

Educomp Solutions Limited

The Bloomberg of Education....



INVESTOR UPDATE

January 23, 2007

QUARTER ENDED DECEMBER 2006

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

Educomp records 117.2% YoY increase in Net Income from Operations to Rs 275.7mn in the quarter ended Dec'06

- Profit After Tax up by 113.2% YoY to Rs 82.1mn with Net Profit margin at 29.8%

Financial Highlights – Q3 FY'07 - YoY

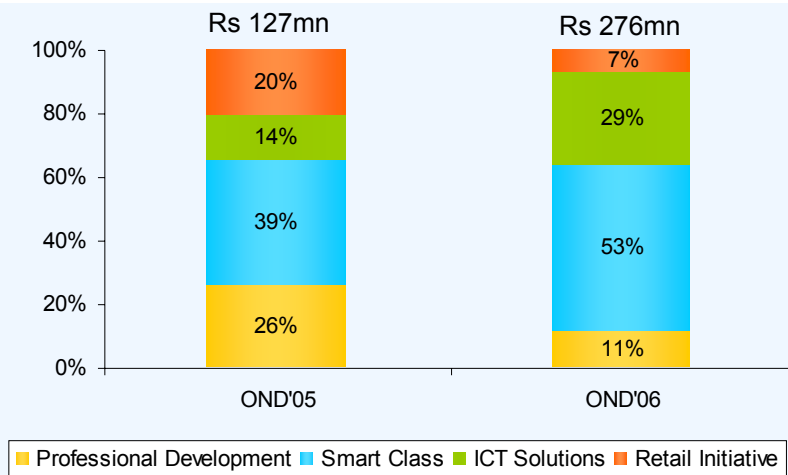
- **Net Income from Operations up by 117.2%** from Rs 127.0mn to **Rs 275.7mn**
 - ✓ Revenues from Smart_Class - Rs 144.9mn
 - ✓ Revenues from ICT - Rs 80.1mn
 - ✓ Revenues from Professional Development - Rs 31.0mn
 - ✓ Revenues from Retail Initiative - Rs 19.7mn
- **Operating Profits up 102.2% to Rs 141.9mn** from Rs 70.2mn
- **PAT up 113.2%** from Rs 38.5mn to **Rs 82.1mn**

Operational Highlights

- **228 schools signed for Smart_Class as on 31st Dec'06**
 - Implementation in 204 schools.
 - Increased penetration with 11 new cities covered.
- **1,833 schools covered under ICT segment**
 - Qualified order pipeline of 364 schools.
- **Trained over 37,700 teachers** in the professional development segment
- **Over 4,431 students registered & subscribed under Mathguru.com** for the current academic year.
- **First pre-school under Roots-to-Wings** commenced operations with 150 students. Targeting to set up 2 more schools by end of FY'07.
- **Capex of Rs 410mn in Smart_Class, ICT & Intellectual Property** during the 9M FY'07.

