



Q2 FY13 Investor Update

(Quarter ended September 2012)

9th Nov 2012

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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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Q2 FY13 Consolidated Results

Rs mn	Q2 FY13	Q2 FY12	YoY (%)	Q1 FY13	QoQ (%)	FY12
Operational Revenue	3,021	3,198	-6%	3,253	-7%	14,913
Other Income	136	77	76%	130	5%	312
Total Revenue	3,157	3,275	-4%	3,383	-7%	15,224
EBITDA	714	694	3%	709	1%	4,121
EBITDA Margin (%)	24%	22%		22%		28%
Depreciation	307	260	18%	302	2%	1,070
EBIT (incl Other Income)	543	512	6%	537	1%	3,363
EBIT Margin (%)	17%	16%		16%		22%
Interest	511	319	60%	473	8%	1,433
PAT	36	128	-72%	49	-26%	1,355
PAT Margin (%)	1%	4%		1%		9%

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Q2 FY13 Standalone Results

Rs mn	Q2 FY13	Q2 FY12	YoY (%)	Q1 FY13	QoQ (%)	FY12
Operational Revenue	1,761	2,193	-20%	2,077	-15%	10,765
Other Income	34	24	41%	35	-1%	154
Total Revenue	1,795	2,217	-19%	2,111	-15%	10,919
EBITDA	473	612	-23%	459	3%	3,666
EBITDA Margin (%)	27%	28%		22%		34%
Depreciation	127	113	13%	128	-1%	474
EBIT (incl Other Income)	380	524	-27%	365	4%	3,347
EBIT Margin (%)	21%	24%		17%		31%
Interest	314	187	68%	267	18%	902
PAT	93	261	-65%	115	-19%	1,889
PAT Margin (%)	5%	12%		5%		17%

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H1FY13 Consolidated Results

Rs mn	H1 FY13	H1 FY12	YoY (%)
Operational Revenue	6,274	6,122	2%
Other Income	266	145	84%
Total Revenue	6,540	6,266	4%
EBITDA	1,423	1,726	-18%
EBITDA Margin (%)	22%	28%	
Depreciation	609	511	19%
EBIT (incl Other Income)	1,081	1,360	-21%
EBIT Margin (%)	17%	22%	
Interest	984	660	49%
PAT	85	494	-83%
PAT Margin (%)	1%	8%	

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H1 FY13 Standalone Results

Rs mn	H1 FY13	H1 FY12	YoY (%)
Operational Revenue	3,838	4,049	-5%
Other Income	69	99	-30%
Total Revenue	3,906	4,148	-6%
EBITDA	932	1,439	-35%
EBITDA Margin (%)	24%	35%	
Depreciation	255	231	10%
EBIT (incl Other Income)	745	1,306	-43%
EBIT Margin (%)	19%	31%	
Interest	581	402	45%
PAT	207	697	-70%
PAT Margin (%)	5%	17%	

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Cash Flow Statement – Q2 FY13 Consolidated

Rs mn	Q2 FY13	Q1 FY13	FY12
PAT	36	49	1,355
Depreciation	307	302	1,070
Cash Profit "A"	343	351	2,425
Capex (net)	546	609	3,812
Changes in Working Capital (net)	1,973	1,325	4,775
Investments (net)	12	5	298
Sub-total "B"	2,531	1,940	8,885
Cash Surplus / (deficit) from Operations "C= A-B"	(2,187)	(1,589)	(6,460)
Dividend "D"	0	0	81
Net Surplus / (deficit) after Dividend "E = C-D"	(2,187)	(1,589)	(6,541)
Increase / (dec) in Borrowed Funds "F"	(191)	938	4,401
Increase / (dec) in Equity "G"	2,091	0	31
Overall Cash Surplus / (deficit) " G =E+F"	(287)	(651)	(2,109)
Others "H"	322	(324)	(174)
Overall Cash Surplus / (deficit) " I =G+H"	35	(975)	(2,284)
Opening Cash & Bank Balances	1,230	2,205	4,489
Closing Cash & Bank Balances	1,265	1,230	2,205

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Segmental Results – Q2 FY13 Consolidated

