# Chetana Education Limited

December 05, 2025

| Facilities | Amount (₹ crore) | Rating[1] | Rating Action |
|---|---|---|---|
| Long Term / Short Term Bank Facilities | 30.00 | CARE BBB-; Stable / CARE A3 | Assigned |

Details of instruments/facilities in Annexure-1.

## Rationale and key rating drivers

The ratings assigned to Chetana Education Limited (CEL) derive strength from the extensive experience of its promoters in the K-12 publishing space, its long operating track record and established author–distributor network. The ratings also factor in its comfortable financial risk profile marked by low gearing and healthy coverage indicators, aided by equity infusion from the IPO and the asset-light nature of operations.

However, the ratings are constrained by its moderate scale of operations, regional concentration with a major share of revenue originating from Maharashtra (~50%), and a working capital–intensive business model, reflected in an elongated operating cycle and negative cash flow from operations in FY25 (FY refers to April 01 to March 31). The company also operates in a highly competitive and fragmented publishing industry, which limits pricing flexibility.

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

**Positive factors**

- Growth in scale of operations with total operating income above Rs.150 crore while maintaining healthy profitability.
- Sustenance of financial risk profile with augmentation of net worth base over Rs.100 crore.

**Negative factors**

- Significant decline in scale of operations along with PBILDT margin below 15% on a sustained basis.
- Deterioration of capital structure with overall gearing above 1x on a sustained basis.

## Analytical approach: Consolidated

DIJAA Education Private Limited (DIJAA) is a wholly owned subsidiary of CEL. DIJAA is a digital content-focused company that offers a personalised educational OTT platform and is under a common management team.

CARE has analysed CEL's credit profile by considering the consolidated financial statements of the company owing to financial, business, and operational linkages between the parent and the subsidiary. The details of the subsidiaries and associates which have been consolidated as on March 31, 2025, mentioned in annexure 6.

## Outlook: Stable

Stable outlook indicates CareEdge Ratings' expectations that CEL will benefit from the experience of promoters, an established track record of operations and its entry into the Edtech business through its subsidiary over the medium term.

## Detailed description of key rating drivers:

## Key strengths

**Extensive experience of Promoters**

The promoters of Chetana Education Limited (CEL) possess long-standing experience in the academic publishing industry. Mr. Anil J. Rambhia and Mr. Rakesh J. Rambhia together have over three decades of experience across content development, distribution network building, and strategic management of the publishing business. Their domain expertise, established relationships with authors, schools and distributors, and demonstrated track record in scaling the company's operations provide comfort for the overall business profile.

**Established track record of operations**

CEL benefits from established operational capabilities supported by a wide content portfolio of more than 700 titles and strong relationships with over 400 authors and over 500 distributors. Its well-developed distribution network across Maharashtra and 17 other states provides stable demand visibility. The company follows an asset-light, outsourced printing model, enabling operational flexibility and efficient cost management. Digital and audio formats offer higher margin potential and business diversification; however, revenue contribution remains modest at present and scale-up visibility will be monitored.

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

**Comfortable financial risk profile**

CEL maintains a comfortable capital structure, reflected in its low overall gearing, which has remained below 0.30x in FY25, supported by an initial public offering in FY25 and limited dependence on external borrowings. With total debt forming a small proportion of the balance sheet and the business following an asset-light model, CEL's debt coverage indicators remain robust, with TD/GCA of 1.57x and interest coverage of 9.20x in FY25 even under peak working-capital usage. The comfortable capital structure provides CEL with adequate financial flexibility to fund its growth initiatives, including expansion of its OTT and digital content platforms.

## Key weaknesses

**Moderate scale of operations owing to regional presence**

Despite healthy growth, CEL's scale of operations remains moderate, with TOI of ₹102.48 crore in FY25 compared to ₹93.54 crore in FY24, which is relatively small compared to larger players in the education services and content development space. The company's scale is further constrained by its regional concentration in Maharashtra (~50%) and dependence on a limited product portfolio, primarily K-12 books and test-prep material. While CEL has been expanding into digital initiatives and stationery business, these verticals are still in a nascent stage and contribute only marginally to the overall topline. At the current scale, the company's bargaining power with distributors remains moderate and operational resilience may be tested in demand fluctuations.

