



Investor Update

Educomp Solutions Ltd.

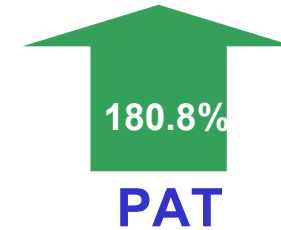
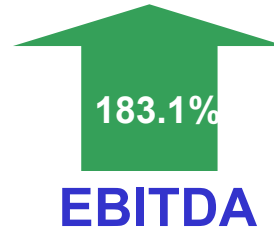
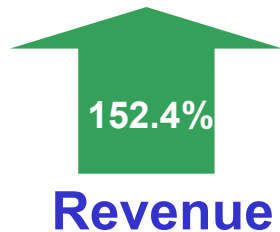
Q1 FY'09 (April to June, 2008)



July 25, 2008

- 1. Financial Review**
- 2. Operational Highlights**
- 3. Segmental Performance**
- 4. Financial Statements**
- 5. Shareholding Pattern**

Performance Review Q1 FY'09 Vs. Q1 FY'08

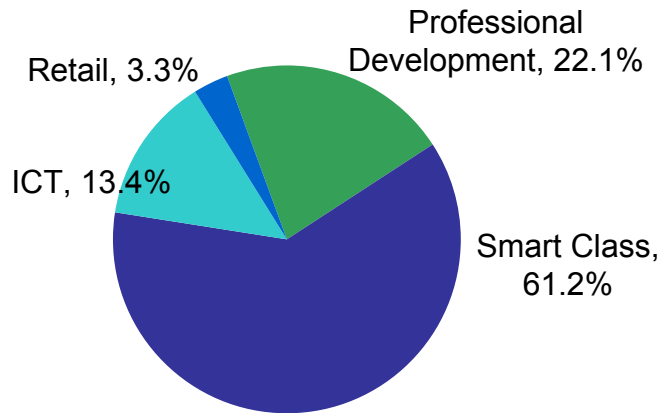


- **Revenues up 152.4%** from Rs 275.0mn to Rs 694.1mn driven by strong growth across key business segments
 - Smart_Class up 180.2% to Rs 471.9mn
 - ICT up 118.9% to Rs 80.5mn
 - Retail & Consulting up 797.8% to Rs 81.5mn
 - Professional Development revenues of Rs 60.3mn
- **EBITDA up 183.1%** from Rs 133.8mn to Rs 378.8mn and EBITDA margin improved by 600bps from 48.6% to 54.6% due to increased contribution from Smart Class segment
- **PAT up 180.8%** from Rs 59.7mn to Rs 167.7mn
- **Incurred ESOP expense of Rs 24.7mn and forex loss of Rs 75.9mn during Q1 FY'09. Excluding these expenses, PAT would have been Rs 268.3mn, with PAT margin of 38.7%**
- **Debtor days have consistently reduced** from 160 days as on March 31, 2008 to 158 days as on June 30, 2008

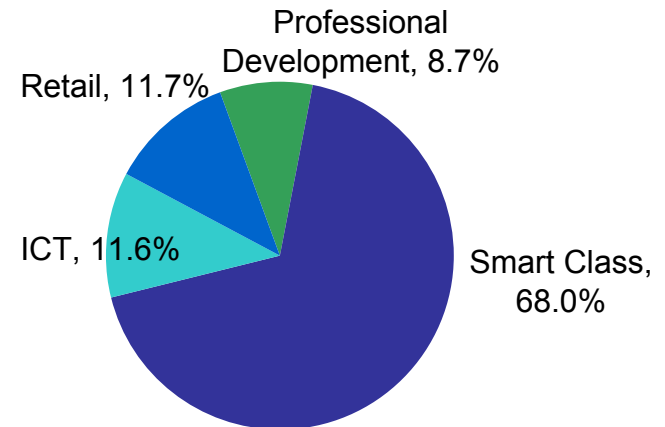
**Given the seasonal nature the industry, the results of any quarter may not be a true indicative of annual performance. Historically company has observed the following seasonality i.e. Quarter I amounts to approximate 10 to 12% of the total revenue, Quarter II amounts to approximate 18 to 20% of the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

