

## RATING RATIONALE

21 Oct 2019

### Sanskriti Society for Education Research & Development

### Brickwork Ratings Reaffirms the ratings for the Bank Loan Facilities of ₹. 42.42 Crs of Sanskriti Society for Education Research & Development.

#### Particulars:

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (Nov, 2018)	Present
Fund based	45.61	37.42	Long Term	BWR BBB Stable	BWR BBB Stable Reaffirmed
Non Fund Based	5.00	5.00			
<b>Total</b>	<b>50.61</b>	<b>42.42</b>	<b>INR Forty Two Crores and Forty Two Lakhs only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

\*\* Details of Bank facilities is provided in Annexure-I&II

#### RATING ACTION / OUTLOOK

Brickwork rating reaffirms long term rating BWR BBB/Stable assigned to bank loan facilities of Sanskriti Society for Education Research & Development.

BWR principally relied upon audited financials of FY18, provisional financials of FY19, projections of FY20 and FY21, publicly available information, information/clarifications provided by the management.

The rating draws comfort from experienced management, increase in fee receipts, healthy debt protection metrics, low gearing and strong profitability margins. The rating however, constrained by highly competitive and regulated nature of the industry.

The outlook is stable due to revenue visibility evident from the number of students enrolled during the academic year 2019-2020 which is 6203.

## KEY RATING DRIVERS

### Credit Strengths

- **Experienced management:** Management of the society is having decades of experience in the education industry and also it is supported by well qualified board members having diversified experience.
- **Increase in fee receipts:** As per FY19 (Prov), Rs 40.21 crs reported as operating income as against Rs 31.70 Crs for FY18. Increase in TOI is due to increased enrollment. For academic year 2020, total number of students enrolled increased to 6203 as against 5402 for the academic year 2019. Pharmacy courses and courses like BAMS witnessed 100% enrollment. However, no new courses have been introduced during the academic year 2020.
- **Healthy debt protection metrics and low gearing :** During FY18, society reported debt protection metrics such as ISCR and DSCR of 2.64X and 1.67X respectively. as on 31.03.2018, overall gearing (TOL/TNW) reported to be 0.72X. Further, as per provisional financials during FY19, ISCR and DSCR reported to be 3.06X and 1.68X respectively and overall gearing as on 31.03.2019 stood at 0.65X.
- **Strong Profitability Margins:** During FY18, society reported profitability margins such as operating and PAT margins of 49.25% and 14.32% respectively.

### Credit Risks:

- **Highly competitive and regulated nature of the industry:-** University faces tough competition from nearby colleges and universities. But this risk is partially mitigated by large number of courses being run under one roof and Y-O-Y introduction of courses in demand. Further, the education sector in India is highly regulated which is governed by various state and other central departments regulations/policies. Any adverse regulation could affect business adversely.

## ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

BWR has factored in the standalone business parameters and financial risk profile of the company to arrive at the rating. Reference may be made to the Rating Criteria hyperlinked detailed below (hyperlinks provided at the end of this rationale).

## RATING SENSITIVITIES

Going forward, improvement in enrollment, sustain growth in top line, improvement in working capital management would be key sensitivities over short to medium term.



Positive: The rating outlook may be revised to positive if the company is able to improve its enrollment ratio substantially.

Negative: The rating may be downgraded if the society achieve lower revenue than projected and decline in students enrollment.

### **LIQUIDITY POSITION (Adequate)**

The entity had cash accruals of Rs 10.80 Crs in FY18 against which CPLTD was Rs 2.27 Crs only. During FY19 (Prov) cash accruals were Rs 12.01 Crs against which CPLTD was Rs 3.73 Crs.

### **COMPANY PROFILE**

Sanskriti Society for Education Research and Development was established in 2006 having registered office at Naraina Industrial Area, Phase II, 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 Sept., 2009.

The society is managed primarily by Ram Kailash Gupta and Sachin Gupta along with other members.

Sanskriti Institute converted into a Private University after the approval from State Govt. of UP in September, 2016 vide Letter No. – 961/70-1-2016-20(2)/2014 dated 23rd September, 2016.

Mr Sachin Gupta and Mr Prabhakar Tripathi are presently the Chancellor and Registrar of University.

The university is set up as a private university in Chhata, Mathura, Uttar Pradesh spread over 40+ acres of land on NH2, 57 kms from Delhi NCR.

University has around 250 teachers out of which 36 teachers are PHD. Number of students enrolled in FY20 increased to 6203 from 5402 in FY19.

**KEY FINANCIAL INDICATORS (in ₹ Cr)**

Key Parameters	Units	FY 17	FY18
Result Type		Audited	Audited
Total Operating Receipts	Rs Crs	26.60	31.70
OSBDIT	Rs Crs	12.19	15.61
SAT	Rs Crs	3.30	4.54
Corpus	Rs Crs	75.96	84.65
TOL/TNW	Times	0.76	0.72
Current Ratio	Times	1.11	1.17

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED - NA**

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY -NA**

**RATING HISTORY**

Facilities	Current Rating (2019)			Rating History		
	Tenure	Amount (₹ Cr)	Rating	Nov, 2018	July, 2017	April, 2016
Fund Based	Long Term	37.42	BWR BBB Stable Reaffirmed	BWR BBB Stable	BWR BBB-Stable	BWR BBB-Stable
Non Fund Based		5.00				
Non Fund Based	Short Term	-	-	-Withdrawn	BWR A3	BWR A3
Total		42.42	INR Forty two crores and forty two lakhs only			

**COMPLEXITY LEVELS OF THE INSTRUMENTS**

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

### Hyperlink/Reference to applicable Criteria

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### ANNEXURE I

#### Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term {(₹ Cr)}	Short Term (₹ Cr)	Total (₹ Cr)
1	PNB	TL	26.42	-	26.42
2		OD	11.00	-	11.00
3		BG	5.00	-	5.00
<b>TOTAL</b>					42.42

**INR Forty Two Crores and Forty Two Lakhs only**

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corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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