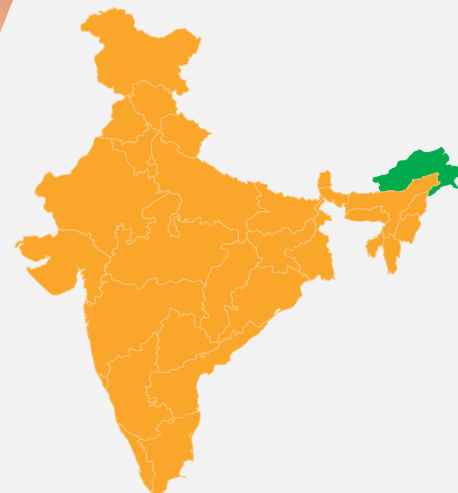


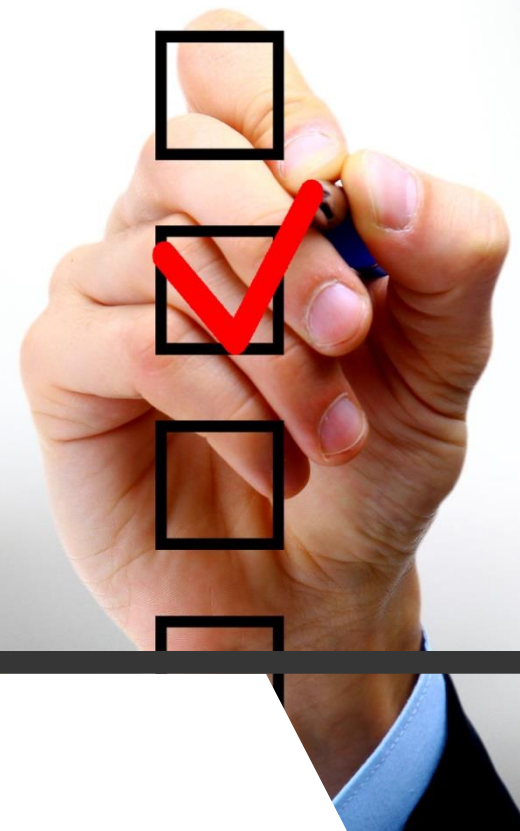
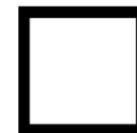
EDUCATION AND TRAINING



INDIA BRAND EQUITY FOUNDATION
www.ibef.org

Table of Content

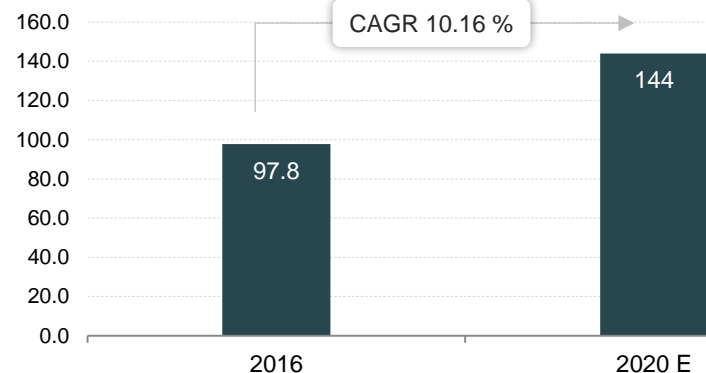
▶ Executive Summary.....	3
▶ Advantage India.....	4
▶ Market Overview	6
▶ Porters five forces framework.....	13
▶ Recent trends and strategies.....	14
▶ Growth Drivers and opportunities.....	20
▶ Policies and initiatives.....	24
▶ Case studies.....	26
▶ Key industry organisations.....	29
▶ Useful Information.....	31



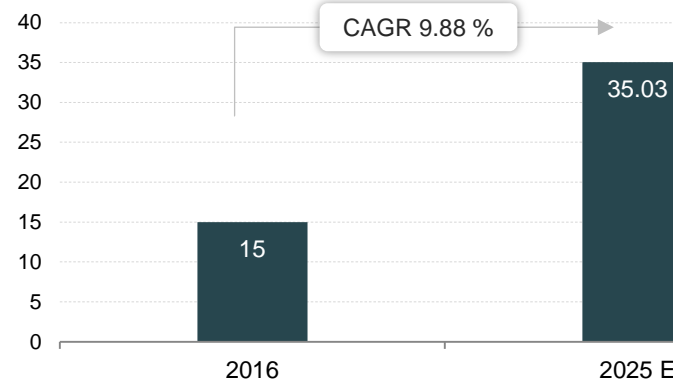
EXECUTIVE SUMMARY

- 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.
- The country has more than 1.5 million schools with over 260 million students enrolled.
- In 2015, with 34.2 million students enrolled in approximately 48,116 colleges and 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 2020 to drive investments.
- The education industry in India is estimated to reach US\$ 144 billion by 2020 from US\$ 97.8 billion in 2016.
- Higher education sector in India is expected to increase to US\$ 35.03 billion by 2025 from US\$ 15 billion in 2016.
- India has become the second largest market for e-learning after the US. The sector is currently pegged at US\$ 2 billion and is expected to reach US\$ 5.7 billion by 2020 .

