



**Press Release**  
**Jayawant Shikshan Prasarak Mandal**  
**March 08, 2024**  
**Rating Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	145.00	ACUITE BB+   Stable   Upgraded	-
Total Outstanding Quantum (Rs. Cr)	145.00	-	-

### Rating Rationale

Acuite has upgraded its long-term rating to '**ACUITE BB+**' (read as **ACUITE double B plus**) from '**ACUITE B+**' (read as **ACUITE B plus**) on Rs.145.00 Cr. bank facilities of Jayawant Shikshan Prasarak Mandal (JSPM). The outlook is 'Stable'.

#### Reason for rating upgrade

The rating upgrade reflects the improvement in the business risk profile of the company. The company has recorded the revenues of Rs.271.20 crore for FY23 as against the revenues of Rs.265.78 crore for FY22. Further the revenues stood at Rs.280.25 crore in 9MFY24. The operating margins stood at 37.26 percent in FY23 as against 35.79 percent in FY22. The operating income of the company is expected to improve from FY25 onwards on account of an autonomous university named 'Jayawant Shikshan Prasarak Mandal University' opened by the company in their existing campus at Wagholi and the new courses introduced by the company. The rating also takes into account the moderate financial risk profile of the company. However, the ratings are constrained by the working capital intensive nature of operations and stretched liquidity position of the company.

#### About the Company

JSPM is a Pune-based trust incorporated in 1998 and promoted by Prof. Tanaji Jaywant Sawant, Founder Secretary. The trust runs educational institutions that offer courses in engineering, management, and pharmacy among others.

#### Unsupported Rating

Not Applicable

#### Analytical Approach

Acuite has considered the standalone business and financial risk profile of JSPM to arrive at the rating.

#### Key Rating Drivers

#### Strengths

**Established track record of operations and experienced management**

Incorporated in 1998, JSPM is founded by Prof. Tanaji Jaywant Sawant and Mr. Shivaji Sawant

(President) who have more than two decades of experience in the education sector. The trust provides over 13 courses ranging from Pre-primary to technical courses like MBA, MCA Engineering, Pharmacy among others and has a total of 51 institutes at its four campuses in Pune. JSPM has developed a healthy track record of operations reflected by its stable operating income over the years. Total operating income of the trust stood at Rs.271.20 crore in FY23 as against Rs. 265.78 crore in FY22. Further the revenues stood at Rs.280.25 crore in 9MFY24. The occupancy levels have remained healthy at 94.89 percent for H1FY24 as against 72.80 percent in FY23. Acuité believes that JSPM will maintain a stable business risk profile based on the promoters vast experience and the trust established track record of operations.

### **Moderate financial risk profile**

The Corpus fund of the trust stood at Rs. 335.99 crores as on 31st March 2023 as against Rs. 297.82 crore as on 31st March 2022. The increase in the fund is on account of accretion surplus to the fund. The gearing level stood at 0.56 times as on March 31, 2023. The total debt consists of Rs.189.77 crore consists of long-term debt of Rs.109.86 crore, unsecured loans of Rs.0.50 crore and short-term debt of Rs.35.13 crore as on March 31, 2023. JSPM has added a term loan in FY23 for the capital expenditure undertaken for the university. The interest coverage ratio stood at 3.29 times in FY23 as against 4.18 times in FY22. The DSCR stood at 1.50 times in FY23 as against 1.40 times in FY22. Acuité believes that the company is likely to maintain a moderate financial risk profile in the medium term.

### **Weaknesses**

#### **Working capital intensive operations**

JSPM's operations are working capital intensive marked by GCA days of 409 days for FY23 as against 356 days for FY22. The high GCA days are driven by high debtors days. The debtor days stood at 279 days for FY23 as against 310 days for FY22. JSPM has a student mix of both open category students as well as backward category students. JSPM is a charitable trust and majority of the fee income of the students are received in the form of government subsidy. The late receipt of the government grant leads to the high receivable days. The average utilisation of bank limits stood high at 96 percent in last 6 months ended January 2024. Acuité believes that the ability of the company to improve its working capital operations will remain key sensitivity medium term.

#### **Dependence on scholarships; stringent regulatory framework**

A majority of the admissions in the institute are based on scholarships from the government which results in delays in revenue recognition. The institutes face intense competition from other private institutions 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. The Indian education industry is highly regulated and consequently subject to the stringent regulatory framework, which is to be followed by trust operated institutes. Any major change in regulatory framework by Government of India or change in policy by various affiliated boards will have major impact on the revenue, financial and operating performance of the trust.

### **Rating Sensitivities**

Sustained growth in scale of operations and profitability  
Further stretch in working capital and deterioration in liquidity position  
Deterioration in the financial risk profile

#### **Liquidity position: Stretched**

The liquidity of the company is stretched on account of the trust's highly utilized fund based working capital limits. The average utilisation of bank limits stood high at 96 percent in last 6 months ended January 2024. The trust is however generating sufficient net cash accruals as

against the debt repayment obligation. Net cash accruals of the company stood at Rs.71.41 crore in FY23 as against maturing debt obligations of Rs.37.32 crore over the same period. The cash accruals are expected to remain in the range of Rs.86.73 – Rs.109.30 crore while the maturing debt obligations are in the range of Rs.26.34-28.35 crore for the same period. The current ratio stood at 2.13 times as on March 31, 2023.

### **Outlook:Stable**

Acuité believes that JSPM will maintain a 'Stable' outlook over the medium term on the back of its experienced track record of operations. The outlook may be revised to 'Positive' in case the trust registers higher-than-expected growth in its revenue and profitability while improving its liquidity position. Conversely, the outlook may be revised to 'Negative' in case the trust registers lower-than expected growth in revenues and profitability or in case of deterioration in the trust's financial risk profile or significant elongation in working capital cycle.

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	271.20	265.78
PAT	Rs. Cr.	38.18	37.19
PAT Margin	(%)	14.08	13.99
Total Debt/Tangible Net Worth	Times	0.56	0.56
PBDIT/Interest	Times	3.29	4.18

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

Not Applicable

## Any other information

None

## Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

## Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
09 Dec 2022	Term Loan	Long Term	20.36	ACUITE B+   Stable (Upgraded from ACUITE C   Not Applicable)
	Term Loan	Long Term	67.00	ACUITE B+   Stable (Upgraded from ACUITE D   Not Applicable)
	Dropline Overdraft	Long Term	13.00	ACUITE B+   Stable (Upgraded from ACUITE D   Not Applicable)
	Proposed Long Term Bank Facility	Long Term	44.64	ACUITE B+   Stable (Upgraded from ACUITE C   Not Applicable)
21 Feb 2022	Term Loan	Long Term	20.36	ACUITE C   Not Applicable (Downgraded from ACUITE BBB   Stable)
	Term Loan	Long Term	67.00	ACUITE D   Not Applicable (Downgraded from ACUITE BBB   Stable)
	Dropline Overdraft	Long Term	13.00	ACUITE D   Not Applicable (Downgraded from ACUITE BBB   Stable)
	Proposed Long Term Bank Facility	Long Term	44.64	ACUITE C   Not Applicable (Downgraded from ACUITE BBB   Stable)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Yes Bank Ltd	Not avl. / Not appl.	Dropline Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	13.00	ACUITE BB+   Stable   Upgraded ( from ACUITE B+ )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	87.66	ACUITE BB+   Stable   Upgraded ( from ACUITE B+ )
Yes Bank Ltd	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Jul 2029	Simple	44.34	ACUITE BB+   Stable   Upgraded ( from ACUITE B+ )

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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