

# Educomp Solutions Limited

The Bloomberg of Education....



## *INVESTOR UPDATE*

**October 31, 2006**

**QUARTER ENDED SEPTEMBER 2006**

 **Four-S Services**  
Strategies and Services for Stakeholder Success

## Educomp records 123% YoY increase in Net Income from Operations to Rs 197.1mn in the quarter ended September'06

- Profit After Tax up by 92% YoY to Rs 50.6mn

### Financial Highlights - Q2 FY'07 - YoY

- **Net Income from Operations up by 122.7% from Rs 88.5mn to Rs 197.1mn**
  - ✓ Revenues from Smart\_Class - Rs 47.7mn
  - ✓ Revenues of ICT segment - Rs 70.9mn
  - ✓ Revenues from Professional Development - Rs 67.3mn
  - ✓ Revenues from Retail Initiative - Rs 11.2mn
- **Operating Profits up 88.2% to Rs 92.7mn from Rs 49.2mn**
- **Operating Margin down to 47.0% from 55.6%**
  - ✓ Selling, distribution and administrative expenses increased from 17.8% to 24.3% due to greater thrust on increased penetration under Smart\_Class segment
- **PAT up 91.5% from Rs 26.4mn to Rs 50.6mn**
- **Net Profit Margin stands at 25.7%**

### Operational Highlights

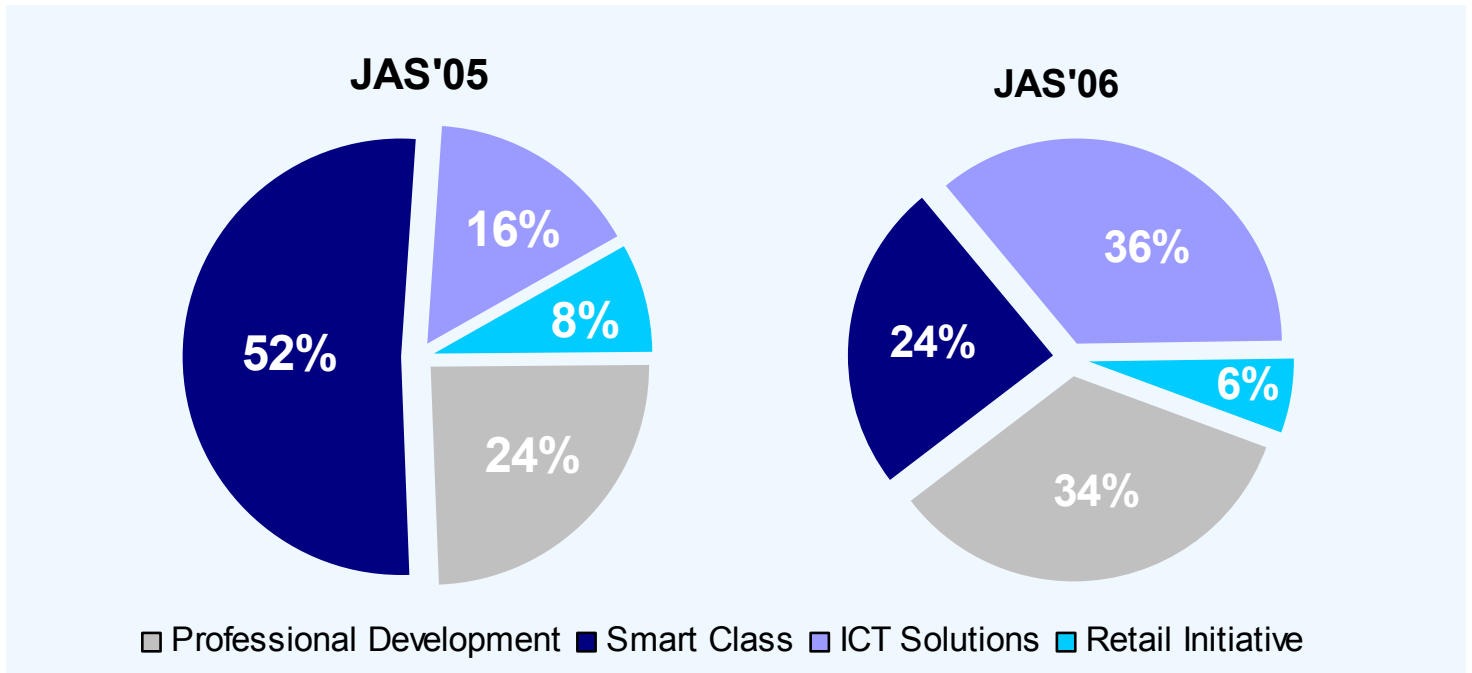
- Incurred **capex of Rs 229.5mn towards Smart\_Class & ICT segment** during the quarter
- **Signed an additional 5 year contract for 70 government schools with the Government of UP** thereby taking the **total number of schools to 1,833 under ICT segment**
- Total **number of schools in Smart\_Class stands at 129** on September'06
- **Marketing professionals & Business Partners under Smart\_Class increased to 50 & 18** respectively
- **The company conducted roadshows in 27 cities in collaboration with Intel & Microsoft** under Smart\_Class segment
- **Trained over 80,000 teachers** in the professional development segment
- **Over 4,000 students registered under Mathguru.com**