Education Industry in India (US\$ billion)



Higher Education Sector in India (US\$ billion)



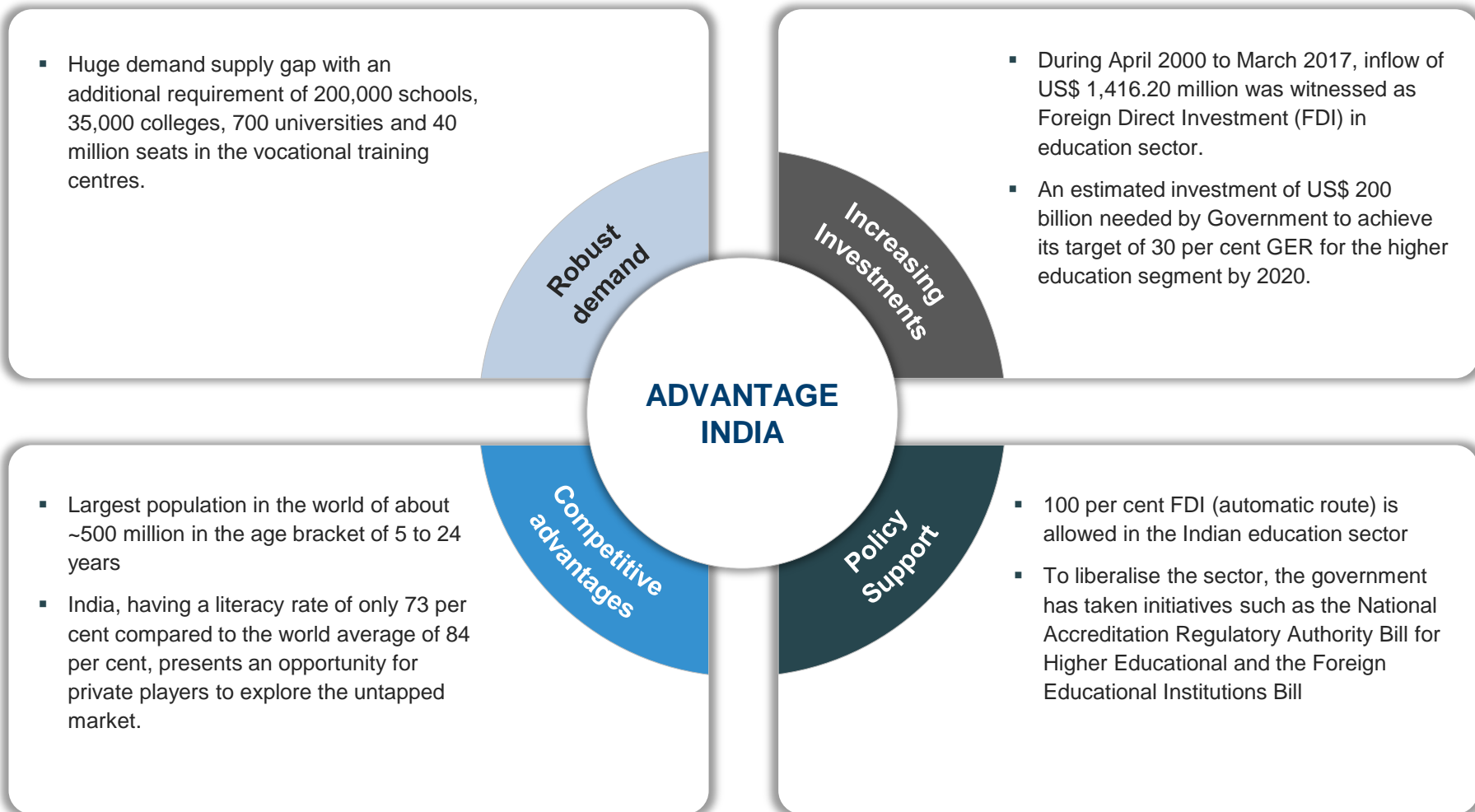
Notes: CAGR - Compound Annual Growth Rate, E - expected

Source: UGC Annual Report 2014-15, Technopak, Centre for Budget and Governance Accountability,



Training and
development

ADVANTAGE INDIA



Note: GER stands for Gross Enrolment Ratio, NEP – National Education Policy, HRD – Human Resource Development

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



Training and
development

MARKET OVERVIEW

EVOLUTION OF THE INDIAN EDUCATION SECTOR

- 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
- 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 institutes¹ under the control of a single authority

