

Pandit Deendayal Energy University

September 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	40.00	CARE A+; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of Pandit Deendayal Energy University (PDEU) derives strength from its position as a state autonomous university with category-I status, as accorded by University Grants Commission (UGC), providing significant financial and operational autonomy. The rating further derives comfort from reputed and eminent board of governors (BoG), wide range of courses offered under state-of-the-art campus infrastructure. The rating also favourably factors in its comfortable financial risk profile supported by healthy corpus base and low debt levels leading to comfortable capital structure, strong debt coverage indicators and adequate liquidity.

However, rating remains constrained on account of PDEU's moderate scale of operations and profitability with limited geographical reach and revenue concentration in the engineering stream. The rating also factors in risk associated with the ongoing expansion project and PDEU's presence in highly regulated and competitive education sector.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Substantial increase in students enrolment by increasing its intake capacity across courses leading to growth in total operating income (TOI) over ₹350 crore and improvement in surplus before interest, lease rentals, depreciation and tax (SBILDT) margin above 25% on a sustained basis.

Negative factors

- Material reduction in students enrolment on a sustained basis resulting in a decline in TOI.
- SBILDT margin falling below 15% on a sustained basis.
- Debt-funded capex leading to deterioration in the capital structure, with overall gearing ratio exceeding 0.30x on a sustained basis.
- Materialisation of disputed income tax liability resulting in significant deterioration in the liquidity of the university.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook on the rating reflects the rated entity shall continue to benefit from its status as a state autonomous university managed by reputed and eminent BoG. CARE Ratings Limited (CareEdge Ratings) expects the entity to maintain its comfortable financial risk profile supported by healthy corpus and low debt levels.

Detailed description of key rating drivers:

Key strengths

State autonomous university with category-I status by UGC providing significant financial and operational autonomy

The university was constituted through the Pandit Deendayal Petroleum University Act, 2007, passed by the Gujarat Legislative Assembly. It was established in April 2007, as a state autonomous university by the Gujarat Energy Research and Management Institute (GERMI), a trust promoted by the Government of Gujarat (GoG).

PDEU was granted autonomous status by the UGC and initially placed in Category II in 2018. Later, in 2024, it was upgraded to Category I, implying a high-performing institution with significant autonomy in academic and administrative matters.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Reputed and eminent board of governors and Management

PDEU is governed by a reputed and eminent board of governors led by Dr. Mukesh D. Ambani, Chairman and Managing Director of Reliance Industries Limited (rated CARE AAA; Stable/CARE A1+), serving as the President and Chairman of the University. Dr. Hasmukh Adhia, the retired Indian Administrative Service (IAS) officer and a former Revenue & Finance Secretary, Government of India, serves as Vice Chairman of PDEU. Anita Karwal, the retired IAS officer with over 35 years of experience, acts as the chairperson of the Standing Committee at PDEU. Dr. S. Sundar Manoharan, a renowned academician and researcher with over three decades' experience, is the Director General and Chairman of Finance Committee as well as Academic Council at PDEU.

Wide range of courses offered under state-of-the-art campus infrastructure

PDEU has a large campus spanning across ~100 acres with 21 buildings, 73 lecture halls, 80+ laboratories and 1,350 hostel rooms with capacity of ~3,600 student occupancy and four Dining Halls with ~2,000 seating capacity. It offers a wide range of undergraduate, postgraduate, and doctoral programs in engineering, management, liberal studies, and sciences, with an emphasis on energy education and research. Apart from academic courses, PDEU has also established ~15 Centres of Excellence (CoEs) to foster innovation, research, and industry-academia collaboration across diverse domains.

PDEU has also established 'PDEU Innovation & Incubation Centre (PDEU IIC)' (registered u/s 8 of Companies Act, 2013) which is currently incubating 200+ Start-ups from different domains such as waste management, energy and environment, IT & IOT, Fintech, and Cleantech among others.

Comfortable capital structure and strong debt coverage indicators

PDEU has healthy corpus of ₹516.15 crore as on March 31, 2025, while debt level remained minimal leading to low and comfortable capital structure marked by overall gearing of 0.03x as on March 31, 2025. Debt coverage indicators of the university remained comfortable marked by total debt to gross cash accruals (TD/GCA) of 0.25x as on March 31, 2025. This is envisaged to continue remain comfortable going forward. CareEdge believes PDEU would continue to have low reliance on the external debt owing to its adequate and growing cash accruals while its healthy corpus base would provides further financial flexibility.

Key weaknesses**Moderate scale of operations and profitability**

Despite PDEU's scale of operations grew at a compound annual growth rate (CAGR) of 15% in last five years, its TOI stood moderate at ₹241.57 crore in FY25. The growth in TOI was led by steady improvement in student in-take coupled with marginal hike in fees (academic as well as non-academic). New enrolments increased by 25% year-on-year (y-o-y) from 2,252 students in Academic year 2023-24 (AY24) to 2,829 students in AY25 further ensuring healthy student strength in upcoming academic years. Overall student strength of the PDEU improved from 7,445 students in AY23 and 8,019 students in AY24 to 9,142 students in AY25.

