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With approximately 28.1 per cent of India’s population in the age group of 0-14 years, as of 2015, educational industry in India provides great growth opportunity.

In 2015, with 34.2 million students enrolled in approximately 48,116 colleges & institutions for pursuing higher education. India’s higher education segment is the largest in the world.

Government target of Gross Enrolment Ratio (GER) of 30 per cent for higher education by 2017 to drive investments.

The education industry in India is estimated to reach USD144 billion by 2020 from USD97.8 billion in 2016.

Higher education sector in India is expected to increase to USD35.03 billion by 2025 from USD15 billion in 2016.

In the Ernstwhile12th Five Year Plan, the government plans to provide a budgetary support to the education sector of USD74.4 billion against USD37.3 billion in the 11th Five Year Plan.

Source: UGC Annual Report 2014-15, Technopak, Centre for Budget and Governance Accountability, TechSci Research
Notes: CAGR - Compound Annual Growth Rate, P – Projected; F - Forecast
Growing demand

**Advantage India**

**Robust demand**
- Huge demand supply gap with an additional requirement of 200,000 schools, 35,000 colleges, 700 universities & 40 million seats in the vocational training centers

**Increasing investments**
- During April 2000 to December 2016, inflow of USD1,383.62 million was witnessed as Foreign Direct Investment (FDI) in education sector.
- An estimated investment of USD200 billion needed by Government to achieve its target of 30 per cent GER for the higher education segment by 2020.

**Competitive advantage**
- Largest population in the world of about ~500 million in the age bracket 5 to 24 years
- India, having a literacy rate of only 73 per cent compared to the world average of 84 per cent, presents an opportunity for private players to explore the untapped market

**Policy support**
- 100 per cent FDI (automatic route) is allowed in the Indian education sector
- To liberalise the sector, the government has taken initiatives such as the National Accreditation Regulatory Authority Bill for Higher Educational & the Foreign Educational Institutions Bill
- In 2016, the government is expected to launch NEP to address the changing dynamics in the education industry of the country. The NEP, as on June 2016, awaits as a draft by the HRD Ministry.

Source: Ministry of HRD, Technopak, Department of Commerce Government of India . DIPP, TechSci Research

Note: GER stands for Gross Enrolment Ratio, NEP – National Education Policy, HRD – Human Resource Development
In 1964, the Kothari Commission was appointed to make a detailed survey of all the education branches in India & advice government on policies for the development of education at all stages & in all its aspects.

In 1962, the National Policy on Education-1960 was revised.

In 1992, the National Policy on Education-1986 was revised.
In 1995, the National Programme of Nutritional Support to Primary Education (NP-NPSE) was launched as a sponsored scheme by the Centre.

In 1995, National Council of Rural Institutes (NCRI), an autonomous body was established for the promotion of rural higher education.

RMSA was launched in March 2009 with the objective to enhance access to secondary education.

In 2009 Saakshar Bharat, a centrally sponsored scheme was launched with focus on women & other disadvantaged groups in rural areas of low literacy.

The RTE, became operative in 2010 according to which every child has a right to elementary education.

In 2012 the amendment of the Indian Institute of Technology Act, 1961 took place which envisages inclusion of 8 new IITs.

In 2014, Indian Institutes of Information Technology Bill, 2014 was passed by both the houses of the parliament. The bill aims to bring 4 information technology institutes under the control of a single authority.

In June 2016, New Policy on Education (NPE) was formulated for promotion of education in India.

In May 2016, the Human Resource Development Ministry has also planned to launch Shala Asmita Yojana to track the movement of all students in India.

In lieu of the upcoming centralised tax law, GST, the government is training more than 20 lakh sales tax officers across India.

Notes: RTE - Right of Children to Free and Compulsory Education, RMSA- Rashtriya Msdhyamik Shiksha Abhiyan,
NIT-National Institute of Technology, IISER- Indian Institutes of Science Education and Research,
IIIT-Allahabad, IIIT-Gwalior, IIIT Design and Manufacturing Jabalpur, and IIIT Design and Manufacturing Kancheepuram.
EDUCATION LANDSCAPE IN INDIA

Indian education system

Public sector
- Schools
- Central govt. funded institutions
- State Govt. funded institutions
- Higher education institutions

Private sector
- Formal setup
  - Schools
  - Higher education institutions
- Non formal setup
  - Pre-schools
  - Coaching classes
  - Multimedia schools
  - Vocational training centers
  - Education material suppliers

Source: Grant Thornton
Note: Govt. refers to Government
**KEY FACTS**

* With 762 universities, India has the world’s largest higher education system in the world & it ranks 2\textsuperscript{nd} in terms of student enrolment in higher education
* Gross Enrolment Ratio (GER) in higher education reached 24.5 per cent in 2016
* Government has a target Gross Enrollment Ratio of 30 per cent to be achieved by FY17
* Indian literacy rate is expected to reach 75 per cent in 2016 as compared to 63 per cent in 2011
* According to the Economic Survey of Delhi 2016-17, the city has observed an increase in expenditure on education. The national capital’s total expenditure (plan and non-plan) on education, including sports, art & culture, increased from USD713.8 million in 2011-12 to USD1.59 billion in 2016-17
* India’s education sector is experiencing drastic changes such as influx of foreign universities, emergence of e-learning platforms and changing course patterns.

