Navneet Education Limited

January 30, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	450.00	CARE AA; Stable / CARE A1+	Reaffirmed
Short-term bank facilities	2.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Navneet Education Limited (NEL) continues to factor in well-established market position in providing supplementary content for the syllabus-based educational curriculum published in Gujarat and Maharashtra. The rating also considers over five decades of experience of NEL's promoters (the Gala family) and its strong brand recognition among schools, authors, and teachers.

On a consolidated basis, the company's total operating income (TOI) increased marginally to ₹1,791.15 crore in FY25 from ₹1,758.41 crore in FY24 (FY refers to April 01 to March 31), reflecting stable performance. The publication segment reported revenue of ₹767.43 crore (FY24: ₹733.14 crore), supported by steady demand for supplementary learning materials and institutional orders despite limited curriculum changes and a growing second-hand book market. The stationery segment remained flat at ₹1,020.62 crore (FY24: ₹1,020.60 crore), with export growth and diversification into non-paper stationery offsetting subdued domestic demand. Overall, export momentum and a resilient publication business supported modest revenue growth in FY25.

In H1FY26, the company's TOI declined to ₹1,041 crore from ₹1,070 crore in H1FY25, primarily due to moderation in the stationery segment. The decline was driven by lower export revenues amid tariff-related disruptions in the US market and muted domestic stationery performance owing to lower realisations following a correction in paper prices. This was partly offset by stable performance in the publication segment, supported by steady demand and the onset of minor curriculum changes.

The profit before interest, lease rentals, depreciation and taxation (PBILDT) margins improved to 18.16% in FY25 from 17.27% in FY24, driven by lower paper prices, better operating leverage, cost optimisation, and a higher contribution from export stationery and publication segments. Margins increased to 21.90% in H1FY26 from 20.84% in H1FY25, supported by continued input cost benefits, operating efficiencies, and stable performance of the publication segment.

Going forward, the publication business is expected to benefit from the onset of a new curriculum change cycle under NEP 2020, which is likely to support demand and revenue growth. The stationery segment is expected to recover gradually, aided by stabilisation in paper prices, improvement in export conditions, and higher contribution from non-paper products and diversification initiatives. Overall, the company's operating performance is expected to remain stable with gradual improvement in the medium term.

In May 2024, the company sold 5.12% of its stake in K12 Techno Services Private Limited (K12) for a consideration of ₹225.18 crore, marking its first partial exit from the investment. Post the stake sale, the company continues to hold 14.35% in K12 on a fully diluted basis. Proceeds were utilised towards a buyback of ₹100 crore completed in August 2024, with the balance earmarked for capex and working capital requirements.

On January 08, 2026, NEL announced a Composite Scheme of Arrangement with proposed demerger of the publishing business of its wholly owned subsidiary, Indiannica Learning Private Limited (ILPL), and merger of the demerged business with NEL. ILPL reported a TOI of ₹54.48 crore in FY25, of which the publishing business accounted for ₹54.31 crore (99.68%). Post restructuring, ILPL will continue as a wholly owned subsidiary, primarily engaged in trading of printed educational books and distribution of digital education licences. As per the scheme, ILPL will not receive cash consideration, and the accumulated losses of ₹126.77 crore on March 31, 2025, will be written-off through a capital reduction.

The company plans to incur capex of ₹80–₹120 crore annually in the next three years, primarily towards capacity expansion in the stationery segment and routine maintenance capex for the publication business. Ratings also factor in the company's healthy financial risk profile, with overall gearing of 0.05x on September 30, 2025 (September 30, 2024: 0.04x). Total debt stood at ₹102

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

crore, comprising lease liabilities of ₹68 crore and working capital borrowings of ₹34 crore, supported by adequate liquidity of ₹362 crore on September 30, 2025.

NEL's ratings are constrained by high dependence on syllabus changes for growth in the publication segment, revenue concentration in Maharashtra and Gujarat, the seasonal nature of operations, intense competition in the fragmented stationery industry, foreign exchange risk, and margin volatility in export stationery business due to lag in cost pass-through arising from pre-booked orders. Additionally, the impact of tariffs in the short-to-medium term will remain monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- NEL's ability to significantly expand its footprint in states other than Maharashtra and Gujarat and make inroads in other national (Central Board of Secondary Education [CBSE] and Indian Certificate of Secondary Education [ICSE]) and state level boards amid the competitive business environment.
- Working capital cycle below 150 days on a sustained basis.

Negative factors

- Any significant support or investment to group or associate companies impacting NEL's overall financial risk profile.
- Significant debt-funded capex or increase in working capital requirement, leading to increase in the gearing above 1x.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has adopted a consolidated approach. There are multiple subsidiaries, having significant operational and financial linkages. There is significant reliance on the parent by the subsidiaries, with business interlinkages between the parent and subsidiaries. Companies consolidated for analysis are provided in Annexure-6.

Outlook: Stable

CareEdge Ratings expects that NEL will maintain its business and financial risk profiles backed by its strong brand presence and the management's experience in education content publication business.

