

Rating Rationale

09 Sep 2025

Anil Neerukonda Educational Society

Brickwork Ratings Withdraws the rating for the Bank Loan Facilities of Rs. 16.00 Crs. Simultaneously, Upgrades the long-term ratings to BWR BBB+/Stable for the Bank Loan facilities of Rs.41.61crs with removal of ratings from Issuer Not Cooperating Category. Further, Assigns the long term and short term ratings of BWR BBB+/Stable and BWR A2 for the facilities of Rs.31.75 crs. which includes the sub-limits of Anil Neerukonda Educational Society.

Particulars:

Instruments	Amount Rs Cr.		Tenure	Rating	
	Previous	Present		Previous (20Jun2024)	Present
Fund Based					
Term Loan -Outstanding	62.54	26.61	Long Term	BWR BB + /Stable Continues to be in ISSUER NOT COOPERATING* category/Downgraded	BWR BBB + /Stable Upgraded and Removed from the ISSUER NOT COOPERATING* category
Overdraft-Sanctioned	15.00	15.00			
Overdraft-Sanctioned	0.00	10.00			
Commercial Credit Card-Sanctioned	0.00	0.75	Short Term	-	BWR A2/Assignment
WCDL (Sublimit OD) - Sanctioned	(0.00)	(10.00)			
Sub Total	77.54	52.36			
Non Fund Based					
Bank Guarantee -Sanctioned	0.00	5.00	Long Term	-	BWR BBB+/Stable Assignment
Bank Guarantee - Sanctioned	0.00	16.00	Long Term	-	BWR BBB+/Stable Assignment
Bank Guarantee -Sanctioned	16.00	0.00	Short Term	BWR A4+ Continues to be in ISSUER NOT COOPERATING* category/Downgraded	Withdrawal
Subtotal	16.00	21.00			
Grand Total	93.54	73.36			(Rupees Seventy Three Crore Thirty Six lakh Only)

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details of Bank Loan facilities is provided in Annexure-I

RATING ACTION / OUTLOOK

Brickwork Ratings Withdraws the rating for the Bank Loan Facilities of Rs. 16.00 Crs. Simultaneously, Upgrades the long-term ratings to BWR BBB+/Stable for the Bank Loan facilities of Rs.41.61crs with removal of ratings from Issuer Not Cooperating Category. Further, Assigns the long term and short term ratings of BWR BBB+/Stable and BWR A2 for the facilities of Rs.31.75 crs. which includes the sub-limits of Anil Neerukonda Educational Society.

The Rating has factored, inter alia, The established track record and resourceful management, Diversified presence across various streams and student enrollment and Improvement in scale of operations. However, the rating is constrained by high degree of competition, revenue concentration and risks related to significant regulation in the educational industry. Going forward, the ability of the society to Improve their operational scale, profitability, strengthen liquidity and credit profile would be the key rating sensitivities.

The rating outlook has been assigned as "Stable" as BWR believes that Anil Neerukonda Educational Society business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenue and profitability margins show sustained improvement. The rating outlook may be revised to 'Negative' if the financial risk profile goes down.

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED

The terms of the sanction of loans from banks include standard covenants normally stipulated for such facilities by the banks. Apart from this certain specific financial related covenant as mentioned in the sanction letter are as follows:

1)TOL/ANTW < 2 Times, 2)DSCR >1.30 Times, 3)TD/EBITDA < 3 Times, 4)FACR(Denoted by fixed assets/LT debt) >1.80 Times, 5)EBITDA Margin 22%, 6)Total Debt/TNW <4 Times.

KEY RATING DRIVERS

Credit Strengths:-

- **Established track record and resourceful management :** The society was established in Aug 2000 and has an operational track record of more than two decades. At present ANES holds moderate brand recognition among educational institutions in Visakhapatnam. Further, ANES through its several institutes offers a diversified portfolio of courses including engineering, medical, dental, nursing, physiotherapy and others. The resourcefulness of the new inductees is expected to aid further improvement in the business and financial risk profile of the society.
- **Diversified presence across various streams and student enrollment :** Anil Neerukonda Educational Society has 8 educational institutions [NRI Institute of Medical Sciences, Anil Neerukonda Institute of Technology and Sciences, College of Management Studies, Anil Neerukonda Institute of Dental Sciences, American NRI College of Nursing, Anil Neerukonda College of Medical Lab Technology, Anil Neerukonda College of Physiotherapy, Courses in Allied Health Sciences] and two hospitals i.e, Anil Neerukonda Hospital and Dental hospital (attached to the Dental College). ANES has a total of 8224 students in AY25 compared to 7552 students in AY24.
- **Moderate financial risk profile :** The Society's financial profile is considered moderate as reflected in the modest total receipts, above-average surplus & margins, moderate corpus,

