



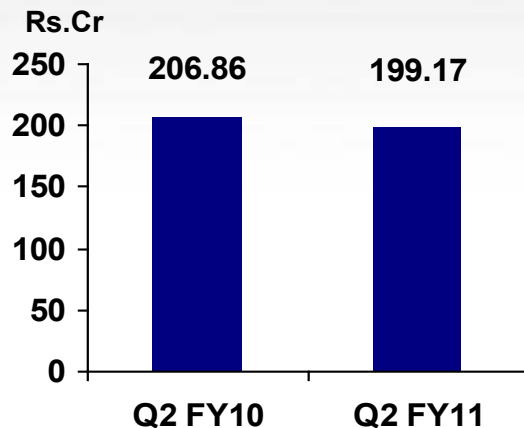
Q2 FY11 Investor Update

(Quarter ending September 2010)

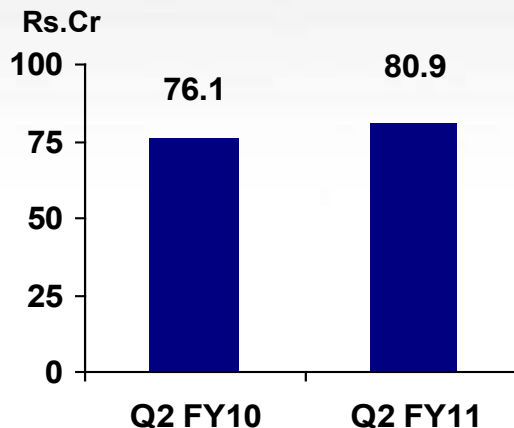
12th November 2010

Standalone Reported

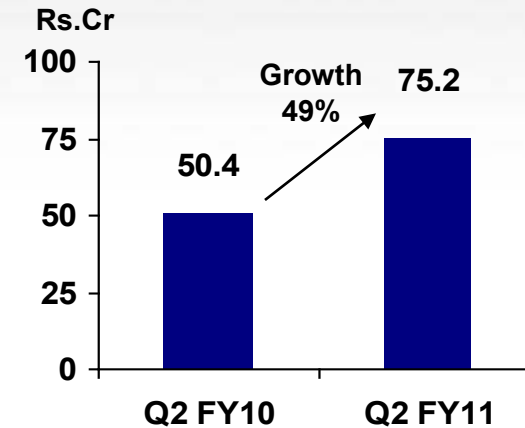
Net Income from Operations



PBT

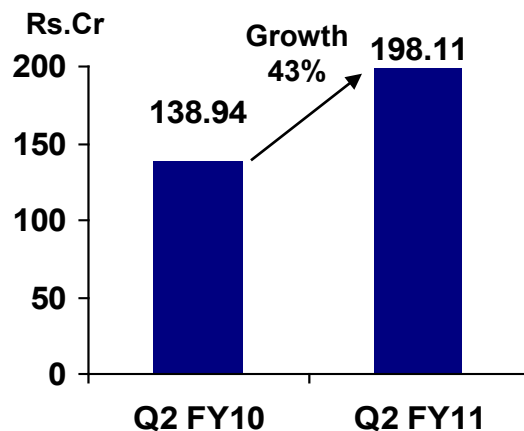


PAT

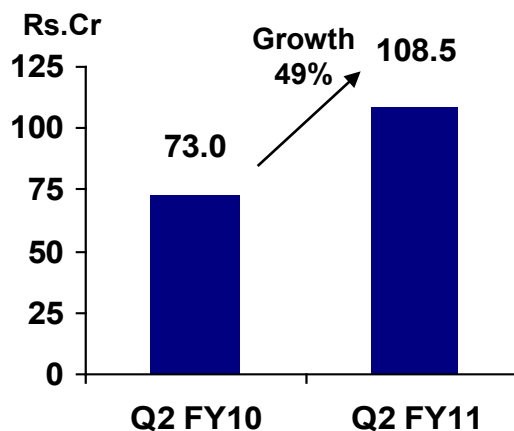


Standalone Reconciled

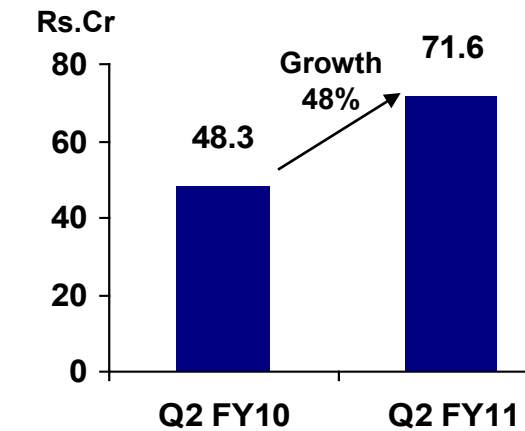
Net Income from Operations



PBT

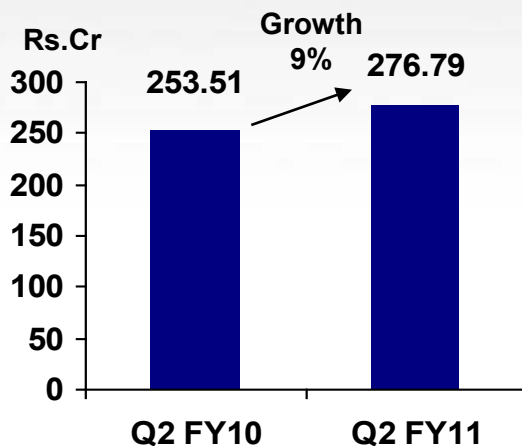


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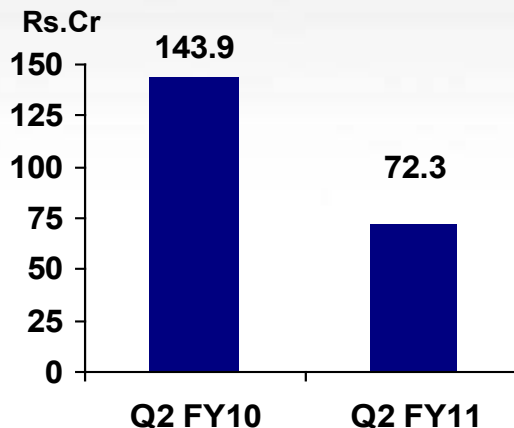


