

May 21, 2026

K12 Techno Services Private Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term- Fund-based - Term loan	340.0	375.0	[ICRA]A-(Stable) reaffirmed; assigned for enhanced amount
Long-term/ Short-term- Fund-based - Bank facilities	66.9	76.0	[ICRA]A-(Stable)/[ICRA]A2+ reaffirmed; assigned for enhanced amount
Long-term/Short-term - Unallocated Limits	33.1	89.0	[ICRA]A-(Stable)/[ICRA]A2+ reaffirmed; assigned for enhanced amount
Total	440.0	540.0	

*Instrument details are provided in Annexure II

Rationale

The reaffirmed ratings factor in the steady improvement in operating and financial performance of K12 Techno Services Private Limited's (K12) in FY2026, as reflected in the healthy growth in student enrolments and improved debt metrics. Such developments have followed the gradual stabilisation of previously onboarded schools and are expected to be sustained over the medium term. Further, the ratings factor in the recent equity infusion of Rs. 379 crore (in FY2026) which has strengthened the company's net worth as well as the liquidity profile, further providing adequate headroom to support incremental school additions and associated capex requirements.

K12 reported provisional revenues of Rs. 523 crore in FY2026, representing a YoY growth of 33%, following a 10% YoY moderation in FY2025 (attributable to academic year-related changes in the B2B segment), supported by new additions under its owned brands, Orchid "The International School" (OIS), Orchids Central School of Excellence (OCSE) and Taproot accompanied by higher enrolments in existing schools. Going forward, revenues are expected to grow steadily at ~10-15% annually, driven by a stable pipeline of school additions. Profitability improved, with operating margins at ~22.8% in FY2026 (prov.), aided by operating leverage from scaling enrolments and stabilisation of earlier cohorts. The company added 18 institutes across FY2025-FY2026 and expanded enrolments by 36% to ~81,500 students in FY2026 (from ~60,000 students in FY2025). Its established position, pan-India presence of the OIS brand, asset-light model, and in-house operational capabilities support margin expansion and brand strengthening. Further, the presence of a strong and reputed investor base, along with demonstrated support through equity infusions, is reflected in a comfortable capital structure (TD/TNW of 0.2 times as on March 31, 2026).

The ratings, however, remain constrained by K12's moderate scale and improving, yet relatively moderate, debt coverage metrics, given the ongoing debt-funded capex towards school onboarding (deposits and initial set-up costs). The coverage indicators, though improving over FY2025 levels, remained moderate, with TD/OPBITDA of 2.6x (net debt/OPBITDA was lower at 0.4x in FY2026 Vs. 1.2 in FY2025, due to equity infusion in March 2026) and interest cover of 1.6 times in FY2026 (prov.), following historically lower profitability. However, the adjusted interest coverage (adjusted for the non-cash Ind AS adjustment on account of long-term security deposits) stood at 4.3x compared to 2.2x in FY2025. With continued stabilisation of schools and improving earnings, these metrics are expected to improve gradually. The ratings are also tempered by regulatory risks and the competitive intensity inherent in the K12 education sector in India.

The Stable outlook reflects ICRA's expectation that K12 will benefit from its established position and steady demand in the education sector, supporting revenue growth. Further, the company is likely to maintain adequate liquidity and debt metrics, commensurate with its ratings, aided by timely investor support for capex and working capital requirements.

Key rating drivers and their description

Credit strengths

Established track record in the K12 education sector along with diversified geographic presence – K12 operates as an education services provider, offering end-to-end solutions to schools and other educational institutions, including admissions, academic support, digital security, administration, examinations and housekeeping services under its brand names, OIS and Taproot Colleges. Since commencing operations in 2010, it has expanded to over 113 educational institutes across 17 major cities in India, with the expectation of continued addition of 10-15 institutes annually supporting growth. The student base increased by ~36% in FY2026 to ~81,500, reflecting strong ramp-up in existing as well as newly added schools. The company also operates a B2B vertical (Eduvate), supplying curriculum and book kits to ~700 schools, providing an additional, albeit relatively lower-margin, revenue stream.