Rs mn	Q2 FY13	Q2 FY12	YoY (%)	Q1 FY13	QoQ (%)	FY12
School Learning Solutions (SLS)						
Revenue	1,671	2,187	-24%	1,796	-7%	10,570
EBIT	403	1,022	-61%	619	-35%	4,299
EBIT Margin (%)	24%	47%		34%		41%
K-12 Schools						
Revenue	482	442	9%	510	-6%	1,756
EBIT	214	136	57%	201	7%	538
EBIT Margin (%)	44%	31%		39%		31%
Higher Learning Solutions						
Revenue	227	89	155%	141	60%	627
EBIT	-66	-107		-91		-375
EBIT Margin (%)	NM	NM		NM		NM
Online, Supplement & Global						
Revenue	642	480	34%	805	-20%	1,961
EBIT	-95	-85		-17		-247
EBIT Margin (%)	NM	NM		NM		NM

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Segmental Results – H1 FY13 Consolidated

Rs mn	H1 FY13	H1 FY12	YoY (%)
School Learning Solutions (SLS)			
Revenue	3,467	3,993	-13%
EBIT	1,022	1,868	-45%
EBIT Margin (%)	29%	47%	
K-12 Schools			
Revenue	992	882	13%
EBIT	415	299	39%
EBIT Margin (%)	42%	34%	
Higher Learning Solutions			
Revenue	368	325	13%
EBIT	-156	-156	
EBIT Margin (%)	NM	NM	
Online, Supplement & Global			
Revenue	1,447	922	57%
EBIT	-112	-75	
EBIT Margin (%)	NM	NM	

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SmartClass at a glance – Reaches 6.6 million students in 14,292 schools

Rs mn	Q2 FY13	Q1 FY13	QoQ (%)	FY12
Operating Revenues	1,327	1,498		9,392
EBIT	330	538		4,127
EBIT Margin (%)	25%	36%		44%
No of schools added	787	853		6,114
No of classrooms added	5,112	6,151		40,023
Avg No of Classrooms per school	6.5	7.2		6.5
Cumulative No of Students covered (mn)	6.6	6.4		6.1
Avg Selling Price per classroom (Rs lakh)	3.5	3.2	9%	3.6

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Consolidated Balance Sheet

Rs mn	Q2 FY13	Q1 FY13	as on 31-3-2012
Liabilities			
Shareholder Funds	27,984	25,180	25,045
Non-Current Liabilities	14,423	10,553	10,004
Current Liabilities	12,877	15,951	14,813
Minority Interest	2,673	2,792	2,762
Total Liability	57,956	54,476	52,624
Assets			
Goodwill	11,382	10,696	10,694
Net Fixed Assets (Including CWIP)	17,243	17,266	16,958
Investments	1,005	993	988
Other non-current assets	9,801	9,488	8,948
Cash and banks balances	1,265	1,230	2,205
Trade receivables	14,312	12,028	10,289
Other current assets	2,949	2,776	2,542
Total Assets	57,956	54,476	52,624

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Balance Sheet Ratios (Consolidated)

Rs mn	Q2 FY13	Q1 FY13	as on 31-3-2012
Gross Debt	20,185	20,376	19,438
Cash & Bank Balance	1,265	1,230	2,205
Net Debt	18,920	19,146	17,233
D/E with contingent liability	1.16	1.29	1.26
D/E without contingent liability	0.72	0.81	0.78

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Note – The Gross Debt was reported 20,321 mn in Q1FY13 by typo, which is corrected to 20,376 mn now

