

December 31, 2024

NIMS University Rajasthan: [ICRA]A-(Stable) assigned

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Fund-based – Term loan	400.0	[ICRA]A-(Stable); assigned
Total	400.0	

*Instrument details are provided in Annexure-I

Rationale

The rating assigned to NIMS University Rajasthan (referred to as NIMS or the University) considers its established track record of over two decades in imparting medical and dental education in Jaipur, Rajasthan, along with a healthy operational profile, driven by a steady growth in admissions across courses, including the large-ticket and long-duration medical courses and periodic fee revisions resulting in sufficient surplus margins. The University's revenue receipts grew by ~41% to Rs. 635 crore in FY2024 and are estimated to grow at a healthy pace of ~18-20% in FY2025, aided by increased student strength across courses. The overall student strength rose to ~17,961 in AY2025 from ~15,404 in AY2024, reflecting a growth of ~17%. Further, the University's financial profile remains comfortable, characterised by a satisfactory capital structure (reflected by gearing of ~0.9 times for FY2024), healthy surplus on the back of favourable cash flow from operations generated over the years, despite capex. ICRA also notes the self-financed private university status, which provides operational and financial flexibility regarding student intake capacity, addition of new courses, course content and fee structure.

The rating, however, remains constrained by the University's exposure to geographical and revenue concentration risks, regulatory risks, as well as intense competition in the medical education sector. The University's footprints are limited to Jaipur. Additionally, a large part of its revenues (~64% in FY2024) is derived from medical courses. The medical and dental colleges face intense competition from other Government, private and deemed universities in and outside Rajasthan, competing for both the quality of students and faculties alike. The education sector faces irregularity in cash flows, which are linked to student admission timelines. Generally, NIMS receives the major portion of the fees from July-September in a fiscal. Thus, cash flow management is the key to ensure timely salary payments, debt servicing and accommodating any capital expenditure plans. The University is also exposed to execution-related risks associated with the ongoing capex for developing infrastructure facilities.

NIMS has provided a corporate guarantee to Indian Medical Trust (IMT) for Rs. 125-crore loan. IMT is setting up a new medical college cum hospital for a total cost of Rs. 170 crore, which is funded by a debt to equity mix of 2.7 times. The hospital has started operations in FY2025 and the medical college is expected to commence from AY2026 onwards. Further, NIMS has provided loans and advances to the tune of ~Rs. 115 crore to IMT for development of the college. In the initial years, some support from NIMS would be required until the college stabilises its operations. However, ICRA does not expect any large outflows towards the new college, going forward.

The Stable outlook reflects ICRA's expectations that NIMS will maintain steady operational and financial risk profile, supported by healthy enrolments across key courses and healthy profitability levels.

Key rating drivers and their description

Credit strengths

Established track record of operations – NIMS, through its institutes, has been present in the higher education sector in Jaipur, Rajasthan for more than two decades, and has established its brand presence in the region. This is reflected in the continued high occupancy in its medical courses and the large student strength of ~17,961 students in AY2025. Being a self-financed

private university, NIMS can decide its own course structure, examination pattern and fee structure, resulting in high operational and financial flexibility.

Healthy operating metrics with increasing student strength across courses – NIMS offers medical courses, including MBBS, dental, physiotherapy, nursing, pharmacy at its campus. Medical courses accounted for ~16% of the University's student strength in AY2025, and ~64% of the revenue receipts in FY2024. Considering that the MBBS course involves substantially high fee per student vis-à-vis other courses and a longer duration of five years, strong occupancy in the course provides medium-term revenue visibility. The fee profile is strengthened by the high intake in medical courses, which stood at 2,931 students as of AY2025. In addition to medical courses, the University is fairly diversified with courses in engineering, management, hotel management, law, social sciences subjects.

Comfortable financial risk profile – A satisfactory capital structure, coupled with healthy surpluses, continue to aid liquidity, despite regular capital expenditure undertaken by the University towards infrastructure development. While the seasonality in fee receipts requires the University to maintain adequate liquidity in the system to cater to operational expenses during the rest of the year, healthy surplus generation mitigates the risk to an extent. Further, in the current academic year, ICRA expects the University to report steady admissions across its established courses.

Credit challenges

Geographical and revenue concentration risks – The University's footprints are limited to Jaipur, Rajasthan. Further, a large part of its revenues (close to 64%) is concentrated in medical colleges. Revenue contribution from the medical college is expected to remain high, given its large intake and premium fee structure. Further, there is a large demand-supply mismatch for medical education in India. Apart from the medical and dental colleges, contribution from the remaining courses has remained low.

