



“Education is a key pillar  
of every  
healthy society.”

Altus Learning (Calorx Group)



CASE STUDY  
education

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Altus Learning is a professionally managed education company, delivering school management services to the Calorx group of K-12 schools which has been active in the state of Gujarat in India since 1996. Obviam has invested into Altus via Kaizen Private Equity Fund on behalf of SIFEM.



Location:	Ahmedabad, India
Business focus:	Private K-12 school management services
Investment year:	2012
Fund intermediary:	Kaizen Private Equity Fund
SIFEM investment into Kaizen:	USD 8 million
Kaizen investment into Altus:	USD 1.64 million
Statistics:	10 K-12 schools, 13 pre-schools, 439 employees, 8,691 students
Website:	<a href="http://www.calorx.org">www.calorx.org</a>

## India's Education Sector

- Education is an under-capitalized sector in India, which lacks both finance as well as human capital.
- India has a young demographic profile and the nation's service-oriented economy requires a large number of employable and educated people, however at the same time government-run schools are inefficient.
- Public expenditures cannot meet the needs of this young and growing population; many public schools are facing issues of inadequate infrastructure, poor administration and teacher absenteeism.
- An estimated 100 million Indian school-aged children are not attending school.

*Adult literacy levels in India range around 63%.*

## Development Effects in a Nutshell

- Calorx schools are offering quality education at affordable prices for children of the middle income classes, giving them a solid starting point to become knowledgeable, independent, versatile, and productive members of society.
- By serving children in parallel to the public schooling system, Calorx lightens the burden on the public infrastructure.
- Calorx aims at implementing the latest educational concepts and technologies and acts as a pioneer and role model for the entire education sector in the region.
- Calorx also brings its educational concepts and technologies to schools in rural areas, which are typically the last ones to benefit from the most advanced practices.
- By continuously professionalizing its services, training its staff and further building its reputation, Calorx enhances the status of education overall, which has a direct effect on the general quality of education. This particularly benefits and empowers women, who are predominantly working in this area.
- Calorx operates Prerna, the only school for dyslexic children in the state of Gujarat.
- Calorx offers education and vocational training to underprivileged children and women from rural areas via different programs; it also works with local NGOs, companies and individuals in order to provide full scholarships, including board, for the poorest.
- Calorx offers employment to over 400 people and teaches more than 8,600 students.



*“Education is a key pillar of a healthy society. It transforms potential and instills values in children, who are the future of the country.”*

Mrs. Manjula Pooja Shroff, Founder of Calorx Group

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“Calorx wants to contribute to the overall development of India’s children, helping to create national assets and global citizens with strong values of dedication, devotion and compassion.”

# The Education Gap in India

## A Public School System under Strain

With the second largest population worldwide after China, India is experiencing massive bottlenecks in the education sector. On one hand the country has a very young and fast-growing demographic profile paired with a manufacturing and services industry which is in high demand of an employable, educated workforce. On the other hand India's public spending capacity on education cannot keep pace. Despite pockets of excellence, such as the IT sector for instance, overall literacy rates in India remain far lower than in other Asian and key emerging market nations.

*With an adult literacy rate of just 63%, improving education is essential to increasing India's competitiveness as a manufacturing and services hub in a global market.*



## Daily Challenges

The daily realities are equally challenging for both teachers and students in many Indian governmental schools: Teachers face inadequate salaries, poor facilities and large classroom sizes while children struggle to get adequate attention and are left to study with insufficient or outdated school materials. Far too often these drawbacks result in drop-outs or even no enrolment at all. Hence an estimated 100 million school-aged children in India are not attending school.

*100 million school-aged children in India are not attending school.*

## A Growing Middle Class with Growing Expectations from Education

The number of people living in middle class households in India ranges somewhere between 50 and 150 million. This large number of people with rising disposable income is very conscious about providing their children better quality education than what the current governmental schools can offer. This is why any family with available funds will turn to private institutions for schooling. Schools with fees within a range of USD 200 to 1,000 per annum cater to children from both the lower and the lower-middle class.



# The Fund Intermediary – Kaizen Private Equity



In order to be able to best target and support SMEs and growth companies on the ground, SIFEM often invests indirectly via risk capital funds. These intermediaries then provide access to finance and support entrepreneurs in their business development. Local presence and in-depth knowledge of the relevant economic and regulatory environment are key success factors as are the geographic and cultural proximity. This is why SIFEM partners with experienced local teams managing local or regional investment funds.