**Working capital intensive business**

CEL continues to operate with a high working-capital requirement, inherent to the academic publishing model. The operating cycle elongated to 334 days in FY25 compared to 275 days in FY24, driven by inventory of 172 days ahead of academic dispatches and receivables of 210 days due to credit to distributors and schools. Given the seasonality, production and stocking peak before the academic year, while cash realisation is backend-loaded, resulting in funds being absorbed in debtors and stock rather than converting into cash flows. Old receivables beyond six months also contribute to lengthening the cycle. The stretched working-capital profile remains a key rating constraint, evidenced by negative CFO in FY25 despite profitability, making improvement in receivable discipline and inventory turnover critical for liquidity comfort at the current rating level.

**Presence in highly competitive publishing industry**

CEL operates in a highly competitive and fragmented education publishing and content development industry, marked by the presence of regional players and established national publishers. The sector has relatively low entry barriers, and competition is primarily driven by pricing, curriculum alignment, institutional relationships, and the ability to frequently refresh and update content. These factors constrain pricing flexibility and exert pressure on margins. However, CEL's introduction of QR-enabled digital content provides differentiated offerings and selective price improvements, partially mitigating competitive intensity. While CEL has an established regional presence and long-standing relationships with institutions, its scale remains modest compared to larger players, making competition a continued challenge.

## **Liquidity**: Adequate

CEL's liquidity position remains adequate, supported by healthy cash accruals and moderate utilisation of working capital limits. Against negligible debt repayment, CEL had cash accruals of ₹14.19 crore in FY25. Utilisation of fund-based limits remained low at 24% for the past 12 months ending September 2025. The current ratio was comfortable at 3.04x in FY25, reflecting a well-managed short-term financial position. Funds raised via initial public offerings in July 2024 coupled with Low repayment obligations and limited capital expenditure requirements provide additional liquidity comfort.

## Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Manufacturing Companies
Short Term Instruments

### About the company and industry

### Industry classification

| Macroeconomic indicator | Sector | Industry | Basic industry |
|---|---|---|---|
| Consumer Discretionary | Media, Entertainment & Publication | Printing & Publication | Printing & Publication |

Chetana Education Limited is a Mumbai-based K-12 educational content provider engaged in publishing curriculum-aligned textbooks, workbooks, and supplementary learning material for CBSE and State Boards. The company offers a catalogue of over 700 titles across 15 brands, catering primarily to schools through a widespread dealer-based distribution network of over 500 channel partners. CEL has also introduced digital and audio-based learning products, which offer higher margin potential but currently form a small portion of revenue.

Consolidated financials:

| Brief Financials (₹ crore) | March 31, 2024 (UA) | March 31, 2025 (A) | H1FY26 (UA) |
|---|---:|---:|---:|
| Total operating income | 93.54 | 102.48 | 58.56 |
| PBILDT | 20.86 | 21.45 | 13.79 |
| PAT | 12.97 | 13.56 | 9.41 |
| Overall gearing (times) | 2.09 | 0.28 | 0.06 |
| Interest coverage (times) | 5.74 | 9.20 | 19.70 |

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

**Status of non-cooperation with previous CRA:** ICRA has placed ratings assigned to the bank facilities of CEL in "Issuer Not co-operating" category vide press release dated December 01, 2025, on account of non-submission of no default statement.

**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/Non-fund-based-LT/ST | | - | - | - | 30.00 | CARE BBB-; Stable / 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/Non-fund-based-LT/ST | LT/ST | 30.00 | CARE BBB-; Stable / CARE A3 | | | | |

LT: Long term; ST: Short term; LT/ST: Long term/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/Non-fund-based-LT/ST | 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 | DIJAA Education Private Limited | Full | 100% subsidiary |

**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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**About us:**
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