### Others Highlights

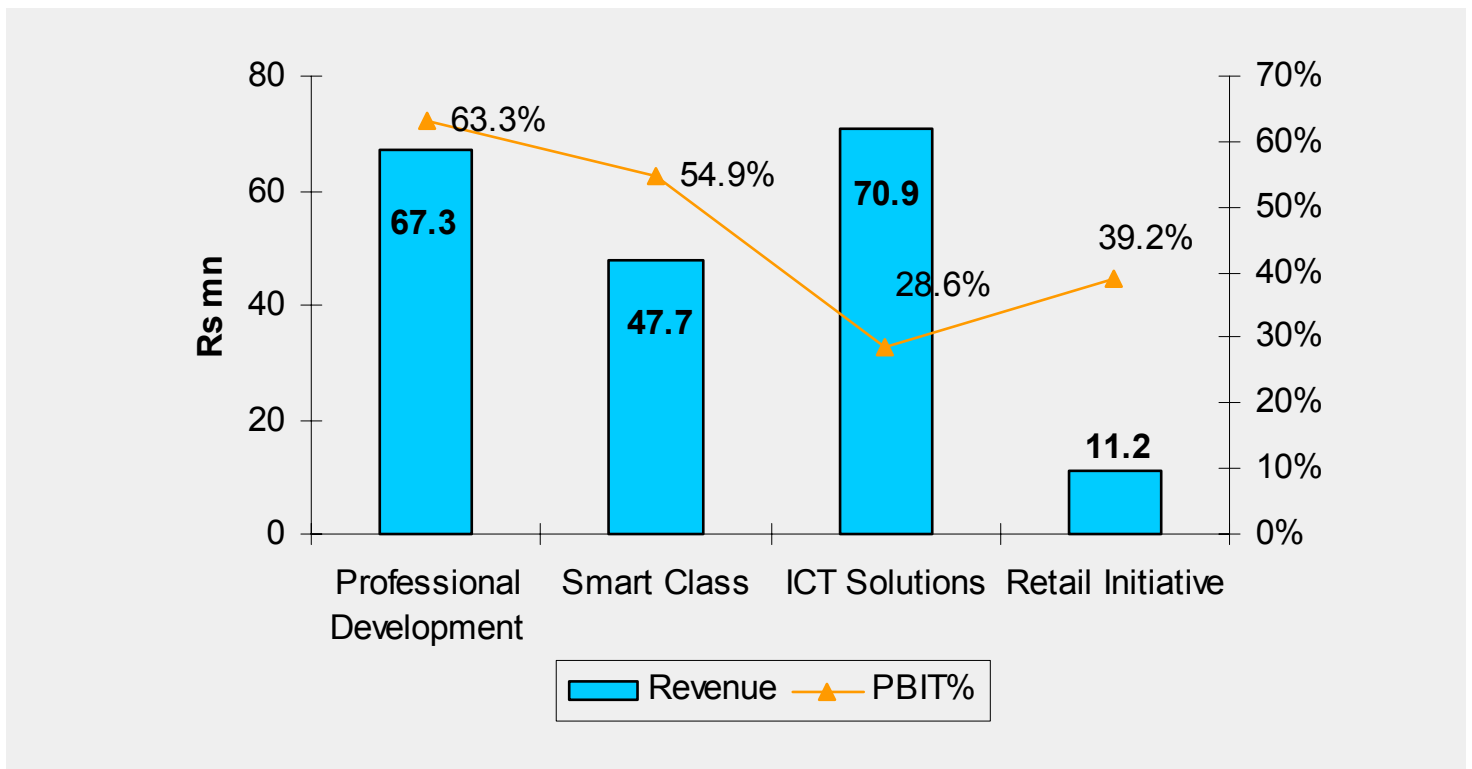
- **Raised FCCBs of US\$ 25mn with a coupon rate of 1% at a conversion price of Rs 900/share** with a maturity date of October 14, 2011