Consolidated Reported

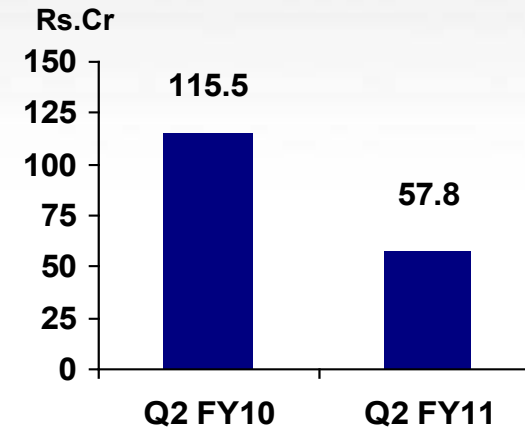
Net Income from Operations



PBT

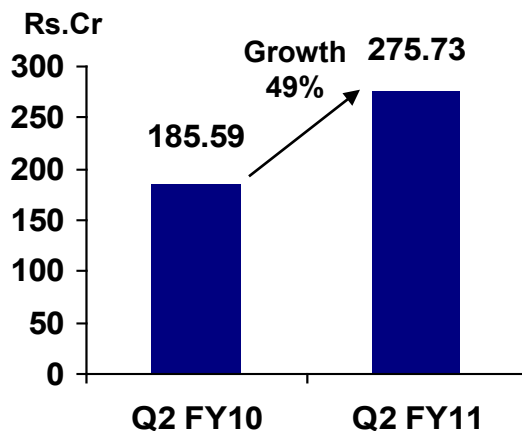


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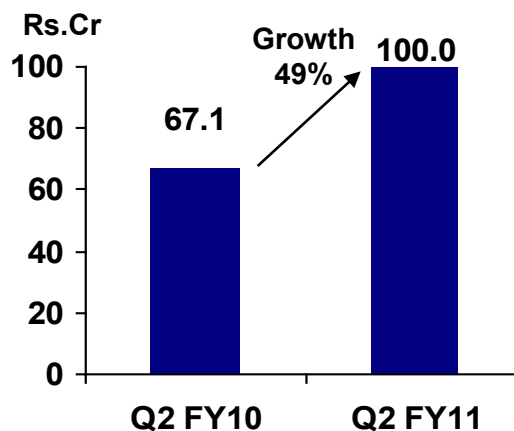


Consolidated Reconciled

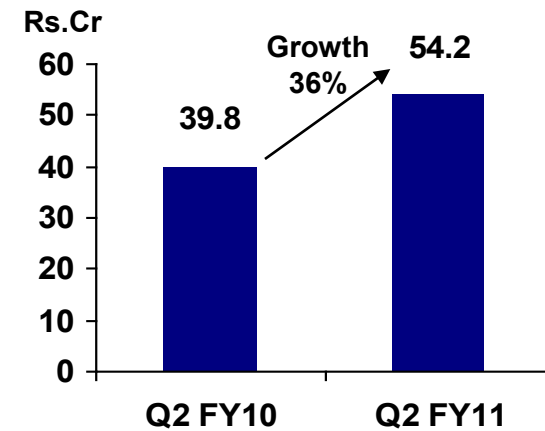
Net Income from Operations



PBT



PAT



(Rs. In Cr)

Particulars	Q2 FY11	Q2 FY10	Growth %	Q2FY11	Q2FY10	Growth %
	(Reported) *	(Reported) **		(Reconciled) ***	(Reconciled) ***	
Consolidated Revenue	276.79	253.51	9%	275.73	185.59	49%
Standalone Revenue	199.17	206.86	-4%	198.11	138.94	43%
Subsidiaries Revenue	77.62	46.65	66%	77.62	46.65	66%
Consolidated Profit Before tax (See note)	72.31	143.9	-50%	99.98	67.14	49%
Consolidated Profit after Tax (See note)	57.82	115.51	-50%	54.24	39.76	36%

Notes

* Revenues reported under securitization led sale model including deferred content revenue arising from transfer of BOOT contracts to Edu Smart starting from Q2 of FY 2010

** Revenues reported under a combination of boot + hardware sale model including deferred content revenue arising from transfer of BOOT contracts to Edu Smart starting from Q2 of FY 2010

***Depicts that numbers are restated now on earlier boot model to effect the right comparison , assuming as if model change has not happened

****The company has made a one time profit of Rs.73.67 cr. on sale of investment in vocational business to Pearson Plc. In Q2 FY10

Particulars	Q2 FY11	Q2 FY10	Growth %	Q2FY11	Q2FY10	Growth %
	(Reported) *	(Reported) **		(Reconciled) ***	(Reconciled) ***	
Revenue	199.17	206.86	-4%	198.11	138.94	43%
Revenue (SmartClass)	150.05	136.88	10%	169.16	115.87	46%
Profit Before tax	80.85	76.14	6%	108.53	72.99	49%
Profit After Tax	75.23	50.4	49%	71.64	48.32	48%

Notes

* Revenues reported under securitization led sale model including deferred content revenue arising from transfer of BOOT contracts to Edu Smart starting from Q2 of FY 2010.

** Revenues reported under a combination of boot + hardware sale model including deferred content revenue arising from transfer of BOOT contracts to Edu Smart starting from Q2 of FY 2010.

*** Depicts that numbers are restated now on earlier boot model to effect the right comparison, assuming as if model change has not happened.

- Comparison between Q2 FY11 vs Q2 FY10 as reported under clause 41 does not depict the true comparison as revenue booked under both the years are booked differently under different models.
- True Analysis can be done only on restatement of Q2 FY11 revenue model with revenue model as followed in Q2 FY10. The Reconciliation is being done to arrive at a like-to-like / BOOT-to-BOOT basis to reflect true operational efficiencies of the business. Method adopted for reconciliation in order to arrive at like-to-like is as follows:
- To the Reported revenue as per new Model, following adjustments are being made:
 - Reported Revenue:
 - Add: Revenue on additions during the quarter covering 90% of schools additions on BOOT basis which covers opening BOOT on cumulative basis + BOOT for additions during the quarter assuming BOOT model would have continued
 - Less: Revenue booked on account of securitization led sale model (52.5%) in order to re-state to BOOT revenue
 - Less: Revenue booked under hardware sale model, covering 10% additions during the quarter
 - Less: Edureach Hardware one off sale revenue
 - Less: Any one-off adjustments (non recurring) if any

- In order to make CAPEX heavy BOOT model to CAPEX light model, company changed its model to a securitization led sale mode in Q3 of FY10. In addition to adoption of new model, company also transferred its existing BOOT contracts to EduSmart (third party vendor) starting from Q2 of FY10. Thus revenues from Securitization led sale model started from Q3 of FY10, while deferred revenue from content started from Q2 of FY 10 in respect of BOOT contracts so transferred
- Revenue recognition in Q2 FY10: Q2 FY10 revenues consisted of (a) BOOT revenue covering 90% of additions during the quarter (b) revenue from hardware sale covering 10% of additions during the quarter (c) deferred revenue arising from transfer of BOOT contracts during Q2 FY10
- Revenue recognition in Q2 FY11: Q2 FY11 revenue consists of (a) Revenue from securitization led sale model (52.5%) (b) deferred revenue arising from transfer of BOOT contracts during Q2 FY10. Revenue under securitization led sale model is recognized by selling hardware + content to EduSmart (third party service provider) for 75% of Contract value & recognizes revenue to the extent of 52.5% in the year of sales & 22.5% is deferred to subsequent year. Under this model, hardware cost is recognized in full in the quarter of sale together with sale value of hardware also in full, but content revenue is recognized only 22.5% (50% of 45% of contract value). The deferred revenue is recognized on similar value as recognized in Q2 of FY10

Eliminating the Impact of Securitization led model & Re- statement on BOOT Basis
Quarter 2

(Rs In Cr.)

