

Indian Public School Private Limited

March 19, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	50.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Downgraded from CARE BBB-; Stable

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. had, vide its press release dated October 10, 2024, placed the rating of Indian Public School Private Limited (IPSPL) under the 'issuer non-cooperating' category as IPSPL had failed to provide information for monitoring of the rating. IPSPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and an email dated March 14, 2025. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The revision in the rating is pursuant to Securities and Exchange Board of India (SEBI)'s circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/2 dated January 3, 2020, regarding 'Strengthening of the rating process in respect of Issuer Non-Cooperation (INC) ratings'. SEBI has in this circular mentioned that "If an issuer has all the outstanding ratings as non-cooperative for more than 6 months, then the Credit rating agency (CRA) shall downgrade the rating assigned to the instrument of such issuer to non-investment grade with INC status."

The rating continues to be constrained by moderation in profitability margin in FY23, highly competitive and regulated industry, uneven cash flows associated with educational institutes and exposure to subsidiaries and associates. The ratings however derive strength from experienced promoters in education sector with long operational track record, well established infrastructure, improved enrolment levels and comfortable financial risk profile

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on October 10, 2024, the following were the rating strengths and weaknesses.

Key weaknesses

Moderated profitability margins

IPSPL generates healthy operating margins in the past, considering its global curriculum, superior pedagogy, and well-equipped infrastructure. However, in FY23, profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin declined to 24.39% from 37.84% in FY22 considering increased overheads including repairs and maintenance costs and also higher employee expenses. Higher overheads in FY23 are not recurring.

Exposure to group companies

IPSPL has a subsidiary in Malaysia which operate under "Globeducate" platform. IPSPL has been supporting the Malaysian subsidiary through equity investments and loans and advances and total exposure to the subsidiary is ~₹12.28 crore till March 2023 (PY: ₹10.3 crore). The subsidiary is yet to breakeven and generate adequate cash flow. Significant increase in exposure to the subsidiary is a key monitorable. Total exposure to all subsidiaries/associates stood at ₹22.76 crore (39% of networth) as on March 31, 2023, as against ₹20.78 crore (34% of networth) as on March 31, 2022.

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

Uneven cash flows associated with educational institutes

In every academic year, term fee is generally collected at an interval of three months in the months of March, July and October with 45 days window period for students to make fee payment, ~80% of fee instalments is collected before the due date, but 20% of fee is collected after the due date (without penalties). The company uses overdraft facility to manage the cash flow.

Highly competitive and regulated industry

Growth in private schools providing quality education has been significant over the recent years. The education sector offers immense potential as there is a growing demand for services offered, driven by increasing propensity of middle class to spend on education and India's increasing population. New schools being added every year and already established schools which result in high competition level in the state and adjoining areas of TIPS.

Key strengths

Experienced and promoters and established track record

NACE group which is the holding company of Indian Public School Private Limited (IPSPL), started its operations in 1972 in Barcelona, Spain and has over four decades of track record in the educational sector. NACE group's schools run under brand name "Globeducate". They currently operate ~55 schools in countries like Spain, Andorra, France, Italy, United Kingdom, Portugal, Canada, and Qatar. Overall strategy and managerial support is provided by NACE to all its schools and IPSPL's day-to-day operations are managed by Ashok Kumar, Chairman and Managing director of IPSPL. IPSPL's schools operate under brand name "The Indian Public school (TIPS)".

Well established infrastructure

Globeducate ensures the infrastructure facilities to be maintained by TIPS in the school campus is aligned with global standards. IPSPL regularly upgrades its infrastructure, which incurs regular capital costs each year. However, to keep investments at a lower level, the company enters a long-term lease agreement for schools, except for the main campus in Coimbatore and Karur, which are owned by IPSPL.

Comfortable capital structure

Overall gearing stood comfortable at 0.79x as on March 31, 2023, which improved from 0.90x as on March 31, 2022, considering reduced working capital borrowings. In September 2022, the parent entity infused funds in the form of External Commercial Borrowings (ECB) of ₹59.18 crore to prepay existing term loans and reduce interest cost. The company is currently undergoing capex towards acquisition of a school in Bangalore and adding additional infrastructure to existing Kindergarten school at the cost of ₹37crore funded by term loans of ₹31.22 crore and rest by accruals. Despite this, capital structure is expected to remain comfortable aided by accretion of profits.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Education](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

About the company and industry

Industry classification

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

IPSPL is a Coimbatore-based company incorporated in 2006 by A Ashok Kumar to provide holistic learning environment for students under brand "TIPS". TIPS offer international bacculaureate, Cambridge IGCSE and CBSE curriculum to its students. TIPS operate over 12 schools in and around Tamil Nadu and Kerala. In the academic year (AY) 2022-23, TIPS have a total student strength of ~4769 in AY2022-23 as against 4200 students in AY 2021-22.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)
Total operating income	85.06	131.03
PBILDT	32.19	31.96
PAT	10.36	5.14
Overall gearing (times)	0.90	0.79
Interest coverage (times)	4.73	5.15

A: Audited; 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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Bank Overdraft		-	-	-	16.79	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	30-06-2027	33.21	CARE BB+; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	33.21	CARE BB+; Stable; ISSUER NOT COOPERATING *	1)CARE BBB-; Stable; ISSUER NOT COOPERATING * (10-Oct-24)	1)CARE BBB; Stable (09-Aug-23)	1)CARE BBB; Stable (17-May-22)	-
2	Fund-based - LT-Bank Overdraft	LT	16.79	CARE BB+; Stable; ISSUER NOT COOPERATING *	1)CARE BBB-; Stable; ISSUER NOT COOPERATING * (10-Oct-24)	1)CARE BBB; Stable (09-Aug-23)	1)CARE BBB; Stable (17-May-22)	-

*Issuer did not cooperate; based on best available information.

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	Fund-based - LT-Bank Overdraft	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CARE 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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