

**Biocon's Biggest
Bet Yet** PG 82

**Baba Kalyani's New
Growth Engines** PG 72

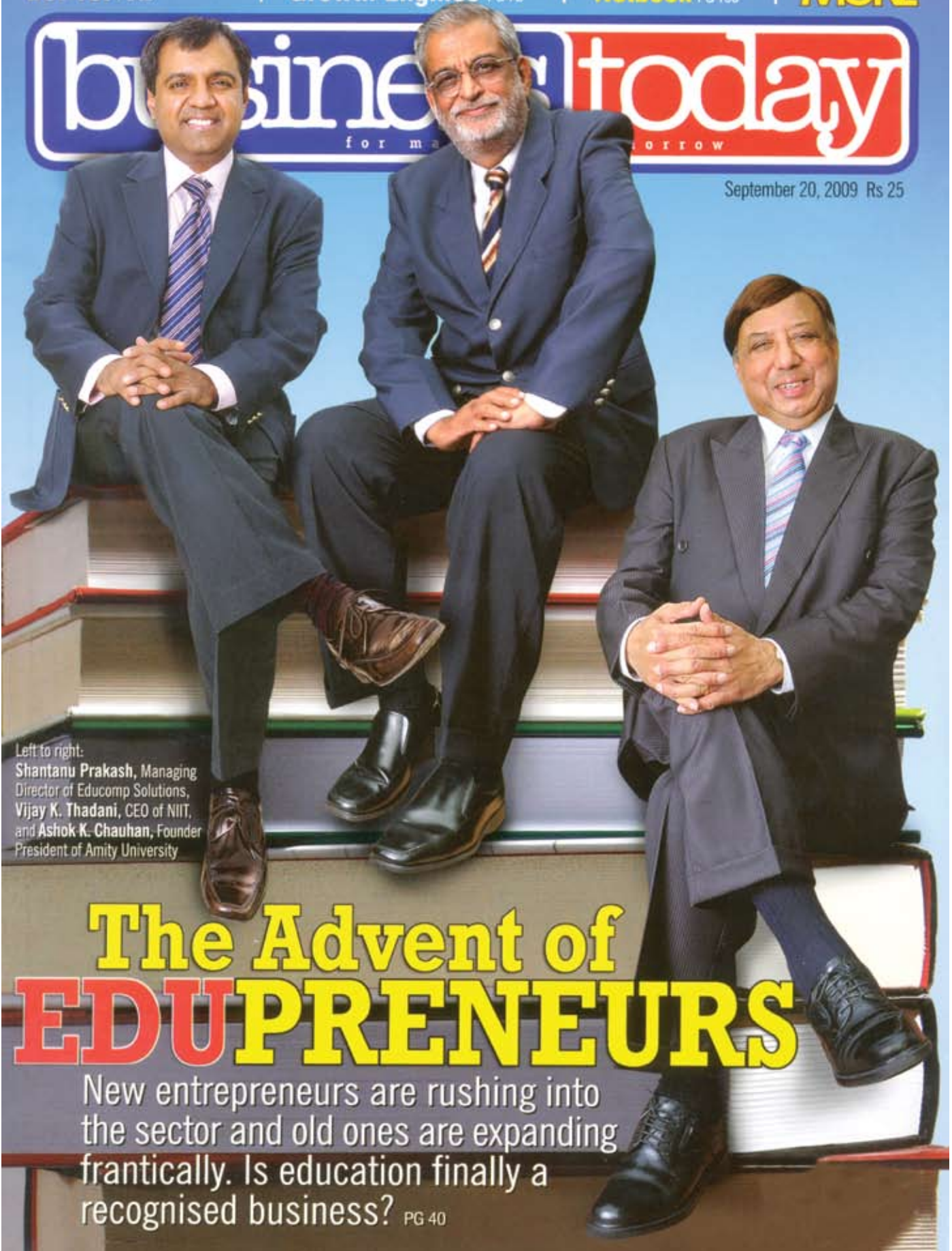
**Dawn of the
Netbook** PG 108

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The image shows three men in business suits sitting on a stack of books. The man on the left is Shantanu Prakash, the man in the middle is Vijay K. Thadani, and the man on the right is Ashok K. Chauhan. They are all smiling and looking towards the camera. The background is a light blue gradient.

