



Q1 FY13 Investor Update

(Quarter ended June 2013)

13th Aug 2012



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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Q1 FY13 Consolidated Results

Rs mn	Q1 FY13	Q1 FY12	YoY (%)	FY12
Operational Revenue	3,253	2,924	11%	14,913
Other Income	130	67	93%	312
Total Revenue	3,383	2,992	13%	15,224
EBITDA before Forex gains/(losses)	871	1,038	-16%	4,587
EBIDTA Margin (%) (before Forex)	27%	35%		31%
Forex gains/(losses)	(162)	(6)		(453)
EBITDA after Forex gains/(losses)	709	1,032	-31%	4,133
EBIDTA Margin (%) (after Forex)	22%	35%		28%
Depreciation	302	252	20%	1,070
EBIT (incl Other Income)	537	848	-37%	3,375
EBIT Margin (%)	16%	28%		22%
Interest	473	341	39%	1,445
PBT (after Minority Interest and share of Profit/(loss) in associates)	64	507	-87%	1,930
PBT Margin (%)	2%	17%		13%
PAT	49	366	-87%	1,355
PAT Margin (%)	1%	12%		9%

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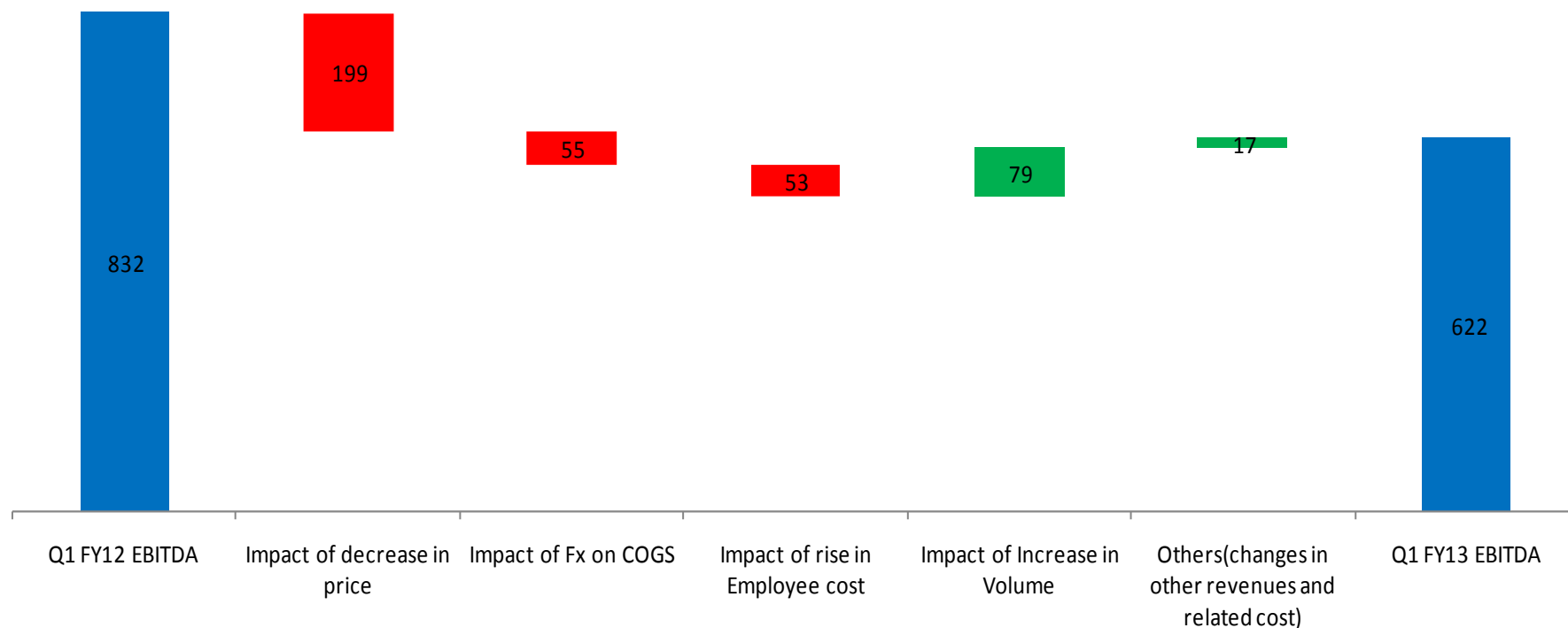
Q1 FY13 Standalone Results

