

Rating Rationale

01 October 2026

Arihant Publications India Ltd.

SUMMARY OF RATING ACTION

Facilities**	Amount (Rs.Crs.)		Tenure	Rating*		Regulator
	Previous	Present		Previous (07Jul2026)	Present	
Fund Based						
Term Loan -Sanctioned	0.00	19.33	Long Term	-	BWR BBB /Stable/ Assignment	RBI
Cash Credit -Sanctioned	77.00	77.00		BWR BBB /Stable/ Assignment	BWR BBB /Stable/ Reaffirmation	
Sub-Limit (WCDL (Sublimit of CC)) -Sanctioned	(25.00)	(25.00)	Short Term	BWR A3/ Assignment	BWR A3/ Reaffirmation	RBI
Sub-Limit (WCDL (Sublimit of CC)) -Sanctioned	(25.00)	(25.00)				
Sub-Limit (Purchase Invoice Financing (Sublimit of CC)) -Sanctioned	(25.00)	(25.00)				
Sub Total	77.00	96.33				
Grand Total	77.00	96.33	(Rupees Ninety-Six Crore and Thirty-Three Lakh only)			

Note:

- Please refer to BWR website www.brickworkratings.com for the definition of the ratings
- Refer to Annexures I, II, and III for details of rated bank loan facilities, debt instruments, and the List of Entities Consolidated.

RATING ACTION/OUTLOOK

Brickwork Ratings has assigned a long-term rating of BWR BBB/Stable to the bank loan facilities of Rs. 19.33 crore and reaffirmed the long-term rating of BWR BBB/Stable and short-term rating of BWR A3 on the bank loan facilities of Arihant Publications India Ltd. (APIL), aggregating to Rs. 77 crore. The total bank loan facilities rated by Brickwork Ratings amount to Rs. 96.33 crore.

The ratings reflect APIL's established position in the educational publishing industry, supported by the well-recognised "Arihant" brand, experienced promoters with over two decades of industry experience, and an integrated business model. The ratings also factor in the company's healthy revenue growth to Rs. 351.02 crore in FY26, driven by the implementation of the National Education Policy (NEP) 2020 and the

National Curriculum Framework (NCF) 2023, along with its strong nationwide distribution network and diversified product portfolio, with the number of active running titles increasing from around 2,100 in FY25 to 2,483 at present. Further, the ratings derive strength from the ongoing capacity expansion project, which is expected to increase the installed production capacity from 90 tonnes per day to 110 tonnes per day, thereby supporting future growth and operational efficiency.

However, the ratings are constrained by the company's working capital-intensive operations, arising from high inventory requirements and the seasonal nature of the publishing business. The ratings also consider the highly competitive and fragmented nature of the publishing industry, along with the company's exposure to fluctuations in paper prices and changes in education policies and examination patterns.

The Stable outlook reflects Brickwork Ratings' expectation that APIL will continue to benefit from its established market position, strong brand recall, experienced management, integrated business model, and strong operational linkages within the Arihant Group. The outlook is further supported by the expected benefits from the implementation of NEP 2020 and NCF 2023, which are likely to sustain demand for educational books, along with the company's expansion into the school textbook segment. BWR expects the company to maintain a steady business and financial risk profile over the medium term, supported by improving scale, operational efficiency, and stable demand.

The rating is based on the audited financial statements for FY24 and FY25, provisional financials for FY26, projected financials for FY27 and FY28, publicly available information, and management clarifications.

KEY COVENANTS OF THE INSTRUMENT/FACILITY

- The terms of sanction include covenants normally stipulated for such facilities.
- Promoter loans subordinated to bank debt; no repayment without bank approval.

ANALYTICAL APPROACH & APPLICABLE RATING CRITERIA

Analytical Approach	Comments
Applicable Rating Criteria	• General Criteria • Approach to Financial Ratios • Short Term Debt • Manufacturing Company
Parent/Group/Government Support	• Ratings based on Group Support
Analytical Approach (Consolidation/Standalone)	For arriving at its ratings, BWR has considered the standalone performance of Arihant Publications India Ltd., along with group support. BWR has applied its rating methodology as detailed in the Rating Criteria.