# Segmental Analysis

## Revenue Break-up



## Segmental Performance - JAS'06



## Financials - Quarterly

### Profit and Loss Statement

Figures in Rs mn

Particulars	JAS'05	JAS'06	% Chg YoY
<b>Net Income from Operations</b>	<b>88.5</b>	<b>197.1</b>	122.7%
<b>Total Expenditure</b>	<b>39.3</b>	<b>104.5</b>	165.9%
(a) Purchase of Raw Material	4.2	23.2	448.9%
(b) Increase/decrease in stock in trade	0.8	-0.8	-201.5%
(c) Staff Cost	18.5	34.2	84.4%
(d) Selling, Distribution & Administration expenses	15.7	47.9	204.6%
<b>OPBDIT</b>	<b>49.2</b>	<b>92.7</b>	88.2%
Depreciation & Amortization	14.2	18.7	31.3%
<b>OPBIT</b>	<b>35.0</b>	<b>74.0</b>	111.3%
Finance Charges	1.5	1.1	-30.2%
<b>OPBT</b>	<b>33.5</b>	<b>72.9</b>	117.8%
Other Income	7.8	3.8	-51.1%
<b>PBT</b>	<b>41.3</b>	<b>76.7</b>	85.8%
Tax (including deferred)	14.9	25.4	70.9%
FBT	0.0	0.7	N/A
<b>PAT</b>	<b>26.4</b>	<b>50.6</b>	91.5%
Basic EPS (Rs.)	<b>2.34</b>	<b>3.17</b>	35.5%

### Key ratios %

Key Ratios	JAS'05	JAS'06
OPBDIT/Net Income from Operations	55.6%	47.0%
PAT/ Net Income from Operations	29.9%	25.7%
Total Expenditure/Net Income from Operations	44.4%	53.0%
Consumption of Raw material/Net Income from Operations	5.7%	11.4%
Staff Cost/Net Income from Operations	20.9%	17.3%
Selling, Distribution & Administration expenses/ Net Income from Operations	17.8%	24.3%

\*Given the seasonal nature the industry, the results of any quarter may not be a true indicative of annual performance. Historically company has observed the following seasonality i.e Quarter I amounts to approximate 10 to 12% of the total revenue, Quarter II amounts to approximate 18 to 20% of the total revenue, Quarter III amounts to approximate 25 to 30% and Quarter IV amounts to approximate 38 to 47% of the total revenue

**About Educomp Solutions Ltd.**

Educomp Solutions Ltd is India's largest technology driven education company and a pioneer using digital content to enhance the teaching learning process and a thought leader in Education Process Outsourcing (EPO) in the country. The company provides end-to-end solutions in the education technology domain for the K12 segment (Kindergarten to Class 12) i.e. Digital Curriculum Content (Smart\_Class Program, ICT Solutions, Professional Development), eLearning for individuals (Online Tutoring, Education Process Outsourcing, CDROMs) and Curriculum and Learning Systems (Consulting, Pre-Schools and Middle schools curriculum systems, Whole School Transformation). It employs over 1,200 professionals and has presence in over 2,000 schools in more than 30 cities across the country. The company has partnerships with several major players in the Education Technology space including Intel, Microsoft, World Links, Azim Premji Foundation, GESCI (Global eSchools initiative by United Nations), Wipro etc. It also partners with various governments like Government of Orissa, Tripura, Karnataka, Uttar Pradesh, Ministry of HRD, Ministry etc. Educomp has key long term relationships with DPS Group of Schools, St. Johns, Mayo College, Mothers International School, PSBB Group of Schools, Carmel Convent etc. It was awarded the CNBC ICICI bank emerging India award for Company of the Year 2005 and has been awarded the SM1 and P1 ratings from CRISIL (India's premier rating agency). For more information please visit [www.educomp.com](http://www.educomp.com)

**About Four-S Services Pvt. Ltd**

Four-S Services provides customized business and financial research to organizations across the globe. The company also provides Investor Relations consulting to corporates based on in-depth sectoral and company research. The company has an impressive client profile and a team of experienced analysts covering the key sectors including Finance & Banking, IT & Telecom, Retail, Media & Entertainment, Pharmaceuticals, Infrastructure and Manufacturing amongst others. For further information on the company please visit [www.four-s.com](http://www.four-s.com)

**Forward Looking Statement**

*Certain statements in this document with words or phrases such as "will", "should", etc., and similar expressions or variation of these expressions or those concerning our future prospects are forward looking statements. Actual results may differ materially from those suggested by the forward looking statements due to a number of risks or uncertainties associated with the expectations. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy and changes in government policies. The company may, from time to time, make additional written and oral forward looking statements, including statements contained in the company's filings with the stock exchanges and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.*

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