

## Jagannath Institute for Technology and Management

January 09, 2025

Facilities	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	69.67 (Enhanced from 59.40)	CARE BB+; Stable	Reaffirmed

Details of facilities in Annexure-1.

### Rationale and key rating drivers

The rating assigned to the bank facilities of Jagannath Institute for Technology and Management (JITM) continues to remain constrained by its debt funded capital expenditure for setting up of educational infrastructure, elongated collection period on account of collection structure and intense competition and regulated nature of the industry.

The rating, however, derives strength from experienced management team with long track record in education industry, status of private University with diverse course offering and experienced faculty with satisfactory student-faculty ratio. The rating also takes into consideration the improvement in financial performance in FY24 (refers to the period April 1 to March 31) albeit low operating margin compared to earlier years and satisfactory capital structure with improvement in debt protection metrics.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Improvement in SBILDT (Surplus before interest, lease, depreciation and tax) margin above 25% on a sustained basis.
- Improvement in debt protection metrics marked by TD/GCA below 4.00x on a sustained basis.

#### Negative factors

- Reduction in enrolments thereby resulting in revenue below ₹50 crore and SBILDT margin going below 15% on a sustained basis.
- Debt laden capex resulting in TD/GCA of more than 8x and overall gearing ratio of more than 1x on a sustained basis.

### Analytical approach: Standalone

#### Outlook: Stable

CARE Ratings believes that the entity shall sustain its moderate financial performance, with ongoing capex not having significant impact on the credit risk profile over the medium term.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Debt funded capital expenditure for setting up of educational infrastructure

The trust has continued to invest in infrastructure towards hostel and academic blocks, along with modernization and development of ancillary infrastructure. Currently, the trust is undertaking capital expenditure for the School of Veterinary amounting to ₹32 crore (revised from ₹27 crore) which is expected to be funded out of term loan of ₹17 crore (already sanctioned) and balance out of internal accruals. The trust has drawn term loan amounting to ₹10 crore till November 30, 2024 and given sufficient accruals, the management will decide on whether to draw down the balance term loan or fund it through internal accruals. The trust has already expended ₹15 crore till November 30, 2024, and balance amount is expected to be expended over a period of two-three years.

Apart from the cost to be incurred on the veterinary school, the trust expects to incur around ₹5 crore of additional capex in all campuses each year.

##### Elongated collection period on account of collection structure

The tuition fees for the courses are collected in two instalments during the academic year from July to June. The first instalment of 50% is due in June and July, while the second instalment of 50% is due in January and February. Every year, around 20% of the student pay the instalment due in January-February in the months of April-May. This results in higher year-end receivables, leading to average collection period of 124 days in FY24.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

### **Intense competition and regulated nature of the industry**

Despite the increasing trend of privatization of education sector in India, regulatory challenges continue to pose a significant risk to private educational institutions as they are highly susceptible to changes in regulatory framework. Centurian University of Technology and Management (CUTM), although a private university, is required to follow regulations regarding course offerings, curriculum, examinations, seat allocation, selection criteria, etc. The affiliations have to be renewed each year and delay in doing so might affect execution of expansion plans. This limits the scope of these colleges and schools in terms of growth in capacity and therefore its revenue.

### **Key strengths**

#### **Long operational track record with experienced management team**

The trustees, Professor Mukti Kanta Mishra and Professor D.N. Rao have over 25 years of experience in the education and development sectors, and a vast network across NGOs and gram panchayats. The trust carries out skill programs, bringing in industry partnerships for joint skill programs, qualification pack (QP)/national occupational standards (NOS) alignment with sector skill councils (SSCs) & skills integration with CUTM program implementation such as mobilization, centre setup, training, placement, post placement support, etc.

#### **Status of private University with diverse course offering**

CUTM, a private state university, was formed by an Act of the Odisha Legislative Assembly in 2010. The status of being a private university makes the management relatively free to take vital decisions like curriculum, fees, capacity, etc.

JITM manages four colleges and offers engineering, management, commerce, mass media, pharmacy, agriculture & bioengineering, fishery, veterinary and polytechnic courses. All the courses are affiliated to CUTM.

#### **Experienced faculty and satisfactory student-faculty ratio**

There are 512 teaching staff at JITM across different streams. The faculties are alumni of reputed educational institutes and are well experienced in their respective fields of study. The institute has a stringent faculty selection criterion, and a minimum of master's degree is required to apply for a position. The student-faculty ratio remained moderate at 18:1 in FY24.

