Indicator |
|--|--------------------|---|---|---------------|------------------------|
| Long Term Bank Facilities | 48.45 | IVR BBB / Stable (IVR Triple B with Stable Outlook) | IVR BBB / Stable (IVR Triple B with Stable Outlook) | Reaffirmed | simple |
| Short Term Bank Facilities | 30.82 | IVR A3+ (IVR A Three Plus) | IVR A3+ (IVR A Three Plus) | Reaffirmed | simple |
| Proposed Short Term/Long Term Facility | 20.73 | IVR BBB / Stable IVR A3+ (IVR Triple B with Stable Outlook and IVR A Three Plus) | -- | Assigned | simple |
| Total | 100.00 | | | | |

Details of Facilities are in Annexure 1. Facility wise lender details are at Annexure 2.

Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has assigned/reaffirmed its rating assigned to the bank facilities of Sanskriti Society for Education Research and Development (SSERD) due to steady increase in scale of operations, moderate capital structure and debt coverage indicators, experienced board of trustees and management, as well as established track record.

The Stable outlook reflects that revenues are expected to increase steadily due to annual fee increments of 10-15%, as well as increase in number of students due to increased recognition of the university as well as introduction of online courses.

Key Rating Sensitivities:

Upward Factors

- Strong revenue growth of more than 30% and higher overall enrolment ratio.
- Improvement in liquidity profile along with higher cash accruals which will maintain or improve the capital structure.



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Downward Factors

- Higher-than-expected debt-funded capital expenditure leading to deterioration in capital structure and debt protection metrics
- Stretch in liquidity due to delays in fee collection
- Decline in enrolment ratio resulting in significant fall in revenue and surplus.
- Any cost or time overrun in the implementation of the ongoing capex, thereby delaying cash flows from it.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Steady increase in scale of operations

Even though total number of new enrolments declined to 2678 in FY24 from 2761 in FY23 the operating income increased by 35%. This is due to increase in the course fees by 10-15% for the entire student base numbering around 8000. The EBIDTA and PAT margins were 28.24% and 9.92% respectively in FY24 as against 25.06% and 8.46% respectively in FY23.

Moderate capital structure and debt coverage indicators

SSERD's financial risk profile is marked by moderate tangible net worth of Rs. 128.51 crore as on March 31, 2024. Overall gearing ratio moderated slightly to 0.92x as of March 31, 2024, from 0.72x as of March 31, 2023. Total debt has increased from Rs. 85.80 crore in FY23 to Rs. 117.73 crore in FY24 and primarily comprises of bank borrowings and unsecured loans. Total indebtedness reflected by TOL/TNW stood at 1.06x as on March 31, 2024, vis a vis 0.86x as on March 31, 2023. The increase in capital structure was on account of on-going capex of Rs.76.72cr which is being debt funded to the extent of Rs.59.46cr and expected to be completed in FY26. The capex, which involves upgradation of the residential facilities for the faculty members and setting up additional laboratories for students, is expected to further moderate the overall gearing to between 0.90x to 1.00x as at end FY25. The total debt to EBITDA and total debt to GCA were moderate at 4.61x in FY24 and 6.54x respectively in FY24. Debt coverage indicators like interest coverage and debt service coverage continued to be comfortable at 2.67x and 1.66x respectively, for FY24.



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Diverse course offerings

SSERD has established institutions offering varied diploma, graduation, and post-graduation courses in the field of Management, Commerce, Engineering, Information Technology, Tourism & Hospitality, Education, Science, Indian Medicine, Para-medical, Agriculture, Arts, and other areas. It has become a private university since September 2016. Over a period, there has been consistent growth in the student strength, and it has currently enrolled around 8000 students in all its programmes.

Experienced Board of Trustees and Management and established track record

Dr. Sachin Gupta, Chancellor and Mr. Rajesh Gupta, Pro chancellor have over two decades of experience in the education industry. They are well supported by a well-qualified team and have an experience of nearly 20 to 25 years in this sector. Thus, rich experience of the members has helped the society to earn its reputation by providing quality education to the students. Institutions under the society, are committed to providing education that is at par with the global standards by providing infrastructure and well-qualified and experienced faculty along with strong knowledge.

Key Rating Weaknesses

Project implementation risk

The society is upgrading its facilities for the faculty members and students. The total cost of project is Rs. 76.72 crores which is being funded by term loan of Rs. 59.46 crore and internal accruals of Rs. 17.26 crores. The society has incurred Rs. 40.35 crores as on March 31, 2024, by way of Rs. 33.31 crore term loan and Rs. 7.04 crore through internal accruals. The remaining Rs. 36.37 crore is expected to be incurred by way of Rs. 26.15 crore of term loan and Rs. 10.22 crore internal accruals in FY25 and FY26. Any delay in implementation of the project will lead to cost and time overruns and will be a key rating monitorable.

Highly fragmented sector with the presence of large number of players

The education sector is highly fragmented with the presence of large number of players due to high growth opportunities and government's thrust on education for all. Therefore, the players in this sector are exposed to competition induced pressures on student enrolments



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and overall student strength. SSERD faces competition for its school and other popular courses like B. Tech, MBA, Diploma etc. from other educational institutes located in the vicinity.

