



Education & Related Businesses

Acquisition Proposition – Teaser

December 2018

A IETS: Leader in K-12 Education Services and Vocational Skills Programs

Three spoke revenue model spanning from Education to Employment

- Incorporated in 1997, IL&FS Education & Technology Services Limited (**IL&FS Education or IETS**) is the social infrastructure arm and subsidiary of Infrastructure Leasing & Financial Services Limited (IL&FS)
- Operates primarily across the value chain of bottom-of-pyramid K-12 education & vocational skill development; smaller interests in assessment solutions and industrial cluster development
- Uniquely positioned as a purely professionally managed company operating at critical scale: 15mn people being impacted on daily basis
- IETS has transitioned into a complete platform covering **3Es: Education, Employability and Employment – aligned to UN SDGs**

Snapshot of Businesses and Impact



IL&FS Education and Technology Services Ltd (IETS)

68.90% held by IL&FS Group

A

- Leading Indian player in education sector, providing EdTech services to K-12 schools (both government and private schools)
 - Computer labs/ Digital Classroom solutions: digital education content, edtech devices, and managed services
 - English language training for schools and for employability
 - Developing personalized digital learning platforms for B2C: Geneo, englishbolo
- Presence in 30k+ schools impacting ~12 mn students and teachers

Shareholding

IETS: 80.01%; NSDC: 19.99%

IL&FS Skills Development Corporation Ltd (ISDC)
Employability Skills (TVET)

- **Pioneers in placement linked, market oriented, TVET programs for entry level jobs**
 - Industry partnerships for placements
 - Industry simulated training workshops
 - 360° Approach: Domain, English, IT and soft skills
- 1.8mn youth skilled and upskilled through a network of ~300 institutes across India with a strong placement record

IETS: 100%

B

IL&FS Cluster Development Initiative Ltd (ICDI)
Employment Generation

- Facilitating job creation through SME focused, value chain based clustering
- Turn-key end to end project solutions
- Incubated, through a 100% subsidiary, an online platform that is a marketplace for trading manufacturing capacities
- **Facilitated creation of 500,000 jobs and mobilized ~USD 2bn worth investments, in ~100+ clusters**

IETS: 100%

C

Skill Training Assessment Management Partners Ltd (STAMP)
Assessments Solutions

- Newly created vertical for tech led assessments and knowledge management solutions for K12, TVET and Corporates
- 500k assessments conducted till date

The proposed transaction involves sale of 68.90% of the issued and outstanding equity shares of **A** (including indirect change in control of 80.01% in ISDC) and/ or businesses of **B** and/ or **C** on a slump sale basis; in any combination including all of them

Note: Other shareholders are expected to sell their shareholding in IETS along with IL&FS, subject to their agreeing to the terms being offered for their respective shares in IETS

Our Network and Social Recognition

Our Footprints: Access to ~10% of India's population

Total: 150mn people; 478 districts of India; 37,000 physical centres

75mn: Tertiary Footprint (Catchment)

60mn: Secondary Footprint (including family)

15mn: Direct IETS Footprint

Education	Skills	Others	
Total Schools ~30,000+	Total Centres ~300	Industrial Clusters ~100+	Tele-med & other Centres 352
Students & Teachers ~12mn	Trainees per year 0.2mn		People Impacted ~0.7mn
	Impact till date ~1.8mn	Employed ~ 0.5mn	Digital Literacy 200,000

Our Recognition

2017 National CSR Leadership



Best CSR Impact Initiative

2016 India Didactics Assoc.



Awarded globally recognized IDA Skilling Company

2015 India Didactics Assoc.



Awarded globally recognized IDA - ICT Company

2015 Business Today Magazine



Ranked as one of India's Fastest Growing Emerging Companies

2014, 2017 NSDC



Best Training Partner Award

2012 McKinsey



Recognised for Best Practices at World Economic Forum, Davos

2011 FICCI



Awarded Best Private Sector "Bottom of Pyramid" Skill Provider

2009 Intellectap



The Sankalp high impact award for education

Education: Moving up the Value Chain

From basic IT infrastructure to holistic digital learning solutions

Leveraging content IP in new offerings

Digital learning platforms for B2C

Computer labs in Govt. schools



Catering: 22k+ schools, 10 states

Catering: ~45k classrooms; 2mn students

Catering: 300k subscribers

Providing equitable digital access to students across socio-economic and geographical barriers for improved academic performance

