

Rating Rationale

Brickwork Ratings revises the rating of Vidya Peeth Education Trust to ‘BWR BB+’ from ‘BWR BB-’ for the Long Term Bank Loan Facilities aggregating ₹ 20.54 Cr on its Annual Surveillance.

Brickwork Ratings revises the **Rating¹** of *Vidya Peeth Education Trust* (VPET) to ‘BWR BB+’ for the Long Term Bank Loan Facilities from ‘BWR BB-’ rated by BWR in November, 2013.

Facility	Amount (₹ Cr)	Tenure	Revised Rating	Previous Limits (₹ Cr)	Rating History
Over Draft	0.50	Long Term	BWR BB+ (Pronounced BWR Double B Plus) (Outlook-Stable)	2.00	BWR BB- (Pronounced BWR Double B Minus) (Outlook-Stable) (November 2013)
Term Loans*	20.04			26.21	
Total	20.54	(INR Twenty Crores Fifty Four Lakhs only)			

Note: * Term loans outstanding from Bank of India as on 24th September, 2014.

BWR has principally relied upon the audited financial results upto FY14, projected financials upto FY16, publicly available information and information/clarifications provided by the trust’s management.

The rating continues to reflect qualified & experienced management team, VPET’s satisfactory infrastructure facilities, increasing trend in the corpus fund, moderate gross enrolment ratio, significant revenue growth in FY14, resulting in substantial increase in cash accruals and diversified revenue profile through multiple courses offered by the trust. However, the rating is constrained by intense competition from established and upcoming colleges, vulnerability to regulatory risk associated with the education sector and the continuous need for capital expenditure for investment in infrastructure facilities.

Background:

Vidya Peeth Education Trust (VPET) was established as an educational trust in 2004. VPET is located at Panipat, Haryana.

The trust operates Panipat Institute of Engineering and Technology (PIET) which is started in 2005 and PIET Sanskriti School in 2011. PIET offers four-year under graduate engineering courses (Bachelor of Technology, BBA and BCA), post graduate (M. Tech., MBA and MCA) programmes and a polytechnic course. PIET Sanskriti School is offering primary and secondary education to the students.

At present, PIET has ~250 teaching employees and 250 non-teaching staff. Current student strength of PIET is 3148 and PIET Sanskriti School has 573 Students.

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

The PIET is affiliated to Kurukshetra University, Kurukshetra and approved by AICTE. The undergraduate courses offered are BBA, BCA, B. Tech in Computer Science & Engineering, Electronics & Communication Engineering, Mechanical Engineering, Information Technology, Textile Engineering and Civil Engineering. The Post Graduate courses offered by the institute are MBA, MCA, M. Tech in Computer Science, Electronics and Communication Engineering, Mechanical Engineering, Civil Engineering and Computer Science & Technology.

PIET campus is well equipped with modern classrooms, seminar halls, laboratories, library, computer centres, canteen and hostels. Gross enrolment ratio is around ~75% for the assessment year 2014-15.

Management Profile:

VPET currently manages Panipat Institute of Engineering and Technology and PIET Sanskriti School. The trustees of the VPET are Mr. Hariom Tayal, Mr. Suresh Tayal, Ms. Rani Tayal, Mr. Rajeev Tayal, Mr. Rakesh Tayal and Mr. Prateek Tayal. All the trustees are well experienced in education sector.

Financial Performance:

Net receipts of VPET increased from Rs. 18.13 Crs in FY13 to Rs. 29.23 Crs in FY14. The tangible networth increased from Rs. 17.85 Crs in FY13 to Rs. 24.58 Crs in FY14, mainly due to increase in the surplus amount. Surplus of VPET increased to Rs. 6.54 Crs in FY14 from Rs. 0.45 Crs in FY13. Total Debt / Tangible networth stood at 1.19 times as on 31st March 2014.

Rating Outlook:

The outlook is expected to be stable over the current year. Going forward, the ability of the institution to increase student enrolments, sustain its cash accruals generation and expand its infrastructure appropriately would be the key rating sensitivities.

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