



Educomp Solutions Limited

June/July 2009



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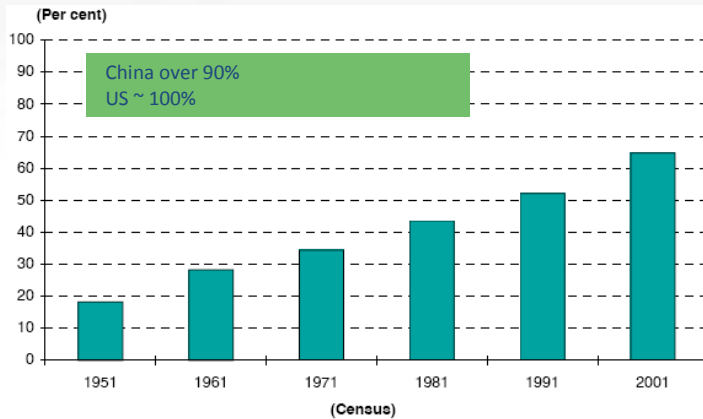
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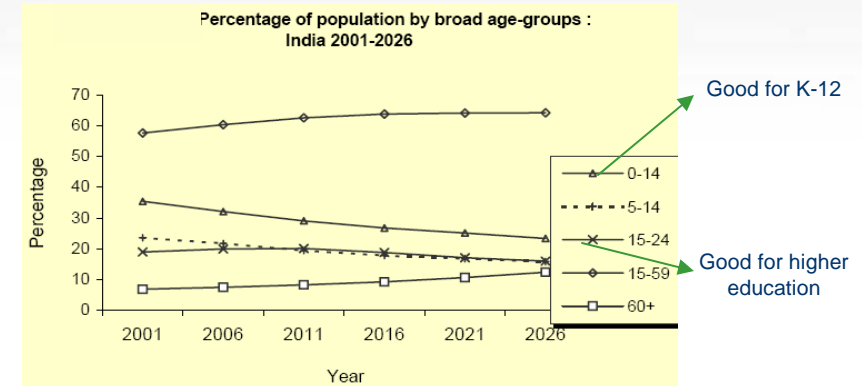
I	Industry Outlook	4
II	Company Overview	8
III	Financials	24
IV	Growth Strategy	28

Industry Outlook

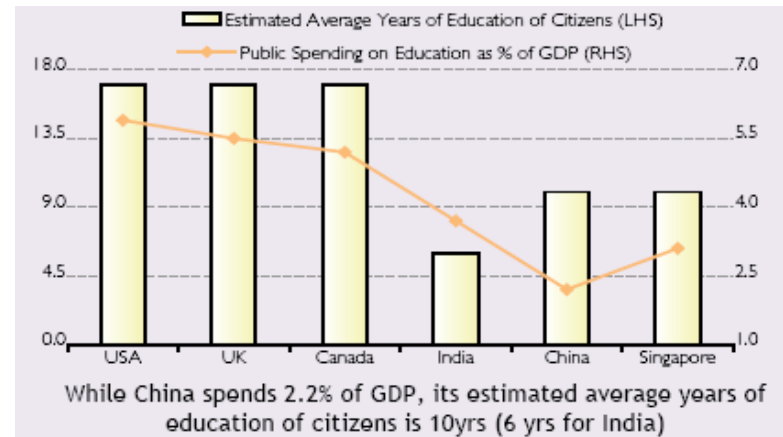
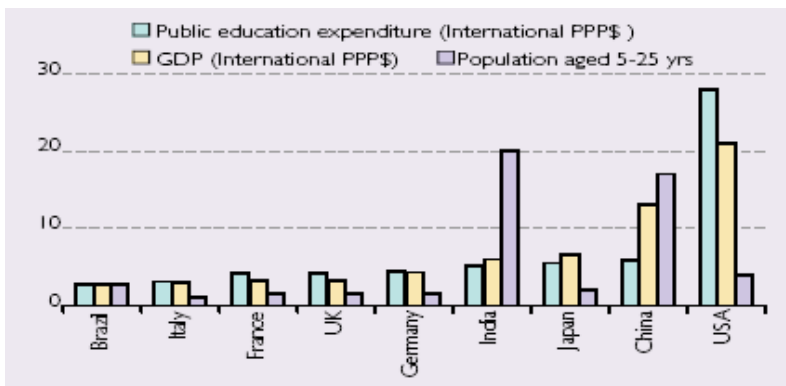
Low literacy rates provide opportunity



Stable population base keeping growth opportunity alive



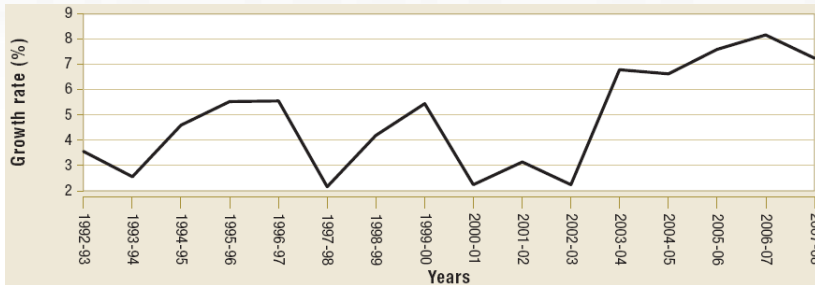
Education spends in India are highly disproportionate vis-à-vis population size



While China spends 2.2% of GDP, its estimated average years of education of citizens is 10yrs (6 yrs for India)