Rs mn	Q1 FY13	Q1 FY12	YoY (%)	FY12
Operational Revenue	2,077	1,857	12%	10,765
Other Income	35	74	-54%	154
Total Revenue	2,111	1,931	9%	10,919
EBITDA before Forex gains/(losses)	622	832	-25%	4,132
EBIDTA Margin (%) (before Forex)	30%	45%		38%
Forex gains/(losses)	(182)	(5)		(453)
EBITDA after Forex gains/(losses)	441	827	-47%	3,679
EBIDTA Margin (%) (after Forex)	21%	45%		34%
Depreciation	128	118	8%	474
EBIT (incl Other Income)	347	783	-56%	3,360
EBIT Margin (%)	16%	41%		31%
Interest	267	215	24%	915
PBT (after Minority Interest and share of Profit/(loss) in associates)	80	567	-86%	2,445
PBT Margin (%)	4%	29%		22%
PAT	115	435	-74%	1,889
PAT Margin (%)	5%	23%		17%

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EBITDA Bridge (Standalone basis)

EBITDA Bridge (INR Million)



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Cash Flow Statement – Q1 FY13 Consolidated

Rs mn	Q1 FY13	Q1 FY12	FY12
PAT	49	366	1,355
Depreciation	302	252	1,070
Cash Profit "A"	351	618	2,425
Capex (net)	609	2,439	3,812
Changes in Working Capital (net)	1,325	2,443	4,775
Investments (net)	5	(177)	298
Sub-total "B"	1,939	4,705	8,886
Cash Surplus / (deficit) from Operations "C= A-B"	(1,589)	(4,087)	(6,461)
Dividend "D"	0	0	81
Net Surplus / (deficit) after Divided "E = C-D"	(1,589)	(4,087)	(6,541)
Increase / (dec) in Borrowed Funds "F"	938	1,827	4,401
Overall Cash Surplus / (deficit) " G =E+F"	(651)	(2,260)	(2,141)
Others "H"	(324)	(6)	(143)
Overall Cash Surplus / (deficit) " I =E+F"	(975)	(2,266)	(2,284)
Opening Cash & Bank Balances	2,205	4,489	4,489
Closing Cash & Bank Balances	1,230	2,223	2,205

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Cash Flow Statement – Q1 FY13 Standalone

Rs mn	Q1 FY13	Q1 FY12	FY12
PAT	115	435	1,889
Depreciation	128	118	474
Cash Profit "A"	243	554	2,363
Capex (net)	90	59	604
Changes in Working Capital (net)*	637	982	2,028
Investments (net)	922	2,158	3,351
Sub-total "B"	1,649	3,199	5,983
Cash Surplus / (deficit) from Operations "C= A-B"	(1,406)	(2,645)	(3,620)
Dividend "D"	0	0	57
Net Surplus / (deficit) after Divided "E = C-D"	(1,406)	(2,645)	(3,677)
Increase / (dec) in Borrowed Funds "F"	1,020	1,351	2,781
Overall Cash Surplus / (deficit) " G =E+F"	(385)	(1,294)	(897)
Others "H"	(369)	(1)	(108)
Overall Cash Surplus / (deficit) " I =G+H"	(754)	(1,294)	(1,005)
Opening Cash & Bank Balances	1,156	2,161	2,161
Closing Cash & Bank Balances	402	866	1,156

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Segmental Results – Q1 FY13 Consolidated

Rs mn	Q1 FY13	Q1 FY12	YoY (%)	FY12
School Learning Solutions (SLS)*				
Revenue	1,796	1,807	-1%	10,570
EBIT	619	845	-27%	4,299
EBIT Margin (%)	34%	47%		41%
K-12 Schools				
Revenue	510	440	16%	1,756
EBIT	201	162	24%	538
EBIT Margin (%)	39%	37%		31%
Higher Learning Solutions (excl Prof Dev)				
Revenue	126	115	10%	523
EBIT	-89	-90		-393
EBIT Margin (%)	NM	NM		NM
Higher Learning Solutions (incl Prof Dev)				
Revenue	141	148	-5%	627
EBIT	-91	-76		-375
EBIT Margin (%)	NM	NM		NM
Online, Supplement & Global (excl Learning.com)				
Revenue	600	254	137%	1,135
EBIT	19	-4		-142
EBIT Margin (%)	3%	NM		NM
Online, Supplement & Global (incl Learning.com)				
Revenue	805	530	52%	1,961
EBIT	-17	37		-247
EBIT Margin (%)	NM	7%		NM

* Professional Development is the Teacher Training business where we work with Microsoft and Intel for teacher training projects in schools



SmartClass at a glance – Reaches 6.4 million students in 13,505 schools

Rs mn	Q1 FY13	Q1 FY12	YoY (%)	FY12
Operating Revenues	150	154	-3%	9,392
EBIT	54	80	-32%	4,127
EBIT Margin	36%	52%		44%
No of schools added	853	664	28%	6,114
No of classrooms added	6,151	5,288	16%	40,023
Avg No of Classrooms per school	7.2	8.0	-9%	6.5
Cumulative No of Students covered (mn)	6.4	4.5		6.1
Avg Selling Price per classroom (Rs lakh)	3.2	3.4	-7%	3.6

