



Q2 FY12 Investor Update

(Quarter ended September 2011)

11th Nov 2011



Q2 FY12 – Consolidated Financials

Consolidated Financials			
	Q2 FY12	Q2 FY11	Q1 FY12
	Rs Cr	Rs Cr	Rs Cr
Income			
Sales & Service income	319.8	276.8	292.4
Other income	7.7	8.4	6.7
Total Income	327.5	285.2	299.2
Expenditure			
Cost of goods sold	74.7	59.5	58.3
Personnel expenses	81.3	63.2	72.9
Administration and other expenses	58.0	50.4	55.2
Total Expenditure	214.0	173.0	186.4
EBITDA (Before exceptional items)	105.4	103.4	102.6
<i>EBITDA Margin (Before exceptional items)</i>	<i>33%</i>	<i>37%</i>	<i>35%</i>
Depreciation	26.0	20.8	25.2
EBIT (Before exceptional items)	79.5	82.6	77.4
<i>EBIT Margin (Before exceptional items)</i>	<i>25%</i>	<i>30%</i>	<i>26%</i>
Finance Charges	30.7	21.2	32.9
Profit before tax (Before exceptional items)	56.3	70.4	54.7
<i>PBT Margin (Before exceptional items)</i>	<i>17%</i>	<i>25%</i>	<i>18%</i>
Exceptional items (Forex) *	37.2	-2.1	0.6
Profit before tax (After exceptional items)	19.1	72.5	54.1
<i>PBT Margin (After exceptional items)</i>	<i>6%</i>	<i>25%</i>	<i>18%</i>
Provision for tax	6.5	14.1	14.1
Pre-acquisition profits	0.0	-1.6	0.0
Share of profit in associates	0.9	0.6	0.5
Minority interest	-0.6	1.4	2.9
Profit after tax, minority interest & pre-acquisition profits	12.8	57.8	36.6
<i>PAT Margin</i>	<i>4%</i>	<i>20%</i>	<i>12%</i>
Cash Profit	78.8	79.1	64.5
EPS (Rs)			
Basic	1.33	6.06	3.82
Diluted	1.32	5.47	3.60

Exceptional Item

* Rs 37.2cr mark-to-market primarily pertaining to FCCB of \$78.5 million

Note

** ETR on standalone financials for Q2 FY11 was 6.4% while ETR in Q2 FY12 is at current tax rate

On a restated basis PAT for Q2 FY11 would have been 43.1cr and Basic EPS for Q2 FY11 would have been 4.52 while PAT for Q2 FY12 before exceptional items would have been 41.2cr and Basic EPS for Q2FY 12 before exceptional items would have been 4.29

Highlights Q2 FY12 – Consolidated Financials

- Net Income from operations up 16% from Rs 276.8cr to Rs 319.8cr
- EBITDA Margin (before exceptional items) is at 33% as compared to 37% last year
- EBIT Margin (before exceptional items) is at 25% as compared to 30% last year
- PBT Margin (before exceptional items) is at 17% as compared to 25% last year
- The decline in EBITDA%, EBIT% and PBT% is due to a temporary loss in subsidiary Learning.com on account of government policy change in Texas, USA (details on page 28)
- This has led to a revenue booking of 16cr with EBITDA loss of 3.8cr in Q2FY12 as compared to a revenue of 28.4cr with a EBITDA of 8.8cr in Q2FY11, thereby leading to a revenue loss of 12.4cr in Q2FY12 with a EBITDA loss of 12.6cr thereby impacting EBITDA%, EBIT%, PBT% and PAT% in Q2FY12 (details on page 28)
- In the absence of the Rs. 12.4cr hit, all numbers would have been in line with an overall growth in PAT of 15%, growth in EBITDA of 14%, growth in EBIT of 11.2%
- Cash profit for the quarter is maintained at 78.8cr as compared to 79.1cr last year

Q2 FY12 – Standalone Financials

Standalone Financials			
	Q2 FY12	Q2 FY11	Q1 FY12
	Rs Cr	Rs Cr	Rs Cr
Income			
Sales & Service income	219.3	199.2	185.7
Other income	2.4	11.6	7.4
Total Income	221.7	210.8	193.1
Expenditure			
Cost of goods sold	60.1	52.2	45.7
Personnel expenses	42.3	35.9	37.9
Administration and other expenses	19.5	23.7	20.1
Total Expenditure	121.8	111.8	103.7
EBITDA (Before exceptional items)	97.5	87.4	82.0
<i>EBITDA Margin (Before exceptional items)</i>	<i>44.5%</i>	<i>43.9%</i>	<i>44%</i>
Depreciation	11.3	10.1	11.8
EBIT (Before exceptional items)	86.2	77.3	70.1
<i>EBIT Margin (Before exceptional items)</i>	<i>39%</i>	<i>39%</i>	<i>38%</i>
Finance Charges	17.5	10.3	20.3
Profit before tax (Before exceptional items)	70.1	78.7	57.3
<i>PBT Margin (Before exceptional items)</i>	<i>32%</i>	<i>37%</i>	<i>30%</i>
Exceptional items (Forex)*	37.4	-2.2	0.5
Profit before tax (After exceptional items)	32.7	80.9	56.7
<i>PBT Margin (After exceptional items)</i>	<i>15%</i>	<i>38%</i>	<i>29%</i>
Provision for tax	7.6	5.6**	13.2
Profit after tax	26.1	75.2	43.5
<i>PAT Margin</i>	<i>12%</i>	<i>36%</i>	<i>23%</i>
Cash Profit	77.6	85.8	58.0
EPS (Rs)			
Basic	2.72	7.88**	4.54
Diluted	2.70	7.15	4.28