Revenue Break-Up

Q1 FY'08 – Rs 275.0mn

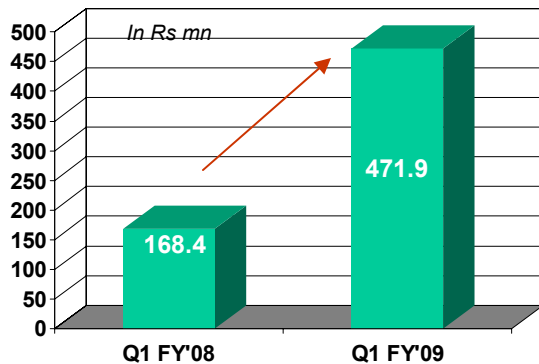


Q1 FY'09 – Rs 694.1mn



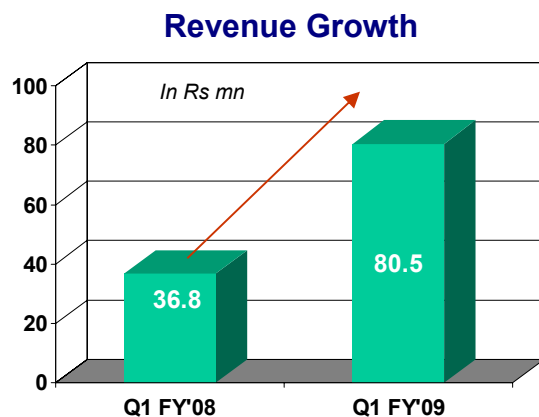
Smart_Class

Revenue Growth



- Signed and implemented Smart Class in 103 new schools during Q1FY'09 to take the total number of schools to 1,036
- Total number of students under Smart_Class reached over 1.1mn
- Current order book of Rs 6,920mn
- Capex of Rs 275.8mn incurred during Q1 FY'09 for executing the Smart Class Business
- Rs 40mn spent for content and IP creation during the Q1 FY'09
- 175 sales people at the beginning of the FY09 selling season
- Introduced new “Interactive WhiteBoard – “DIGIBOARD” technology which will reduce cost per classroom by 20%

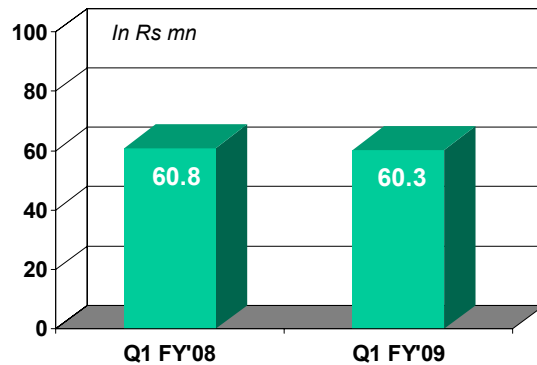
ICT Solutions



- Added 1,285 schools during the quarter to take the total number of schools to 7,289
- Increased reach to 13 states
- Received contract from School Education Department, Government of Andhra Pradesh, for implementing computer aided learning in 890 high schools under BOOT model
- Secured contracts for 395 schools comprising of 208 schools in Rajasthan and 187 schools in Jharkhand
- Current order book of Rs 250mn
- Expanding the range of content led offerings . MagiKeys , a unique software for language learning launched. Pilot order in 50 schools received from Tamil Nadu
- Forayed into content supply for EDUSAT project with a pilot implementation in PUNJAB
- Received trial orders for MATHLAB (An Educomp R&D product) from Kancheepuram District in Tamil Nadu

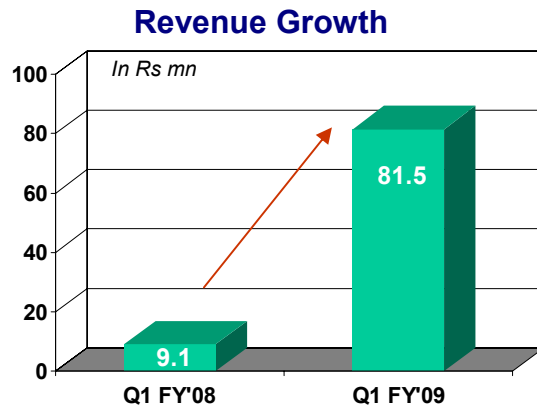
Professional Development

Revenue Growth



- Trained 75,356 teachers during Q1 FY'09
- Cumulative number of teachers trained increased to 1.13mn as on June 30, 2007
- Strong training pipeline