In Q1FY12, we had reported Avg. Selling Price of Rs 4.04 lacs per classroom, which excluded additional classrooms sold to existing schools

The Average price reported here is the blended price per classrooms including new + additional classrooms

Going forward, we will report average pricing on the blended basis (including all classrooms)

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Consolidated Balance Sheet

Rs mn	Q1 FY13	as on 31-3-2012
Liabilities		
Shareholder Funds	25,180	25,045
Non-Current Liabilities	10,553	10,004
Current Liabilities	15,951	14,813
Minority Interest	2,792	2,762
Total Liability	54,476	52,624
Assets		
Goodwill	10,696	10,694
Net Fixed Assets (Including CWIP)	17,266	16,958
Investments	993	988
Other non-current assets	9,488	8,948
Cash and banks balances	1,230	2,205
Trade receivables	12,028	10,289
Other current assets	2,776	2,542
Total Assets	54,476	52,624

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Balance Sheet Ratios (Consolidated)

Rs mn	Q1 FY13	as on 31-3-2012	Q1 FY12
Gross Debt	20,321	19,438	16,183
Cash & Bank Balance	1,230	2,205	2,223
Net Debt	19,091	17,233	13,960
D/E with contingent liability	1.29	1.14	1.17
D/E without contingent liability	0.81	0.78	0.73

Other Ratios	Q1 FY13	as on 31-3-2012
Debtor Days	288	252
Inventory Days	18	22
Creditor Days	247	245

FCCB payment update

- Educomp received USD 155 million from International Finance Corporation, Proparco, Mount Kellett and the Promoter Group as part of a financial package, in July 2012
- The USD 155 million comprises of:
 - USD 70 million as ECB from IFC and Proparco (term of 8.5 years with 3 years moratorium)
 - USD 10 million as FCCB from IFC, convertible into equity shares of the company at a premium of 40% to the then floor price
 - USD 50 million as equity from IFC, Proparco and Mount Kellett; and
 - USD 25 million from the Promoter group comprising USD 15 million of equity and USD 10 million of equity warrants, at a price of Rs. 193.74 per share, representing a premium of 44% to the then closing price
- Using these funds Educomp paid off its outstanding FCCB's in full (including outstanding principal of USD 78.5 million and redemption premium of approx. USD 32.25 million) on the due date

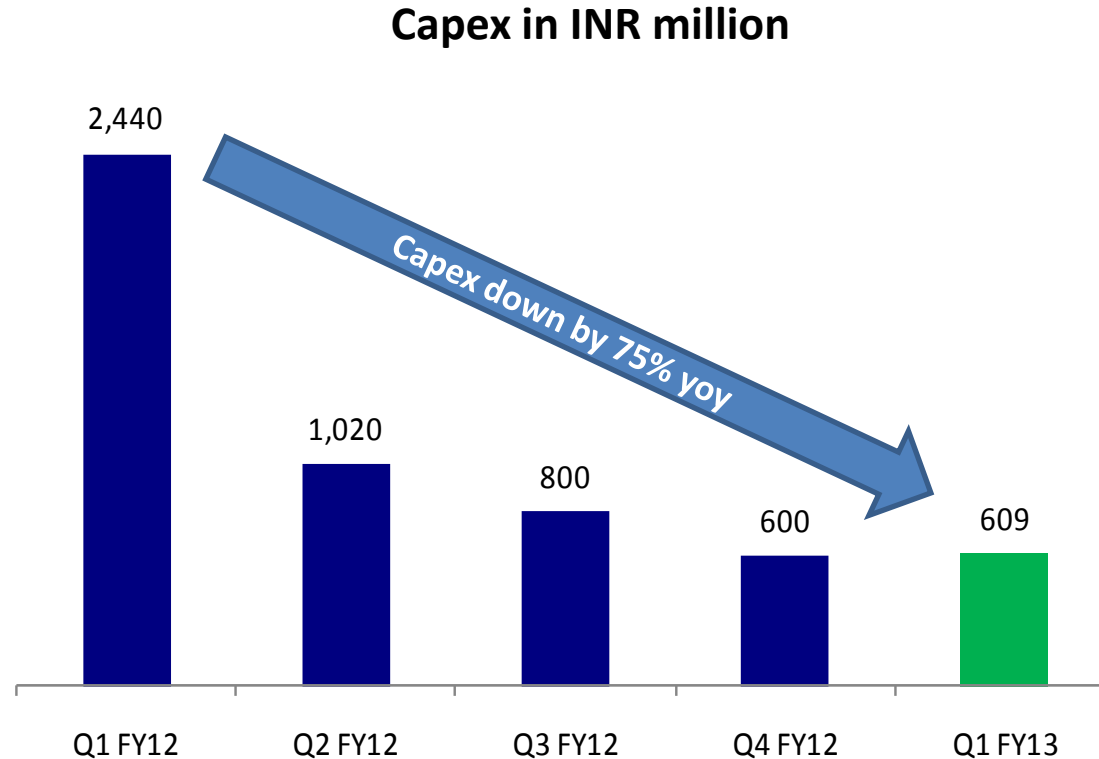
Impact of Fund Raise (Proforma)