#### **Improved financial performance in FY24 albeit low operating margin compared to earlier years**

The total operating income (TOI) of the trust has improved from ₹89.78 crore in FY23 to ₹101.57 crore in FY24 on account increased enrolment of students during the year along with increase in fees structure. The SBILDT margin witnessed improvement from 16.48% in FY23 to 23.24% in FY24 in line with increase in TOI and on account of better absorption of fixed costs and reduction in certain expenses. However, same continued to remain low as compared to earlier years. Furthermore, SAT margin has also improved from 1.63% in FY23 to 8.40% in FY24 in line with increase in SBILDT margin along with reduction in interest cost.

During H1FY25, the trust reported a revenue of ₹107.66 crore as against ₹94.15 crore in H1FY24.

#### **Satisfactory capital structure with improvement in debt protection metrics**

The trust's capital structure stood satisfactory, marked by an overall gearing of 0.64x as on March 31, 2024 (0.72x as on March 31, 2023) with high reliance on external debt. Its debt profile largely comprises of term debt. The improvement in capital structure is on account of profit accretion to reserves and repayment of term debt.

Debt coverage indicators witnessed improvement in FY24, marked by improvement in TDGCA from 7.77x as on March 31, 2023 to 3.50x as on March 31, 2024 backed by improvement in GCA. The PBILDT interest coverage also witnessed improvement from 2.31x in FY23 to 4.39x in FY24.

### **Liquidity: Adequate**

The liquidity profile of the trust is adequate marked by the Trust earning GCA of ₹19.15 crore as against debt repayment obligations of around ₹4.62 crore in FY24. Cash and bank balance as on March 31, 2024, stood at ₹22.01 crore. As on September 30, 2024, the free cash and bank balance stood at ₹21.64 crore. Current Ratio stood at 1.94 times as on March 31, 2024.

Furthermore, the average utilisation of the working capital limit of the trust has been around 70% as confirmed by the lender. During FY25, the trust has a repayment obligation of ₹5.66 crore against which they are expected to generate sufficient cash accruals given the healthy enrolment rate and steady collections.

Also, the trust is undertaking capex of around ₹32 crore, which is expected to be funded out of debt of ₹17 crore of debt and remaining through internal accruals and available cash balance.

## 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

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Services	Other Consumer Services	Education

CUTM, a private State university, was formed by an Act of the Odisha Legislative Assembly in 2010. The university includes School of Management, School of Engineering & Technology, School of Vocational Education and Training, School of Architecture Planning & Design, School of Applied Science, School of Humanities & Social Science, MS Swaminathan School of Agriculture, School of Media Communication, School of Mines, School of Pharmacy & Life Sciences, School of Paramedics and Allied Health Service, Institute of Knowledge and Societies and PhD courses.

JITM was set up in 1997 as a non-profit organisation. The present trustees Prof. (Dr) Mukti K. Mishra and Prof. Dechiraju Narasimha Rao took over its management in 2006. JITM has an engineering college, which is a constituent of CUTM. The trust also operates three schools affiliated to the Central Board of School Education (CBSE), three junior science colleges affiliated to Council of Higher Secondary Education (CHSE), Odisha, and Industrial Training Institutes at Parlakhemundi, Rayagada, Bolangir and Chatrapur.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	89.78	101.57	107.66
PBILDT	14.79	23.61	NA
PAT	1.46	8.53	NA
Overall gearing (times)	0.72	0.64	NA
Interest coverage (times)	2.31	4.39	NA

A: Audited; UA: Unaudited; NA: Not Available; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** CRISIL has continued the rating of JITM under issuer not cooperating on account of unavailability of information vide press release dated Dec 19, 2023.

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	31/03/2038	69.67	CARE BB+; Stable

**Annexure-2: Rating history for 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 2024-2025	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
1	Fund-based - LT-Term Loan	LT	69.67	CARE BB+; Stable	-	1)CARE BB+; Stable (27-Mar-24)	1)CARE BBB-; Stable (14-Mar-23)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (07-Mar-22)

\*Issuer did not cooperate; based on best available information.

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

**Annexure-3: Detailed explanation of covenants of rated facilities:** Not Applicable**Annexure-4: Complexity level of 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 complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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### About us:

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