Retail & Consulting



- **Added 13,396 users for Mathguru.com** during the quarter
- **Under Roots 2 wings**, the company has 35 franchisees (including 3 running schools) with a target to sign up with 100 franchisees by the year end
- **Under K-12 initiatives**, the company has 8 operational schools with over 7,000 students
- ✓ Funds fully tied up for next two years with debt of Rs 9,400mn tied up with Banks and Rs 500mn of additional equity contribution from Educomp. Fully funded business plan for FY09 and FY10
- ✓ Three- Brics e-Services Pvt has set up 7 learning centres operational in NCR

Some of the Operational Schools



PSBB Millennium, Chennai



PSBB Learning Leadership Academy



PSBB Learning Leadership Academy II



The Millennium School, Noida



The Millennium School, Mohali

- **Acquired 51% stake in the US based Learning.com for \$24.5mn in May, 2008**, the premier provider of Web-delivered curriculum and assessment, partners with schools and districts to improve student learning outcomes. The deal marks a significant step forward for Educomp in its globalization strategy as it gives broader access to the US, the largest Education market in the world, as well as an opportunity to enhance capabilities through Learning.com's award winning solutions
- ✓ **Expansion of Service Offerings:** The acquisition enhances Educomp's capabilities to provide web delivered curriculum to its 4mn students in India and South East Asia through Learning.Com's award winning solutions. The company launched EasyTech, its technology literacy curriculum, in 2001, followed by TechLiteracy Assessment, its technology literacy assessment in 2006. Aha!Math, a supplemental math curriculum, was released in 2007.
- ✓ **Access to the US Markets:** The partnership provides Educomp with unparalleled distribution access for its products through Learning.com's strong footprint in the US that serves approximately 2mn school students across 800 districts. US is the largest education market in the world with 145,000 Secondary Schools in the US and the government in its federal budget 2009 has specifically marked \$175mn for programs aimed at improving math and science instruction in K-12 schools.

- **Two strategic Joint Ventures with Singapore's Raffles Education Corp in May, 2008.** to tap the large and growing Education market in India and China. The agreement marks the coming together of two of Asia's leading private education players to explore strong growth opportunities in the region. Raffles and Educomp will together invest US \$100-150mn over the over the next 2-3 years.
- ✓ **In India, Educomp gains an experienced partner to develop a presence in the \$7.25bn professional education and vocational training market,** where as Raffles has the advantage of working with the country's largest technology driven education player.
- ✓ **In China, there is opportunity to explore K-12 business initiatives with a partner that has over 14 years of experience in the market,** given Educomp's strong experience in the K-12 domain.

- **Acquisition of strategic stake in A-Plus Education Solutions Pvt Ltd in July, 2008 and will invest Rs 107.5mn over the next two years to acquire 76% stake in the company.**
- ✓ **A-Plus, operates under the brand name “Purple Leap” that focuses on the area of improving the employability of college graduates.** The company will focus on preparing students currently studying in over 15,000 colleges in the country and make them workplace ready.
- ✓ **The company is run by a team of four young professionals,** who are graduates from India’s premier institutions such as XLRI and IIM Bangalore.

Amount in Rs mn

Particulars	Q1 FY'08	Q1 FY'09	% Chg YoY
Net Income from Operations	275.0	694.1	152.4%
Total Expenditure	141.3	315.4	123.2%
Purchase of Raw Material	27.9	45.3	62.1%
Increase/decrease in stock in trade	-3.1	(3.7)	17.3%
Staff Cost	79.4	117.4	48.0%
Selling, Distribution & Administration expenses	37.1	156.3	321.4%
EBIDTA	133.8	378.8	183.1%
Depreciation & Amortization	52.7	134.6	155.6%
Finance Charges	5.7	14.2	148.8%
OPBT	75.4	229.9	204.9%
Other Income	38.6	26.9	-30.4%
PBT	114.0	256.8	125.2%
Tax (including deferred)	54.3	89.1	64.1%
PAT	59.7	167.7	180.8%
Basic EPS (Rs.)	3.70	9.71	162.4%
Diluted EPS (Rs.)	0.86	16.67	1838.4%