Detailed description of key rating drivers:

Key strengths

Longstanding experience of promoters

NEL's operations in the field of educational publications spans over five decades. The company is currently managed by five brothers, who are second-generation entrepreneurs of the Gala family. Over the years, the company's promoters and management managed to build a strong brand image and market acceptance for its publications, Navneet, Vikas, and Gala, among others, in Maharashtra and Gujarat.

Strong market position in education content publication business

NEL has a strong market position in education content publishing for the SSC Board in Maharashtra and Gujarat. Through its subsidiary, ILPL, the company offers textbooks to CBSE schools, with an established presence in the northern and eastern regions of India. Apart from the printing and publication business, the stationery segment contributed ~57% of the company's total revenue in FY25, providing diversification to the revenue profile. The proposed merger of ILPL's publication business with NEL is expected to strengthen the company's publication portfolio by adding CBSE-focused content, improve scale, and support better utilisation of NEL's distribution network, resulting in operating synergies.

Going forward, in FY26–FY27, the publication business is expected to witness improvement, supported by the commencement of curriculum changes under NEP 2020, with grade-wise syllabus revisions anticipated across key states. This is likely to drive higher demand for new textbooks and supplementary learning materials, while the company's strong brand presence and established distribution network will support stable revenue growth and profitability over the medium term.

Restructuring of business

NEL on January 08, 2026, announced the demerger of the publishing business of its wholly owned subsidiary, ILPL, and the merger of the demerged business with NEL. ILPL reported a TOI of ₹54.48 crore in FY25, of which the publishing business accounted for ₹54.31 crore, representing 99.68% of income. Post the transfer of the publishing business to the parent, ILPL will continue as a wholly owned subsidiary of NEL and will operate primarily as a trading entity for printed educational books and related materials and continue its business of acquiring and distributing licenses for digital educational products and software solutions in the Indian market. As part of the proposed restructuring, ILPL will not receive cash consideration from NEL for the transfer of the publishing business.

Stable growth with margin expansion across publication and stationery segments
On a consolidated basis, the company's TOI increased marginally to ₹1,791.15 crore in FY25 from ₹1,758.41 crore in FY24, reflecting stable operating performance. In FY25, the publication segment reported revenue of ₹767.43 crore (FY24: ₹733.14 crore), supported by steady demand for supplementary learning materials and institutional sales, despite moderation in the broader market due to limited curriculum changes and the increasing prevalence of second-hand books. The stationery segment remained largely stable at ₹1,020.62 crore (FY24: ₹1,020.60 crore), with healthy export traction and diversification into non-paper categories offsetting muted domestic demand and pricing pressures driven by softer raw-material costs and competition from the unorganised sector. Supported by lower input costs, better operating leverage, and cost-optimisation measures, PBILDT margins improved to 18.16% in FY25 from 17.27% in FY24.

In H1FY26, the company reported a TOI of ₹1,041 crore compared to ₹1,070 crore in H1FY25, primarily due to moderation in the stationery segment. The decline was driven by lower export revenues due to tariff-related disruptions in the US market and subdued domestic stationery performance following a correction in paper prices, partly offset by stable performance in the publication segment supported by steady demand and the commencement of minor curriculum changes. Despite the moderation in revenue, PBILDT margins improved to 21.90% in H1FY26 from 20.84% in H1FY25, aided by continued benefits of lower raw material costs, operating efficiencies, and a stable contribution from the publication segment.

NEL's profitability margins have remained healthy, generally in the range of 15-20%, while return ratios remain robust. While the company faces volatility in paper prices, its strong brand positioning and pricing flexibility allow it to pass on cost fluctuations and sustain margins. Further, the export stationery segment continues to generate higher profitability compared to the domestic stationery business, supporting overall profitability. However, the impact of tariffs in the US export market remains a key monitorable, since any prolonged disruption could affect export volumes and margins.

Comfortable capital structure supported by adequate liquidity
NEL's borrowing levels remain low despite its working capital intensive operations. Overall gearing improved to 0.11x on March 31, 2025 (PY: 0.21x), supported by the absence of term debt and use of borrowings for managing seasonal working capital requirements. Inventory levels typically build up in January–June, resulting in a stretched operating cycle of ~190-200 days at fiscal year-end, when the company avails short-term borrowings to partly fund working capital needs. Thereafter, as inventory levels moderate post June, the operating cycle shortens, and borrowings reduce substantially in July–December, with working capital requirements met through internal accruals. The company reported a healthy cash surplus of ₹362 crore on September 30, 2025. Liquidity is supported by sanctioned working capital limits of ₹410 crore, with low average utilisation of 3.04% in the past 12 months ended November 2025, providing adequate headroom to meet contingencies.

Key weaknesses

Concentrated revenue streams
NEL has traditionally operated in markets in Maharashtra and Gujarat and derives most of its income from these states. The company's key profit contributor, the publication segment, derives most of its income through study material for the two state boards [Secondary School Certificate (SSC)], leading to considerable concentration of revenue. The growing trend of schools switching from traditional state boards to CBSE poses a challenge to NEL's publication business in the long term.