- Setting up computer labs with IT infrastructure and digital content
- Provide trained computer teachers and conduct training of teachers & students
- Operations and maintenance for 5 years

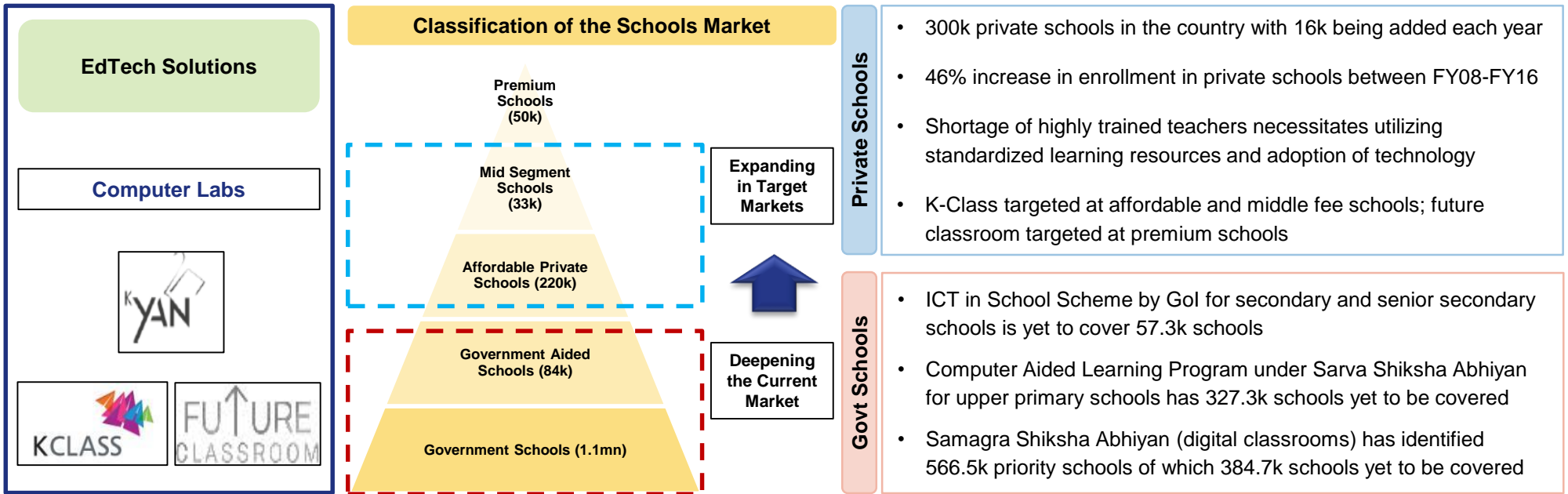
Digital Classroom Solutions centered around K-Yan (patented “6-in-one” interactive, affordable, easy-to-use, teaching-learning device)

- **K Class:** Holistic solution for group learning comprising of K-Yan + digital content + teachers’ training + monitoring and evaluation
- **Future Classroom:** Joint stack of digital content, shareable devices (Chromebooks), collaborative tools for teachers & students in partnership with Google for Education


- **Digital Content:** Developed and owned IP of 8,500+ learning units of curriculum aligned digital content (multimedia lessons & videos, virtual experiments- “exploriments”) bundled with K-Yan and sold to schools as well as to individuals through web-apps
- **English Language Training:** Specialized (trainer & tech enabled) English language learning as a multi segment offering for schools as well as employability

- Geneo, a cloud based app targeted at private schools, includes curriculum aligned content, curated content, continuous assessments and remote mentor support
- englishbolo: a mobile based spoken English offering priced for the mass market
- Offerings witnessing high adoption rates from user base of existing businesses

Education Market Opportunity: IETS Best Positioned to Tap




English Learning at Schools



- Addressable market of 350mn people
- Huge demand for English language training driven by rising aspirations
- Lack of qualified and trained teachers and scalable methodology for English learning
- IL&FS Education has developed instructor led digitally assisted face to face English language training at schools
- Comprehensive technology enabled English language solutions for schools as well as job seeking youth

