



## Rating Rationale

### Jaipur National University

25 November 2021

**Brickwork Ratings Upgrades the rating from BWR BBB+ (stable) to BWR A- (stable) for the Bank Loan Facilities of Rs 95.41 Crs of Jaipur National University.**

#### Particulars

Facility**	Amount (Rs in Crs)		Tenure	Rating*	
	Previous	Present		Previous (04-Aug-2020)	Present
<b>Fund Based</b>	222.71	<b>65.76</b>	<b>Long Term</b>	BWR BBB+ (Stable) (Reaffirmation)	<b>BWR A- (Stable) (Upgrade)</b>
<b>Non Fund Based</b>	9.65	<b>29.65</b>			
<b>Total</b>	232.36	<b>95.41</b>	<b>Rupees Ninety Five Crores and Forty One lakhs Only</b>		

\* Please refer to the BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for the definition of the ratings.

\*\* Details of bank facilities are mentioned in Annexure-I.

#### RATING ACTION / OUTLOOK

Brickwork Ratings (BWR) upgrades the long-term rating from BWR BBB+ (Stable) to BWR A- (Stable) for the bank loan facilities of Rs. 95.41 crores of Jaipur National University (JNU).

The rating upgradation factors in the remarkable improvement in JNU's credit profile vis-a-vis improved profitability margins, strong cash accruals enabling prepayment of debt and overall improved profile via addition of revenue accretive courses such as Bachelor of Medicine and Bachelor of Surgery program. The ratings continue to benefit from University's experienced management and established operational track record, stable performance in FY20 & FY21 despite of Covid 19, improved EBITDA in FY20 & FY21 (audited financials), strong liquidity position and improved gearing ratios.

#### KEY RATING DRIVERS

BWR has principally relied on audited financials upto FY21, projections upto FY23, publicly available information and information/clarification provided by the management.

### Credit Strengths:

- **Experienced Management:** Management team at JNU has extensive experience in the field of education and has been associated with different streams of education for several years. In the year 1986, Dr Sandeep Bakshi presently chancellor of the university formed trust named Mahima Shiksha Samiti which established several educational institutes named Seedling Schools, Seedling Academy of Design, Technology and Management, Seedling institute for integrated learning and advance studies and later in the year 2007 formed Jaipur National University.
- **Growth in operating receipts and comfortable cash surplus:** Operating receipts of the JNU has been growing at a CAGR of 18.87% through FY18 to FY21. During FY20,, Total operating receipts was Rs. 214.36 Crs and for FY21 it is Rs 234.65. Growth can be seen in the operating revenue, EBIDTA & PAT on a y-o-y basis. During FY21, Entity reported cash accruals of Rs 104.24 Crs. JNU's EBITDA margins improved to 49.89% in FY21 from 45.20% in FY20.
- **Debt Prepayment:** JNU has repaid/prepaid term loans worth Rs. 100 Cr out of the cash surplus in FY22. JNU's gearing has improved from 1.99x in FY20 to 2.53x in FY21. JNU's ISCR ratio has improved to 7.10x in FY21 from 4.13x in FY20.
- **Sound Market Demand:** JNU has received approval from MCI for taking admissions in MBBS course with intake capacity of 150 students for the academic session 2021-22 as well. University also received approval for 25 new courses for the academic session 2021-22 which will further improve the university's receipts. Also, the hospital has increased its operating bed capacity up to 800 beds, Operation Theaters to 12 and OPD chambers to 48 (no). Hospital is also planning to establish the cancer center Since its 1<sup>st</sup> batch in 2016, JNU is in continuous process of expansion. JNU benefits on account of demand-supply gap Of medical colleges.

### Credit Risks :

- **Regulatory guidelines and geographical concentration of revenue:** As the entity runs hospitals, medical, nursing and paramedical college, business is subject to various regulatory requirements, limited control over fee hike & admission intake which limits the scale to an extent and geographical concentration of revenue are some of the challenges for the business.
- **Exposure to intense competition:** Intense competition from other professional colleges/universities. 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.



- **Delay in NABH accreditation:** Hospital unit of JNU applied for National Accreditation Board for Hospitals and Healthcare Providers accreditation in June, 2019 and the assessment completed by Heart Outcomes Prevention Evaluation in October, 2021. Due to Covid-19 pandemic, the assessment got postponed. Official result and NABH certificate are still awaited.

## **ANALYTICAL APPROACH**

BWR has factored in the standalone business parameters and financial risk profile of the University to arrive at the rating. Reference may be made to the detailed Rating Criteria hyperlinked below (hyperlinks provided at the end of this rationale).

