



Education & Training Industry

Working Capital Management & Financing Guide

A Comprehensive Strategic Framework by Terkar Capital

Education & Training - Overview

₹6.4 L Cr

K-12 MARKET (2026)

20.2%

ONLINE ED GROWTH

218M+

ENROLLED STUDENTS

1.55M+

SCHOOLS IN INDIA

Industry Insights

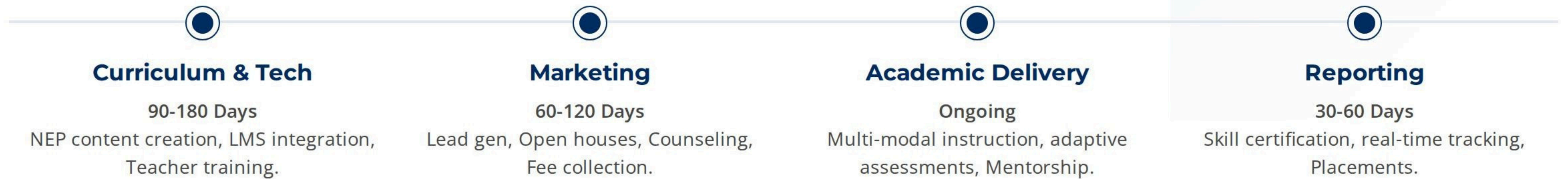
- **Phygital Shift:** Transition from content-heavy to outcome-linked models.
- **Core Segments:** K-12, Higher Ed, Test Prep, and Corporate Upskilling.
- **Major Hubs:** Kota (Prep), Bangalore (EdTech), Pune/Hyd (Higher Ed).

Growth & Policy

- **Policy Impact:** NEP 2020 emphasis on ECCE and vocational training.
- **Future Trend:** Alumni-driven trust and real-time learning dashboards.
- **Integration:** Increasing demand for AI tutors and adaptive assessments.



Operational Process in Education



Key Insight for Lenders:

The education sector experiences extreme seasonality. Marketing and Infra spends peak during Jan-June, while revenue is realization-based through the academic year.

Key Resources & Inputs



Human Capital

SMEs, trained educators, AI developers, and specialized career counselors.



Physical Infra

Smart classrooms, AR/VR labs, sports facilities, and secure tech-enabled campuses.



Digital Infra

Cloud-based LMS, ERP for admin, and mobile-first learning applications.



Compliance

Board affiliations (CBSE/IB), AICTE/UGC norms, and DPDP Act 2023 compliance.



Intellectual Prop

Proprietary pedagogical frameworks, question banks, and specialized training software.

Strategic Core

The shift from physical to digital assets is significantly altering the asset-backing profile of the industry.



Service Deliverables & Revenue

- ✓ **Tuition Fees:** Primary recurring revenue (Annual/Semester).
- ✓ **EdTech SaaS:** Subscription models for B2C and B2B clients.
- ✓ **Ancillary:** Transport, hostel, books, and uniforms.
- ✓ **Corporate B2B:** Contracts for workforce upskilling.
- ✓ **Certification:** Professional and examination revenues.

Revenue Characteristics

Stability

High (Sticky user base)

Visibility

High (Pre-registrations)

Collection

Front-loaded

Upsell

Moderate (Ancillary)

Working Capital Cycle in Education



The B2C Model

Typically Negative or Short WC cycle due to upfront fee collections. Cash is high during term starts.

The B2B/Govt Model

Institutional providers face a 60 to 120-day gap due to audits and milestone-based Govt disbursements.

Current Asset Composition

Cash & Bank

High balances are essential to manage seasonal spikes in operational marketing and teacher payroll during admission dry spells.

Receivables

Significant during term transitions. Unpaid fees represent a major liquidity lockup that requires discounting solutions.

Prepaid Expenses

Includes annual marketing/advertising spend for admission season and recurring annual software subscriptions.

Security Deposits

Capital tied up in rental agreements for campus facilities and mandatory affiliation bonds with education boards.



Common Mistakes to Avoid

- ✘ **Expansion Over-leverage:** Excessive debt for campuses without enrollment visibility.
- ✘ **Ignoring Attrition:** High turnover leads to expensive mid-term hiring.
- ✘ **Marketing Imbalance:** Spending more on branding than pedagogical research.
- ✘ **Compliance Neglect:** Failing to adapt to NEP-mandated faculty ratios.

💡 Recommended Strategy

Implement automated fee management with EMI-finance tie-ups. This converts your receivables into upfront cash while providing student affordability.



Standard Operating Metrics

Metric	Industry Standard (2026)	Significance
Student Retention Rate	> 85% (K-12) / > 70% (EdTech)	Indicator of Long-term LTV
EBITDA Margin	20% - 30%	Ability to service growth debt
LTV to CAC Ratio	> 3.0x	Marketing efficiency and sustainability
Employee Cost %	45% - 55% of Revenue	Primary operational cash outflow
Enrollment Conversion	15% - 25%	Lead management effectiveness



Fee Realization Periods



B2C Retail

Immediate to 30 Days

Upfront or milestone-based payments from individual students.



B2B Corporate

60 - 90 Days

Post-delivery payment terms common in enterprise upskilling contracts.



Govt Projects

120 - 180+ Days

Heavily dependent on placement audits and verification cycles.

International Students: Advance Payments (High Reliability)



Industry Threats & Challenges

- ❗ **Regulatory Volatility:** Frequent changes in fee-cap norms and nomenclature.
- ❗ **Demographic Shift:** Slower growth in school-age population in urban clusters.
- ❗ **AI Disruption:** Traditional content models becoming obsolete; need for rapid AI integration.
- ❗ **Competition:** International universities setting up Indian campuses.

Strategic Agility is key to navigating these headwinds.

How Terkar Capital Can Help

Unsecured WC

Up to ₹5 Cr for marketing and teacher training during the admission off-season.

Campus Expansion

₹10-100 Cr+ for infrastructure or upgrading to modern digital/AR-VR labs.

Receivables Discounting

Immediate liquidity against unpaid student fee installments or corporate contracts.

Equipment Finance

Funding for smart classroom hardware, high-end servers, and digital infrastructure.

M&A Advisory

Strategic assistance in consolidating fragmented school networks or EdTech startups.

Why Terkar?

Expertise in cash-flow based lending that traditional banking often overlooks.





Partner with Terkar Capital

Financing the Future of Knowledge and Skill Development.



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