	Rs mn
Net worth as at 30-06-2012	25,180
Add: Fresh Equity	46
Add: Net Impact of Accumulation & Reserves due to new Equity raised and redemption of FCCBs	1,418
Total proforma Net worth	26,644
No. of Shares as at 30-06-2012	96,597,824
Add: New Shares Issued	22,808,080
Total no. of Shares	119,405,904
Book Value per Share post Equity Raise	223

***Upon conversion of Warrants, there will be further addition of approx. 560 mn INR to the Total Net worth**

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Reduction in Capital Expenditure (Consolidated)



- Q1 FY13 capex down by 75% as compared to Q1 FY12 on back of asset-light strategy adopted in K-12

UPDATE ON Key Management Focus Areas

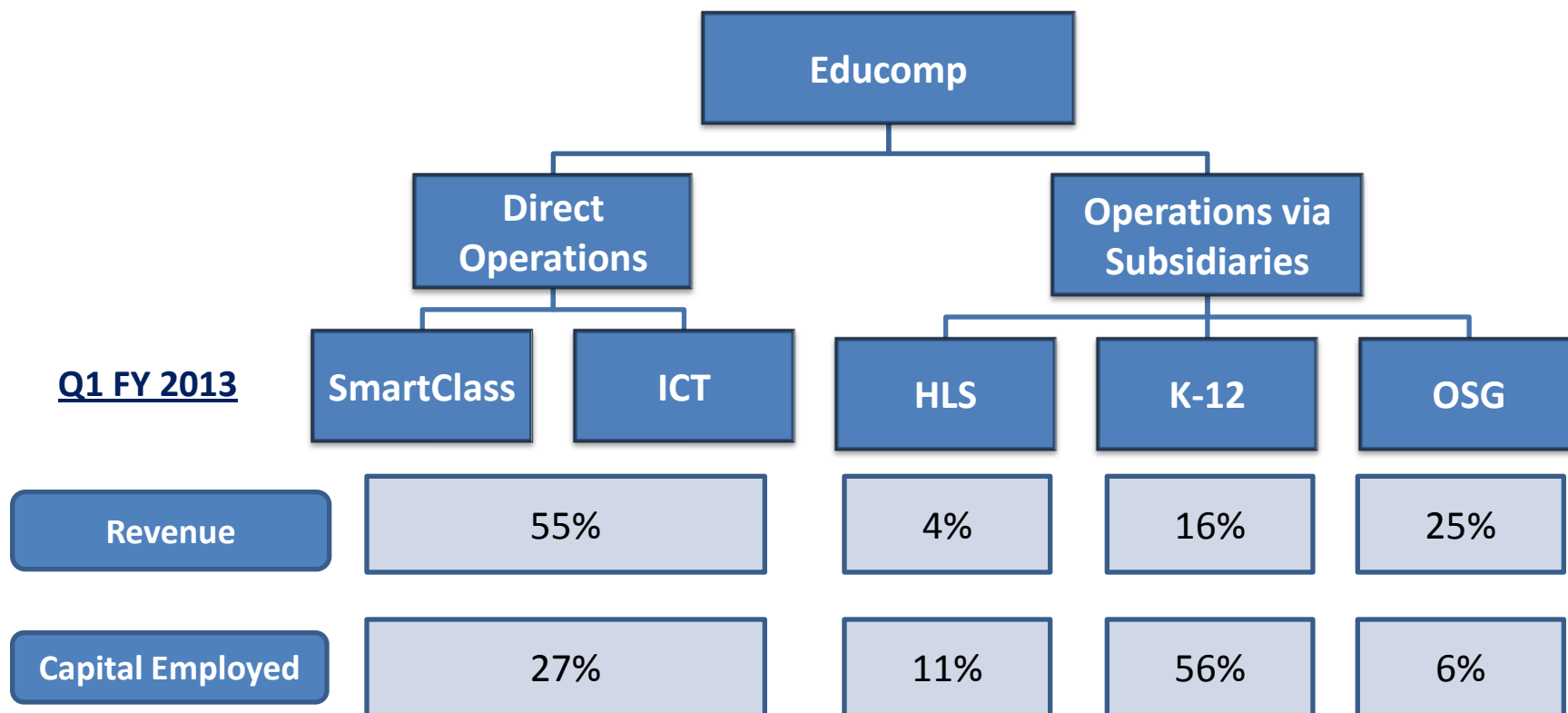
Asset Light Strategy in K12

- Capex down by 75% on a yoy basis as a result of asset-light strategy in K12 Schools
- Future growth of schools to be driven only in asset-light strategy

