

PRESS RELEASE

INTERNATIONAL SCHOOL OF MANAGEMENT AND TECHNOLOGY PRIVATE LIMITED

October 2026

Rating

Instrument/Facilities	Amount (NPR Mn)	Ratings	Rating Action
Long Term Bank Facilities	815.78	IRN BB+	Assigned
Short Term Bank Facilities	7.00	IRN A4+	Assigned
Total	822.78		

Details of Facilities are in Annexure 1 below

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has assigned the rating of IRN BB+ (Double B Plus) to the long-term bank facilities of NPR 815.78 Mn, and IRN A4+ (A Four Plus) to the short-term bank facilities of NPR 7.00 Mn

Detailed Rationale

The ratings assigned to the bank facilities of International School of Management and Technology Private Limited (ISMT) derive strength from long track record of operations of the company (since 2011) coupled with well experienced director and management personnel in the related field. The company further benefits from the backing of the well-established "ISMT Group", which comprises nine colleges strategically located across major geographical hubs in Nepal, providing synergies through cross-promotion, wider market reach, and geographical diversification. The ratings also factor in the consistent growth in Total Operating Income (TOI), with ISMT recording a CAGR of ~19% over FY22–FY26, supported by steady growth in student enrolment, further aided by the introduction of additional courses and increasing student preference for technology- and cybersecurity-related programs. The ratings derive further comfort from ISMT's diversified academic portfolio, comprising four undergraduate and two graduate programs, all affiliated with the University of Sunderland, thereby providing Nepalese students with international academic exposure. Given its service-oriented business model and relatively controlled cost structure, ISMT has maintained a strong EBITDA margin of over 30% during FY24–FY26, while PAT margin remained at around 10% over the same period. The ratings also consider the company's proposed construction of a dedicated academic building at Sankhamul, Kathmandu, a strategically located area with good accessibility and potential to enhance the institution's infrastructure and student appeal. Further, the ratings factor in the growing demand for quality higher education in Kathmandu Valley, supported by increasing enrolment aspirations and preference for internationally affiliated academic programs.

However, the rating strengths are constrained by execution risk related to its under-construction building, where the planned significant debt-funded capital expenditure is expected to increase the company's debt burden, thereby weakening its overall gearing and debt coverage metrics. The company's leverage profile remains relatively elevated owing to majorly debt-funded acquisition of land, with the overall gearing ratio standing at 3.87x in FY26, marginally improving from 3.89x in FY25 but remaining higher than 3.53x in FY24. Similarly, the TOL/TNW ratio increased to 5.80x in FY26 from 5.69x in FY25 and 5.39x in FY24. The relatively high leverage levels reflect the company's increased reliance on external borrowings, as both gearing and TOL/TNW ratios were negligible during FY22–FY23. Furthermore, ISMT's liquidity position remains constrained, as reflected by a low current ratio of 0.35x in FY26, primarily due to substantial capital outlays for procurement of land during the year. The ratings also remain pressured by intensifying competition in the education sector, particularly from the growing number of colleges affiliated with foreign universities, given the relatively low entry barriers. This heightened competition may limit the ability of ISMT-managed colleges to sustain long-term growth in student enrollment, which could adversely impact ISMT's revenue trajectory. Going forward, the company's ability to sustain its revenue profile, improve its operating margins, and maintain its capital structure and ensure timely completion of the under-

construction facility will remain key rating sensitivities.

Detailed Description of Key Rating Drivers

Key Rating Strengths

Moderate track record of operations with experienced promoter and support of ISMT Group

Established in 2011, the company has over 15 years of operational track record and has provided quality higher education to thousands of students. Through the ISMT Group, it offers diverse undergraduate and graduate programs affiliated with reputed foreign universities and Tribhuvan University. The company owns strategically located land at Sankhamul, Kathmandu, where it plans to construct a 12-storied, state-of-the-art college building to expand its course offerings and student capacity. The company is led by Mr. Ganesh Kumar Uprety, who has over two decades of relevant experience, and has maintained stable financial performance over the years. Its operations are further supported by group-level synergies and geographical diversification, with multiple colleges offering varied programs across Nepal, supporting student outreach and future expansion.

Improving enrollment rate

Over FY24–FY26, student enrolment increased steadily to 1,885 in FY26 from 1,547 in FY24, reflecting a CAGR of ~10.38%. Given the four-year undergraduate course cycle, sustained growth in enrolment indicates healthy annual admissions and increasing attractiveness of ISMT, which remains a rating positive. The growth has been supported by the addition of MBA and MSc Computing programs and rising preference for technology-oriented courses, with enrolment in Computer Systems Engineering and Cyber Security growing at CAGRs of ~8% and ~138%, respectively. The decline in enrolment under Tourism and Management programs indicates a gradual shift in student preference towards IT and technology-oriented disciplines. Sustaining enrolment growth across its course portfolio remains a key rating monitorable.

Improving financial performance

ISMT's financial profile remains healthy, supported by consistent growth in operating income and stable profitability. TOI increased at a CAGR of ~19% over FY22–FY26, reaching ~NPR 434 Mn in FY26 from ~NPR 219 Mn in FY22, primarily driven by growth in student enrolment and the addition of new courses. As a service-oriented institution with a relatively asset-light operating model, ISMT has maintained healthy operating margins, with EBITDA margin at ~30% in FY24, ~34% in FY25 and ~29% in FY26. The marginal moderation in FY26 was primarily due to higher registration expenses, partly attributable to the depreciation of the Nepalese Rupee against the US Dollar, resulting in higher cash outflow towards registration-related payments. Further, from FY24 onwards, the company availed debt to finance the acquisition of land for its proposed college building, leading to an increase in overall debt and associated finance costs. Despite the higher interest burden, ISMT maintained a stable PAT margin of ~9–10% during FY22–FY26, reflecting sustained profitability and stability in income generation. Similarly, Gross Cash Accruals (GCA) increased consistently from ~NPR 25 Mn in FY22 to ~NPR 56 Mn in FY26, demonstrating healthy internal cash generation. Supported by steady cash accruals, the company has also maintained a track record of distributing 30–40% cash dividends during FY23–FY26. Going forward, the management's ability to sustain healthy cash accruals while maintaining enrolment growth and managing the higher debt burden remains a key rating monitorable.