1960-1990

1990-2000

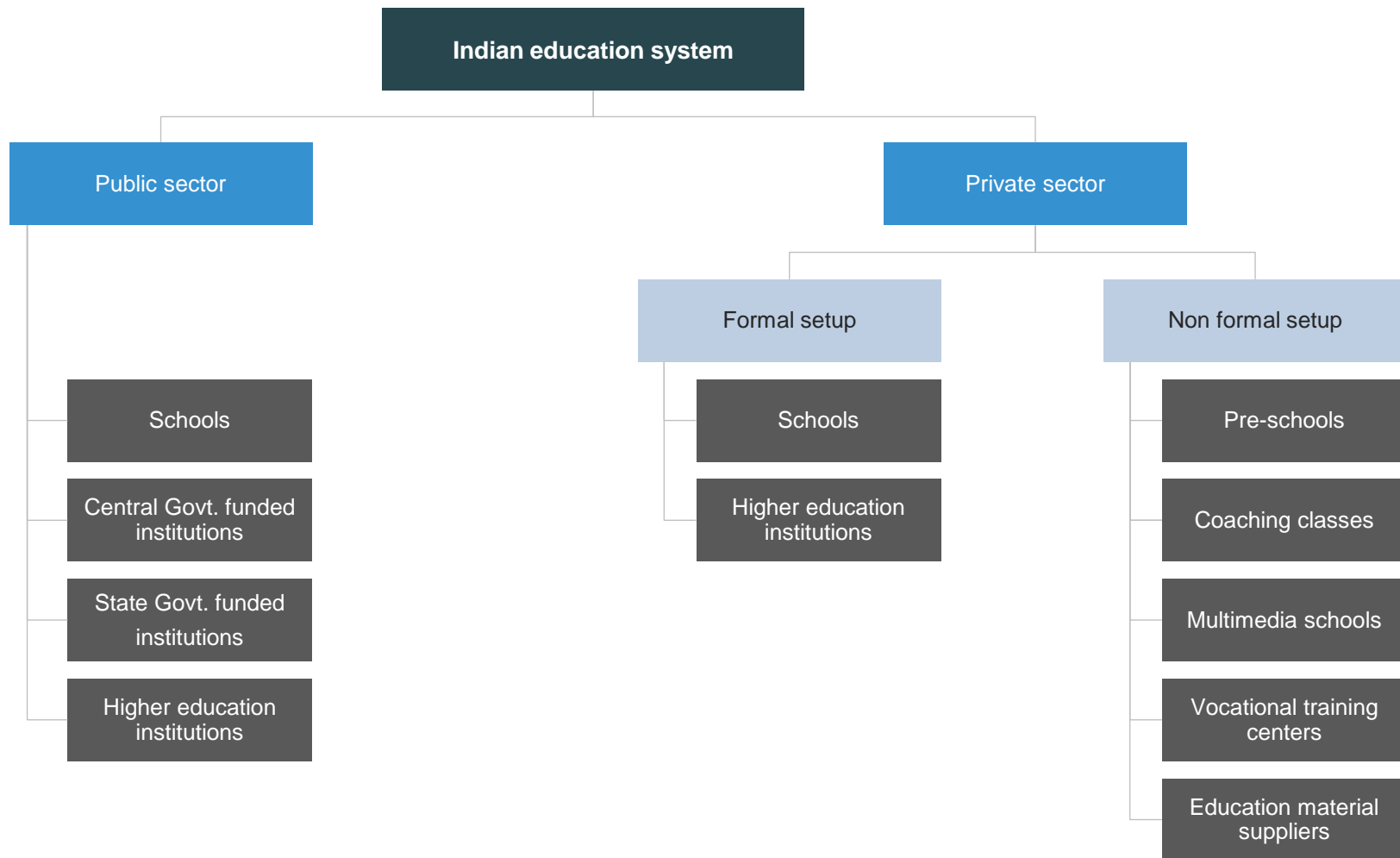
2000-2010

2010-2014

2016

- In 1964, the Kothari Commission was appointed to make a detailed survey of all the education branches in India and advice government on policies for the development of education at all stages and in all its aspects.
- 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 and 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 June 2016, New Policy on Education (NPE) was formulated for promotion of education in India.
- In May 2016, the Human Resource Development Ministry launched 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

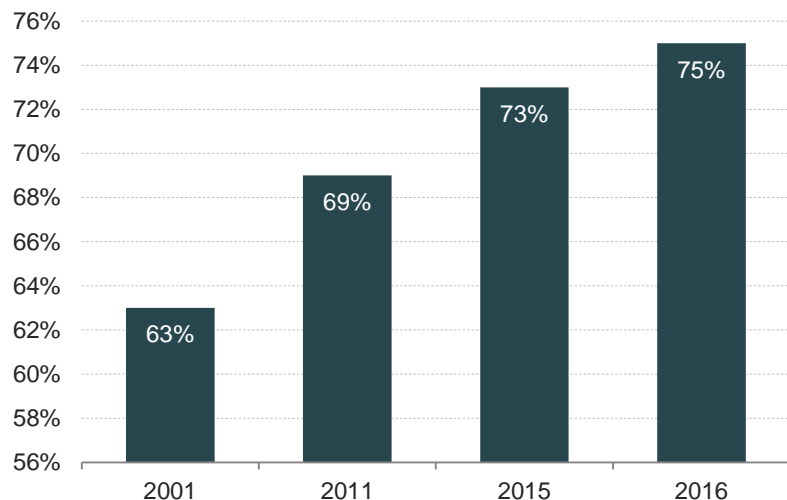
Notes: RTE - Right of Children to Free and Compulsory Education, RMSA- Rashtriya Msdhyamik Shiksha Abhiyan, NIT-National Institute of Technology, IISER- Indian Institutes of Science Education and Research, ¹ IIT-Allahabad, IIT-Gwalior, IIIT Design and Manufacturing Jabalpur, and IIIT Design and Manufacturing Kancheepuram



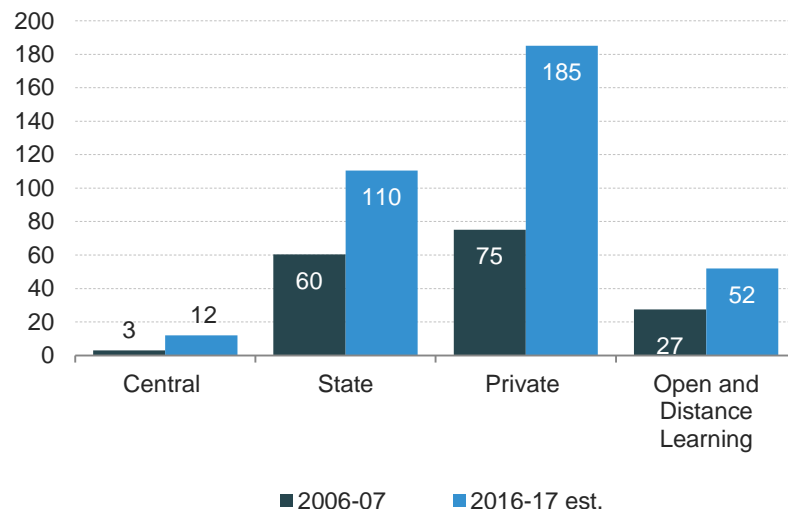
Note: Govt refers to Government

Source: Grant Thornton

India's Literacy Rate (2016)



India's Enrolment in Higher Education (In Lakhs)