	Q2 11	Q2 10	%
Reported revenue	276.79	253.51	9%
Add :			
Boot Revenue booked on account of additions during the quarter if model would have continued covering 90% of additions during the quarter as per model of q2 of FY 2010	127.15		
Less:			
Revenue booked on account of Securitization led sale model (52.5%)	(108.04)		
Revenue booked on account of sale of Hardware (covering 10% of additions during the quarter) as per model as adopted in Q2 of FY 10	-	(21.01)	
Revenue booked on account of Pre-School before hive off in Q2 of FY 10	-	(1.55)	
Edu-reach Hardware Revenue	(20.17)	(45.36)	
Reconciled Consolidated Revenue on BOOT t to BOOT basis	275.73	185.59	49%

Notes

- Due to change of model Comparison of PBT is not possible unless restated on a like-to-like basis
- In order to make a like-to-like Comparison, Current revenue has been restated on BOOT basis and securitization led sale model revenue has been eliminated
- Further, in Edureach contract, hardware sales, being one time in nature in a quarter is therefore eliminated to make a comparison on a like-to-like basis

Smart Class : Eliminating the Impact of securitization led sale model & Re- statement on BOOT Basis

Quarter 2

Revenue

(Rs In Cr.)

	Q2 11	Q2 10	%
Reported Revenue	150.05	136.88	10%
Add:			
Boot Revenue booked on account of additions during the quarter if model would have continued (covering 90% of additions during the quarter) during the quarter as per model of Q2 of FY 2010	127.15		
Less:			
Revenue booked on account of Securitization led sale (52.5%) model	(108.04)		
Revenue booked on account of sale of Hardware (covering 10% of additions during the quarter) as per model as adopted in Q2 of FY 10	---	(21.01)	
Reconciled Smart Class Revenue on BOOT to BOOT basis	169.16	115.87	46%

Notes

- Due to change of model Comparison of PBT is not possible unless restated on a like-to-like basis
- In order to make a like-to-like Comparison, Current revenue has been restated on BOOT basis and impact of securitization led sale model has been eliminated
- Revenue for both quarters are inclusive of deferred revenue of similar amount due to transfer of BOOT contracts to EduSmart in Q2 of FY10

Eliminating the Impact of Securitization led model & Re- statement on BOOT Basis and sale of investment to Pearson PLC

Quarter 2

(Rs In Cr.)

	Q2 11	Q2 10	%
Reported Profit before tax	72.31	143.96	-50%
Add:			
Profit Elimination on boot contracts @ 60% on 127.15 cr.	76.29		
Less:			
Profit Elimination on securitization model @ 45% on 108.04 cr.	(48.62)		
Profit Elimination on hardware sale model covering 10% of additions during the quarter @ 15% on 21.01 cr.	----	(3.15)	
Less:			
Profit on sale of investment to Pearson Plc		(73.67)	
Reconciled Profit before tax	99.98	67.14	49%

Notes

- Due to change of model, Comparison of PBT is not possible unless restated on a like-to-like basis
- In the Securitization led sale model, against 52.5% of revenue, PBT/PBIT of around 37-45% on revenue of 52.5 in the 1st year of sale & 82%-91% in 2nd year of sale, leading to a blended margin of approx. 51%-59% PBT/PBIT over a period of 2 years. However, in earlier BOOT model where revenues were recognized over the period of contract on SLM basis, which resulted into 60% PBIT. Therefore, to make a like-to-like Comparison current PBT has been restated to make it comparable with Previous corresponding revenue booked on BOOT basis
- In Q2 FY 09-10, the company has made a profit of Rs.73.67 cr. on sale of investment in vocational business to Pearson Plc.

Eliminating the Impact of Securitization led model & Re- statement on BOOT Basis
Quarter 2

(Rs In Cr.)

	Q2 11	Q2 10	%
Reported Profit after tax	57.82	115.51	-50%
Add:			
Profit Elimination on boot contracts on 76.29 Cr (net of tax @ 33.99%)	50.36		
Less:			
Profit Elimination on securitization led sale model on 48.62 Cr (net of taxes @33.99%)	(32.09)		
Tax reinstated @ 33.99% of standalone profit	(21.85)		
Profit Elimination on hardware sale contracts on 3.15 cr (net of taxes @ 33.99%)	---	(2.08)	
Profit on Sale of investment to Pearson PLC	----	(73.67)	
Reconciled Profit after tax	54.24	39.76	36%

Notes

- In Q2 FY 09-10, the company has made a one time profit of Rs.73.67 cr. on sale of investment in vocation business to Pearson Plc.

Fresh securitization at 20% corporate guarantee

- **Educomp has securitized the receivables arising out of the smart class agreements to consortium Bank in the month of October 2010 for Rs. 300 crores**

- **Bank has recourse on Educomp to the extent of only 20% of the funding by Bank (Previously it was 100%)**

- **This will reduce the debtor days by approximate 100 days on annualized revenue**

School Learning Solutions



Key developments during Q2 FY11

- Implemented SmartClass in 5,309 classrooms during Q2 FY11, across 664 schools
- Robust adoption rate of SmartClass continues with number of schools implemented increasing 115% on a y-o-y basis
- SmartClass pricing robust with average selling price per classroom at Rs.4,04,819 for Q2 (normal pricing will remain in the range of Rs. 3,90,000)
- No provision for bad debts have been made as company believes that all receivables will be collected
- Deferred revenue pertaining to transferred contracts:
 - Q1 FY11: NIL, Q2 FY11: 42cr, Q3 FY11: 98cr, Q4 FY11: 154cr

<i>Key Operational Metrics</i>	Q2 FY11
No of Schools Implemented	664
No of Classrooms Implemented	5309
Avg. No. of Classrooms per school	8
Avg. Selling Price per Classroom (100%)	4,04,819
Avg. Revenue per Classroom (52.5%)	2,12,503
Realization per student (assuming 45 students per class)	149.93
Q2 FY11 – Revenue	Rs. 150.05cr
Q2 FY11 – EBIT	Rs.81.61cr

*Solely on schools signed on the Securitization led sale model Tripartite contract

Confidential

Nov 2010

14

SmartClass Revenue Reconciliation	FY10	FY - 2011				Remarks
	Q4	Q1	Q2	Q3	Q4	
No of Schools Added	503	844	664			
No of New Classrooms added	4038	6750	5309			Cummulative number of classrooms till Q2 FY11 is 12059 and due to seasonality the company gets 60-65% of the business in Q3 and Q4. So the company will be able to achieve its guidance of 25000 ~ 30000 classrooms
Average Selling Price Per Classroom (in Rs Lacs)	3.9	3.9	4.04*			*Normal pricing is expected to remain in the range of Rs. 3,90,000 per classroom
Average Selling Price Per Classroom Realised by Educomp in year 1 (52.5%) (in Rs Lacs)	2.05	2.05	2.12			
Deferred Revenue pertaining to transfer of BOOT Contracts to Edusmart model			42.0	98.0	154.0	This deferred revenue is on account of the transfer of boot contracts to the Edusmart starting from q2 of FY10, where 22.5% of content revenue was recognized in the same quarter of FY10 and 22.5% was deferred to the same quarter of FY11
SmartClass Reported Revenue	240.9	138.6*	150.1			*In line with the SmartClass seasonality pattern (refer to slide 16)
SmartClass Restated Revenue on BOOT Model	192.7	115.9	169.2			Q1 and Q2 are typically lean quarters. Company expects Q3 and Q4 to be stronger quarters based on historical seasonality pattern

