



## RATING RATIONALE

Ankush Shikshan Sanstha

26 May 2020

**Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹ 19.00 Crores of Ankush Shikshan Sanstha.**

### Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Jan 2020)	Present
Fund based	19.00	19.00	Long Term	BWR B+ Stable (Downgraded) Issuer Not Co-operating*	BWR BB Stable (Upgraded)
<b>Total</b>	<b>19.00</b>	<b>19.00</b>	<b>INR Nineteen Crores Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings  
Details of bank facilities provided in Annexure-I

### RATING ACTION/OUTLOOK :

BWR upgrades the ratings of Ankush Shikshan Sanstha (“ASS” or “The Trust”) bank loan facilities of Rs 19.00 Crs based on the strong promoter group and experienced board of trustees, its diverse course offering and infrastructure and moderate financial risk profile. However, the rating is constrained by intense competition and the regulated nature of the education industry and the decline in the margins and corpus fund.

BWR believes that Ankush Shikshan Sanstha business risk profile will be maintained over the medium term. BWR has essentially relied upon the audited financial statements of Ankush Shikshan Sanstha up to FY 19, Provisional financials for FY20, projected financials for FY21, publicly available information and information/clarifications provided by the entity’s management.

### KEY RATING DRIVERS

#### Credit Strengths:

- **Strong promoter group and experienced board of trustees.** Ankush Shikshan Sanstha is promoted by the Raisoni group with Mr Sunil Raisoni being the main promoter and the chairman. Mr. Raisoni possesses experience of more than two decades in the education field and is actively engaged in the management of the trust.
- **Diverse course offerings and Infrastructure:** The trust runs six educational institutions, offering



graduate and post graduate courses in law, management, engineering and technical education. The courses offered are compliant with the operational and infrastructure norms laid down by the regulatory bodies. The enrollment rate of the institutions has been 85% during the FY19. The profits earned by the institute is utilised for long term asset creation and the Gross block of the trust has grown to Rs 293 crores in FY19-20. The trust has also got the approval for setting up an incubation centre in their campus at G H Raisonni College of Engineering, which will be the breeding ground for start-up ventures in central India and may add to the revenue base of the trust.

- **Moderate Financial Risk Profile:** The scale of operations in the trust has been consistent over the past three years. The total receipts stood at Rs. 80.88 cr for FY19 as against Rs. 78.16 cr in FY18. A certain portion of the receipts is set aside for the development purpose for the development purpose, leading to the losses in the trust. The corpus fund of the trust stood at Rs 18.05 crs during FY19 as against Rs 12.19cr for FY18. The trust has generated cash profits for the FY19 amounting to Rs 11.96 with no major term loans or maturing debt to be serviced.

#### **Credit Risks:**

- **Intense competition and regulated nature of the industry:** The courses offered have to comply with the norms set aside by various regulatory bodies such as UGC, AICTE, state government, etc. Thus, there is a need for the trust to regularly invest in its workforce and infrastructure as per the prescribed norms. Any non compliance may result in the withdrawal of the acquired affiliation or approval. Also the regulated nature of the education sector restricts any substantial increase in the revenue. Further, the institutions also face competition from other established colleges attracting students
- **Decline in margins and corpus fund:** The trust has reported a deficit of income over expenditure for the past three years as the trust set asides the portion of its receipts for the research and development purpose. However, there has been an increase in the other earmarked funds like Development fund, student welfare fund, etc.

#### **ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA**

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

#### **RATING SENSITIVITIES**

Going forward the ability of the society to improve its profitability, service its debt timely, increase in enrolments leading to revenue growth resulting in an enhanced liquidity position and its overall improvement in financial risk profile shall be the key rating sensitivities.



**Positive:** The ratings may be upgraded in case the receipts, profitability, corpus fund and the liquidity of the trust shows significant improvement.

**Negative:** The rating may be downgraded in case there is a significant deterioration in the corpus fund, enrollment ratio, and the financial risk profile of the trust.

## LIQUIDITY POSITION

### Stretched:

The liquidity profile of the trust is stretched driven by a low current ratio of 0.66x in FY 19. The ratio is estimated to stay in the same line for the next year. The total cash and cash equivalents amount to Rs 0.74 cr in FY 19 and Rs. 2.65cr in FY20 (Prov). The Net Cash Accruals (adjusted) are Rs 11.96 cr in FY19 with a CPLTD of Rs 0.25 crs and are estimated to be at Rs 4.68cr for FY20 with maturing debt of Rs 0.25cr.

## COMPANY PROFILE

Ankush Shikshan Sansthan (ASS) is a registered Public Charitable Trust, established in 1996 by the Meghe Group and was later taken over by the Rasoni Group in the year 1998 – 1999 and was renamed as G H Rasoni College of Engineering which became the flagship institute under the umbrella of Rasoni Group of Institutions. The trust runs educational institutions under the name “Rasoni Group”. Mr. Sunil G Rasoni is the chairman of the trust and Mr Sudhakar Jagdale is the secretary. The trust runs six educational institutes which comprises G.H. Rasoni Institute of Information Technology, G.H. Rasoni Polytechnic, G.H.Rasoni Academy of Engineering and Technology, G.H. Rasoni Institute of Engineering and Technology for Women, G.H. Rasoni College of Engineering & G.H. Rasoni Law School. The aggregate strength of all the institutes is around 10,000 students. Some of the courses offered by the institutes are BBA, MBA, BCA, MCA, BE, ME, 3yrs LLB, 5yrs LLB, etc.

## KEY FINANCIAL INDICATORS (in ₹ Cr)

Key Parameters	Units	2019	2018
Result Type		Audited	Audited
Net Receipts	₹ Cr	80.88	78.16
EBITDA	₹ Cr	-2.31	-9.01
PAT	₹ Cr	-1.64	-16.47
Tangible Net worth	₹ Cr	18.05	12.19
Total Debt/Tangible Net worth	Times	1.40	2.13
Current Ratio	Times	0.66	0.63



**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NIL**

**NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: Nil**

**RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]**

Instrument /Facility	Current Rating			Rating History			
	Tenure	Amt (₹ Crs)	Rating	Jan 2020	2019	2018	Dec 2017
<b>Fund Based</b> Secured Overdraft	Long Term	19.00	BWR BB Stable (Upgraded)	BWR B+ Stable (Downgraded) Issuer Not cooperating*	-	-	BWR BB- Stable
<b>Total</b>		<b>19.00</b>	<b>INR Nineteen Crores Only</b>				

\*Issuer did not co-operate. Based on the best available information.  
Note: The rating was moved to Rating Not Reviewed in March 2019

### **Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)

For any other criteria obtain hyperlinks from website

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**Ankush Shikshan Sanstha**  
**Annexure I**

**Details of Bank Facilities rated by BWR**

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
1	Canara Bank	Secured Overdraft	19.00	-	19.00
	<b>Total</b>	<b>INR Nineteen Crores only</b>			<b>19.00</b>

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