Personalized Learning Solutions



Geneo

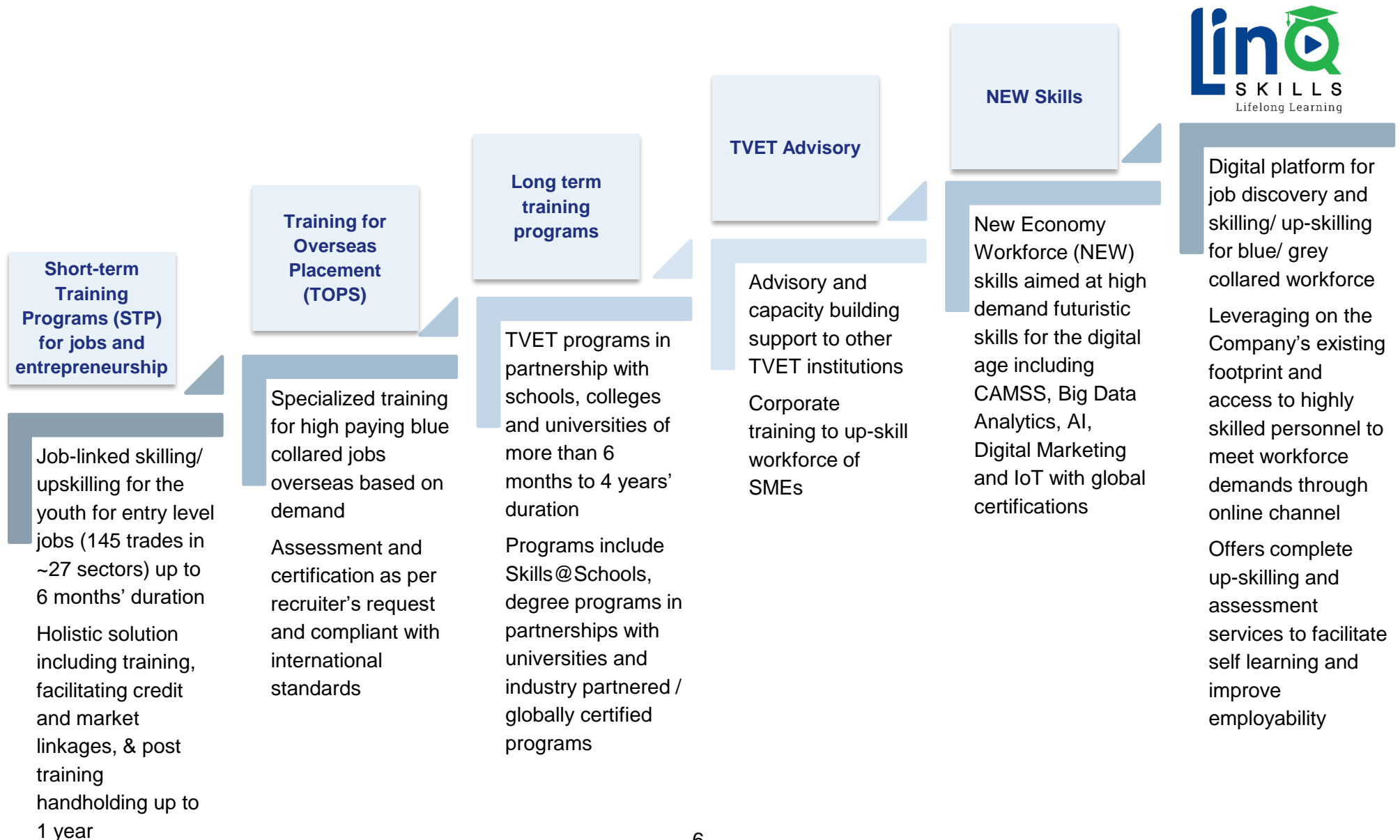
- For CBSE school students of classes 8 to 10 – current addressable market of 20k CBSE schools and ~6mn students; total addressable market 1.4mn schools and 260mn students

englishbolo

- Based on statistics, ~630mn people in India are unable to communicate in English out of which ~350mn people suit the criteria for the products' addressable market

