

Jaypee Institute of Information Technology Society

March 18, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	55.32	CARE BBB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of the rating assigned to the long-term bank facilities of Jaypee Institute of Information Technology Society (JIITS) continues to consider the established track record of operations of the society, healthy enrolment ratio and its comfortable financial risk profile characterized by healthy capital structure and debt service coverage indicators. However, the ratings are constrained on account of modest scale of operations of the society along with weak credit profile of Jaypee group, competition from established and upcoming educational institutes and regulatory risks in the education sector in India.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustainable improvement in scale of operations beyond Rs. 200 crore on sustained basis
- Sustainable improvement in SBILDT margins above 35%

Negative factors

- Decline in student strength below 4,500 students adversely affecting the scale and surplus margin.
- Deterioration in capital structure leading to overall gearing above 0.75x.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects that the rated entity is likely to maintain healthy enrolment ratio culminating into stable revenues with adequate liquidity.

Detailed description of the key rating drivers:

Key strengths

Established track record of operations of the society.

JIITS was established in 2001 with an institute in Sector-62, Noida offering education in Engineering and Management programs. During 2004, it became deemed university under Section 3 of UGC Act 1965. With an increase in quality of education and demand of JIITS offered courses, it has further expanded in 2009 with another institute in Sec-128, Noida offering education in Engineering. JIIT has established itself as a leading engineering college in National Capital Region. For the academic session (AY) 2023-24, JIITS had strength of 5,317 students in various Graduate, Postgraduate and Doctorial Programs.

High enrolment ratio and good placement track record

JIITS has sanctioned annual intake of about 1,620 students, of which sanctioned intake for the flagship B. Tech course is 1230 students (1,215 students admitted in AY24, 1,053 admitted in AY23). Due to its quality education and consistent placement track record, JIITS continues to have high enrolment (90% in AY24 as against 73% in AY23) and is able to increase the fee as well, without substantially impacting the number of enrolments.

Comfortable financial risk profile

The financial risk profile has continued to remain comfortable on account of low overall gearing, comfortable interest coverage, total debt/GCA and healthy liquidity. The overall gearing for JIITS remains comfortable at 0.27x as on March 31, 2023 (PY: 0.40x).

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

as on March 31, 2022). The same improved on account of decline in the total debt of the society vis-à-vis an increase in the corpus funds.

The society's interest coverage ratio stood healthy at 4.14 times (PY: 0.58 times) improved mainly on account of improvement in the operating profit and Total debt/GCA stood at 2.05 times as on March 31, 2023 (PY: 10.69 times). Free Cash and bank balance of JIITS as on March 31, 2023, stood at Rs. 54.89 crore as against Rs. 44.01 crores as on March 31, 2022. No major capex is planned by JIITS apart from regular upgradation and maintenance and the same is funded entirely through internal accruals.

Key weaknesses

Modest scale of operations of the society along with moderate profitability

The total operating income of the society has improved to Rs. 160.59 crores during FY23 as compared to Rs. 107.20 crores in FY22 mainly on account of improvement in fee collection post-covid induced lockdown where the colleges were closed which led to reduction in revenue in FY21 and FY22. The total revenue of the society primarily includes tuition fee of Rs. 90.58 crore in FY23 (PY: 79.49 crore). The tuition fees collected from the students increased coupled with increase in student strength from 5174 students in AY23 to 5790 students in AY24. The hostel fees and development fees also increased in FY23 due to opening of colleges post COVID from Rs 11.80 crore in FY22 to Rs 34.26 crore in FY23. As a covid-19 relief, the hostel and development fee were reduced by the society by 50% for the academic year 2020-21 and 2021-22 which resulted in the reduction in the fee collection for both the years. However, the same is restored during current year.

The SBILD margin of the society improved to 33.71% during FY23 (PY: 15.75%). The improvement in the margins is on account of increase in the scale of operations since the schools reopened after COVID lockdown. During the COVID lockdown, there was a reduction in the development fees by 50% for AY21 and AY22 which hampered the revenue for society. The same was charged fully from AY23.

Weak credit profile of Jaypee group and Jaiprakash Sewa Sansthan

JIITS is a part of Jaypee Group and was incorporated by JSS as a sponsor trust in the year 2001 and later declared as independent deemed university in the year 2004. During the initial year of JIITS, JSS supported the University in setting up the infrastructure. There has been deterioration in the financial risk profile of Jaypee Group due to weakened financial risk profile of Jaypee Associates Limited (JAL) and its key subsidiaries. Also, JIITS' sponsor trust JSS has substantial dependence on donations from Jaypee group. However, JIITS does not have direct financial dependence upon JSS or Jaypee group for operations and its debt servicing and has comfortable solvency and debt coverage ratios.

Competition from established and upcoming educational institutes

The growth in private schools and universities providing higher education has been significant over the recent years. The selection for engineering students at the national level is done through a common entrance test, Joint Entrance Examination (JEE) based on which seats are allocated to various engineering colleges comprising IITs, NITs, and State Engineering Colleges as well other participating institutions. Thus, JIITS faces competition to get quality students from top colleges in India. Also, in the management courses, standing of JIIT is relatively moderate, which has also impacted student enrolment in MBA course over the last few years.

Liquidity: Adequate

The liquidity of the society is adequate as marked by sufficient cash accruals vis-à-vis lower repayment obligation of ~Rs 10 crore in FY24 against expected cash accruals of ~Rs. 40 crores in FY24. The society has sufficient cash and cash equivalents of Rs. 54.89 crore in as on March 31, 2023 (PY: Rs. 44.01 crore). Being in the education industry the society has negative operating cycle of -11 days in FY23 as against -10 days in FY22. The current ratio of the society remains comfortable at 3.31x as on March 31, 2023.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Education](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Consumer Services	Other Consumer Services	Education

Jaypee Institute of Information Technology Society (JIITS) is a part of the Jaypee group with Jaiprakash Sewa Sansthan (JSS) as its sponsor Trust. JIITS provides engineering and management courses through its two institutes (Jaypee Institute of Information Technology; JIIT) located in sector 62 and sector 128 of Noida, Uttar Pradesh. In the two institutes under JIITS, the institutes have total student strength of 5,317 in academic year 2023 (PY: 5,174 students) in various undergraduate, post graduate and doctoral programs.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	9MFY24(UA)
Total operating income	107.20	160.59	167.01
PBILDT	16.89	54.14	NA
PAT	3.91	44.49	NA
Overall gearing (times)	0.40	0.27	NA
Interest coverage (times)	2.82	9.72	NA

A: Audited UA: Unaudited NA: Not Available; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	November 2028	55.32	CARE BBB-; Stable

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term Loan	LT	55.32	CARE BBB-; Stable	-	1)CARE BBB-; Stable (22-Mar-23)	1)CARE BBB-; Stable (11-Mar-22)	1)CARE BBB-; Stable (30-Mar-21) 2)CARE BBB-; Stable (04-May-20)
2	Fund-based - ST-Bank Overdraft	ST	-	-	-	-	-	1)Withdrawn (04-May-20)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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