

Tirumala Educational Institutes

August 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	74.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

CARE Ratings Limited has been seeking information from Tirumala Educational Institutes to monitor the rating vide e-mail communications/letters dated 27th May,2025, 17th June,2025, 27th June ,2025, 2nd July,2025, 8th July,2025 and 15th July,2025 among others and numerous phone calls. However, despite our repeated requests, the firm has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Limited has reviewed the rating on the basis of the best available information which however, in CARE Ratings Limited's opinion is not sufficient to arrive at a fair rating. The rating of Tirumala Educational Institute's bank facilities has been downgraded and moved to issuer no cooperating category to CARE BB-; Stable ISSUER NOT COOPERATING * from CARE BB; Stable.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating. The revision in rating is on account of non-availability of information.

The revision in the rating assigned to the bank facilities of Tirumala Educational Institutes (TEI) is on account of non availability of information. The ratings continues to remain constrained by fluctuating profitability margins, leveraged capital structure, risk associated with partnership firm, uneven cash flow associated with educational institutes and regulatory framework for educational sector in India. The rating, however, derives strength from experienced and resourceful partners with having long presence of Tirumala Group in education sector, established track record of delivering exclusive services in hostel and mess management to Tirumala group of colleges and institutions and other related services. The rating also takes cognizance of improvement in total operating income in FY24 (Provisional) [FY refers April 01 to March 31] attributed to increase in hostel and mess revenue.

Analytical approach: Standalone

Detailed description of key rating drivers:

At the time of last surveillance rating on July 04, 2024, following were the key rating strengths and weaknesses

Key weaknesses

Leveraged Capital Structure

The debt profile of the firm consists of vehicle loans, Term Loans, GECL Loans, unsecured loans from the promoters (interest free) and working capital limits. The firm has been availing fresh term loans towards building new hostels and mess facilities for its students. The capital structure marked by overall gearing deteriorated and continued to be leveraged at 2.73 times as on March 31, 2024 compared to 2.41 times as on March 31, 2023 due to increase in term debt level and full utilization of WC debt. The firm has availed additional term debt to construct new hostel building with mess facility and to manage additional students the firm has availed additional WC debt which was fully utilized as on balance sheet year 2024. The debt coverage indicators continued to remain moderate during FY24 compared to FY23, due to increase in profit levels. The PBILDT interest coverage ratio and total debt to GCA stood at 3.85x and 5.37x in FY24 compared to 3.21x and 5.19x respectively in FY23.

Risk associated with Partnership firm

The firm is exposed to risks associated with capital withdrawal for a partnership firm as witnessed in the past. There are instances of withdrawal of capital by the partners in the past, however, the partners have been regularly infusing unsecured loan (USL) from related parties, and currently the USL stands at Rs 9.54 crore as on March 31, 2024.

Regulatory framework for educational sector in India with having client concentration

TEI is operating in a highly regulated industry. Despite the increasing trend of privatisation of education sector in India, the sector continues to operate under stringent regulatory purview. In addition to UGC and AICTE, the educational institutions are regulated by respective state governments with respect to a number of management seats, amount of tuition fee charged for government quota and management quota giving limited flexibility to the institutions. Furthermore, in respect of self-financing colleges, fees

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

are governed by a statutory body. These factors have significant impact on the revenue and profitability of the institutions. The firm only caters to the students of Tirumala Educational Institutes and no other institution. The firm relies on the scale of operations of TES and TIMA which exposes it to client concentration risk. The institute faces competition from other established institutions in the region that could impact the occupancy and subsequently the profitability levels

Key strengths

Established presence of group in higher education sector

Tirumala Educational Institute is a part of Tirumala Group promoted by Mr. Nunna Tirumala Rao and his family members, who has experience of more than 3 decades in the teaching field, the group was founded in December 2010. The Tirumala Group is comprised of the Tirumala Educational Society, managing schools and junior colleges, and the Tirumala IIT & Medical Academy, which provides coaching services. The society has total student strength of 14,624 students with enrolment of 87% on an average with ~5400 are hostel students as on March 31, 2024. The institute has established presence in Rajahmundry, Andhra Pradesh in higher secondary education. The firm provides hostels, mess and other related services to the students of various schools and colleges run by Tirumala Educational Society (TES) and has an established track record of almost a decade in the business. The group also has coaching centre for IIT, NEET and other entrance exams under the name Tirumala IIT & Medical Academy.