Skills: Transitioning from Training Programs to Digital Training Platform

With services all along the skilled labor mobility curve, IETS Skills is best positioned to tap into the entire value chain of the skilling business



Skills Market Opportunity: Huge Scope, Further Sweetened by Government Initiatives

Government and Public Opportunity

- IL&FS Skills was started with the objective of capturing the growth opportunity in skilling in India when the industry was at a nascent stage; subsequent policy changes and formation of the Ministry of Skill Development and Entrepreneurship (MSDE) has created an organized ecosystem that IL&FS Skills is best positioned to benefit from
- 19% of the Indian population is in the age group of 15-24 years and this number is expected to grow to 34% by FY20 providing a large addressable market
- Government's vision to skill 400mn Indians by 2022 – 250mn are likely to be trained under Government programs and remaining to be skilled by the private sector in partnership with National Skill Development Corporation; Government's annual spending on skills is USD 1bn

Central Govt Schemes

- Spending streamlined through national skills program administered by MSDE along with other central government ministries
- Major schemes PMKVY, DDU-GKY, Himayat, Ustadd etc.
- Reimbursement per candidate fixed as per common norms framework (INR 12-15K for 400 hours course)

State Govt Participation

- A portion of the financial outlay of Central Government Schemes is also allocated to the State Skill Development Missions
- The States also contribute from State funds to implement the various training programs

Partnerships with Educational Institutions

- Degree programs in Vocational Education (in partnership with universities under B.Voc program of UGC)
- Skills@Schools programs in various states: IL&FS Skills has a footprint in 16 such states; addressable market is a total of 250k schools out of which 200k yet to be covered

Private Market Opportunity

- Target audience for the private market opportunity includes school drop outs, 12th pass students, economically challenged, unemployed college graduates and employed youth for skill upgradation programs

CSR initiatives by Corporates

- Corporates mandated to spend 2% of 3 yr avg net profit on CSR which includes employment enhancing vocational skills
- Total CSR budgets have increased to INR 93bn from INR 79bn at a CAGR of 8% between 2015-2017
- IL&FS Skills revenue from corporates at INR 470mn in FY18

Employer / Candidate paid model

- Targeting employers in select sectors such as IT/ ITES, Hospitality and Healthcare
- Employers fund the skill programs from their training budgets
- IL&FS Skills partners with marquee corporates such as Wipro, GE, Reliance, Aditya Birla, Yes Bank and Pro Edge

Overseas Placements

- Over 800k candidates immigrate each year and NSDC has signed bilateral immigration agreements with various countries
- IL&FS Skills is empanelled to send candidates abroad
- Complements the TOPS business with a supply of high quality candidates

B IL&FS Cluster Development Initiative Ltd (ICDI)

Enabling job creation for BOPs through value chain based clustering

Current Portfolio

Solution

- Institutional advisory services on sectoral programs for job creation and enhancing manufacturing competitiveness
- Providing industrial infrastructure solutions to the industry on a cluster format
- Concept to Commissioning services to Government and Industries for establishment/ upgradation of industrial clusters

