

February 25, 2025

Shri Vile Parle Kelavani Mandal: Ratings reaffirmed and removed from Rating Watch with Negative Implications; Stable outlook assigned; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund-based – term loan	1,096.93	1,868.00	[ICRA]AA-(Stable); Rating reaffirmed and removed from Rating Watch with Negative Implications; Stable outlook assigned; assigned for enhanced amount
Long-term fund-based – cash credit	40.00	0.00	-
Short-term fund-based – overdraft	228.60	262.60	[ICRA]A1+; Rating reaffirmed and removed from Rating Watch with Negative Implications; assigned for enhanced amount
Long-term/ short-term – unallocated	0.47	5.40	[ICRA]AA-(Stable)/[ICRA]A1+; Ratings reaffirmed and removed from Rating Watch with Negative Implications; Stable outlook assigned for the long-term rating; assigned for enhanced amount
Total	1,366.00	2,136.00	

*Instrument details are provided in Annexure I

Rationale

ICRA has removed the rating from Watch with Negative Implications while reaffirming the Stable rating outlook for the bank limits of Shri Vile Parle Kelavani Mandal (SVKM/trust) on account of resumption of its distance/online learning courses from August 2024. The ratings were earlier placed under Watch with Negative Implications after the trust's Narsee Monjee Institute of Management Studies (NMIMS) was debarred by the University Grants Commission (UGC) from conducting distance learning courses for academic sessions January-February 2023, July-August 2023, and January-February 2024, citing non-adherence to regulations. The revenue from distance/online learning courses generated around 30% of the trust's revenue in FY2023 with healthy surplus margins. Subsequently, after submitting the compliance report, the trust received approval from the UGC, following which it started offering distance/online learning courses once again from August 2024. Despite a degrowth of ~11% on account of the temporary ban on online courses, ICRA notes that the trust's overall revenue had remained healthy in FY2024 at ~Rs. 1,867 crore with healthy operating surplus, thereby maintaining comfortable debt coverage metrics.

The ratings continue to derive comfort from the experienced management of SVKM, its wide and established track record of over eight decades via 77 institutions as well as the strong reputation enjoyed by the flagship institutions operating under its aegis. Aided by the addition of new campuses and courses, increasing student strength, as well as fee revisions, the trust's revenues have witnessed a healthy growth during the last five years till FY2023. In FY2024, its revenues were, however, impacted by the temporary ban on its online courses, which was later resumed from August 2024 onwards. Going forward, with the ramp up of revenues from online courses, and incremental revenues from new campuses/courses, the trust's total income is expected to increase from FY2025. The trust has been able to maintain healthy operating surplus margin (OSM) of 45-50% during FY2021-FY2024, which is likely to continue in the near term as well. The financial profile of the trust remains strong, marked by low gearing and comfortable coverage indicators; and ICRA expects the interest coverage metrics to remain above 9.0 times over the medium term. ICRA also notes that the non-affiliated, self-financed status of NMIMS as a deemed-to-be-university provides strong operational and financial flexibility with respect to student intake capacity, addition of new courses, course content, and fee structure.

The long-term rating is, however, constrained by SVKM's high reliance on a few flagship courses of the NMIMS's Mumbai campus, which accounts for ~30-40% of the trust's revenues and majority of its operating surplus. During FY2020-FY2024, the trust had incurred significant debt-funded capital expenditure (capex) towards setting up new campuses/institutes and for

upgrading its existing facilities. Of these new campuses, those at Indore and Chandigarh are yet to achieve break-even and remain a drag on overall operating surplus. ICRA notes that SVKM is entering into a new segment with a new medical college cum hospital in Shirpur, Maharashtra; and the ability of the trust to scale up the new ventures' profitability remains critical from its credit perspective. Notable capex is expected to continue over the medium term towards new institutes, addition of courses and upgradation of facilities. The quantum and funding mix of these investments as well as timely stabilisation of new campuses would be the key rating monitorables. The ratings also consider the significant competition in the higher education sector, which continues to put pressure on attracting quality students and talented faculty members. The trust is also exposed to significant regulatory risks associated with stringent compliance requirements as the education sector is highly regulated in India.