Left to right:
Shantanu Prakash, Managing
Director of Educomp Solutions,
Vijay K. Thadani, CEO of NIIT,
and Ashok K. Chauhan, Founder
President of Amity University

The Advent of **EDUPRENEURS**

New entrepreneurs are rushing into the sector and old ones are expanding frantically. Is education finally a recognised business? PG 40

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From the Editor

Ask any consumer of education (i.e., people with school or college going kids) if he thinks education is a profitable business and the answer will be a resounding yes. The share of education in most household budgets has risen substantially in recent years. That's not only because Indians are getting better educated, but also because getting educated is becoming more and more expensive.

Businessmen, entrepreneurs and investors have swarmed the education sector in the past few months suggesting that education has become an even better business than it was before. So, why are we in *Business Today* so surprised? Actually we aren't. We are only a bit amused, or maybe even confused. Because so much of entrepreneurial and investment activity is happening in a sector where profit making is either barred (schools and college education) or is looked down upon (other forms of education). In reality, most institutions do make profits, but they aren't allowed to say so. Our cover story (pg 40 to pg 70) brings out the rather uniquely exciting phase that the education business in India is entering into. The interplay of demography, prosperity, technology and changing structure of the economy (the services sector, which is most knowledge-intensive, is growing the fastest) points to an even bigger boom in the education business in future. The government's concern is valid: will the pursuit of profit make education barons forget the objective of improving quality and access of education? Experts feel that profit is being—and will continue to be—made whether the government allows it or not. It's better to recognise it, so that the focus can then be solely on quality and access. Our package will take you through the stories of education czars, opinions of experts and all the action unfolding on the policy front. Keep in mind that our profiles are not an endorsement of the institutions or its promoters, but only an account of their business success.



On a different note, the downturn has been quite an education for India Inc. There are companies that have learnt the lessons from the downswing very well and are busy transforming themselves like never before. Baba Kalyani of Bharat Forge is one such learner (pg 72). Biocon, India's best-known

biotech company, is also in the midst of a complete makeover (pg 82). The story of CA is most peculiar. It was a start-up that became a giant, only to reduce itself to a start-up and is trying again to become a giant. On pg 100 read how and why India is central to the CA's efforts at coming close to being the world's third-largest software company it once was. Heard of a company that believes in mentoring entrepreneurs among its staff and outside? Turn to pg 90.

Rohit Saran
ROHIT SARAN

A photograph of four men in business suits standing in front of a large, stylized red book graphic. The book is positioned vertically, with its spine on the right. The men are arranged in two pairs, one on the left and one on the right of the book. The background is a light blue gradient. The text is overlaid on the red book cover.

\$40 billion
is the value of
private education

16%
is the compounded
rate it is projected
to grow at

\$64 billion
is the projected
value by 2013

Left to right: Vijay K. Thadani, CEO, NIIT; Ashok K. Chauhan, Founder-Chairman, Amity University; Ramdas M. Pai, President, Manipal University; and Shantanu Prakash, MD, Educomp Solutions

The Advent of Edupreneurs

The P-word often rises unbidden in the hallowed halls of education. But now many are beginning to shed their inhibitions about it. SHAMNI PANDE

They shun the word—fearing it like “he-who-must-not-be-named,” the Dark Lord Voldemort, whose presence permeates every Harry Potter book. Like “you-know-who,” profit—its motive and existence—is seldom uttered by those who own and operate the educational institutions. “Surplus”, yes. But the laws governing core education simply do not allow or recognise the term profit.

Paradoxically, the government wants to involve entrepreneurs only if they agree to leave the term outside the door. Yet, just look at the tycoons that education has created in the private sector. An exclusive Technopak study for *Business Today* suggests that the Manipal Academy for Higher Education rakes in revenues of Rs 814 crore, Amity Rs 600 crore, the Delhi Public School Society Rs 400 crore and Indian Institute of Planning & Management Rs 200 crore. Of course, none of them would be caught dead uttering the word profit.

The K-12 (KG to Class XII) and higher education sectors are governed by Byzantine laws, with only registered, not-for-profit trusts or societies allowed to own and run institutions. In the mix, entrepreneurs have been, well, enterprising! For instance, GEMS Education has a transparent three-company set up, where one company owns the trusts, another owns the properties on which the schools sit and a third offers the school management, educational aids, etc.

“We have three business models in India of which one is where we run our own schools. In this, our unit that has set up the trust is in charge of the school and this hires the land and the manage-

ment skills and education aids from our other two companies,” says Ajey Kumar, Country Head, GEMS Education.

