



## Press Release

### Shri Astha Foundation for Education Society

June 04, 2024

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	75.62	IVR BB+/ Stable (IVR Double B Plus with Stable Outlook)	Assigned	Simple
Short Term Bank Facilities	20.00	IVR A4+ (IVR A Four Plus)	Assigned	Simple
<b>Total</b>	<b>95.62</b>	<b>Rupees ninety-five crores &amp; sixty-two lakhs</b>		

Details of Facilities are in Annexure 1

#### Detailed Rationale

Infomerics Valuations and Ratings Private Limited (IVR) has assigned long-term rating of IVR BB+ with a Stable Outlook and short-term rating of IVR A4+ for the bank facilities of Shri Astha Foundation for Education Society.

The rating draws comfort from its experienced board of trustees with long track record of operation, substantial improvement in profitability with average debt protection metrics. However, these strengths are partially offset by highly fragmented sector with the presence of large number of players, stringent regulatory framework for the educational sector in India and current disruption happening because of online education and susceptibility to regulatory risks.

IVR has principally relied on the standalone audited financial results of Shri Astha Foundation for Education Society upto 31 March 2023, 9MFY24 provisional financials & projected financials for FY24, FY25 and FY26, and publicly available information/ clarifications provided by the firm's management.

#### Key Rating Sensitivities:

##### Upward Factors

- Substantial growth in enrolment ratio leading to improvement in the operating income and profitability on a sustained basis.



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- Improvement in liquidity profile with higher cash accruals increasing the operational efficiency.
- Improvement in the capital structure with reduction in debt level and/or improvement in debt protection metrics
- **Downward Factors**
- Dip in operating income and/or profitability due to decline in enrolment ratio impacting the debt protection metrics with moderation in interest coverage to below 2x.
- Deterioration in the liquidity status with decline in cash accruals impacting the financial risk profile.

### List of Key Rating Drivers with Detailed Description

#### A. Key Rating Strengths

##### **Experienced Board of Trustees with long track record of operation**

Society maintains a robust presence in education and healthcare, guided by a governing body comprising seven active members. Shri Jai Narayan Chouksey, Chairman since April 2021, leads with progressive leadership, ensuring the institution's continued success. He is supported by the other trustees and a team of qualified and experienced professionals in managing the day-to-day affairs of the society.

##### **Substantial improvement in profitability with average debt protection metrics**

EBITDA has turned positive to Rs.10.86 crore in FY23 from loss of Rs. 12.80 crore in FY22 due to significant improvement in total income. PAT stands at Rs.3.46 crore in FY23 against loss of Rs.16.43 crore in FY22. Also, EBITDA margin and PAT margin stands at 26.26% and 8.16% in FY23 respectively. Debt protection metrics improved in FY23 marked by DSCR stood at 2.48x in FY23 and ISCR stood at 2.26x in FY23.

#### A. Key Rating Weaknesses

##### **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. The trust faces intense competition from other institutions offering similar courses. Given the competition, the ability of the trust to attract requisite students in tune with its sanctioned intake would be a challenge.

### **Stringent regulatory framework for the educational sector in India and current disruption happening because of online education.**

The Indian education industry is highly regulated and consequently subject to the stringent regulatory framework, which is to be followed by group operated institutes. Any major change in regulatory framework by the Government of India or change in policy by affiliated boards will have major impact on the revenue, financial and operating performance of the trust.

### **Susceptibility to regulatory risks**

The education sector is highly regulated and compliance with specific operational and infrastructure norms set by regulatory bodies are important. Any regulatory changes that impact the flexibility of the trust to fix fees for the management quota seats may adversely impact the revenue profile and cash accruals.

**Analytical Approach:** For arriving at the ratings, IVR has analysed Shri Astha Foundation for Education Society's credit profile by considering the standalone financial statements of the company.

### **Applicable Criteria:**

[Rating Methodology for Service Sector Companies](#)

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

[Criteria for assigning rating outlook](#)

[Policy on default recognition](#)

[Complexity level of rated instruments/facilities](#)



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### **Liquidity – Adequate**

The liquidity position of the society is adequate marked by gross cash accrual at Rs.7.12 crore against the repayment obligation of Rs.5.81 crore in FY23. The average utilization of the fund based working capital limit is 76.13%, indicating moderate cushion available in case of additional fund requirement. The current ratio remained lower at 0.69x in FY23.

### **About the Company**

Shri Astha Foundation for Education Society, established on September 13, 2006, under the leadership of Late Shri Vimal Chhajalani and Shri Dilip Surana. The society maintains a presence in education and healthcare. The society currently offers a diverse range of courses across disciplines, including pharmacy, nursing, paramedical, medical, legal studies, agriculture, science, computer & technology, commerce & management.

During the year 2020 the control of the society was taken over by LNCT Group injecting new energy and expertise. Strategic initiatives included infrastructure improvements, a 350-bed multi-specialty hospital, residential quarters, and a central library. The LNCT Medical College and Sewakunj Hospital achieved MCI/NMC approval for a 150-intake MBBS course in 2021-22, solidifying the society's commitment to healthcare excellence.

### **Financials (Standalone):**

For the year ended*	(Rs. Crore)	
	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	4.36	41.36
EBITDA	-12.80	10.86
PAT	-16.43	3.46
Total Debt	126.15	150.20
Adjusted Tangible Net worth (ATNW)	38.45	34.58
EBITDA Margin (%)	-293.58	26.26
PAT Margin (%)	-333.94	8.16
Overall Gearing Ratio On ATNW(x)	3.28	4.34

\* Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Nil



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**Rating History for last three years:**

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
1.	Term Loan	Long Term	75.62	IVR BB+/ Stable	-	-	-
2.	Overdraft Limit	Short Term	10.50	IVR A4+	-	-	-
3.	Bank Guarantee	Short Term	9.50	IVR A4+	-	-	-

**Name and Contact Details of the Rating Analyst:**

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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 7 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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For more information visit [www.infomerics.com](http://www.infomerics.com).

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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
Long Term Fund based Facilities- Term Loan	-	-	-	75.62	IVR BB+/ Stable
Short Term Fund Based Facilities- Overdraft Limit	-	-	-	10.50	IVR A4+
Short Term Non-Fund Based Facilities- Bank Guarantee	-	-	-	9.50	IVR A4+

**Annexure 2: List of companies considered for consolidated analysis:** Not Applicable

**Annexure 3: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/len-AsthaFoundation-jun24.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:** 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 [Complexity Level of Rated Instruments/Facilities](#).