Exceptional Item

* Rs 37.4cr mark-to-market primarily pertaining to FCCB of \$78.5 million

Note

** ETR on standalone financials for Q2 FY11 was 6.4% while ETR in Q2 FY12 is at current tax rate

On a restated basis PAT for Q2 FY11 would have been 60.6cr and Basic EPS for Q2 FY11 would have been 6.35 while PAT for Q2 FY12 before exceptional items would have been 54.5cr and Basic EPS for Q2 FY12 before exceptional items would have been 5.68

Notes to Q2 FY12 – Standalone Financials

- Net Income from operations up 10% from Rs 199.2cr to Rs 219.3cr on a y-o-y basis and up 18% on a q-o-q basis
- EBITDA (before exceptional items) is up 12% from Rs 87.4cr to Rs 97.5cr on a y-o-y basis and up 19% on a q-o-q basis
- EBITDA Margin (before exceptional items) improved to 44.5% as compared to 43.9% last year
- EBIT Margin (before exceptional items) improved to 39.3% as compared to 38.8% last year
- The decline in PBT and PAT on a y-o-y basis is on account of combination of 2 factors:
 - (1) Exceptional Forex impact hit of Rs.37.4cr in Q2FY12 due to currency fluctuation; The entire hit on mark-to-market for \$78.5 million FCCB has been considered in the current quarter
 - (2) Increase in enhancement of working capital facilities/ increase in interest cost/ increase in marketing team cost due to addition of 200 people in SmartClass, presently a sunk cost as impact in Revenue will come in future quarters
- Cash profit for the quarter is at 77.6cr as compared to 85.8cr last year

Key Issues

- a) FCCB redemption due in July 2012
- b) Capital deployment in K12 & other subsidiaries
- c) SmartClass business: Growth, Margins and Pricing
- d) Performance of key subsidiaries
- e) Securitization
- f) Debt/ Equity
- g) Cashflow situation

FCCB redemption & Capital deployment

(a) FCCB redemption due in July 2012

- FCCB will be re-paid through a combination of internal accruals and ECB financing
- Process of raising ECB financing underway
- Applying to RBI to take permission to issue an ECB
- Parallely, in talks with bankers as well
- Company is confident of raising ECB well in time

(b) Capex Deployment

(i) Capex deployment in K12

- Sharp decline in capex from 115cr in Q1 to 48cr in Q2 (30cr towards construction, 18cr towards interest capitalization (IDC)), expected capex in Q3: around 40cr (including IDC) for the ongoing constructions on schools to be live in forthcoming academic term
- Strategic shift to asset-light model
- Signed 18 new termsheets for schools in JV model (list enclosed)

(ii) Capex deployment in Higher Learning Solutions

- Zero capex incurred in Q2 as compared to 105cr in Q1

Shift to asset-light JV model in K12

List of New Termsheets signed for Asset-light model

Brand	Location	Start Year
Takshila	vellore	2011
Takshila	Ambur	2011
Millennium	Bhatinda	2011
Universal Academy	Bijnore	2012
Universal Academy	Srinagar	2012
Takshila	Hansi	2012
Vasant Valley	Greater Noida	2012
Millennium	Jaipur	2012
Millennium	Lucknow	2012
Millennium	Ghaziabad	2012
Takshila	Agartala	2013
Takshila	Surat	2013
Sri Sankara Universal Academy	Guntur	2013
Takshila	Baddi	2013
Vasant Valley	Gurgaon	2013
Takshila	Siliguri	2013
Millennium	Raipur	2013
Takshila	Dharuhera	2013

(c) SmartClass parameters – Robust pricing maintained, growth continues

SmartClass at a Glance					
	Q2 FY12	Q2 FY11	YoY	Q1 FY12	QoQ
	Rs Cr	Rs Cr	%	Rs Cr	%
Revenue	191.3	150.0	28%	154.0	24%
EBIT	100.1	81.6	23%	79.6	26%
EBIT Margin	52.3%	54.4%		51.7%	
No of Schools added	905	664	-	664	-
No of Classrooms added	6,818	5,309	-	5,288	-
Average No of Classrooms per school	8	8	-	8	-
Cumulative No of Schools covered	8,107	4,585	-	7,202	-
Cumulative No of Students covered (Million)	4.8	3.6	-	4.5	-
Avg Selling Price per classroom (100%) (Rs Lacs)	4.04	4.04	-	4.04	-

Highlights :

- Robust pricing maintained at Rs. 4.04 Lacs per classroom
- No of classrooms added in Q2 6818, up 28% from 5309 classrooms added in Q2 last year
- Revenue up 28% on a y-o-y basis and up 24% on a q-o-q basis
- SLS segment EBIT margins maintained around 47% on a y-o-y basis, marginally up on a q-o-q basis
- SmartClass on track to meet guidance of 40-45000 classrooms
- Temporary increase in SmartClass debtor days to 156 days on consolidated sequential revenue as securitization is underway in new “reduced guarantee” mode. Securitization limits likely to be closed in 2 weeks. Had the securitization been closed, SmartClass debtors would have been in line with the business model