SmartClass Model	Year 1	Year 2	Blended
Revenue	52.5	22.5	
COGS	27-29	-	
SG&A	2-4	2-4	
EBIT	20-24	19-21	
<i>EBIT %</i>	<i>37%-45%</i>	<i>82%-91%</i>	<i>51%-59%</i>

Notes

- SmartClass business model is as follows: Educomp sells the product (both hardware + content) upfront to a 3rd party vendor who deploys the product at schools and collects payments from schools across 5 years. Educomp receives 75% of revenue of the contract which is recognized over 2 years; 52.5% in Year 1 and 22.5% in Year 2. The vendor securitizes the future receivables of school contracts from a consortium of banks and pays Educomp upfront
- All fresh classrooms signed up are sent for securitization
- SmartClass has historically exhibited a seasonality where Q3 and Q4 have been the strongest quarters and Q1 and Q2 have typically been weaker quarters. This is because most schools start SmartClass before the start of the next academic term and also because schools are closed for 2 months of summer vacations in the 1st half of the financial year.
- Occasionally, the company has signed up an significantly large number of orders in Q4, which get executed in Q1 of the subsequent year. For example, Q1 FY11 saw a larger number of classroom executions which were carried forward from Q4 FY10

Key developments during Q2 FY11

- Over 600 ICT schools under implementation in Bihar
- Over 310 ICT schools implemented successfully in Assam during the quarter
- ICT projects for 1,612 schools (300 schools in Orissa, 500 schools in Gujarat, 812 schools in Haryana) came to a closure with the expiry of the contract tenure, resulting in a reduction in total number of schools covered under ICT from 15,426 to 13,814 schools* and a reduction in total number of students served from 8.2 million to 7.4 million
- Limited capital allocation in ICT going forward with a focus to cherry-pick contracts with good margins

<i>Key Operational Metrics</i>	Q2 FY11
Additional Number of schools signed	NIL
Contract Value	NIL
Cumulative number of schools covered:	13,814
Cumulative number of students covered:	7.4 million
Q2 FY11 – Revenue	Rs. 42.13cr
Q2 FY11 – EBIT	Rs 9.54cr

* While 1612 schools have been eliminated from the total number of schools covered under ICT, the assets are still to be handed over to the government, and hand-over formalities are still to be completed

K12 Schools





Roots to Wings

- 228 franchisees signed up with 4 new signed up during the quarter
- 8 new MOUs signed during the quarter
- Approx. 8000 kids currently enrolled

Eurokids

- EuroKids operates 507 franchised and 28 owned pre- schools across India and caters to ~32,000 kids
- Signed up 30 new franchisees during Q2 FY11 as against 15 in Q2 FY10
- Successfully completed 'Parent orientation programme' in 250 centers
- EuroBooks sold over 1,025,000 books during the quarter
- Total of 14 Euroschools on JV/ franchisee basis (K12 schools)

<i>Company Level Financials (Figures in Rs Cr)</i>	Q2 FY11
Revenue	9.07
EBITDA	1.09
<i>EBITDA Margin</i>	11.96%
PAT	0.59
PAT Margin	6.48%
% Holding of Educomp	50%

Visibility of 79 schools in portfolio (including dry mgmt. & land sites) – [46 Schools Live]

- Total 46 schools operational (including Dry Management schools) out of which 32 high schools under Educomp, 14 Euro-schools under Eurokids cumulatively serving over ~25,000 students
- Total 21 schools under Dry Management/ Joint Venture model
- In addition there is a visibility of 33 schools including land sites, sites currently under construction and JVs taking the total visibility to 79 schools
- 'Le Mont High', the International Curriculum schools brand launched

<i>Company Level Financials (Figures in Rs Cr)</i>	Q2 FY11
Revenue	21.16
EBITDA	15.58
<i>EBITDA Margin</i>	73.6%
PAT	3.69
<i>PAT Margin</i>	16.0%
% Holding of Educomp	78.5%



	TRUST				EISML				
CATEGORY	EBITDA %			Average Capex (In Cr)	ROCE %			EBITDA	Debtors*
	Year 1	Year 2	Year 3 Onwards		Year 1	Year 2	Year 3 Onwards	Company Level	Remarks
MILLENIUM	-12.5%	0.1%	44% ~ 64%	25.0	10.1%	11.6%	13% ~ 26%	70% - 75%	Debtors are high in 1st 3 years. School is EBITDA -ve in 1st year, breaks even in 2nd year of operations and is EBITDA +ve from 3rd year onwards and cash flow +ve from 3rd year onwards leading to significant reduction in debtors
CO-BRANDED	-3.8%	11.1%	54% ~ 68%	31.0	10.0%	12.0%	13% ~ 25%		Debtors are high in 1st 2 years. School is EBITDA breakeven in 1st year and EBITDA +ve from 2nd year onwards leading to significant reduction in debtors
UNIVERSAL	-16.5%	12.9%	24% ~ 44%	2.0	4%	10.5%	11% ~ 31%		Debtors are high in 1st 3 years. School is EBITDA -ve in 1st year, breaks even in 2nd year of operations and is EBITDA +ve from 3rd year onwards and cash flow +ve from 3rd year onwards leading to significant reduction in debtors
TAKSHILA	-16.3%	-14.4%	26% ~ 51%	12.0	9.1%	9.9%	13% ~ 25%		Debtors are high in 1st 3 years. School is EBITDA -ve in 1st year, breaks even in 2nd year of operations and is EBITDA +ve from 3rd year onwards and cash flow +ve from 3rd year onwards leading to significant reduction in debtors
JV	We charge 15% of the revenue as management fees and one time amount of Rs. 10 lacs.			4 ~ 4.5	8.1%	20.4%	30% ~ 70%		N.A

Notes

*Income has to be accrued as per Accounting norms thereby leading to Debtors which are depicted as above, EBITDA at trust level is negative in 1st year, break even in 2nd year and throwing cash from 3rd year onwards., depending upon type of school so set up. The company's business model is to charge @ 14.5% on capex incurred which covers 13% interest paid to the bank and 1.5% margin over and above. In addition to 14.5%, the company is charging 4.5% of the revenue from 4th year onwards as variable rent in light of good corporate governance. In addition to lease rentals , company also charges on per student basis for content / IP / curriculum / services etc