Model

- Fee per project

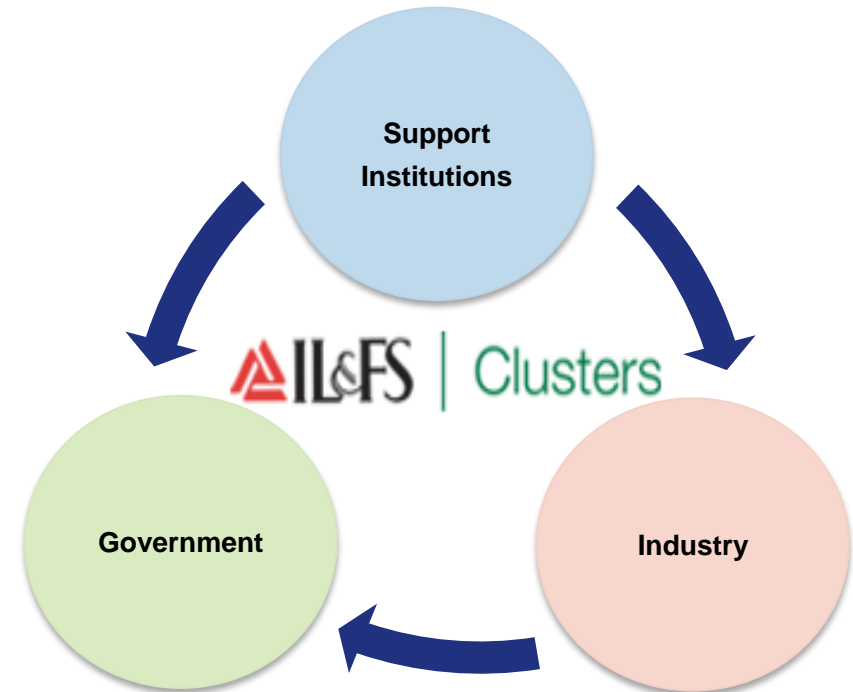
Impact

- 0.5mn jobs created, potential for further 0.5mn jobs through projects underway
- ~80,000 MSMEs impacted
- ~100 clusters developed / up-graded
- USD 2bn worth investments mobilized

Financial Highlights

- For FY18, operational revenue was INR 258mn and EBITDA was INR 26mn

Comprehensive role play bringing all stakeholders together



Intervention Areas

- Policy Formulation & Implementation
- Industrial Infrastructure Development (Greenfield & Brownfield)
- Investment Mobilization
- Enterprise Creation / Development

C Skill Training Assessment Management Partners Ltd (STAMP)

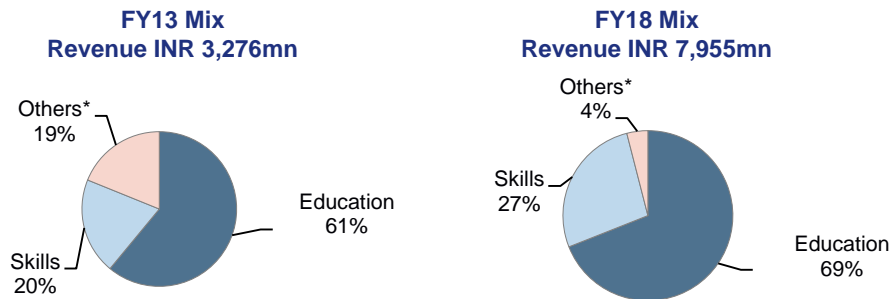
Tech Platform for Assessment and Knowledge Management

Context & Opportunity	<ul style="list-style-type: none"> Assessment market is expected to reach USD 7bn globally by FY 2020 Third Party assessments mandatory for vocational skills programs, continuous assessments in schools prescribed by the Central Board of Secondary Education of India, and the increasing use of technology tools for competency assessments by the Corporates to drive scale 								
Solution	<ul style="list-style-type: none"> A new vertical (STAMP) has been created by IL&FS Education for providing assessment solutions on a life-cycle approach: students, youth (job seekers) and working professionals IL&FS Education has developed in-house technology platform – domiciled in STAMP which is capable of: <ul style="list-style-type: none"> Conducting Large Scale Formative and Summative Assessments in online and offline mode Converting Information into Knowledge to improve productivity Administering end-to-end Assessment and Certification 								
Target Segment	<table border="1"> <thead> <tr> <th data-bbox="394 792 930 878">Education</th> </tr> </thead> <tbody> <tr> <td data-bbox="394 886 930 1122"> <ul style="list-style-type: none"> School students College students Teachers & facilitators </td> </tr> </tbody> </table>	Education	<ul style="list-style-type: none"> School students College students Teachers & facilitators 	<table border="1"> <thead> <tr> <th data-bbox="947 792 1482 878">Vocational Skills</th> </tr> </thead> <tbody> <tr> <td data-bbox="947 886 1482 1122"> <ul style="list-style-type: none"> Sector skill councils Skills training providers Industries </td> </tr> </tbody> </table>	Vocational Skills	<ul style="list-style-type: none"> Sector skill councils Skills training providers Industries 	<table border="1"> <thead> <tr> <th data-bbox="1499 792 2043 878">Corporate</th> </tr> </thead> <tbody> <tr> <td data-bbox="1499 886 2043 1122"> <ul style="list-style-type: none"> Financial Institutions BPO sector Large scale hirers </td> </tr> </tbody> </table>	Corporate	<ul style="list-style-type: none"> Financial Institutions BPO sector Large scale hirers
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Revenue Model	B2B: Fee per person assessed (INR 800-1200)	B2G/B: Fee per person assessed (~INR 500)	B2B: Licensing Fee (INR 2.5 – 4mn)						
Impact	300,000 school children & teachers	100,000 youth assessed	10 corporate clients (100,000 users)						
Financial Highlights	For FY18, operational revenue was INR 48mn with operational break even								