(d) Performance of subsidiaries: Exceptional revenue growth and reduced losses

IndiaCan (Pearson JV)

- Revenue up 50% y-o-y, up 53% q-o-q
- Losses maintained y-o-y and q-o-q
- **ETEN business already making profits**
- Retail Vocational business is estimated to breakeven in FY14
- **Loss in Retail Vocational down by 20% on a q-o-q basis**
- Purple Leap currently making losses and under business restructuring
- **Entire IndiaCan business estimated to breakeven in FY14**

Raffles JV

- Revenue up 361% y-o-y, up 27% q-o-q
- Losses down by 18% y-o-y, down by 29% q-o-q
- **Entire higher education business estimated to breakeven in FY15**
- All 7 Design Colleges to breakeven in FY14
- AICTE approved campus to breakeven in FY15 (since the campus has started operations in August 2011)

Learning.com and Ask n Learn

- Learning.com:
 - Legislative change in Texas resulted in a temporary loss
- Ask n Learn:
 - Revenue up 40% y-o-y
 - EBITDA up 56% y-o-y

Eurokids

- Revenue up 65% y-o-y
- EBITDA up 60% y-o-y
- Eurokids has 595 preschools operational and remains the No. 1 preschools brand in the country

Strong growth and reduced capex in Educomp K12 business

EISML

- Revenue up 27% y-o-y
- EBITDA up 26% y-o-y
- 18 new termsheets signed for schools in JV model (3 of them operational)
- No. of operational schools 65, up from 59 in Q1
- Total visibility of schools including land sites, construction sites and JVs signed (but not yet operational) is 101 schools
- EISML estimated to be FCF positive by FY15
- ESIML is in the process of appointing investment banker to raise PE capital

Supplemental business (comprising of VMC/ Gateforum/ Authorgen/ Studypaces/ Learning Hour/ Savvica)

- Revenue up 511% y-o-y from 2.4cr to 14.9cr
- Revenue up 9% q-o-q from 13.7cr to 14.9cr
- H1 losses down by 61% from 6.86cr in FY11 to 2.68cr in FY12
- Supplemental business estimated to breakeven by FY14
- Moving towards a self-sustainable business
- Looking for raising Private Equity in Supplemental business. Discussions with various PE funds ongoing

Securitization/ Debt Equity/ Cashflow

(e) Securitization

- Bank sanctions underway
- Company to expect sanctions in the month of November in “reduced guarantee” model

(g) Cashflow situation

- Current cash balance on a consolidated basis is Rs 234cr

(f) Debt/Equity

- Despite increase in Debt the Debt/Equity ratios are below the standard accepted ratios:
 - (i) Standalone basis
 - 0.56 : 1 (without contingent liabilities)
 - (ii) Consolidated basis
 - 0.84 : 1 (without contingent liabilities)
 - 1.27 : 1 (with booked contingent liabilities)
- However the actual contingent liabilities are lower as compared to the booked contingent liabilities

Impressive revenue growth in all subsidiaries*

Raffles JV			
	Q2 FY12	Q2 FY11	YoY
	Rs Cr	Rs Cr	%
Revenue (50% of JV Revenue)	6.8	1.5	361%
EBITDA (50% of JV EBITDA)	-2.3	-3.0	NM
Pearson JV (IndiaCan)			
	Q2 FY12	Q2 FY11	YoY
	Rs Cr	Rs Cr	%
Revenue (50% of JV Revenue)	8.4	5.6	50%
EBITDA (50% of JV EBITDA)	-4.7	-4.4	NM
Eurokids Financials			
	Q2 FY12	Q2 FY11	YoY
	Rs Cr	Rs Cr	%
Revenue	15.0	9.1	65%
EBITDA	1.7	1.1	60%
EBITDA Margin %	12%	12%	
PAT	2.0	0.6	234%
PAT Margin %	11%	6%	
Ask n Learn Financials			
	Q2 FY12	Q2 FY11	YoY
	Rs Cr	Rs Cr	%
Revenue	9.0	6.4	40%
EBITDA	2.4	1.5	56%
EBITDA Margin %	26%	24%	
PAT	-0.2	-0.2	NM
PAT Margin %	NM	NM	
Learning.com Financials			
	Q2 FY12	Q2 FY11	YoY
	Rs Cr	Rs Cr	%
Revenue	16.0	28.5	-44%
EBITDA	-3.8	8.8	-144%
EBITDA Margin %	-24%	31%	
PAT	-4.6	2.9	NM
PAT Margin %	NM	10%	

Note

* Temporary Loss in Learning.com explained on slide 28

Note: EBITDA margin computed on Operational Revenue (shown above) and PAT Margin on Total Revenue

