November 17, 2026

CL Educate Limited: [ICRA]BBB (Stable) assigned to non-convertible debentures; Issuer rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Issuer Rating	0.00	0.00	[ICRA]BBB (Stable); reaffirmed	- $
Non-convertible debenture	-	100.00	[ICRA]BBB (Stable); assigned	SEBI
Total	**0.00**	**100.00**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

$ Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Rationale

While arriving at the ratings, ICRA has considered the consolidated view of CL Educate Limited (CL) and its wholly owned subsidiary, DEXIT Global Limited (DEXIT), together referred to as the CL Group/Group) given the strong operational, managerial and financial linkages between the two entities. Both companies operate in the high-stakes examination and assessment ecosystem, resulting in significant business integration, cash flow fungibility and strategic alignment. Further, CL has initiated the process of DEXIT's merger with itself.

The ratings continue to factor in CL Group's established position in the education, assessment and enterprise solutions space. This is supported by the strong recognition of the 'Career Launcher' brand, a diversified presence across the EdTech , Digital Assessment, MarTech and event management segments, and the extensive experience of its promoters and senior management team. Over the years, CL has successfully transformed itself from a predominantly test-preparation company into a diversified education and enterprise solutions platform. This has reduced its dependence on the traditional EdTech segment and improved the resilience of its earnings profile. The Group has reported a revenue CAGR of around 21% over FY2021-FY2026, with consolidated operating income increasing to Rs. 548 crore in FY2026. CL continues to benefit from its established market position in management entrance, law and IPM test preparation, while simultaneously expanding its presence in assessment and enterprise solutions businesses.

The Group's business profile was further strengthened following the acquisition of DEXIT in FY2025 from NSE Investments for a consideration of approximately Rs. 232 crore (funded through a mix of debt and internal accruals). DEXIT is a leading player in digital examination and assessment services. The acquisition significantly enhanced CL Group's scale, market position, revenue diversification and presence in the digital assessment and examination management industry. The digital assessment segment contributed around 43% of consolidated revenues in H1FY2027 and 41% in FY2026, followed by the MarTech and EdTech segments at nearly 30% each. The increasing contribution from the digital assessment and MarTech segments has enabled the Group to partially offset pressures encountered by the EdTech business. It has also reduced earnings volatility, which is historically associated with the test-preparation segment. The Group's established relationships with Government agencies, regulatory bodies, educational institutions, certification agencies and corporates, along with its demonstrated execution capabilities and healthy opportunity pipeline, support revenue visibility and earnings stability.

The rating further derives comfort from the healthy growth prospects of the digital assessment and MarTech businesses, which are expected to remain the primary drivers of the Group's earnings profile over the medium term. The digital assessment business is expected to benefit from the increasing adoption of computer-based examinations, rising outsourcing of examination management services, growing digitisation of recruitment and certification processes, and capacity expansion initiatives being undertaken. The MarTech segment continues to witness healthy traction, driven by increasing demand for experiential marketing, digital engagement solutions and technology-led customer interaction platforms. This is supported by a diversified client base, extensive customer relationships and a growing international presence. Moreover, the company has undertaken various initiatives to improve the profitability of its EdTech operations, including optimisation of the physical centre network and rationalisation of costs. These measures, coupled with operating leverage benefits from the growing contribution of the assessment and MarTech businesses, have supported a gradual improvement in profitability in H1 FY2027.

The rating is, however, constrained by the Group's leveraged capital structure, following the debt-funded acquisition of DEXIT. This has moderated debt protection metrics, with consolidated total debt/OPBDITA of 5.3 times as of March 2026. The rating also takes into account the structural challenges faced by the EdTech sector, characterised by intense competition from digital learning platforms, increasing availability of free and low-cost online content and evolving student preferences towards flexible learning formats. While CL has mitigated these pressures through diversification into assessment and enterprise solutions, the profitability of the EdTech segment remains susceptible to competitive intensity and changing industry dynamics. Further, the digital assessment business remains exposed to tender-based order inflows, customer concentration and regulatory risks, which could impact revenue visibility.

The Stable outlook on the long-term rating reflects ICRA's expectation that CL Group will report steady growth in revenue and earnings, resulting in an improvement in its credit metrics and, in turn, support its credit profile.