**India’s literacy rate (2016)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2011</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Literacy Rate</td>
<td>63%</td>
<td>69%</td>
<td>73%</td>
<td>75%</td>
</tr>
</tbody>
</table>

**India’s Enrolment in Higher Education (In Lakhs): 2007-17T**

<table>
<thead>
<tr>
<th></th>
<th>Central</th>
<th>State</th>
<th>Private</th>
<th>Open and Distance Learning</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>3.00</td>
<td>60.32</td>
<td>75.10</td>
<td>27.40</td>
</tr>
<tr>
<td>2016</td>
<td>12.00</td>
<td>110.40</td>
<td>185.00</td>
<td>52.00</td>
</tr>
</tbody>
</table>


Note: E – Expected, T – Target
EDUCATION AND TRAINING

DEMOGRAPHICS

* About 41 per cent of the Indian population (~500 million people) are within the 5 – 24 years age group

* According to the Census 2011, as many as ~778 million people in the country are literate

  Of these 444 million are males & 334 million are females. While the overall literacy rate works out to be 74 per cent, the male literacy rate is 82.1 per cent & that for females is 65.5 per cent, showing a gap of 16.6 per cent between the sexes at the national level

Census 2011 - Indian population by age group

Source: Government of India (GOI)
**OVERVIEW – PUBLIC SECTOR**

- As per Union Budget FY17, Government of India (GOI) allocated USD149.37 million for setting up a higher education financing agency.
- Under budget 2017, government launched programme 'SANKALP' worth USD594.97 million, in which 35 million youth will be given market relevant training.
- The GOI is planning to open 62 Navodaya Vidyalayas, under the Union Budget 2016 – 17. Also, to expand the quality of education in India, an increased focus would be on Sarva Shiksha Abhiyan.
- 10 public institutions & 10 private institutions would be positioned with a regulatory architecture, so that they could emerge as world class teaching & research institutions across the country.
- In March 2017, the government has made Aadhar mandatory in order to avail benefits under nearly 3 dozen central schemes such as mid-day meal scheme at schools & the Sarv Shiksha Abhiyan.

### GOI budget allocation by education schemes (USD Million)

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Allocation (USD Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sarva Shiksha Abhiyan (SSA)</td>
<td>3361</td>
</tr>
<tr>
<td>National Programme of Mid-Day Meals</td>
<td>1449</td>
</tr>
<tr>
<td>Rashtriya Madhyamik Shiksha Abhiyan (RMSA)</td>
<td>553</td>
</tr>
<tr>
<td>Adult Education &amp; Skill Development</td>
<td>48</td>
</tr>
<tr>
<td>Scheme for providing education to Madrassas/Minorities</td>
<td>18</td>
</tr>
<tr>
<td>Strengthening of Teacher Training Institutions</td>
<td>72</td>
</tr>
</tbody>
</table>

*Source: Union Budget 2016 – 17, Centre for Policy Research*

*Notes: GOI – Government of India*
The private education sector stood at around USD 95.8 billion in 2015 & is expected to reach USD 133 billion in 2020.

The emergence of the un-organised private education sector in India opened a door of opportunities for many companies.

With increased corporate investments in the sector, the share of private schools in the total number of schools have increased over the past few years.

The number of recognised private schools in the country increased from 319,990 in FY14 to 328,845 in FY15.

In FY17, companies in India are expected to dole out increments in the range of 5-10 per cent. In addition, the country is positive about hiring new recruits across industries, while corporate houses are expecting increase in staff strength.

With an aim to promote Artificial Intelligence (AI) & increase the demand for electronic chips, Intel is training 15,000 scientists, developers, engineers & students in India, as the country is the 3rd largest global destination for AI companies. Under the AI Developer Education Programme, the company will train people in India on ways to adopt AI.

