March 31, 2026

Thapar Institute of Engineering & Technology: [ICRA]A- (Stable)/ [ICRA]A2+ assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loan	290.00	[ICRA]A- (Stable); assigned
Long-term – Fund-based – Overdraft	60.00	[ICRA]A- (Stable); assigned
Long-term/Short-term – Unallocated	10.00	[ICRA]A- (Stable)/[ICRA]A2+; assigned
Total	**360.00**	

**Instrument details are provided in Annexure-I*

Rationale

The rating assigned to Thapar Institute of Engineering & Technology (TIET) factors in its long and established track record of nearly seven decades in the higher education sector, supported by a strong brand equity, recognised accreditation and national rankings, as well as a comfortable financial risk profile. TIET benefits from the sustained demand for its flagship engineering programmes, reflected in steady improvement in admissions over the past four years. This has translated into robust growth in operating receipts, which increased at a healthy CAGR of ~18.5% over FY2020–2025 to reach Rs. 792.4 crore in FY2025, with receipts expected to exceed ~Rs. 850 crore in FY2026, supported by higher intake capacity, healthy enrolments and periodic fee revisions. The overall student strength increased to ~14,800 in AY2026 from ~13,500 in AY2025, indicating continued traction in demand. The institute's competitive position is further underpinned by strong academic credentials, including NAAC A++ accreditation and consistent national rankings. Additionally, TIET's deemed and self-financed university status provides significant operational and financial flexibility in terms of course design, intake, assessment structure and fee determination.
The institute's financial profile remains comfortable, aided by healthy operating surpluses, improving margins, a conservative capital structure (reflected by gearing of ~0.3 times and TD/ OPBDITA of 1.1 times as on March 31, 2025), and adequate liquidity anchored by comfortable cash balances. These metrics are likely to be sustained in the medium term as well.

The ratings are, however, constrained by the inherent skewness of the cash flows in the education sector, given its linkage to the admission cycle, with a significant portion of fee collections for TIET typically received during January and May–July. Accordingly, prudent cash flow management remains critical to ensure timely servicing of operating expenses, debt obligations and execution of capital expenditure plans. The ratings are constrained by high geographical and revenue concentration, with the university's operations limited to Punjab and engineering programmes accounting for over 90% of admissions in AY2025, which exposes TIET to any moderation in demand for such courses. The ratings factor in the intense competition in the higher education sector, which exerts pressure on the university's ability to attract and retain quality students and faculty. In addition, TIET remains exposed to regulatory risks arising from stringent and evolving compliance requirements inherent in the Indian higher education sector.

The Stable outlook on the long-term rating reflects ICRA's expectation that TIET will maintain steady operational and financial risk profile, supported by healthy enrolments across key courses and healthy profitability levels. It also factors in ICRA's expectation that the ongoing capex will be funded prudently, such that debt coverage indicators and liquidity remain commensurate with the current ratings.

Key rating drivers and their description

Credit strengths

Long track record with strong reputation – Established in 1956, TIET is a well-established higher education institution and has held deemed to be university status since 1985. The institute's strong academic standing is reflected in its A++ NAAC accreditation, accreditations for select engineering programmes by Accreditation Board for Engineering and Technology, USA (ABET) and National Board of Accreditation (NBA), and favourable NIRF-2025 rankings across engineering, university, research and management categories. TIET's established brand equity is further supported by international academic collaborations, which enhances student and faculty exposure, and is expected to drive its positioning in the higher education sector.

Deemed and self-financed university status provide operational and financial flexibility – As a self-financed deemed to be university, TIET enjoys high autonomy in academic and administrative matters, including designing course curricula, determining examination structures and setting fee levels, without dependence on government funding. This flexibility enables timely introduction of new programmes, aligned with industry demand, periodic revision of course offerings and fees, as well as efficient deployment of resources. The ability to independently manage its academic and financial policies supports revenue diversification, margin sustainability and prudent capital planning, thereby strengthening the institute's operational resilience and overall financial risk profile.

Comfortable financial risk profile – Aided by increasing intake capacity and healthy enrolments, TIET's revenues reported a CAGR of 18.5% over FY2020-2025, reaching Rs. 792.4 crore in FY2025 with further growth of ~ 8-10% expected in FY2026. The OPM have remained healthy at above 30% in the last five years. The trust's conservative capital structure, reflected in a gearing ratio of 0.3 times and TD/OPBDITA of 1.1 times as on March 31, 2025, coupled with healthy surpluses, underpins its comfortable liquidity position, despite regular capital expenditure towards infrastructure development. Although the seasonality of fee receipts necessitates maintaining adequate liquidity to meet the operational expenses throughout the year, consistent surplus generation has enabled TIET to build steady cash reserves over time, which combined with occasional availing of overdraft limits, helps to manage expenses.

