



## Press Release

### Sri Bhagawan Mahaveer Jain Educational and Cultural Trust

#### (SBMJECT)

August 06, 2021

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities – Term Loans	468.82	IVR A-/ Stable (IVR A Minus with Stable Outlook)	Assigned
Long Term Bank Facilities – Proposed Term Loan	11.18	IVR A-/ Stable (IVR A Minus with Stable Outlook)	Assigned
Short Term Bank Facilities	20.00	IVR A2+ (IVR A Two Plus)	Assigned
<b>Total</b>	<b>500.00</b> <b>(Five Hundred</b> <b>Crore)</b>		

**Details of facilities are in Annexure 1**

#### Detailed Rationale

The rating assigned to the bank facilities of Sri Bhagawan Mahaveer Jain Educational and Cultural Trust (SBMJECT) derives strength from the Experienced Board of Trustee & Long and Established Track Record of Operation, Diversified portfolio in terms of large number of institutes offering diverse courses, Steady student strength and high enrolment ratio and Comfortable Capital Structure. The rating is however constrained by Susceptibility to regulatory risks and Intense competition.

#### Key Rating Sensitivities:

##### Upward Factor:

- 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 Factor:**

- 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.

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

#### **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. The trust has managed to maintain strength of more than 40,000 students which is ~85% students accepted against its approved intake in FY21.



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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 0.87x as on March 31, 2021 (Prov.) as against 0.99x as on March 31, 2020. The debt and interest coverage also improved with Total debt/ GCA of 4.34x (PY: 8.21x) and interest coverage of 2.55x (PY: 1.73x) as on March 31, 2021 (Prov.).

### **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**

#### **Applicable Criteria:**

Rating Methodology for Service Sector Companies

Financial Ratios & Interpretation (Non-Financial Sector)

#### **Liquidity - Adequate**

The Liquidity is adequate marked by healthy gross cash accruals (GCA) of Rs.73.25 crore as against repayment obligation of Rs.29.16 crore in FY20. The liquidity is expected to remain healthy in near to medium term in view of sufficient cash accruals vis-à-vis debt repayment obligations. The average working capital utilisation for the past twelve months ended May 2021 remained moderate at ~75% indicating a sufficient liquidity cushion. Further the company has adequate liquid assets of Rs.49.37 crore in the form of Cash & FDs.



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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), pre-university, 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).

### **Financials (Standalone)**

For the year ended* As on	INR in Crore	
	31-03-2020	31-03-2021
	Audited	Provisional
Total Operating Income	553.04	558.77
EBITDA	173.22	236.95
PAT	35.45	110.76
Total Debt	601.57	624.70
Tangible Net Worth	609.56	719.45
EBITDA Margin (%)	31.32	42.41
PAT Margin (%)	6.41	19.82
Overall Gearing Ratio (x)	0.99	0.87

\* Classification as per Infomerics' standards

**Details of Non-Co-operation with any other CRA: Nil**

**Any other information: N.A.**

**Rating History for last three years:**



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Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Fund Based Facility – Term Loans	Long Term	468.82	IVR A-/ Stable	-	-	-
2.	Fund Based Facility – Proposed Term Loan	Long Term	11.18	IVR A-/ Stable	-	-	-
3.	Fund Based Facility – Overdraft	Short Term	20.00	IVR A2+	-	-	-

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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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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. Crore)	Rating Assigned/ Outlook
Long Term Fund Based Facility – Term Loan	-	-	July 2028	156.75	IVR A-/ Stable
Long Term Fund Based Facility – Term Loan	-	-	August 2029	68.55	IVR A-/ Stable
Long Term Fund Based Facility – Term Loan	-	-	August 2029	194.79	IVR A-/ Stable
Long Term Fund Based Facility – Term Loan	-	-	August 2029	48.73	IVR A-/ Stable
Long Term Fund Based Facility – Proposed Term Loan	-	-	-	11.18	IVR A-/ Stable
Short Term Fund Based Facility – OD	-	-	-	20.00	IVR A2+

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

### Annexure 3: Facility wise lender details

(<https://www.infomerics.com/admin/prfiles/SBMJECT-Lenders-6aug21.pdf>)

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable**

### Annexure 5: Complexity level of the rated Instruments/Facilities

Sr No.	Instrument	Complexity Indicator
1.	Term Loans	Simple
2.	Overdraft	Simple

**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).