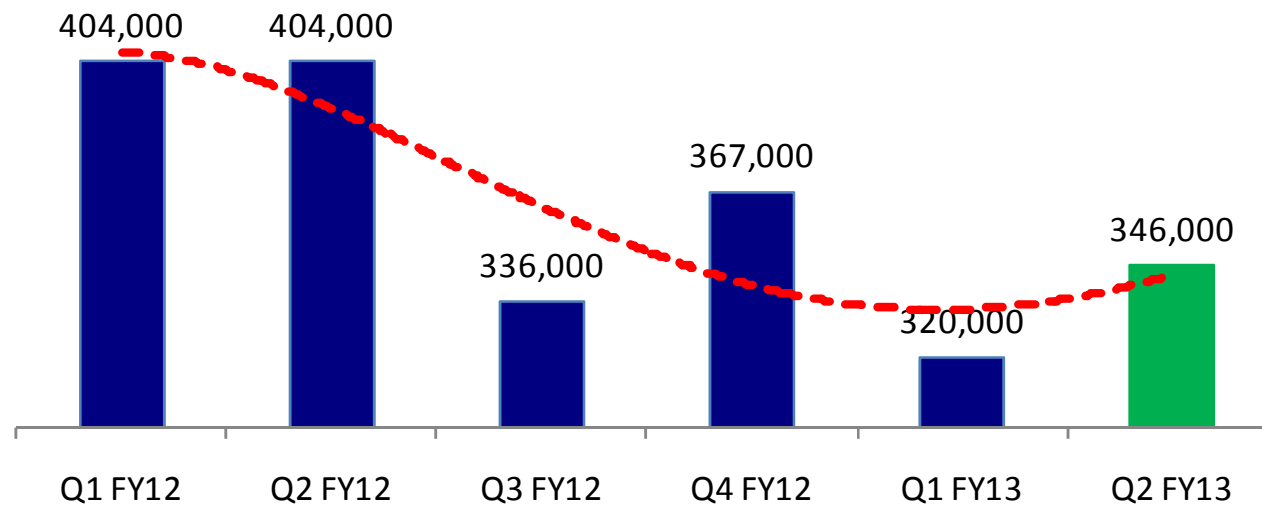
Update on Key Management Focus Areas

- **Margins:** Stabilization of SmartClass pricing: Q2 price averaged at 3.46 lacs compared to Q1 price of 3.20 lacs. Focusing on Revenue per School through launch of new products & services
- **Balance Sheet Strengthening:** Post IFC/ Proparco deal, discussions ongoing with several developmental institutions for long term capital to improve the asset-liability mismatch
- **Working Capital management:** Inventory days in SmartClass down from 64 days at the beginning of the financial year to 41 days at the end of Q2; Focus on receivables is being strengthened
- **Consolidation initiatives:** Non-billable personnel expenses have decreased by 13% since the beginning of FY13
- **Technology Integration:** Discussions ongoing with leading Technology player to leverage technology to optimize costs across our entire business
- **K-12 Asset Light Strategy:** Continued reduction in capex QoQ
- **Asset Monetization Initiatives:** Ongoing



Smartclass Price maintained at normalized levels

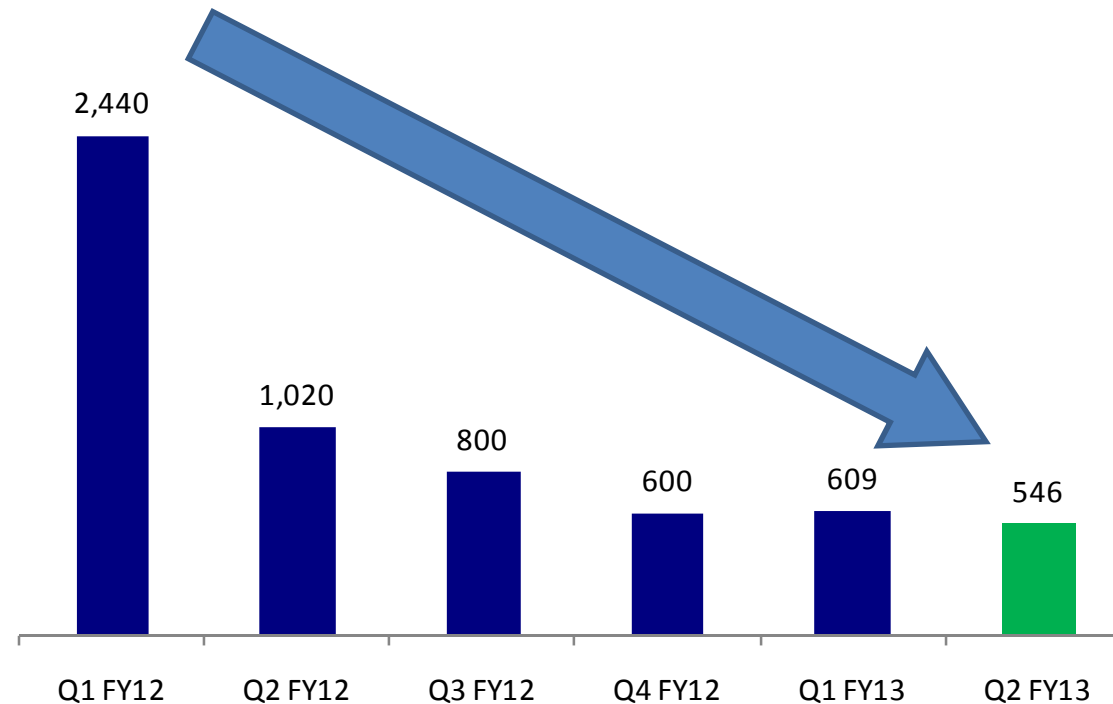
Price per Smartclass (in Rs)