Susceptibility to regulatory changes in the education sector

In India, the education industry is highly regulated and overseen by several government departments. Any violation will result in the cancellation of the affiliation, harming the institution's reputation in addition to its financial situation.

Uneven cash-flow associated with educational institutes

The revenue stream of the society is skewed towards the beginning of the semesters when the bulk of the tuition fees, hostel fees and other related income is collected whereas the society incurs regular stream of payments for meeting staff salary, maintenance activities, interest expenses amongst others. Although the society allows for fees to be paid in upto three instalments, there is still lumpiness in cash inflows when compared with the expenses to be incurred and the society has to prudently manage its finances to avoid any cash flow mismatches.

Analytical Approach: Standalone Approach

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

[Criteria of assigning Rating Outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity –Adequate

The liquidity position of the society is adequate marked by the sufficient projected gross cash accruals in the range of Rs. 19 crores to Rs. 27 crores during FY25-27 as against debt repayment obligations of Rs. 8.00 crore to 13.00 crore in the same period. Average working



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capital utilization for 12 months ended September 2024 stood at around 70.59%. The current ratio is around 1.45 times as on March 31, 2024. The society has cash and cash equivalents at Rs. 16.20 crores as of March 31, 2024.

About the Company

Sanskriti Society for Education Research and Development was established in 2006 having registered office at New Delhi. It is registered under the Society Registration Act, 1860 as 'Society for Education Research & Development' on 6th September 2006. Subsequently "Sanskriti" was added to its name in September 2009. The Society is managed primarily by a governing body consisting of Mr. Sachin Gupta, Mr. Rajesh Gupta and other members with various designations and responsibilities. Mr Sachin Gupta and Rajesh Gupta are presently the Chancellor and Pro-Chancellor of the University respectively. The University is set up at Chhata, Mathura, Uttar Pradesh spread over 40+ acres of land on Chennai Delhi Highway, 57 kms from Delhi NCR. Sanskriti (University) was converted into a Private University after the approval from State Government of UP in September 2016 (vide Letter No. – 961/70-1-2016-20(2)/2014 dated 23rd September 2016). The University has been notified under U.P. State Act.

Financials Standalone

| For the year ended/ As on* | (Rs. crore) | |
|----------------------------|-------------|------------|
| | 31-03-2023 | 31-03-2024 |
| | Audited | Audited |
| Total Operating Income | 67.31 | 90.43 |
| EBITDA | 16.87 | 25.54 |
| PAT | 5.77 | 9.17 |
| Total Debt | 85.80 | 117.73 |
| Tangible Net Worth | 119.99 | 128.51 |
| EBITDA Margin (%) | 25.06 | 28.24 |
| PAT Margin (%) | 8.46 | 9.92 |
| Overall Gearing Ratio (x) | 0.72 | 0.92 |
| Interest Coverage (x) | 4.12 | 2.67 |

* As per Infomerics Standard

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Nil

Rating History for last three years:



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| Sr. No. | Name of Instrument/Facilities | Current Ratings (Year 2024-25) | | | Rating History for the past 3 years | | |
|----------------------|--|--------------------------------|--------------------------------|-----------------------------|---|---|---|
| | | Type | Amount outstanding (Rs. Crore) | Rating | Date(s) & Rating(s) assigned in 2023-24 | Date(s) & Rating(s) assigned in 2022-23 | Date(s) & Rating(s) assigned in 2021-22 |
| Press Release | | December 06,2024 | | | September 21,2023 | -- | -- |
| 1 | Long Term Bank Facilities | Long Term | 48.45 | IVR BBB / Stable | IVR BBB / Stable | -- | -- |
| 2 | Short Term Bank Facilities | Short Term | 30.82 | IVR A3+ | IVR A3+ | -- | -- |
| 3 | Proposed Short Term/Long Term Facility | Long Term/Short Term | 20.73 | IVR BBB / Stable IVR A3+ | -- | -- | -- |

Name and Contact Details of the Rating Director

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|---|
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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Details of Facilities

| Name of Facility | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Size of Facility (Rs. Crore) | Rating Assigned/ Outlook |
|--------------------|------------------|------------------|---------------|------------------------------|---------------------------|
| Term Loan | -- | -- | December 2026 | 5.38 | IVR BBB / Stable |
| Term Loan | -- | -- | April 2026 | 0.88 | IVR BBB / Stable |
| Term Loan | -- | -- | January 2026 | 2.19 | IVR BBB / Stable |
| Term Loan | -- | -- | October 2031 | 40.00 | IVR BBB / Stable |
| Term Loan | -- | -- | -- | 0.00 | IVR BBB / Stable |
| Term Loan | -- | -- | -- | 0.00 | IVR BBB / Stable |
| Bank Guarantee | -- | -- | -- | 5.00 | IVR A3+ |
| Overdraft | | | | 5.00 | IVR A3+ |
| Overdraft | | | | 11.00 | IVR A3+ |
| Dropline Overdraft | | | | 1.32 | IVR A3+ |
| Dropline Overdraft | | | | 4.00 | IVR A3+ |
| Dropline Overdraft | | | | 4.50 | IVR A3+ |
| Proposed Facility | | | | 20.73 | IVR BBB/Stable IVR A3+ |

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Sanskriti-Society-6dec24.pdf>

Annexure 3: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated analysis: Not Applicable



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Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