gearing and adequate debt protection metrics. The total receipts slightly declined from Rs. 211.01cr in FY23 to Rs. 205.07cr in FY24 further TOI improved to Rs. 223.99cr in Prov FY25. The society recorded an operating surplus of Rs. 62.31cr in Prov FY 25. Rs. 53.00cr in FY24 and Rs. 45.61cr in FY23. The net surplus of the society during Prov FY 25 was Rs.41.93cr, Rs. 28.67cr FY24 and Rs. 17.73cr in FY23. The Corpus funds improved from Rs.70.00cr as on 31 Mar 2022 to Rs. 158.33cr in Prov FY25. Gearing has improved to 0.66x as on 31 March 2025 (PY FY24:1.00x). While ISCR and DSCR improved from 6.24x and 2.33x in FY24 to 11.00x and 3.45x in Prov FY25 respectively. ANES's financial position remains comfortable with no major debt-funded capital expenditure plans and credit profile is expected to strengthen further supported by relatively stable earnings.

Credit Risks:-

- **Intense competition from other reputed institutes** : The educational institutions face intense competition from other well established and reputed institutions. The institution has to compete with other established institutions in order to recruit and retain quality teaching and non teaching staff at competitive remuneration and also attract good students at reasonable course fees by highlighting the features and prospects of the courses offered by the institution. The society is also exposed to geographical concentration risk as all the institutions are located in Visakhapatnam which makes operations vulnerable to any social or political changes in the region.
- **Course Concentration Risk** : The medical streams continue to account for 43% of the total revenue. However, over the past several years, the institute has introduced diversified courses within the engineering streams and has also launched new courses such as physiotherapy and medical lab technology within the medical college. However, the course concentration risk is expected to continue in the near future considering the vintage of the engineering college and the brand created by the group for its engineering courses.
- **Regulatory risk** : The Indian education sector is governed by both central and state governments. At the national level, it is regulated by the Ministry of Human Resource Development (MHRD), while state-level oversight is provided by the respective education ministries. Central bodies such as the University Grants Commission (UGC) and other professional councils such as All India Council for Technical Education, Medical Council of India play a significant role. The education sector has limited flexibility in areas such as determining the number of management seats and setting tuition fees for both government and management quotas. The hospitals works in an environment of intense regulatory scrutiny and government intervention. The hospitals are required to comply with specific operational and infrastructure norms from time to time, as laid down by the regulatory bodies.

ANALYTICAL APPROACH - Standalone

For arriving at its ratings, BWR has considered the standalone performance of Anil Neerukonda Educational Society. BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Positive:

- Improvement total operating income (TOI) while achieving EBITDA and net margin over 24% and 10% on a sustained basis.

- Sustenance of debt coverage indicators i.e. DSCR above 2.00x, Total Debt/TNW <3 Times and TOL/ANTW <2x.

Negative:

- Inordinate delay in fee collections from students and the government deteriorating the current liquidity position of the society.
- A substantial decline in enrollment ratio below 90% on a sustained basis.
- Specific credit metrics that may result in a downward rating action include operating surplus margin falling below 22.5%, gearing exceeding 3.0 times, ISCR and DSCR below 2 times on a sustained basis.

LIQUIDITY INDICATORS - Adequate

The Society's liquidity remained adequate. In Prov FY25, the society reported net cash accruals of Rs. 58.11 crore, which comfortably covered its current debt maturity of Rs. 13.00 crore, leaving a surplus of Rs. 45.11 crore to address any unforeseen expenses. The Cash and Bank Balance were at ~Rs. 16.46 Crs in FY24 and Rs. 39.38cr in Prov FY25. The operating surplus of Rs.53.00 Crs in FY24 and Rs. 62.31cr in Prov FY25 was sufficient to cover the finance charges of Rs.8.50cr in FY24 and Rs. 5.66cr in ProvFY25. Current ratio stood comfortable at 2.04 times as on 31 March 2024 (Prov FY25 :2.50 times). Debt protection metrics remained comfortable with ISCR and DSCR of the society stood at 6.24x and 2.33x in FY24 and 11.00x and 3.45x in Prov FY25. Additionally, the fund-based utilization limit remained at approx 80% over the past 12 months.