The Stable outlook reflects ICRA's opinion that the trust should continue to witness healthy enrolments across key courses, aided by its strong brand name, leading to healthy revenue and surplus generation. ICRA expects the trust to fund its capex through a prudent mix of debt and internal accruals, which in turn will provide adequate support to its credit metrics.

Key rating drivers and their description

Credit strengths

Established and long track record of the trust in the Indian education sector – Established in 1934, SVKM has been operating for over eight decades and offers courses from pre-primary school to post graduation in the fields of management, engineering, commerce, economics, science, law, arts, pharmacy, architecture, and polytechnic, among others. It operates ~77 institutes, including the deemed-to-be-university, NMIMS, through campuses across Mumbai, Shirpur, Dhule, Navi Mumbai (Maharashtra), Bengaluru (Karnataka), Hyderabad, Jadcherla (Telangana), Indore (Madhya Pradesh) and Chandigarh. SVKM's established position in the market was reflected in its high student strength of 1,26,689 in AY2023-24. The current President and Chancellor of SVKM, Mr. Amrish R Patel, is a Member of the Legislative Assembly, Shirpur (Maharashtra). He is assisted by the Vice Chancellor, Pro Vice Chancellors, and a leadership team (including directors of various campuses), who have vast experience in the education sector.

Operational and financial flexibility derived by self-financed deemed-to-be university status of NMIMS – While NMIMS was established in 1981, it was granted a deemed-to-be-university status in 2003. The status imparts significant autonomy across student intake capacity, course content, addition of courses and fee structure. NMIMS remains the growth driver of the trust, accounting for 90% and 95% of the revenues and operating surplus (excluding development fees), respectively, in FY2024.

Reputed brand with healthy enrolment levels: NMIMS, the flagship institution of the trust, has a strong brand equity, with its recognition as a Category-1 institution by the UGC and A+ accreditation by the National Assessment and Accreditation Council (NAAC). NMIMS's flagship institute, School of Business Management (Mumbai), has been ranked among the top B-schools in India and was in the 21st position in the National Institution Ranking Framework (NIRF) for 2024, conducted by the Ministry of Human Resource Development (MHRD). NMIMS' strong brand position is also reflected in its student strength of 92,685 in AY2023-24 against 117,140 in AY2022-23. The student strength declined in AY2024 due to the temporary ban by the UGC on online courses. These courses were, however, resumed from August 2024, which would result in higher student intake from AY2025.

Comfortable financial risk profile – SVKM's revenues witnessed a healthy CAGR of more than 20% during the last six years ended in FY2024 to Rs. 1,867.8 crore, supported by increasing student intake for existing courses, addition of new campuses and courses, and fee revision across major surplus-generating courses. The OSM, along with an increase in revenues, remained healthy in the range of 45-50% in the last five fiscals, which is likely to remain healthy in the near term as well. The financial risk profile of SVKM remains comfortable with moderate gearing and comfortable coverage indicators. Despite incurring large and partly debt-funded capex in the last five fiscals, the gearing stood comfortable at ~0.3 times in FY2024, given the healthy net worth position and strong accretion to reserves. The interest coverage ratio and debt service coverage ratio (DSCR) remained healthy at 14 times and 4.4 times, respectively, in FY2024. Going forward, despite SVKM's large capex plans, a prudent funding mix and healthy surplus generation would keep its overall financial profile strong.

Credit challenges

Exposed to execution risks with ongoing large debt-funded capex plans – SVKM had incurred large debt-funded capex in the last five years on upgradation of its existing facilities to accommodate the student intake and for establishing new campuses. SVKM had undertaken development of various NMIMS campuses at Bengaluru, Navi Mumbai, Indore, Jadcherla, Dhule, Shirpur and Chandigarh in the last six years. Through FY2025-FY2027, the capex is estimated to be in the range of Rs. 1,000 crore per annum, to be funded through a mix of debt and internal accruals. Given the continuous level of capex, the trust remains exposed to high execution risk coupled with scaling up challenges. The ability of the company to scale up the new ventures' profitability remains critical from its credit perspective, and any materially higher-than-expected debt-funded capex, adversely impacting the leverage and/or the liquidity position, would remain a key rating sensitivity.

