

## Manipal University Jaipur

June 20, 2025

| Facilities/Instruments                 | Amount (₹ crore)                 | Rating <sup>1</sup>        | Rating Action |
|--|----------------------------------|----------------------------|---------------|
| Long-term bank facilities              | 634.24<br>(Enhanced from 334.24) | CARE A+; Stable            | Reaffirmed    |
| Long-term / Short-term bank facilities | 40.00                            | CARE A+; Stable / CARE A1+ | Reaffirmed    |

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings assigned to bank facilities of Manipal University Jaipur (MUJ) continue to derive strength from experienced promoter group with a long track record of operations in the education sector through Manipal Academy of Higher Education (MAHE; flagship entity of the group in the education vertical), recognised brand name of 'Manipal' in India, and the 'Private University' status, thereby providing more autonomy. Ratings also take cognisance of sustained growth in its scale of operations in the last few years with increase in number of student enrolments under its campus programmes and online courses, which are expected to further improve going forward while maintaining healthy SBILDT (surplus before interest, lease, depreciation and tax) margin. Ratings also considers improvement in its capital structure and debt coverage indicators backed by accretion of profits to corpus fund, and significant increase in SBILDT and cash accruals. CARE Ratings Limited (CareEdge Ratings) continues to monitor the progress of its ongoing debt-funded capex which is expected to be absorbed quickly with the envisaged increase in student count, considering the synergies MUJ has with MAHE in terms of similar course curriculum, faculty exchange, common entrance test and student placements. However, its timely completion and stabilisation without significant cost and time overruns will remain key monitorable.

However, above rating strengths are tempered by leveraged capital structure due to relatively moderate corpus fund on account of losses incurred by MUJ prior to stabilisation of its operations. The long-term rating is also constrained by high level of regulation by the Government (central and state) in the education sector and intense competition from established players in the education sector.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Significant increase in its scale of operations and corpus fund while maintaining SBILDT margin over 35% and total debt/SBILDT of ~2x on a sustained basis.

#### Negative factors

- Decline in its scale of operations below ₹500 crore with SBILDT margin lower than 35% due to decline in student enrolments and increased costs.
- Total debt/ SBILDT above 3x on a sustained basis.

**Analytical approach:** Standalone.

#### Outlook: Stable

The stable outlook reflects CareEdge Ratings' expectation on improvement in student enrolments in the medium-to-long term supported by its strong brand presence.

### Detailed description of key rating drivers:

#### Key strengths

##### Experienced promoter group with long track record of operations and qualified board

The Manipal group was started by the late Dr Tonse Madhava Ananth Pai (T.M.A Pai), to establish its presence in the education and healthcare sectors. Currently, the group is headed by Dr Ramdas Pai (honoured with Padma Bhushan in 2011), son of Dr T.M.A Pai. Dr Ramdas Pai has experience of over five decades in education and healthcare services industries. He is assisted by his son, Dr Ranjan Pai, who also has extensive experience of around three decades in running and managing healthcare and education businesses. Some of the Manipal group companies includes MAHE, Sikkim Manipal University (runs a private university in Sikkim; rated CARE A-; Positive/ CARE A2+), Manipal Global Education Services Private Limited (the group's education service business), and Manipal Health Enterprise Private Limited (operates hospital chain). MUJ receives financial/treasury/management advisory from the group as well as derives synergy from MAHE in terms of course curriculum, faculty exchange, student admissions, and student placements.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

The university is professionally managed by the experienced board members which include Dr Ramdas M. Pai, Chairperson Emeritus and S. Vaitheeswaran, Chairperson, MUJ. S. Vaitheeswaran has more than three decades of experience in the corporate world under various roles. Other prominent members include, Dr Ranjan Pai, Chairman-MEMG, Dr Niti Nipun Sharma (President), and Dr Jawahar Mal Jangir (Pro-President), among others.

### **Sustained growth in fees income with improvement in profitability**

MUJ's total operating income (TOI) grew at a compounded annual growth rate (CAGR) of ~35% for four years ended FY25 (FY refers to April 01 to March 31). TOI grew by ~40% in FY25 to ₹759 crore (FY24: ₹537 crore) and the operating profitability marked by SBILDT margin sustained at 37.42% in FY25 (FY24: 37.44%). This was primarily aided by increase in student enrolments, average fees and revenues from its online courses. The number of students increased from 9,772 in AY22 (AY refers to academic year – June to May) to 16,564 in AY25 providing healthy revenue visibility in the medium term. MUJ consistently reported SBILDT margin in the last few years depicting its competitive edge and synergies from the Manipal group. The debt coverage indicators marked by total debt/ SBILDT stood at 1.75x in FY25 (FY24: 1.47x) on the back of ongoing debt-funded capex while SBILDT interest coverage ratio stood comfortable at 10.63x in FY25 (FY24: 8.40x).