Source: Census 2001, UNESCO Institute for Statistics database

Growing per capita income – greater purchasing power



Education is the highest growing expense*

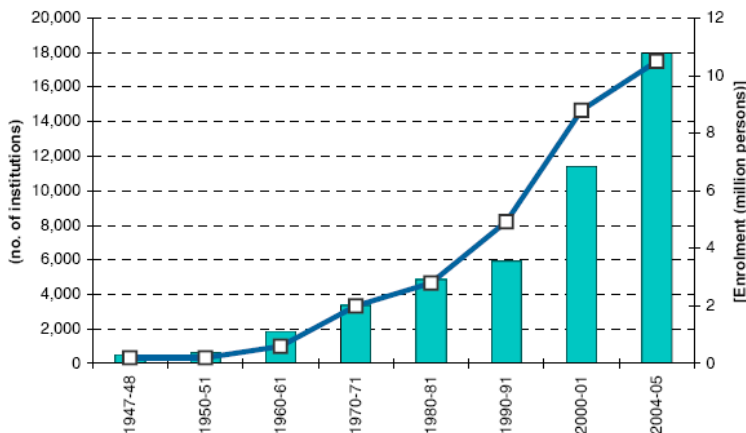
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Food & Beverages	-3.4	5.9	-1.9	4.5	1.0	7.5	4.8
Clothing & Footwear	16.8	-2.9	4.5	-2.4	4.7	12.0	3.7
Rent, Fuel & Power	2.8	2.6	2.9	3.3	7.4	3.0	3.0
Furniture, appliances, service	7.2	3.5	4.0	8.1	12.2	11.6	13.5
Medical & Health care	11.6	14.2	5.3	3.3	3.4	2.0	0.7
Transport, Communication	14.3	5.6	10.6	11.4	10.8	10.4	10.5
Education & Recreation	11.8	7.3	4.5	12.0	13.0	12.4	15.8
Others	12.5	11.4	9.8	9.5	12.4	11.7	11.3
Total Private Consumption	3.4	5.9	2.8	5.9	5.5	8.3	7.2
Share of Total (per cent)							
Food & Beverages	48.1	48.1	45.9	45.3	43.4	43.1	42.1
Clothing & Footwear	6.0	5.5	5.6	5.1	5.1	5.3	5.1
Rent, Fuel & Power	11.4	11.0	11.0	10.8	11.0	10.4	10.0
Appliances	3.4	3.3	3.3	3.4	3.8	3.7	4.0
Medical & Health care	4.7	5.1	5.2	5.1	5.0	4.7	4.4
Transport	14.5	14.5	15.7	16.5	17.0	17.5	18.4
Education & Recreation	3.7	3.7	3.8	4.0	4.3	4.5	4.9
Others	8.4	8.9	9.5	9.8	10.4	10.8	11.2

Consistent growth

Increasing share

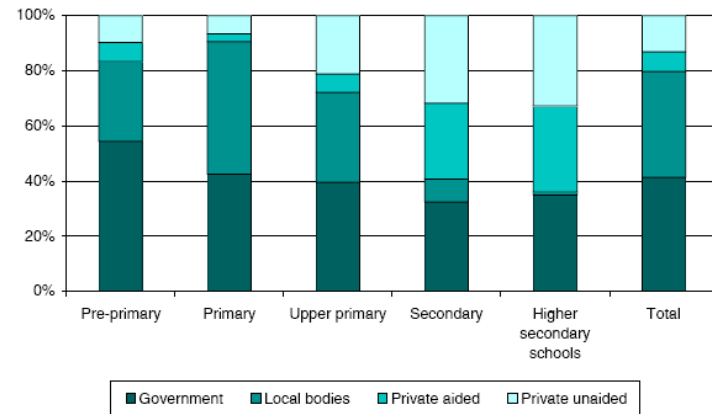
*Private Final Consumption- Annual growth and Share (in per cent)

Higher education penetration is increasing



Source: Census 2001, Economic survey 2007-08, Data published by UGC

However, still dominated by Govt./Local Bodies – scope for increasing the private participation



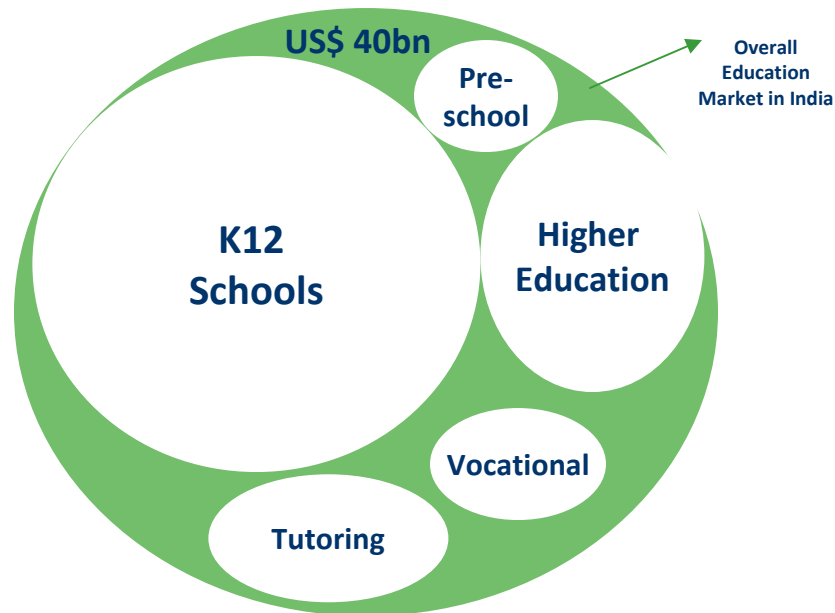
- **Government (state and central) initiatives highlight renewed thrust and spending in this sector:**
 - **To increase the share of public expenditure to 6% of GDP (as expressed in the National Common Minimum Programme)**
 - **Levied 3% education cess to support spending on education in India**

- **Government to promote Public Private Partnerships (PPP) at all levels – vocational, higher and secondary by providing following opportunities:**
 - **Provision of digital content and technology to K-12 schools**
 - **Setting up own pre-schools and K-12 schools**
 - **Implementation of large ICT projects**