Intense competition from other educational institutes; exposed to regulatory risks – The medical and dental colleges face intense competition from other Government, private and deemed universities in and outside Rajasthan, competing for both the 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. Any increase in seats by the Government by expansion in capacity of Central and state government colleges, could further intensify the competition. NIMS, like other entities in the higher education segment, is exposed to regulatory risks owing to the substantially regulated nature of the sector in India. Any adverse regulatory changes related to various approvals could impact its student enrolment capability.

The education sector exhibits irregularities in cash flows linked to student admission timelines. Given the nature of operation, wherein majority of the fee amount is typically received from July-September 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.

Exposure to execution risks related to ongoing capex – In FY2023 and FY2024, the University has spent close to ~Rs. 600 crore for infrastructure development projects at its campus. In FY2025, till date, the University has spent ~Rs. 150 crore and another ~Rs. 100 crore is expected in Q4 FY2025. The University is increasing its hostel capacities to accommodate additional 1,500 students, along with expansion of its hospital facilities and construction of a theatre classroom complex. Thus, NIMS remains exposed to execution-related risks on account of the large capex underway.

NIMS has provided a corporate guarantee to the Indian Medical Trust (IMT) for Rs. 125-crore loan. IMT is setting up a new medical college cum hospital for a total cost of Rs. 170 crore, which is funded by a debt to equity mix of 2.7 times. The hospital started operations in FY2025 and the medical college is expected to commence from AY2026 onwards. Further, NIMS has provided loans and advances to the tune of ~Rs. 115 crore to IMT for development of the college. In the initial years, some support from NIMS would be required until the college stabilises its operations. ICRA, hence, will monitor the ability of the Group to scale up of the new set-up and generate adequate returns from the same in terms of self-reliance of operations.

Liquidity position: Adequate

NIMS' liquidity position remains adequate with expected healthy cash accruals of ~Rs. 200-250 crore in FY2025 and FY2026. The University is undertaking a capex of ~Rs. 250 crore in FY2025 for infrastructure development projects. It has debt repayment of ~Rs. 50-60 crore p.a. over the next few years, which is expected to be adequately covered by the cash accruals. The working capital limits also had a buffer in the range of ~30-40% over the last twelve months.

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 – The rating may be downgraded in case of a substantial decline in revenues and profitability owing to reduction in occupancy levels across courses, impacting the overall student strength, or any unfavourable regulatory development or a sizeable debt-funded capex/advances to related parties, which affects its liquidity position and debt protection indicators.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Higher Education
Parent/Group support	Not Applicable
Consolidation/Standalone	ICRA has considered financial performance of the University and all the colleges/Institutes under it.

About the company

NIMS University Rajasthan, Jaipur is one of the leading universities in India and a largest self-financed university in Rajasthan. The University is located in Jaipur. It was established under the NIMS University Act, 2008, enacted by the Government of Rajasthan and recognised by the Government of India under the provisions of Sections 2(f) of the University Grants Commissions Act, 1956. The University is recognised by National Medical Commission (NMC), Dental Council of India (DCI), Pharmacy Council of India (PCI), Indian Nursing Council (INC), Rajasthan Nursing Council (RNC), Bar Council of India (BCI), All India Council for Technical Education (AICTE), and Association of Indian Universities (AIU).

It offers more than 450+ courses in medical, dental, pharmacy, paramedical, physiotherapy, nursing, allied health sciences, engineering and technology, advanced sciences, management and commerce, computer science and engineering, architecture, humanities, fashion design, hotel management, mass and media, law, etc.

Key financial indicators (audited)

NIMS Consolidated	FY2023	FY2024
Operating income	450.8	631.8
PAT	66.5	123.8
OPBDIT/OI	22.4%	33.3%
PAT/OI	14.7%	19.6%
Total outside liabilities/Tangible net worth (times)	1.6	2.3
Total debt/OPBDIT (times)	2.9	2.0
Interest coverage (times)	9.1	6.4

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	Type	Current (FY2025)		Chronology of rating history for the past 3 years					
		FY2025		FY2024		FY2023		FY2022	
		Amount Rated (Rs. crore)	Dec 31, 2024	Date	Rating	Date	Rating	Date	Rating
Long-term – Fund-based – Term loan	Long-term	400.00	[ICRA]A- (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based – Term loan	Simple

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	Term loan	FY2023	-	FY2031	400.0	[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 – NA

ANALYST CONTACTS

Ashish Modani

+91 20 25561194

ashish.modani@icraindia.com

Suprio Banerjee

+91 22 61143443

supriob@icraindia.com

Manish Pathak

+91 124 4545397

manishp@icraindia.com

Maitri Vira

+ 91 79 6923 0312

maitri.vira@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, 2024 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.