

Bharati Vidyapeeth Pune

April 4, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	74.61 (Reduced from 100.16)	CARE AA-; Stable	Reaffirmed
Long-term bank facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings to long-term bank facilities of Bharati Vidyapeeth Pune (BVP) considers the Trust's established track record, strong brand recall and large number of institutes offering diverse courses. Ratings also factor in steady increase in BVP's total operating income (TOI) from healthy enrolments and financial risk profile marked by healthy capital structure and strong liquidity position. However, these ratings' strengths are constrained by geographic concentration, high competition, stringent regulatory framework for the education sector in India, and Trust nature of the entity.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improving TOI by 20% and maintaining surplus before interest and depreciation (SBID) margin over 25% on a sustained basis.
- Maintaining total debt to gross cash accruals (TD/GCA) lower than 0.20x on sustainable basis.

Negative factors

- Deteriorating debt coverage metrics, particularly, TD/GCA to more than 0.75x on a sustained basis.
- Significantly deteriorating liquidity.
- Adverse regulatory changes impacting operations of the Trust.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects that BVP is likely to maintain its growth backed by established market position marked by positive outlook for industry and strong liquidity with no major debt-funded capex in the medium term.

Detailed description of key rating drivers

Key strengths

Established track record and strong brand image

Established in 1964, BVP has over five decades of track record in the education sector. BVP has been accorded the status of deemed to be university (DU) since 1996 and operates around 29 institutes under the Bharati Vidyapeeth Deemed University (BVDU). Over the years, the Trust has established over 250 institutes in many segments of education systems and enjoys a strong brand recall in Maharashtra. All members of BVP are well-qualified and have rich experience in running the educational society.

Large number of institutes offering diverse courses

BVP campuses are spread across Maharashtra and New Delhi. It offers programmes through 250+ educational institutions right from pre-primary to postgraduate stages and research level institutions. BVP offers courses across 12 faculties such as arts, science, commerce, engineering, MBA, medicine, pharmacy, hotel management, law, nursing, IT, architecture among others. In FY23, around 73% of the revenue was derived from fees collection. BVDU is accredited with the A+ grade by the National

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications.

Assessment and Accreditation Council (NAAC) in 2024, Category-I Deemed to be University Grade by UGC and 91 Rank among Universities by NIRF-2024. It has a strong student base of over 1 lakh and enrolment has remained healthy over 90%.

Strong financial risk profile

BVP's strong financial risk profile is marked by healthy capital structure and debt protection metrics supported by limited reliance on external borrowings to fund the capex. The overall gearing remained comfortable at 0.04x as on March 31, 2023, and is estimated to remain at the similar level over the medium term. The corpus/networth increased to ₹2,235.34 crore as on March 31, 2023, from ₹1,865.89 crore as on March 31, 2022. Steady profitability and low borrowing levels continue to keep debt protection metrics comfortable with interest coverage and total debt to gross cash accruals at 33.68x and 0.24x respectively in FY23 (PY: 28.75x and 0.40x respectively). Liquidity remained strong marked by healthy free cash and FD balances of over ₹900 crore as on March 31, 2023. CARE Ratings expects the financial risk profile to remain strong over the medium term. However, larger-than-anticipated capital expenditure (capex) and its impact on overall financial risk profile remains a key monitorable.

Key weaknesses

Geographical concentration mainly in Maharashtra

BVP has more than 250 educational units/institutes across Maharashtra and just three institutes in Delhi. Though BVP has large number of institutes and schools, limited geographic presence hinders growth of student strength to some extent.

Presence in highly competitive and regulated industry

The education sector is highly fragmented with the presence of several educational institutes. The Trust faces competition from other established players, which leads to high competition for institutes of BVP. Increasing competition may lead to decline in student enrollment, which will directly impact the Trust's revenue visibility. The Trust's nature of operations further restricts operating profitability. These factors have significant impact on revenue and profitability of institutions.

Liquidity: Strong

BVP's strong liquidity is supported by healthy GCA, large, unencumbered cash and cash equivalents and low bank limit utilisation. The Trust is estimated to generate GCA of over ₹360 crore over the medium term, having healthy cushion to meet annual debt repayment obligations of approximately ₹11-16 crore over FY25-FY26. It should be noted that principal repayments are scheduled once in a year between September to December; after majority fees have been collected for the ensuing academic year, which is by August. The Trust had substantial cash and cash equivalents of over ₹900 crore (including FDs) as on March 31, 2023, and at similar level in March 2024, which is expected to keep liquidity robust for FY24. The society has minimal reliance on cash credit facility for its operations. Considering low overall gearing and healthy current ratio, BVP has significant headroom to contract additional debt.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Education](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

About the company and industry

Industry classification

Macro-economic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer services	Other consumer services	Education

BVP was established in 1964 by late Dr Patangrao Kadam. The day-to-day administration is managed by a governing council headed by secretary, Dr Vishwajeet Kadam, who is assisted by three joint secretaries and five directors. BVP comprises over 250 educational units/institutes ranging from pre-primary schools to postgraduate institutions and a full-fledged university, Bharati Vidyapeeth Deemed University. BVP operates through eight major centers in Maharashtra: Pune, Mumbai, Kadegaon, Panchgani (Satara), Sangli, Solapur, Kolhapur, and Karad. It also has three institutes in New Delhi. offering graduation and post-graduation courses.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	1,092.78	1,334.63
PBILDT	212.94	296.28
PAT	164.60	278.64
Overall gearing (times)	0.05	0.04
Interest coverage (times)	28.75	33.68

A: Audited UA: Unaudited: 'these are latest available financial results'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	10.00	CARE AA-; Stable
Fund-based - LT-Proposed fund based limits		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	31/12/2031	64.61	CARE AA-; 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 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term Loan	LT	64.61	CARE AA-; Stable	1)CARE AA-; Stable (05-Apr-23)	1)CARE A+; Stable (07-Apr-22)	1)CARE A+; Stable (10-Jun-21) 2)CARE A+ (CW with Developing Implications) (07-Apr-21)	1)CARE A+; Stable (29-Jun-20)
2	Fund-based - LT-Cash Credit	LT	10.00	CARE AA-; Stable	1)CARE AA-; Stable (05-Apr-23)	1)CARE A+; Stable (07-Apr-22)	1)CARE A+; Stable (10-Jun-21) 2)CARE A+ (CW with Developing Implications) (07-Apr-21)	1)CARE A+; Stable (29-Jun-20)
3	Fund-based - LT-Proposed fund based limits	LT	-	-	1)CARE AA-; Stable (05-Apr-23)	1)CARE A+; Stable (07-Apr-22)	1)CARE A+; Stable (10-Jun-21) 2)CARE A+ (CW with Developing Implications) (07-Apr-21)	1)CARE A+; Stable (29-Jun-20)

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Proposed fund based limits	Simple
3	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.

Contact us

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About us:

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