Percentage share of government and private schools

<table>
<thead>
<tr>
<th>Year</th>
<th>Government Schools</th>
<th>Private Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY08</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>FY09</td>
<td>19%</td>
<td>81%</td>
</tr>
<tr>
<td>FY10</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>FY11</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>FY12</td>
<td>21.20%</td>
<td>78.80%</td>
</tr>
<tr>
<td>FY13</td>
<td>21.50%</td>
<td>78.50%</td>
</tr>
<tr>
<td>FY14</td>
<td>22.10%</td>
<td>77.90%</td>
</tr>
<tr>
<td>FY15</td>
<td>23.00%</td>
<td>77.00%</td>
</tr>
</tbody>
</table>

Source: Care Research, DISE 2013-14, ASER
Notes: Others also include Vocational Training, Multimedia in Schools and Pre School, E – Estimate, F-Forecasted
**SCHOOLING & VOCATIONAL TRAINING INFRASTRUCTURE IN INDIA**

**SCHOOLS:**
- **Govt.:** ~1.08 mn
- **Private¹:** ~0.32 mn
- **No of students²:** ~227.7 mn
- **Annual intake²:** ~18 mn
- **Additional requirement 200,000² schools**

**VOCATIONAL TRAINING CENTERS:**
- **Polytechnic institutions:** ~2,250
- **ITC:** 7,200
- **No of students:** ~4.5 mn
- **Annual intake:** ~1.8 mn
- **Additional requirement 40 mn seats**

*Source: Technopak, TechSci Research, National University of Educational Planning and Administration, Notes: ¹ Recognized, ² In FY12,*
**EDUCATION AND TRAINING**

**STRONG GROWTH IN THE NUMBER OF UNIVERSITIES AND COLLEGES**

* With both the Government & the private sector stepping up to invest in the Indian education sector, the number of schools & colleges have seen an uptrend over the past few years

* Government’s initiative to increase awareness among all sections of the society has played a major role in promoting higher education among the youth

**Growth in the number of colleges**

<table>
<thead>
<tr>
<th>FY07</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>18604</td>
<td>31660</td>
<td>32964</td>
<td>35539</td>
<td>37204</td>
<td>39671</td>
<td>40760</td>
<td>41435</td>
</tr>
</tbody>
</table>

CAGR: 9.30%

**Growth in the number of universities**

<table>
<thead>
<tr>
<th>FY07</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td>367</td>
<td>467</td>
<td>523</td>
<td>574</td>
<td>624</td>
<td>666</td>
<td>711</td>
<td>753</td>
</tr>
</tbody>
</table>

CAGR: 8.31%


Note: CAGR - Compound Annual Growth Rate
**INCREASING SHARE OF STATE PRIVATE UNIVERSITIES**

There has been a significant increase in the share of the state private universities as part of total universities from 3.43 per cent in 2008-09 to 31.21 per cent in 2015-16.

**University mix (FY09)**
- Total Universities in FY09: 408
  - State Universities: 55.88%
  - Deemed Universities: 3.43%
  - Central Universities: 25.25%
  - State Private Universities: 9.31%
  - Others: 6.13%

**University mix (FY16)**
- Total Universities in FY15: 753
  - State Universities: 45.82%
  - State Private Universities: 31.21%
  - Deemed Universities: 16.33%
  - Central: 6.24%
  - Others: 0.40%

India has the world’s largest higher education system & it ranks 2nd in terms of student enrolment in higher education as on July 2015

As on 2016, gross enrolment for the higher education sector increased to 28.4 million, out of 28.4 million enrolments 52.72 per cent students are males and 47.27 per cent are female enrolments

In February 2017, the Central Government approved the proposal of conducting a single entrance test for engineering & architecture seats at UG level, from 2018.

INCREASING PENETRATION FOR RESEARCH EDUCATION

As per latest available data, greater number of students are getting attracted to teaching as a career as reflected by the increase in number of students registered for the National Eligibility Test (NET) from 1.25 lacs in December 2008, to nearly 7.65 lacs in December 2015. This is led by an initiative to create potential faculty for universities & colleges.

As per the Union Budget 2015-16, a new IIT was planned to be set up in Dharwad district, Karnataka, which was set up in August 2016. Also, under the Budget, AIIMS would be set up in J&K, Punjab, Tamil Nadu, Himachal Pradesh & Assam, wherein, site for AIIMS has been finalised in J&K, Punjab, Himachal Pradesh, as on June 2016. IIMs were setup in Visakhapatnam, Andhra Pradesh during 2015. Under Budget 2017, government is planning to select 20 universities i.e. 10 public & 10 private institutions to emerge as “world-class” research & teaching institutions.

In Union Budget 2017-18 end, high speed broadband connectivity through optical fibre will be available in more than 1,50,000 gram panchayats, under BharatNet. A DigiGaon initiative will be launched to provide education, tele-medicine & skills through digital technology. Innovation Fund for Secondary Education proposed to encourage local innovation for ensuring universal access, gender parity & quality improvement to be introduced in 3479 educationally backward districts.

**NOTABLE TRENDS IN INDIA’S EDUCATION SECTOR - PRESCHOOLS**

- In 2015 the Pre-school segment was worth USD2.1 billion, of which branded Pre-school segment was expected to contribute 33.83 per cent to the total Pre-school industry in India. Pre-school segment in India is expected to grow from USD0.75 billion in 2011 to USD3.4 billion by 2020, exhibiting growth at a CAGR of over 17 per cent.

