



## Press Release

### Smt. Shakuntala Educational and Welfare Society

February 20, 2025

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	50.00	IVR A-/Positive [IVR Single A Minus with Positive Outlook]	IVR BBB+/Stable [IVR Triple B Plus with Stable Outlook]	Rating upgraded and outlook revised	<a href="#">Simple</a>
<b>Total</b>	<b>50.00</b>	<b>[Rupees fifty crore only]</b>			

Details of Facilities/Instruments 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 upgraded its rating assigned to the bank facilities for the long-term facilities to IVR A- and revised the outlook from stable to positive of Smt. Shakuntala Educational and Welfare Society (SEWS).

The rating upgrade is on account continuous growing scale of operations with healthy profitability coupled with improvement in enrolment ratio and comfortable financial risk profile. The ratings continue to draw comfort from established track record of successfully running educational institute along with benefit derived from university status. The company also drew support from favourable demand outlook for education in India market by significant demand for higher education. However, these rating strengths are partially offset by susceptibility to regulatory risks and intense competition along with geographical concentration risk.

The 'Positive' outlook reflects expected robust growth in the financial performance of the society along with healthy placement track record. Infomerics believes SEWS will continue to benefit from its operational track record in the business resulting in increased scale of operations.

Infomerics Ratings has principally relied on the standalone audited financial results of SEWS up to 31 March 2024 (refers to period April 1st, 2023, to March 31st, 2024) and projected financials for FY2025 (refers to period April 1st, 2024, to 2 March 31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027), and publicly available information/ clarifications provided by the society's management.

#### Key Rating Sensitivities:

##### Upward Factors



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- Sustained and significant improvement in enrolment ratio leading to improvement in the operating income on the back of addition of new course,
- Significant increase in operating income and profitability on a sustained basis.

### Downward Factors

- Decline in the intake of students leading to moderation in the operating income and/or dip in profitability impacting the liquidity profile.
- Deterioration in the capital structure with overall gearing ratio deteriorating above 0.50x on sustained basis due to any debt funded capex, high reliance on working capital borrowings, etc.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Established track record of successfully running educational institutions along with benefit derived from university status**

SEWS was formed in the year 1998 by Mr. Suneel Galgotia, who has an experience of over three decades in the education sector. The society, at present, runs three colleges viz. Galgotias Institute of Management & Technology (GIMT) and Galgotias College of Engineering & Technology (GCET) and Galgotia College of Pharmacy (GCP), and one university in the name of Galgotia University at Greater Noida, Uttar Pradesh. Thus, society has an established track record of over two decades in running educational institutions. Being a university, society can decide on its fees, course structure, no of colleges and intake capacities which provides it flexibility in its operations and help it in improving its revenues.

- **Continuous growing scale of operations although with healthy profitability**

The total operating income of the society has grown at (CAGR) of 27.32% during the past three years ended as on March 31, 2024. Further, the TOI of the company improved significantly by 29.18% in FY24 and stood at Rs. 484.36 crore compared to Rs. 374.94 crore in FY23 on account of an increase in total number of students in FY24. The total number of students in the society increased from 20309 students in FY23 to 20524 students in FY24. The GCA of the society improved from Rs. 138.26 crore in FY23 to Rs. 186.79 crore in FY24



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on account of increased profitability. Despite the increase in scale of operations, the EBITDA margin deteriorated by 219 bps, although stood healthy at 35.56% in FY24 compared to 37.75% in FY23 on account of increase in salary expense. Although there was a decline in EBITDA margin, the PAT Margin improved by 226 bps and stood at 31.56% in FY24 compared to 29.30% in FY23 on account of decline in interest cost.

- **Comfortable credit risk profile**

The capital structure of the company stood comfortable marked by overall gearing at 0.32x as on March 31, 2024, deteriorated on account of increase in debt. The indebtedness of the society stood comfortable marked by TOL/TNW at 0.44x as on March 31, 2024, improved from 0.59x as on March 31, 2023. The debt protection metrics of the society stood comfortable marked by healthy ICR at 48.00x in FY24 improved from 17.44x in FY23. The total debt to NCA stood at 0.67x in FY24 compared to 0.48x in FY23. The DSCR stood comfortable at 53.05x as on March 31, 2024, improved from 17.40x as on March 31, 2023.

- **Favourable demand outlook for education in India market by significant demand for higher education**

The long-term demand outlook of the education sector remains favourable on the back of a significant demand-supply gap in the higher education space which augurs well for the group. Further, demand for higher education is likely to improve in India on the back of rising awareness, increasing population and better affordability.

### **B. Key Rating Weaknesses**

- **Susceptibility to regulatory risks and intense competition**

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 society may adversely impact the revenue profile and cash accruals. The society faces intense competition from reputed public and private institutes in and nearby states. This puts pressure on attracting / retaining talented students and faculty.

- **Geographical concentration risk**

As the society generates its entire revenue from its campuses in Noida, Uttar Pradesh, risks related to geographical concentration in the revenue profile will persist.



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**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Service Companies](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

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

### **Liquidity – Strong**

The liquidity profile of the society is adequate as the society expects sufficient cushion in cash accruals vis-à-vis debt repayment. The average utilization of working capital bank borrowings stood at 31.89% for last 12 months ended December 2024. The current ratio stood at 1.92x as on March 31, 2024, compared to 1.03x as on March 31, 2023. The unencumbered cash and cash equivalent of the society stood at Rs 216.40 crore as on January 31, 2025

### **About the Society**

Smt. Shakuntla Educational and Welfare Society (SSEWS) was established in the year 1998 and registered under the Societies Registration Act XXI of 1860 with its registered address at Daryaganj, New Delhi. The Society runs institutions with the name of "Galgotias" in Greater Noida, UP. The Society operates four major institutions viz. Galgotias University (GU), Galgotias Institute of Management & Technology (GIMT) and Galgotias College of Engineering & Technology (GCET) and Galgotia College of Pharmacy. The members of the society are Mr. Suneel Galgotia, Mrs. Padmini Galgotia and Mr. Dhruv Galgotia. Further the university has been accredited with NAAC A+ grade by National Assessment and Accreditation Council (NAAC).

**Financials (Standalone):**

**(Rs. crore)**

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	374.94	484.36
EBITDA	141.53	172.24
PAT	111.26	158.58
Total Debt	66.82	126.04
Tangible Net Worth	235.99	394.95



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EBITDA Margin (%)	37.75	35.56
PAT Margin (%)	29.30	31.56
Overall Gearing Ratio (x)	0.28	0.32
Interest Coverage (x)	17.44	48.00

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** Vide press release dated January 22, 2025, Brickwork Ratings India Private Limited have kept the ratings under non-cooperation category on account of non-submission of relevant information.

Vide press release dated January 24, 2025, CARE Ratings Limited have kept the ratings under non-cooperation category on account of non-submission of relevant information.

**Any other information:** Not applicable

**Rating History for last three years:**

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-2025)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	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
					February 29, 2024	February 17, 2023	March 31, 2022
1.	Fund Based Limits	Long Term	50.00	IVR A-/Positive	IVR BBB+/Stable	IVR BB+/Stable	IVR BB-/Stable

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**About Infomerics:**

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] 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).



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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.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Facility – Overdraft	-	-	-	-	50.00	IVR A-/Positive

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-shakuntala-feb25.pdf>

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

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

**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](http://www.infomerics.com).