

## Eduquity Career Technologies Private Limited

July 29, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	11.40	CARE BBB-; Stable	Assigned
Long Term Bank Facilities	95.00 (Enhanced from 75.00)	CARE BBB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings assigned to bank facilities of Eduquity Career Technologies Private Limited (ECTPL) continue to factor in satisfactory order book position of the company. While the company's revenue and profitability were significantly impacted in FY25 due to cancellation/ postponement of several exams, current order book provides visibility to recover the revenue and profitability. Comfortable capital structure and debt coverage indicators also support ratings. Ratings also factor in promoters' experience and long track record of the company in providing examination management and assessment solutions to educational institutions and Government / public sector units (PSUs).

However, these ratings strengths are offset by ECTPL's presence in a highly competitive business affecting pricing flexibility and earnings vulnerable to regulatory and reputational risks. The rating is further constrained due to working capital intensive operations, presence of large receivables balances older than six months and concentrated revenue profile consisting of government clients majorly.

The company's ability to increase its scale of operations while improving/sustaining its profitability and liquidity position will remain a key monitorable.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Total operating income (TOI) of more than ₹400 crore on a sustained basis while maintaining earnings before interest, taxation, depreciation, and amortisation (EBITDA) margin at 20% and total operating liabilities to total net worth (TOL/TNW) of less than 1x.

#### Negative factors

- TOL/TNW of over 1.5x or stretch in liquidity position due to elongation of receivables.
- Declining scale of operations due to regulatory issues.

**Analytical approach:** Standalone

**Outlook:** Stable

The 'Stable' outlook reflects CARE Ratings Limited's (CareEdge Ratings') expectation that the company will continue to receive work orders supported by its established track record of conducting computer-based tests (CBTs).

### Detailed description of key rating drivers:

#### Key strengths

##### Strong and reputed client base consisting Government entities

Over two decades of its existence, ECTPL conducted several examinations for its customers including admission exams, recruitment exams for autonomous national institutions, central and state-level professional recruitment bodies, among others. The company has a long-standing association with some of its key private clients, for conduct of college entrance exams. Although current operations are skewed towards certain states exposing it to risks associated with the region, CareEdge Ratings takes note of the company taking up orders in other states as well.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

**Comfortable capital structure**

ECTPL has an above-average financial risk profile characterised by its minimal reliance on debt as evidenced by its overall gearing of 0.25x as of March 31, 2025 (PY: 0.02x). The company's TOL/TNW stood at 1.11x as on March 31, 2025 (March 31, 2024: 0.77x). However, debt and interest coverage indicators declined significantly in FY24 with total debt to EBIDTA (TD/EBIDTA) of 8.17x (FY24: 0.04x) and interest coverage ratio of 1.99x(FY24: 41.64x) due to moderated EBITDA levels.

**Experienced promoters with long track record of operations**

The company is promoted by Ramachandra Dhirendra, Founder and Managing Director of ECTPL, who has over 38 years of multifunctional experience in managerial capacities and Visweswar Akella, Co-founder and Chairman with an experience of over two decades as a business and technology leader in several companies. R Dhirendra is supported by an experienced and well-qualified team of professionals, who have extensive industry experience.

**Healthy orderbook position although moderated operations**

The company has a strong orderbook of approximately ₹440 crore, with ₹395 crore worth of orders scheduled for execution in FY26, ensuring healthy revenue visibility over the short term. However, the timely conduct of these exams remains a key monitorable, given the operational dependencies on external factors.

**Key weaknesses****Significant reductions in revenues and profitability in FY25**

In FY25, the company's Total Operating Income (TOI) declined by 14%, falling to ₹116 crore from ₹135 crore in FY24 while EBIDTA reduced from Rs. 25.7 crore to Rs. 2.0 crore. The reduction was primarily due to the non-conduct of several exams due to state/ general elections, Kumbh mela which caused logistical challenges and postponements in the respective states. Company's ability to generate envisaged revenue and profitability will be key to its credit profile. In case of further postponement/ cancellation of exams thereby impacting liquidity profile of the company, may weigh negatively on ECTPL's credit profile.

**Intensely competitive industry**

ECTPL operates in a competitive industry comprising of number of large conglomerates such as Tata Consultancy Services Limited and mid and small companies. These companies are subject to technical evaluation by counterparties and contracts are either given on bidding process or by nomination. Securing orders in this business has long lead time but are recurring (typically 2-3 years).

**Earnings exposed to regulatory and reputation related risks**

The company's earnings is exposed to industry related risks and operational risks such as system downtime, and examination centre related issues among others, impacting reputation of players. Lapse in the software system can lead to leaking question papers, which can negatively impact the company's reputation and affect future orders. ECTPL has a strong team of technical experts who regularly monitor and update the software to avoid security breaches and operational issues during exams.

**Working capital intensive nature of operations**

ECTPL's operations are working capital intensive. Post receipt of work order, the company initiates the centre booking process and pays 50% of the total rental charges in advance. Bills are raised to its customers once exams are conducted and results are declared, which generally happens after 2-3 months of receipt of order. Usually, private clients clear the bills within 30-45 days while government agencies take around 2-3 months from receipt of bill. Major working capital expenditures borne by the company include lodging, travelling, rental charges of centres and manpower charges. Of total receivables as on June 30, 2025, 45% of receivables are older than six months. Timely receipt of receivables is critical for the company's liquidity position and would be key rating monitorable.

**Liquidity: Adequate**

The company's liquidity is backed by its clientele base which are government agencies, and the budget is allocated to conduct such exams. While there has been delay in receipt of such amount occasionally in the past, there are no large write offs/provisions. Timely collection of receivables on sustained basis is key to maintaining its adequate liquidity profile. The company had Cash and Cash equivalents worth Rs. 43.13 crore as on June 30, 2025. Average CC utilization was 25% for 12 months ending April 2025.

**Applicable criteria**

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[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	E-Learning

Incorporated in June 2000, ECTPL is engaged in centre-based computer-delivered assessment and testing services across government organisations, educational institutes and corporates. It has partnered with governments, universities, and public sector organisations to manage selection processes across India. It provides end-to-end recruitment examination solutions to the government, PSUs and private clients. The company has a capacity factor of over 200,000 seats, while analysing over two million applicants yearly.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	134.73	115.76
PBILD	25.69	2.05
PAT	18.81	0.76
Overall gearing (times)	0.01	0.25
Interest coverage (times)	39.68	1.99

A: Audited UA: Unaudited; 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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	45.00	CARE BBB-; Stable
Fund-based - LT-Term Loan	-	-	-	August 25, 2030	11.40	CARE BBB-; Stable
Non-fund-based - LT-Bank Guarantee	-	-	-	-	50.00	CARE BBB-; 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-Cash Credit	LT	45.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (31-Jul-24)	-	-
2	Non-fund-based - LT-Bank Guarantee	LT	50.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (31-Jul-24)	-	-
3	Fund-based - LT-Term Loan	LT	11.40	CARE BBB-; Stable	-	-	-	-

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-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT-Bank Guarantee	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.

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