Key allocations from the Interim 2009-10 budget for the education sector are:

- **School Education:**
 - Sarva Shiksha Abhiyan (SSA) - Rs.130bn;
 - National Programme of Mid day Meals – Rs.80bn
 - Rashtriya Madhyamik Shiksha Abhiyaan (higher primary level scheme) – Rs.11.43 bn
 - Others like scholarships, model schools, higher primary education ~ Rs.8.5bn
- **Higher Education:**
 - Outlay has been increased by 900% in 11th Five Year Plan
 - University Grants Commission, Technical Education, ICT ~ Rs.70bn
- **Vocational Education:**
 - 500 ITIs have been upgraded
 - National Skill Development Corp. – Rs.10bn

Large industry to provide huge opportunity



Source: Interim Budget 2009-10, Planning Commission

Company Overview

- Leading education products and services provider in India for K-12 (kindergarten to twelfth grade) students with a large footprint in vocational and higher education
- Has developed large repository of more than 16,000 multimedia content/modules for Smart_Class™, over 15,000 modules for MathGuru™, over 100,000 pages of learning content for the Roots to Wings™ program and 511 books covering pre-school through to grade 12
- Servicing over 11 million students in ~ 23,000 schools across the globe on a consolidated basis
- Clocked CAGR in revenue of over 127% and profit after tax of over 120% over the last 3 years
- 55 global offices and over 8,000 employees (on a consolidated basis) further adds to Company's execution strength
- The Company's key business areas can be broadly split into two key heads:

B2B Initiatives:

(contributes ~86% of total consolidated revenue)

- Smart_Class™ – provides digital content to private schools
- Edureach (formerly ICT solutions) - instructional and computing technology solutions to public schools
- Professional Development – teachers' training programmes

Direct Initiatives:

(contributes ~14% of total consolidated revenue)

- Off-line initiatives - establish pre-schools, K-12 schools, vocational and higher education institutions, licensing of content
- On-line initiatives - currently sells learning content through its online initiatives (including Mathguru™ and WiziQ)
- Sells educational aid, CD-ROMs

K12 Content Licensing & Training



- **Smart Class:** Teacher-led educational content solution reaching to over 1.98 m students
- **Edureach (formerly ICT):** Turnkey solutions for computer aided learning in government schools reaching out to 6.5 Mm students

Teacher Training

- **Professional Development:** Development: Teacher training in technology integration, pedagogy and best classroom practices

K12 Schools

- **Roots to Wings:** Educomp's own pre-school brand; currently 178 franchisees operational
- **EuroKids:** 50% controlling stake in Eurokids, the largest pre-school chain in India with over 400 pre-schools
- **Millennium Schools:** Network of K12 schools in Tier I and Tier II cities; with a tuition fee of Rs3,000-3,500/month
- **Takshila Schools:** K12 schools in Tier III and Tier IV cities; with a tuition fee of Rs1,500-1,700/month
- **Vidya Prabhat Schools:** Budget school brand targeted at semi-urban towns with a tuition fee of Rs 700/month

Professional & Vocational Education



- **JV with Raffles Education Corp.:** Professional development programs in Fashion Design, Hospitality, Management etc
- **Educomp Tele-Education Network:** Tele-Education Network: Training in accounting, English language etc. through top faculty via VSAT enabled learning centers
- **Purple Leap:** Training programs to improve employability of college graduates to make them workplace ready
- **Language Edge:** 120 hour programmes for first time English learners
- **Agreement with IGNOU/CII:** Offers spoken English programmes


Internet & Supplemental Education



- **LearningHour:** Premium tutoring centers branded 'Learning Hour'
- **Mathguru:** India's first online maths tutor; largest maths content portal
- **WizIQ:** Internet learning platform to connect students and teachers worldwide
- **Learnhub:** Social learning network
- **AuthorStream:** Online community to share powerpoint presentations
- **Smartclassonline.com**

Global Initiatives



- **Learning.com:** Acquired majority stake in Learning.com, the leading web based K12 Company in US
- 
- **Ask-N-Learn:** Acquired Ask-N-Learn, Singapore's largest K12 company

K12 Initiatives

Online Initiatives

Higher & Vocational Initiatives

High School Initiatives

Pre-School Initiatives



Education Life-Cycle

This consists of Smart_Class™, Edureach and Professional Development

▪ **Smart_Class™:**

- Enables teachers to use digital content in addition to the more traditional chalk and talk methods of teaching
- Digital content library comprising more than 16,000 content modules with some modules available in 10 languages on subjects such as science, mathematics and social sciences
- Educomp has contracts with 1,737 schools as on March 31, 2009 (FY09) reaching out to ~ 2 million students
- Educomp provides a total solution including interactive boards, digital content, projectors, servers, networking and a resource coordinator



▪ **Edureach (formerly known as ICT Solutions):**

- Works with public schools to bridge the digital divide in public private partnership projects
- Set up and maintain IT Learning Labs on Build Own Operate Transfer (BOOT) basis or Outright Buy basis
- Currently executing ICT Solutions projects in fourteen states
- Till end of FY09, Company provided solutions to over 12,000 schools servicing over 6.5million students



▪ **Professional Development:**

- Partners with the Microsoft, Learning Links Foundation, Foundation and Michael & Susan Dell Foundation etc.
- Comprises a dedicated 200-member team of trainers that has implemented the Company's programs across 15 states in India
- Trained over 1.4million teachers till end of FY09