The Millennium School, Lucknow



The Millennium School, Mohali



**PSBB Learning Leadership Academy,
Bangalore**



**Chiranjeev Bharti, Palam Vihar,
Gurgaon**



Chiranjeev Bharti, Sushant Lok, Gurgaon



The Millennium School, Noida



The Millennium School, Panipat



PSBB Millennium School, Chennai OMR



The Millennium School, Amritsar



The Millennium School, Kurukshetra



The Millennium School, Bhatinda



PSBB Millennium School, Chennai Porur

Architect's impression of Le Mont High at Lavasa

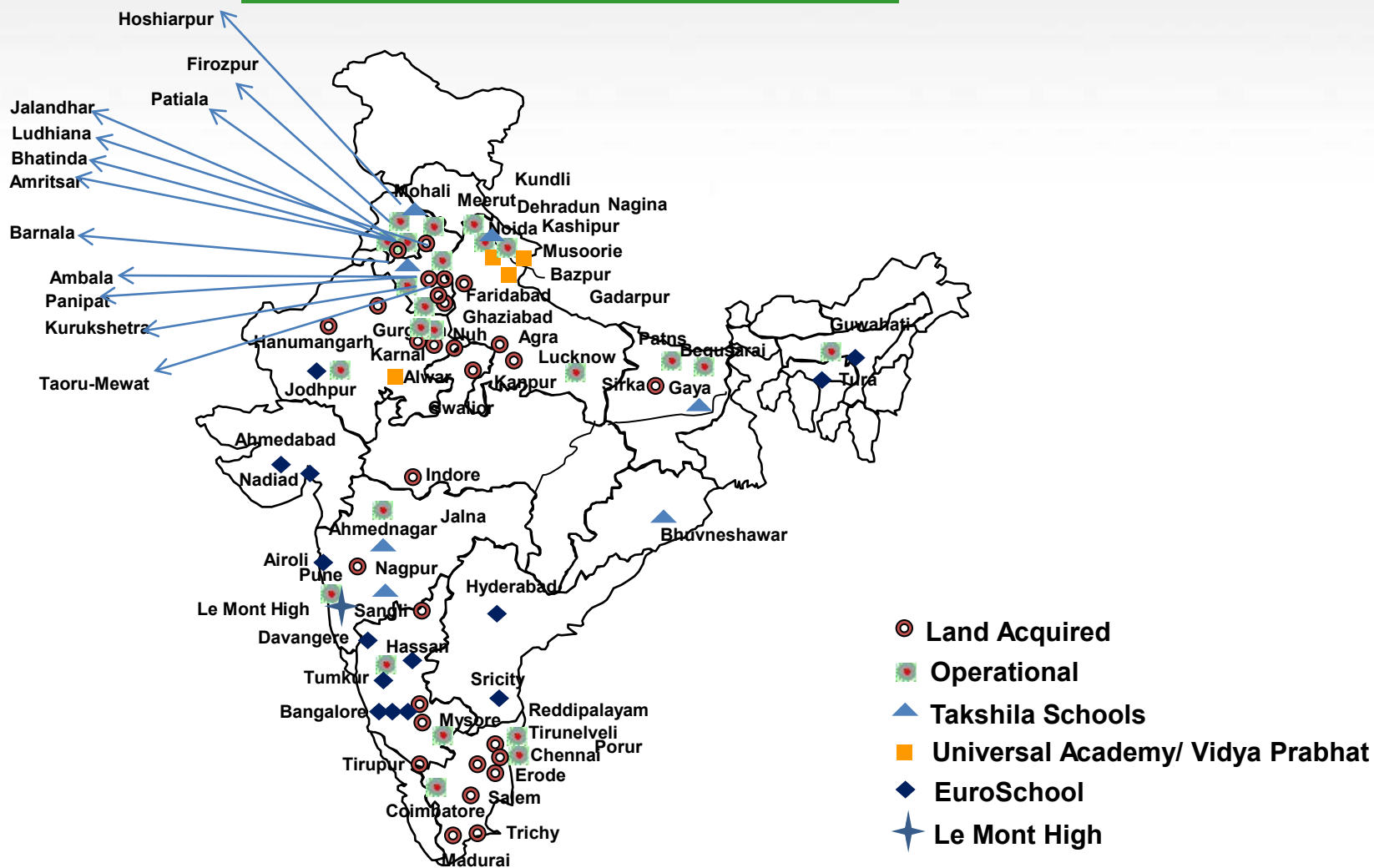


- Le Mont High plans to offer CIE IGCSE & ICE certificate examinations in the 9th & 10th grades
- Recruitment of key staff in progress
- Hostel facilities to be ready by year-end
- School facilities will include art studios, music rooms, science & computer labs, central libraries, audio-visual media centre, lecture theatres, cafeteria, gymnasium, playing field with running track, two all-weather sports areas, three playgrounds, an outdoor theatre arena, rappelling & rock climbing, water sports etc.

Actual pictures of Le Mont High at Lavasa



**Current Location of Schools (Visibility*
of 79 Schools, 46 currently Operational)**



* Visibility of Schools covers all Schools (including Dry Management, land sites and under-construction sites)

Higher Learning Solutions



Professional Development



Key developments during Q2 FY11

- 7 Raffles Millennium International colleges operational across the country
- Launched Test Pilot Program for MBA under MAPS (Millennium Academy of Professional Studies)
- Got AICTE approval to launch Engineering & PGDM programs in 2011 in Greater Noida
- Conducted First Fashion Show by first year students of the Delhi college at DLF Emporio Mall



Delhi Campus



Hyderabad Campus



Chennai Campus



Ahmedabad Campus



Greater Noida Campus



An Educomp Pearson Joint Venture



- Network of 115 centers in place with a target to reach 150 centers
- Over 25,000 students with a target of 40,000 enrollments for the year
- **ETEN ACE (Civil Services and Bank PO) pilots underway**
 - Civil Services: Pilot underway in 3 centers with 100+ enrollments
 - Banking Services: Launch activity underway



PurpleLeap

- Delivery channels in 107 colleges with over 2,000 enrollments YTD
- **Plans to reach 180 colleges, 40 Robotics Labs and 14,000 enrollments in the year**
- Programs for Engineering and MBA in place

Vocational

- Network of 55 operational centers with over 7,600 enrollments YTD
- NDTV Media program rolled out: Centers ready, trainers hired, content development in full swing with marketing activities going on
- Oracle program rolled out on VSAT; very encouraging results from the 1st batch
- Sales program launched in 5 centers; Retail program to be launched in December 2010
- Institutional business building up
- Created 1,000 ELT master trainers for the Indian Army; mandated for 1,000 more due to excellent implementation

Educomp leverages the strong synergies amongst various online offerings to create integrated online and supplemental solutions



- Added 158,000 new registered users to reach 900,000+ total registered users at the end of Q2 FY11
- WiZiQ now gets more than million visits a month generating more than 3 million in monthly page views
- Over 65,000 registered teachers with over 32,000 classes conducted in Q2 alone
- Over 1.86 million unique visitors in Q2
- New and improved Virtual Classroom feature released in July
- Added 30 new premium organizations and more than 350 individual premium members



- Educomp Online is an e-learning platform offering multimedia content, assessments and Learning Management Systems for students, teachers, parents and schools
- Educomp Online implemented in 2,050 SmartClass schools till Q2 FY10 free of charge as of now
- Over 1.7 million student ids distributed with 52,000 active students, 12,000 active parents and 6,000 active teachers currently on the site
- Over 5,000+ educational video modules and 1,500 assessments mapped to different grades and subjects, currently hosted on the site

Educomp leverages the strong synergies amongst various online offerings to create integrated online and supplemental solutions