Educomp Infrastructure and School Management Limited

EISML Standalone Financials			
	Q2 FY12	Q2FY'11	YoY%
	Rs Cr	Rs Cr	
Income			
Sales & Service income	27.0	21.2	27%
Other income	2.6	1.9	
Total Income	29.6	23.1	28%
Expenditure			
Cost of goods sold	0.1	0.2	
Personnel expenses	3.0	1.8	
Administration and other expenses	4.1	3.6	
Finance charges	12.2	9.8	
Depreciation	3.5	2.1	
Total Expenditure	23.0	17.5	31%
Profit before tax	6.6	5.6	18%
<i>PBT Margin</i>	22%	24%	
Provision for tax	2.1	1.9	
Profit after tax	4.5	3.7	20%
<i>PAT Margin</i>	15%	16%	
EBITDA	19.7	15.6	26%
<i>EBITDA Margin</i>	73%	74%	

Copyright Educomp Solutions Ltd – Confidential

Consolidated Balance Sheet

Consolidated Balance Sheet		
	As at 30th Sep 2011	As at 30th Jun 2011
	Rs Cr	Rs Cr
Sources of funds		
Shareholders' funds		
Share capital	19.2	19.2
Reserves and surplus	2,236.5	2,186.3
ESOP outstanding account	18.4	16.2
Minority interest	246.7	240.2
Loan funds*	1,908.9	1,618.3
Deferred tax liability (Net)	2.9	5.2
Total Sources of Funds	4,432.7	4,085.5
Application of funds		
Goodwill	910.1	871.9
Net Fixed Assets (Including CWIP)**	2,068.6	1,996.9
Investments	99.5	105.8
Current assets, loans and advances		
Inventories	82.2	73.3
Sundry debtors***	957.6	747.3
Cash and bank balances	233.7	222.3
Loans and advances	421.1	418.4
Other current assets	16.9	7.5
Less : Current liabilities and provisions		
Liabilities	297.2	303.9
Provisions	59.7	53.9
Net current assets	1,354.4	1,111.0
Total Application of Funds	4,432.7	4,085.5

Comments

* Movement in Loan Funds: Due to increase in working capital facility/ Commercial Paper/ Term Loan/ Forex Loss on FCCB

** Movement in FA block: 48cr in K12, Rest a combination of content & R&D expenses/ Implementation in Edureach project in Maharashtra for 540 schools

*** Movement in Debtors: Securitization underway, leading to a temporary increase in debtors. Had the securitization been closed, debtors would have been in line with the business model

Segmental Revenue & EBIT (Consolidated)

Revenue by Segments			
	Q2 FY12	Q2 FY11	YoY
	Rs Cr	Rs Cr	%
School Learning Solutions	218.7	192.3	14%
K12 Schools	44.2	32.1	38%
Higher Learning Solutions*	8.9	12.7	-30%
Online, Supplemental & Global	48.0	39.7	21%
Total	319.8	276.8	16%

Note

* VMC & Gateforum have been re-grouped under OSG segment now, instead of earlier grouping under HLS segment in Q1

EBIT by Segments			
	Q2 FY12	Q2 FY11	YoY
	Rs Cr	Rs Cr	%
School Learning Solutions	102.2	88.8	15%
K12 Schools	13.6	12.9	6%
Higher Learning Solutions	-10.7	-6.5	NM
Online, Supplemental & Global	-8.5	3.0	NM
Total	96.7	98.3	-2%

Cumulative H1 billing of VMC and Gateforum is 22.4cr which got adjusted now from HLS segment to OSG segment

Had the re-grouping not been done then the Q2FY12 revenue of HLS segment would have been 25.7cr

Debtor Days*	
	Q2 FY12
School Learning Solutions:	
Smart Class	156
ICT	37
K12 Schools	31
Higher Learning Solutions	9
Online, Supplemental & Global	6
Total	240

Note

*On annual sequential consolidated turnover

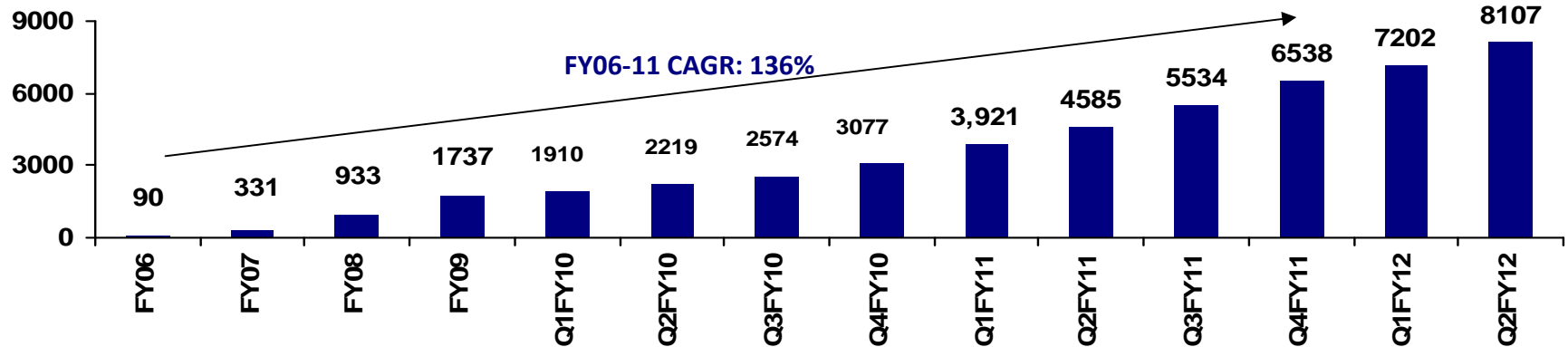
**Securitization in SmartClass underway, leading to a temporary increase in Debtor Days