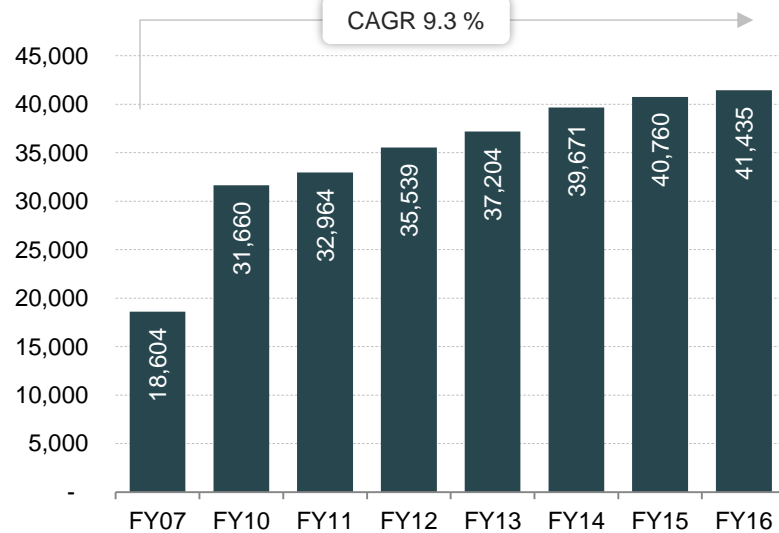
- With 762 universities, India has the world's largest higher education system in the world and it ranks 2nd in terms of student enrolment in higher education.
- Gross Enrolment Ratio (GER) in higher education reached 24.5 per cent in 2016.
- Government has a target Gross Enrolment Ratio of 30 per cent to be achieved by 2020.
- Indian literacy rate is estimated to be at 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 and culture, increased from US\$ 713.8 million in 2011-12 to US\$ 1.59 billion in 2016-17.

Note: est – estimated.

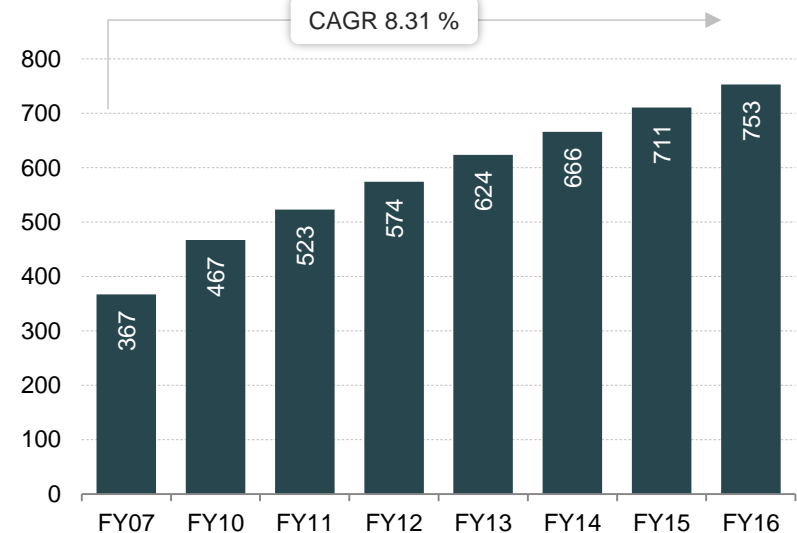
Source: Census 2011, Ministry of HRD, UGC, AICTE, NCTE, MHRD and INC . ,UGC Annual Report 2013-14

STRONG GROWTH IN THE NUMBER OF UNIVERSITIES AND COLLEGES

Growth in the Number of Colleges



Growth in the Number of Universities



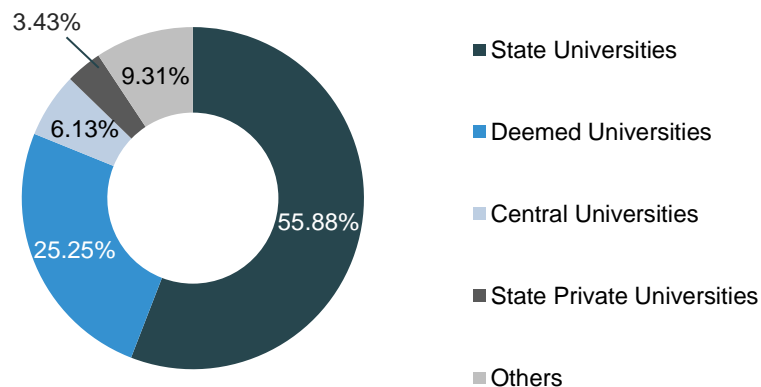
- With both the Government and the private sector stepping up to invest in the Indian education sector, the number of schools and colleges have seen an uptrend over the past few years
- Government's initiative to increase awareness among all sections of the society has played a major role in promoting higher education among the youth

Note: CAGR - Compound Annual Growth Rate

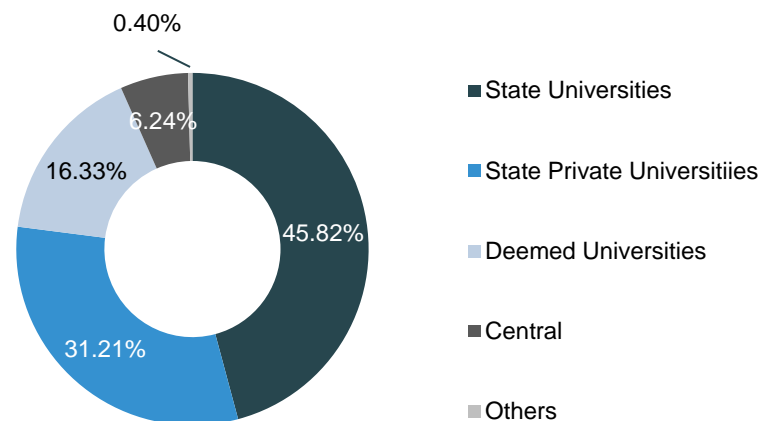
Source: UGC report on HE in India Strategies during 11th plan (2007-2012) for Universities and Colleges, UGC Annual Report 2011-12, UGC Annual Report 2014-15, UGC Report on Higher Education at a Glance - February 2012 data sourced from PWC report

