

February 14, 2025

Maharaja Agrasen Technical Education Society: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Unallocated Limits	30.00	30.00	[ICRA]A- (Stable); reaffirmed
Total	30.00	30.00	

*Instrument details are provided in Annexure I

Rationale

The rating reaffirmation for Maharaja Agrasen Technical Education Society (MATES) considers its strong financial profile emanating from the society's robust capital structure with minimal debt on books, coupled with healthy margins leading to solid debt coverage metrics, which are likely to remain strong in the near to medium term. The liquidity levels are comfortable as reflected by minimal utilisation of the sanctioned overdraft facility and free cash and cash equivalents of Rs. 183 crore as on March 31, 2024, with nil debt repayment obligations. The society is likely to register a steady growth in its future revenues, supported by an increase in the number of seats and regular upward fee revision. Further, the society has a track record of receiving healthy donations from its trustees every year, although the same has remained volatile in nature. The rating takes into account the established position of MATES and track record of more than two decades of operations of its institutes at its Delhi campus. Going forward, ICRA estimates that society would be able to comfortably meet the planned capex and other requirements from its own accruals and balances.

However, the rating remains constrained by the moderate revenue base, along with course and asset concentration risks with most of its revenues derived from Maharaja Agrasen Institute of Technology (MAIT) and Maharaja Agrasen Institute of Management Studies (MAIMS). The occupancy rates in Maharaj Agrasen University (MAU) remain lower than that of MATES' other institutes, although improving each year. In the academic year (AY) 2024, the overall enrolment rate at MAU remained moderate at 73%. Nevertheless, the same improved from 64% in AY2023. ICRA notes that the higher education sector in India is highly regulated, which exposes the society to significant regulatory risks associated with stringent compliance requirements. Further, the society is undertaking a fresh capex of around Rs. 200 crore at its Baddi campus and its upcoming second university, which exposes the university to execution risk, along with the risk of generating adequate returns on these investments. The proposed capex is scheduled to be incurred in a phased manner over the next two to three years, which will be funded majorly from internal accruals and nominal debt, if required.

The Stable outlook on the long-term rating reflects ICRA's expectations that the society will benefit from the healthy operating metrics in its flagship institutes, coupled with robust liquidity position and credit metrics on the back of surplus cash flow generation from operations and absence of large any debt-funded capex in the medium term.

Key rating drivers and their description

Credit strengths

Established position and track record of the society – MATES has an established track record of around 25 years, which offer courses at the graduate and the postgraduate levels in its Delhi and Himachal Pradesh campuses. MAIT (started in 1999) offers B.Tech and MBA courses, MAIMS (started in 2003) offers BBA, BJMC and BCom courses, MAU (Started in 2014) offers courses across engineering, management and law disciplines and Maharaja Agrasen Business School (MABS, started in 2024) offers

postgraduate management courses. The institutes' established reputation is corroborated by the comparatively higher cut-offs vis-à-vis other colleges affiliated to Guru Gobind Singh Indraprastha University (GGSIPU), Delhi and satisfactory placements.

Healthy operating metrics of flagship institutes – The overall occupancy improved in AY2024 to 90% from 84% during the previous year, driven by healthy improvement for MAU to 73% in the current academic year from 64% previous year, while that for MAIT and MAIMS continued to remain at optimal level of 100% and 98%, respectively, in AY2024. The occupancy level for MABS was also comfortable at 92%. Going forward, the operating metrics of the flagship institutes would remain strong on account of the established position and track record in the Delhi region.

Comfortable debt protection metrics along with healthy liquidity – The society maintains a conservative capital structure, with minimal dependence on external/internal debt. Further, healthy surplus generation continues to aid a strong liquidity, facilitating a build-up of sizeable cash and liquid balances. Although the society sometimes uses temporary overdraft facility against its own fixed deposits, it continues to have a negative net debt position. A steady increase in scale and adequate margins together with strong liquidity, resulted in the society's robust financial profile, which is likely to sustain in the future. Further, the liquidity remains healthy as reflected by minimal utilisation of the sanctioned overdraft facility and free cash and cash equivalents of Rs. 183 crore as on March 31, 2024. Moreover, nil debt repayment obligation strengthens its liquidity.

Credit challenges

Moderate revenue base along with course concentration risk – Although the operating income grew by around 20% in FY2024 to Rs. 132 crore from Rs. 111 crore in FY2023, the revenue base of the society remains moderate, which is unlikely to increase significantly in the near term. The growth in the same in FY2024 was driven by annual hike in fee and higher students' intake as well as higher donations, which remains volatile. MATES' top line mainly consisted of revenues generated from MAIT, with the latter contributing to around 57% of its revenue receipts, followed by MAIMS, which accounted for 25% in FY2024. The recently started MABS is also in Delhi campus and therefore, a large proportion of the society's revenue receipts are derived from its Delhi campus, leading to limited asset diversification. Nonetheless, with a gradual increase in enrolments at MAU, the revenue contribution from the Baddi campus is expected to increase in the medium term.