Concentration risk with high dependence on a few flagship courses – SVKM remains dependent on a few flagship courses including management, engineering and commerce at the NMIMS Mumbai campus, which account for ~30-40-% of the trust's revenues and majority of the operating surplus. Nevertheless, ICRA notes that revenues from other campuses (including the new ones) are growing steadily. All new campuses (Navi Mumbai, Shirpur, Bengaluru, Hyderabad), except Chandigarh and Indore, have attained break-even surplus levels. Being a charitable organisation, SVKM provides subsidised education services through its non-NMIMS institutions, despite their strong vintage, high student strength and healthy enrolment levels. Going forward, diversification of revenues and surpluses across the campuses, leading to lower reliance on the flagship courses of the NMIMS Mumbai campus, would be a key rating monitorable.

Exposed to intense competition from other reputed universities and regulatory risks in the sector – The institutes under SVKM are exposed to inherent risks associated with the highly regulated education sector in India. The institutes are governed by various state and Central laws. Any adverse Government regulation may impact the trust's revenues as well as operational growth. Although NMIMS enjoys significant autonomy in its operations, it needs to comply with Government regulations as well as that of various regulatory bodies, such as UGC. SVKM also faces intense competition from other reputed universities across the country, which puts pressure on attracting and retaining quality students and talented faculty members.

Liquidity position: Adequate

SVKM's liquidity position is adequate, marked by increasing student enrolments, translating into healthy cash flows for its debt repayment obligations and capex requirements. The liquidity is supported by unutilised bank limits worth Rs. 47.6 crore as on January 31, 2025, and cash and liquid balances of ~Rs. 155 crore as on December 31, 2024. The trust collects around 70% fees during June–August every year and major debt repayments are scheduled in July every year. Trust will incur capex worth Rs. 1,000 crore per annum (partly debt funded) towards setting up new institutes, addition of courses and upgradation of its facilities. However, given the steady increase in enrolments across courses and healthy surplus margins, the liquidity position is expected to remain comfortable. The average overdraft limit utilisation stood at 33% for the 12-month period ended in January 2025.

Rating sensitivities

Positive factors – The rating could be upgraded if there is a substantial increase in revenues and surplus of the trust along with diversification of the same across various campuses/courses, leading to an improvement in the liquidity position as well as leverage and coverage metrics.

Negative factors – Pressure on the rating could arise if a material decline in the enrolment levels or slower ramp-up of the new campuses adversely impacts the revenues and surplus of SVKM on a sustained basis. In addition, any materially large debt-funded capex, leading to total debt-to-operating surplus ratio (Total Debt/Operating Surplus) of over 1.5 times on a sustained basis, could also lead to a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology–Higher Education
Parent/Group support	Not applicable
Consolidation/Standalone	Consolidated financials of SVKM are considered with the financials of institutions under the trust, as enlisted in Annexure II.

About the company

SVKM, established in 1934, is a public charitable trust registered under the Societies Registration Act, 1860, and the Bombay Public Trust Act, 1950. The trust is headed by Mr. Amrish Patel and operates ~77 educational institutes at various levels starting from pre-primary to post-graduation with NMIMS (deemed-to-be-university) being the flagship institution. Its student strength stood at 1,26,689 in AY2023-24. NMIMS University's institutes are spread across Mumbai, Shirpur, Dhule, Bengaluru, Hyderabad, Jadcherla, Indore and Chandigarh.

Key financial indicators (audited)

SVKM	FY2023	FY2024
Operating income	2,092.6	1,867.8
PAT	659.0	514.8
OPBDIT/OI	45.3%	46.0%
PAT/OI	31.5%	27.6%
Total outside liabilities/Tangible net worth (times)	0.5	0.4
Total debt/OPBDIT (times)	0.7	1.0
Interest coverage (times)	18.3	14.0