Credit challenges

High dependence on engineering programmes – TIET's revenue is highly concentrated towards the engineering courses, which accounted for more than 90% revenues in FY2025 (excluding hostel fee), exposing the university to the risk of moderation in demand for such courses. While near-term reliance on engineering courses would continue, increasing intake in management school (LMTSOM) as well as multi-disciplinary liberal arts institute (TSLAS) is expected to partly mitigate this risk over the medium to long term.

Geographical and revenue concentration risks – TIET's operational footprint is limited to Punjab, with high revenue concentration (over 90%) from its flagship engineering institute. Despite this concentration, the institute benefits from a long operating track record and a strong reputation within the state.

Intense competition and vulnerability to changing regulations – TIET faces intense competition from other reputed public and private institutions in and outside Punjab, competing for both – quality of students and faculty alike. The university will have to continuously enhance its teaching infrastructure to attract the best quality students and retain its faculty. Further, the higher education sector in India is highly regulated by several bodies such as the University Grants Commission, the All India Council of Technical Education, among others, which have stringent compliance requirements. This exposes the university to significant regulatory risks associated with unanticipated changes in regulations, which may adversely impact its operating and/or financial profile.
The education sector exhibits seasonality in cash flows linked to student admission timelines. Given the nature of operation, wherein majority of the fee amount is typically received in January and May-July in a fiscal, effective cash flow management remains critical to ensure timely salary payments, debt servicing and accommodating any capex plans for the entire year.

Liquidity position: Adequate

TIET's liquidity position is expected to remain adequate, supported by consistently healthy surplus cash flows from operations. The annual cash accruals are projected to remain over Rs. 300 crore in the near to medium term. TIET had a comfortable cash balance of ~Rs. 195 crore as of February 2026 and buffer in working capital limits of Rs. 45 crore (average utilisation of non-FD backed OD limits was 70% in trailing 12-months that ended in February 2026). While a portion of the accumulated cash is likely to be deployed towards its planned capital expenditure in FY2027 (estimated at Rs. 290-300 crore), available liquidity and cash flows from operations are anticipated to be sufficient to comfortably meet its annual debt servicing requirements of Rs. 104 crore for FY2027.

Rating sensitivities

Positive factors – A positive rating action may be driven by a significant increase in its revenues, along with maintenance of healthy operating profit margins resulting in improvement in debt protection metrics and liquidity on a sustained basis.
Negative factors – Pressure on the rating could arise if there is a substantial decline in revenue receipts and/or operating surplus or any large unanticipated debt-funded capex or advances to related parties, weakening the overall financial risk profile or liquidity position on a sustained basis. Specific credit metrics, which may lead to a downgrade, include TD/OPBDITA above 2.3 times on a prolonged basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Higher Education
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Thapar Institute of Engineering and Technology (TIET) was established under the Thapar Educational Trust (TET) by late Mr. Karam Chand Thapar in 1956. Operating from its 250-acre Patiala campus, the institute has been providing higher education since then. In 1985, the society was incorporated with the sponsor trust being TET. It was further granted deemed to be university status in the same year and was renamed Thapar Institute of Engineering & Technology. The Patiala campus serves as the primary hub, offering undergraduate, postgraduate, and doctoral programmes in engineering, sciences, management, and related fields.

TIET manages the LM Thapar School of Management (LMTSOM), a 26-acre campus established in 2007 that offers post-graduate and doctoral programmes in management and computer science. In addition, TIET houses the Thapar School of Liberal Arts and Sciences (TSLAS), which was started in 2019 within the main Patiala campus, offering UG, PG, and PhD programmes across liberal arts, sciences.

Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income (Rs. crore)	637.7	792.4
PAT (Rs. crore)	136.9	205.2
OPBDITA/OI (%)	36.7%	40.5%
PAT/OI (%)	21.5%	25.9%
Total outside liabilities/Tangible net worth (times)	0.8	0.8
Total debt/OPBDITA (times)	1.1	1.1
Interest coverage (times)	10.8	10.8

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA:

CRA	Status	Date of Release
Care Ratings	CARE BB-; Stable; ISSUER NOT COOPERATING; Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BB; Stable	October 09, 2025

Any other information: None

Rating history for past three years

	Current (FY2026)				Chronology of rating history for the past 3 years					
			FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund-based – Overdraft	Long-term	60.00	March 31, 2026	[ICRA]A- (Stable)	-	-	-	-	-	-
Fund-based – Term loan	Long-term	290.00	March 31, 2026	[ICRA]A- (Stable)						
Unallocated	Long-term/Short-term	10.00	March 31, 2026	[ICRA]A- (Stable)/ [ICRA]A2+						

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Overdraft	Simple
Long-term – Fund-based – Term loan	Simple
Long-term/Short-term – Unallocated	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here]

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Long-term – Fund-based – Overdraft**	NA	NA	NA	60.00	[ICRA]A- (Stable)
NA	**Long-term – Fund-based – Term loan**	NA	NA	August 2030	290.00	[ICRA]A- (Stable)
NA	**Long-term/Short-term – Unallocated**	NA	NA	NA	10.00	[ICRA]A- (Stable)/ [ICRA]A2+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis- Not applicable

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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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