

Press Release

M/s Ankush Shikshan Sanstha

September 25, 2019

Rating

Instrument / Facility	Amount (Rs. Crore)	Rating	Rating Action
Long Term Bank Facilities – Cash Credit	19.00	IVR BB- / Stable Outlook (IVR Double B minus with Stable Outlook)	Assigned
Total	19.00		

Details of Facilities are in Annexure 1

Detailed Rationale

The aforesaid ratings assigned to the bank facilities of M/s Ankush Shikshan Sanstha (ASS) derives comfort from its experienced board of trustees with long track record in the education sector. The rating also factors in its satisfactory infrastructure coupled with association of experienced faculties and positive demand outlook for education sector in India. However, the rating strengths are partially offset by its modest scale of operations with weak coverage indicators, susceptibility to regulatory risks, geographical concentration and intense competition. Improvement in enrolment rates leading to increase in revenue of the colleges, support from trustees, growth in operations and profitability and gearing level are the key rating sensitivities.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced Board of Trustee**

The promoters of the trust, the Raisoni group of Nagpur started their operations in the education sector in 1996. Mr. Sunil Raisoni, 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.

- **Established track record of the society in successfully running educational institutions**

ASS, started its operations in 1996 with two educational institutes in Nagpur (1 in polytechnic and 1 in engineering). At present the Trust consists of 6 colleges in Nagpur (GH Raisoni College of Engineering, GH Raisoni Institute of Engineering & Technology, GH Raisoni Academy of Engineering and Technology, GH Raisoni Polytechnic, GH Raisoni 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 leading to satisfactory enrolment rates in educational institutes**

The institutes 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. The enrolment rate in all its Institutes increased gradually from 71% in FY17 to 82% in FY19.

- **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 weak coverage indicators**

The trust's scale of operations is small with an operating revenue of Rs. 78.22 crore in FY19 (Prov.). Small scale of operations restricts the financial flexibility to an extent. Further, ASS has reported deficit of income over expenditure continuously for the past years till FY19 which has eroded the net corpus fund over the years there by resulting in weak leverage indicators. Moreover, the debt protection parameters of the trust also remained weak for the past three years till FY19. However, the resourcefulness of Mr. Sunil Raisonni, the founder coupled with low long-term debts does not indicate much difficulty in servicing the debt obligations in the near to medium term which supports the credit risk profile 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.

- **Intense competition and geographical concentration risk**

The colleges 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 Raisoni group, as it has been operating since 1996.

Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for Educational Institutes

Financial Ratios & Interpretation (Non-financial Sector)

Liquidity

The liquidity profile of the trust is stretched and to avoid the cash flow mismatches, the Trust maintains research and development fund to meet its regular expenditure and debt servicing. Further, the trust has modest cash and bank balance of Rs.3.45 crore as on March 31, 2019 (Prov.).

About the Company

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 Raisoni Group of Nagpur in 1998-99. Over the years the operations of Raisoni Group has expanded and currently the trust has 6 colleges in Nagpur (GH Raisoni College of Engineering, GH Raisoni Institute of Engineering & Technology, GH Raisoni Academy of Engineering and Technology, GH Raisoni Polytechnic, GH Raisoni Institute of Information Technology, GH Raisoni 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.

Financials (Standalone):

For the year ended* / As On	(Rs. Crore)	
	31-03-2018	31-03-2019
	Audited	Provisional
Total Operating Income	78.13	78.22
EBITDA	-8.92	-5.54
PAT	-16.47	-11.97
Total Debt	25.96	25.41

For the year ended* / As On	31-03-2018	31-03-2019
Tangible Net worth	12.19	10.73
EBITDA Margin (%)	-11.41	-7.08
PAT Margin (%)	-20.63	-14.96
Overall Gearing Ratio (x)	2.13	2.37

*as per Infomerics classification

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years with Infomerics:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2019-20)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17
1.	Long Term Fund Based Limits – Cash Credit	Long Term	19.00	IVR BB- / Stable Outlook	-	-	-

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.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

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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 Bank Facilities – Cash Credit	-	-	-	19.00	IVR BB- / Stable Outlook