

Case Study: Manipal Universal Learning

Manipal's story

Manipal Universal Learning (MUL) is a well-known education provider in India. The company is a subsidiary of Manipal Group, which has been run by the Pai family since 1953.

In India, MUL offers distance learning (bachelor's and master's degrees taught through a combination of online and face-to-face tuition), vocational training and customized courses for corporate clients. MUL also owns and runs medical and engineering education campuses in Nepal, Malaysia, Dubai and Antigua.

When IDFCPE invested in MUL in 2006, it had 50,000 students, a fraction of the millions potentially interested in distance learning in India.

IDFCPE was well aware of the supply-demand gap in higher education and the underdeveloped nature of distance



learning: until 2007, Indian educational establishments hadn't been allowed to offer distance learning beyond state borders.

IDFCPE had been looking for opportunities in the education sector for a while and with its growth potential, MUL was a clear contender. IDFCPE had approached MUL in 2004 but it wasn't until 2006 that the private equity firm decided to buy a stake along with co-investor Capital International.

The role played by Private Equity

One of the first planned measures the private equity firm implemented was to recruit a new chief executive for MUL. Since few education professionals in India have relevant corporate experience, IDFCPE helped Manipal recruit business professionals from a variety of backgrounds. Anand Sudarshan, the new CEO, was hired from the IT sector; a new CFO and a string of senior managers from various industries (oil & gas, entrepreneurs, consumer goods, etc.) followed. IDFCPE also introduced MUL to one of its advisors, Mr Chandrasekaran, who has since become a trusted sounding board for management and the Pai family.

With IDFCPE on board, MUL acquired a number of strategic businesses to diversify its portfolio at home and abroad, including: India's largest testing service (MeritTrac), a leading Caribbean college (American University of Antigua), the Medical College of Melaka and Singapore-based online MBA provider U21 Global.

IDFCPE had also identified vocational skills as particularly important in the context of India's widening skills gap; it introduced Manipal to City & Guilds in the UK, the world's largest skills certification agency, which resulted in a successful joint venture called India Skills.

MUL now has approximately 220,000 students worldwide; since 2006, revenues and EBITDA have increased four-fold, and the company plans to have an IPO in 2011.

The Company



Essentials

Company: Manipal Universal Learning (MUL), a subsidiary of the Manipal Educational and Medical Group (Manipal Group), India's leading private health care and education provider, www.manipalgroup.com

GP: IDFC Private Equity (IDFCPE), India's largest private equity firm focused on infrastructure, www.idfcpe.com

Region: Asia

Country: India

Sector: Education

Business focus: Distance learning, vocational training and professional education

Date of investment: September 2006

Investment: IDFCPE invested USD35 million for a 13% stake in the company

Impact Highlights

IDFCPE helped MUL bring in new talent in the company, including a new CEO and a new CFO

Thanks to IDFCPE's introduction to City & Guilds in London, MUL set up a successful joint venture with City & Guilds called India Skills

In 2010, Premji Investments, the family office of one of India's most respected corporate names, became the third institutional investor in MUL

MUL's revenues have grown four-fold since IDFCPE's investment in 2006 and an IPO is expected in 2011

The Company View

“The broad objective of our partnership with IDFCPE was to finance growth. We’d financed all our investments through our own capital and debt, and that had limitations. We needed new capital to expand and IDFCPE didn’t just bring money, they brought smart money.

IDFCPE helped us bring about changes that have boosted the company’s credibility. Manipal was a well-established name, but it was a family structure. The fact that Premji Investments decided to invest in Manipal in 2010 is testament to how much the company has matured.

IDFCPE was also instrumental in setting up India Skills, our joint venture with City & Guilds in the UK. Were it not for them, there would be no partnership.”

“IDFCPE has brought a lot of passion and commitment to the table. They are not spreadsheet managers.”

Anand Sudarshan,
CEO, Manipal Education



“Manipal now boasts a platform of education offerings across a range of countries, formats and disciplines. Few companies have such a comprehensive basis and the ability to scale up.”

Apurva Patel, Director, IDFCPE

A force for good

Like most businesses within the Manipal Group, MUL had built its reputation on quality and good governance; but IDFCPE helped MUL bring it to listed company standards. MUL already had a vibrant board and the company created a number of committees (compensation, ethics, investment) to support it.

IDFCPE also encouraged MUL to develop a culture of performance amongst staff and set up a performance evaluation system. Under the new system, employees are rewarded based on individual performance, the performance of their department and the performance of the company as a whole. An employee stock ownership program completed the new approach.



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