



Rating Rationale

14 July 2020

JECRC University

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 70 Crs. of JECRC University

Particulars

Facility**	Amount rated (₹ Crs)	Tenure	Rating Assigned*
Fund Based	70.00	Long Term	BWR BBB-Stable
Total	70.00	INR Seventy Crores Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

**Details of Bank facilities is provided in Annexure-I

RATING ACTION :

BWR has assigned a long term rating of **BWR BBB- (stable)**.

The ratings take into consideration the extensive experience of the promoters, Mr. OP Agarwal and Mr. ML Sharma , who are well qualified and have more than 2 decades of experience in running the educational institutes , established track record of the institution for the last 8 years, prime and well connected campus location and diversified courses being offered. However, the rating is constrained due to intense competition among private universities, high degree of regulation in the education industry and low enrollment & placement rate.

For assigning the rating ,BWR has relied upon the last 3 years of Audited Financials till FY19, provisional financials of FY20 and projected financials of FY21-FY22 , publicly available information and clarification provided by management.

KEY RATING DRIVERS

Rating Strengths

- **Experienced Society Members:-** The promoters, Mr. OP Agarwal and Mr. ML Sharma are well qualified and have more than 2 decades of experiences in running the educational institutes offering various courses.Further they are assisted by a team of highly educated & experienced professionals.
- **Established Brand name with long operational track record:-** The JECRC University is a prominent private university in the state of Rajasthan with an established track record of 8 years. The university is also accredited by the National Assessment and



Accreditation Council (NAAC) with grade 'B'. The university has collaborations with several reputed industry players. like Tech Mahindra, TCS, IBM, EC Council, ASSOCHAM, Xebia, Samatrix, Automation Anywhere, UiPath, Adobe etc. .

- **Well established infrastructure**:- The university campus is spread across 32-acres and is located around the prime industrial and institutional hub of Jaipur and is well connected with all parts of the city. In addition to the well-established basic infrastructure, the various facilities offered include hostels, computer centers, conference halls, well stocked libraries, sports grounds, etc. The university also has in place the necessary infrastructure like labs, software etc. for research activities.
- **Moderate Financial Risk profile** : In FY20 (on a provisional basis) , the institution's TNW stood at Rs. 74.39 Crs with debt protection metrics viz. ISCR and DSCR at 1.89x and 1.09x respectively, operating profit margin of 44.77% and a gearing (Total Debt/ TNW) of 1.16x. The total number of students for the academic session 2019-20 were 5304 s as compared to 4429 for 2018-19.

Rating Weaknesses:

- **High degree of regulation in the education industry**: Education is governed at both the Central and State levels, and continues to be regulated by various authorities.
- **Exposure to intense competition**: JECRC University faces intense competition from other professional colleges/universities in Rajasthan. Sustained inflow of students to the university depends to a large extent on the trust's ability to provide placements to the students and to offer quality education through continuous infrastructure development. There is also a lower demand for the engineering and management courses due to high competition and rising unemployment. This is partially offset by the trust's ability to offer courses other than engineering and management, which has led to sustained growth in a competitive market scenario over the past three years.
- **Low Enrollment and placement Rate**: The gross enrollment rate of the university has been just around 40% for the last 3 years. However, the student strength is consistently increasing Y-O-Y basis owing to almost double the number of applications received against the approved intake, with the current strength of the university standing at around 5,300.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA : BWR has assessed the company on a standalone basis. Please refer to the applicable criteria at the end.



RATING SENSITIVITIES

Positive: BWR may revise the ratings upward, if the company's Scale of Operations , Net profit , EBITDA improves as compared to the present level.

Negative: BWR may revise the ratings downwards, if the company's scale of Operations , Cash flow from operations ,Net profit and EBITDA margins deteriorates .

Liquidity Analysis (Adequate) :- The company's repayment will start from July , 2020. The entity's projected internal cash accrual is Rs. 16.49 Crs in FY21 with a committed repayment obligation of Rs. 8.00 Crs for the year and Rs. 21.92 with a CPLTD of Rs. 12.75 Crs in FY22. The projected cash accruals are in line with the past trend.

About the Society:- JECRC University was established and Incorporated in May, 2012 as State Private University vide JECRC University Act (Act 15/2012 of Rajasthan State Legislature) & notification No. F.2(23) Vidhi/2/2012 gets approval from UGC. The University is approved by the UGC u/s 2(f) of the UGC Act 1956, with the right to confer degree u/s 22(1) of the UGC Act and included in the UGC list of approved Universities vide UGC letter No 8-23/2012(CPP-I/PU) dated 8th Jan 2013. The campus is located at Plot No.IS-2036 to 2039, Ramchandrapura Industrial Area, Vidhani, Sitapura Extension, Jaipur - 303905 Rajasthan, India.Its a standalone private university & there is no other institution under the ambit of the university. The institution imparts in the following disciplines , such as, B.Tech, M.Tech, BCA ,BA , MCA, B.Sc., M.Sc, M.Sc , BA in Journalism & Mass Comm., BBA, BBA-KCAP, MBA, B.Com,B.Com -KCAP,Bachelor of Hotel Management And Catering Tech., B.Sc Hospitality & Hotel Management, Bachelor of Visual Art,B.Des Fashion Design,Integrated Law, LL.M, Ph.D. The university has a NAAC "B" accreditation with an institutional CGPA 2.4 valid till 01st July, 2025.

KEY FINANCIAL INDICATORS (in ₹ Cr)

Key Parameters	Units	2019	2020
Result Type		Audited	Prov.
Operating Revenue	₹ Cr	64.16	63.22
EBITDA	₹ Cr	25.19	28.30
PAT	₹ Cr	4.11	4.21
Tangible Net worth	₹ Cr	70.17	74.39
Total Debt / TNW	Times	1.16	1.16
Current Ratio	Times	0.04	0.13

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED -There are no Key covenants

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY - Not Applicable

Rating History for last 3 years (including withdrawn/suspended)

S L N o	Instrum ent /Facility	Current Rating (July, 2020)				Rating History		
		Type (Lon g Term / Short Term)	Amount (₹ Crs)	Rating	2019	2018	2017	
1	Bank Loan	FB	Long Term	70.00	BWR BBB- Stable	--	--	--
	Total			70.00	INR Seventy Crores Only			

Status of non-cooperation with previous CRA (if applicable)- Not Applicable
Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Services Sector](#)
- [Short Term Debt](#)

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ANNEXURE I

Details of Bank Facilities rated by BWR

Sl.No.	Name of the Bank/ Lender	Type of Facilities	Long Term [₹ Cr]	Short Term [₹ Cr]	Total [₹ Cr]
1	Tourism Finance Corporation of India Limited	Term Loan	70.00	-	70.00
TOTAL					70.00

Total INR Seventy Crores Only



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About Brickwork Ratings :Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner. BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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