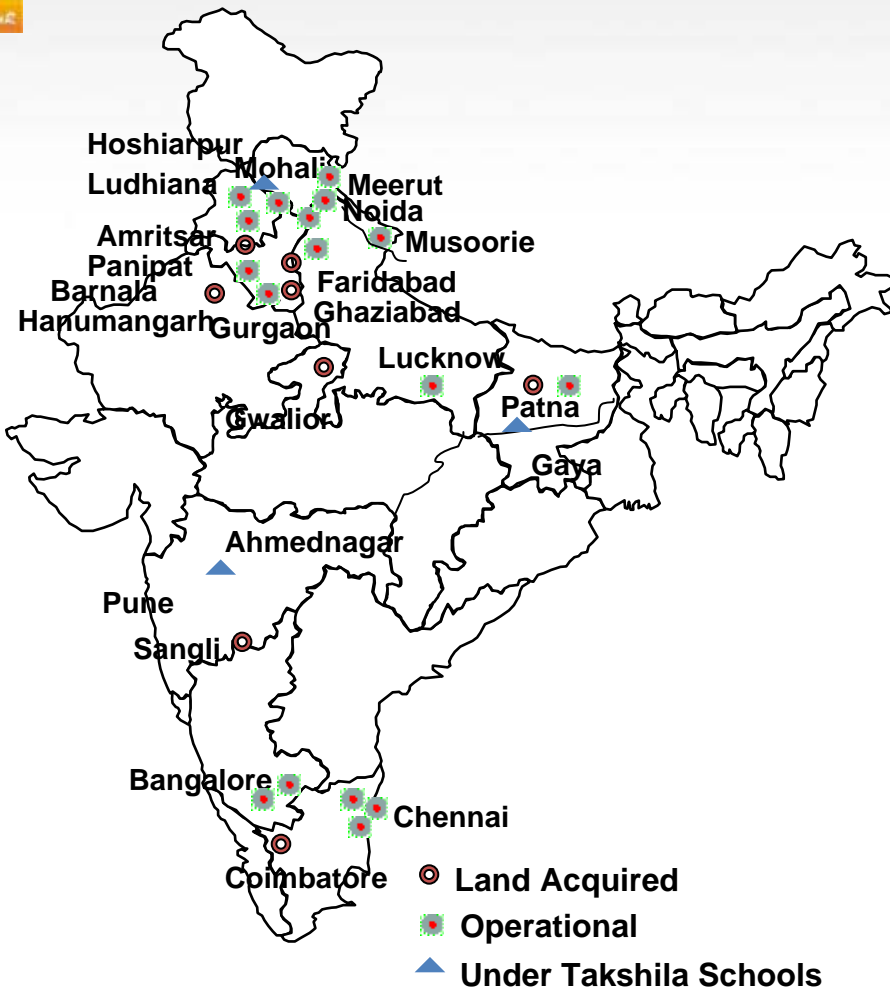


Total Visibility of 43 Schools

- Currently 20 high schools under operation with 16,000+ students; expected to set up 23 more schools by July 2010
- One of the largest pre-school operators in India with over 400 schools under the Eurokids brand and 178 franchisees under Root to Wings brand
- Large repository of content:
 - Millennium Learning Systems - 4,630 lesson plans, 66 books, 2,055 work sheets, 23,493 assessments, 123 literature manuals and 983 learning aids
 - Root to Wings™ - 4883 lesson plans, 1,490 worksheets, 141 books and 5,628 learning aids
- Comprehensive Range of schools and brands

- Millennium Schools: Tier I and Tier II cities
- Takshila Schools: Tier II and Tier III cities
- Vidya Prabhat Schools: Tier IV and semi urban towns

- Educomp Learning Hour (a subsidiary) runs online tutoring services through LearningHour.com and 7 tutoring centers in India



Note: Picture excludes schools under Euroschools and Vidya Prabhat brands



PSBB Millennium School, Chennai



PSBB Learning Leadership Academy, Bangalore



Chiranjeev Bharti, Gurgaon



The Millennium School, Noida



The Millennium School, Panipat



PSBB Millennium School, Chennai OMR



Chiranjiv Bharti, Sushant Lok, Gurgaon



The Millennium School, Mohali



The Millennium School, Lucknow



The Millennium School, Amritsar



PSBB Learning Leadership Academy, Primary School Campus, Bangalore



PSBB Millennium School, Chennai Porur

IGNOU
Project

- Through its 50:50 JV with Raffles Education Corp., Asia Company launched 'Raffles Millennium International' Institutes in Delhi (Pusa Road) and Bangalore
- Educomp Tele-Education Network: Tele-Education Network (ETEN): Provides training in accounting, English language etc. through top faculty via 26 VSAT enabled learning centers
- A-Plus Education Solutions operating under Purple Leap brand provides programs to improve employability of college graduates to make them workplace ready
- Entered into agreement with CII/IGNOU to offer spoken English and personality development programmes



mathguru™

learnin3.com

WIZ IQ

authorSTREAM

learnhub

asknlearn

'CARE A' ratings for existing and proposed long term bank facilities having tenure of more than one year, aggregating to Rs. 3,492 million in June 2009

'PR1' ratings to existing and proposed short term bank facilities having tenure of up to one year, aggregating to Rs. 2,400 million in June 2009

National long-term issuer rating of 'A (ind)' from Fitch, Inc. for Rs.200 million long-term debt programme in March 2008

"P1" rating for its short term debt in January 2006 from CRISIL



In June, 2009, Company has been ranked No. 1 for education and training in the India's Best Companies to work for study, conducted by the Great Place to Work® Institute, India, in partnership with the Economic Times.