- With growing awareness among tier 2 & tier 3 cities, penetration rate for the pre school segment is expected to rise to 25 per cent in 2015.

- To ensure scalability, preschool chains like Kidzee, Eurokids are upgrading to K-12 schools.

- Government of Jammu & Kashmir, stressed on the need for strengthening the integrated school system & making more dynamic investment at primary level, to improve quality of education in the Government-run educational institutions.

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Pre school industry in India (USD billion)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (USD billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>0.8</td>
</tr>
<tr>
<td>2012</td>
<td>1</td>
</tr>
<tr>
<td>2013</td>
<td>1.2</td>
</tr>
<tr>
<td>2014</td>
<td>1.6</td>
</tr>
<tr>
<td>2015</td>
<td>2.1</td>
</tr>
<tr>
<td>2016F</td>
<td>2.5</td>
</tr>
<tr>
<td>2017F</td>
<td>3.2</td>
</tr>
<tr>
<td>2020F</td>
<td>3.4</td>
</tr>
</tbody>
</table>

*CAGR: 17.44%*

*Source: Data sourced from KPMG Report 2011 and Gyan Research and Analytics Report 2012, Business Standard, CRISIL Report*

*Note: F - Forecast*
EDUCATION AND TRAINING

NOTABLE TRENDS IN INDIA’S EDUCATION SECTOR - K-12

Private schools adopting franchise models
• Various operating models like a mix of franchisee & owned-schools are being used by the private players to ensure their economic viability

Emergence of international school segment
• With increasing awareness, private Indian players are collaborating with international brands to provide international standard quality education

Increasing use of technology
• Increase in technology has also influenced the education sector due to which smart classes are gaining acceptance
• Technology-driven learning is introducing a qualitative & quantitative difference to education. The introduction of online learning in Indian education system has changed its scenario, with its reach & economical access. For educational technology or EduTech sector, 2017 is emerging out to be a year full of innovative methods of imparting education.
• Byju’s, the mobile learning startup, is expecting a billion dollar evaluation, on the back of increasing use of the app by students. More than 400,000 students are using the app currently, ranging from K-12 students to students preparing for competitive exams.

Increase in the number of recognised Educational Institutions
• Number of recognised educational institutions are expected to rise from 7,485 in 2011 to 9,055 in 2016

Key Challenges
• Enrollment rate across the senior classes is quite low, while the girls dropout rate have witnessed increase in comparison to that of boys in the primary & secondary levels.

NOTABLE TRENDS IN INDIA’S EDUCATION SECTOR - HIGHER EDUCATION

International collaborations

- To meet the need of today’s demanding students who seek international exposure, many Indian universities & colleges have entered into JV agreements with international universities to provide world class education.
- Till 2015, Indian government has entered into Educational Exchange Programmes with 51 countries to boost international collaborations in education sector.

Multi campus model gaining popularity

- Many private institutions are adopting multi city campus model to scale up their operations & expand in the untapped market of tier 2 & tier 3 cities.

Specialised degrees gaining popularity

- With more and more students opting for industry focused qualifications, the demand for specialized degrees is picking up.
- Most of the universities are offering MBA / Technical degrees with focus on specific sectors.

Investment in online learning Byju’s Bengaluru based company

- IFC, a financial institution, which is a part of the World Bank, invested USD50 million in Byju’s, a Bengaluru based company. This investment will help the company in expanding its market share in the online learning industry.

NOTABLE TRENDS IN INDIA’S EDUCATION SECTOR - VOCATIONAL TRAINING

- PE players have become bullish on the growing education, vocational & supplementary training sector. Between 2010-13, there were 47 PE deals worth USD586.1 million. For example, Kaizen Management Advisors invested in Ace Creative Learning Pvt Ltd & WizIQ raised money from Kaizen & Bertelsmann.

- Indian education sector witnessed 42 private equity deals recording a total investment of USD208 million, till October 2016.

- As of April 2017, Gaja Capital is set to invest USD20 million in Kangaroo Kids Education Ltd., a premium preschool & K-12 chain of schools.

- In May 2017, MT Educare raised USD16.36 million from Xander Finance.

- With rising internet penetration in India, vocational training companies are selecting the online channel to offer courses & increase their national reach.

- In a recent trend, vocational training companies have entered into agreements with corporate houses to train their existing employees with the required skill sets.

- Also through corporate partnerships, vocational training companies are training college passouts with both soft & hard skills required by their corporate partners.

- In June 2017, an MoU was signed between Samsung India & Ministry of Micro, SME to expand the company’s technical training schools to impart training skills to unemployed youth. The centres will be set up in Jamshedpur & Bengaluru over the next 3 years.

- In 2015, 30.1 million students have enrolled in higher education of which 55.1 per cent are male & 44.9 per cent are female.