SmartClass reaches 8,107 schools and 4.8 million students



- Added 6818 classrooms across 905 schools in Q2 (average classrooms per school at 8)
- Total of 12106 classrooms added in 1st half of FY12 (annual guidance of 40-45000 classrooms intact)
- SmartClass now reaches 8,107 schools serving 4.8 million students
- Pricing at Rs 4.04 lacs per classroom during the quarter

No. of schools signed with SmartClass



Copyright Educomp Solutions Ltd – Confidential

No. 1 player in ICT and Preschool markets

ICT:

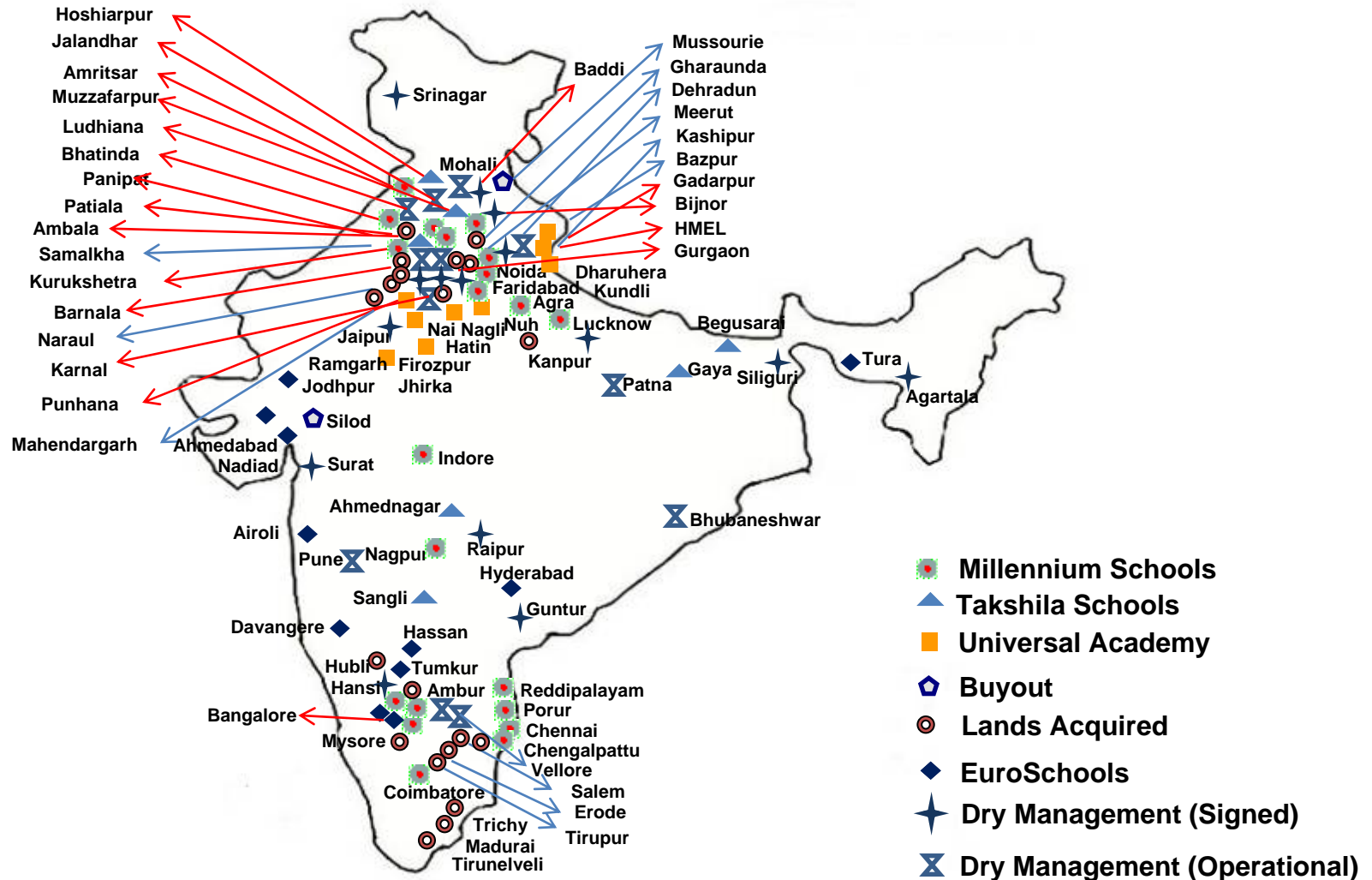
- Implementation of 540 schools under the Maharashtra contract underway
- Added 582 government schools under the ICT program in Chhatisgarh with a total contract value of 60.7cr
- ICT program currently reaches 10,937 schools and 6.0 million students after the expiry of 217 schools

PreSchools:



- Roots to wings now re christened as “Little Millennium”
- 233 pre-schools operational under Little Millennium; 595 preschools operational under Eurokids
- Over 49500 kids enrolled in preschools

K-12: 101 schools visibility: 65 operational (39 Greenfield, 26 JVs), 21 land parcels, 15 new JVs signed