COMPANY's / FIRM' PROFILE

Anil Neerukonda Educational Society established established on 7th August 2000 at Visakhapatnam Andhra Pradesh under the Society Registration Act 1860 (Act XXI of 1860) – Society is a sanctuary of education and service with eight (8) teaching institutions and two (2) hospitals which includes Anil Neerukonda Hospital, NRI Institute of Medical Sciences, Anil Neerukonda Institute of Technology and Sciences, Visakhapatnam, College of Management Studies, Visakhapatnam, Anil Neerukonda Institute of Dental Sciences, Visakhapatnam, American NRI College of Nursing, Visakhapatnam, Anil Neerukonda College of Medical Lab Technology, Visakhapatnam, Anil Neerukonda College of Physiotherapy, Visakhapatnam and Courses in Allied Health Sciences.

As of 06 January 2022, the promoters at Megha Engineering and Infrastructure Ltd (MEIL) have been inducted into the governing body of the society and the founding members have resigned. The current members of the society are Smt puritipati Sudharani (Chairman/President), Sri Manikandan Narasimhan (Vice Chairman), Sri Damireddy Jaya Bharat Reddy (General Secretary), Sri Puritipati Venkata Krishna Reddy (Jt Secretary), Sri Prem Kumar Pandey (Tresurer), Sri Lingamaneni Venkata Surya Rajasekar (Jt Tresurer) and Sri Chakka Peda Subbaiah (Member).

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Consumer Services	Other Consumer Services	Education

KEY FINANCIAL INDICATORS

Key Financial Indicators	Units	FY 22 - 23	FY 23 - 24	FY 24 - 25*
Result Type		Audited	Audited	Provisional
Operating Revenue	Rs.Crs.	211.01	205.07	223.99
EBITDA	Rs.Crs.	45.61	53.00	62.31
PAT	Rs.Crs.	17.73	28.67	41.93
Tangible Net Worth	Rs.Crs.	87.74	116.41	158.33
Total Debt / Tangible Net Worth	Times	1.50	1.00	0.66
Current Ratio	Times	1.58	2.04	2.50

*Denotes Provisional financial figures

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY:

ICRA Rating vide its press release dated 09Aug2024 has downgraded the ratings to “ICRA B+/Stable/ICRA A4” for the bank loan facilities of Rs.113.55 Crs and continued the ratings under the ‘Issuer Not Cooperating’ category as the company continues to be non-cooperative.

ANY OTHER INFORMATION:

Nil

RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal & suspended]

Facilities	Current Rating (2025)			2024		2023		2022	
Type	Tenure	Amount (Rs.Crs.)	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based	LT	41.61	BWR BBB + /Stable Upgraded and Removed from the ISSUER NOT COOPERATING* category	20Jun 2024	BWR BB+/Stable (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)	22Dec 2023	BWR BBB-Stable (ISSUER NOT COOPERATING*/Downgrade)	16Dec 2022	BWR BBB+ Stable (Upgrade)
Fund Based	LT	10.00	BWR BBB + /Stable/Assignment	-	-	-	-	-	-
Fund Based	ST	0.75	BWR A2/ Assignment	-	-	-	-	-	-
Fund Based	ST	(10.00)	BWR A2/ Assignment	-	-	-	-	-	-
Non Fund Based	LT	21.00	BWR BBB+/Stable Assignment	-	-	-	-	-	-
Non Fund Based	ST	0.00	Withdrawn	20Jun20 24	BWR A4+ (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)	22Dec 2023	BWR A3 (ISSUER NOT COOPERATING*/Downgrade)	16Dec 2022	BWR A2 (Upgrade)

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to financial ratios](#)
- [Short Term Debt](#)
- [Education Sector](#)
- [BWR Withdrawal Policy](#)

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Anil Neerukonda Educational Society

ANNEXURE I

Details of Bank Loan Facilities rated by BWR

Sl. No.	Name of the Bank/Lender	Type of Facilities	Long Term (Rs.Crs.)	Short Term (Rs.Crs.)	Total (Rs.Crs.)	Complexity of the instrument*
1	IndusInd Bank	Term Loan - outstanding	26.61	-	26.61	Simple##
2	IndusInd Bank	Overdraft - Sanctioned	15.00	-	15.00	Simple##
3	IndusInd Bank	Commercial Credit Card	-	0.75	0.75	Simple##
4	IndusInd Bank	Bank Guarantee -Sanctioned	16.00	-	16.00	Simple##
5	ICICI Bank	Overdraft - Sanctioned WCDL (Sublimit OD) - Sanctioned	10.00 -	- (10.00)	10.00	Simple##
6	ICICI Bank	BG - Sanctioned	5.00	-	5.00	Simple##
TOTAL			72.61	0.75	73.36	
(Rupees Seventy Three Crore Thirty Six lakh Only)						

*For more information visit: www.brickworkratings.com/download/ComplexityLevels.pdf

ANNEXURE II
INSTRUMENT (NCD/Bonds/CP/FDs) DETAILS
NIL

ANNEXURE III
List of entities consolidated
NIL

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