Low occupancy of the society's university, although improving each year – Intense competition in the Himachal Pradesh region, which has several private educational institutes and a decline in demand for engineering courses, affected operations at the Baddi campus, which continues to run at a moderate occupancy of around 73% in AY2024 (though improved from 64% in AY2023). Also, the state government regulations limit autonomy over the admission procedures and tuition fees, which could impact the overall financial profile. With MAU's occupancy unlikely to improve significantly in the near term, the university would remain dependent on the support from the trust to meet its expenses.

Risks associated with capex and introduction of new courses – The society is required to incur regular capital expenditure to maintain its tax-free status. The society is undertaking a fresh capex of around Rs. 200 crore at MAU, Baddi, Himachal Pradesh, for building a 200-bed general hospital, along with a college for nursing and paramedical courses, which exposes it to the execution risk. Further, a new university in Panchkula, Haryana, is expected to come up on an acquired land of 50 acre, which is adjacent to the society's university at Baddi, Himachal Pradesh. The land was acquired for Rs. 19-20 crore over the past few years. However, plans/capex towards the same are at a nascent stage. The proposed capex is scheduled to be incurred in a phased manner over the next two to three years, which will be funded primarily from internal accruals and nominal debt, if required. The university's ability to generate adequate return on these investments will remain a key rating monitorable. Further, the society has introduced new courses in the current academic year, where risks associated with the admission levels, or the occupancy level exists.

Liquidity position: Strong

The liquidity position remains **strong**, driven by healthy surpluses generated from operations (around Rs. 50.0 crore) over the years and large free balances maintained by the society. The society reported healthy free cash and cash equivalents of Rs. 183 crore as on March 31, 2024, with nil debt repayment obligations. Additionally, it receives healthy donations from its trustees each year, which supports capex. MATES' ability to effectively manage its capex requirement from its own accruals and donations will be the key for maintaining its liquidity position.

Rating sensitivities

Positive factors – ICRA could upgrade MATES' rating if there is a significant increase in its revenue via addition of new courses/institutes, along with a substantial improvement in the performance of MAU on a sustained basis.

Negative factors – The rating may be downgraded if its credit metrics and liquidity position come under pressure owing to weak earnings or a sharp rise in debt levels on the back of higher-than-expected capital expenditure proposed by the society. Specific credit metrics that may trigger rating downgrade include Total debt/OPBDITA of more than 2 times on a sustained 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

MATES, formed under the Societies Registration Act on July 2, 1998, is registered with the Income Tax Department as a charitable society. It runs two colleges in Delhi (MAIT and MAIMS) and one state private university, MAU, in Baddi (Himachal Pradesh), which offer courses at the graduate and the postgraduate levels. MAIT was started in 1999 and offers B.Tech and MBA courses. It is affiliated to Guru Gobind Singh Indraprastha University (GGSIPU), Delhi. MAIMS was started in 2003 and offers BBA, BJMC and BCom courses. It is also affiliated to GGSIPU. MAU commenced operations from AY2014 and offers courses across engineering, management and law disciplines. The society has recently started MABS in 2024, which offers Post Graduate Diploma in Management (PGDM).

Key financial indicators (audited)

MATES	FY2023	FY2024
Operating income	110.7	132.0
PAT	22.5	43.1
OPBDIT/OI	14.6%	22.2%
PAT/OI	20.3%	32.7%
Total outside liabilities/Tangible net worth (times)	0.3	0.2
Total debt/OPBDIT (times)	0.2	0.0
Interest coverage (times)	85.0	113.6

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	FY2025	FY2024		FY2023		FY2022	
			Feb 14, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based – CC	Long term	-	-	-	-	30-Nov-2022	[ICRA]A-(Stable)	30-Sep-2021	[ICRA]BBB+(Stable)
Unallocated Limits	Long term	30.00	[ICRA]A-(Stable)	04-Jan-2024	[ICRA]A-(Stable)	30-Nov-2022	[ICRA]A-(Stable)	30-Sep-2021	[ICRA]BBB+(Stable)
				27-Apr-2023	[ICRA]A-(Stable)				

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Unallocated Limits	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	Unallocated Limits	NA	NA	NA	30.00	[ICRA]A- (Stable)

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.

ANALYST CONTACTS

Ashish Modani

+91 20 6606 9912

ashish.modani@icraindia.com

Suprio Banerjee

+91 22 6114 3443

supriob@icraindia.com

Manish Pathak

+91 124 4545 397

manishp@icraindia.com

Devansh Jain

+91 124 4545856

devansh.jain@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.