Balance Sheet

- Funding of \$155 million from IFC, Proparco and Mount Kellett to strengthen the balance sheet
- FCCB liability paid off in full
- Long term capital of \$70 million as ECB from IFC and Proparco with a term of 8.5 year, improving the asset-liability profile of the balance sheet

Q1FY13 Balance Sheet, P&L Split Across Segments



- While we continue to maximize returns from Direct Operations, increasingly there is a focus now on optimization of investment in Operations via Subsidiaries.

Educomp Infrastructure & School Management Ltd

Rs mn	Q1 FY13	Q1 FY12	YoY (%)	FY12
Operational Revenue	327	272	20%	1,033
Other Income	74	22	236%	131
Total Revenue	401	294	36%	1,164
EBIT	222	163	36%	508
EBIT Margin (%)	68%	60%		49%
Profit After Tax	75	49	52%	105
PAT Margin (%)	19%	17%		9%

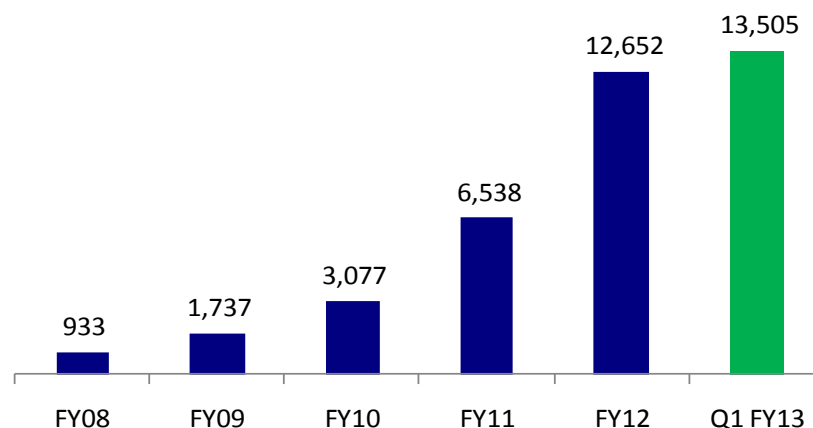
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School Learning Solutions Update

SmartClass:

- Added 6,151 classrooms in Q1
- Avg. Price per Classroom for the Q1 was 3.2 lakh per classroom
- SmartClass reaches 6.5 m students across 13,505 schools

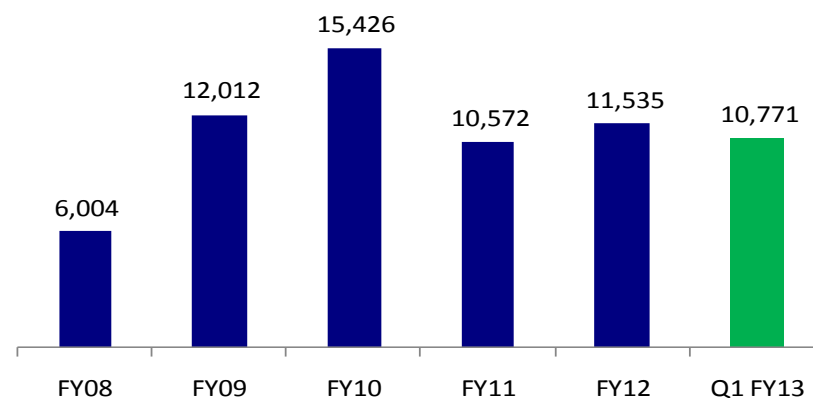
No. of schools signed with Smartclass



EduReach:

- EduReach program currently reaches 10,771 schools and 5.9 million students

No. of schools signed with Edureach



K-12 Segment Update



EISML

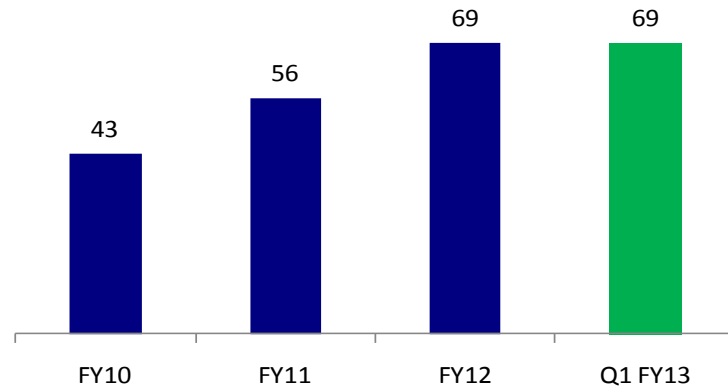
- Over 30,743 students enrolled
- Focus on asset light JV model for future growth