Higher Learning Solutions – Growing steady and strong

Pearson JV: **IndiaCan** A Pearson Educomp Company

- IndiaCan has a total of 308 points of presence across the country reaching 60,000+ students through its different models: ETEN/ Purple Leap/ Consumer Vocational
- ETEN:
 - 136 centers operational; CA enrolments crossed 34,000 in Q2 FY12
 - Courses in Civil Services and Bank PO launched
 - ETEN students secured 10 ranks in CA Final result recently with an overall 70% pass rate; IPCC result declared recently saw ETEN students securing 9 ranks with a 72% pass rate
- Purple Leap:
 - 100 centers operational in colleges with over 13,000 students enrolled in various programs
- Consumer Vocational:
 - 72 vocational centers with over 6750+ students enrolled in the 2nd quarter
 - Pilot executed for “IndiaCan Now” and 5 new centers initiated for NDTV program

Raffles JV:



- AICTE approved Engineering & PGDM campus launched



Online – Largest e-learning footprint in India catering to 3.8 million users

 **Educomp™**
Supplemental ..the Online & Supplemental arm of Educomp

WizIQ

- WizIQ ended the quarter with over 1.6 million registered users, growing 12% on QoQ basis
- Over 181,439 new registered users added in Q2; Over 2.8 million unique visitors in Q2

learnhub

StudyPlaces.com
Education matters

- Learnhub and StudyPlaces registered users at over 2 million users now
- Over 1 million monthly visitors to both sites combined

 **EducompOnline**

- Educomp Online currently being used by 2,631 schools
- Over 2.2 million user id's distributed; over 114,921 students actively using the product

 **Vidyamandir
Classes**

**Educomp
Leap**

- 29 points of presence across the country reaching over 5000 students through VMC & Leap Centres

GATEFORUM
Engineering Success

- 44 Operational centers reaching 12,865 students

 **Educomp
smartclass™**
EduReach
Enriching Education

 **Educomp**
Wings
THE NEW THINKING SPACE

 **The Millennium
School**

 **Takshila
SCHOOL**

 **UNIVERSAL
ACADEMY**
Enriching Education

 **LE MONT
HIGH SCHOOL, LAKHNAU**

 **Raffles
Millennium
International**

 **IndiaCan**
Enriching Education

 **Vidyamandir
Classes**

 **GATEFORUM**
Engineering Success

 **WizIQ**

 **learnhub**

 **EducompOnline**
StudyPlaces.com
Education matters

Launch of SmartClass in China

- Educomp in partnership with CDEL has launched Educomp's SmartClass and LMS products in schools in Chao Yang city of China
- SmartClass content being progressively translated in Mandarin language; approximately 1000 lessons (or 10,000 modules) have been converted to Mandarin already



Market Leadership in all businesses

	Current Mkt	Educomp Presence	Current Penetration	Market Position	Value Creation
Multimedia Content	\$1bn	SmartClass	<9% (by schools) <3% (by classrooms)	No. 1 player	High
ICT	\$90m	EduReach	<2%	No. 1 player	Medium
Pre Schools	\$1bn	Roots to Wings, Eurokids	<3%	No. 1 player	High
K12 Schools	\$20bn	Millennium, Takshila, Universal Academy, Le Mont High	Shortage of 200,000 schools	No. 1 corporate player	High
Professional Development	\$15m	Teacher Training	NM	No. 1 player	Low
Higher Education	\$7bn	Raffles JV	Shortage of 1500 universities	Growing presence	High
Vocational Education	\$1.4bn	Pearson JV	Requirement of skilled labor force of 500 million by 2022	Among Top 2 players	High
Online & Supplemental	\$7bn	Mathguru, WizIQ, VMC, Gateforum, Learnhub, Learning Hour, Edulgnite, EducompOnline, Studyplaces	NM	No. 1 player	High

Copyright Educomp Solutions Ltd – Confidential

Awards & Recognitions



JRE Business School won 'Asia's Promising Business Schools' by World Brand Congress in Singapore from amongst B-schools of 29 countries



Educomp MD Shantanu Prakash conferred with Visitex International "Shiksha Ratna of the Decade" award India Education Review (14-Sep-2011)

Malgosia Green (Our CEO of Savvica) named one of the 20 Young Women in Power by Canadian Business Magazine (30-Aug-2011)



Forbes Asia's
'Best under a Billion' list features Educomp among the 35 Indian companies who have made the mark. (15-Sep-2011)



Soumya Kanti, President, Educomp Solutions received an "INTERNATIONAL EXCELLENCE AWARD" and a GOLD MEDAL to Educomp Solutions Ltd for Enhancing the Image of India, from Mr Korn Dabbaransi, Former Deputy Prime Minister of Thailand.

