

# Private equity spotlight turns to training institutes in India

## Booming Economy, Talent Crunch Boost Valuations Of Training Companies

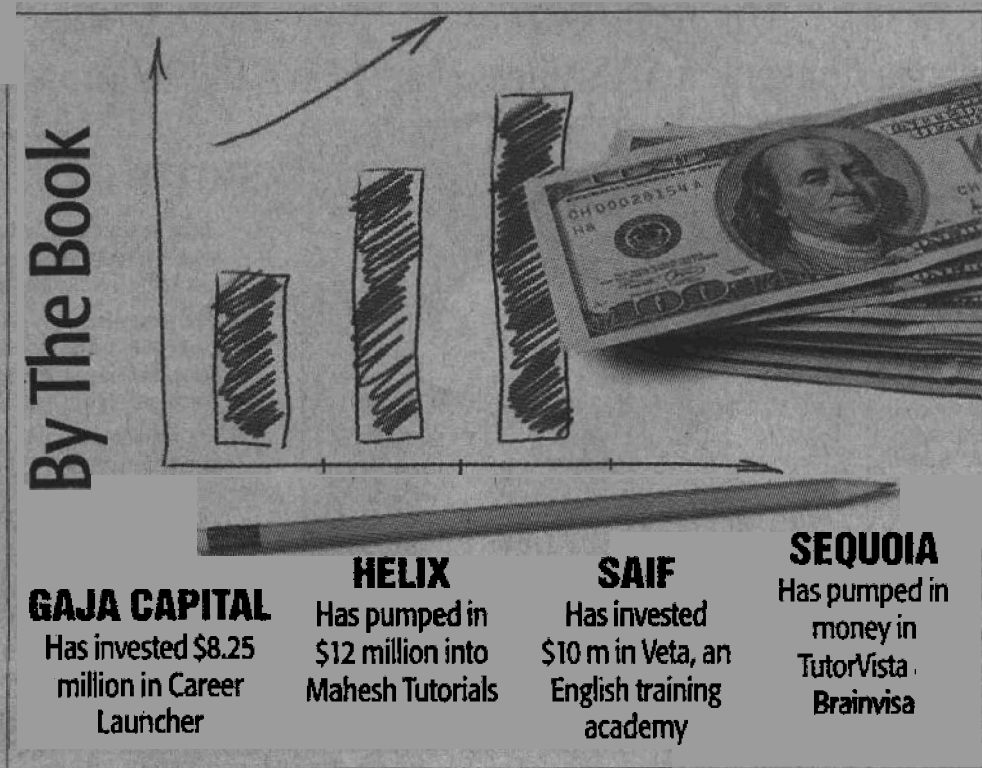
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**P**RIVATE equity (PE) players appear to have shifted focus to education firms targeting the domestic market. Thanks to a booming economy and talent shortage, PEs expect the demand for services from such firms to pick up. Already, the sector has seen a number of PE deals and the trend is likely to continue, observers say.

Companies in the education segment usually offer online tutoring services for clients abroad or tap the domestic market by setting up vocational training and coaching centres.

While the investment activity earlier centered on export focussed-education companies, the focus has shifted to training institutes that target the domestic market. For example, private equity firm Gaja Capital partners Invested \$8.25 million in education and career counseling entity Career launcher. Similarly, Helix investments pumped in \$12 million into preparatory education company Mahesh Tutorials and SAIF partners invested \$10 million in English training academy Veta, plus an undisclosed sum in another vocational training company, ICA Infotech.

Sequoia Capital India senior advisor R Ramaraj said that there is huge potential in the education space because there is opportunity for scale and a huge need to fill the gap between students and employment. Sequoia has invested in two e-learning companies-Tu-



torVista and Brainvisa.

"Retail, insurance and IT sectors face a huge need for people where such institutes can make a difference, in areas such as vocational or soft skills", he said. Spark Capital ED and head investment banking K Ramakrishnan said, "I look at the investments in a slightly larger context. India has a growth rate of 8-9% across most sectors. I don't think we are running a demand side challenge, but there are

concerns on the supply side. The requirement of talent is 200 million over the next six years".

Mr Ramakrishnan added that the gap between the supply and demand for talent opens up a huge opportunity for a variety of institutions. "While you do have a lot of graduates passing out every year, not all of them are employable. The fall-out is that you have a varied set of learning institutions that are coming up", he said.

Sectors such as retail and construction were becoming organised, stepping up the need for requisite skill-sets provided by these institutes. "This is getting manifested in the form of money flowing into the system. The trend has changed from investments in companies that provided an outsourcing opportunity to domestic players," Mr Ramakrishnan added.

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