March 31, 2026

MS Ramaiah University of Applied Sciences: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based - Cash credit	32.00	32.00	[ICRA]A+ (Stable); reaffirmed
Long term – Fund based - Unallocated limits	18.00	18.00	[ICRA]A+ (Stable); reaffirmed
Total	**50.00**	**50.00**	

**Instrument details are provided in Annexure I*

Rationale

ICRA has taken a consolidated view of MS Ramaiah University of Applied Sciences (MSRUAS) and Gokula Education Foundation (Medical) (GEFM), commonly referred to as the Group, while assigning the rating, given the managerial linkages, cash flow fungibility and common trustee profile.

The rating reaffirmation factors in the strong enrolment levels across the Group's medical courses, along with periodic fee revisions and stable occupancy levels at its hospitals, which are expected to result in adequate operating income (OI) and strong debt protection metrics in FY2026 and FY2027. The Group reported that its OI improved by 31% to Rs. 1,004 crore in FY2025, driven by the increase in hospital tariff, growth in student admissions and periodic fee revisions across courses. The OI is likely to rise marginally in FY2026 and FY2027. Further, while the Group has capital expenditure (capex) plans of Rs. 230-250 crore during FY2026-FY2027, funding is likely to be primarily met through internal accruals with the balance through the existing on-balance sheet liquidity. Given the limited reliance on external borrowings for funding capex along with low debt levels, the debt protection metrics are projected to remain strong during FY2026-FY2027. The Group's established presence and long operating track record in the education and healthcare segments have supported its brand strength. Further, the university's dental and medical programmes have consistently featured among the top 50 institutions in the National Institutional Ranking Framework (NIRF) issued by the Ministry of Education, Government of India, supporting its competitive positioning.

The rating, however, continues to be constrained by the significant regulatory risks inherent in the education and healthcare sectors, with the Group's revenues being substantially dependent on the medical college, where student intake and fee structures are regulated. Additionally, the hospital operations remain exposed to pricing regulations imposed by the Central and state governments. Moreover, restrictions on upfront fee collection for the entire course from management/non-resident Indian (NRI) seats, and receivables from scheme patients in hospitals and income tax authorities have resulted in high working capital intensity, with NWC (net working capital) /OI of 18.5% in FY2025. The credit profile is also constrained by high geographical concentration, with all institutions/facilities located in Bengaluru (Karnataka), and intense competition from other universities in the region, which could impact the ability to attract meritorious students and faculty. This risk is, however, moderated to an extent by the Group's established brand and strong reputation.

The Stable outlook on the long-term rating reflects ICRA's expectation that enrolments at the Group's educational institutions and occupancy levels in the hospitals will stay healthy and reliance on external debt to fund capex during FY2026-FY2027 will remain low, supporting strong debt protection metrics.

Key rating drivers and their description

Credit strengths

Diversified operations with healthy enrolment levels across educational institutions, backed by strong reputation and brand name – The Group has a diversified business profile with operations across the higher education and healthcare segments. The healthcare vertical is supported by its teaching hospitals and a superspeciality hospital, which continues to witness healthy patient demand and contributes meaningfully to consolidated revenues and operating surplus. In the education segment, M.S. Ramaiah Medical College has an established reputation in medical education in India, having consistently featured among the top 50 medical colleges as per the NIRF and ranked 50th in Medical Education in NIRF-2025. The institution also benefits from strong brand recall and sustained demand in Karnataka, where it is regarded among the top 5-10 medical colleges. Further, the Group's dental and pharmacy programmes were ranked 22nd and 56th, respectively, in NIRF-2025. The university is expected to continue to benefit from its strong linkages with the Ramaiah Group of Institutions, which has an established brand presence in Karnataka.

Strong debt protection metrics – The Group continues to maintain a conservative capital structure, as reflected by total debt to operating surplus of 0.60 times as on March 31, 2025 (previous year (PY): 0.60 times) and total outside liabilities to tangible net worth of 0.36 times (PY: 0.34 times). While the gross debt level increased to Rs. 115.0 crore as on March 31, 2025 (PY: Rs. 88.6 crore), primarily on account of debt-funded capex towards hospital equipment, the overall debt level is likely to remain low in the medium term. Also, the Group reported a 31% improvement in its OI to Rs. 1,004 crore in FY2025, driven by the increase in hospital tariff, growth in student admissions and periodic fee revisions across courses. The OI is likely to rise marginally in FY2026 and FY2027. Given the limited reliance on external borrowings for funding capex along with the low debt level, the debt protection metrics are expected to remain strong during FY2026-FY2027.

Long track record in education sector – Established in 1979 by the Late Dr. M.S. Ramaiah, the Group benefits from a long operating track record and the extensive experience of its board of trustees in the Indian education and healthcare sectors. The depth of experience and institutional knowledge of the trustees is expected to continue supporting the Group's institutions in maintaining academic standards and strengthening their reputation. This should help attract and retain quality students and faculty members over the medium term.