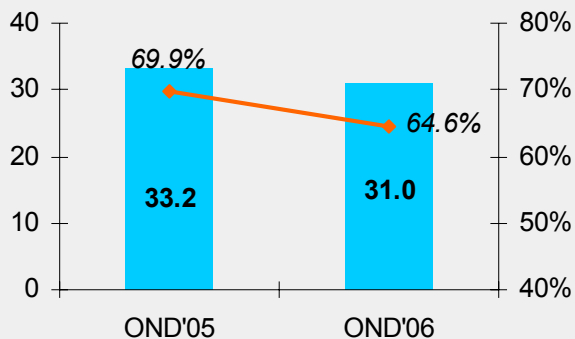
Segmental Analysis

Revenue Break-up

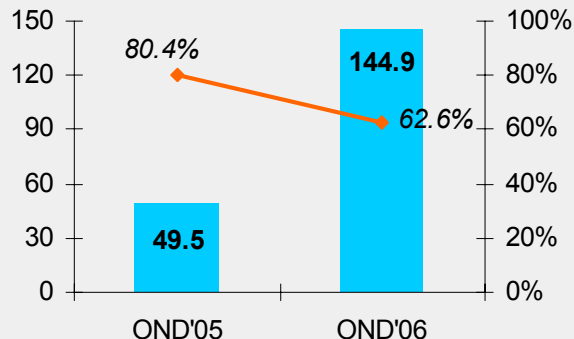


Segmental Performance - OND'06

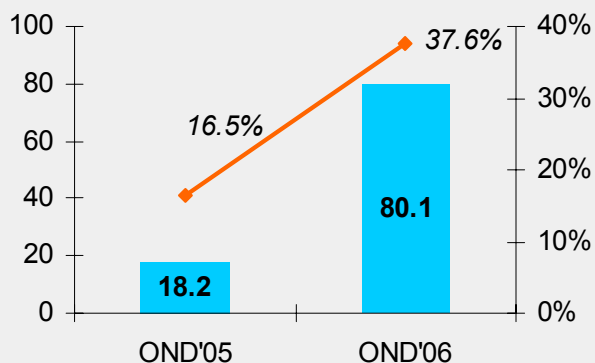
Professional Development



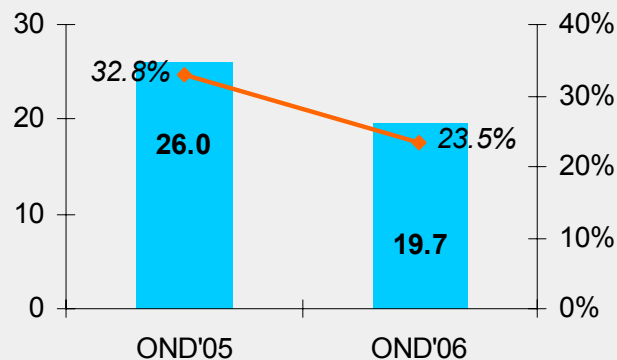
Smart Class



Instructional & Computing Technology (ICT)



Retail Initiative



■ Revenues — PBIT Margins

Figures in Rs mn

Financials - Quarterly

Profit and Loss Statement

Figures in Rs mn

Particulars	OND'05	OND'06	% Chg YoY
Net Income from Operations	127.0	275.7	117.2%
Total Expenditure	56.9	133.8	135.6%
(a) Purchase of Raw Material	15.4	85.5	456.5%
(b) Increase/decrease in stock in trade	0.1	1.1	3,111.1%
(c) Staff Cost	18.4	19.0	3.4%
(d) Selling, Distribution & Administration expenses	23.0	28.2	22.4%
OPBDIT	70.1	141.9	102.2%
Depreciation & Amortization	14.5	29.7	105.2%
OPBIT	55.6	112.2	101.5%
Finance Charges	1.2	4.5	275.5%
OPBT	54.4	107.7	97.7%
Other Income	2.7	16.3	510.1%
PBT	57.1	124.0	117.0%
Tax (including deferred)	17.6	41.5	135.4%
FBT	1.0	0.4	-58.0%
PAT	38.5	82.1	113.2%
Basic EPS (Rs.)	3.22	5.1	59.6%

Key ratios %

Key Ratios	OND'05	OND'06
OPBDIT/Net Income from Operations	55.3%	51.5%
PAT/ Net Income from Operations	30.3%	29.8%
Total Expenditure/Net Income from Operations	44.7%	48.5%
Consumption of Raw material/Net Income from Operations	12.1%	31.4%
Staff Cost/Net Income from Operations	14.5%	6.9%
Selling, Distribution & Administration expenses/ Net Income from Operations	18.1%	10.2%

*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

Financials – 9Months

Profit and Loss Statement

Figures in Rs mn

Particulars	9M FY'06	9M FY'07	% Chg YoY
Net Income from Operations	269.0	566.5	110.6%
Total Expenditure	124.5	297.0	138.5%
(a) Purchase of Raw Material	20.3	124.7	515.0%
(b) Increase/decrease in stock in trade	2.4	-0.6	-123.8%
(c) Staff Cost	52.4	74.6	42.4%
(d) Selling, Distribution & Administration expenses	49.4	98.3	98.9%
OPBDIT	144.5	269.5	86.6%
Depreciation & Amortization	40.5	62.1	53.5%
OPBIT	104.0	207.4	99.5%
Finance Charges	4.1	6.3	52.9%
OPBT	99.9	201.1	101.4%
Other Income	11.4	28.9	152.4%
PBT	111.3	230.0	106.6%
Tax (including deferred)	37.2	76.7	106.1%
FBT	1.1	1.8	69.9%
PAT	73.0	151.5	107.5%
Basic EPS (Rs.)	6.41	9.49	48.0%

Key ratios %

Key Ratios	9M FY'06	9M FY'07
OPBDIT/Net Income from Operations	53.7%	47.6%
PAT/ Net Income from Operations	27.1%	26.7%
Total Expenditure/Net Income from Operations	46.3%	52.4%
Consumption of Raw material/Net Income from Operations	8.4%	21.9%
Staff Cost/Net Income from Operations	19.5%	13.2%
Selling, Distribution & Administration expenses/ Net Income from Operations	18.4%	17.4%

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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 1,300 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

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

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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