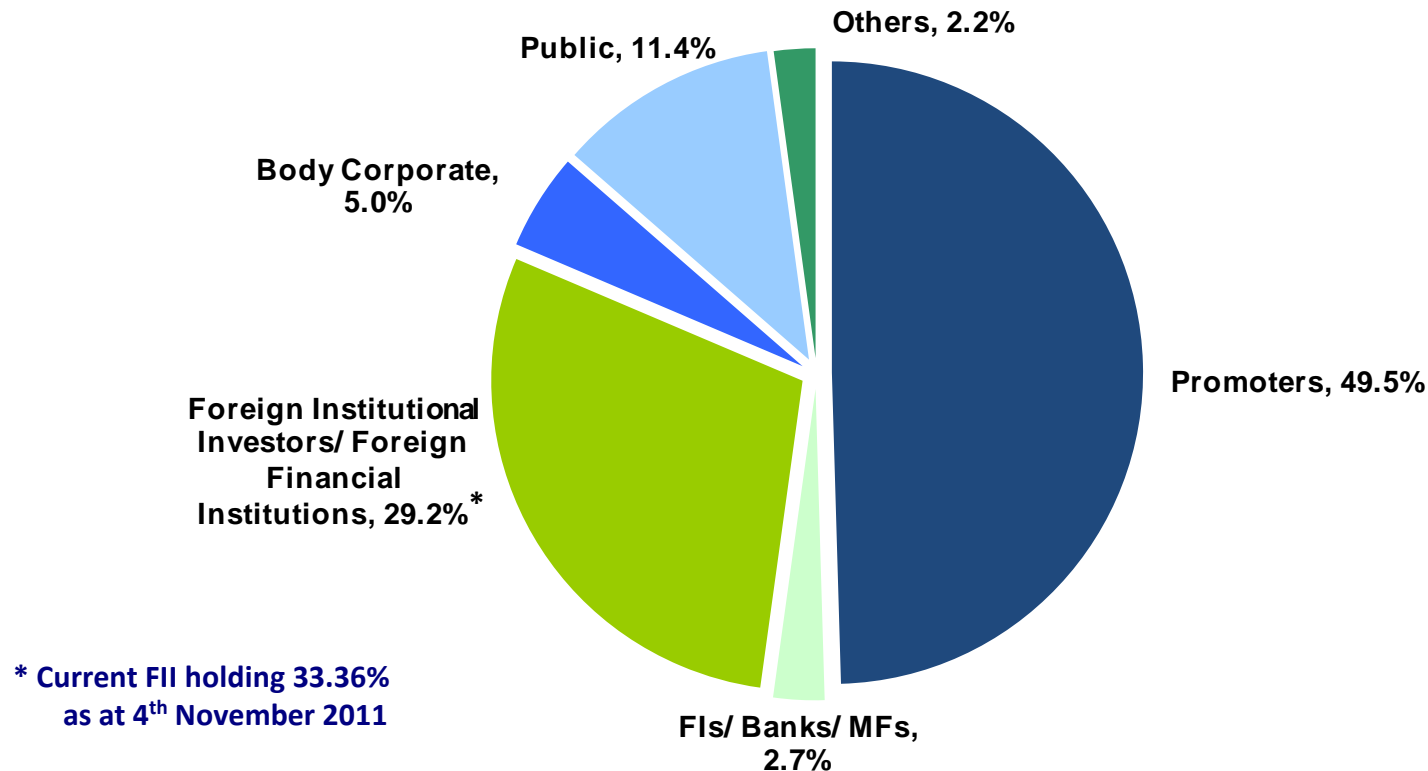
Educomp features in two of Business World's lists of top 500 biggest companies in India Business World (18-Oct-2011) Ranking 217th of top 500 non financial companies, and 39th of the top 500 in the list of "The Biggest Employers"



PSBB Millennium Chennai is the one among the 17 schools worldwide to have been selected a Microsoft Mentor School.

Shareholding Pattern – As on September 30, 2011

Equity Shares Outstanding-96,009,330



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.

SmartClass										
	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	Q2 FY11	Q1 FY11	Q4 FY10	Q3 FY10	Q2 FY10	Q1 FY10
No of Schools added	905	664	1,004	949	664	844	503	355	309	173
No of Classrooms added	6818	5288	8010	7,085	5,309	6,750	4,038	ND	ND	ND
Average No of Classrooms per school	8	8	8	7	8	8	8	ND	ND	ND
Cumulative No of Schools covered	8,107	7,202	6,538	5,534	4,585	3,921	3,077	2,574	2,219	1,910
Cumulative No of Students covered (Million)	4.8	4.5	4.3	3.9	3.6	3.4	3.1	2.9	2.5	2.2
Avg Selling Price per classroom (100%) (Rs Lacs)	4.04	4.04	3.77	3.81	4.04	3.90	3.90	ND	ND	ND
Avg Revenue per classroom recognized in Year 1 (52.5%) (Rs Lacs)	2.12	2.12	1.98	2.01	2.12	2.05	2.05	ND	ND	ND

ICT										
	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	Q2 FY11	Q1 FY11	Q4 FY10	Q3 FY10	Q2 FY10	Q1 FY10
No of New Schools signed	582	NIL	540	NIL	NIL	NIL	600	363	671	1,780
Cumulative No of Schools covered	10,937	10,572	10,572	10,550	13,814	15,426	15,426	14,826	14,463	13,792
Cumulative No of Students covered (Million)	6.0	5.8	5.8	5.8	7.4	8.2	8.2	7.9	7.7	7.4
No of Schools for which the contractual period has expired	217	0	518	3,264	1,612	0	0	0	0	0