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2025)				Chronology of rating history for the past 3 years					
Instrument	Type	Amount rated (Rs. crore)	Feb 25, 2025	FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating
Fund-based term loans	Long-term	1868.00	[ICRA]AA-(Stable)	Apr-26-23	[ICRA]AA-; Rating Watch with Negative Implications	Mar-13-23	[ICRA]AA-(Stable)	Jan-12-22	[ICRA]AA-(Stable)
				May-12-23	[ICRA]AA-; Rating Watch with Negative Implications	-	-	Jan-13-22	[ICRA]AA-(Stable)
				Mar-22-24	[ICRA]AA-; Rating Watch with Negative Implications	-	-	-	-
Fund-based cash credit	Long-term	-	-	Apr-26-23	[ICRA]AA-; Rating Watch with Negative Implications	Mar-13-23	[ICRA]AA-(Stable)	Jan-13-22	[ICRA]AA-(Stable)
				May-12-23	[ICRA]AA-; Rating Watch with Negative Implications	-	-	-	-
				Mar-22-24	[ICRA]AA-; Rating Watch with Negative Implications	-	-	-	-
Fund-based overdraft	Short-term	262.60	[ICRA]A1+	Apr-26-23	[ICRA]A1+; Rating Watch with Negative Implications	Mar-13-23	[ICRA]A1+	Jan-13-22	[ICRA]A1+
				May-12-23	[ICRA]A1+; Rating Watch with Negative Implications	-	-	-	-
				Mar-22-24	[ICRA]A1+; Rating Watch with Negative Implications	-	-	-	-
Non-fund-based Letter of Credit	Short-term	-	-	-	-	-	-	Jan-13-22	[ICRA]A1+
Unallocated Limits	Long-term/short-term	5.40	[ICRA]AA-(Stable)/[ICRA]A1+	Apr-26-23	[ICRA]AA-; Rating Watch with Negative Implications/ [ICRA]A1+; Rating Watch with Negative Implications	Mar-13-23	[ICRA]AA-(Stable)/[ICRA]A1+	-	-
				May-12-23	[ICRA]AA-; Rating Watch with Negative Implications/ [ICRA]A1+; Rating Watch with Negative Implications	-	-	-	-
				Mar-22-24	[ICRA]AA-; Rating Watch with Negative Implications/ [ICRA]A1+; Rating Watch with Negative Implications	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term Fund-based - Term Loan	Simple
Short-term Fund-based - Overdraft	Simple
Long-term/Short-term - Unallocated	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund-based Term Loans	FY2019	8.1-8.4	FY2030	1868.0	[ICRA]AA- (Stable)
NA	Fund-based Overdraft	-	-	-	262.6	[ICRA]A1+
NA	Unallocated Limits	-	-	-	5.4	[ICRA]AA- (Stable)/ [ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Institution Name	Ownership	Consolidation approach
Smt. Gokalibai P.P. High School	100%	Full consolidation
Acharya A.V. Patel Jr. College	100%	Full consolidation
Mithibai College of Arts, Chauhan Institute of Science & Amrutben Jivanlal College of Commerce & Economics (Autonomous)	100%	Full consolidation
Shri Bhagubhai Mafatlal Polytechnic	100%	Full consolidation
Narsee Monjee College of Commerce and Economics (Autonomous)	100%	Full consolidation
Jitendra Chauhan College of Law	100%	Full consolidation
Dwarkadas J. Sanghvi College of Engineering	100%	Full consolidation
Chatrabhuj Narsee Memorial School & Niranjana D. Parekh Pre-Primary School	100%	Full consolidation
SVKM J.V.Parekh International School	100%	Full consolidation
Mukesh R. Patel (CBSE) School - Shirpur	100%	Full consolidation
Mukeshbhai R. Patel Boys & Girls Military School & Junior College of Science - Shirpur	100%	Full consolidation
Usha Pravin Gandhi College of Arts, Science & Commerce	100%	Full consolidation
Dr. Bhanuben Nanavati College of Pharmacy	100%	Full consolidation
Pravin Gandhi College of Law	100%	Full consolidation
Harkisan Mehta Institute of Media, Research and Analysis	100%	Full consolidation
SVKM School, Dhule	100%	Full consolidation
SVKM's Institute of Technology, Dhule	100%	Full consolidation
SVKM'S Institute of Pharmacy, Dhule	100%	Full consolidation
SVKM School, Jadcherla	100%	Full consolidation
Shri Chhotabhai B. Patel Research Centre for Chemistry & Biological Sciences	100%	Full consolidation
SVKM 30 JEE-NEET Program	100%	Full consolidation
Shirpur 60	100%	Full consolidation
Sheth M.A. High School	100%	Full consolidation
NMIMS (Deemed-to-be University) and its Schools & Campuses	100%	Full consolidation

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