



## Press Release

### Sri Bhagawan Mahaveer Jain Educational and Cultural Trust

**May 09, 2023**

#### **Ratings**

<b>Instrument / Facility</b>	<b>Amount (Rs. Crore)</b>	<b>Ratings</b>	<b>Rating Action</b>	<b>Complexity Indicator</b>
Long Term Facility – Fund Based	468.82	IVR BBB+/ Stable [Withdrawn] (IVR Triple B Plus with stable outlook and withdrawn)	Rating revised & removed from INC category, simultaneously Withdrawn	<a href="#">Simple</a>
Long Term Bank Facilities – Proposed Term Loans	11.18	IVR BBB+/ Stable [Withdrawn] (IVR Triple B Plus with stable outlook and withdrawn)	Rating revised & removed from INC category, simultaneously Withdrawn	<a href="#">Simple</a>
Short Term Bank Facilities	20.00	IVR A2 [Withdrawn] (IVR A Two & withdrawn)	Rating revised & removed from INC category, simultaneously Withdrawn	<a href="#">Simple</a>
<b>Total</b>	<b>500.00</b>			

**Details of Facilities are in Annexure 1**

#### **Detailed Rationale**

Infomerics has revised the rating and removed from Issuer not cooperating category, simultaneously withdrawn the outstanding rating of Sri Bhagawan Mahaveer Jain Educational and Cultural Trust (SINPL) with immediate effect. The above action has been taken at the request of SINPL and 'No Objection Certificate' received from its lender, Yes Bank, which have extended the facilities rated by Infomerics.

#### **Key Rating Sensitivities:**

##### **Upward Factors**

- Substantial increase in enrolment of students by increasing its intake capacity across various courses.
- Improvement in the capital structure with reduction in debt level and/or improvement in debt protection metrics.



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### **Downward Factors**

- Dip in operating income and/or profitability due to decline in enrolment ratio impacting the debt protection metrics.
- Deterioration in the capital structure and/or debt protection metrics and liquidity position.

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

#### **Key Rating Strengths**

##### **Experienced Board of Trustee & Long and Established Track Record of Operation:**

Dr. Chenraj Roychand Jain is the Founder Chairman & Trustee of SBMJECT and Jain Group. He has been promoting the educational and entrepreneurship sectors in India for more than two decades. Dr. Chenraj Roychand incepted Jain Group in 1990. He established Jain College in Bangalore that same year. Dr. Chenraj is involved in numerous projects, which help the economically backward people of the society. Opportunity schools like Jain Vidyaniketan in Amethi and Kanakapura give free education and excellent sports infrastructure to children from the rural areas.

##### **Diversified portfolio in terms of large number of institutes offering diverse courses:**

SBMJECT's campuses are spread across the state of Karnataka & Andhra Pradesh. It runs 28 institutes offering more than 80 courses. It has 16 Colleges, 5 Pre-University Colleges and 7 Colleges that offers education from kindergarten to standard 12 (K-12), pre-university, diploma, graduate and post graduate degrees in engineering, business administration, management courses.

##### **Steady student strength and high enrolment ratio:**

The number of courses and certifications offered by the trust has been increasing over the past few years. On the back of reputed brand name in the education sector, strong infrastructure facilities and established placement track record, SBMJECT's institutions have been able to maintain a steady rise in student intake despite stiff competition in the sector.



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### **Comfortable Capital Structure**

The financial risk profile of SBMJECT continues to be comfortable with healthy accruals, low gearing and comfortable debt service coverage indicators. The capital structure improved with overall gearing of 0.61 as on March 31, 2022 as against 0.82x as on March 31, 2021. The debt and interest coverage also improved with Total debt/ GCA of 5.10x (PY: 7.97x) and interest coverage of 2.20x (PY: 1.71x) as on March 31, 2022.

### **Key Rating Weaknesses**

#### **Susceptibility to regulatory risks**

Trust is exposed to inherent risks associated with the highly regulated Indian education sector. The institutes are governed by various State and Central laws. Any adverse Government regulation may impact the Group's revenues as well as operational growth.

#### **Intense competition**

Trust faces intense competition from reputed public and private institutes in the nearby states offering similar courses. Given the competition, the ability of the institutes to attract requisite students in tune with its sanctioned intake would be a challenge. This is expected to limit the trust's capability to increase fee along with the increase of occupancy.

**Analytical Approach:** Standalone Approach

#### **Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria on Rating Outlook](#)

[Policy on Withdrawal of Rating](#)



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### **About the Company**

Sri Bhagawan Mahaveer Jain Educational & Cultural Trust (SBMJECT) founded in 1994 is a part of Jain Group that offers education from kindergarten to standard 12 (K-12), preuniversity, diploma, graduate and post graduate degrees in engineering, business administration, management courses, etc. The trust manages 28 educational institutions (16 colleges, 5 Pre-university Colleges & 7 Schools) and owns Jain University, a deemed university under its ambit. National Assessment and Accreditation Council (NAAC) has awarded 'A' Grade to Jain University (Deemed-to-be University).

### **Financial (Standalone):**

For the year ended / INR. Crore	31-03-2021	31-03-2022
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	496.12	665.18
EBITDA	185.19	195.92
PAT	38.40	63.13
Total Debt	614.70	545.49
Tangible Net Worth	659.90	797.98
<b>Ratios</b>		
EBITDA Margin (%)	37.41	29.45
PAT Margin (%)	7.74	9.49
Overall Gearing Ratio (x)	1.06	0.80

*\* Classification as per Infomerics' standards*

**Status of non-cooperation with previous CRA:** None

**Any other information:** None

**Rating History for last three years:**



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Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23 (Dated October 26, 2022)	Date(s) & Rating(s) assigned in 2021-22 (Dated August 06, 2021)	Date(s) & Rating(s) assigned in 20120-21
1.	Fund Based Facility – Term Loans	Long Term	468.82	IVR BBB+/Stable [Withdrawn]	IVR BBB/ISSUER NOT COOPERATING	IVR A-/Stable	-
2.	Fund Based Facility – Proposed Term Loan	Long Term	11.18	IVR BBB+/Stable [Withdrawn]	IVR BBB/ISSUER NOT COOPERATING	IVR A-/Stable	-
3.	Fund Based Facility – Overdraft	Short Term	20.00	IVR A2 [Withdrawn]	IVR A3+/ISSUER NOT COOPERATING	IVR A2+	-

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### About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.



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Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations. For more information visit [www.infomerics.com](http://www.infomerics.com)

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any 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: Not Applicable**

**Annexure 2: List of companies considered for consolidated analysis: Not Applicable**

**Annexure 3: Facility wise lender details: 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)