



Press Release

Seth Roshan Lal Jain Trust

May 13, 2024

Ratings

Facility	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator
Long-Term Bank Facilities	28.39 (Reduced from Rs. 28.70 crore)	IVR BB; Stable (IVR Double B with Stable outlook)	Upgraded	Simple
Long-Term Bank Facilities	4.73	IVR BB; Stable (IVR Double B with Stable outlook)	Assigned	Simple
Total	33.12 (INR Thirty three crore and twelve lakh only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The upgrade/assignment in the rating assigned to the bank facilities of Seth Roshan Lal Jain Trust (SRLJT) is driven by improved business performance of the entity in FY23 and subsequently in FY24 (Estimated) coupled with its moderate capital structure with satisfactory debt protection metrics. Moreover, the ratings continue to derive comfort from its experienced management and established track record of the entity in successfully running educational institutions for over two decades in imparting education along with satisfactory infrastructure with association of experienced faculties on top of positive demand outlook for education in India marked by significant demand for higher education. However, these rating strengths are partially offset by moderate enrolment ratio leading to modest scale of operation of the entity, susceptibility to regulatory risks coupled with capital intensive nature of its operation, exposure to intense competition and geographical concentration risk.

Upward factors

- Improvement in scale of operations resulting from better percentage of intake of students leading to improvement in gross cash accruals.
- Sustained capital structure with further improvement in debt protection metrics with rise in interest coverage to above 5x



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Downward Factors

- Decline in scale of operations and/or moderation profitability impacting the debt protection metrics leading to moderation in interest coverage ratio to below 2x
- Deterioration in the capital structure with deterioration in overall gearing to over 1.5x
- Moderation in liquidity position

List of Key Rating Drivers with Detailed Description

Key Rating Strengths:

- **Experienced management**

The management team and the trustee are highly experienced having around three decades of experience in the education sector. Mr. Jinesh Chand Jain the Chairman of "College of Engineering Roorkee (COER)" as well as that of "Seth Roshan Lal Jain Trust" had been one of the leading figures in the industry with his immense knowledge and vision. He along with his team of experience personal are critical for the trust's operations.

- **Established track record of the entity of successfully running educational institutions for over two decades in imparting education**

Seth Roshan Lal Jain Trust was established in the year 1998 as an Educational Trust. The trust started off its operation with College of Engineering Roorkee approved by All India Council of Technical Education (AICTE) built across campus area spread across 75 Acres of Land on Delhi-National Highway. Going forward, it has also started two new Units namely, UETR (University of Engineering and Technology Roorkee) presently known as COER University affiliated with Uttarakhand Technical University (UTU) and COER Hospital affiliated by Uttarakhand Ayurved University. All the institutions are facilitated by excellent infrastructure with modern classrooms and teaching tools, upgrade, and experienced faculties. The university and the hospital currently offer Diploma, Graduation and Post-Graduation courses of Engineering and Management Bachelor of Ayurvedic Medicine & Surgery (BAMS).

- **Improved business performance in FY23 albite moderation in profitability**

The trust has witnessed a steady growth in its scale of operation over the past couple of years. In FY23, the scale has grown further as the Total Operating Income (TOI) has improved and stood at Rs.50.39 crore from Rs.36.45 crore in FY22 registering a y-o-y growth of ~38% mainly driven by better intake and enrolment in high value courses in COER university and COER hospital. Backed by the steady improvement in topline, the absolute



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EBITDA has improved to Rs.10.80 crore in FY23 from Rs.8.54 crore of FY22. Despite the improvement in topline, there is a marginal dip in the operating margin from 23.43% in FY22 to 21.44% in FY23 affected by higher than estimated salary & scholarship and administrative expenses. However, the PAT margin has improved and stood satisfactory at 7.33% in FY23 against from 5.71% in FY22 on the back of increase in absolute EBITDA. Further, gross cash accruals have also improved to Rs. 6.59 crore in FY23 against Rs.4.99 crore of FY22. In FY24, the intake percentage has improved further and till December 2023 the trust has managed to generate a revenue of ~Rs.63 crore.

- **Moderate capital structure with satisfactory debt protection matrices**

The capital structure of the entity has remained moderate over the past three account closing dates with its moderate net worth base at Rs.52.66 crore as on March 31, 2023. The long-term debt equity and the overall gearing ratio has improved to 0.22x and 0.68x respectively as on March 31, 2023 from 0.28x and 0.79x respectively as on March 31, 2022. In tune with this, the TOL/TNW has improved and stood below unity at 0.89x as on March 31, 2023 from 1.03x as on March 31, 2022. Despite the increase in finance cost, the debt protection metrics marked by interest coverage has improved in FY23 and remained satisfactory at 2.57x as against 2.41x in FY22 supported by higher absolute EBITDA. Consecutively, Total debt to EBITDA and Total Debt to GCA also improved and stood at 3.30x and 5.41 years respectively as on March 31, 2023. The debt protection metrics are estimated to improve further in FY24.

