

Rating Rationale

Brickwork Ratings assigns “BWR B” for Bank Loan facilities aggregating to ₹ 6.65 Cr of M/s Baijnath Charitable and Educational Trust

Brickwork Ratings has assigned following Ratings¹ for Bank Loan facilities of M/s Baijnath Charitable and Educational Trust (*The Trust*).

Facility	Limits to be rated (Rs. Cr)	Tenure	Rating
Fund Based		Long Term	BWR B Pronounced as BWR Single B Outlook : Stable
Overdraft	5.00		
Term Loan I	1.24		
Term Loan II	0.41		
Total	6.65	INR Six Crores Sixty Five Lakhs Only	

*Term Loans outstanding as on 08, March 2016.

OD Overdue by Rs 0.05 Crore due to interest of Feb,16 as confirmed by the banker.

BWR has primarily relied upon the audited financials up to FY15, publicly available information and the information/clarifications provided by the Trust’s management.

The rating assigned derived its strength from the experience of the members in educational trust and moderate gearing profile. However, the rating is constrained by inadequate liquidity position, reduced operating margin, not servicing the interest obligations promptly. Competition and regulatory risk in the education sector .

Background:

Baijnath Charitable and Educational Trust is a registered trust based in Lucknow and was established in 2007. The Trust has established one Educational Institution in the name of Baijnath College of Engineering and Technology (B N College of Engineering and Technology), established in 2007 offers Under Graduation, Post-Graduation & Polytechnic courses. The college is recognized by All India Council for Technical Education (AICTE), New Delhi and is affiliated to Uttar Pradesh Technical University (U.P.T.U) and Board of Technical Education Uttar Pradesh (BTEUP). The college offers 7 branches in B.Tech and has permitted intake of 690 students for AY 15-16. Two streams in M.Tech which has intake of 18 students in each Branch in AY 15-16 , Three branches in polytechnic and offers MBA in specializations like HR, Marketing, Finance, IT and IB with annual intake of 60 Students.

The Trust is managed by Mr. Mahesh Patel, Mr. R P Pandey, Mrs. Anita Sinh, Mrs. Sarita Pandey, Mr. Pramod Kumar Tiwari, Mr. Sachin Patel, Mr. Rajat Sinh Patel, Mr. Dinesh Kumar Patel as trustees.

Financial Performance:

As per audited financials of FY15, Gross Receipts of the trust has increased from Rs12.69 Crs in FY14 to Rs. 16.42 Crs. In FY15, The Trust reported a corpus fund of Rs. 8.76 Crs with Debt Equity of 1.14X. The operating surplus margin and net surplus margin of the trust stood at 9.78 percent and 2.87 percent respectively in FY15.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Rating Outlook:

Bajjnath Charitable and Educational Trust's performance over next year is expected to be stable. Going forward ability of the trust to attract enrolments thereby improving gross receipts, to improve profit margin. Prompt servicing of interest obligations and debt, will remain the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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