

Press Release

JMJ Education Society

February 22, 2019



Rating Withdrawn

Total Instruments Rated*	Rs.130.00 Cr.
Long Term Rating	ACUITE BB+ (Withdrawn)
Short Term Rating	ACUITE A4+ (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has withdrawn the long term rating of '**ACUITE BB+**' (**read as ACUITE double B plus**) and short term rating of '**ACUITE A4+**' (**read as ACUITE A four plus**) to the Rs. 130.00 crore bank facilities of JMJ Education Society (JMIES). The rating withdrawal is in accordance with Acuité's policy on withdrawal of rating.

The rating is being withdrawn on account of request received from JMIES and No Dues Certificate (NDC) received from the banker.

JMIES was established in 1991 by Mr. B. M. Reddy (President) and Mr. B. Premnath Reddy. The Society runs various educational institutions under the name of 'Acharya Institute' for engineering, management, pharmacy and general studies, among others.

Analytical Approach

Acuité has considered the standalone financial and business risk profiles of JMIES to arrive at the rating.

Key Rating Drivers

Strengths

Established track record and diversity in courses offered

JMIES has been in operations for the past 28 years. It offers varied courses in fields such as Engineering (13 Branches), Management, Pharmacy, General Studies, Fashion & Apparel Design, Mass communication, Nursing, Teacher Training, among others. Further, it has tie ups with Jiujiang University – China; Shandong University, China; Old Dominion University, Virginia, USA; Ocean University of China; Kent State University, USA; Hefei University, China; Thames Valley University, UK; University of Applied Sciences, Germany; Technology Park of Andalucía, Spain and Florida International University, USA.

Healthy financial risk profile

The financial risk profile of JMIES is healthy marked by healthy net worth and debt protection measures, and moderate gearing. The net worth stood at Rs.120.40 crore as on 31 March, 2018 as against Rs.108.38 crore as on 31 March, 2017. The gearing stood at 1.42 times as on March 31, 2018 as compared to 1.05 times as on March 31, 2017. Total outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 1.51 times as on 31 March, 2018 as against 1.19 times as on 31 March, 2017. Interest Coverage Ratio (ICR) stood at 2.45 times in FY2018 as compared to 2.29 times in FY2017. Net Cash Accruals/Total Debt (NCA/TD) stood stable at 0.15 times as on 31 March, 2018 as against 0.14 times as on 31 March, 2017.

Weaknesses

Intense competition and limited growth in scale of operations going ahead

The institutes under JMIES offer various graduate and under graduate courses with institutes running at almost full occupancy and face high competition from other private institutions offering similar courses. Given the competition, the ability of institutes to attract requisite students in tune with its sanctioned intake would be a challenge. However, various institutes under the JMIES have been ranked amongst top institutes in the state.

About the Rated Entity- Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	133.89	116.16	110.39
EBITDA	Rs. Cr.	39.27	27.21	28.48
PAT	Rs. Cr.	12.02	4.92	6.90
EBITDA Margin	(%)	29.33	23.42	25.80
PAT Margin	(%)	8.98	4.24	6.25
ROCE	(%)	11.57	8.23	20.00
Total Debt/Tangible Net Worth	Times	1.42	1.05	0.85
PBDIT/Interest	Times	2.45	2.29	2.36
Total Debt/PBDIT	Times	3.95	4.11	3.05
Gross Current Assets (Days)	Days	215	228	230

Status of non-cooperation with previous CRA (if applicable):

None

Any other information

Not Applicable

Applicable Criteria

- Service Sector Entities: <https://www.acuite.in/view-rating-criteria-8.htm>
- Financial Ratios and Adjustments: <https://www.acuite.in/view-rating-criteria-20.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-17.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
22-Sep-18	Proposed Term Loan	Long term	60.00	ACUITE BB+ (Issuer non-cooperative)
	Proposed Term Loan	Long term	40.00	ACUITE BB+ (Issuer non-cooperative)
	Cash Credit	Long term	21.00	ACUITE BB+ (Issuer non-cooperative)
	Proposed Cash Credit	Long term	5.00	ACUITE BB+ (Issuer non-cooperative)
	Bank Guarantee/Letter of Guarantee	Short Term	4.00	ACUITE A4+ (Issuer non-cooperative)
18-Jul-17	Proposed Term	Long term	60.00	ACUITE BB+

	Loan			(Issuer non-cooperative)
	Proposed Term Loan	Long term	40.00	ACUITE BB+ (Issuer non-cooperative)
	Cash Credit	Long term	21.00	ACUITE BB+ (Issuer non-cooperative)
	Proposed Cash Credit	Long term	5.00	ACUITE BB+ (Issuer non-cooperative)
	Bank Guarantee/Letter of Guarantee	Short Term	4.00	ACUITE A4+ (Issuer non-cooperative)
	Proposed Term Loan	Long term	60.00	ACUITE BB+/Stable (Assigned)
30-Mar-16	Proposed Term Loan	Long term	40.00	ACUITE BB+/Stable (Assigned)
	Cash Credit	Long term	21.00	ACUITE BB+/Stable (Assigned)
	Proposed Cash Credit	Long term	5.00	ACUITE BB+/Stable (Assigned)
	Bank Guarantee/Letter of Guarantee	Short Term	4.00	ACUITE A4+ (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	60.00	ACUITE BB+ (Withdrawn)
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	40.00	ACUITE BB+ (Withdrawn)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	21.00	ACUITE BB+ (Withdrawn)
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE BB+ (Withdrawn)
Bank Guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	4.00	ACUITE A4+ (Withdrawn)

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About Acuité Ratings & Research:

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