INCREASING SHARE OF STATE PRIVATE UNIVERSITIES

University Mix (FY09)



University Mix (FY16)



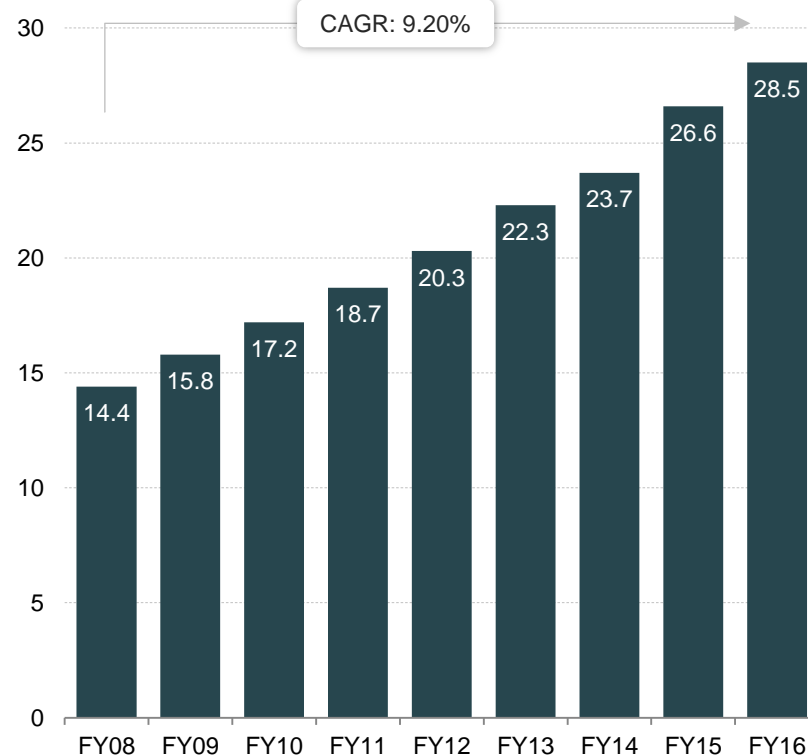
- There has been a significant increase in the share of the state private universities as part of total universities from 3.43 per cent in 2008-09 to 31.21 per cent in 2015-16

Source: UGC Annual Report 2014-15

HIGHER EDUCATION STUDENT ENROLMENT

- India has the world's largest higher education system and 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 and architecture seats at UG level, from 2018.

Year-wise Growth of Students Enrolment (Million)



Source: UGC Annual Report 2015-16, UNESCO Global Education Digest 2010, MHRD Annual Report; US Department of Education: National Centre of Education Statistics; Ministry of Education of the People's Republic of China data as sourced from the PricewaterhouseCoopers Report, Technopak

Porter's Five Force Framework Analysis

Threat of Substitutes



- **High** – With many institutions offering specialised and skill based courses, its easy for students to switch to courses that better meet their need

Bargaining Power of Suppliers



- **High** – Bargaining power of quality education institutes remain high
- Significant shortage of teachers has increased the bargaining power

Competitive Rivalry



- **Low** – Because of the demand-supply gap.
- However, with limited number of institutes offering quality education, institutes compete to attract best students to their respective campuses.

Bargaining Power of Buyers



- **Low** – High demand- supply gap has weakened the bargaining power of the students

Threat of New Entrants



- **Moderate** – Minimal infrastructure requirements allow start-ups to venture into the pre school and vocational study sector

- Positive Impact
- Neutral Impact
- Negative Impact

Source: PricewaterhouseCoopers, Techopak

RECENT TRENDS AND STRATEGIES

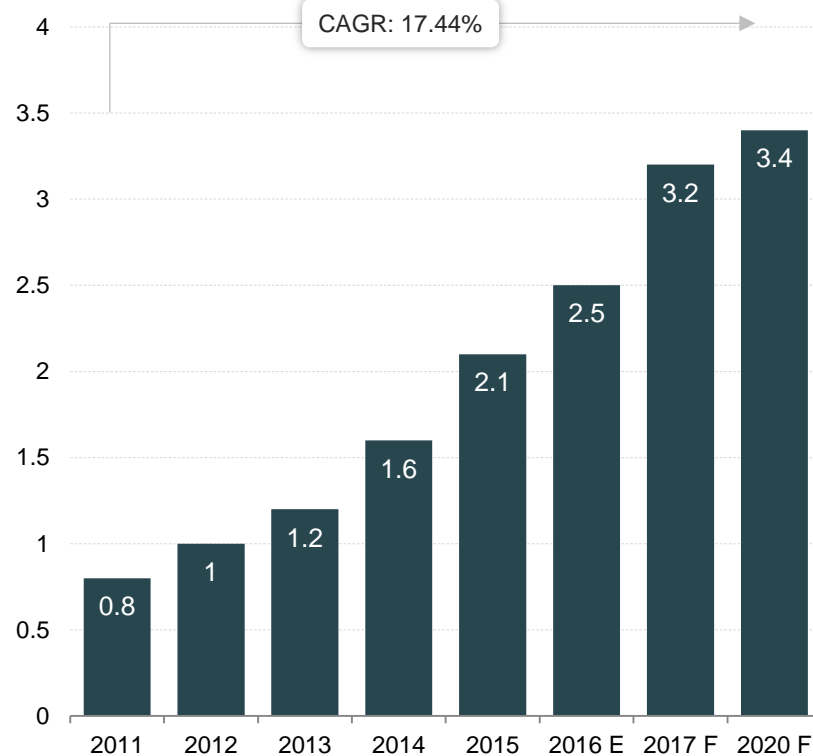


Training and
development

NOTABLE TRENDS IN THE PRESCHOOL SEGMENT

- In the year 2015 the Pre-school segment was worth US\$ 2.1 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 US\$ 0.75 billion in 2011 to US\$ 3.4 billion by 2020, exhibiting growth at a CAGR of over 17 per cent.
- With growing awareness among tier 2 and 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 and Kashmir, stressed on the need for strengthening the integrated school system and making more dynamic investment at primary level, to improve quality of education in the Government-run educational institutions.