KEY RATING DRIVERS WITH DETAILED DESCRIPTION

Credit Strengths:

- **Established market position with diversified product portfolio and distribution network:**

The company has an established presence in the educational publishing industry with a diversified portfolio of school, competitive examination, and higher education books. Its extensive dealer-led distribution network across multiple states, supported by a strong content development team and

long-standing market presence, provides stability to revenue generation. The implementation of NEP 2020 and NCF 2023 is expected to support demand for its school publications.

- **Improving operating performance supported by healthy liquidity:**

The company reported growth in revenue and operating profitability in FY26, supported by higher sales volumes and stable operating costs. Liquidity remains comfortable, aided by healthy cash balances, while the ongoing capacity expansion and Print-on-Demand (POD) project are expected to enhance operational efficiency and support future growth.

Credit Risks

- **High Working Capital Requirements:**

The publishing business naturally requires a large amount of money to be tied up in day-to-day operations. The company holds large stock balances to maintain its massive catalog of books, which stretches its inventory cycle up to 155 days. Because funds stay locked in inventory and customer collections for a long period, the company has to rely heavily on bank facilities and promoter support to handle its daily cash requirements.

- **Exposure to seasonality and working capital-intensive operations:**

The business remains inherently seasonal, with demand linked to the academic calendar and changes in education policies. The company also requires significant investment in inventory and receivables, resulting in a working capital-intensive operating cycle and dependence on bank working capital facilities.

RATING SENSITIVITY FACTORS

Going forward, the company's ability to improve its revenue profile and strengthen its financial risk profile will remain the key rating sensitivities.

Positive:

- Improvement in operating income by 5% and achieving an operating margin of around 6.00 % or more, along with enhanced cash accruals and a stronger cash and cash equivalent position.
- Maintaining satisfactory debt protection metrics, with ISCR at around 2.00 times or more and DSCR at around 1.50 times or more.

Negative:

- A decline of 20% or more in the revenue, with the operating margin falling below the 4.50%.
- Decline in the current ratio below 1.00x and DSCR falling below 1.25x.

LIQUIDITY POSITION -

Arihant Publications India Ltd maintains an adequate liquidity position, supported by healthy cash accruals and a sufficient cushion in its working capital facilities. The company reported cash and bank balances of Rs. 3.23 crore as on March 31, 2025 (Rs. 27.30 crore in FY26 UA). The current ratio stood at 1.12 times in

FY25 and improved to 1.41 times in FY26 UA. The company generated cash accruals of Rs. 10.34 crore during FY25 against Rs. 0.51 crore CPLTD obligations, resulting in comfortable debt protection metrics. The DSCR and ISCR stood at 1.18 times and 2.41 times, respectively in FY25 (1.02 times and 2.33 times, respectively, in FY26 UA). Further, the working capital limits remained highly utilised, with average utilisation of around 90% with Punjab National Bank and with HDFC Bank.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) PRACTICES

The company demonstrates an Adequate ESG Profile, reflecting alignment with baseline environmental, social, and governance standards.

Environmental: Environmental risks center on paper consumption and solid waste management. APIL maintains zero ink wastage and uses an automated suction system to compact paper scrap into bricks for authorized recyclers. Key disclosures on energy efficiency, water conservation, and renewable energy adoption remain important for long-term sustainability.

Social: Social factors focus on employee safety, labor standards, and human capital development. APIL conducts structured training programs for DTP operators, book content creators, and academic professors. Operational resilience is supported by safety frameworks and fair labor practices.

Governance: The governance assessment focuses on board composition, committee effectiveness, and regulatory compliance. Transparency is supported by structured financial reporting, audit oversight, arm's-length related-party monitoring, and active risk management practices.

COMPANY/FIRM PROFILE

Industry Classification			
Macroeconomic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Media, Entertainment & Publication	Printing & Publication	Printing & Publication

KEY FINANCIAL INDICATORS

Standalone Financial Indicators (in ₹ crore)	Units	FY23-24 (A)	FY24-25 (A)	FY25-26 (P)
Operating Revenue	Rs. Crs.	320.34	318.58	351.02
EBITDA	Rs. Crs.	16.57	18.94	20.39
PAT	Rs. Crs.	2.64	2.88	3.77
Tangible Net worth	Rs. Crs.	37.36	39.57	43.44
Total Debt/ Tangible Net worth	Times	2.27	2.74	3.65
Current Ratio	Times	1.11	1.12	1.41