## **RATING SENSITIVITIES**

**Upward:** The outlook may be revised to positive or the rating may be upgraded if there is sustained improvement in the scale of operations and financial risk profile.

**Downward:** BWR may revise the ratings downwards if the University achieves notably lower revenue than expected and deterioration in debt protection metrics and liquidity.

## **LIQUIDITY POSITION (Strong) :**

Current ratio stood at 1.96x (in FY21) from 1.55x in FY20. JNU also has cash & equivalents of Rs 75.68cr as of 31 March 2021 as against the current portion of LT debt of Rs 7cr. JNU had cash and cash equivalents of Rs 75.68 Crs for FY21 includes Rs 35.45 Crs as fixed deposits out of which Rs 30.87 Crs held in own name and remaining Rs 4.59 Crs pledged with govt departments, pledged with banks for bank guarantee and pledged with bank for overdraft. JNU has fully repaid its PNB TL and UBI TL principal repayment has also been made till September, 22 out of its cash surplus. Also, the client has also closed the OD limit with PNB. Net cash accrual for FY 20 was Rs. 77.89 crs and Rs. 104.24 cr for FY21.

## **UNIVERSITY PROFILE**

Jaipur National University (JNU) is an educational University based in Jaipur, Rajasthan. JNU is a private university approved by Govt. of Rajasthan and University Grant Commission and sponsored by Mahima Shiksha Trust, which was formed by Late (Mrs.) Mohini Bakshi & Dr. Sandeep Bakshi. JNU provides courses in diversified fields like management, engineering, nursing, media, language and many more. JNU also forayed into medical education by establishing its medical college & hospital and received approval from MCI for taking admission in MBBS courses.

## KEY FINANCIAL INDICATORS

Key Parameters	Units	FY20	FY21
<b>Result Type</b>		<b>Audited</b>	<b>Audited</b>
<b>Total Operating Receipt</b>	<b>Rs.in Crs</b>	214.36	234.65
<b>OSBDIT</b>	<b>Rs.in Crs</b>	96.89	117.08
<b>SAT</b>	<b>Rs.in Crs</b>	35.52	63.59
<b>Tangible Net Worth (TNW)</b>	<b>Rs.in Crs</b>	158.75	223.02
<b>Total Debt/TNW</b>	<b>Times</b>	1.40	0.70
<b>Current Ratio</b>	<b>Times</b>	1.55	1.96
<b>ISCR</b>	<b>Times</b>	4.13	7.10
<b>DSCR</b>	<b>Times</b>	1.99	2.53

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED : NA**

**NON-COOPERATION WITH PREVIOUS RATING AGENCY: NA**

## RATING HISTORY FOR THE LAST 3 YEARS (INCLUDING WITHDRAWN/SUSPENDED)

Facilities Availed	Current Rating (2021)			2020		2019		2018	2017	
	Tenure	Amount (In Crs)	Rating	Date	Rating	Date	Rating		Date	Rating
Fund Based (FB)	Long Term	65.76	BWR A- (Stable) (Upgrade)	4Aug 2020	BWR BBB+ (Stable) (Reaffirmation)	2May 2019	BWR BBB+ (Stable) (Reaffirmation)	-	19Dec 2017	BWR BBB+ (Stable) (Assignment)
Non-Fund Based (NFB)	Long Term	29.65	BWR A- (Stable) (Upgrade)	4Aug 2020	BWR BBB+ (Stable) (Reaffirmation)	2May 2019	BWR BBB+ (Stable) (Reaffirmation)	-	19Dec 2017	BWR BBB+ (Stable) (Assignment)
<b>Total</b>		<b>95.41</b>	<b>Rupees Ninety Five Crores and Forty One lakhs Only</b>							

Note: Rating was moved to Not Reviewed Advisory on 20 Mar, 2019, 04 May, 2020 & 05 Aug, 2021. And last rating advisory was published 24 Sept, 2021

### COMPLEXITY LEVELS OF THE INSTRUMENTS (Simple)

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com / download / ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf).

#### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Education Sector](#)

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### Jaipur National University

#### ANNEXURE I

#### Details of Bank Facilities rated by BWR

S. No.	Name of the Bank/Lender	Type of Facilities	Long Term (Rs.Crs)	Short Term (Rs.Crs)	Total (Rs.Crs)
1.	Punjab National Bank	BG ILC/FLC	19.65 (10.00)	-	19.65
2.	Union Bank of India	Term Loan BG (Proposed)	65.76 10.00	-	75.76
	<b>TOTAL</b>				<b>95.41</b>
	<b>Rupees Ninety Five Crores and Forty One lakhs Only</b>				



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