Company was featured in Forbes Magazine ,
"200 best under Billion"
for Asia Pacific Region in September,
2008 issue of Forbes Magazine

BT 500 list in Dec 2007 ranked Educomp 140 in the list of the most valuable private sector companies in India



Chosen as "FUTURE TITAN", one of the 10 hottest companies in India by Outlook Business Magazine — November 2006

Cranes Software International	18
Deccan Chronicle Holdings	23
Educomp Solutions	33
Entertainment Network (India)	119
Gateway Distriparks	130
Geodesic Information Systems	87

In 2005, Educomp was chosen as the company of the year in the ICT & ITES sector at the CNBC-ICICI Bank Emerging India awards from over 5,000 enterprises

Authorstream.com features in Dataquest - list of 25 hot Indian web 2.0 start-ups in May 2009

Learning.com won the best course management systems award, Software & Information Industry Association's 24th Annual CODiE Awards in May 2009

ASKnLearn™, emerged as 2nd fastest growing technology Co. in Singapore at 2008 Deloitte's Technology Fast 500 awards

Roots to Wings™ was awarded emerging franchisor of the year award for 2008 by Franchise India Holding Limited

Directors' Biographies

- **Mr. Shantanu Prakash, 44 years, Chairman and MD**
 Mr. Prakash, is an alumnus from IIM, Ahmedabad. He is one of the founder members of Educomp Solutions Limited and has been responsible for the overall operations and growth since the Company's inception in September 1994.
- **Mr. Jagdish Prakash, 74 years, Director:**
 Mr. Prakash holds a Master of Commerce degree from Agra University. He has previously worked as Chief Material Manager with Steel Authority of India and as a marketing and management consultant with various public sector undertakings and academic institutions. Mr. Jagdish Prakash is Mr. Shantanu Prakash's father.
- **Mr. Gopal Jain, 38 years, Director:**
 Mr. Jain holds a Bachelor of Technology degree from IIT Delhi. Mr. Jain is the Managing Director of Gaja Capital Partners, a private equity firm.
- **Mr. Sankalp Srivastava, 44 years, Director:**
 Mr. Srivastava holds a Bachelor of Electronics & Communication Engineering degree from University of Roorkee. Mr. Srivastava is the founder of Mark & Space, a Company engaged in the design & manufacture of micro-processor based telecom, power control & energy management systems.
- **Mr. Shonu Chandra, 44 years, Director:**
 Mr. Chandra holds a Master of Arts in Mass Communications degree from Mass Communication Research Centre (J.M.I.), and a Post Graduate Diploma (CYD) from Institute of Social Studies (The Hague, The Netherlands). Currently, Mr. Chandra is Executive Producer and Director at Waves Communication Pvt. Ltd.

Management Profiles:

- **Mr. Abhinav Dhar, President - K12 Initiatives** - Mr. Dhar has vast experience in the domain of K-12 technology education in India and a deep understanding of the K-12 education market landscape.
- **Mr. Soumya Kanti, President - ICT Solutions** - Mr. Kanti an alumnus IIM Ahmedabad has over 14 years' experience in international & domestic markets in consulting & implementing IT solutions.
- **Mrs. Sangeeta Gulati, CFO** - Mrs. Gulati holds a Master in Commerce degree and is a Chartered Accountant. She has over 14 years of experience in money market operations, raising funds, finance and accounting management.
- **Dr. Gaurav Bhatnagar, Senior VP - DIPS - Online Tutoring** - Mr. Bhatnagar holds a Ph.D in Mathematics, MSc in Mathematics and BSc with Honors in Mathematics. He has over 18 years of experience
- **Mr. Harish Doraiswamy, President - Education Projects**- Mr. Doraiswamy is an alumnus of IIT, Chennai & IIM, Calcutta. He has over 19 years of experience in companies such as HLL, bank of America and GE Capital.
- **Mr. Sharad Aggarwal, President – Professional Education** - Mr. Aggarwal holds a Post Graduate Diploma in Business Management degree from IIM, Ahmedabad and a Bachelor of Technology degree from IIT Kanpur. He has over 21 years of experience in manufacturing and marketing and has had international exposure in automotive OEMs (original equipment manufacturers).
- **Dr. Bindu Rana, Director R&D** - Dr. Rana holds a Ph.s in education. She has over 23 years of experience. She has worked with several NGOs. Her work on special education has been published in various journals.
- **Mr. Sharad Talwar, President – Vocational Education** – Mr. Talwar is an alumnus from IIT, Kharagpur & IIM, Ahmedabad. He has diverse experience of over 21 years in companies such as Convergys, Dell, GE capital
- **Mr. Sandeep Kumar, President – Edumatics Corporation** – Mr. Kumar has engineering degrees from IT-BHU, India and University of California at Santa Barbara and MBA from Cornell University. Previously, he has worked as material scientist.
- **Rakesh Sood, Business Head of Asia Pacific** – Mr.Sood has over 22 years of experience in companies such including Philip Morris, Asian in the areas of managing P&L responsibility, business planning and development, marketing/distribution and regulatory affairs

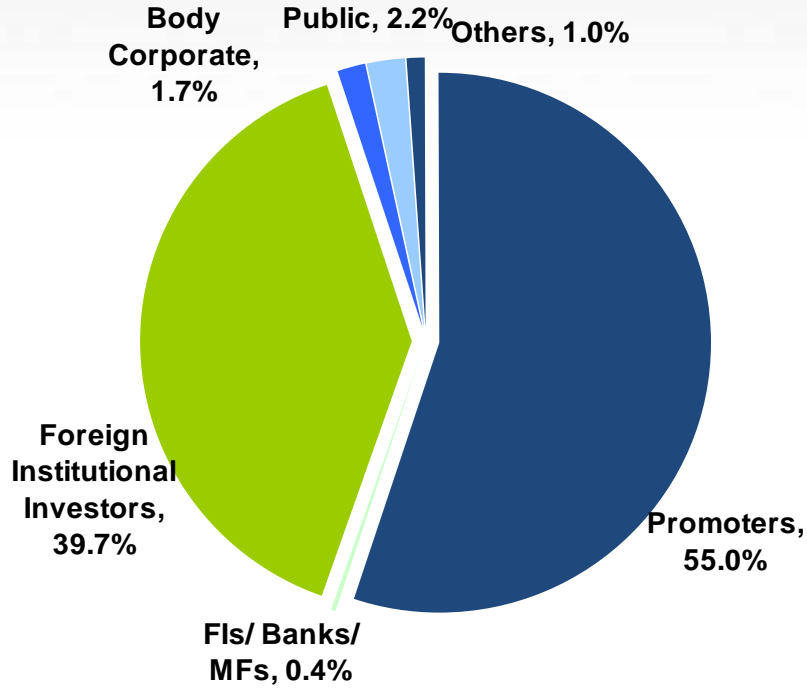


As on 31 March, 2009 (consolidated basis)