- **Positive demand outlook for education in India marked by significant demand for higher education**

The long-term demand outlook of the education industry remains favourable on the back of a significant demand-supply gap in the higher education space augurs well for the group. Further, demand for higher education is likely to improve in India on the back of rising awareness, increasing population and better affordability.

Key Rating Weaknesses:

- **Modest scale of operations**

The trust is operational from the year 1998. However, its scale of operation had remained moderate and hovered ~Rs.25-35 crore over the past few years which has marginally improved to Rs.50.39 crore in FY23. Modest scale of operations restricts the financial flexibility to an extent. The total operating income is estimated to be at ~Rs.63 crore in FY24.



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- **Moderate enrolment ratio**

The enrolment ratio of the CORE college had remained low historically. However, with the infusion of CORE university and hospital, it has started to improve gradually over the past couple of years as the enrolment percentage grown from ~47% in FY22 to ~50% in FY23 and further improved to ~55% in FY24.

- **Susceptibility to regulatory risks**

The education sector is highly regulated and compliance with specific operational and infrastructure norms set by regulatory bodies are important. Any regulatory changes that impact the flexibility of the trust to fix fees for the management quota seats may adversely impact the revenue profile and cash accruals.

- **Capital intensive nature of operation**

Education sector needs regular investment in the workforce and infrastructure to upgrade its facilities and to conduct the operations efficiently. The average working capital utilization had remained high at ~86% for past ten month ended April 2024.

- **Intense competition and geographical concentration risk**

The college under faces intense competition from other colleges in attracting students and faculties. Further, it is also exposed to high geographical concentration risk due to presence of its institutes only in Roorkee, Uttarakhand. However, this risk is partly mitigated by the experience and resourceful promoter, as it has been operating since 1998.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Service Sector Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning rating outlook](#)

[Policy on Default Recognition](#)

[Criteria on Complexity](#)

Liquidity: Adequate

SRLJT has earned a gross cash accrual of ~Rs.6.59 crore in FY23 against its debt repayment obligation of ~Rs.3.32 crore. Further, on the back of its satisfactory capital structure, driven by expected improvement in the intake in CORE hospital and university in the projected period the GCA position of the entity is expected to improve and remain



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satisfactory to meet its debt repayment obligation. However, high average OD utilization which stood ~86% during the past ten month ended April 2024 providing moderate liquidity cushion.

About the Entity

Seth Roshan Lal Jain Trust was established in the year 1998 as an Educational Trust. The total campus area is spread in 75 Acres of Land on Delhi-National Highway. Trust has a college operational in the name of College of Engineering Roorkee. The Institute has an affiliation with Uttarakhand Technical University (UTU) and approved by All India Council of Technical Education (AICTE). College currently offers Diploma, Graduation and Post-Graduation courses of Engineering and Management.

Further, Seth Roshan Lal Jain Trust has two fully operational new units namely, UETR (University of Engineering and Technology Roorkee) presently known as COER University and COER Hospital. The management has started the process of closer of COER college by shifting all existing courses to COER University. Mr. J.C. Jain has devoted himself as the Chairman of "College of Engineering Roorkee (COER)" as well as that of "Seth Roshan Lal Jain Trust". He has more than three decades to experience in this sector.

Financials of Seth Roshan Lal Jain Trust (Standalone):

For the year ended* / As On	(Rs. crore)	
	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	36.45	50.39
EBITDA	8.54	10.80
PAT	2.08	3.70
Total Debt	38.77	35.71
Tangible Net worth	48.97	52.66
EBITDA Margin (%)	23.43	21.44
PAT Margin (%)	5.71	7.33
Overall Gearing Ratio (x)	0.79	0.68
Interest Coverage	2.41	2.57

*Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA:

Brickwork ratings vide its press release date March 24, 2023, has continued the rating to issuer not cooperating category due to non-submission of information by the company.



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ICRA ratings vide its press release date April 26, 2023, has continued the rating to issuer not cooperating category due to non-submission of information by the company.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Cr.)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned 2022-23 (Mar 13, 2023)	Date(s) & Rating(s) assigned in 2021-22
1.	Overdraft	Long Term	25.00	IVR BB; Stable	-	IVR BB-; Stable	-
2.	ODIP	Long Term	3.39	IVR BB; Stable	-	IVR BB-; Stable	-
3.	GECL	Long Term	4.73	IVR BB; Stable	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Cr)	Rating Assigned/ Outlook
Long Term Fund Based Limits – Overdraft	-	-	-	25.00	IVR BB/Stable
Long Term Fund Based Limits –ODIP	-	-	-	3.39	IVR BB/Stable
Long Term Fund Based Limits –GECL	-	-	Nov 2026	4.73	IVR BB/Stable

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-sethrl-may24.pdf>

Annexure 3: List of companies considered for consolidated analysis: Not Applicable

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com