To offset this risk, in FY17 (FY refers to April 01 to March 31), NEL acquired ILPL (formerly known as Encyclopaedia Britannica [India] Private Limited), which designs and develops educational products (print and digital) for Indian schools. NEL anticipates increasing its curricular offerings in Indian schools at the national level. The company continues to face stiff competition from established publishers. NEL's stationery business is growing nationally and internationally.

Seasonal nature of business
As NEL caters to the education sector, it witnesses maximum demand in Q1 of the financial year, which precedes the start of an academic year. The company's profitability also increases in this quarter as the publication segment generates higher margins. The seasonal nature causes NEL's inventory and borrowing level to rise in Q4 and Q1 (January to June) of a financial year.

Investment in subsidiary/associate and extension of financial support
NEL continues to extend support to its associates and subsidiaries by providing corporate guarantee, loans and advances, and equity investments. Support impacting the company's liquidity profile or capital structure will remain a key monitorable.

Liquidity: Strong

NEL has a robust liquidity position, supported by strong accruals, no term loan repayment obligations and annual capex in the range of ₹80-₹120 crore. As on September 30, 2025, the company holds ₹362 crore in cash and cash equivalents. With a gearing ratio of 0.05x on September 30, 2025, NEL has adequate capacity to secure additional debt for liquidity purposes and funding regular capex requirement. In the past 12 months ended November 2025, the average utilisation of working capital limits was nominal at 3.04%. The unutilised limits enhance the company's liquidity cushion.

Environment, social, and governance (ESG) risks

	Risk factors
Environmental	The company has offset ~5,770.21 metric tonne of CO_2 emissions in FY24-25 (FY refers to April 01 to March 31), compared to 5,929.80 metric tonne in FY23-24 through its greenhouse gas (GHG) offsetting projects. Usage of renewable energy contributed to a 60% reduction in Scope 2 emissions in FY24-25.
Social	In FY24-25, the company supported 653 children by paying school fees and provided bags, books and stationery to 2,840 students. Healthcare initiatives included facilitating 5,092 kidney and dialysis treatments, 500 cataract surgeries and 391 dental procedures, and cancer screening for 333 women for cervical cancer. Community programmes trained 327 women as paramedical workers who served ~200,000 people and assisted 29,500 farmer families with seeds, saplings, fruit plants and agricultural resources. Additional support included maintaining residential facilities for 500 underprivileged students, providing nutritious meals for 152 special needs children and supporting the care of 2,800 animals in shelters, while 350 children received sports training in 166 cricket tournaments.
Governance	The company's board comprises four independent directors out of eleven directors.

Applicable criteria

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

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Media, Entertainment and Publication	Printing and Publication	Printing and Publication

NEL is one of the largest educational syllabus-based supplementary content providers for the state board-based curriculum such as workbooks, digests and general books for children for schools in Gujarat and Maharashtra with 65% market share. Over the years, the company tied up with over 400 authors on contractual basis with a performance-linked royalty programme, resulting in publication of over 5,800 titles and ~260 million students across five mediums/languages for state board publication. Another segment comprises the stationery business which accounts for ~57% of revenue. The company has three manufacturing units in Maharashtra, Gujarat and Silvassa and ~1,052 and 1,636 stock keeping units (SKUs) for the domestic and export markets, respectively. The company primarily manufactures paper-based stationery (~90%) such as notebooks. Of this, ~38% is derived from exports.

Brief Financials (Consolidated) (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	1,758.41	1,791.15	1,041.00
PBILDT*	303.66	325.31	228.00
Profit after tax (PAT)	251.74	803.78	142.00
Overall gearing (x)	0.21	0.11	0.05
Interest coverage (x)	14.24	16.22	22.80

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: 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/Non-fund-based-LT/ST		-	-	-	450.00	CARE AA; Stable / CARE A1+
Non-fund-based - ST-Bank Guarantee		-	-	-	2.00	CARE A1+

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	450.00	CARE AA; Stable / CARE A1+	-	1)CARE AA; Stable / CARE A1+ (04-Feb-25)	1)CARE AA; Stable / CARE A1+ (19-Jan-24)	1)CARE AA; Stable / CARE A1+ (29-Dec-22)
2	Non-fund-based - ST-Bank Guarantee	ST	2.00	CARE A1+	-	1)CARE A1+ (04-Feb-25)	1)CARE A1+ (19-Jan-24)	1)CARE A1+ (29-Dec-22)

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
2	Non-fund-based - ST-Bank Guarantee	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	Navneet Futuretech Limited	Full	Subsidiary
2	Navneet Learning LLP	Full	Subsidiary
3	Indiannica Learning Private Limited	Full	Subsidiary
4	Navneet Tech Ventures Private Limited	Full	Subsidiary
5	Navneet (HK) Limited	Full	Subsidiary
6	Carveniche Technologies Private Limited	Proportionate	Associate

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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