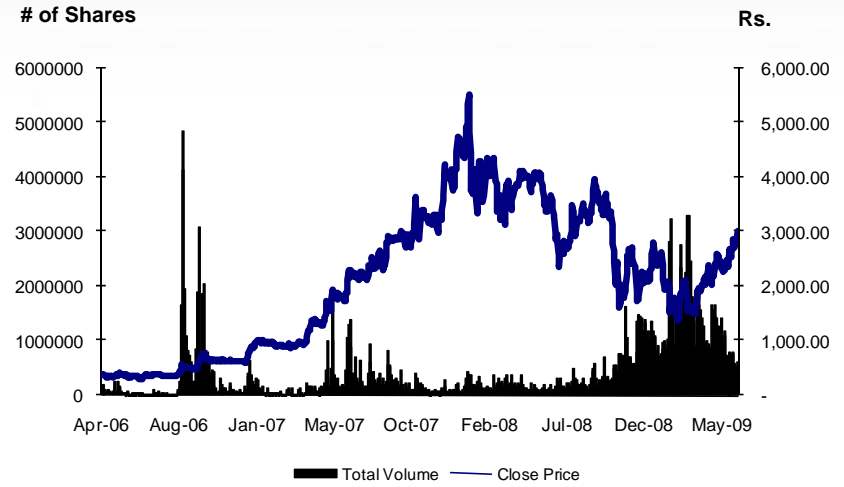
Qualifications	Manpower
Graduate/BCA	6,842
Post Graduate/B Ed/M.ED/M.Phil	1,029
MCA	188
MBA	209
Others	607
Total	8,873

Equity Shares Outstanding-17,286,285

Share Price and Volume



As on March 31, 2009



2009

- Entered into vocational business
- Launched smartclassonline.com
- Raffles Millennium International Institutes in Delhi and Bangalore were launched

2008

- Restructuring of Subsidiaries EduInfra and EduManage into one entity - Educomp Infrastructure & School Management Services Ltd.
- Acquired 51% stake in learning.com
- Educomp forms a 50:50 Joint Venture with Raffles Education Corp. for Professional Education in India
- Acquired 76% stake in A-Plus Education Solutions Pvt Ltd
- Acquired 50% stake in Eurokids International

2007

- Investment in EduInfra and EduManage to set up private schools
- Acquired Ask 'n' Learn, Three Bricks E-Services, Savvica Inc (70.5%) & AuthorGen Tech (51%)
- Raised \$80mn via FCCBs

2006

- Launched first pre-school in Delhi under the brand 'Roots to Wings'
- Raised \$25mn via FCCBs
- Launch of Mathguru.com
- Successful Public Issue

2005

- Launched Online tutoring service
- CNBC Emerging India Award
- SM1- highest credit rating from CRISIL

2004

- ISO 9001:2001 certification for ICT solutions
- Signed US pilot with Santa Barbara School District
- Entered Asia Pacific market with pilots in Singapore
- Set up R&D division

2003

- Launched Smart Class Content solution

2002

- Established US subsidiary- Edumatics Corporation
- Launched Learning Mate Nhnance- Learning Content Management Platform

2000

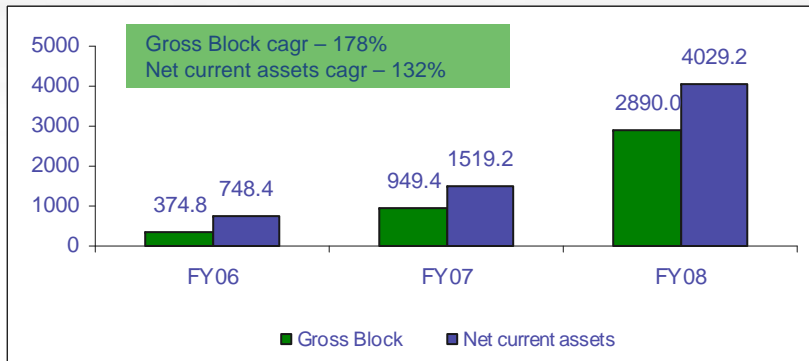
- Started India's first K12 content development center
- Conversion to Public Ltd. Company
- Entry into Trading operations