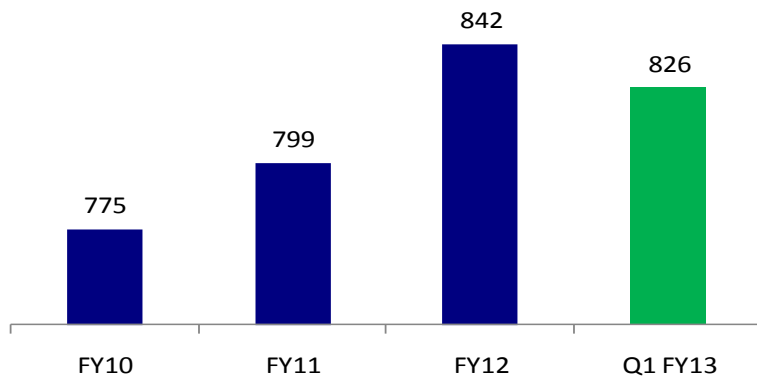
Pre-School:

- 200 pre-schools operational under Little Millennium; 626 preschools operational under Eurokids
- Over 44,000 kids enrolled

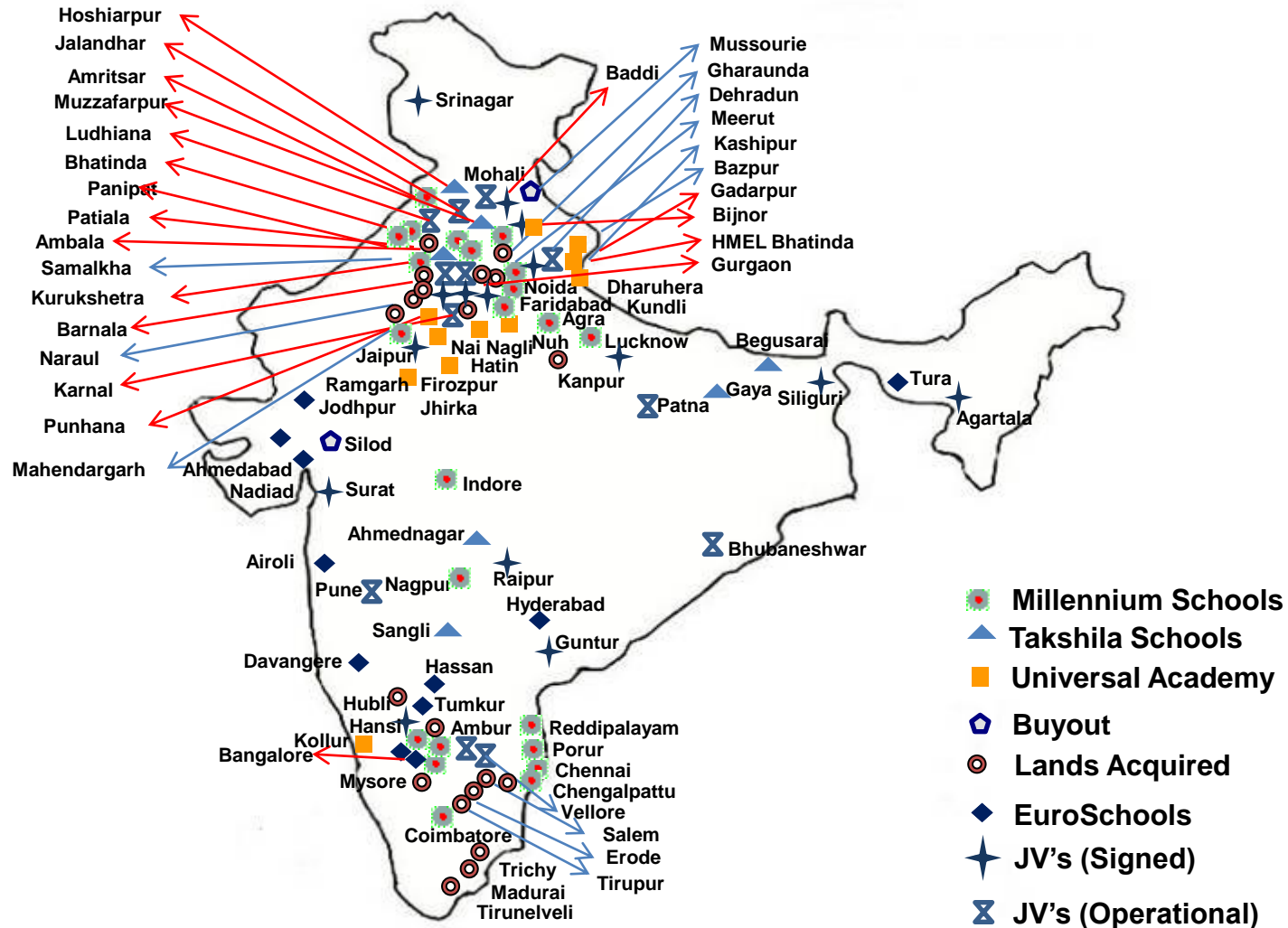
Total no. of operational schools



Total no. of operational pre-schools



K-12: 112 schools visibility: 69 operational (38 Greenfield, 31 JVs), 21 land parcels, 27 new JVs signed: Total visibility 117 schools