- Vidya Mandir Classes, acquired in Q1FY11, is the premier IIT JEE coaching company in the country
- VMC is renowned for its pedagogy, innovative learning methodology, high quality coaching, strong satisfaction among students, authenticity and transparency
- In the last 20 years, over 60% of VMC students have made it to the IITs.
- Planned forward integration of LEAP with VMC to become India's largest VSAT based IITJEE coaching platform
- Over 3,000 students currently enrolled in VMC's 2-year IIT JEE Test Prep classroom program and over 4,800 students enrolled for VMC's correspondence programs
- Plans to add 4,000 more students for classroom program by next year
- Plans to launch a 3-year IIT JEE Test Prep program for students of Grade 10
- Total of 18 LEAP centers operational with over 300 students currently enrolled



- Learnhub had over 30,000 new registered users in Q2 taking the total number of registered users to ~450,000
- JumboTests had over 45,000 new registered users in Q2 taking the total number of registered users to ~150,000



- StudyPlaces had over 50,000 new registered users in Q2 taking the total number of registered users to ~645,000
- Average Visitors Per Month for Q2 reached close to ~500,000

learnin3.com

Sky

Aha!Math™

Aha!Science™

easytech

techliteracy
assessment

21st Century
Skills assessment

Key developments during Q2 FY11

- Learning.com serves nearly 119,000 teachers and over 3 million students in 47 states in USA
- Product portfolio consist of Sky, a digital learning environment, Technology Literacy and Assessment Solutions: EasyTech, TechLiteracy Assessment, 21st Century Skills Assessment for students, Supplemental Curriculum in math and science: Aha!Math, Aha!Science
- Products used in more than 1,400 districts and more than 7,400 schools; More than 2.1 million assessments administered
- TechLiteracy Assessment selected for statewide implementations/pilot projects in the following states: Arizona, Maryland, New Jersey, South Dakota, North Dakota, Rhode Island and Texas

<i>Company Level Financials (Figures in Rs Cr)</i>	Q2 FY11
Revenue	28.45
EBITDA	8.78
<i>EBITDA Margin</i>	30.86%
% Holding of Educomp	54.74%



Key developments during Q2 FY11

- Signed an exclusive licensing agreement with China Distance Education Holdings Limited, a leading provider of online education in China, to distribute Educomp's Smart Class®, Edulearn and Wizlearn products in China

About China Distance Education Holdings

- CDEL is a leading provider of online education in China focusing on professional education
- The Company offers online courses focused on skills, licenses and certifications necessary to pursue careers in China
- Areas covered: Accounting, Law, Healthcare, Construction Engineering, Information Technology and other industries
- Also offers online Test Prep. courses for higher education diplomas or degrees and to secondary school and college students preparing for various academic and entrance exams



<i>Company Level Financials (Figures in Rs Cr)</i>	Q2 FY11
Revenue	6.4
EBITDA	1.51
EBITDA Margin	23.54%
% Holding of Educomp	100%

* Operational Income only, excludes other income

Income Statement
Amount in Rs cr

Particulars	Q2 FY'10	Q2 FY'11	% Chg YoY
Net Income from Operations	253.5	276.8	9.2%
Total Expenditure	148.7	173.0	16.4%
Cost of Goods Sold	48.6	59.5	22.3%
Staff Cost	44.1	63.2	43.2%
Selling, Distribution & Administration expenses	55.0	50.2	-8.8%
Prior Period Items & Miscellaneous Items	0.9	0.2	-80.0%
EBIDTA (before minority interest and share of profits of associates)	104.8	103.8	-1.0%
Share of profit in associates	-	0.6	NA
Minority Interest / Pre-acquisition profit	1.5	-0.2	-112.8%
EBIDTA (after minority interest and share of profits of associates)	103.3	103.4	0.1%
Depreciation & Amortization	30.6	20.8	-32.1%
Finance Charges	12.0	21.2	77.2%
OPBT	62.2	61.8	-0.7%
Other Income including forex gains/losses	81.7	10.5	-87.1%
PBT	144.0	72.3	-49.8%
Tax (including deferred)	27.0	14.1	-47.8%
PAT before minority interest & pre-acquisition profits	117.0	58.2	-50.2%
PAT after minority interest & pre-acquisition profits	115.5	57.8	-49.9%
Basic EPS (Rs.)	12.82	6.06	-52.7%
Diluted EPS (Rs.)	11.68	5.47	-53.2%

Key Ratios

Key Ratios (as a % of Net Income from Operations)	Q2 FY'10	Q2 FY'11
EBIDTA Margin after minority interest & pre-acquisition profits	40.8%	37.3%
PAT Margin after minority interest & pre-acquisition profits	45.6%	20.9%
Total Expenditure	58.7%	62.5%
Consumption of Raw material	19.2%	21.5%
Staff Cost	17.4%	22.8%
Selling, Distribution & Administration expenses	21.7%	18.1%

* Other income includes foreign exchange gain/ loss

Expense head	Q2 11	Q1 11	Q2 10	Reasons YOY	Reasons QOQ
Cost of goods sold	59.45	66.18	48.62	During the year COGS cannot be compared on a YoY basis due to difference in business models across the 2 years	COGS is in line with the new model on QOQ basis.
Personnel expenses	63.21	51.48	44.13	This is primarily on account of expansion of business in smart class division, incremental employees appointment for Edu reach new projects in UP / Gujarat / Karnataka. in Standalone financials and annual salary increment across all companies	This is primarily on account of expansion of business in smart class division in Standalone financials and annual salary increment across all companies
(as a % age of revenue)	22.8%	22.6%	17.4%		
Administration and other expenses	48.04	43.78	58.28	Admin and other expenses have decreased on a YoY basis.	Increase on account of general corporate expenses . Decline in % terms
(as a % age of revenue)	17.4%	19.2%	23.0%		
Finance charges	21.18	16.12	11.96	Mainly on account of increase in Interest cost amounting to Rs 7.5 Cr on YOY basis in Edu Infra , due to opening of new schools	This increase is primarily due to EISML where interest cost increase by 2.0 Cr QOQ and 2.5 cr increase in ESL for additional loan disbursed for Edu reach contracts and general corporate purpose
(as a % age of revenue)	7.7%	7.1%	4.7%		
Depreciation	20.79	19.80	30.63	Reduction in Depreciation is due to transfer of schools	Increase is due to CAPEX capitalized for Edu reach
(as a % age of revenue)	7.5%	8.7%	12.1%		
Total Expenditure	212.67	197.36	193.62		

Income Statement

Amount in Rs cr

Particulars	Q2 FY'10	Q2 FY'11	% Chg YoY
Net Income from Operations	206.9	199.2	-3.7%
Total Expenditure	101.4	111.8	10.3%
Cost of Goods Sold	44.9	52.2	16.1%
Staff Cost	24.4	35.9	46.7%
Selling, Distribution & Administration expenses (including prior period items)	32.0	23.7	-25.8%
EBIDTA	105.5	87.4	-17.2%
Depreciation & Amortization	25.9	10.1	-61.0%
Finance Charges	8.8	10.3	17.0%
OPBT	70.8	67.0	-5.4%
Other Income	5.3	13.8	160.3%
PBT	76.1	80.9	6.2%
Tax (including deferred)	25.7	5.6	-78.1%
PAT	50.4	75.2	49.2%
Basic EPS (Rs.)	5.38	7.88	46.5%
Diluted EPS (Rs.)	5.10	7.15	40.2%

