



Investor Update

Educomp Solutions Ltd.

July – Sep, 2007



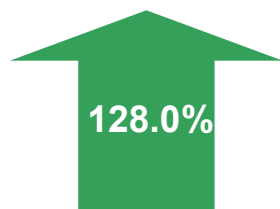
Oct 26, 2007



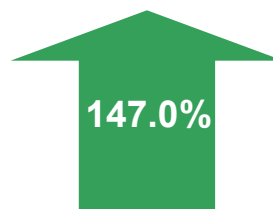
- 1. Financial Review**
- 2. Operational Highlights**
- 3. Segmental Performance**
- 4. Financial Statements**

Strong growth momentum continues

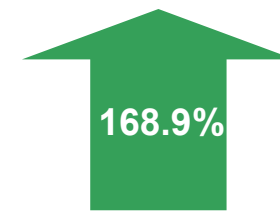
Performance Review Q2 FY'08 Vs. Q2 FY'07



Revenue



EBITDA*



PAT*

- **Revenues up 128.0%** from Rs 197.1mn to Rs 449.4mn driven by strong growth across key business segments
 - Smart_Class up 4.4X to Rs 259.5mn
 - ICT up 58.0% to Rs 112.0mn
 - Retail & Consulting up 22.9% to Rs 13.8mn
 - Company derived Rs 51.2mn from global operations by leveraging its quality intellectual assets
- **EBITDA up 147.0% from Rs 92.7mn to Rs 228.9mn resulting in growth in EBITDA margin from 47.0% to 50.9%, due to:**
 - Increased penetration of Smart_Class enabling it to leverage content & marketing set up
 - Implemented 92 schools during the quarter
- **PAT up 168.9% from Rs 50.6mn to Rs 136.2mn resulting in growth in Net Profit Margin from 25.7% to 30.3%**
- **Debtors days have consistently come down** from 179 days as on March 31, 2006 to 162 days as on September 30, 2007
- **Capital expenditure of Rs 710mn** incurred for six month ended September 2007

Acquisition/Alliances

- Acquired 70.05% stake in Toronto based Savvica Inc for \$2mn to be spread in 2 years (\$0.5mn already paid), to leverage its Internet based competencies in the areas of community building, online tutoring, web based learning, and digital content.
 - Savvica is a leading e-learning company focused on web based learning management and education communities
 - The company owns next generation platform for rapid creation and deployment of scalable education communities
- Acquired 51% strategic stake in AuthorGen Technologies Pvt Ltd for Rs 26mn to access key technology competence and student teacher marketplace models in online tutoring.
 - Authorgen is a pioneer and a leader in the area of web 2.0 platforms for online learning
 - Its leading portal Wiziq.com is equipped with a state-of-the art virtual classroom with audio-video communication capabilities
- Entered into 'first of its kind' partnership with Microsoft to make available Educomp's graphical curriculum content on the XBOX360 platform.

School Initiatives under EduInfra & EduManage

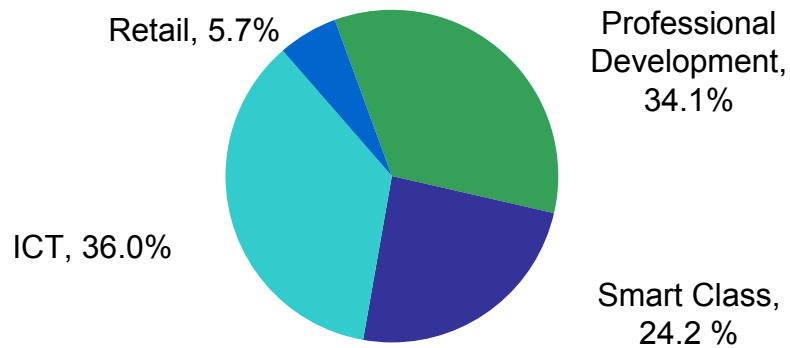
- **Signed an MoU with a leading Singapore School, Raffles Institution** for consultancy advice and services to set up schools.
- Two schools at Bangalore and Chennai already operational with 2,423 students
- Third school at Bangalore to be operational in November 2007
- Construction of fourth school in Delhi NCR region begun
- Several other projects in pipeline

Other Developments

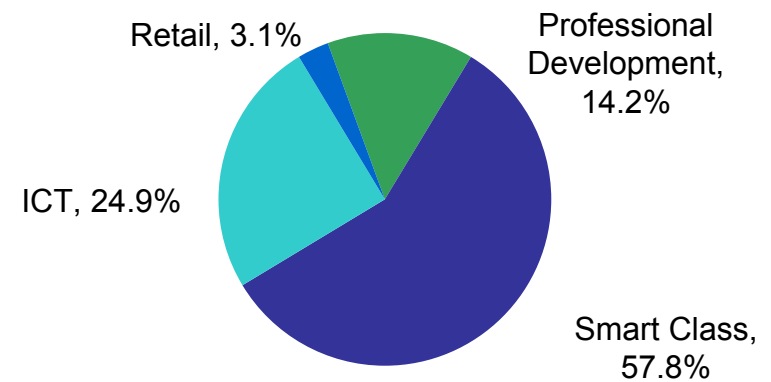
- ESOP Plan 2007 for 200,000 shares approved on September 13, 2007