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Higher Learning Solutions Update

IndiaCan

A Pearson Educomp Company

- Acquired new accounts and have over 30,000 students contracted to go live in July-Dec period and a healthy pipeline for more closures
- IndiaCan has a total of 358 points of presence across the country through its different models: ETEN/ Purple Leap/ Consumer Vocational
- ETEN:
 - 156 centers operational; ETEN enrollments ahead of plan
- Purple Leap:
 - 90 centers operational in colleges
 - PurpleLeap will have over 50,000 students undertake its programs
- Consumer Vocational:
 - 108 vocational centers Operational



Raffles JV:

- Over 100% admissions in Management Program (PGDM) of JRE Group of Institutions



Online, Supplement & Global Update



Supplemental ..moving towards self-sustainable business, estimated to breakeven by FY'14



- WiZiQ crossed 2.3 mn registered users in June 2012



- Over 224,701 new users registered on Learnhub and StudyPlaces making total registered users 2 million.



EducompOnline

- Educomp Online currently being used by 3,137 schools
- Over 2.6 million user id's distributed; over 201,000 students actively using the product



Vidyamandir
Classes



- 34 points of presence across the country reaching over 10,000 students through VMC & Leap Centers
- One of the highest selection rate in the country with 44% of VMC students securing rank in IIT JEE 2012