## Environmental and Social Standards

In line with its Responsible Investment Policy, SIFEM only works with Fund Managers who have committed to invest according to international best practice social and environmental standards in order to contribute to sustainable development in SIFEM's target markets. Kaizen actively supports the introduction of environmental and social standards as well as the monitoring thereof at its investee companies.

## The First and Only Private Equity Fund with a Focus on Education

Kaizen Private Equity Fund is a private equity fund that invests in Indian companies along the education market value chain in India: from school management companies in the core education segment, to vocational training providers in the parallel education segment, and to education-specific technology providers in the ancillary education segment. It is the first private equity fund of its kind as it solely focuses on the Indian education sector. SIFEM counts on the fund's success to not only expand the offer of high-quality schooling for the lower and middle income classes in India but also to have a signalling effect in the market in order to attract additional private capital into this high impact sector.

## Hands-On Company Support

Kaizen invested USD 1.64 million into Altus Learning in 2012 and since then assisted the management of Calorx in developing the company. Calorx has considerably grown since inception in 1996; the company structure and management had to be reorganized and management further trained in order to cope with the growing demands of a rapidly expanding company. With the full centralisation of key support functions such as Academics, Finance & Accounting, and HR & Admin from Altus Learning, the company is achieving high levels of efficiency and quality as well as unified, standard operations across the schools. Kaizen has actively supported this reorganization and helped Altus Learning and Calorx Group consolidate their finances.



# Calorx Impact

Besides direct development effects, such as job creation and increased tax revenue for the government, investing in the education sector results in substantial indirect development effects, such as raising literacy levels and improving the employability of India's youth, which contributes to the overall stabilization of India's socio-economic and political situation.

## Filling the Gap

There are over 100 million school-aged children who are not attending schools in India. Calorx schools are offering quality education at affordable prices for children of the lower middle and middle income classes, giving them a solid starting point to become knowledgeable, independent, versatile, and efficient members of society. By providing affordable quality private education Calorx not only improves the literacy levels and employability of thousands of its own students, but this effect is multiplied by freeing up governmental resources to be used for the poorest who cannot afford to pay for private schooling. By serving children in parallel to the public school system, Calorx lightens the burden on the overcrowded governmental schools.

## Innovating the Education Sector

Calorx aims at implementing the latest educational concepts and technologies and acts as a pioneer and role model for the entire education sector in the region. By continuously professionalizing its services, training its staff and further building its reputation, Calorx enhances the status of education altogether, which has a direct effect on the general quality of education and especially benefits and empowers women, who are predominantly working in this area.

## Professional Management and Decent Working Conditions

In general the professional approach not only to teaching but also to coordination and teacher management makes Calorx much more efficient than the public system, which is reflected by a 100% pass rate by the Calorx students at the national exams, while the typical rate of a public school ranges at around 80%. This is also due to the smaller size of classes and the decent salaries for teachers, which allows them to focus on their job rather than to worry about making ends meet at the end of the month.

## Teacher Training

Quality teachers who are devoted to the task of transferring knowledge and life skills to their students are at the heart of Calorx schools. Calorx stresses the competence and qualification of its faculty and empowers them with continuous mentoring and training opportunities. The Calorx Teachers' University is open to the public and thus helps to improve the education of teachers on a broad scale.

## Job Creation and Gender Empowerment

Education is an employment-intensive sector where a lot of staff are needed to look after the students. In 17 years Calorx has grown to create over 400 jobs, which all allow a decent livelihood. Since 70% of teachers and staff at Calorx are female, there is an inherent positive effect on gender equality, especially in the rural areas. Besides the Vocational & Educational Development Institute (VEDIC) garment training program, other initiatives were taken within Calorx Group in order to specifically promote gender equality.

## Inclusion of the Underprivileged

Calorx believes in empowering children and people across social classes to help them succeed in all spheres of life. Therefore Calorx makes sure to bring the latest educational concepts and technologies to schools in rural areas, which are typically the last ones to benefit from the most advanced practices. Additionally, Calorx has put in place some of the most remarkable inclusion projects, notably Purna – the only school for dyslexic children in the state of Gujarat – and also the various VEDIC programs, which offer education and vocational training to underprivileged children and women from rural areas.