Revenue Break-Up

Q2 FY'07 – Rs 197.1mn

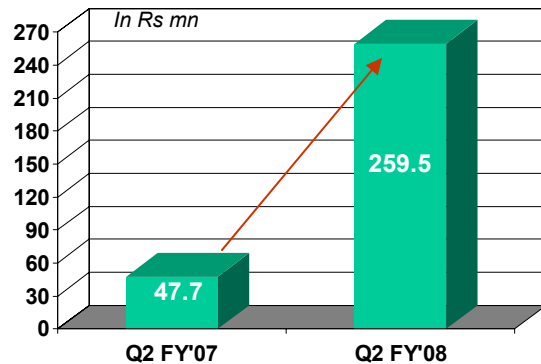


Q2 FY'08 – Rs 449.4mn



Contribution of Smart_Class increasing from 24.2% in Q2 FY'07 to 57.8% in Q2 FY'08

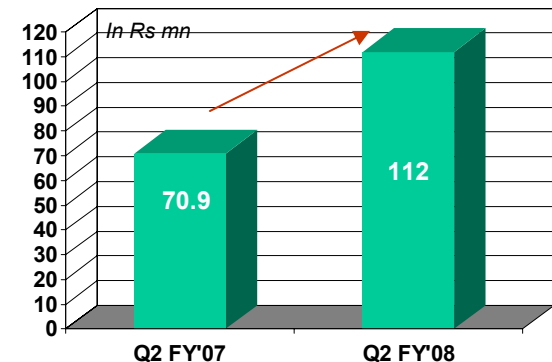
Smart_Class



- Number of schools signed increased by 107 to 503 in Q2 FY'08
- Implementation done in 92 schools
- Achieved 41% of guidance for FY'08 – 172 schools vis-à-vis target of 419
- Current order book of Rs 2,916.6mn
- Conducted roadshows in 70 cities till date in FY'08 under the :Next Gen School: Initiative in collaboration with HCL, Intel and LG

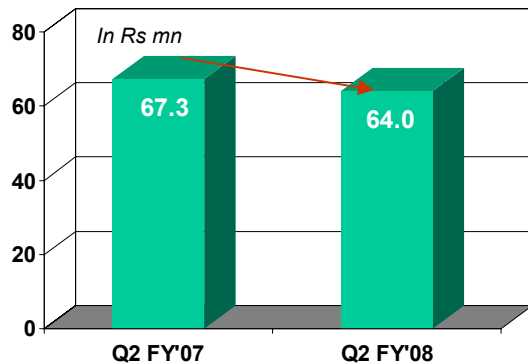
- Orders in pipeline - 262 schools in Himachal Pradesh and 150 schools in Tripura
- Implementation near completion for 2,819 schools in Gujarat and 716 schools in Haryana
- Guidance for FY'08 revised from 4,000 schools to 5,000 schools
- Current order book of Rs 1,998.9mn

ICT Solutions



Total Order book of Rs 4,915.5mn

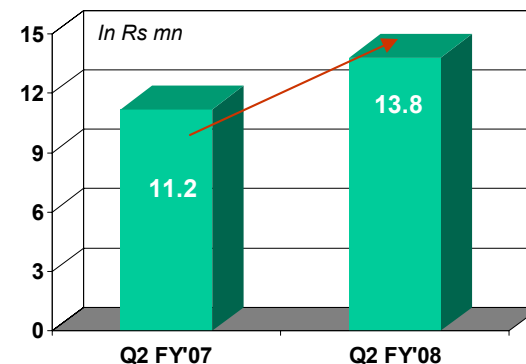
Professional Development



- **Trained 78,565 teachers during Q2 FY'08**
- **Cumulative number of teachers trained increased to 817,382 as on September 30, 2007**
- **Total number of teachers trained increased by 21.52% YoY on YTD basis**

■ **Subscription for Mathguru.com increased by 3,698 during the quarter thereby taking total no. of subscribers to 15,887**

