

The Kalgidhar Trust

January 08, 2026

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|----------------------------|------------------|---------------------|--------------------------------|
| Long Term Bank Facilities | 0.20 | CARE BBB+; Stable | Upgraded from CARE BBB; Stable |
| Short Term Bank Facilities | 16.00 | CARE A3+ | Upgraded from CARE A3 |

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

While arriving at ratings assigned to bank facilities of The Kalgidhar Trust (TKT), CARE Ratings Limited (CareEdge Ratings) has taken a combined view of TKT and The Kalgidhar Society (TKS), as these entities (together referred to as group) have common promoters, and operational and financial linkages.

Upgrade in the ratings assigned to the bank facilities of TKT factors in significant improvement in operational performance and profitability margins in FY25 (FY refers to April 01 to March 31), driven by continued strength from high student base and cost reduction measures adopted by the management. The ratings also draw strength from comfortable financial risk profile of the group marked by low gearing levels, strong debt coverage indicators, and adequate liquidity. The ratings also consider extensive experience of trustees and the group's focus on rural education where competitive intensity is relatively low. However, these strengths are partially offset by high dependence on donations, regulatory risks inherent in the education sector, and the ongoing need for capital expenditure to upgrade and expand infrastructure.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant improvement in scale of operations as marked by total operating income (TOI) above ₹500 crore and Surplus Before Interest, Lease rentals, Depreciation and Taxation (SBILD T) margin above 20.00% on sustained basis.
- Improvement in Return on capital employed (ROCE) over 12%.

Negative factors

- Deterioration in fee collection leading to reduction in TOI below ₹160 crore with SBILD T margin below 15% on sustained basis.
- Deterioration in the financial profile with Total debt to SBILD T (TD/SBILD T) deteriorating above 2x due to high reliance on external debt on sustained basis.

Analytical approach: Combined

CareEdge Ratings has combined the financials of entities listed under **Annexure-6**, factoring in operational and financial synergies between group entities since these entities are controlled by common promoters with cash flow fungibility among group entities.

Outlook: Stable

The group is expected to sustain its comfortable financial risk profile amidst healthy cash flow generation from operations, absence of any large debt-funded capex and negligible term debt obligations which will support its liquidity profile.

Detailed description of key rating drivers:

Key strengths

Improvement in operational performance of the group

The trust reported healthy operational growth in FY25, with TOI increasing by ~20% to ₹283.11 crore compared to ₹235.32 crore in FY24. Profitability margins improved significantly, with SBILD T margin rising to 24.19% (PY: 17.85%) and surplus margin to 11.98% (PY: 5.30%). This improvement was driven by better operational efficiency and increased donations in the year. During 9MFY26 (refers to April 01 to December 31), the trust achieved operational income of ~₹232 crore. CareEdge Ratings expects the group to maintain its operational performance over the medium term backed by a large student base.

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

Comfortable financial risk profile

The group continues to maintain a strong financial position, supported by low leverage and healthy debt coverage indicators. Overall gearing remained minimal at 0.06x as on March 31, 2025, indicating negligible reliance on external borrowings. Debt coverage metrics improved significantly, with SBILD interest coverage at 9.44x and Total Debt to GCA at 0.46x, compared to 6.91x and 0.74x in the previous year. This improvement was driven by higher operating surplus and healthy cash accruals. CareEdge Ratings expects the group to sustain its comfortable financial profile over the medium term, aided by a robust corpus fund and absence of major debt-funded capital expenditure plans.

Experienced trustees supported by well-qualified management team

TKS and TKT were founded by Iqbal Singh, who retired as Director– Agriculture from the Himachal Pradesh government and was honoured with the Posthumous Padma Shri Award. TKS and TKT are managed by a group of trustees, including personalities of national and international reputation with experience in the fields of medicine and education, among others. Operations are currently headed by Dr. Davinder Singh, Trust President, an M.B.B.S, M.D. He is well-supported by the other members of the group's managing committee, such as Dr. H.S. Dhaliwal, Ph.D., Genetics Founder Director/ Head - of Biotechnology Center PAU Ludhiana, and other well-qualified members with diverse experience in different fields.

Target segment pertaining to rural areas with minimal competition

The group caters to the remote areas which were previously deprived of education due to lack of basic facilities. The schools face minimal competition due to absence of education system in the area of establishments. The group is currently operating 130 schools and has consistently scaled up its operations by establishing new schools which has been further supported by increasing enrolment every year.

High student strength in school; however moderate strength in universities

The total student strength across institutions managed by TKT and TKS increased to 67,503 students in AY25 (Academic Year 2024–2025) from 65,177 students in AY24. In line with the group's core objective of women empowerment, the proportion of girl students continues to remain higher than boys. The schools are equipped with modern facilities such as smart board-enabled e-classrooms, HD projector communication labs, and multiple computer labs. The group also extends free or subsidized education to a segment of students, reinforcing its social commitment.