Strong investor profile with consistent capital infusion – K12 is a professionally managed company with large PE investments from the likes of Sequioa Capital (Now, Peak XV Partners), Vitruvian Partners, Kenro Capital, Navneet Learning LLP, Sofina Ventures and Kedaara Capital. Peak XV Partners and Navneet Learning LLP hold 13.31% and 13.31%, respectively, and both have been investors in K12 since its inception in 2010. Eko Tanno Pte. Ltd. (Vitruvian Partners) acquired a 16.33% stake in K12 through primary equity infusion and secondary share purchases in FY2026. ICRA notes that all the investors continue to provide financial support to K12 as and when required. Between FY2022 and FY2026, the shareholders cumulatively invested over Rs. 1,281 crore of equity, including ~Rs. 379 crore in FY2026, to support the company's growth plans.

Sequential improvement in financial performance with stabilisation of on-boarded schools – K12's financial performance continued to improve in FY2026, driven by the stabilisation of previously onboarded schools under its asset-light expansion model, wherein capex is limited to light infrastructure and security deposits. The company's revenues increased by 33% to Rs. 523 crore in FY2026 (following a one-off revenue decline of 10% YoY in FY2025), while operating margins improved to 22.8% from 17.5% in FY2025, driven by operating leverage and a healthy increase in the student base. The company's ability to maintain a healthy pace of new school additions and stabilise operations will remain critical for scale expansion and operating margin growth and will continue to be a key rating monitorable.

Credit challenges

Moderate scale and debt coverage indicators – Despite sequential improvement, K12's scale of operations remains moderate, with revenues of ~Rs. 523 crore in FY2026 (YoY growth of 33%). The planned addition of 10-15 schools annually, coupled with the steady ramp-up of schools added over the last 2-3 years, is expected to support further scale expansion. While operating leverage benefits are visible (with operating profit margins increasing to 22.8% in FY2026 compared to 17.5% and 15.6% in FY2025 and FY2024, respectively), debt-funded expansion for providing security deposits to trusts has resulted in moderate coverage metrics. Total Debt/OPBIDTA stood at 2.6 times in FY2026 (4.1 times in FY2025), interest cover (adjusted for the non-cash Ind AS adjustment on account of long-term security deposits) stood at ~4.3 times (2.2 times in FY2025), and adjusted DSCR stood at 2.4 times in FY2026 (1.7 times in FY2025).

Volatility in margins and risks associated with the addition of new schools as well as fund raising – Despite being on an improving trend, operating margins have remained volatile over FY2023-FY2026 (ranging between ~8-23%), given the rapid pace of school additions. ICRA expects the OPM to improve steadily, with a higher proportion of stabilised schools in the portfolio. The company expects to add ~10-15 schools p.a., which would require capital expenditure of ~Rs. 150 crore p.a. towards providing long-term performance security to school-owning trusts and necessary infrastructure such as chairs, tables, laptops, CCTV systems and smart classrooms. This exposes the company to risks associated with a) timely fund-raising, whether through debt or equity, to meet these costs; and b) ramp-up risks amid a highly competitive environment. ICRA notes that K12 has provided corporate guarantee (CG) for school bus acquisition loans for a few weaker trusts. While the management does not envisage any support to these trusts for repayment of their loans, any such large extension of CG to Trusts will remain a key monitorable going forward.

Inherent regulatory risk and competition in education sector – The company faces intense competition from established schools, both in the Government and private sectors, while attracting new admissions at its tied-up schools. Also, K12 is indirectly exposed to regulatory risks inherent in the education sector. K12 remains exposed to risks impacting education sector covering requirements of various education boards as well as State/ Central policies. Any regulations impacting revenues of partner schools due to student intake or fee hikes also remain a risk.

Liquidity position: Adequate

The company’s liquidity position is expected to remain adequate, led by steady cash flow from operations and supported by unencumbered cash and liquid investments (~Rs. 250 crore as on March 31, 2026) on its books, along with sufficient cushion in the working capital limits (Rs. 50 crore as of February-end 2026, with average utilisation of 17% over the trailing 12 months). These are expected to be adequate to service debt repayment obligations of ~Rs. 40 crore and Rs. 60 crore in FY2027 and FY2028, respectively, in addition to capital expenditure estimated at ~Rs. 100-150 crore per annum.