1994-5

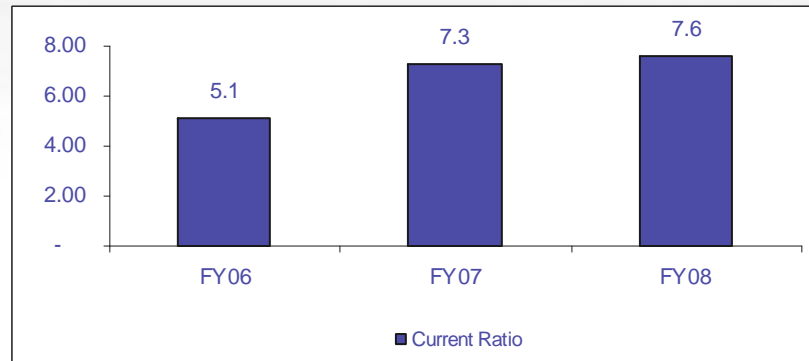
- Incorporation

Financials

Healthy asset growth

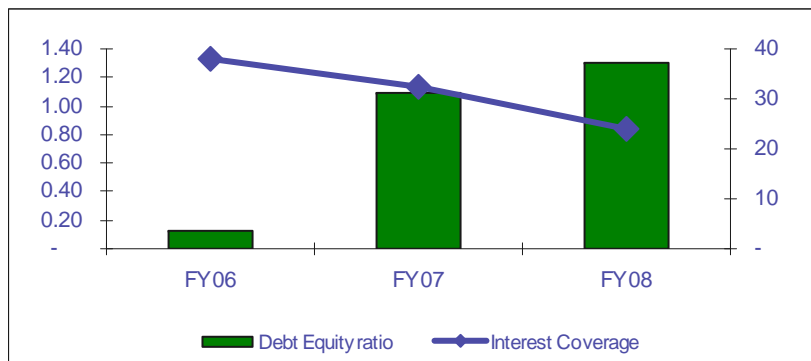


Strong liquidity position



Current ratio = Current Assets/Current Liabilities

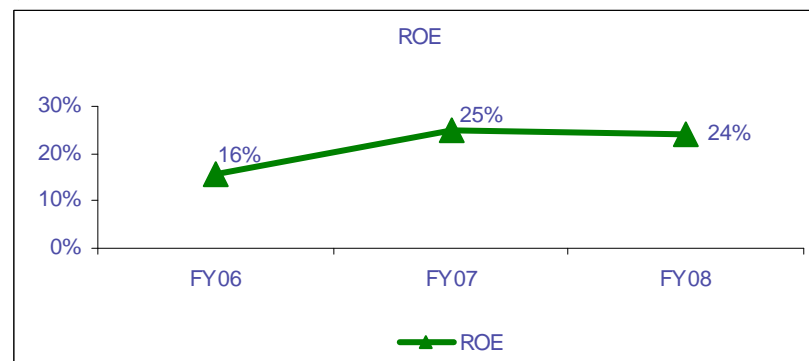
Leveraging balance sheet for optimum ROE



Debt Equity ratio = Loan Funds / Shareholders Fund; Interest Coverage = (PBT + Finance Charges) / Finance Charges

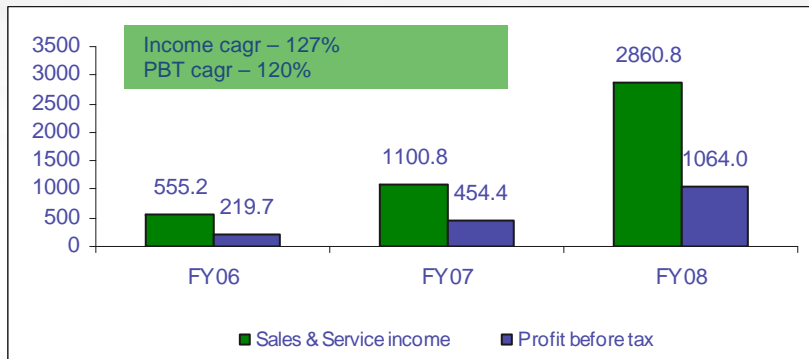
All figures in Rs. mn except per share figures

Strong ROE as a result of capital structuring

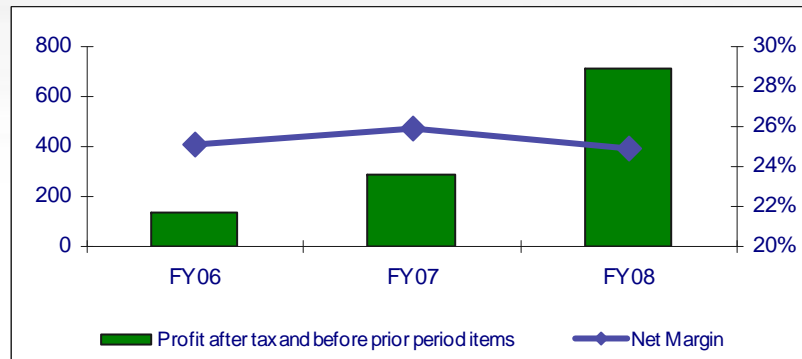


ROE = Profit after tax, minority interest & pre-acquisition profits / Shareholders Fund

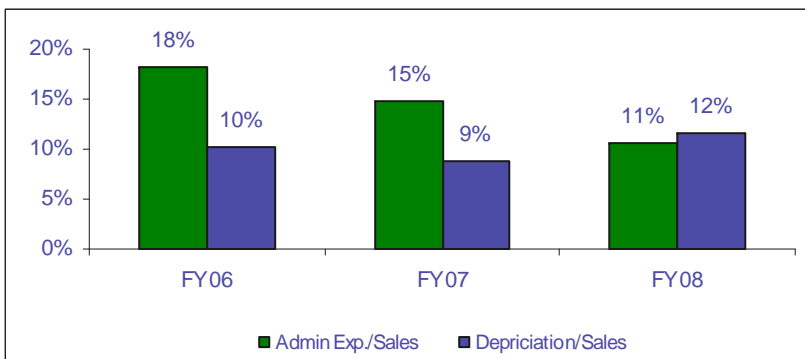
Over 100% growth in top and bottom line



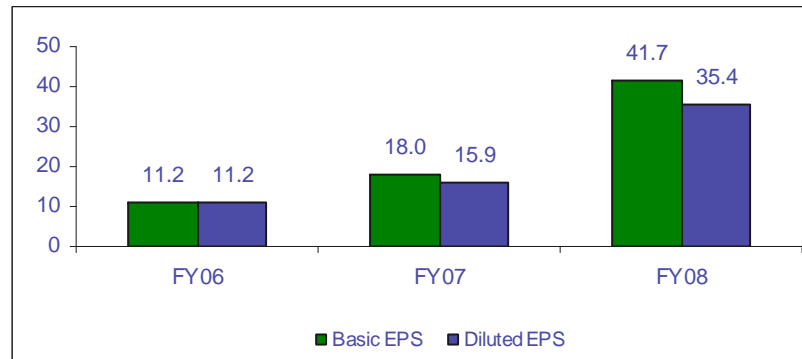
Stable margins with healthy profit growth