Snapshot of Financial Performance & Impact

Financial Performance

Diversified businesses to cover education to employment
(% of total revenue)



Skills business grew at a CAGR of 27% to INR 2,169mn in the last 5 years driving both overall growth and a favorable change in business mix

Note: * Others includes businesses of ICDI and STAMP

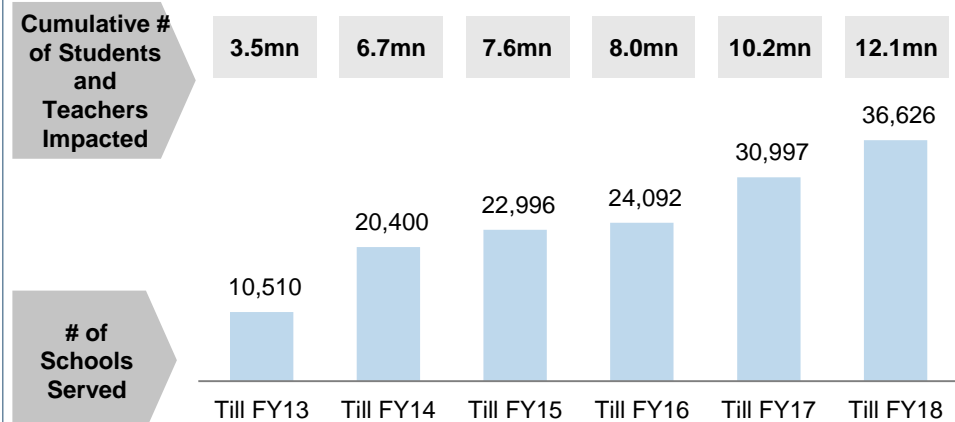
Consolidated Financial Highlights (INR mn)

	FY13	FY18	CAGR
Operational Revenue*	3,276	7,955	19.4%
Operational EBITDA*	440	1,536	28.4%

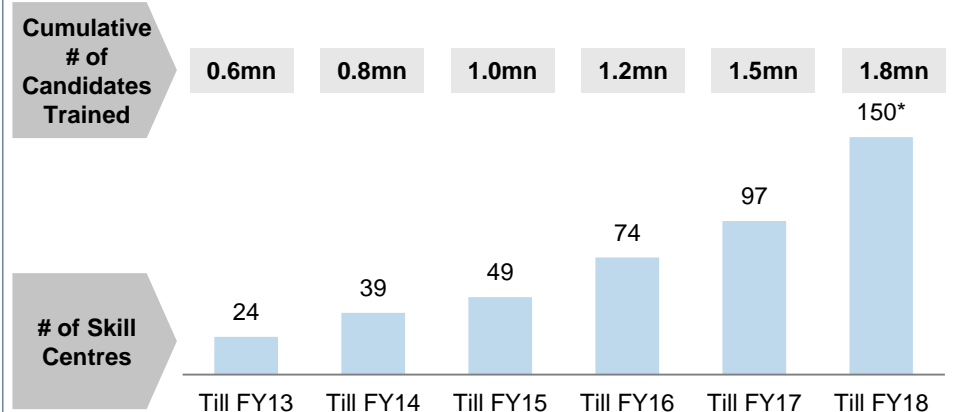
Note: * Operational Revenue & EBITDA includes figures of ICDI and STAMP