Source: Data sourced from KPMG Report 2011, Ministry of HRD, KAIZEN, TechSci Research
PORTERS FIVE FORCES ANALYSIS

<table>
<thead>
<tr>
<th>Competitive Rivalry</th>
<th>Threat of New Entrants</th>
<th>Substitute Products</th>
<th>Bargaining Power of Suppliers</th>
<th>Bargaining Power of Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Lower competition among existing players because of the demand-supply gap</td>
<td>• Minimal infrastructure requirements allow startups to venture into the pre school &amp; vocational study sector</td>
<td>• With many institutions offering specialised and skill based courses, it's easy for students to switch to courses that better meet their need</td>
<td>• Bargaining power of quality education institutes remain high</td>
<td>• High demand-supply gap has weakened the bargaining power of the students</td>
</tr>
<tr>
<td>• However, with limited number of institutes offering quality education, institutes compete to attract best students to their respective campuses</td>
<td></td>
<td></td>
<td>• Significant shortage of teachers has increased the bargaining power</td>
<td></td>
</tr>
</tbody>
</table>

Source: PricewaterhouseCoopers, Techpak, TechSci Research

EDUCATION AND TRAINING

• Minimal infrastructure requirements allow startups to venture into the pre school & vocational study sector

• Competitive Rivalry (Medium)

• Bargaining Power of Customers (Low)

• Bargaining Power of Suppliers (High)

• Threat of New Entrants (Low)

• Substitute Products (Low)

For updated information, please visit www.ibef.org
EDUCATION AND TRAINING

STRATEGIES ADOPTED
EDUCATION AND TRAINING

STRATEGIES ADOPTED

Joint Ventures

- Domestic service providers have formed JV with foreign players like Educomp has formed JV with Raffles to form Raffles Millennium International Colleges for courses in fashion design & marketing, interior design, product design & graphic design, jewellery design
- In 2016, Indian & Korean institutes will strengthen their partnership in the field of defense education.
- Andhra Pradesh government in November 2016, signed 4 MoUs with various organizations engaged in educational activities, to promote innovation, internationalization & establishment of research capacities.
- Indian institutions are open to establish strategic alliances with Australian institutions, as the country is the preferred destination for Indian students seeking quality foreign education.

Offering scholarships

- Also in 2015, NIIT under 25th Bhavishya Jyoti Scholarship, awarded over 10,000 scholarships to meritorious students on the basis of their class 12th percentage.

Providing online and supplemental solutions

- As the Indian education industry opens up to new innovative ways of learning, Educomp has decided to explore this opportunity by offering various online & supplemental solutions to help institutions to leverage the most of technology
- In September 2016, Dish TV has added 32 educational channels of HRD Ministry to its platform. The service will offer telecast of live classroom lectures from top institutions across the country

Source: Company Website, TechSci Research
EDUCATION AND TRAINING

GROWTH DRIVERS
Increasing disposable income and willingness of people to spend on education is a key driver for the Indian education industry.

**GROWTH DRIVERS**

**Education in India**

- **Formal education**
  - K-12
    - Increasing awareness & sub standard government school structure in India is driving private schools enrollments
  - Higher education
    - High demand of qualified employees from the growing service sector

- **Informal education**
  - Coaching institutes
    - Higher competition for professional courses
  - Pre-schools
    - Franchisee models & increasing awareness in tier 2 & 3 cities is set to drive the sector
  - Vocational education
    - Increasing demand for skilled labour
    - Low employability levels

*Source: Netscribes and CLSA data sourced from KPMG Report, KPMG, TechSci Research*
EDUCATION AND TRAINING

POLICY SUPPORT HAS BEEN A KEY INGREDIENT TO GROWTH

National Knowledge Commission (NKC)

- An advisory body-National Knowledge Commission was established to guide policy & direct reforms, focusing on certain key areas such as education, science, technology, etc.
- NKC recommended to increase the number of universities to 1500 by 2015E & to increase the gross enrolment ratio to at least 15 per cent by 2015

Government focus on education quality

- In the 12th Five-Year Plan, the government plans to provide enhanced access to higher education & focus on expansion, equity & excellence with a greater emphasis on quality of higher education
- The Central government plans to disburse USD1 billion to states for introducing skill development initiatives. In November 2016, Ministry of Skill Development & Entrepreneurship launched Pradhan Mantri YUVA Yojana, at a cost of USD74.68 million, to provide entrepreneurship education & training to students.
- To promote school education in rural areas, in November 2016, Cabinet Committee on Economic Affairs approved the opening of 1 Jawahar Navodaya Vidyalaya in 62 districts of the country
- In May 2017, the Indian government voiced its plans for a comprehensive National Vocational Education & Training System, inspired by European countries to facilitate job-readiness & entrepreneurship for the youth.

Foreign Direct Investment

- FDI investment in India from April 2000 to December 2016 reached USD1383.62 million.