Rating sensitivities

Positive factors – The ratings could be upgraded if the company demonstrates healthy earnings, profitability and debt coverage metrics on a sustained basis while maintaining adequate liquidity.

Negative factors – The ratings could be downgraded in case of any adverse impact on the company’s revenue or profitability, or any large debt-funded growth, leading to a deterioration in debt protection metrics and liquidity on a consistent basis. Specific trigger for ratings downgrade would be an interest cover of less than 4 times (adjusted for the non-cash long-term security deposit Ind AS adjustment) on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone financials have been considered

About the company

K12 Techno Services Private Limited (KTSPL) was incorporated in March 2010 by Mr. M. Venkatanarayana and his son Mr. MSC Srikanth to provide education services to various state board schools under the name Sri Gowtham Academy of General and Technical Education (SGATE). The company was loss-making as it provided services to low-cost state board schools. In 2016, the promoters exited KTSPL, and it was acquired by Sequoia Capital India (SCI; currently holding ~13.3% of the total shares through its overseas investment vehicles - Sequoia Capital Investment Holdings III and SCI Investment V, now Peak XV Partners Investments), Navneet Learning LLP (NL; 13.3%), while substantial shareholding rests with Sofina Ventures SA (13%), Kenro Capital (6.5%), Eko Tanno Pte. Ltd (16.3%) and Kedaara Capital (23.8%).

Under the new management, KTSPL provides education management services to CBSE curriculum schools from kindergarten to Classes 10/12 across India under the brand name “Orchid, The International School”. As on March 31, 2026, the company provided management services to 113 institutes across Bangalore, Mumbai, Hyderabad, Pune, Kolkata and 12 other cities. The schools had total enrolment of ~81,500 students in Academic Year (AY) 2025-2026. The company also has a B2B business vertical under the brand name “Let’s Eduvate”, providing services to ~700 schools. The major products under this brand include academic material and ERP (Enterprise Resource Planning) software.

Key financial indicators (audited)

	FY2025	FY2026*
Operating income – Rs. crore	391.9	523.1
PAT – Rs. Crore	-57.7	-24.9
OPBDIT/OI (%)	17.5%	22.8%

	FY2025	FY2026*
PAT/OI (%)	-14.7%	-4.8%
Total outside liabilities/Tangible net worth (times)	0.4	0.3
Total debt/OPBDIT (times)	4.1	2.6
Interest coverage (times)	1.0	1.6
Interest coverage (adjusted) (times)	2.2	4.3

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2027)			Chronology of rating history for the past 3 years						
			FY2026		FY2025		FY2024		
Instrument	Type	Amount rated (Rs. crore)	May 21,2026	Date	Rating	Date	Rating	Date	Rating
Fund-based Term loan	Long term	375.0	[ICRA]A-(Stable)	-	-	Mar 24, 2025	[ICRA]A-(Stable)	Feb 13, 2024	[ICRA]A-(Stable)
Fund-based -Bank facilities	Long term and short term	76.0	[ICRA]A-(Stable)/[ICRA]A2+	-	-	Mar 24, 2025	[ICRA]A-(Stable)/[ICRA]A2+	Feb 13, 2024	[ICRA]A-(Stable)/[ICRA]A2+
Unallocated limits	Long term and short term	89.0	[ICRA]A-(Stable)/[ICRA]A2+	-	-	Mar 24, 2025	[ICRA]A-(Stable)/[ICRA]A2+	Feb 13, 2024	[ICRA]A-(Stable)/[ICRA]A2+

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (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) (*)	SEBI
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/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, 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	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	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.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) 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 can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) 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.

Disclosure: 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.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based - Term loan	Simple
Long-term/ Short-term – Fund-based - Bank facilities	Simple
Long-term/Short-term – Unallocated limits	Not Applicable

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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund-based - Term loan	FY2023	-	FY2034	375.0	[ICRA]A-(Stable)
NA	Fund-based - Bank facilities	-	-	-	76.0	[ICRA]A-(Stable)/ [ICRA]A2+
NA	Unallocated limits	-	-	-	89.0	[ICRA]A-(Stable)/ [ICRA]A2+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure III: List of entities considered for consolidated analysis – Not Applicable

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