# Affordable Quality Schools at the Forefront of Progress and Technology

CALORX

Calorx offers high quality pre-school and K-12 education for the low to middle-income classes at affordable prices of USD 200 to 1,000 per year. Its professional management, highly competent teachers, latest educational concepts and technology-based teaching techniques put Calorx far ahead of what governmental schools can offer. The students have a vast choice of extra-curricular activities which complement their academic performance and cultivate the students' personal development and life skills.





## The Calorx Success Story

In 1996 Manjula Pooja Shroff opened her first school in Ahmedabad. In the course of the following years, different schools and pre-schools in and around Ahmedabad were added, but also in more rural locations outside of town. Currently, Calorx Group successfully operates 27 projects which include 13 pre-schools, 10 K-12 academic units and 4 special focus projects and is still growing. Calorx' relentless pursuit of progress and innovation has helped to create new benchmarks in the field of education. Projects like the Calorx Teacher's University or the Vocational & Educational Development Institute (VEDIC) were established and are still unique institutions in India as of today.

## Meeting the Challenge and Setting an Example

Running quality schools also in rural areas bears many challenges, however Calorx is determined to find solutions and demonstrate that it is feasible. Calorx' intent is to diversify into less developed communities, where the need for quality education is even higher, but the available financial resources are simultaneously lower. Calorx examines different ways of decreasing the financial burden on the families, while still being able to remain commercially viable.





*We set standards for other private schools but ultimately also for the public education sector. We work hard in continuously improving, being innovative and taking the quality of education one step further.”*

Mrs. Manjula Pooja Shroff, Founder of Calorx Group



*“For us the most important thing is to send our children to a quality school, even if it means making sacrifices in order to be able to pay the school fees. Calorx gives not only our children a chance to get a good education and head start in life, but also enables me to work as a teacher in a very stimulating environment and to have further training to improve my professional skills.”*

Naina Sharma with her husband Satish Sharma, teacher and parents





*“Our objective is the holistic development of the children. We want to help create national assets and global citizens, with strong values of dedication, devotion and compassion. Teaching by example is the only way to reach this goal.”*

Mrs. Sangeeta Srivastava, teacher at DPS Bopal



*“Attending a Calorx school has enabled me to acquire a set of skills which goes above and beyond academic excellence. I have the self-confidence and the people skills which give me a clear advantage in my professional and in my personal life.”*

Shivani Sha, DPS Bopal alumni, University liberal arts student

# The Investment

Altus Learning is a professionally managed education company, delivering school management services to the Calorx group of K-12 schools which has been active in the state of Gujarat in India since 1996. Obviam has invested into Altus via Kaizen Private Equity Fund on behalf of SIFEM and IIF SME Fund, which is an impact fund of UBS.

Project name:	Altus Learning Pvt. Ltd.
Location:	Ahmedabad, India
Sector:	Education
Business focus:	Private K-12 school management services
Employment:	439 (349 academic staff, 81 support staff, 9 management staff)
Size:	10 K-12 schools, 13 pre-schools, 8,691 students
Website:	<a href="http://www.calorx.org">www.calorx.org</a>
Fund intermediary:	Kaizen Private Equity Fund
Investment year:	2012
Invested by the Fund:	USD 1.64 million
Percentage ownership of the Fund:	13.6 %
SIFEM investment into the Fund:	USD 8 million in 2011

## About Obviam

Obviam is an independent investment advisor specialised in long-term investments in emerging and frontier markets. Obviam advises public, institutional, and private clients, including the Swiss Investment Fund for Emerging Markets (SIFEM), the Development Finance Institution (DFI) of the Swiss Confederation. Obviam offers investors an opportunity to capture attractive returns and generate sustainable positive impact in emerging and frontier markets, via a proven and responsible investment approach.

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## About SIFEM

The Swiss Investment Fund for Emerging Markets (SIFEM) is the Swiss Development Finance Institution. It provides long-term finance to private equity funds and financial institutions in emerging markets. SIFEM's primary focus is on institutions investing in the small and medium enterprise (SME) sector. On a selective basis, SIFEM also invests in microfinance. SIFEM's investment philosophy is guided by the belief that investing in commercially viable emerging market SMEs can provide investors risk adjusted returns, as well as generate sustainable, long-term development effects in local communities. SIFEM is fully owned by the Swiss Confederation and managed by Obviam, a privately owned management advisory group.