Year-wise Growth of Students Enrolment (Million)



Note: E- Estimate, F - Forecast.

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

NOTABLE TRENDS IN THE K-12 SEGMENT

Private schools adopting franchise models

- Various operating models like a mix of franchisee and 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

- Schools are investing in information and multimedia education technologies to provide better education to students.
- Increase in technology has also influenced the education sector due to which smart classes are gaining acceptance
- Technology-driven learning is introducing a qualitative and quantitative difference to education. The introduction of online learning in Indian education system has changed its scenario, with its reach and 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 stood at 10,451 in 2015-16.

Key Challenges

- Enrolment 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 and secondary levels.

Source: Ministry of Human Resource Development, Data sourced from KPMG Report 2011, UGC Annual Report 2015-16

NOTABLE TRENDS IN THE HIGHER EDUCATION SEGMENT

Specialised degrees gaining popularity

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

Multi campus model gaining popularity

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

International collaborations

- In order to meet the need of today's demanding students who seek international exposure, many Indian universities and colleges have entered into joint venture 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

Investment in online learning Byju's Bengaluru based company

- IFC, a financial institution, which is a part of the World Bank, invested US\$ 50 million in Byju's, a Bengaluru based company. This investment will help the company in expanding its market share in the online learning industry.

Source: Data sourced from KPMG Report 2011 UGC Annual Report 2014-15

NOTABLE TRENDS IN THE VOCATIONAL TRAINING SEGMENT

Increasing interest from PE/ VC firms

- Private equity players have become bullish on the fast growing education sector including vocational and supplementary training.
- Indian education sector witnessed 42 private equity deals recording a total investment of US\$ 208 million, till October 2016.
- As of April 2017, Gaja Capital is set to invest US\$ 20 million in Kangaroo Kids Education Ltd., a premium preschool and K-12 chain of schools.
- In May 2017, MT Educare raised US\$ 16.36 million from Xander Finance

Online channel gaining momentum

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

Corporate partnerships

- 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 and hard skills required by their corporate partners.
- In 2015, MetaScale and NIIT entered into an agreement to provide services in Big Data Analytics
- In June 2017, an MoU was signed between Samsung India and Ministry of Micro, Small and Medium Enterprises to expand the company's technical training schools to impart technical training skills to unemployed youth for making them job ready. The technical centres will be set up in Jamshedpur and Bangalore over the next 3 years.

Total Enrolment in higher education

- In 2016, 28.5 million students have enrolled in higher education of which 52.75 per cent are male and 47.25 per cent are female.

Source: Data sourced from KPMG Report 2011, Ministry of HRD, KAIZEN

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 its various online and supplemental solutions to help institutions to leverage the most of technology
- 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

Offering scholarships

- In 2014, NIIT launched its E-Certification Programme .
- 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.

Joint Ventures

- Domestic service providers have formed joint venture with foreign players. For example Educomp has formed joint venture with Raffles to form Raffles Millennium International Colleges which offer courses in fashion design, fashion marketing, interior design, product design and graphic design, jewellery design
- In 2016, Indian and Korean institutes will strengthen their partnership in the field of defense education.
- As of November 2016, Welingkar Institute of Management Development and Research (WeSchool) signed 2 MoUs with Israeli universities 'Haifa' and 'IDC Herzliya' for cooperation in the fields of study of technology, agriculture, archaeology, biology, etc.
- In an initiative to build Andhra Pradesh as a global brand for higher education, the state government in November 2016, signed 4 memorandums of understanding (MoUs) with various organizations engaged in educational activities, to promote innovation, internationalization and 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.

