

Press Release

Jahnvis Multifoundation Trust

November 06, 2018

Rating Upgraded



Total Bank Facilities Rated*	Rs. 8.24 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable (Upgraded from ACUITE D)

* Refer Annexure for details

Rating Rationale

Acuite has upgraded long-term rating to '**ACUITE B+**' (read as **ACUITE B plus**) from '**ACUITE D**' (read as **ACUITE D**) to bank facilities of on the Rs.8.24 crore of Jahnvis Multifoundation Trust (JMT). The outlook is 'Stable'.

The upgrade revision is in view of the timely debt repayment for last three months ending September 2018. The financial risk profile of the company has marginally improved in FY2018 over FY2017.

Jahnvis Multifoundation Trust (JMT) was founded in 2003 by Dr. Rajkumar Kolhe. The trust runs educational institutes. Currently, JMT runs two schools, and two colleges. Both the schools are affiliated to CBSE board and State board whereas colleges are from Mumbai University. Further, the trust has total student strength of 2727 with student: faculty ratio of 19:1.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the JMT to arrive at this rating.

Key Rating Drivers

Strengths

- **Experienced promoters**

The trust is presently managed by its chairman, Dr. Rajkumar Kolhe. He has experience of more than two decade in education field. He holds a doctorate degree along with Professional lawyer degree. Acuite believes that JMT will continue to benefit from management's vintage.

- **Growth in operating income albeit small scale of operations**

JMT has registered growth in operating income during the period FY2016 to FY2018 under the study. The operating income stood at Rs.4.68 crore in FY2018 as against Rs.3.98 crore in FY2017. Further in FY2016 the revenues stood at Rs.2.97 crore. However, the trust is operating at small scale. The growth in revenues is on account of increasing occupancy levels in 2018 over 2017.

Weaknesses

- **Stringent regulatory**

The government of India follows a stringent regulatory framework for educational sector in India which all institutes have to follow. They are highly regulated in terms of what the educational institutes teach, in what form they operate and all other aspects of operation.

- **Intense competition and fragmented nature of business**

The trust is exposed to intense competition from various educational institutes located in Mumbai and surrounding area.

Outlook: Stable

Acuite believes that JMT will maintain a 'Stable' outlook from its experienced management. The outlook may be revised to 'Positive' if there is more than expected increase in the trust's fees receipts, while improving its operating margins. Conversely, the outlook may be revised to 'Negative' if trust fails to achieve the scalability amidst intensifying competition in the area of operation or if financial risk profile or working capital cycle deteriorates.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	4.68	3.98	2.97
EBITDA	Rs. Cr.	1.95	2.20	0.73
PAT	Rs. Cr.	0.35	0.36	0.51
EBITDA Margin	(%)	41.60	55.35	24.75
PAT Margin	(%)	7.57	9.08	17.28
ROCE	(%)	8.23	9.08	4.49
Total Debt/Tangible Net Worth	Times	0.95	1.11	1.26
PBDIT/Interest	Times	2.94	2.73	15.88
Total Debt/PBDIT	Times	2.85	2.92	9.88
Gross Current Assets (Days)	Days	138	111	80

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

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Entities in Service sector - <https://www.acuite.in/view-rating-criteria-8.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.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. Crore)	Ratings/Outlook
26-Jul-2018	Term Loan	Long term	INR 3.33	ACUITE D (Indicative)
	Term Loan	Long term	INR 2.77	ACUITE D (Indicative)
	Secured Overdraft	Long term	INR 1.05	ACUITE D (Indicative)
	Proposed Bank Facility	Short term	INR 1.09	ACUITE D (Indicative)
26-Apr-2017	Term Loan	Long term	INR 3.33	ACUITE D (Assigned)
	Term Loan	Long term	INR 2.77	ACUITE D (Assigned)
	Secured Overdraft	Long term	INR 1.05	ACUITE D (Assigned)
	Proposed Bank Facility	Short term	INR 1.09	ACUITE D (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term Loan	Not Applicable	Not Applicable	Not Applicable	1.90	ACUITE B+/ Stable (Upgraded from ACUITE D)
Term Loan	Not Applicable	Not Applicable	Not Applicable	1.65	ACUITE B+/ Stable (Upgraded from ACUITE D)
Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	1.05	ACUITE B+/ Stable (Upgraded from ACUITE D)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	3.64	ACUITE B+/ Stable (Upgraded from ACUITE D)

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About Acuité Ratings & Research:

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