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Key Ratios (as a % of Net Income from Operations)	Q1 FY'08	Q1 FY'09
EBIDTA Margin	48.6%	54.6%
PAT Margin	21.7%	24.2%
Total Expenditure	51.4%	45.4%
Consumption of Raw material	9.0%	6.0%
Staff Cost	28.9%	16.9%
Selling, Distribution & Administration expenses	13.5%	22.5%

Consolidated Results

Consolidated Data	Q1 FY'09
Consolidated Turnover	860.3
Consolidated Profit after tax	165.5
Consolidated EPS	
Basic	9.58
Diluted	16.55

Amount in Rs mn

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Amount in Rs mn

Revenues	Q1 FY'08	Q1 FY'09	% Chg YoY
Professional Development	60.8	60.3	-0.8%
Smart Class	168.4	471.9	180.2%
ICT Solutions	36.8	80.5	118.9%
Retail & Consulting	9.1	81.5	797.8%
Total Net Sales/ Income from Operations	275.0	694.1	152.4%

PBIT	Q1 FY'08	Q1 FY'09	% Chg YoY
Professional Development	35.9	40.4	12.6%
Smart Class	95.7	295.3	208.5%
ICT Solutions	11.8	27.1	128.3%
Retail & Consulting	5.3	44.3	742.3%
	148.7	407.0	173.8%
Less: Interest (Net)	5.7	14.2	148.8%
Other un-allocable expenses (net of un- allocable)	28.9	136.0	370.1%
Total Profit before Tax	114.0	256.8	125.2%

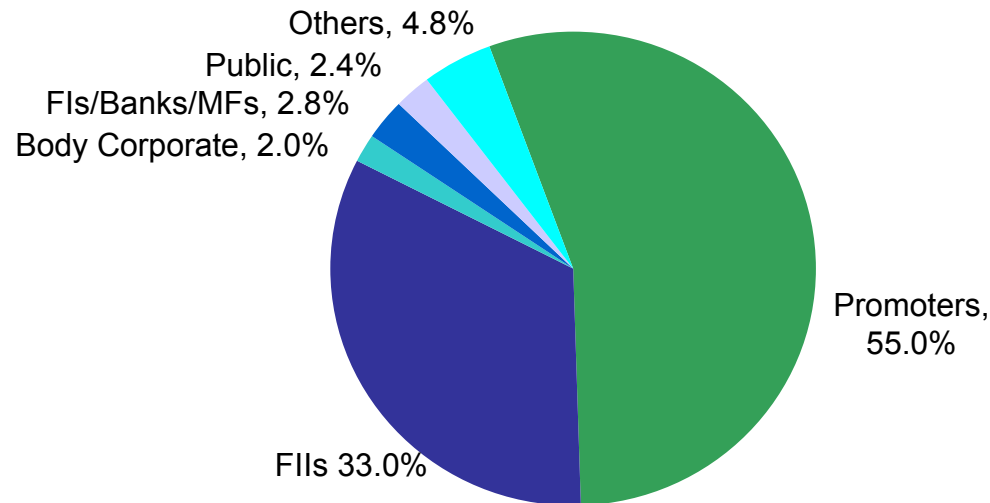
Capital Employed	Q1 FY'08	Q1 FY'09	% Chg YoY
Professional Development	91.2	234.6	157.2%
Smart Class	544.3	1,982.4	264.2%
ICT Solutions	305.0	678.7	122.5%
Retail & Consulting	30.7	57.3	86.8%
Total Capital Employed	971.2	2,953.0	630.8%

PBIT Margins	Q1 FY'08	Q1 FY'09
Professional Development	59.0%	67.0%
Smart Class	56.8%	62.6%
ICT Solutions	32.2%	33.6%
Retail & Consulting	58.0%	54.4%

Revenue Break up	Q1 FY'08	Q1 FY'09
Professional Development	22.1%	8.7%
Smart Class	61.2%	68.0%
ICT Solutions	13.4%	11.6%
Retail & Consulting	3.3%	11.7%

As on 30th June 2008

Equity Shares Outstanding-17,280,414



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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). The company has partnerships with several major players in the Education Technology space including Microsoft, World Links and Wipro etc. It also partners with various governments like Government of Orissa, Tripura, Karnataka, Uttar Pradesh, Gujarat, Haryana, Assam, Chattisgarh, 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. For more information please visit www.educomp.com

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