Retail & Consulting



Amount in Rs mn

Particulars	Q2 FY'07	Q2 FY'08	% Chg YoY	H1 FY'07	H1 FY'08	% Chg YoY
Net Income from Operations	197.1	449.4	128.0%	290.8	724.4	149.1%
Total Expenditure	104.5	220.6	111.1%	163.1	361.8	121.8%
(a) Purchase of Raw Material	23.2	161.1	593.7%	39.1	189.1	383.1%
(b) Increase/decrease in stock in trade	(0.8)	(45.2)	N/A	(1.7)	(48.3)	N/A
(c) Staff Cost	34.2	52.2	52.8%	55.6	131.6	136.8%
(d) Selling, Distribution & Administration expenses	47.9	52.4	9.4%	70.2	89.5	27.5%
EBIDTA	92.7	228.9	147.0%	127.7	362.6	184.1%
Depreciation & Amortization	18.7	69.4	272.1%	32.4	122.1	276.8%
OPBIT	74.0	159.4	115.5%	95.3	240.5	152.5%
Finance Charges	1.1	7.5	604.3%	1.8	13.2	637.1%
OPBT	72.9	151.9	108.3%	93.5	227.3	143.2%
Other Income	3.8	36.7	861.8%	12.6	75.4	497.6%
PBT	76.7	188.6	145.8%	106.1	302.7	185.3%
Tax (including deferred)	25.4	51.4	102.4%	35.3	105.1	197.9%
FBT	0.7	1.1	51.0%	1.4	1.7	22.8%
PAT	50.6	136.2	168.9%	69.4	195.9	182.2%
Basic EPS (Rs.)	3.17	7.95	150.8%	4.35	11.78	170.8%
Diluted EPS (Rs.)	3.17	6.48	104.4%	4.35	7.46	71.5%
Paid up equity share capital (Face Value of Rs 10 each)	159.6	172.3	7.9%	159.6	172.3	7.9%

**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*

Key Ratios	Q2 FY'07	Q2 FY'08	H1 FY'07	H1 FY'08
EBIDTA/Net Income from Operations	47.0%	50.9%	43.9%	50.1%
PAT/ Net Income from Operations	25.7%	30.3%	23.9%	27.0%
Total Expenditure/Net Income from Operations	53.0%	49.1%	56.1%	49.9%
Consumption of Raw material/Net Income from Operations	11.4%	25.8%	12.9%	19.4%
Staff Cost/Net Income from Operations	17.3%	11.6%	19.1%	18.2%
Selling, Distribution & Administration expenses/ Net Income from Operations	24.3%	11.7%	24.1%	12.4%

Consolidated Results

Revenues	Q2 FY'08	H1 FY'08
Consolidated Turnover	568.9	885.8
Consolidated Profit After Tax	131.0	190.1
Consolidated EPS		
- Basic	7.7	11.4
- Diluted	6.2	7.1

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Amount in Rs mn

Revenues	Q2 FY'07	Q2 FY'08	% Change YoY	H1 FY'07	H1 FY'08	% Change YoY
Professional Development	67.3	64.0	-4.9%	102.7	124.8	21.5%
Smart Class	47.7	259.5	444.1%	71.5	428.0	498.6%
ICT Solutions	70.9	112.0	58.0%	97.2	148.8	53.1%
Retail & Consulting	11.2	13.8	22.9%	19.4	22.9	17.7%
Total Net Sales/ Income from Operations	197.1	449.4	128.0%	290.8	724.4	149.1%

PBIT	Q2 FY'07	Q2 FY'08	% Change YoY	H1 FY'07	H1 FY'08	% Change YoY
Professional Development	42.6	36.0	-15.4%	60.3	71.9	19.2%
Smart Class	26.2	142.9	446.0%	36.4	238.6	555.2%
ICT Solutions	20.3	30.3	49.3%	29.5	42.2	43.2%
Retail & Consulting	4.4	5.7	28.5%	6.2	10.9	75.4%
	93.5	214.9	129.9%	132.4	363.5	174.6%
Less: Interest (Net)	1.1	7.5	604.3%	1.8	13.2	637.1%
Other un-allocable expenses (net of u	15.7	18.7	19.5%	24.5	47.6	94.2%
Total Profit before Tax	76.7	188.6	145.8%	106.1	302.7	185.3%

Capital Employed	Q2 FY'07	Q2 FY'08	% Change YoY	H1 FY'07	H1 FY'08	% Change YoY
Professional Development	83.7	130.0	55.3%	83.7	130.0	55.3%
Smart Class	252.1	904.2	258.6%	252.1	904.2	258.6%
ICT Solutions	304.6	346.8	13.9%	304.6	346.8	13.9%
Retail & Consulting	21.7	35.3	62.9%	21.7	35.3	62.9%
Total Net Sales/ Income from Operations	662.1	1,416.4	113.9%	662.1	1,416.4	113.9%

PBIT Margins	Q2 FY'07	Q2 FY'08	H1 FY'07	H1 FY'08
Professional Development	63.3%	56.3%	58.7%	57.6%
Smart Class	54.9%	55.0%	50.9%	55.7%
ICT Solutions	28.6%	27.1%	30.3%	28.3%
Retail & Consulting	39.2%	41.0%	32.0%	47.7%

For any Investor Relations queries please contact:

Ms. Sangeeta Gulati

Educomp Solutions Ltd.

Email: sangeeta.gulati@edumatics.com

Tel. No. +91-9810156556

Ashish Nayar/ Deepti Mehra

Four-S Services Pvt. Ltd.

Email: Ashish@four-s.com

Deepti.Mehra@four-s.com

Tel. No. +91-11-41808168

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 1,400 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 Microsoft, World Links and Wipro etc. It also partners with various governments like Government of Orissa, Tripura, Karnataka, Uttar Pradesh, Gujarat, Haryana, Assam, 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

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