Union Budget 2017 – 18

- As per Union Budget 2017-18, USD10.76 billion was allocated for education sector.
- Under Union Budget 2017-18, GOI allocated USD6.89 billion for development of schools.
- USD3.86 billion was allocated for higher education sector, under Union Budget 2017-18.

National Education Policy, 2016

- The new 2016 National Education Policy considers education as an utmost important parameter in India, as it majorly focuses on quality of education, innovation & research in the sector.

Source: PricewaterhouseCoopers, Union Budget 2015-16 - Government of India, TechSci Research, News sources; Notes: NEP – National Education Policy
REGULATORY FRAMEWORK OF HIGHER EDUCATION IN INDIA

- Department of Higher Education, Ministry of Human Resource Development
- Association of Indian Universities
- Central Advisory Board of Education
- State Councils for Higher Education
- University Grants Commission
- AICTE, MCI, PCI, DEC, BCI, NCTE
- ICAR, ICMR, ICSSR, CSIR
- State Regulators

Accreditation
- National Board of Accreditation
- National Assessment and Accreditation Council

Source: PricewaterhouseCoopers, TechSci Research
Notes: AICTE - All India Council of Technical Education, MCI - Medical Council of India, PCI - Pharmacy Council of India, BCI - Bar Council of India, NCTE - National Council for Teacher Education, ICAR - Indian Council of Agricultural Research, ICSSR - Indian Council of Social Science Research, CSIR - Council of Scientific and Industrial Research
GROWING M&A ACTIVITY IN THE SECTOR

M&A activity in the sector has been picking up pace over the years. With high growth potential, the Indian education sector is expected to attract further investments from both domestic & international players.

With the growing e-commerce activities, lot of merger & acquisition, PE deals, are happening in education portals.

In January 2017, Alef Mobitech announced to set up a strategic alliance with IIM Ahmedabad for delivering a platform of collaborative studies via Mobile Internet World programme.

Some of the major M&A deals are listed below:

<table>
<thead>
<tr>
<th>Acquirer name</th>
<th>Target name¹</th>
<th>Deal size (USD Million)</th>
<th>Acquisition date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gaja Capital</td>
<td>Kangaroo Kids Education Ltd.</td>
<td>20.0</td>
<td>April 2017</td>
</tr>
<tr>
<td>Writefine Products Pvt. Ltd.</td>
<td>Uniwrite Pens &amp; Plastics Pvt. Ltd.</td>
<td>3.0</td>
<td>July 2016</td>
</tr>
<tr>
<td>Next Education India Pvt. Ltd.</td>
<td>InOpen Technologies Pvt. Ltd.</td>
<td>-</td>
<td>February 2016</td>
</tr>
<tr>
<td>Thinkcell Learning Solutions</td>
<td>Enabilon Learning Pvt Ltd</td>
<td>-</td>
<td>December 2015</td>
</tr>
<tr>
<td>Wincourse</td>
<td>Mappr</td>
<td>-</td>
<td>September 2015</td>
</tr>
<tr>
<td>Bertelsmann AG</td>
<td>iNature Educ Solution Pvt</td>
<td>5.0</td>
<td>October 2014</td>
</tr>
<tr>
<td>ASK Pravi Private Equity Fund</td>
<td>Gateforum Educ Svcs Pvt Ltd</td>
<td>-</td>
<td>August 2014</td>
</tr>
</tbody>
</table>

Source: “M&A,” Thompson ONE Banker, Grant Thornton, TechSci Research
Notes: M&A - Mergers & Acquisitions, Some of the deals are disclosed, ¹ The data is on the basis of the target based in India
FOREIGN INVESTMENT FLOWING INTO THE SECTOR

- During April 2000 - March 2017, the Indian education sector attracted USD1416.20 million of Foreign Direct Investment (FDI).
- The FDI in the education sector in India increased at a CAGR of 21.28 per cent from USD580.50 million in FY12 to USD1256.08 million in FY16.

**Trends of Cumulative FDI in education industry (USD million)**

CAGR: 18.97%

<table>
<thead>
<tr>
<th>Year</th>
<th>FDI (USD million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY12</td>
<td>580.50</td>
</tr>
<tr>
<td>FY13</td>
<td>736.81</td>
</tr>
<tr>
<td>FY14</td>
<td>950.64</td>
</tr>
<tr>
<td>FY15</td>
<td>1089.73</td>
</tr>
<tr>
<td>FY16</td>
<td>1256.08</td>
</tr>
<tr>
<td>FY17</td>
<td>1383.62</td>
</tr>
</tbody>
</table>

Source: DIPP, TechSci Research
FY17*: Till December 2016
## OPPORTUNITIES … (1/2)

### Immense growth potential
- India has the world’s largest population of about 500 million in the age bracket of 5 to 24 years which provides a great opportunity for the education sector.
- The Indian education sector is set for strong growth, buoyed by a strong demand for quality education.
- Indian education sector market size is USD97.5 billion in FY16.
- India online education market size is expected to reach USD40 billion by FY17.

