

Christian Educational Development Trust

September 23, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	48.74	CARE BB+; Stable	Assigned
Short-term bank facilities	12.50	CARE A4+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Christian Educational Development Trust (CEDT) are constrained by relatively moderate scale of operations with high revenue concentration from single institution, elongated collection period and risks involved in the educational sector due to regulatory challenges. Ratings derive strength from healthy profitability margins, improving enrolment ratio across engineering courses, comfortable capital structure and vast experience of its trustees.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in collection period to less than 180 days.
- Improvement in debt coverage metrics with total debt to gross cash accruals (TD/GCA) below 4x.
- Sustained improvement in debt service coverage ratio (DSCR) above 1.3x.

Negative factors

- Sustained decline in enrolment levels in engineering and technology courses to below 70%.
- Large debt-funded capital expenditure leading to moderation in capital structure with overall gearing above 1.5x.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CareEdge Ratings) view that CEDT is likely to sustain its operating performance and comfortable enrolment ratio, supported by its long track record of operations and experienced management.

Detailed description of key rating drivers:

Key weaknesses

Relatively moderate scale with high dependence on single college

CEDT was established in 2000 and operates three colleges – Gnanamani College of Technology (GCT), Gnanamani College of Education (GCE), and Gnanamani Integrated College of Education (GICE). Scale of operations remained moderate with total operating income (TOI) at ₹43.5 crore in FY25 albeit improved by 9% y-o-y, driven by higher enrolment ratio in engineering and technology courses. Scale of operations largely depend on GCT, which contributed ~94% of TOI in FY25 compared to 92% in FY24.

Elongated collection period

The collection period remained stretched at 219 days in FY25 compared to 246 days in FY24, primarily due to delayed receipt of scholarship funds from the government, which accounted for ~40% of receivables. The elongated collection period has led to increased utilisation of working capital.

Intense competition and regulated industry

Despite increasing privatisation in 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) norms, higher education institutions such as colleges and universities are regulated by respective state governments regarding the number of management seats and tuition fees charged for government and management quota. These factors limit the institutions' flexibility and have a significant impact on their revenue-generating capacity and profitability.

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

Key strengths

Experienced promoter

The trust is managed by a board of trustees comprising individuals with long-standing experience in the education sector. Key trustees include Dr T Arangannal, Managing Trustee, who has nearly 30 years of experience in educational administration and oversees overall operations of the trust. He is supported by his wife, P Malaleena, Trustee, who also has 20 years of experience in the education sector.

Healthy profitability

CEDT operating profitability exhibited a volatile trend, with surplus before interest, and depreciation (SBID) margin in the range of 34-43% for three years ended FY25. It stood healthy at 37.7% in FY25 compared to 42.81% in FY24. Surplus remained healthy at 9.53% in FY25 compared to 8.36% in FY24. The overall enrolment ratio of the trust improved to 90% in AY24-25 (Academic Year) from 84% in AY23-24, with increased contribution from GCT (91%).

Comfortable capital structure

Capital structure remained comfortable, marked by an overall gearing of 0.59x as on March 31, 2025, compared to 0.62x as on March 31, 2024. The trust is undertaking a ₹17.0 crore capital expenditure project to support new pharmacy courses, funded by a ₹15.0 crore term loan and ₹2.0 crore in promoter unsecured loans. On July 31, 2025, ₹8.0 crore of the term loan has been sanctioned towards this project. Project completion and course approvals are expected by mid-FY27. Post capex, capital structure is expected to remain below unity.

Liquidity: Stretched

Liquidity stood stretched, marked by tightly matched accruals against repayment obligations of ₹10.08 crore in FY26 (FY refers to April 01 to March 31). The trust had a free cash balance of ₹3.23 crore as on March 31, 2025. Operating cycle remained elongated due to the stretched collection period. The trust collects fees every semester and offers an extension of up to one month. The average utilisation of working capital limits stood at 95% for 12 months ending August 2025. The current ratio stood at 2.48x as on March 31, 2025, compared to 4.62x as on March 31, 2024.

Assumptions/Covenants: Not applicable

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](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer services	Other consumer services	Education

Namakkal Tamil Nadu based CEDT was established in 2000 and is managed by trustees Dr T Arangannal and P Mala Leena. CEDT operates three colleges –GCT, GCE, and GICE. These institutions offer undergraduate and postgraduate programmes in technology, engineering, management, teaching education, and integrated education courses.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)	5mFY26 (UA)
Total operating income	39.75	43.50	16.00
SBID	17.03	16.40	NA
Surplus	3.34	4.15	NA
Overall gearing (times)	0.62	0.59	NA
Interest coverage (times)	2.18	2.92	NA

A: Audited UA: Unaudited NA: Not Available; 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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	December 2032	48.74	CARE BB+; Stable
Fund-based - ST-Bank Overdraft		-	-	-	12.50	CARE A4+

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	48.74	CARE BB+; Stable				
2	Fund-based - ST-Bank Overdraft	ST	12.50	CARE A4+				

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](#)

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.

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