Improved scale of operations albeit decline in profitability during FY24

The total operating income has continued to increase with a significant growth of 84% in FY24 vis-à-vis FY23 although it remains moderate at Rs. 67 crore in FY24. The increase in TOI is attributed to 100% hostel room occupancy in addition to increase in number of hostel blocks, backed by higher enrolment in Tirumala group of institution, which increased the demand for the hostel rooms. The firm at present operates with 5690 beds vis-à-vis 5200 beds in FY23 and the average price per bed remains stable. This apart, the firm also charges mess fees per students. The PBILDT margin however, has declined yet remained comfortable at 18.94% in FY24 compared to 26.11% in FY23, majorly due to increase in employee cost, hostel and Mess repair/maintenance and other operation cost, which was not fully passed on to the fees due to competition from the other education institutes. The firm gets majority of the revenue from mess fee, and it revises after every academic year. Although, the PAT margin improved during FY24 due to lower interest charged for its WC and term loan.

Liquidity: Adequate

Liquidity is adequate characterized with expected Gross Cash Accruals of Rs. 10.50 crore against repayment obligation of Rs. 4.46 crore for FY25. Further the firm has cash and bank balance of Rs. 2.35 crore as on Mar 31, 2024 (Includes current account balance of Rs 2.01 crore). Adequate liquidity is also supported by positive cash flow from operating activities in FY24. The average utilization is high at 95% for the last 12 months ending May 2024. The firm has availed additional vehicle loans in FY24 for transportation facilities, and is expected to avail additional in the current year for the new hostel block. The partners infuse funds through unsecured loans which adds comfort towards debt repayment.

Applicable criteria

[Definition of Default](#)

[Information Adequacy Risk and Issuer Non-Cooperation](#)

[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

TEI is partnership firm promoted by Mr. Nunna Tirumala Rao, who is a postgraduate in chemistry and has experience of more than 3 decades in the teaching field. The firm provides hostels, mess and other related services to the students of various schools, colleges and coaching institutes run by Tirumala Educational Society (TES) and has an established track record for more than a decade in the business. The school was started in 2011-12 and college was started in 2012-13. The school and colleges have shown healthy enrolments due to the reputation of the promoter, who along with senior faculty resides in the campus and monitors the school and colleges. The group also has coaching centre for IIT-JEE, NEET and other national/state level entrance exams under the name Tirumala IIT & Medical Academy. The promoters have strong personal net worth to support the business whenever required.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	36.52	65.69
PBILDT	9.54	10.16
PAT	2.65	6.55
Overall gearing (times)	2.41	2.63
Interest coverage (times)	3.21	3.69

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: CRISIL and ICRA Ratings has categorized the rated bank facilities of TEI under the non-cooperation category vide PR dated January 14, 2025 and January 16, 2025 respectively, on account of its inability to carry out a rating exercise in the absence of the requisite information from the firm.

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	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Bank Overdraft		-	-	-	10.66	CARE BB-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	31/03/2027	63.34	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 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	Fund-based - LT-Term Loan	LT	63.34	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (04-Jul-24)	1)CARE BB; Stable (22-May-23)	-
2	Fund-based - LT-Bank Overdraft	LT	10.66	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (04-Jul-24)	1)CARE BB; Stable (22-May-23)	-

*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

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Karthik Raj K Director CARE Ratings Limited Phone: +91-80-4662 5555 E-mail: karthik.raj@careedge.in
Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in	Manohar S Annappanavar Associate Director CARE Ratings Limited Phone: +91-80-4662 5525 E-mail: manohar.annappanavar@careedge.in
	Saket Upadhyay Analyst CARE Ratings Limited E-mail: Saket.upadhyay@careedge.in

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CARE and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to https://www.careratings.com/privacy_policy

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,
please visit www.careratings.com**