### Policy support
- The continued focus of the Government of India towards liberalising the Education sector, is reflected by the proposed introduction of the Foreign Educational Institutions (Regulation of Entry & Operations) Bill, 2010 & the Educational Tribunals Bill, 2010.
- Adoption of “The Model School Scheme” to provide quality education in rural areas by setting up of 6000 schools across the rural regions of the country.
- The Ministry of HRD, launched National Initiative for Design Innovation, which aims to link all schools in India through 20 new Design Innovation Centres & 1 Open Design School.
- The UGC recently issued regulations on collaborations, wherein universities seeking twinning programmes with foreign academic institutes need top accreditation grades & approvals from regulatory agencies.
- In February 2017, HRD Ministry formed a panel of Central Advisory Board of Education to boost girls’ education in Telangana with the help of the state government.
- In February 2017, the Delhi Government announced that its schools will run leadership programme for students.

### Proposed FDI in education
- 100 per cent FDI (automatic route) is allowed in the Indian education sector.
- An estimated investment of ~USD200 billion is required to achieve the government’s target of 30 per cent GER for the education sector by 2020.
- The government promotes Public Private Partnership & tax concessions to encourage foreign players in the industry.
- Government announced the establishment of more than 10 community colleges in association with the Government of Canada & more than 100 in the coming year.
- UK India Education Research Initiative initiated in 2006, focus on maintaining education links between India & UK. 3rd phase of the scheme is expected to start in 2016.
EDUCATION AND TRAINING

OPPORTUNITIES … (2/2)

Public Private Partnership (PPP)

- Setting up of formal educational institutes under the PPP mode & enlarging the existing ones
- In the case of PPP the Government is considering different models like the basic infrastructure model, outsourcing model, equity/hybrid model & reverse outsourcing model.
- As a part of 12th Five-Year Plan, the government announced allocation of a budget of US$48.8 billion for public private partnership.
- In 2016, the government announced a scheme to set up 2,500 model schools under PPP.

Opportunities for foreign investors

- More opportunities for the private & foreign sector involve twinning arrangements/academic & financial partnership with Indian institutions, rendering infrastructure services including development, IT & development of course content.
- Future opportunity of setting up campuses of foreign universities in India
- The Michael & Susan Dell Foundation announced an investment of USD100,074 in Shiksha Financial Services India Pvt. Ltd & provide loans to private schools.

Opportunities for innovative services

- With tutoring in the schools expected to grow from USD8 billion in 2011 to USD26 billion in 2020, there is a large & fast growing market for coaching & tutoring services imparted through innovative means like the internet
- RISE INDIA, aims at training 100,000 drivers in 3 years, and impart training to 2.5 lakh drivers over the next 7 years

Source: Technopak, India Ratings and Research, UGC Report on “Inclusive and Qualitative expansion of Higher Education” data sourced from PricewaterhouseCoopers report, PricewaterhouseCoopers, Deloitte, TechSci Research

Notes: PPP - Public Private Partnership
ICICI MANIPAL ACADEMY

IMA (ICICI Manipal Academy for Banking & Insurance) was incorporated in 2008. It is formed as Industry-Academia partnership between ICICI Bank & Manipal Global Education

Significant presence

- As of March 31, 2016, more than 401 Cadets have graduated from the IMA Academy. Every year IMA Academy receives 75,000 applications for 1000 seats.

Intensive One-year Learning Programme

- The IMA Academy is responsible for training personnel for ICICI Bank & enhance their skills as per the banking industry. IMA imparts knowledge pertaining to the banking sector and focuses on the overall personality development of the student.
- The programme is a full time residential course and provides the functional & practical applications of Banking sector.

Offering Post Graduate Diploma in Banking

- IMA offers Post Graduate Diploma in Banking jointly designed by the Manipal Global Education and ICICI Bank in the tenure of 12 months.

Source: Company website, TechSci Research
Educomp was incorporated in 1994. It currently has 27 offices worldwide including 21 in India, 1 in Canada, 2 in Singapore & 3 in the United States.

- Reaches out to over 6.7 million students across 14,561 private schools & over 5.9 million students across 10,771 government schools
- It also runs 209 pre-schools, 51 brick & mortar K12 schools, 6 colleges, 1 higher education campus, 94 Test Prep Centers & has 5.5 million users of its online learning properties.
- In 2016, Educomp received 3 awards at the 6th Indian Education Awards on May 2016.
- Educomp partnered with 10700 government schools & with 14 state governments to make schools digitally equipped.
- Educomp & NDTV jointly hosted the 1st Pan India Education Awards 2017 in Delhi where Jyostna Brar, a teacher from Welham Girl’s School was awarded for her Lifetime Contribution to education for 30 years.

