

MARCH 11, 2015

CARE REVISES RATINGS ASSIGNED TO LONG TERM BANK FACILITIES OF BHARATI VIDYAPEETH PUNE

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	390.34 (reduced from 444.79)	CARE BBB+ (Triple B Plus)	Revised from CARE BBB (Triple B)
Total Facilities	390.34		

Rating Rationale

The revision in the rating assigned to the bank facilities of Bharati Vidyapeeth Pune (BV) factors in the increase in the student base resulting in growth in fees income, improved net worth and comfortable liquidity position during FY14 (refers to the period April 1 to March 31).

The rating continues to derive strength from the experienced management council, large number of institutes offering diverse courses, adequate infrastructural facilities and increased demand for quality technical and management education. The rating further continues to take into account moderate financial risk profile characterised by satisfactory capital structure and moderate debt coverage indicators.

The rating, however, continues to remain constrained by relatively lower surplus, competition from the more renowned engineering and management institutes in and around Maharashtra and risk associated with implementation of relatively large-sized upcoming debt-funded project at Navi Mumbai.

The ability of BV to sustain revenue growth as well as complete its ongoing and upcoming projects without impacting the capital structure and debt coverage indicators would be the key rating sensitivity.

Background

BV was established in the year 1964 by Dr Patangrao Kadam. The day-to-day administration is managed by a governing council headed by secretary, Dr Vishwajeet Kadam who in turn is assisted by three joint secretaries and five directors. BV is registered under the Societies Registration Act, 1860, and the Bombay Public Trust Act, 1950. BV provides education in various streams through its various campuses in Maharashtra. It runs more than 160 institutes including 101 schools and 59 institutions. BV operates through eight major centres in Maharashtra, viz, Pune, Mumbai, Kadegaon, Panchgani (Satara), Sangli, Solapur, Kolhapur and Karad. It also has three institutes in New Delhi offering graduation and post-graduation courses. The Government of India (Ministry of Human Resource Development) on the recommendation of the University Grants Commission, New Delhi, accorded the status of a Deemed University to BV with effect from April 26, 1996. As on December 31, 2014, the total number of students enrolled in BV was more than 2.5 lakh and the numbers of teaching and non-teaching employees were about 9,000.

During FY14, BV's total operating income stood at Rs.513.68 crore (Provisional) and reported a surplus of Rs.25.49 crore as against the total operating income of Rs.449.52 crore and a surplus of Rs.21.90 crore in FY13.

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¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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