



Press Release

Ankush Shikshan Sanstha

February 02, 2023

Rating

Facility	Amount (Rs. Crore)	Rating	Rating Action	Complexity Indicator
Long-Term Bank Facilities	32.00	IVR BB+/Stable (IVR Double B plus with Stable Outlook)	Assigned	Simple
Total	32.00 (INR Thirty-two crore only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of Ankush Shikshan Sanstha (ASS) derives comfort from established track record of the entity of successfully running educational institutions for over a decade in imparting education under experienced management and satisfactory infrastructure with association of experienced faculties. Further, the ratings also consider healthy improvement in ASS's operational performance in FY22 and positive demand outlook for education. These rating strengths are partially offset by its modest scale of operations with moderate capital structure and average debt service coverage indicators, exposure to intense competition and geographical concentration risk, susceptibility of its operation to regulatory risks, capital intensive nature of operation.

Key Rating Sensitivities:

Upward factors

- Improvement in scale of operations resulting from better percentage of intake of students leading to rise in gross cash accruals
- Improvement in the capital structure with further improvement in debt protection metrics with rise in interest coverage to above 2.5x

Downward Factors

- Decline in scale of operations and/or moderation profitability impacting the debt protection metrics leading to moderation in interest coverage ratio to below 1.2x
- Deterioration in the capital structure with deterioration in overall gearing to over 3x
- Moderation in liquidity position.



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List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced management**

The promoters of the trust, the Raisonni group of Nagpur started their operations in the education sector in 1996. Mr. Sunil Raisonni, the main promoter and Chairman of ASS is highly experienced in the education sector with more than two decades of experience. He is actively involved in the management of the trust with support from Mr. Sudhakar Jandali (Secretary) also having experience for over three decades. The day-to-day activities of the educational institutions are managed by respective Principals under the guidance of trustees.

- **Established track record of the entity of successfully running educational institutions for over a decade in imparting education**

ASS, started its operations in 1996 with two educational institutes in Nagpur (1 in polytechnic and 1 in engineering). At present the entity consists 6 colleges in Nagpur (GH Raisonni College of Engineering, GH Raisonni Institute of Engineering & Technology, GH Raisonni Academy of Engineering and Technology, GH Raisonni Polytechnic, GH Raisonni Institute of Information Technology, GH Raisonni Law School) with total strength of around 10,000 students across all colleges. Currently, all the colleges are affiliated to the Nagpur University and is approved by All India Council for Technical Education (AICTE) and National Assessment and Accreditation Council. Moreover, the flagship college of the trust, G.H. Raisonni College of Engineering has been accredited 'A+' grade by NAAC, which increases its acceptability among students.

- **Satisfactory infrastructure with association of experienced faculties**

The institute under ASS has the privilege of having a number of experienced faculty members, which is essential in building a strong brand name and attracting quality students. Further, all the institutes under ASS have modern infrastructure including furnished hostels for boys and girls, transport & canteen facilities and latest tools & technologies.

- **Improved operational performance in FY22**

Total Operating Income (TOI) of the entity had remained modest over the past couple of years. Notwithstanding the decline in student intake percentage in few of its institution, during FY22 the entity has witnessed a growth of ~37% in its topline from ~Rs. 75.63 crore in FY21 to ~Rs.99.65 crore mainly driven by higher enrolment in high value courses. Backed by the improved revenue, absolute EBIDTA has improved considerably in FY22 to Rs.5.57 crore from Rs.3.18 crore in FY21. With improvement in top line, the operating margin of has improved and remain



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moderate at 5.59% in FY22 against 4.20% in FY21. The entity had incurred net loss in past two fiscal years though there was no cash loss. In FY22, though ASS has suffered net loss, the GCA has improved to Rs.5.94 crore. In 9M FY23, AAS has achieved a topline of ~ Rs.110 crore.

- **Positive demand outlook for education in India marked by significant demand for higher education**

The long-term demand outlook of the education industry remains favourable on the back of a significant demand-supply gap in the higher education space 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.

Key Rating Weaknesses:

- **Modest scale of operations with moderate capital structure and average debt service coverage indicators**

The scale of operation of the entity through improved yet remained modest with an operating revenue of Rs.99.65 crore in FY2022. Modest scale of operations restricts the financial flexibility to an extent. Further, the capital structure of the company remained moderate over the past three account closing dates. The overall gearing ratio and TOL/TNW stood at 2.30x and 5.02x respectively as on March 31, 2022, against 2.10x and 4.26x respectively of 31st March 2021. The debt protection metrics of the entity remained moderate marked by interest coverage at 1.06x FY22 (against 0.85x of FY21). Further, Total debt to EBITDA and Total Debt to GCA also remained high at 10x and 4.65 years respectively as on March 31, 2022.

- **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.

- **Capital intensive nature of operation**

Education sector needs regular investment in the workforce and infrastructure to upgrade its facilities and to conduct the operations efficiently. The average working capital utilization had remained high at ~96% for past twelve month ended November 2022.

- **Intense competition and geographical concentration risk**



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The college under ASS faces intense competition from other colleges in attracting students and faculties. Further, it is also exposed to high geographical concentration risk due to presence of its institutes only in Nagpur. However, this risk is partly mitigated by the brand position enjoyed by the Rasoni group, as it has been operating since 1996.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Service Sector Companies](#)

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

[Criteria of assigning rating outlook](#)

Liquidity: Adequate

The entity has high average OD utilization which stood ~96% during the past twelve month ended November 2022. ASS has earned a gross cash accrual of ~Rs. 5.19 crore in FY22 against a debt repayment ~Rs.3.57 crore. Further, backed by improved intake percentage and better debtor realization the liquidity position is expected to improve and the cash accruals is expected to remain sufficient to pay off its debt obligation.

About the Entity

Ankush Shikshan Sanstha (ASS), registered under Indian Trust Act, 1882, was established in 1996 by the Meghe Group and was later taken over by the Rasoni Group of Nagpur in 1998-99. On September 08, 2021, ASS is incorporated as a private company, and it is classified as Guarantee and Association company and is registered at Registrar of Companies of Mumbai.

Financials of Ankush Shikshan Sanstha (Standalone):

For the year ended* / As On	(Rs. crore)	
	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	75.63	99.65
EBITDA	3.18	5.57
PAT	-5.21	-0.35
Total Debt	52.68	55.77
Tangible Net worth	25.06	24.25
EBITDA Margin (%)	4.20	5.59
PAT Margin (%)	-6.81	-0.33
Overall Gearing Ratio (x)	2.10	2.30
Interest Coverage Ratio (x)	0.85	1.06

*Classification as per Infomerics' standards.



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Status of non-cooperation with previous CRA: Brickwork ratings vide its press release date December 13, 2022 has moved the rating to issuer not cooperating category due to non-submission of information by the company.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	(Rs. Crore)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Cr.)	Rating	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Term Loan Facility	Long Term	13.00	IVR BB+; Stable	-	-	-
2.	Overdraft Facility	Long Term	19.00	IVR BB+; Stable	-	-	-

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Cr)	Rating Assigned/ Outlook
Long Term Fund Based Limits – Term Loan	-	-	Nov 2029	13.00	IVR BB+; Stable
Long Term Fund Based Limits – Overdraft	-	-	-	19.00	IVR BB+; Stable

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-Ankush-Shikshan-feb23.pdf>

Annexure 3: List of companies considered for consolidated analysis: Not Applicable

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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.