Key rating drivers and their description

Credit strengths

Established market position supported by diversified business profile and experienced management – CL benefits from its long operating track record in the education sector and has built a strong franchise across multiple verticals. Over the years, the management has demonstrated its ability to identify evolving industry opportunities and successfully scale new businesses beyond the core coaching segment. This is reflected in the development of the MarTech business and the acquisition-led expansion into the digital assessment industry. The Group has also demonstrated execution capabilities across a diverse set of customers including students, educational institutions, corporates, certification agencies and government entities. The management's ability to navigate multiple business cycles, undertake strategic acquisitions and diversify revenue streams has enabled the Group to build a balanced business model with reduced dependence on any single segment.

Diversified revenue streams with increasing contribution from assessment and enterprise businesses – The Group's business risk profile has improved materially over the last few years, driven by the increasing scale of its assessment and enterprise solutions businesses. While CL was historically dependent on the highly competitive test-preparation segment, the revenue mix has become more balanced. The assessment segment contributes around 43% and 41% of consolidated revenues in H1FY2027 and FY2026 respectively, followed by the MarTech and EdTech segments at nearly 30% each. The assessment and MarTech segments operate under distinct demand drivers, serving government agencies, educational institutions, certification bodies and corporate clients. This provides diversification benefits and improves earnings visibility. The increasing contribution from these businesses has also supported the Group's profitability profile, with the assessment segment emerging as a key earnings contributor following the acquisition of DEXIT. Additionally, the Group continues to expand its offerings within the education ecosystem. It is exploring opportunities with premier institutions for conducting exams for their executive education programmes, which could provide incremental revenue streams.

Favourable industry dynamics and healthy growth prospects in the digital assessment business – Favourable industry dynamics and healthy growth prospects in the digital assessment business – The digital assessment industry is expected to

witness favourable growth over the medium term, supported by the increasing shift towards computer-based examinations, growing emphasis on examination security, digitisation of recruitment and certification processes, and rising outsourcing by government bodies and institutions. These industry trends are expected to create significant opportunities for established players with proven execution capabilities and pan-India infrastructure. CL is well positioned to benefit from these opportunities given its established operating track record, large network of examination centres, experience in managing high volume and high-stakes examinations, and long-standing relationships with key customers. The Group is expected to undertake expansion of its seat capacity to 25,000 by FY2029 from 1,800 as on FY2026, through a combination of owned centres, partner centres and asset-light arrangements. This is likely to improve its ability to service large examination mandates, participate in a wider range of examinations and support future revenue growth. The business also benefits from relatively high entry barriers arising from technology requirements, operational scale, security standards and execution capabilities required for conducting large examinations. These support its competitive position and growth prospects over the medium term.

Credit challenges

Relatively high leverage owing to debt-funded acquisition of DEXIT – The Group's financial risk profile remains constrained by the Rs. 210 crore debt-funded acquisition of DEXIT in FY2025, which resulted in a significant increase in consolidated debt levels. While the acquisition has strengthened the Group's business profile, the resultant increase in debt continues to weigh on the financial profile. Nevertheless, with the scheduled repayment of acquisition debt and expected growth in earnings, the company's leverage and debt coverage indicators are projected to improve over the medium term. total debt/OPBDITA is expected to be 2.0-3.0 times and DSCR 1.0-1.5 times over FY2027 and FY2028.

Moderation in EdTech business due to competitive headwinds – The EdTech segment continues to face structural challenges arising from intense competition from online learning platforms, increasing availability of free and low-cost digital content and changing student preferences towards hybrid and self-paced learning models. These factors have resulted in moderation in enrolment growth and profitability across the traditional test-preparation industry. The segment reported revenue of Rs. 163 crore in FY2026 as against Rs. 199 crore in FY2024. The Group has undertaken various initiatives such as cost rationalisation, optimisation of its centre network, focus on selected test-preparation categories and strengthening of digital delivery capabilities. However, the segment remains exposed to competitive pressures and evolving industry dynamics. The increasing contribution from the assessment and MarTech businesses provides support to the Group's overall earnings profile. However, the pace of recovery in the EdTech segment and its ability to maintain profitability amid a demanding operating environment will remain important from a credit perspective.