In FY25, MUJ completed construction of its new academic block with a capacity of ~4,000 students and Phase I of its hostel facility which can accommodate ~3,500 students. MUJ currently has academic blocks capacity for close to ~20,000 students and hostel facility to accommodate ~9,500 students. MUJ is expected to complete Phase II of its hostel facility which can accommodate ~3,500 students. Altogether, these expansions are expected to propel growth in the medium term. With continuous demand for its courses, CareEdge Ratings expects that MUJ's scale will continue to grow while maintaining healthy SBILDT margin and satisfactory debt coverage indicators.

### **Private university status with diversified curriculum and established brand presence**

The private university status of MUJ (recognised by the University Grants Commission [UGC]) provides more autonomy and results in fewer regulatory hurdles in deciding the fee to be charged and other institutional facilities, such as technology, and faculty, among others. MUJ is equipped with latest infrastructure facilities, technologies, and learning resources. The campus facilities include well-equipped laboratories, computer centres, latest software, and other recreation facilities. MUJ offers undergraduate and post-graduate courses across diverse disciplines, including Engineering, Management, Arts and Humanities, Computer Applications, Law, Hospitality and Tourism, Journalism and Communication, and Planning and Design among others. Engineering courses remain the largest contributor with ~60% of the student strength belongs to the engineering stream.

Manipal group has a significant brand presence across India, especially for engineering and medical courses, as reflected by the year-on-year increase in student enrolments in the last few years, signifying strong brand presence.

### **Favourable industry outlook**

India, being the world's most populous nation, has a significant advantage characterized by a dynamic youth population. The long-term outlook for the sector is favourable considering the increasing population, increase in per capita income, rising enrolment ratios, variety of courses being offered, growth in vocational courses, government support in terms of fee reimbursement schemes, various government initiatives for modernization of the sector, flexibility in curriculum, etc. However, in contingencies such as COVID-19 and other unprecedented times, managing the finances and working capital requirement is crucial for educational institutions. Hence, availability of additional liquidity either in the form of unencumbered liquid investments, financial support from resourceful promoters or unutilised bank limits would provide some cushion during such times.

### **Liquidity: Strong**

MUJ's liquidity is strong with cash flow from operations of ~₹370 crore in FY25 (FY24: ~₹300 crore) which are expected to further improve in medium term with expected increase in student enrolments. Strong liquidity is further characterised by sufficient cushion with expected healthy cash accruals against debt repayment obligations of ₹15-25 crore per annum in the next two years. MUJ had liquid cash and investments of ₹276 crore as on March 31, 2025 (₹205 crore as on March 31, 2024). MUJ also has ₹40 crore of unutilised overdraft limits which provides additional buffer in case of any cash flow mismatches.

### **Key weaknesses**

#### **Improved albeit leveraged capital structure due to moderate corpus fund**

Due to previous years losses, MUJ had a negative corpus fund/net worth till FY22 and turned positive to ₹84 crore as on March 31, 2023. MUJ has availed significant bank debt in the past to build the required infrastructure of the university, which resulted in leveraged capital structure. However, MUJ's net worth base strengthened to ₹432 crore as on March 31, 2025 on the back of increased scale of operations and healthy surplus margin leading to healthy surplus. Overall gearing ratio improved to 1.05x as on March 31, 2025 (1.25x as on March 31, 2024) backed by accretion of profit to corpus fund.

MUJ had aggregate capex plans of ~₹900 crore in FY25 and FY26 towards set up of the academic block and hostel (two phases) through ~₹525 crore of debt and balance through internal accruals to meet growing demands of its courses among the students.

MUJ incurred capex of ~₹500 crore in FY25 and balanced capex is expected to be incurred in FY26. The academic block and Phase I of hostel commenced in FY25 while Phase II is expected to commence in FY26. Despite ongoing debt funded capex plan, CareEdge Ratings expects overall gearing of MUJ to remain below 1.40x in the near-to-medium term and the capital structure is expected to improve in the medium term with accretions and benefits from the capex. CareEdge Ratings also notes that due to productive nature of the capex, the risk associated with large size debt funded capex is reduced to the large extent. However, timely completion and stabilisation of this capex without significant cost and time overruns will be crucial from a credit perspective. Moreover, MUJ has a history of prepayment of term debt from surplus liquidity, in which case the capital structure may improve further.

