



## Press Release

**Ankush Shikshan Sanstha**

**February 22, 2024**

### Ratings

Facility	Amount (Rs. Crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long-Term Bank Facilities	30.30	IVR BB+; Positive (IVR Double B Plus with Positive outlook)	Reaffirmed with revision in outlook from Stable to Positive	Simple
Long-Term Bank Facilities	29.05	IVR BB+; Positive (IVR Double B Plus with Positive outlook)	Assigned	Simple
<b>Total</b>	<b>59.35</b> <b>(INR Fifty-nine crore</b> <b>and thirty-five lakhs</b> <b>only)</b>			

**Details of Facilities are in Annexure 1**

### Detailed Rationale

The reaffirmation of the ratings assigned to the bank facilities of Ankush Shikshan Sanstha continue to derive comfort from its experienced management and established track record of the entity in successfully running educational institutions for over a decade in imparting education along with satisfactory infrastructure with association of experienced faculties. Further, the ratings also consider Ankush Shikshan Sanstha's moderate capital structure with average coverage indicators supported by its improved business performance in FY23 coupled with the positive demand outlook for education in India marked by significant demand for higher education. However, these rating strengths are partially offset by susceptibility to regulatory risks, capital intensive nature of operation and intense competition and geographical concentration risk. The outlook has been revised from stable to positive on account of expected improvement in the business performance of the entity underpinned by improvement in intake percentage in the near term.

### Upward factors

- Sustained improvement in scale of operations resulting from better percentage of intake of students leading to rise in gross cash accruals



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- Improvement in the capital structure and debt protection metrics with overall gearing to below 1x and rise in interest coverage to above 3x

### **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 2x
- Withdrawal of subordinated unsecured loan amounting to Rs.16.36 crore.
- Deterioration in the capital structure with deterioration in overall gearing to over 2x.
- Moderation in liquidity position

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths:**

- **Experienced management**

The promoters of the trust, the Raisonis group of Nagpur started their operations in the education sector in 1996. Mr. Sunil Raisonis, 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 Jagdale (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 of 4 colleges in Nagpur, G.H. Raisonis Institute of Engineering & Technology, which is an Autonomous body, G. H. Raisonis college of Engineering, G. H. Raisonis Law School and G.H. Raisonis Institute of Life Sciences 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. Raisonis College of Engineering has been accredited 'A+' grade by NAAC, which increases its acceptability among students.

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



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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.

- **Improvement in business performance in FY23**

Total Operating Income (TOI) of the entity had remained modest over the past couple of years. However, backed by improvement in intake percentage in its institutions, coupled with better enrolment in high value courses during FY23, the entity has witnessed a growth of ~18.23% in its topline from ~Rs. 99.65 crore in FY22 to ~Rs.117.81 crore in FY23. Further, with growth in TOI, ASS has posted a PAT of Rs.3.95 crore in FY23 backed by improved absolute EBITDA of Rs.15.34 crore in FY23 against Rs.5.54 crore of FY22. Moreover, with improvement in top line, supported by effective cost management by merging two institutes from FY23, the operating margin of the company has improved and remain comfortable at 13.02% in FY23 against 5.59% in FY22. In 9M FY24, ASS has achieved a topline of ~Rs.100 crore.

- **Moderate capital structure with average coverage indicators**

As on March 31, 2023, after considering the subordinated unsecured loan of Rs.16.36 crore, the adjusted net worth of ASS stood at Rs.44.48 crore. Despite the increase in external debt in the books for the capex undertaken coupled with higher utilization of short-term borrowings, the adjusted overall gearing and TOL/ATNW has improved and stood at 1.50x and 3.17x respectively as on March 31, 2023, against 2.30x and 5.02x respectively of 31st March 2022 (without quasi equity). The debt protection metrics marked by interest coverage of the company has improved in FY23 and remained satisfactory at 2.51x in FY23 against 1.06x in FY22. Total debt to EBITDA and Total Debt to GCA have improved yet remained stretched at 4.35x and 6.19 years respectively as on March 31, 2023.

- **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:**



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- **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 December 2023.

- **Intense competition and geographical concentration risk**

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](#)

[Policy on Default Recognition](#)

[Criteria on Complexity](#)

**Liquidity: Adequate**

In FY23, ASS has earned a gross cash accrual of ~Rs.10.79 crore in FY23 against a debt repayment ~Rs.4.60 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. However, the entity has high average OD utilization which stood ~96% during the past twelve month ended December 2023 indicating limited liquidity buffer. Further, due to its leveraged capital structure the entity has limited gearing headroom.

**About the Entity**



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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):

(Rs. crore)

For the year ended* / As On	31-03-2022	31-03-2023
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	99.65	117.81
EBITDA	5.57	15.34
PAT	-0.35	3.95
Total Debt	55.74	66.74
Tangible Net worth	24.25	44.48
EBITDA Margin (%)	5.59	13.02
PAT Margin (%)	-0.33	3.31
Overall Gearing Ratio (x)	2.30	1.50
Interest Coverage	1.06	2.51

\*Classification as per Infomerics' standards.

**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	Current Rating (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Cr.)	Rating	Date(s) & Rating(s) assigned in 2022-23 (Feb 02, 2023)	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loan	Long Term	11.30	IVR BB+; Positive	IVR BB+; Stable	-	-
2.	Overdraft	Long Term	19.00	IVR BB+; Positive	IVR BB+; Stable	-	-
3.	Term Loan	Long Term	25.05	IVR BB+; Positive	-	-	-





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4.	Overdraft	Long Term	4.00	IVR BB+; Positive	-	-	-

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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 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.

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security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### 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 I	-	-	Dec 2029	11.30	IVR BB+/ Positive
Long Term Fund Based Limits –Term Loan II	-	-	July 2031	12.38	IVR BB+/ Positive
Long Term Fund Based Limits –Term Loan III	-	-	Sep 2027	12.67	IVR BB+/ Positive
Long Term Fund Based Limits –Overdraft	-	-	-	23.00	IVR BB+/ Positive

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-Ankush-Shikshan-feb24.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](http://www.infomerics.com)