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Reduction in Capital Expenditure (Consolidated)

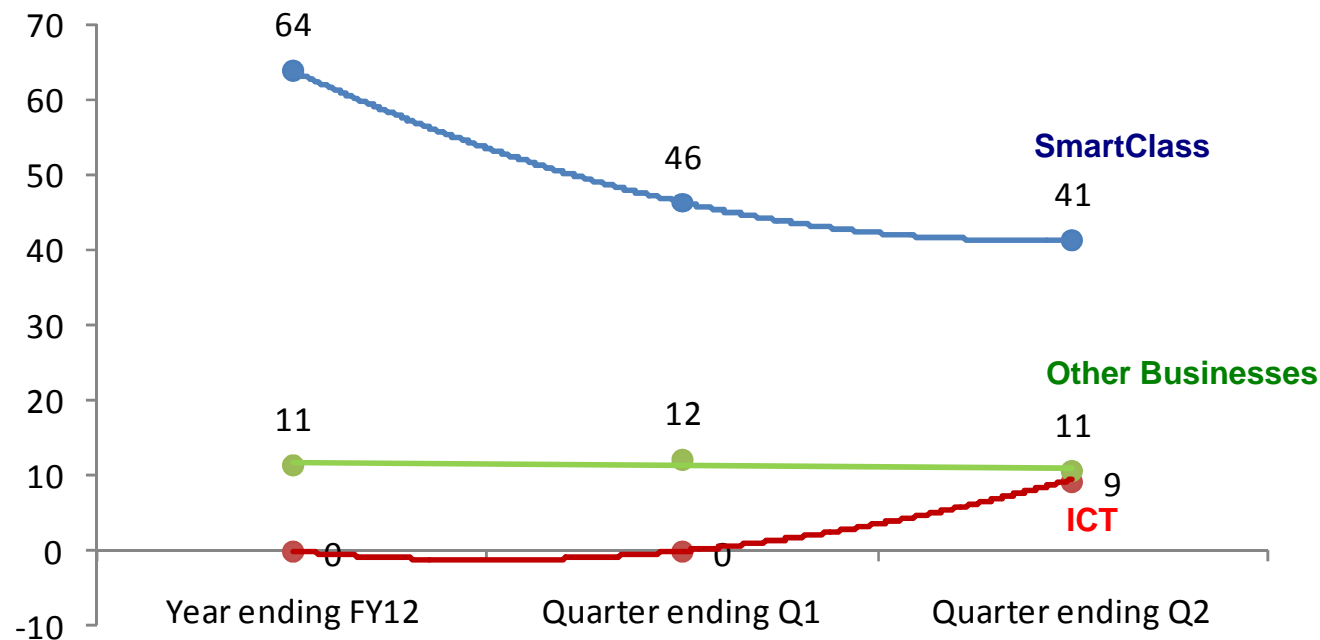
Capex in INR million



- Q2 FY13 capex down to 546 mn INR as compared to 1020 mn INR in Q2 FY12 on back of asset-light strategy adopted in K-12

Inventory Movement

Inventory Days



- Smartclass inventory days have reduced from 64 days at the beginning of the FY13 to 41 days at the end of Q2
- The inventory for Q2 for Smartclass includes inventory for part of the orders to be implemented in Q3
- Inventory for ICT has increased because of the delay in Assam project due to floods in the State

Manpower

Particulars	Q2 FY13	Q1 FY13	Q4 FY12
Headcount (nos)	17,141	16,472	16,609
Billable	15,781	15,015	15,060
Non-Billable	1,360	1,457	1,549
Salary Expense (Rs mn)	474	431	464
Billable	268	220	227
QoQ%	22%	-3%	
Non-Billable	206	211	237
QoQ%	-2%	-11%	

- Efforts are being made to optimize non-billable resources

Q2 FY13 Balance Sheet, P&L Split Across Segments (excluding un-allocable capital employed)

