



Rating Rationale

Eshwar Trust

25Mar2019

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹14.92 Crores of EshwaTrust

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Mar 2018)	Present
Fund based	21.68	14.92	Long Term	BWR BB (Pronounced as BWR Double B) Outlook: Stable	BWR BB (Pronounced as BWR Double B) Outlook: Stable Reaffirmed
Total	21.68	14.92	INR Fourteen Crores and Ninety Two Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I
Trust has not provided the FY19&20 projections

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY18 Eshwar Trust, publicly available information and clarifications as provided by the Trust's management.

The rating factors in the trustee's experience in the field of education, increased enrollment ratio and improved debt coverage metrics. The rating, however, is constrained by limited reach with single college under the Trust and low corpus funds along with challenge in retaining faculties, high competition in the higher education sector in Tamil Nadu along and highly regulated framework for the educational sector in India.

Going forward, the ability of the trust to improve its corpus funds and enrollment level along with adherence to the regulatory framework of the education sector and retention of qualified faculty will be the key rating sensitivities



Description of Key Rating Drivers

- **Credit Strengths:**

Ms. Sudha, the Joint Managing Trustee, has around 15 years experience in the education sector. Mr. R Mohan Ram, the Managing Trustee, has more than a decade of business experience and provides his support to the Trust. The enrollment ratio has increased to 75.41% during academic year 2018-19. The debt coverage ratio and interest coverage ratio stands improved from 1.08 times and 2.53 times in FY17 to 1.18 times and 4.26 times in FY18, respectively.

- **Credit Risks:**

The trust operates an Engineering college offering undergraduate and postgraduate courses, thereby has limited student reach and thus affecting growth in revenue. The corpus fund of the Trust, though improved in FY18, remains low at ₹12.42 Cr as on 31st March 2018. The Trust is exposed to regulatory risk. Any adverse regulation on the fee structure carries the risk of downward pressure on the income receipt. Intense competition in the education sector has resulted in constant pressure to attract and retain employees leading to attrition risk.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Eshwar Trust** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Trust

Eshwar Trust was established in August 2007 and has established an engineering college named 'Sri Eshwar College of Engineering' in Coimbatore, Tamil Nadu. The college is accredited by All India Council for Technical Education (AICTE), New Delhi and is affiliated to Anna University of Technology, Chennai. The college currently offers undergraduate engineering courses in Computer Science, Electronics and Communications, Electrical and Electronics, Mechanical Engineering and Civil Engineering, and postgraduate courses in Very Large Scale Integration (VLSI) Design, Computer Science (CSE), Engineering Designs and Applied Electronics. The Trust has a student strength of 2148 in academic year 2018-19 with 148 teaching faculties. The trustees of the Trust are Mr. R Mohan Ram and Ms. S Sudha.

Financial Performance of the Trust

As per audited financials of FY18, the trust has achieved a total receipt of ₹19.11 Cr with an operating surplus ₹5.66 Cr and net surplus of ₹0.26 Cr.

Rating History for the last three years

Facility	Current Rating (2019)			Rating History		
	Type	Amount (₹ Crs)	Rating	29.3.2018	2017	2016
Fund Based	Long Term	14.92	BWR BB (Pronounced as BWR Double B) Outlook: Stable Reaffirmed	BWR BB (Pronounced as BWR Double B) Outlook: Stable	Not Rated	Not Rated
Total		14.92	₹ Fourteen Crores and Ninety Two Lakhs Only			

Status of non-cooperation with previous CRA - Not to our knowledge

Any other information - Nil

Key Financial Indicators

Key Parameters	Units	2018	2017
Result Type		Audited	Audited
Operating Revenue	₹ Cr	19.11	18.99
EBITDA	₹ Cr	5.66	7.20
PAT	₹ Cr	0.26	0.24
Tangible Net worth	₹ Cr	12.42	10.53
Total Debt/Tangible Net worth	Times	1.91	2.54
Current Ratio	Times	0.78	0.74

Hyperlink/Reference to applicable Criteria

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



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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reason.

Annexure I

₹ Cr

Name of the Bank	Name of Facilities	Tenure	Previous Amount	Present Amount
Corporation Bank	Overdraft	Long Term	4.00	4.00
	TLS No.560821000003823		16.41	Closed
	TLS No.560821000003866			0.56
	TLS No.560821000003912			2.46
	TLS No.560821000003981			3.12
	TLS No.560821000004080			3.39
	TLS No.560821000202163		-	0.72
	TLS No.560821000202279		-	0.67
	Vehicle Loans		1.27	-
Total			21.68	14.92