Credit challenges

Exposed to regulatory risk – Higher education in India, particularly medical education, is strictly regulated, with oversight by multiple authorities, including the University Grants Commission (UGC) and the National Medical Council (NMC), and entails stringent compliance with prescribed academic, operational and infrastructure norms. The Group derives a significant portion of its revenues from medical colleges, wherein student intake and fee structures are regulated by the Government. Accordingly, it remains exposed to regulatory risks arising from unforeseen changes in policies, including revisions in fee caps, admission norms, and state quota requirements, which could adversely impact its operating and financial profile. Further, any adverse regulatory developments relating to statutory approvals and renewals may constrain the Group's ability to admit students, thereby affecting enrolment.

High working capital intensity of operations – The Group's working capital intensity remains elevated, primarily on account of an elongated collection cycle for its hospital operations as a high proportion of patients are covered under state and Central Government schemes. Additionally, restrictions on upfront fee collection from management/NRI quota students following the implementation of NEET, along with sizeable build-up in income tax receivables, have contributed to higher working capital requirements. Consequently, the Group's net working capital stood elevated, with NWC/OI of 18.5% in FY2025.

Exposed to high geographical concentration risk and intense competition – The Group remains exposed to high geographical concentration risk as all its institutions and hospitals are in Bengaluru. Also, it faces significant competition from other universities in the region, which puts pressure on attracting meritorious students and faculty. This is, however, partly mitigated by the Group's established brand and healthy reputation. ICRA expects that attracting and retaining qualified faculty, as well as sustaining student enrolments, will remain critical challenges amid intensifying competition in the sector.

Liquidity position: Adequate

On a consolidated basis, the Group's liquidity profile remains adequate, supported by comfortable cash accruals and strong on-balance sheet liquidity. Scheduled debt repayments of around Rs. 11 crore in FY2026 and Rs. 15 crore in FY2027 will be met comfortably from internal cash accruals. The Group has envisaged capex of Rs. 230-250 crore over FY2026-FY2027, which is proposed to be largely funded through internal accruals, with existing liquidity accounting for the balance. Further, the Group had free cash and cash equivalents of about Rs. 225 crore as on March 31, 2025.

Rating sensitivities

Positive factors – ICRA may upgrade the rating of MSRUAS and GEFM, if, on a consolidated basis, there is a sustained improvement in enrolment at the Group's educational institutions and occupancy in the hospitals, which translates into higher operating surplus and significant improvement in the liquidity position.

Negative factors – Pressure on the rating of MSRUAS and GEFM could arise if there is a substantial decline in the enrolment level or a delay in collection of fees, adversely impacting the liquidity profile. Any significant debt-funded capex and/or regulatory developments, adversely impacting the operating and financial profiles, could result in a rating downgrade. Specific credit metrics, which could lead to a rating downgrade, include Total debt/Operating surplus of more than 1.0 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Higher Education Rating Methodology – Hospitals
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the rating, ICRA has taken a consolidated view of MSRUAS and GEFM. GEFM is the sponsoring body of MSRUAS and has provided a corporate guarantee for the bank facilities of MSRUAS.

About the company

MS Ramaiah University of Applied Sciences (MSRUAS) was established in 2013 as a state private university in Karnataka. It offers undergraduate, postgraduate and doctoral courses in engineering, medical, dental science, pharmacy, social science and management, among others. MSRUAS is sponsored by GEFM. Dr. M.R. Jayaram, son of the Late Dr. M.S. Ramaiah, is the Chairman of GEFM and Chancellor of MSRUAS. M.S. Ramaiah Medical College is the flagship medical college of the university.

Gokula Education Foundation (Medical) is a public charitable trust established in 1979 by the Late Dr. M.S. Ramaiah. It runs one medical college and two hospitals in Bengaluru, Karnataka. MS Ramaiah Memorial Hospital is the flagship superspeciality hospital operated by GEFM.

Key financial indicators (audited)

MSRUAS (consolidated)	FY2024	FY2025
Operating income	766.2	1,004.7
PAT	97.0	123.9
OPBDIT/OI	19.4%	18.1%
PAT/OI	12.7%	12.3%
Total outside liabilities/Tangible net worth (times)	0.3	0.4
Total debt/OPBDIT (times)	0.6	0.6
Interest coverage (times)	38.7	18.7

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

	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Mar 31, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based – Cash credit	Long term	32.00	[ICRA]A+ (Stable)	Dec 31, 2024	[ICRA]A+ (Stable)	Sep 21, 2023	[ICRA]A+ (Stable)	Jun 10, 2022	[ICRA]A+ (Stable)
Fund based – Unallocated limits	Long term	18.00	[ICRA]A+ (Stable)	Dec 31, 2024	[ICRA]A+ (Stable)	-	-	-	-
Fund based – Term loan	Long term	-	-	Dec 31, 2024	[ICRA]A+ (Stable)	Sep 21, 2023	[ICRA]A+ (Stable)	Jun 10, 2022	[ICRA]A+ (Stable)

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term – Fund based - Cash credit	Simple
Long term – Fund based - Unallocated	NA

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	Working capital facilities	NA	NA	NA	32.00	[ICRA]A+ (Stable)
NA	Unallocated	NA	NA	NA	18.00	[ICRA]A+ (Stable)

Source: MSRUAS

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

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Gokula Education Foundation (Medical)	-	Full consolidation
MS Ramaiah University of Applied Sciences	-	Full consolidation

Note: Gokula Education Foundation (Medical) is the sponsoring body of MS Ramaiah University of Applied Sciences

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