Pre Schools										
	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	Q2 FY11	Q1 FY11	Q4 FY10	Q3 FY10	Q2 FY10	Q1 FY10
No of 'Roots to Wings' Pre Schools	233	232	220	220	228	224	220	240	204	193
No of 'Eurokids' Pre Schools	595	609	579	579	535	506	555	539	424	450
No of Total Pre Schools	828	841	799	799	763	730	775	779	628	643

K12 Schools										
	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	Q2 FY11	Q1 FY11	Q4 FY10	Q3 FY10	Q2 FY10	Q1 FY10
No of K12 Schools operational	65	59	56	50	46	43	43	36	36	35
- No of K12 Schools operational under Educomp (Greenfield)	37	33	33	29	24	29	29	22	22	23
- No of K12 Schools operational under Educomp (Acquired)	2	2	2	1	1					
- No of K12 Schools operational under Educomp (Dry Mgmt/JV)	12	10	10	9	7					
- No of K12 Schools operational under Euroschools	14	14	11	11	14	14	14	14	14	12
No of Schools under construction/ land sites/ JVs signed	36	27	27	31	33	30	26	23	12	8
No of K12 Schools with visibility*	101	86	83	81	79	73	69	59	48	43
Breakup of Greenfield schools under Educomp:										
- No of K12 Schools operational in 0th year	4	9	9	5	ND	ND	ND	ND	ND	ND
- No of K12 Schools operational in 1st year	9	8	8	8	ND	ND	ND	ND	ND	ND
- No of K12 Schools operational in 2nd year	8	12	12	12	ND	ND	ND	ND	ND	ND
- No of K12 Schools operational in 3rd year and above	16	4	4	4	ND	ND	ND	ND	ND	ND

Higher Education - Raffles JV										
	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	Q2 FY11	Q1 FY11	Q4 FY10	Q3 FY10	Q2 FY10	Q1 FY10
No of Colleges**	8	8	7	7	7	7	3	2	2	2

Vocational Education - Pearson JV										
	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	Q2 FY11	Q1 FY11	Q4 FY10	Q3 FY10	Q2 FY10	Q1 FY10
No of Total IndiaCan points of presence	308	365	339	279	277	251	220	122	105	40
No of Students covered by IndiaCan	60815	39,097	63,000	52,500	34,600	ND	ND	ND	ND	ND

Online & Supplemental Education										
	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	Q2 FY11	Q1 FY11	Q4 FY10	Q3 FY10	Q2 FY10	Q1 FY10
Online Users										
No of New registered users added (in Million)	0.29	0.58	0.43	0.34	0.34	0.41	0.22	0.18	0.18	0.16
Total No of registered users (in Million)	3.8	3.5	2.9	2.5	2.1	1.8	1.4	1.2	1.0	0.8
Vidyamandir Classes / LEAP/ Gateforum										
No of VMC + LEAP + Gateforum centers operational	73	69	66	30	17	17	5	5	5	5
No of students enrolled in VMC & LEAP & Gateforum programs	18,100	10,552	7,158	3,170	1,150	1,150	1,100	1,100	1,100	1,100

Highlights Summary

- Robust Sales and revenue growth continue
- Fundamentals of India business continue to be strong thus validating our business model and leadership position
- Subsidiaries rapidly moving towards breakeven
- Company is estimated to be free cashflow positive by FY15
- EISML estimated to be free cashflow positive by FY15
- IndiaCan estimated to be free cashflow by FY14
 - ETEN is already making profits
 - Vocational expected to breakeven in FY14
 - Purple Leap under restructuring and expected to breakeven in FY15
- Higher Education estimated to be free cashflow by FY15
 - 7 Design Colleges expected to breakeven in FY14
 - AICTE approved campus expected to breakeven in FY15
- Move towards self-sustainable businesses
 - Ongoing discussions with PE for growth capital in Supplemental business
 - K12 business moved to capex light model

Temporary loss in Learning.com

- There is a rule change in Texas dedicated funding of 'adopted' technology literacy products
- Adoption means state chooses set of products which they approve and mandate schools to buy one of the 'adopted' products
- In July/Aug there was a legislative change giving more freedom to schools, on how to spend their allotted funds
- While LC's product EasyTech is still an adopted product, as a consequence of the freedom given by the legislative change, schools are either not spending the allocated funds, or spending on training/staff etc.
- Schools are sitting on a huge pool of allocated funds ~\$700 million
- Most are spending on training and staff, rather than adopting technology literacy products
- Learning.com still enjoys more than 80% marketshare and our marketshare is increasing since most schools who are choosing to buy technology literacy products, are choosing Learning.com
- Due to this temporary loss, there is 44% dip in y-o-y Revenue and a 42% dip in q-o-q Revenue
- The uncertainty due to rule changes & federal budget cuts in US may continue for another few months. We expect most schools to come back to using Learning.com's products as the company enjoys the Top position and an over 80% marketshare in Texas

Contact Us

**For any Investor Relations queries
please contact:**

Ms. Sangeeta Gulati, CFO

Educomp Solutions Limited

Educomp Towers,

514, Udyog Vihar Phase III

Gurgaon – 122 001, Haryana

Email: investor.relations@educomp.com

Ph: 0124 - 4529000

Forward Looking Statement

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.

Copyright Educomp Solutions Limited 2011. CONFIDENTIAL