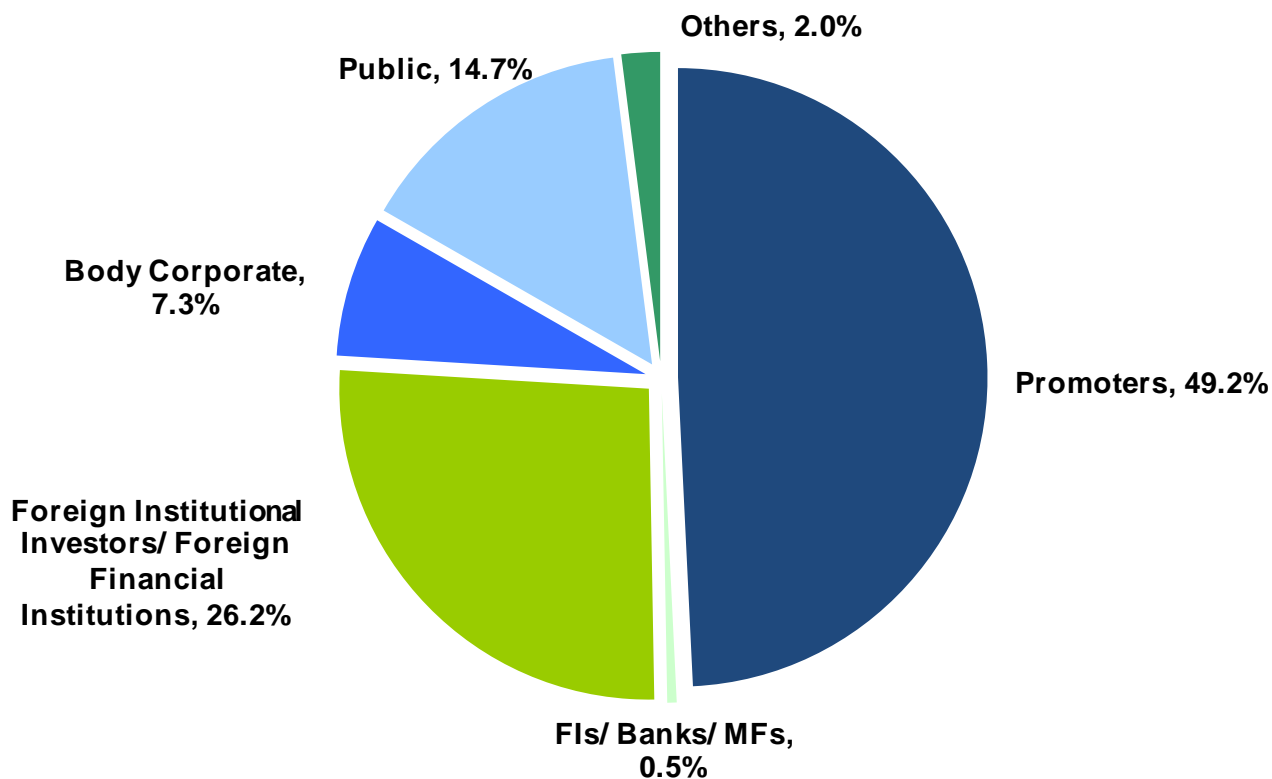


- 54 Operational centers reaching 8,394 students



Shareholding Pattern – As on June 30, 2012

Equity Shares Outstanding-96,597,824



Face Value Rs 2/share

Contact Us

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SmartClass

	Q1FY13	Q4FY12	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	Q2 FY11	Q1 FY11
No of Schools added	853	2,622	1,923	905	664	1,004	949	664	844
No of Classrooms added	6151	17,815	10,102	6,818	5,288	8,010	7,085	5,309	6,750
Average No of Classrooms per school	7.2	6.8	5.3	7.5	8.0	8.0	7.5	8.0	8.0
Cumulative No of Schools covered	13,505	12,652	10,030	8,107	7,202	6,538	5,534	4,585	3,921
Cumulative No of Students covered (Million)	6.4	6.1	5.3	4.8	4.5	4.3	3.9	3.6	3.4
Avg Selling Price per classroom (100%) (Rs Lacs)	3.2	3.7	3.4	4.0	4.0	3.8	3.8	4.0	3.9

Edureach (ICT)

	Q1FY13	Q4FY12	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	Q2 FY11	Q1 FY11
No of New Schools signed	-	1,054	185	582	NIL	540	NIL	NIL	NIL
Cumulative No of Schools covered	10,771	11,535	11,122	10,937	10,572	10,572	10,550	13,814	15,426
Cumulative No of Students covered (Million)	5.9	6.3	6.1	6.0	5.8	5.8	5.8	7.4	8.2
No of Schools for which the contractual period has expired	764	641	0	217	0	518	3,264	1,612	0

Pre Schools

	Q1FY13	Q4FY12	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	Q2 FY11	Q1 FY11
No of 'Little Millennium' Pre Schools	200	232	242	233	232	220	220	228	224
No of 'Eurokids' Pre Schools	626	600	600	595	609	579	579	535	506
No of Total Pre Schools	826	832	842	828	841	799	799	763	730

K12 Schools

	Q1FY13	Q4FY12	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	Q2 FY11	Q1 FY11
No of K12 Schools operational	69	69	67	63	57	54	50	46	43
- No of K12 Schools operational under Educomp (Greenfield)	36	36	35	35	31	31	29	24	29
- No of K12 Schools operational under Educomp (Acquired)	2	2	2	2	2	2	1	1	
- No of K12 Schools operational under Educomp (Dry Mgmt/JV)	17	17	16	12	10	10	9	7	
- No of K12 Schools operational under Euroschools	14	14	14	14	14	11	11	14	
No of Schools under construction/ land sites/ JVs signed	48	43	43	36	27	27	31	33	30
No of K12 Schools with visibility*	117	112	110	99	84	81	81	79	73
Breakup of Greenfield schools under Educomp:									
- No of K12 Schools operational in 0th year	-	4	4	4	9	9	5	ND	ND
- No of K12 Schools operational in 1st year	4	10	9	9	8	8	8	ND	ND
- No of K12 Schools operational in 2nd year	10	8	8	8	11	11	12	ND	ND
- No of K12 Schools operational in 3rd year	8	11	11	11	0	0	1	ND	ND
- No of K12 Schools operational in 4th year and above	14	3	3	3	3	3	3	ND	ND

Higher Education - Raffles JV

	Q1FY13	Q4FY12	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	Q2 FY11	Q1 FY11
No of Colleges**	8	8	8	8	8	7	7	7	7

Vocational Education - Pearson JV

	Q1FY13	Q4FY12	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	Q2 FY11	Q1 FY11
No of Total IndiaCan points of presence	354	328	343	308	365	339	279	277	251
No of Students covered by IndiaCan	34,586	110,499	93,713	60,815	39,097	63,000	52,500	34,600	ND

Online & Supplemental Education

	Q1FY13	Q4FY12	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	Q2 FY11	Q1 FY11
Online Users									
No of New registered users added (in Million)	0.6	0.5	0.4	0.3	0.6	0.4	0.3	0.3	0.4
Total No of registered users (in Million)	5.3	4.7	4.2	3.8	3.5	2.9	2.5	2.1	1.8
Vidyamandir Classes / LEAP/ Gateforum									
No of VMC + LEAP + Gateforum centers operational	88	85	74	73	69	66	30	17	17
No of students enrolled in VMC & LEAP & Gateforum programs	18,394	12,664	23,908	18,100	10,552	7,158	3,170	1,150	1,150