Dependence on government examinations and tender-based business in the assessment business – CL's revenue generation in the assessment business is dependent on the timely conduct of examinations and successful participation in competitive bidding processes. Consequently, business performance remains influenced by examination schedules, contract renewals, outsourcing decisions and procurement trends across government authorities. Any material disruptions in examination activity, delays in tender awards or moderation in contract wins could impact revenue growth and cash flow generation. The segment is also exposed to competitive bidding intensity, changes in procurement policies, regulatory developments and customer concentration risks. Any delay in order awards, cancellation of examinations or loss of key contracts could impact revenue visibility and profitability. Nevertheless, the revenue profile benefits from a diversified client base and long-standing relationships with several institutional and regulatory clients, including the Insurance Regulatory and Development Authority of India (IRDAI), National Institute of Securities Markets (NISM) and Directorate General of Training (DGT). A significant portion of this revenue is recurring in nature and not reliant on fresh tender awards, thereby partially mitigating the risks associated with tender-based business procurement. However, going ahead, the ability to maintain its competitive positioning and secure a steady flow of contracts across examination authorities will remain critical for sustaining growth momentum.

Liquidity position: Adequate

CL's liquidity profile is Adequate, supported by an average cushion of Rs. 5-6 crore in the working capital facilities after considering eligible unbilled revenue in the drawing power computation over the past twelve months ending July 2026.

Liquidity is further supported by consolidated cash and bank balances of around Rs. 30 crore as on June 2026. Support also comes from debt service reserve account (DSRA) balances of ~Rs. 8 crore (1 quarter of principal + interest payment) being maintained by the company, and the recent sanction of Rs. 20 crore working capital limits at DEXIT. The scheduled debt repayment obligations are Rs. 30-40 crore per annum during FY2027-FY2029, which are expected to be adequately serviced through internal accruals. Further, the planned capex of about Rs. 10-15 crore over the next two years is proposed to be funded through internal accruals, thereby limiting dependence on external debt.

Environmental and social risks

Environmental consideration: The environmental impact of the Group's operations remains relatively low, given its asset-light and technology-driven business model. Increasing adoption of computer-based examinations, digital assessment platforms and online learning solutions reduces dependence on physical study materials and paper-based processes.

Social Consideration: The Group operates in the education, assessment and workforce development segments, where the quality, reliability and security of service delivery are critical. Maintaining the integrity of examinations, safeguarding candidate data and ensuring uninterrupted platform availability remain key operational considerations, given the sensitive nature of assessment and admission-related activities. Further, the company's ability to attract and retain qualified faculty, technology professionals and domain experts remains important for sustaining its competitive position and business growth. Maintaining strong relationships with educational institutions, Government entities and enterprise clients is equally vital.

Rating sensitivities

Positive factors – The rating could be upgraded if the company demonstrates strong growth in revenue and earnings, supported by sustained improvement in EdTech segment performance along with healthy growth across other key segments. This should result in strengthening of its debt protection metrics, while maintaining an adequate liquidity position. A specific credit metric that could result in an upgrade is total debt/OPBDITA of less than 2.5 times on a sustained basis.

Negative factors – A material deterioration in operating performance resulting in pressure on cash accruals, leading to weakening of debt protection metrics, and/or any significant increase in debt levels arising from acquisitions or large capital expenditure could result in a rating downgrade.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of CL. The list of subsidiaries consolidated with CL are all enlisted in Annexure II.

About the company

Headquartered in New Delhi, CL is a listed education services company engaged in test-preparation, publishing, assessment services, educational marketing solutions and enterprise engagement services. CL Educate Limited, the parent company of the well-known Career Launcher brand, was founded in 1996 by Satya Narayanan R, an alumnus of St. Stephen's College and IIM Bangalore and Gautam Puri. Mr. Puri is a chemical engineering graduate from Punjab Engineering College and an alumnus of IIM Bangalore. The Career Launcher network subsequently expanded well beyond test preparation, with operations spanning EdTech, MarTech and Digital Examination Services. The company is listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). DEXIT is one of the leading players in India's digital assessments market and is engaged in providing end-

to-end digital examination and assessment services to educational institutes, government organisations and various corporates.