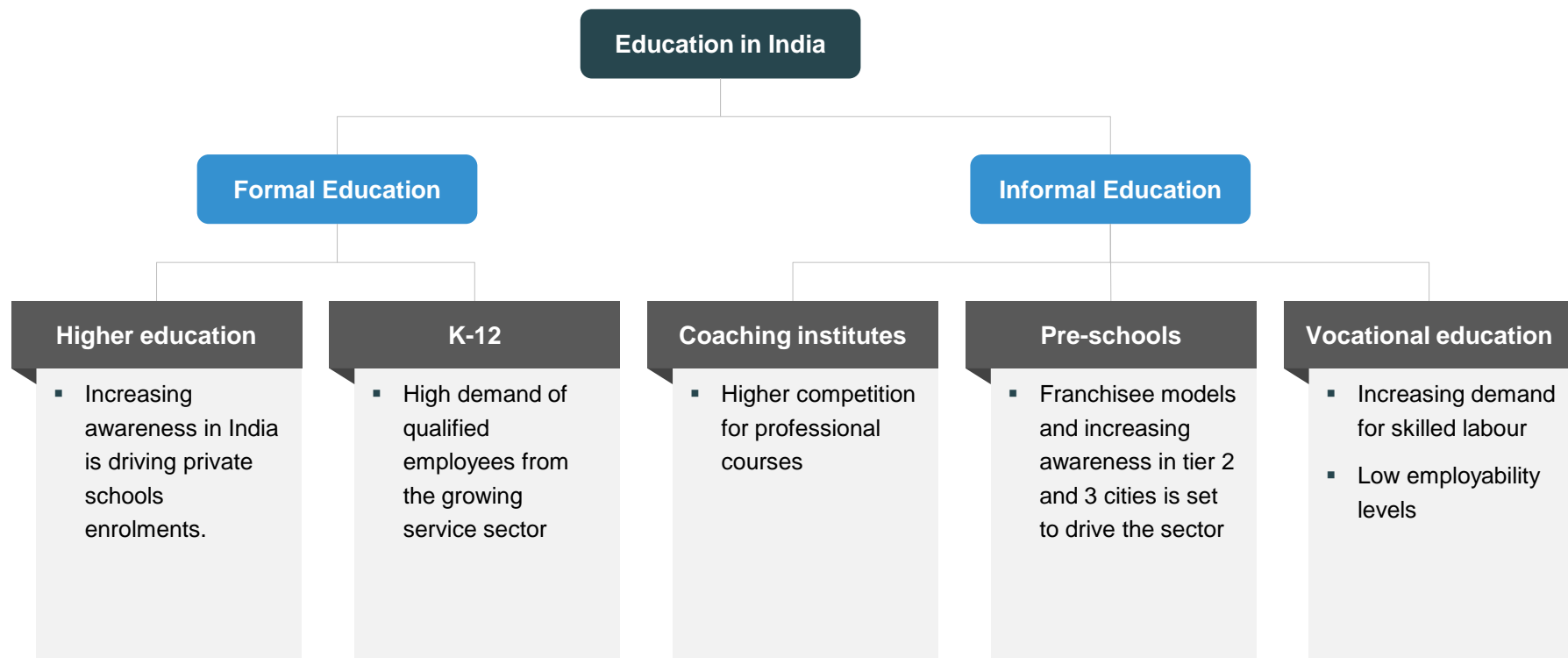
Source: Company Website

GROWTH DRIVERS AND OPPORTUNITIES



Training and
development

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



Source: Netscribes and CLSA data sourced from KPMG Report, KPMG

Proposed FDI in education

- As the Indian education industry opens up to new innovative ways of learning, Educomp has decided to explore this opportunity by offering its various online and supplemental solutions to help institutions to leverage the most of technology
- 100 per cent FDI (automatic route) is allowed in the Indian education sector
- An estimated investment of ~US\$ 200 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 and 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 and more than 100 in the coming year.
- 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

Immense growth potential

- India has the world's largest population of about 500 million in the age bracket of 5 to 24 years and this 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 US\$ 97.5 billion in FY16.
- India online education market size is expected to reach US\$ 40 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 trend setting bills such as the Foreign Educational Institutions (Regulation of Entry and Operations) Bill, 2010 and 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
- As a part of 12th Five Year Plan, the Ministry of HRD, launched National Initiative for Design Innovation, which aims to link all schools in the country through 20 new Design Innovation Centres and 1 Open Design School
- 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

Notes: UK – United Kingdom

Source: Technopak, India Ratings and Research, PricewaterhouseCoopers, Deloitte,

Public Private Partnership (PPP)

- Setting up of formal educational institutes under the PPP mode and 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 and 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 and foreign sector involve twinning arrangements/academic and financial partnership with Indian institutions, rendering infrastructure services including development, IT and development of course content.
- Future opportunity of setting up campuses of foreign universities in India
- The Michael and Susan Dell Foundation announced an investment of US\$ 100,074 in Shiksha Financial Services India Pvt Ltd and provide loans to private schools.

Opportunities for innovative services

- With the tutoring in the schooling segment expected to grow from US\$ 8 billion in 2011 to US\$ 26 billion in 2020, there lies a large and fast growing market for coaching and tutoring services imparted through innovative means, mainly the internet
- RISE INDIA, aims at training 100,000 drivers over a period of 3 years, impart training to 2.5 lakh drivers, in the next 7 years

Notes: PPP - Public Private Partnership

Source: Technopak, India Ratings and Research, UGC Report on "Inclusive and Qualitative expansion of Higher Education" data sourced from Price waterhouseCoopers report, PricewaterhouseCoopers, Deloitte

POLICIES AND INITIATIVES



Training and
development

KEY POLICIES AND INITIATIVES

National Knowledge Commission (NKC)

- An advisory body-National Knowledge Commission (NKC) was established to guide policy and direct reforms, focusing on certain key areas such as education, science, technology, etc.
- NKC recommended to increase the number of universities to 1,500 by 2015E and to increase the gross enrolment ratio to at least 15 per cent by 2015

Union Budget 2017 – 18

- As per Union Budget 2017-18, US\$ 10.76 billion was allocated for education sector.
- The Government of India allocated US\$ 6.89 billion for development of schools.
- US\$ 3.86 billion was allocated for higher education sector.

Government focus on education quality

- In the 12th Five-Year Plan, the government plans to provide enhanced access to higher education and focus on expansion, equity and excellence with a greater emphasis on quality of higher education
- The Central government plans to disburse US\$ 1 billion to states for introducing skill development initiatives. As of November 2016, Ministry of Skill Development and Entrepreneurship launched Pradhan Mantri YUVA Yojana, at a cost of US\$ 74.68 million, for providing entrepreneurship education and training to students in the country
- To promote school education in rural areas, in November 2016, Cabinet Committee on Economic Affairs approved the opening of 1 Jawahar Navodaya Vidyalaya (JNV) in 62 districts of the country
- In May 2017, the Indian government voiced its plans for a comprehensive National Vocational Education and Training System, which is inspired by programmes in European countries for facilitating job-readiness and entrepreneurship among the youth.

National Education Policy, 2016

- The new 2016 National Education Policy (NEP) considers education as an utmost important parameter in the country. The 2016 NEP majorly focuses on quality of education as well as innovation and research in the sector.