### Presence in a regulated industry and competition from established and upcoming educational institutes

The higher education sector in India is in the concurrent list of the constitution, and thus, comes under the purview of both, the central and state governments. Although the private university status of MUJ results in more autonomy and fewer regulatory hurdles, any policy changes by the government or regulatory bodies may have an impact on the operating and financial flexibilities of the university.

The growth in universities providing higher education has been significant over the recent years and has reached to ~1,362 universities in FY25 from ~760 in FY15. The education sector is highly fragmented with the presence of large number of small and big players due to high growth opportunities and government's thrust on education for all. Therefore, the players in this industry are exposed to competition induced pressures from existing established as well as upcoming public and private players on student enrolments and overall student strength.

### Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Education](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

### About the company and industry

#### Industry classification

| Macroeconomic indicator | Sector            | Industry                | Basic industry |
|-------------------------|-------------------|-------------------------|----------------|
| Consumer discretionary  | Consumer services | Other consumer services | Education      |

MUJ was established in 2011 by Dr Ramdas Madhav Pai (Chairman Emeritus, MUJ) through an Act (No. 21 of 2011) of State Legislature of Rajasthan as a State Private University as specified by the UGC under Section 22 of the UGC Act 1956. MUJ is a multi-disciplinary university offering a variety of courses at all levels, i.e., undergraduate, postgraduate, and doctoral, across diverse streams, including engineering, architecture, design, science, management, law, commerce and humanities, etc. In terms of infrastructure, the university has a large campus spread across 122 acres, with facilities including a library, auditorium, media lab, hostel, amphitheatre, artificial intelligence (AI) and virtual reality (VR) lab, cancer lab, among others. MUJ has received accreditations from the National Board of Accreditation (NBA) and National Assessment and Accreditation Council (NAAC).

| Brief Financials (₹ crore)                    | FY24 (A) | FY25 (Prov.) |
|---|----------|--------------|
| Total operating income                        | 537      | 759          |
| SBILDT  | 201      | 284          |
| Net Surplus                                   | 155      | 238          |
| Appropriation of profits to designated funds* | 58       | 82           |
| Reported net Surplus *                        | 97       | 156          |
| Overall gearing (times)                       | 1.25     | 1.05         |
| Interest coverage (times)                     | 8.40     | 10.63        |

A: Audited; Prov. Provisional; Note: these are latest available financial results

\*MUJ allocated part of its profits to its designated funds which were debited from the profit and loss account as per audited financials and was also part of the net worth. CareEdge Ratings has considered it as part of surplus as it is appropriation and there is no specified time period for its use.

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of 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 (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|-----------------------------------|------|-------------------------------|-----------------|----------------------------|-----------------------------|------------------------------------|
| Fund-based - LT-Term Loan         | -    | -                             | -               | March 2037                 | 634.24                      | CARE A+; Stable                    |
| Fund-based - LT/ST-Bank Overdraft | -    | -                             | -               | -                          | 40.00                       | CARE A+; Stable / CARE A1+         |

#### Annexure-2: Rating history for last three years

| Sr. No. | Name of the Instrument/ Bank Facilities | Type  | Current Ratings              |                            | Rating History                              |   |   |   |
|---------|---|-------|------------------------------|----------------------------|---|---|---|---|
|         |   |       | Amount Outstanding (₹ crore) | Rating                     | Date(s) and Rating(s) assigned in 2025-2026 | Date(s) and Rating(s) assigned in 2024-2025 | Date(s) and Rating(s) assigned in 2023-2024 | Date(s) and Rating(s) assigned in 2022-2023 |
| 1       | Fund-based - LT-Term Loan               | LT    | 634.24                       | CARE A+; Stable            | -   | 1)CARE A+; Stable (30-Oct-24)               | 1)CARE A; Stable (29-Sep-23)                | 1)CARE A-; Stable (19-Jul-22)               |
| 2       | Fund-based - LT/ ST-Bank Overdraft      | LT/ST | 40.00                        | CARE A+; Stable / CARE A1+ | -   | 1)CARE A+; Stable / CARE A1+ (30-Oct-24)    | 1)CARE A; Stable / CARE A1 (29-Sep-23)      | 1)CARE A-; Stable / CARE A2+ (19-Jul-22)    |

LT: Long term; LT/ST: Long term/Short 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-Term Loan          | Simple           |
| 2       | Fund-based - LT/ ST-Bank Overdraft | Simple           |

#### Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge 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.

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