Social Impact

Growth in Number of Schools Served

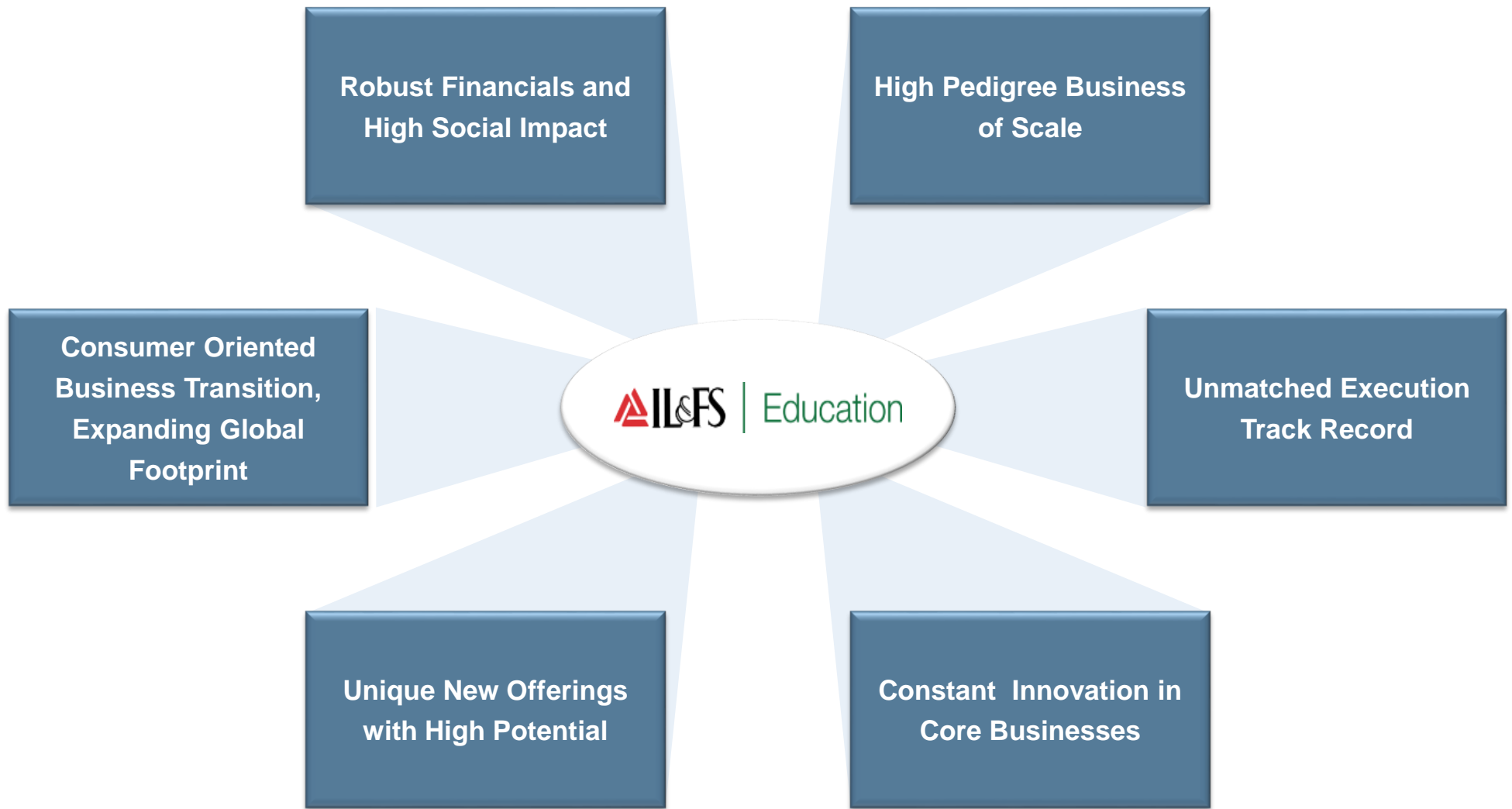


Growth in Number of Skilling Centers (Hubs)



Note: * Additionally company also operates 150 spokes as skilling centres

Key Investment Highlights



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