Foreign Direct Investment

- The Government of India allowed 100 per cent FDI in the education sector through the automatic route since 2002
- Foreign Educational Institutions (Regulations of Entry and Operations) Bill, 2010 was adopted to liberalise education sector in India
- FDI investment in India from April 2000 to March 2017 reached US\$ 1,416.20 million

Notes: NEP – National Education Policy

Source: PricewaterhouseCoopers, Union Budget 2016-17 - Government of India, News sources



Training and
development

CASE STUDIES

- Established in 1981, NIIT Limited, a global leader in Skills and Talent Development, offers multi-disciplinary learning management and training delivery solutions to corporations, institutions, and individuals in over 40 countries.
- The company ranks among the world's leading training companies owing to its vast, yet comprehensive array of talent development programmes.
- NIIT has also been featured as the 'Most Respected Education Company' – 2016 by leading financial magazine, Business World

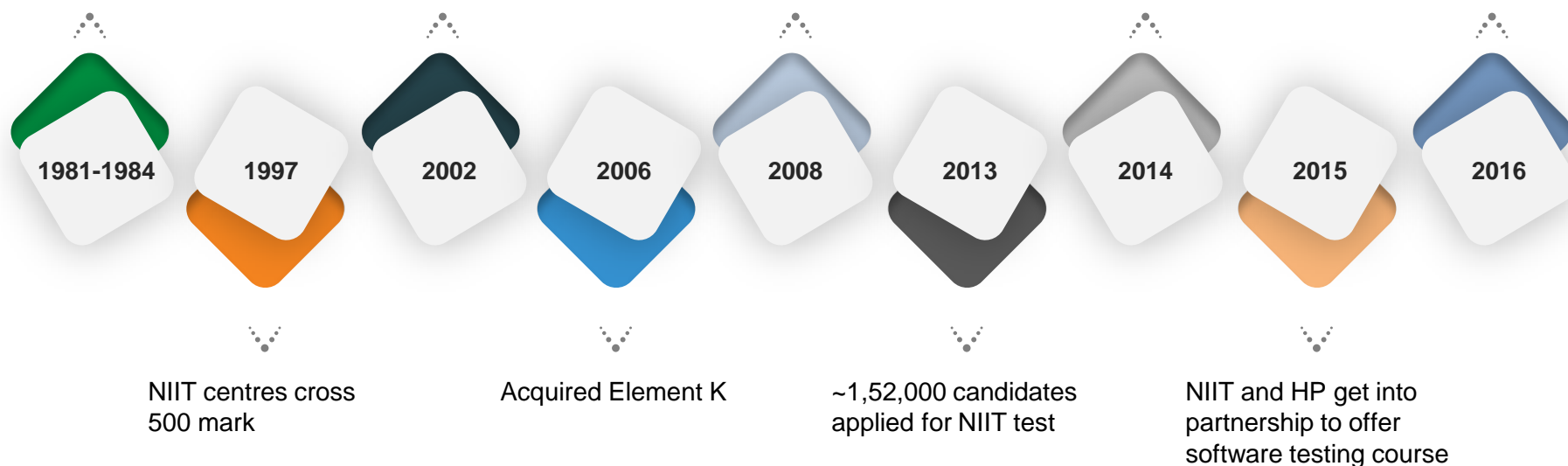
Incorporated on
December 2, 1981
IT consultancy
services started
In 1984

Acquired companies
- Osprey, DEI and
Click2learn

Net Revenue crosses
US\$ 229 million

Launched E-commerce
certificate programme

NIIT expanded its
presence in China
to train IT
professionals



Source: Company website

- Educomp is the largest Education Company in India and the only company spread across the entire education ecosystem.
- Educomp was incorporated in 1994. It currently has 27 offices worldwide including 21 in India, one in Canada, two in Singapore and three in the United States

Significant presence

- Reaches out to over 6.7 million students across 14,561 private schools and over 5.9 million students across 10,771 government schools
- It also runs 209 pre-schools, 51 brick and mortar K12 schools, 6 colleges, 1 higher education campus, 94 Test Prep Centres and 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 and with 14 state governments to make schools digitally equipped

Provides innovative solutions

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

Operating in various segments

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

Source: Company website

KEY INDUSTRY ORGANISATIONS



Training and
development

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/>

USEFUL INFORMATION



Training and
development

- CAGR: Compound Annual Growth Rate
- FDI: Foreign Direct Investment
- FY: Indian Financial Year (April to March)
- GER: Gross enrolment 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
- US\$: US Dollar
- Wherever applicable, numbers have been rounded off to the nearest whole number

Exchange Rates (Fiscal Year)

Year INR	INR Equivalent of one US\$
2004–05	44.81
2005–06	44.14
2006–07	45.14
2007–08	40.27
2008–09	46.14
2009–10	47.42
2010–11	45.62
2011–12	46.88
2012–13	54.31
2013–14	60.28
2014-15	61.06
2015-16	65.46
2016-17	67.09

Exchange Rates (Calendar Year)

Year	INR Equivalent of one US\$
2005	43.98
2006	45.18
2007	41.34
2008	43.62
2009	48.42
2010	45.72
2011	46.85
2012	53.46
2013	58.44
2014	61.03
2015	64.15
2016	67.21

DISCLAIMER



India Brand Equity Foundation (IBEF) engaged Aranca to prepare this presentation and the same has been prepared by Aranca in consultation with IBEF.

All rights reserved. All copyright in this presentation and related works is solely and exclusively owned by IBEF. The same may not be reproduced, wholly or in part in any material form (including photocopying or storing it in any medium by electronic means and whether or not transiently or incidentally to some other use of this presentation), modified or in any manner communicated to any third party except with the written approval of IBEF.

This presentation is for information purposes only. While due care has been taken during the compilation of this presentation to ensure that the information is accurate to the best of Aranca and IBEF's knowledge and belief, the content is not to be construed in any manner whatsoever as a substitute for professional advice.

Aranca and IBEF neither recommend nor endorse any specific products or services that may have been mentioned in this presentation and nor do they assume any liability or responsibility for the outcome of decisions taken as a result of any reliance placed on this presentation.

Neither Aranca nor IBEF shall be liable for any direct or indirect damages that may arise due to any act or omission on the part of the user due to any reliance placed or guidance taken from any portion of this presentation.