Key financial indicators (audited)

CL (consolidated)	FY2025	FY2026	H1FY2027*
Operating income	358.1	548.1	297.2
PAT	-11.3	-26.0	6.6
OPBDIT/OI	6.4%	9.3%	16.5%
PAT/OI	-3.2%	-4.8%	2.2%
Total outside liabilities/Tangible net worth (times)	2.2	2.5	1.8
Total debt/OPBDIT (times)	11.4	5.3	2.7
Interest coverage (times)	2.6	1.1	2.7

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore *provisional*
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2027)					Chronology of rating history for the past 3 years					
	FY2027					FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs crore)	Nov 17, 2026	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Non-convertible debenture	Long Term	100.00	[ICRA]BBB (Stable)	-	-	-	-	-	-	-	-
Issuer rating	Long Term	0.00	[ICRA]BBB (Stable)	Oct 14, 2026	[ICRA]BBB (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer Rating	NA
Non-convertible debenture	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial Sector Regulator#
NA	**Issuer Rating**	NA	NA	NA	0.00	[ICRA]BBB (Stable)	-$
Yet to be placed	**Non-convertible debenture**	NA	NA	NA	100.00	[ICRA]BBB (Stable)	SEBI

Source: Company

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Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
CL Educate Limited	Parent entity	Full consolidation
Career Launcher Infrastructure Private Limited	100.00%	Full consolidation
Career Launcher Private Limited	99.00%	Full consolidation
Kestone CL Asia Hub Pte Limited	99.90%	Full consolidation
Threesixtyone Degree Minds Consulting Private Limited	53.15%	Full consolidation
CL Singapore Hub Pte. Ltd.	100.00%	Full consolidation
DEXIT Global Limited	100.00%	Full consolidation
Career Launcher Foundation	100.00%	Full consolidation
Kestone Utsav Private Limited	100.00%	Full consolidation

Source: Annual Report 2026

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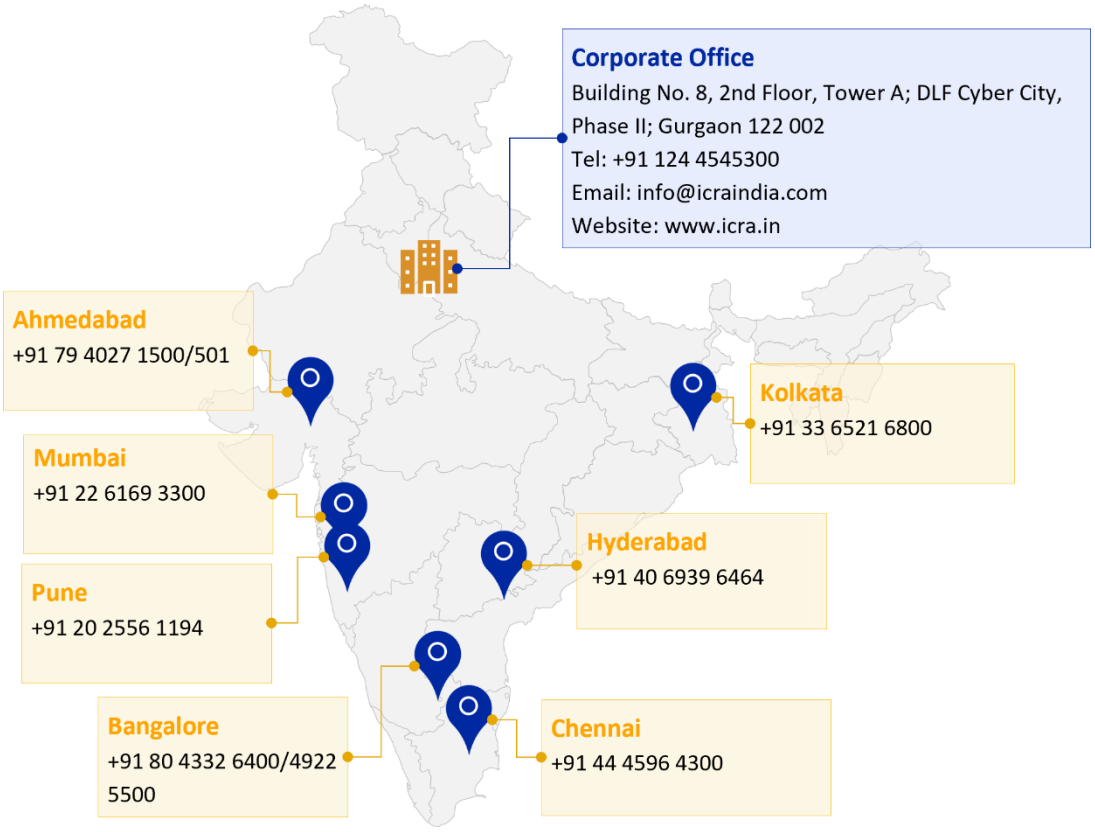
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