Key weaknesses**Dependence on donations**

In FY25, ~27% of total revenue was received in the form of donations by the group (PY: ~23%) from domestic and foreign donors. Donations are primarily utilised to support loss-making schools, capital expenditure, and the new initiative started by the group, Educate to Save, where donors undertake to provide free school education to children. Although the group collects sufficient donations, its high dependence on donation income poses risks of operational stagnation and stretched liquidity. Donations are imperative for sustaining growth in scale of operations.

Regulatory challenges in the sector

The formal education sector is highly regulated, with both state and central governments regulating the industry directly and/or indirectly through various bodies, including the University Grants Commission (UGC) and the All India Council for Technical Education (AICTE). All institutes of the group are located in Northern India and are susceptible to changes in regulations and policies by the government. The regulatory authorities for schools, such as the Central Board of Secondary Education (CBSE) and other State Boards, function under the supervision of the Ministry of Human Resource Development, Government of India. The K-12 education segment is exposed to inherent regulatory risk in the education sector.

Liquidity: Adequate

The group's liquidity position remains strong, supported by healthy cash flows and negligible repayment obligations. In FY25 (FY refers to April 01 to March 31), it generated gross cash accruals of ₹66.42 crore and anticipates accruals of ~₹52-53 crore in FY26 against minimal repayment obligation of ₹4 crore. Liquidity is further strengthened by cash and liquid investments of ₹6.29 crore and free fixed deposits of ₹17.88 crore, while working capital utilisation averaged ~49% in the twelve months ended November 2025. As an educational institution, the group faces a continuous need for capital expenditure to upgrade infrastructure and cater to its growing student base. This requirement is comfortably met through internal accruals, eliminating the need for external borrowings. Additionally, the trust undertook flood rehabilitation work in Punjab, completing reconstruction of over 112 houses. Donations received for this initiative will be utilised exclusively for reconstruction work and will not impact the group's liquidity position.

Assumptions/Covenants: Not applicable

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

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Education](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the trust and industry

Industry classification

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

TKS and TKT were established in March 1983 and October 1982 respectively, under the leadership of Mr. Iqbal Singh. The group initially set up with the objective of upliftment of society through dissemination of education, have also established institutions to provide medical assistance in the rural hinterland of Himalayan region and promote social welfare through women empowerment overtime. Currently, the group operating about 130 schools and 2 universities providing education to around 65,000 students in the backward regions of Punjab, Uttar Pradesh, Haryana, Rajasthan and hilly areas of Himachal Pradesh.

Combined financials of TKT and TKS:

| Brief Financials- Combined (₹ crore) | March 31, 2024 (UA) | March 31, 2025 (UA) | 9MFY25 (UA) |
|--------------------------------------|---------------------|---------------------|-------------|
| Total operating income | 235.32 | 283.11 | 232.10 |
| PBILDT* | 42.00 | 68.50 | NA |
| Profit after tax (PAT) | 12.48 | 33.93 | NA |
| Overall gearing (x) | 0.06 | 0.06 | NA |
| Interest coverage (x) | 6.91 | 9.44 | NA |

UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Basis of combination: The numbers have been combined through row-by-row addition of all line items of all the entities mentioned under Analytical approach after excluding intra-group investments and loans and advances.

| Brief Financials- Standalone (₹ crore) | March 31, 2024 (A) | March 31, 2025 (A) | 9MFY25 (UA) |
|--|--------------------|--------------------|-------------|
| Total operating income | 137.05 | 170.09 | 133.19 |
| PBILDT* | 26.01 | 44.44 | NA |
| Profit after tax (PAT) | 7.86 | 23.56 | NA |
| Overall gearing (x) | 0.16 | 0.23 | NA |
| Interest coverage (x) | 6.81 | 9.74 | NA |

A: Audited UA: Unaudited NA: Not available; Note: 'the above results are latest financial results available'

*PBILDT: Profit before interest, lease rentals, depreciation and tax

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 | Coupon Rate (%) | Maturity Date | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|--------------------------------|------|------------------|-----------------|---------------|-----------------------------|------------------------------------|
| Fund-based - LT-Term Loan | - | - | - | May 2028 | 0.20 | CARE BBB+; Stable |
| Fund-based - ST-Bank Overdraft | - | - | - | - | 16.00 | CARE A3+ |

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 | 0.20 | CARE BBB+; Stable | - | 1)CARE BBB; Stable (08-Jan-25) | 1)CARE BBB; Stable (05-Feb-24) | 1)CARE BBB; Stable (08-Mar-23) |
| 2 | Fund-based - ST-Bank Overdraft | ST | 16.00 | CARE A3+ | - | 1)CARE A3 (08-Jan-25) | 1)CARE A3 (05-Feb-24) | 1)CARE A3 (08-Mar-23) |

LT: Long term; ST: Short 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-Term Loan | Simple |
| 2 | Fund-based - ST-Bank Overdraft | Simple |

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

| Sr No | Name of the entity | Extent of consolidation | Rationale for consolidation |
|-------|-----------------------|-------------------------|------------------------------------|
| 1 | The Kalgidhar Trust | Full | Operational and financial linkages |
| 2 | The Kalgidhar Society | Full | Operational and financial linkages |

Note on complexity levels of rated instruments: CareEdge 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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