Indeed, earlier this year, the government conferred the nation's highest civilian honour, the Padma Shri, on Sunny Varkey, Founder & Chairman of GEMS Education, in recognition of his “outstanding contribution to education and social service”. Even as the government gets lost in doublespeak, those in the business have spread across sectors and opened up new frontiers: an IT training shop plans a university, a higher education specialist is getting into K-12.

One authority figure, though, has called a spade a spade. “We should allow private sector money to come into higher education. Surreptitious privatisation is already a fact of life. It will be better to let this happen openly; there can then also be open monitoring,” writes Kaushik Basu, Professor of Economics, Cornell University and a member of the Yash Pal Committee on reforming higher education in India. But that was in his dissent note! (See pgs 48 and 70)

In the following pages, *Business Today* attempts to present a comprehensive package, including reports, exclusive columns and an interview with HRD Minister Kapil Sibal. We look at various business models, the regulatory complexities and business dynamics governing each segment across the education spectrum ranging

from K-12 to higher education and vocational education. A caveat: *BT* doesn't endorse any of the institutions—or their promoters—profiled. Our attempt is to highlight the entrepreneurial successes, activities and the sheer value being unlocked—even though few in the government are in a mood to acknowledge it. ☺

THE OPPORTUNITIES



Source: Technopak

Branching Out NIIT

STARTED IN/AS: 1981, Delhi, an IT training solutions provider (first centre in 1982)

NOW PRESENT IN: Schooling, higher education, vocational and skills training

INITIAL INVESTMENT: Rs 12 lakh

FIRST YEAR REVENUES: Rs 1 crore

REVENUES NOW: Rs 1,148 crore (FY 2008- 2009)

ENROLLMENTS IN FIRST BATCH: 99

CURRENT ENROLLMENTS: 5,00,000 at NIIT centres; 12 million across all verticals

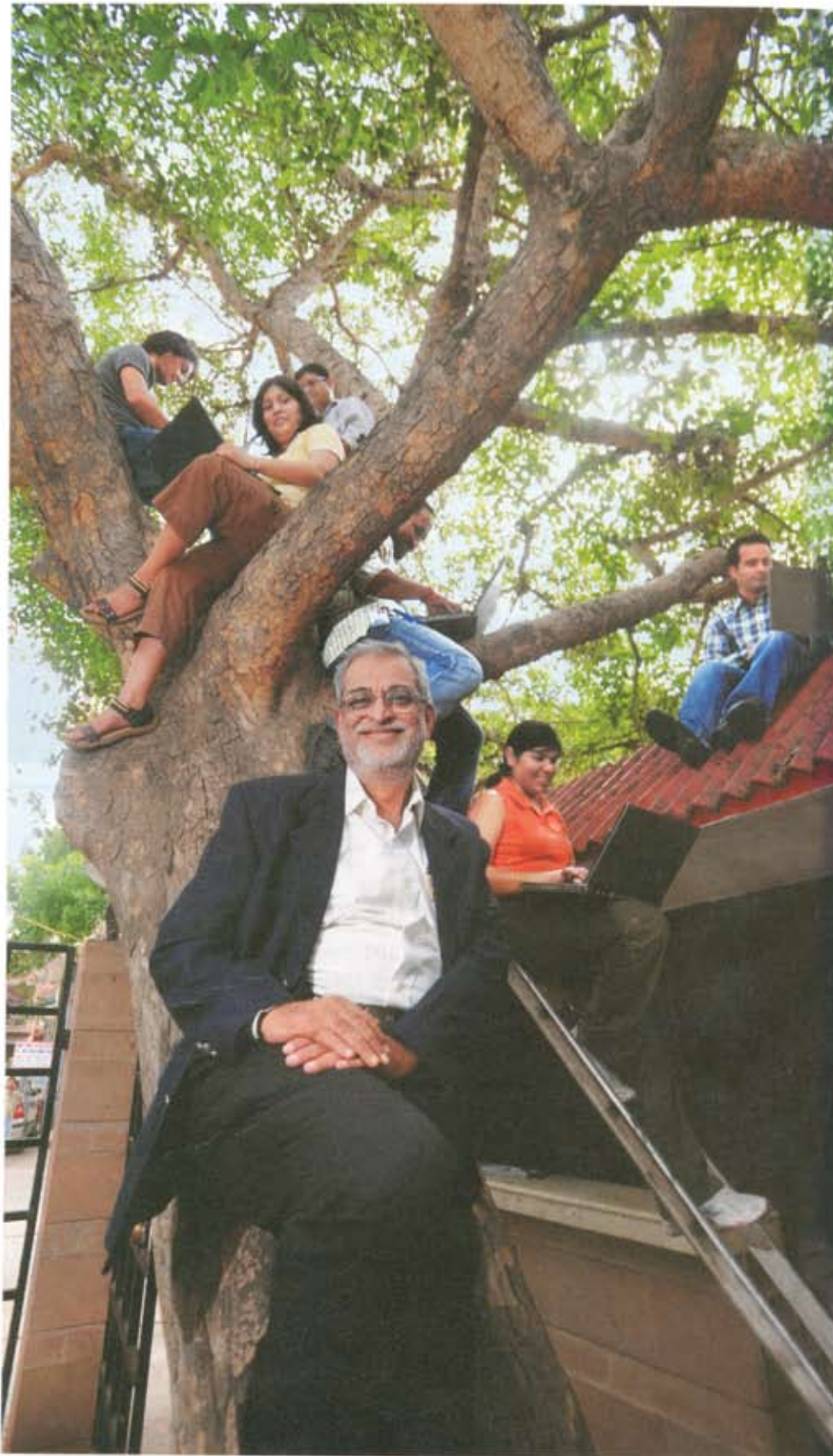
FOOTPRINT NOW: Over 1,25,00 education centres in India, over 200 IT centres in China and 170 across the world

