

Tirumala Educational Institutes

February 18, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	100.00 (Enhanced from 74.00)	CARE BB+; Stable	Rating removed from ISSUER NOT COOPERATING category and Upgraded from CARE BB-; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings of Tirumala Education Institutes (TEI) were earlier placed under the 'Issuer not cooperating (INC)' category as the firm had not provided information for carrying out the surveillance exercise. TEI has now shared the requisite information with CARE Ratings Limited (CARE Ratings), and accordingly, the rating has been removed from 'INC'.

Revision in ratings assigned to the bank facilities of TEI, factors in substantial improvement in total operating income (TOI) in FY25 and 10MFY26, led by increase in bed capacity with addition of hostel blocks, supported by increased student enrolments in Tirumala Education Society. The profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin improved to 20.30% in FY25 compared to 18.94% in FY24, mainly on account of better control over hostel and mess expenditures, academic supply costs, lower repair, maintenance and seminar related expenses. The ratings continue to remain constrained by leveraged capital structure, as reflected in the substantial increase in total debt over last couple of years due to debt funded expansion of its hostel block, 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.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustain increase in scale of operations over ₹175 Crore while maintaining the profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin at the current level.
- Improvement in Total debt/profit before interest, lease rentals, depreciation, and taxation (PBILDT) below 2x.

Negative factors

- Substantial withdrawal of capital resulting in overall gearing going deteriorating above 4.00x as on a sustained basis.
- Lack of support from the promoters to meet financial obligations in timely manner.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects that the entity will benefit from strong established presence of group in providing education services.

Detailed description of key rating drivers:

Key weaknesses

Leveraged Capital Structure

The debt profile of the firm comprises vehicle loans, term loans, Guaranteed Emergency Credit Line (GECL) loans, unsecured loans from promoters (interest free) and working capital limits. The firm has been availing fresh term loans to build new hostels and mess facilities for its students. The capital structure remained leveraged, and overall gearing deteriorated to 2.91x as on March 31, 2025 compared to 2.63x as on March 31, 2024 due to an increase in term debt level and full utilisation of working capital debt. The firm has availed additional term debt to construct a new hostel building with mess facility for additional students and some vehicle loans. The debt coverage indicators deteriorated in FY25 (FY refers to April 01 to March 31) compared to FY24

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

due to additional debt availed for capital expenditure. The profit before interest, lease rentals, depreciation, and taxation (PBILDT) interest coverage ratio and total debt to gross cash accruals (GCA) stood at 4.02x and 7-38x in FY25 compared to 4.21x and 5-89x in FY24.

Risk associated with Partnership firm

The firm is exposed to risks associated with capital withdrawal in a partnership firm as witnessed in the past. There were instances of withdrawal of capital by the partners, however, the partners have been regularly infusing unsecured loan (USL), and the USL stands at ₹21 crore as on September 30, 2025 compared to ₹8.45 crore as on March 31, 2025.

Regulatory framework for educational sector in India with having client concentration

TEI operates in a highly regulated industry. Despite the increasing trend of privatisation of the education sector in India, the sector continues to operate under stringent regulatory purview. Apart from University Grants Commission (UGC) and All India Council for Technical Education (AICTE), educational institutions are regulated by respective state governments on management seats and tuition fee charged for government quota and management quota, which provides limited flexibility to institutions. For self-financing colleges, fees are governed by a statutory body. These factors impact the revenue and profitability of institutions. The firm only caters to students of Tirumala Educational Institutes (TEI) and no other institution. The firm relies on the scale of operations of Tirumala Engineering and Science (TES) and Tirumala Institute of Management and Arts (TIMA) which exposes it to client concentration risk. The institute faces intense competition from other established institutions in the region which may impact occupancy and profitability levels.

Key strengths

Established presence of group in higher education sector

Tirumala Educational Institute forms a part of Tirumala Group promoted by Nunna Tirumala Rao and his family, who has experience of over three decades in the teaching field, and the group was founded in December 2010. The Tirumala Group comprises the Tirumala Educational Society (TES), managing schools and junior colleges, and the Tirumala IIT and Medical Academy (TIMA), which provides coaching services. The society has student strength of 20000 students with enrolment of 98% and ~7500 being hostel students as on September 30, 2025. The institute has established presence in Rajahmundry, Andhra Pradesh in higher secondary education. The firm provides hostels, mess and other related services to students of various schools and colleges run by Tirumala Educational Society and has established track record of ~10 years in the business. The group also has coaching centre for IIT, NEET and other entrance exams under the name Tirumala IIT and Medical Academy

Improved scale of operations with improved profitability during FY25

The total operating income continued to increase with significant growth of 84% in FY25 compared to FY24 although it remains moderate at ₹87 crore in FY25. The increase in total operating income (TOI) is attributed to increase in number of hostel blocks, supported by higher enrolment in Tirumala Group of Institution which increased the demand for hostel rooms. The firm's hostel bed capacity increased to 10000 beds in FY25 compared to 5690 beds in FY24 and the average price per bed remains stable. The profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin improved to 20.30% in FY25 compared to 18.94% in FY24, but remained lower than earlier levels. Improvement in margins was largely attributable to better control over hostel and mess expenditures, academic supply costs, lower repair, maintenance and seminar related expenses. The firm gets majority of revenue from mess fee, and revises it after every academic year.

Liquidity: Adequate

Liquidity is adequate with expected gross cash accruals of ₹10.50 crore against repayment obligations of ₹4.46 crore for FY26 (FY refers to April 01 to March 31). The firm has cash and bank balance of ₹3.39 crore as on September 30, 2025, which includes current account balance of ₹2.01 crore. Adequate liquidity is supported by positive cash flow from operating activities in FY25. The average utilisation remained moderate at 34% for the last 12 months ending November 2025. The firm availed additional debt in FY25 for a new hostel block. The partners have infused funds into the firm in the form of unsecured loans that provide additional comfort toward debt servicing. As on September 30, 2025, the outstanding unsecured loan stood at ₹21 crore.

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

Applicable criteria

[Definition of Default](#)

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

[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, 2024 (A)	March 31, 2025 (A)	September 30, 2025 (UA)
Total operating income	67.11	87.00	96.60
PBILDT*	11.58	17.66	16.57
Profit after tax (PAT)	6.55	8.26	7.88
Overall gearing (x)	2.63	2.91	-
Interest coverage (x)	4.21	4.02	-

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

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

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
Fund-based - LT-Term Loan		-	-	30/06/2030	89.34	CARE BB+; Stable

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	89.34	CARE BB+; Stable	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (05-Aug-25)	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	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (05-Aug-25)	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 lender-wise details of bank facilities please [click here](#)

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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