Key Ratios

Key Ratios (as a % of Net Income from Operations)	Q2 FY'10	Q2 FY'11
EBIDTA Margin	51.0%	43.9%
PAT Margin	24.4%	37.8%
Total Expenditure	49.0%	56.1%
Consumption of Raw material	21.7%	26.2%
Staff Cost	11.8%	18.0%
Selling, Distribution & Administration expenses	15.5%	11.9%

Amount in Rs cr

Revenues	Q2 FY'10	Q2 FY'11	% Chg YoY
School Learning Solutions	200.4	192.3	-4.0%
Higher Learning Solutions	6.1	13.7	123.2%
K-12 Schools	20.9	32.1	53.9%
Online, Supplementary & Global	26.1	38.7	48.0%
Total Net Sales/ Income from Operations	253.5	276.8	9.2%

PBIT	Q2 FY'10	Q2 FY'11	% Chg YoY
School Learning Solutions	102.9	88.8	-13.7%
Higher Learning Solutions	(2.0)	(6.5)	NA
K-12 Schools	5.3	12.9	144.2%
Online, Supplementary & Global	(6.9)	3.1	NA
	99.2	98.3	-1.0%
Less: Interest (Net)	12.0	21.2	77.2%
Other un-allocable expenses (net of un-allocable income and prior period items)	(56.7)	4.8	NA
Total Profit before Tax	144.0	72.3	-49.8%

PBIT Margins	Q2 FY'10	Q2 FY'11
School Learning Solutions	51.3%	46.2%
Higher Learning Solutions	NA	NA
K-12 Schools	25.3%	40.1%
Online, Supplementary & Global	NA	8.0%

Revenue Break up	Q2 FY'10	Q2 FY'11
School Learning Solutions	79.0%	69.5%
Higher Learning Solutions	2.4%	4.9%
K-12 Schools	8.2%	11.6%
Online, Supplementary & Global	10.3%	14.0%

Amount in Rs cr

Revenues	Q2 FY'10	Q2 FY'11	% Chg YoY
School Learning Solutions	200.4	192.2	-4.1%
Higher Learning Solutions	4.2	5.6	33.7%
K-12 Schools	2.3	0.9	-61.8%
Online, Supplementary & Global	0.05	0.55	1094.4%
Total Net Sales/ Income from Operations	206.9	199.2	-3.7%

PBIT	Q2 FY'10	Q2 FY'11	% Chg YoY
School Learning Solutions	104.3	91.2	-12.6%
Higher Learning Solutions	1.2	2.3	89.4%
K-12 Schools	(0.02)	0.83	NA
Online, Supplementary & Global	(0.04)	(1.38)	NA
	105.5	92.9	-11.9%
Less: Interest (Net)	8.8	10.3	17.0%
Other un-allocable expenses (net of un-allocable income and prior period items)	20.5	1.7	-91.5%
Total Profit before Tax	76.1	80.9	6.2%

PBIT Margins	Q2 FY'10	Q2 FY'11
School Learning Solutions	52.1%	47.4%
Higher Learning Solutions	28.4%	40.3%
K-12 Schools	NA	96.5%
Online, Supplementary & Global	NA	NA

Revenue Break up	Q2 FY'10	Q2 FY'11
School Learning Solutions	96.9%	96.5%
Higher Learning Solutions	2.0%	2.8%
K-12 Schools	1.1%	0.4%
Online, Supplementary & Global	0.0%	0.3%

Particulars	6 Months Ended 30/09/2010	6 Months Ended 30/09/2009
	Unaudited	Unaudited
SOURCE OF FUNDS		
Shareholders Fund		
(a) Capital	19.11	18.93
(b) ESOP outstanding account	12.38	15.11
(c) Reserves and Surplus	1,720.29	1,132.15
Share Application Money	0.00	-
Loan Funds	1,400.19	989.29
Minority Interest	205.15	82.93
Deferred Tax Liability	3.12	40.01
TOTAL	3,360.23	2,278.43
APPLICATION OF FUNDS		
Goodwill	634.41	121.58
Fixed Assets	1,399.84	960.20
Investments	78.19	39.48
Foreign Currency Monetary Items Translation Difference Account (FCMITDA)	(3.01)	16.95
CURRENT ASSETS, LOANS AND ADVANCES		
(a) Inventories	23.84	16.43
(b) Sundry Debtors	748.21	620.56
(c) Cash and Bank balances	472.85	609.01
(d) Other current assets	20.98	14.03
(e) Loans and Advances	327.55	189.09
Less: Current Liabilities and Provisions		-
(a) Liabilities	323.62	252.64
(b) Provisions	19.02	56.31
Net current assets	1,250.80	1,140.17
Miscellaneous expenditure (Not written off or adjusted)	-	0.05
Profit and Loss account		
TOTAL	3,360.23	2,278.43

Amount in Rs cr

Amount in Rs cr

Particulars	As on 30/09/2009	As on 30/09/2009
	Unaudited	Unaudited
SOURCE OF FUNDS		
Shareholders Fund		
(a) Capital	19.1	18.9
(b) ESOP outstanding account	12.4	15.1
(c) Reserves and Surplus	1,323.3	1,076.8
Share Application Money	0	-
Loan Funds	710.8	589.3
Deferred Tax Liability	0.6	37.5
TOTAL	2,066.2	1,737.6
APPLICATION OF FUNDS		
Fixed Assets	134.3	335.2
Investments	827.4	211.2
Foreign Currency Monetary Items Translation Difference Account (FCMITDA)	(3.0)	16.6
Current Assets, Loans & Advances		
(a) Inventories	17.1	14.2
(b) Sundry Debtors	662.4	572.0
(c) Cash and Bank balances	258.7	471.8
(d) Other current assets	15.3	13.7
(e) Loans and Advances	344.3	300.7
Less: Current Liabilities and Provisions		
(a) Liabilities	183.2	152.4
(b) Provisions	7.0	45.3
Net current assets	1,107.5	1,174.7
Miscellaneous expenditure (Not written off or adjusted)	-	-
Profit and Loss account	-	-
TOTAL	2,066.2	1,737.6

Balance Sheets Heads	30.09.2010	31.03.2010	Change	Remarks
Loan funds	1,400.19	1,047.83	352.36	Disbursement of Rs 240 cr in Eduinfra out of the sanctioned Rs.625 cr & balance for project financing under Edureach projects mainly Bihar, Assam & also for general corporate purpose.
Shareholder's funds	1,751.78	1,647.51	104.27	Increases due to PAT during the half year
Minority Interest	205.15	191.48	13.67	Pertaining to Lavasa JV
Investments	78.19	35.41	42.78	Investment in redeemable NCPS in Edusmart* amounting to Rs 25 cr and balance in mutual funds
Debtors	748.21	552.97	195.24	Debtors have reduced by 3 bn Rs on 5th Oct, 2010 due to securitisation of receivables, thereby reducing the debtor days from 249 to 149 days on annualised basis
Gross Block including CWIP	1,543.56	1,170.64	372.92	Mainly increased due to capitalisation of fixed assets in Eduinfra
Cash and Bank Balance	472.85	788.67	-315.82	Deployed in meeting capital expenditure (investment) in EISML - 150 cr, Raffles - 30 cr, Vidya Mandir - 30 cr and Asia pacific - 15 cr ,Repayment of term loan 38 cr and balance in operations.
Goodwill	634.41	603.09	31.32	Mainly on account of investment in Vidya Mandir Classes
Loans & Advances	327.55	181.05	146.51	Advances given by EISML to various vendors Rs 45 cr

