

Kindergarten to Grade12 (K-12) is India's core education market and the most attractive segment for the private sector

Its size is estimated at US\$ 19.6 billion (2007) based on current spending and it is projected to grow at a CAGR of 13.5% over the next 5 years

There are 361 million children eligible for K-12 education of which only 219 million are enrolled into schools leaving 142 million children out of the system

There are 10, 25,000 schools in India of which 75,000 schools are in private sector which cater to almost 90 million students

The number of students served by private sector school indicates a marked preference for good quality schools. This makes investments in good quality schools an attractive opportunity. However, not many investments have taken place in this space, while the informal education segment comprising of vocational training institutes and private tutoring/coaching institutes have witnessed a number of deals. The reason for lukewarm deal activity in K-12 segment is the 'not for profit' trust structure required by law along with necessity of affiliation from one of the state or private boards (CBSE, ICSE or IB).

Much has been published on the potential of K-12 schools and the innovative structures to avoid the 'not for profit' structure, however, the understanding of the affiliation process and thus its impact on investment decision has not been given due attention.

This report by o3 Capital provides an overview of the affiliation process of all the education boards from which private schools can obtain affiliation.

It details the legal structure, timelines, infrastructure requirements, admission regulations, teacher – student ratio etc. prescribed by Central Board of Secondary Education, Council for India School Certificate Examination (erstwhile ICSE) and International Baccalaureate for obtaining affiliation

It is a ready guide for an investor to understand the process a school has to go through to obtain affiliations and the timelines for the same. It also contains a brief note on significant judicial pronouncements affecting K-12 segment in India

For a detailed report, please mail to tarun.pal@o3capital.com

Source: o3 Capital Analysis