- Significant presence
- Provides innovative solutions
- Operating in various segments

- Innovative initiatives of the smartclass Class Transformation System (or CTS) in the space of digital classroom content & the smartclass Digital Teaching System (or DTS) in digital classroom hardware.
- The company provides innovative learning techniques through 750 text books & work books, 19000 lesson plans, 26000 work sheets, 11000 activities & 3000 projects, over 500 teaching manuals.

- Educomp operates in kindergarten segment through Little Millennium, chains of pre-schools.
- It also has engineering college, management institute & design colleges.
- Launched Educomp SmartSchool (ESS).

Source: Company website, TechSci Research.
A leading Global Corporation building a pool of skilled manpower as per industry requirement.

**NIIT**

- **1981**: NIIT Incorporated on December 2, 1981
- **1984**: IT consultancy services started
- **1985**: IT consultancy services started
- **1997**: NIIT centres cross 500 mark
- **2002**: Acquired companies - Osprey, DEI & Click2learn
- **2008**: Net Revenue crosses USD229 million
- **2006**: Acquired Element K
- **2013**: ~1,52,000 candidates applied for NIIT test
- **2015**: NIIT and HP get into partnership to offer software testing course
- **2014**: Launched E-commerce certificate programme
- **2016**: NIIT expanded its presence in China to train IT professionals
- **2017**: NIIT expanded its presence in China to train IT professionals

**Source:** Company website, TechSci Research

**Note:** TRA-Trust Research Advisory
In the business of human development & performance change, Veta has been focused on offering English language courses.

1982 - First Anniversary Celebrations

1984 - Major achievement in changing the brand to VETA

2004 - Inauguration of 22 new centers across the country (between January and July 2015)

2015 - Inaugurated a new learning centre in Gujarat

2015 - Study material being provided to 2 hundred thousand distance education students

2015 - Study material being provided to 1 hundred thousand distance education students

2015 - Shifting focus to direct classes

Source: Institute website, TechSci Research
University Grants Commission (UGC)
Bahadur Shah Zafar Marg, New Delhi
Pin: 110 002
EPABX Nos. 23232701/ 23236735/ 23239437/ 23235733/
23237721/ 23232317/ 23234116/ 23236351/ 23230813/ 23232485
Fax. Nos. 23231797/ 23239659
Website: http://www.ugc.ac.in/

All India Council of Technical Education (AICTE)
7th Floor, Chanderlok Building
Janpath, New Delhi-110 001
AICTE EPABX Numbers: 91-11-23724151 to 91-11-23724157
AICTE Fax Number: 91-11-23724183
Website: http://www.aicte-india.org/
EDUCATION AND TRAINING

GLOSSARY

• **CAGR**: Compound Annual Growth Rate
• **FDI**: Foreign Direct Investment
• **FY**: Indian Financial Year (April to March)
• **GER**: Gross Enrollment Ratio
• **GOI**: Government of India
• **HRD**: Human Resource Development
• **AICTE**: All India Council of Technical Education
• **INR**: Indian Rupee
• **RTE**: Right of Children to Free and Compulsory
• **RMSA**: Rashtriya Madhyamik Shiksha Abhiyan
• **UGC**: University Grants Commission
• **USD**: US Dollar
• Wherever applicable, numbers have been rounded off to the nearest whole number
## Exchange Rates

### Exchange rates (Fiscal Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>INR equivalent of one USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004–05</td>
<td>44.81</td>
</tr>
<tr>
<td>2005–06</td>
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<td>45.14</td>
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<td>2007–08</td>
<td>40.27</td>
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<td>2008–09</td>
<td>46.14</td>
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<td>2009–10</td>
<td>47.42</td>
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<td>2010–11</td>
<td>45.62</td>
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<tr>
<td>2011–12</td>
<td>46.88</td>
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<tr>
<td>2012–13</td>
<td>54.31</td>
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<td>2013–14</td>
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<td>2015–16</td>
<td>65.46</td>
</tr>
<tr>
<td>2016–17 (E)</td>
<td>66.95</td>
</tr>
</tbody>
</table>

### Exchange rates (Calendar Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>INR equivalent of one USD</th>
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</thead>
<tbody>
<tr>
<td>2005</td>
<td>43.98</td>
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<td>2006</td>
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<td>2009</td>
<td>48.42</td>
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<tr>
<td>2010</td>
<td>45.72</td>
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<tr>
<td>2011</td>
<td>46.85</td>
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<td>2012</td>
<td>53.46</td>
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<td>2013</td>
<td>58.44</td>
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<td>2014</td>
<td>61.03</td>
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<td>2015</td>
<td>64.15</td>
</tr>
<tr>
<td>2016 (Expected)</td>
<td>67.22</td>
</tr>
</tbody>
</table>

Source: Reserve Bank of India, Average for the year
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