** Educomp or its promoters do not have any direct or indirect interest in Edusmart except Educomp holds Rs 45cr redeemable NCPS at a yield of 8% given as per the terms and conditions of securitization*

Consolidated Cash and Bank Balance at a Glance								
	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11	As on 5th Oct 2010
Amount in Cr								
Cash and bank balance	190.2	149.0	609.0	534.3	788.7	604.9	472.9	714.9

Key Banks	Address	Balance as at 30th September 2010 (in Rs Cr)	Balance as at 31st March 2010 (in Rs Cr)	Nature of Account
Axis Bank	Axis Bank Ltd.SCO 29, Sector 14, Near Huda Office, Old Delhi, Gurgaon Road, Haryana-122001	190.0	0.0	Fixed Deposit
Punjab National Bank	Large Corporate Branch, Rayala Towers, III Floor No 781-785, ANNA SALAI , CHENNAI - 600002	0.0	100.0	Fixed Deposit
Bank of India	PTI Building Parliament Street, New Delhi - 110001	0.0	105.0	Fixed Deposit
Canara Bank	2nd Floor World Trade Tower, Barakhamba lane, New Delhi - 110001	0.0	20.0	Fixed Deposit
Andhra Bank	Andhra Bank, Green Park, New Delhi - 110016	0.0	70.0	Fixed Deposit
HDFC Bank	Surya Kiran Building, Kastorba Gandhi Marg, New Delhi - 110001	14.6	22.6	Fixed Deposit
SBI Singapore	80 Raffles Place #26-05, UOB Plaza Singapore	27.9	28.0	Fixed Deposit
ICICI Singapore	9 Raffles Place #50-01, Republic Plaza Singapore	0.0	54.2	Fixed Deposit
State Bank of Patiala	Commercial Branch Chanderlok Building, New Delhi-01	12.0	10.8	Fixed Deposit
Standard Chartered Bank	DLF Building No.7A, Sector 24 , 25 & 25A , DLF Cyber City Gurgaon - 122002	4.6	4.6	Fixed Deposit
Others*		14.7	12.0	Fixed Deposit
		263.8	427.2	
Axis Bank	Axis Bank Ltd.SCO 29, Sector 14, Near Huda Office, Old Delhi, Gurgaon Road, Haryana-122001	34.3	288.0	Current Account
ICICI Bank	9A Phelps, Connaught Place, New Delhi-110 001	42.3	20.3	Current Account
Comercia Bank	Comerica Bank, San Jose, CA	103.2	6.4	Current Account
Others including cash & cheques in hand*		29.3	46.9	Current Account + Others
		179.8	314.6	
Grand Total		443.6	741.8	

* Others include several banks carrying small amounts across various subsidiaries as well as the parent company

Debtors in Q2 FY 11: 249 Days on sequential turnover (30th Sept)

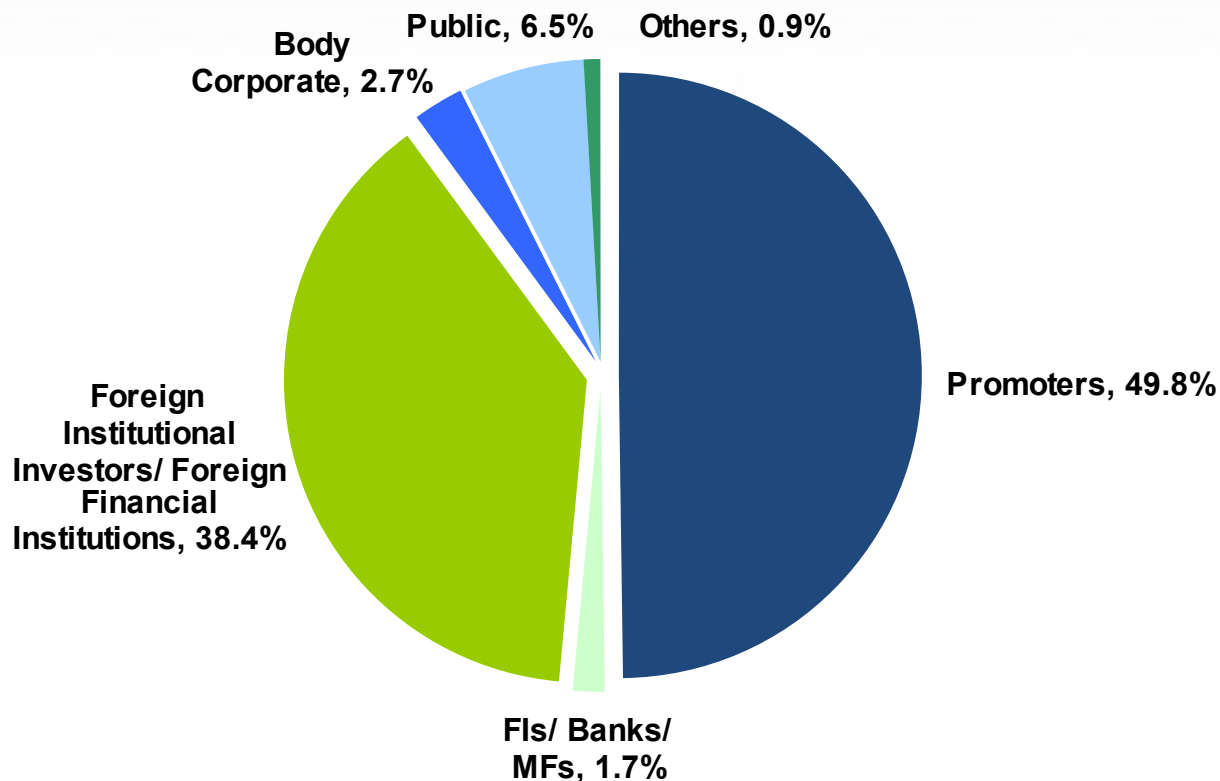
- Debtors as on 5th October 2010: 149 Days (after Bank funding of non securitized schools)

Guidance on Debtors for Q3 & Q 4 of FY11: 160-170 days on sequential turnover basis

▪ Break up :	<u>No of days</u>
▪ Smart class Debtors	90-95 days
▪ ICT debtors	40-45 days
▪ EISML (K12 Schools)	15-20 days
▪ Other debtors	5-10 days
▪ Total Debtors	160- 170 days

Consolidated Revenue Guidance : 1300-1350 Cr

Equity Shares Outstanding-95,529,296



Company has sub-divided each of the existing Equity Shares of the face value of Rs.10/- each fully paid-up into five Equity Shares of the face value of Rs.2/- each fully paid-up.

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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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