Improving operation efficiency

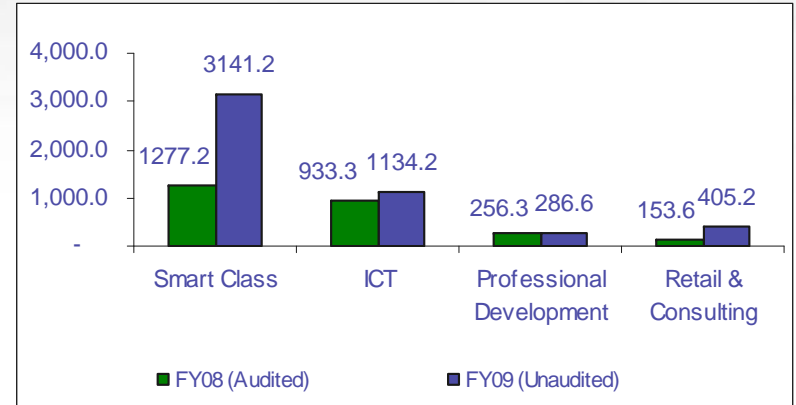
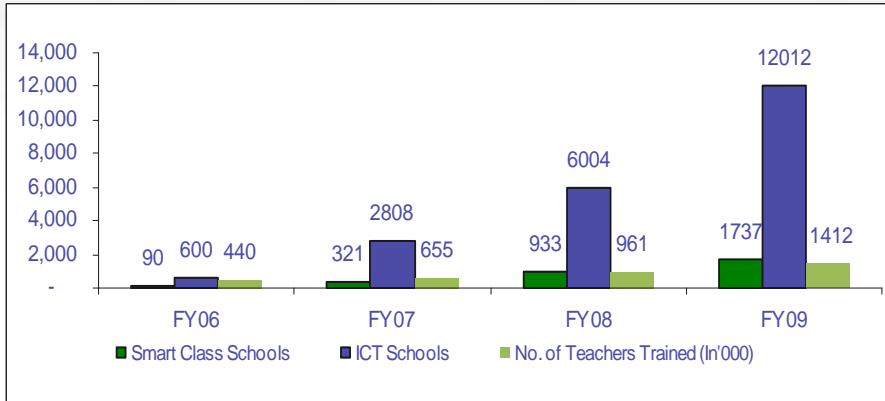


Strong growth in EPS ~ Good valuations

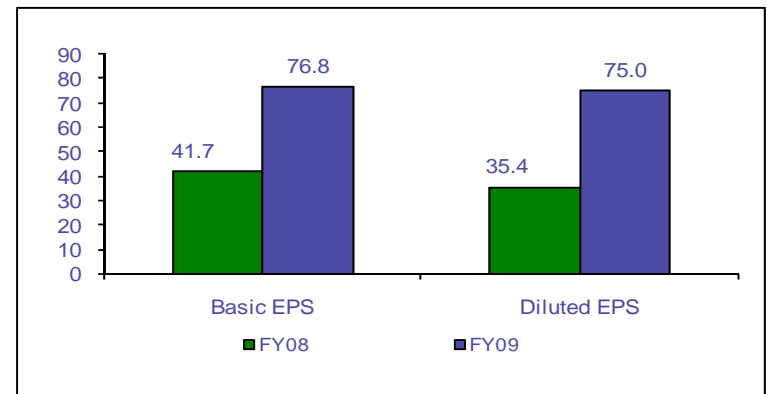
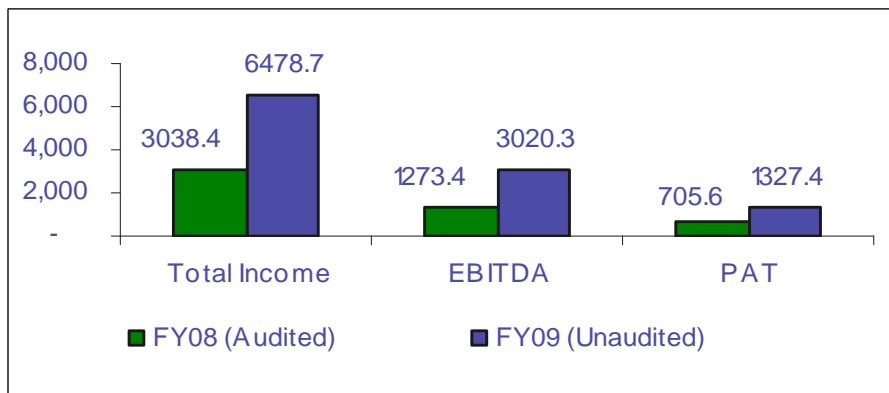


All figures in Rs. mn except per share figures

Increase across each segment of the Enterprise Business



Robust revenue and profit growth



All figures in Rs. mn except per share figures and operational numbers in the first chart

Growth Strategy

Investment Highlights

One of the largest players in Indian education sector with client base of over 23,000 schools and 11 million students

Present in a recession proof industry, targeting mandatory education spend rather than discretionary spend

Macro factors and government support to encourage private participation and growth in the sector

Best positioned because of its large repository of products, annuity driven model and increasing global presence

Experienced Management Team – Best in the industry

Targeting entire education value chain: preschool, K-12, higher education and vocational education

Continues to grow organically and through JV / acquisition / alliances

Revenue and PAT CAGR of over 120% in last three years with low market penetration in major product lines

Leadership position in all market segments in India with high market shares, best positioned to capture future growth