SBILDIT and surplus margins remained moderate at 22.43% and 20.17% respectively (20.34% and 15.88% respectively in FY24) in FY25. CareEdge Ratings believes PDEU to sustain SBILDIT margin at 20-22% going forward, with increasing enrolment of students and steady improvement in student fees.

Limited geographical reach with concentration of revenue in engineering education

PDEU operates from a single campus in Gandhinagar, Gujarat, which limits its geographical reach and makes its revenue stream vulnerable to increased competition in the vicinity. Further, despite a range of courses offered, revenue remains concentrated in the engineering domain, contributing ~55-60% of TOI. This exposes the university to potential demand moderation in engineering programs.

Exposure to risks related to ongoing project

PDEU is undergoing expansion capex with total cost of ₹200.89 crore for construction of two academic blocks, two new high rise hostel blocks and extension of one existing block. This is to be funded through term loan of ₹40 crore, bank overdraft (100% FD backed) of ~₹36 crore and balance from endowment funds/grants/operational surplus of the university. As on June 30, 2025, PDEU has already incurred cost of ₹83.02 crore, funded from term loan of ₹29.75 crore, bank overdraft of ₹6.41 crore and balance from endowment funds/grants/operational surplus of PDEU.

While this exposes PDEU to project execution risk, comfort can be drawn from its adequate liquidity position and healthy cash flow generation, limiting its dependence on external debt/grant. Completion of the project in the envisaged time and cost parameter shall remain a key rating monitorable.

Contingent liability

PDEU has contingent income tax liability of ₹11.93 crore as on March 31, 2025. As articulated by management, it was due to an error in filing the income tax return for assessment year 2024. Further, PDEU received the income tax demand order for income tax liability of ₹126.52 crore in March 2025, despite the taxable income being assessed at ₹23.79 crore for assessment year 2024, per intimation under section 143(1) and order under section 143(3) of the Income Tax Act, 1961.

PDEU has appealed against the demand and also filed a rectified income tax return under section 154 of the Act. On June 12, 2025, PDEU received the stay order on the income tax demand of ₹126.52 crore, valid up to December 31, 2025, or until the decision on the appeal, whichever is earlier.

CareEdge Ratings notes that PDEU is exempt from payment of income tax under section 10(23C) of the Act and the management of PDEU has also stated that the said income tax liability has arisen due to error in filling the income tax return. However, any adverse outcome of the aforementioned appeal and its impact on PDEU's liquidity profile would remain a key rating monitorable.

Highly regulated and competitive education sector

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. It is regulated by the Ministry of Human Resources at the national level, by the education ministries in each state, central bodies such as UGC and other professional councils such as All India Council for Technical Education (AICTE) among others. Although the state autonomous university status of PDEU results in more autonomy and fewer regulatory hurdles. However, policy changes by the government or regulatory bodies may have an impact on PDEU's operating and financial flexibilities.

Liquidity: Adequate

PDEU had adequate liquidity marked by healthy gross cash accruals (GCA) against minimal debt repayment obligations. PDEU is expected to generate GCA of ₹65-70 crore against debt repayment obligation of ~₹2 crore in FY26.

Cash flow from operation stood at ₹67.99 crore in FY25 (FY24: ₹47.38 crore). Its liquidity is further underpinned by the availability of cash and liquid investments of ₹438.34 crore as on March 31, 2025, and it earned interest income of ₹13.92 crore in FY25 (FY24: ₹10.41 crore). PDEU receives semester-wise tuition fees in two instalments during the year which is used throughout the year to meet its various expenses.

With no inventory, minimal debtors and credit being availed from various suppliers, PDEU had negative operating cycle of 13 days in FY25 (FY24: Negative 14 days).

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Education](#)

[Financial Ratios – Non financial Sector](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Services	Other Consumer Services	Education

Located in Gandhinagar (Gujarat), Pandit Deendayal Energy University (PDEU; erstwhile Pandit Deendayal Petroleum University) is a state autonomous university established in April 2007, by GERMI, a trust promoted by the GoG.

PDEU is recognised by UGC, accredited with an A++ grade by the National Assessment and Accreditation Council (NAAC), and is a member of the Association of Indian Universities (AIU).

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	208.82	241.57
SBILDT	42.48	54.18
Surplus	33.16	48.72

Overall gearing (times)	0.00	0.03
Interest coverage (times)	NM	NM

A: Audited; NM: Not Meaningful as no finance cost; Note: 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

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	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Term Loan-Long Term	-	-	-	December 2032	40.00	CARE A+; 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 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	Term Loan-Long Term	LT	40.00	CARE A+; Stable	-	-	-	-

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	Term Loan-Long Term	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.

Contact us

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About us:

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