EXPANSION PLANS: NIIT University at Neemrana, Rajasthan, starts in Sept. '09

FOCUS AREAS: Skills development and schools

Vijay K. Thadani, CEO, NIIT

"The opportunity around employability is huge. A hundred such NIITs can exist"



SHEKHAR GHOSH

Small Start, Big Finish

The vocational and skills training market has spawned scores of successful entrepreneurs. Many of them are expanding into secondary and higher education. SAUMYA BHATTACHARYA

In 1982 when Rajendra Pawar and Vijay K. Thadani started their first NIFT centre in Mumbai, education as a business proposition was a laughable idea and the computer a complex entity. But, in their search for the gold vein, Messrs Pawar and Thadani had spotted a glint here, a nugget there: IBM had introduced the personal computer in 1981, the Computer Society of India had said Indian industry was hamstrung by a lack of computer professionals, and India at that time had 6,00,000 unemployed graduates. The NIFT founders saw the mother lode: making industry and education talk.

Today, NIFT is one of the world's leading education companies, centered on the premise of employability, which in turn has become a multi-billion-dollar business that has set the pulse of old and new entrepreneurs racing. "Earlier, the word private and education could not be said in the same sentence. Now, the opportunity around employability is huge. A hundred such NIFTs can exist," says Thadani, 57, CEO, NIFT Ltd.

The vocational and training business is a baby in the education business landscape, accounting for less than 10 per cent of the whole pie. But it is poised to grow the fastest, between 16 and 40 per cent a year, depending on the niche, according to Technopak. And what is the opportunity size? "India's human capital is the biggest entrepreneurial opportunity on the planet," says Manish

Sabharwal, Member, National Council on Skill Development. Uma Ganesh, CEO of Global Talent Tract (GTT), which entered the market in 2009, has a value figure: Rs 40,000 crore just in India.

No wonder then, that everybody wants in: new entrepreneurs, established players in school and higher education, private equity investors and foreign players. The terrain covers everything from test preparation, training and assessment to curriculum, teacher's training, technology delivery and products.

Among those already in: Navneet Publications, which is into stationery and e-learning, test preparation biggie FIITJEE and Mahesh Tutorials with its 50,000 students. Knocking at the door is higher education and schools major Manipal Education, armed with a tieup with City & Guilds of the UK. "With over three million Indians graduating every year, at least one million per year will need employable skills and that is where GTT intends to capture a major share," says Ganesh.

Ganesh and scores of others are in a flurry of activity to exploit the terrain that NIFT first identified. Then, the going was not always smooth: NIFT began with 99 students and in the eighties had to actually support the education model with its software services business. Today, NIFT has become a start-to-finish outfit—schools, skills, corporate training and as you read this, its very own NIFT University in Neemrana, Rajasthan.