Key Rating Weaknesses

Leveraged Capital structure

ISMT maintained a healthy and largely debt-free capital structure prior to FY23, with only nominal borrowings for vehicle purchases. From FY23 onwards, the company availed debt to finance the

acquisition of land for its proposed college building, resulting in a significant increase in debt from ~NPR 14 Mn in FY23 to ~NPR 708 Mn in FY26. Consequently, the capital structure has become leveraged, with gearing at 3.87x in FY26 compared with 3.89x in FY25 and 3.53x in FY24, while TOL/TNW increased to 5.80x from 5.69x and 5.39x, respectively. Both ratios were negligible during FY22–FY23. Debt protection indicators remained moderate, with interest coverage and DSCR at 2.58x and 1.52x, respectively, in FY26, compared with 1.97x and 1.77x in FY25 and 32.40x and 4.19x in FY23, reflecting the significant increase in debt and associated finance costs. Nevertheless, healthy cash accruals and relatively lower interest rates amid excess liquidity in the Nepalese financial system have provided some support to debt servicing capacity. The company's TNW has also been constrained by regular cash dividend distributions; had such distributions not been made, gearing and TOL/TNW would have been lower at 2.29x and 3.43x, respectively, in FY26, compared with 2.64x and 3.86x in FY25. The management's ability to timely service and reduce debt while strengthening the capital structure remains a key rating monitorable

Project execution risk

ISMT has acquired land near Sankhamul, Kathmandu, for ~NPR 646.60 Mn, strategically located with connectivity to major areas across the Kathmandu Valley. Currently operating from leased premises, the company plans to develop a 12-storey, state-of-the-art college building to enhance infrastructure and support future capacity and course expansion. The total project cost is estimated at ~NPR 925 Mn, including land, with construction cost of ~NPR 300 Mn, and is targeted for completion by FY29–FY30. The project is proposed to be financed through a 75:25 debt-to-equity mix, comprising ~NPR 694 Mn debt and ~NPR 231 Mn through equity and retained earnings, with debt financing already tied up. While the company has an existing equity base of ~NPR 123.80 Mn and TNW of ~NPR 182.88 Mn, the additional equity contribution is expected to be supported by the promoters, backed by their financial strength and support from other colleges within the group. The project remains at an early stage and is exposed to execution and cost-overrun risks, while timely ramp-up of student enrolment and capacity utilization post-completion remain key rating monitorable.

Increasing Competition and Regulatory Risk in the Education Sector

ISMT remains exposed to intensifying competition in Nepal's higher education sector, particularly in the management and IT segments, which have seen a rapid increase in the number of new institutions due to low entry barriers. Many of these emerging colleges are affiliated with both domestic and internationally recognized universities, primarily from the UK and the US. This growing competition poses a challenge to ISMT's colleges under management. Additionally, the company's under ISMT's management is subject to regulatory risks inherent to the education sector, as operations are overseen by the Ministry of Education (MoE). The licensing of new foreign-affiliated colleges offering similar programs could adversely impact student enrollment levels and, consequently, ISMT's revenue profile. Moreover, any future changes in regulatory directives such as stricter criteria for foreign affiliations, limitations on course additions, or revised scholarship requirements could significantly affect ISMT's operating performance and future cash flow generation

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)

About the Company:

International School of Management and Technology Private Limited (ISMT) was incorporated on October 06, 2026 and its controlling office is located at Tinkune, Kathmandu, Nepal. The company at present runs four undergraduate courses and two graduate course affiliated with University of Sunderland. The company is operating from lease rent property at present and has acquired land near Sankhamul, Kathmandu where 12-storied building is being proposed to be built. As on mid-July 2026, ING had paid up capital of NPR 123.50 Mn, which is entirely held by Mr. Ganesh Kumar Uprety.

Financial Indicators (Standalone)

For the year ended* As on	FY23	FY24	FY25	FY26
	Audited	Audited	Audited	Unaudited
Total Operating Income (NPR Mn)	304	332	384	434
EBITDA Margin (%)	15.48	30.04	34.38	29.08
Interest Coverage Ratio (x)	32.40	2.02	1.97	2.58
Current Ratio (x)	1.18	0.40	0.34	0.35
Overall Gearing Ratio (x)	0.10	3.53	3.89	3.87
TOL/TNW(x)	1.52	5.39	5.69	5.80
DSCR (x)	4.19	1.56	1.77	1.52

* Classification as per Infomerics Nepal Standards

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

Total Outside Liabilities/Tangible Net Worth (TOL/TNW)

Annexure:1 Detail of Facilities:

Name of Instruments/ Facilities	Types of Facilities	Amount (NPR Mn)	Rating
Long Term Bank Facilities- Term Loan	Long Term	815.78	IRN BB+
Short Term Bank Facilities-Cash Credit	Short Term	7.00	IRN A4+
Total		822.78	

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About Infomerics Credit Rating Nepal Limited:

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