* A:Audited UA:Unaudited P:Provisional PROJ:Projected

Note: These are latest available financial results. All ratios as per BWR's calculations; Amount in ₹ crore

RATING HISTORY FOR THE PREVIOUS THREE YEARS

Facilities		Current Rating (2026)		Rating History					
				2026		2026		2025	
Type	Tenure	Amount (Rs. Crs.)	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based	LT	19.33	BWR BBB /Stable (Assignment)	07Jul2026	BWR BBB/Stable (Assignment)	19Jan2026	BWR B-Stable (Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed and withdrawn)	27Mar2025	BWR B-Stable (Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed)
		77.00	BWR BBB/Stable (Reaffirmation)						
FB SubLimit	ST	(75.00)	BWR A3 (Reaffirmation)		BWR A3 (Assignment)	NA	NA	NA	NA
Grand Total		96.33	(Rupees Ninety-Six Crore and Thirty-Three Lakh only)						

COMPLEXITY LEVEL OF THE RATED INSTRUMENTS

Instrument	Complexity Indicator
Fund Based	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 BWR's website www.brickworkratings.com/download/ComplexityLevels.pdf

NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY (IF ANY):

CRISIL downgraded APIL's ratings to CRISIL B/Stable and migrated them to the Issuer Not Cooperating (INC) category due to non-receipt of the required information.

ANY OTHER INFORMATION: None

Contacts	
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Annexure I: Details of Bank Loan Facilities

Sl No.	Name of the Bank	Credit Facility	Tenure	Amount (Rs. in Crs)	Regulator
1	Punjab National Bank	Cash Credit - Sanctioned	Long Term	52.00	RBI
		WCDL (Sublimit of CC) - Sanctioned	Short Term	(25.00)	RBI
		Term Loan - Outstanding	Long Term	19.33	RBI
2	HDFC Bank	Cash Credit - Sanctioned	Long Term	25.00	RBI
		WCDL (Sublimit of CC) - Sanctioned	Short Term	(25.00)	RBI
		Purchase Invoice Financing (Sublimit of CC) - Sanctioned	Short Term	(25.00)	RBI
Total				96.33	

ANNEXURE II: Details of Instruments/Facilities

Name of the Instrument / Facility	Long Term/Short Term	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ cr)	Rating Assigned and Rating Outlook	Regulator
Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

ANNEXURE III: List of Entities Consolidated

Name of Entity	% ownership	Extent of consolidation	Rationale for consolidation
Nil	Nil	Nil	Nil

Annexure IV: List of Instruments and Names of Regulators of the Instruments

As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

A.	Rating activities	
Sr. No.	Instrument / activity Name	Regulator of the instruments
1	Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* \$	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)*	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)*	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts \$	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
22	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
23	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to

issuance(s), Brick Work Ratings India Private Limited (BWR) shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

\$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

B.	Other Activities	Regulator of the Instruments
1	Monitoring Agencies	SEBI
2	Research activities incidental to rating such as research for Economy, Industries and Companies	NA

Grievance Management

For any grievances relating to rating of instruments regulated by SEBI, please contact sebigrievance@brickworkratings.com. Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

For any grievances relating to rating of instruments regulated by other FSR (Financial Services Regulators), please contact grievance@brickworkratings.com

Disclosure of Conflict of Interest

BWR Board of Directors have no influence over rating decisions, nor do they sit on the rating committees or review, discuss, or evaluate any credit ratings during the Board meetings.

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Brickwork Ratings (BWR), a Securities and Exchange Board of India [SEBI] registered Credit Rating Agency and accredited by Reserve Bank of India [RBI]. BWR is the 5th agency to get a credit rating registration in India in 2009 and its corporate office in Bengaluru. It has a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. Canara Bank is an institutional investor in Brickwork.

Brickwork offers credit ratings of Bank Loan, Non- convertible / convertible / partially convertible debentures and other capital market instruments and bonds, Commercial Paper, perpetual bonds, asset-backed and mortgage-backed securities, partial guarantees and other structured / credit enhanced debt instruments, Security Receipts, Securitisation Products, Municipal Bonds, etc. BWR has rated over 11,400 medium and large corporate and financial institutions' instruments. BWR has also rated NGOs, Educational Institutions, Hospitals, Urban Local Bodies and Municipal Corporations.

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