

TermLease Raises Funds for Expansion

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BANGALORE (Mint) -- TeamLease Services Pvt. Ltd, and Indian staffing and education company, raised 1 billion rupees from ICICI Venture Funds Management Co. Ltd and existing investor Gaja Capital Partners to fund the expansion of its vocational training business.

TeamLease, focused on the organized temporary staffing market since 2003, entered vocational education by acquiring the Indian Institute of Job Training last year.

It plans to use the capital raised to enhance this business, including a rollout of more vocational training centers across India, build a corporate training business and develop its university project, said Ashok Reddy, managing director of the company.

The Job Training Institute operates more than 150 centers that deliver classroom and satellite training in areas such as finance and accounting, information technology infrastructure, sales and marketing, retail and soft skills.

TeamLease is setting up a vocational education university in Gujarat to help plug an increasing skills gap in India's labour force. It will be the country's first university for vocational education.

"We would increase our footprint with the capital that we have raised," Mr. Reddy said. "We are looking at acquisitions of firms that can complement our current business. We are in talks but nothing has been finalized yet."

"It's not just about growth," said Gopal Jain, managing partner, Gaja Capital, which was part of this round of fund raising. "They are innovating as well."

Mr. Reddy didn't reveal how much each private equity firm has invested, but said TeamLease's original promoters continue to hold a majority stake.

India's vocational training market is at an estimated \$1.6 billion in size, and is growing at 25% a year, according to Research and Markets, a global market research firm based in Ireland. Demand for skilled workers across sectors from manufacturing to retail and hospitality is fueling the market for vocational training institutes, it said in a report on its website.

Insufficient skilled labor is a major worry in India, the second-fastest growing major economy. The country has around 7,500 technical institutes for higher education and only 2,500 polytechnic institutes, according to data available with the All India Council for Technical Education, the technical education regulator.

There is a huge interest among private equity funds for vocational training firms, said Sunil Jain, vice-president, MAPE Advisory Group Pvt. Ltd, an investment bank. Mr. Jain, who leads Mape's education deals segment, currently is working on three education deals, including a school company, a tutorial and a technology firm.

Vocational training firms are among the few segments in the education space that do not face regulatory hurdles, he said, a main reason for funds' interest in these companies.

So far, investments in vocational training have focused mostly on centers that handle test preparation and coaching for engineering entrance exams.

However, that is expected to change.

Companies that focus on chartered accountancy and medical entrance examinations will garner a lot of attention, "as most of the big firms in the engineering space have been funded already," Mr. Jain said.