	Educomp		Operations via Subsidiaries		
	Direct Operations		HLS	K-12	OSG
<u>Q2 FY 2013</u>	SmartClass	ICT			
Revenue	56%		7%	16%	21%
EBIT	65%		NA	35%	NA
Capital Employed	30%		10%	55%	5%

Note – HLS and OSG segment are negative EBIT, hence segment percentages for EBIT are calculated basis EBIT of Smartclass, ICT and K-12 segments only



Educomp Infrastructure & School Management Ltd - Standalone

EISML Standalone Financials				
Rs mn	Q2 FY13	Q2 FY12	YoY (%)	FY12
Operational Revenue	332	270	23%	1,033
EBITDA	274	197	39%	731
margin %	83%	73%		71%
EBIT	224	162	39%	585
margin %	67%	60%		57%

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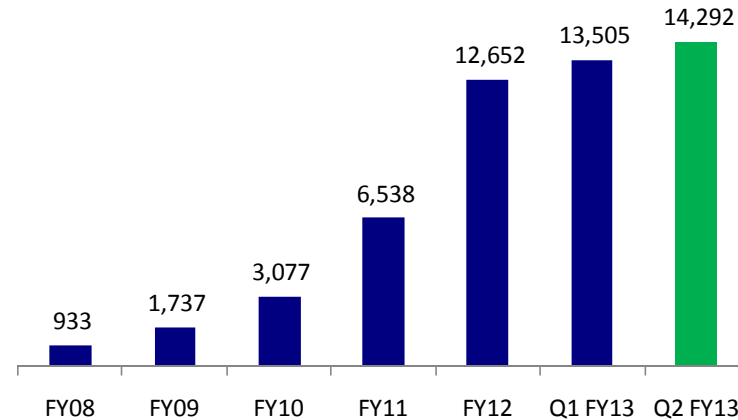


School Learning Solutions Update

SmartClass:

- Added 787 Schools in Q2 FY13
- Avg. Price per Classroom for Q2 was 3.46 lakh per classroom as compared to price of 3.2 lakh per classroom in Q1
- SmartClass reach has increased to 6.6 mn students across 14,292 schools

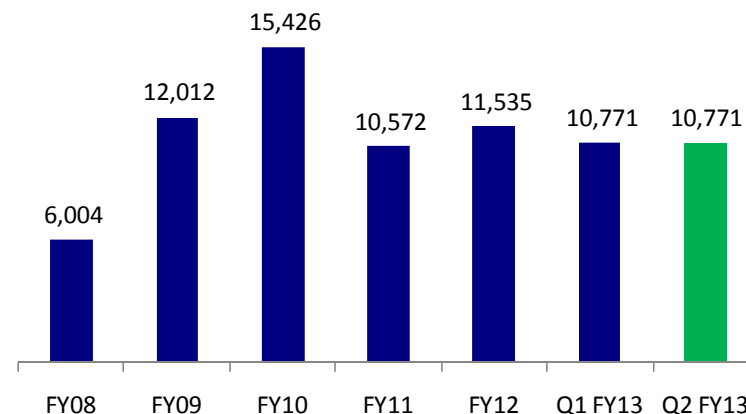
No. of schools signed with Smartclass



EduReach:

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

No. of schools signed with Edureach



K-12 Segment Update



K-12 Schools

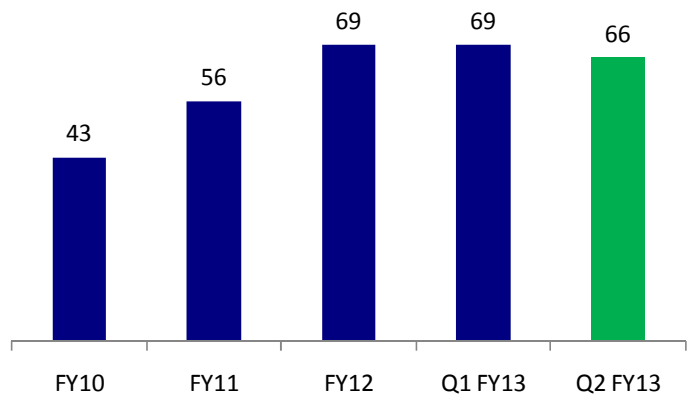
- Over 37,480 students enrolled in the network of Educomp Schools
- Focus on asset light JV model for future growth



Pre-School:

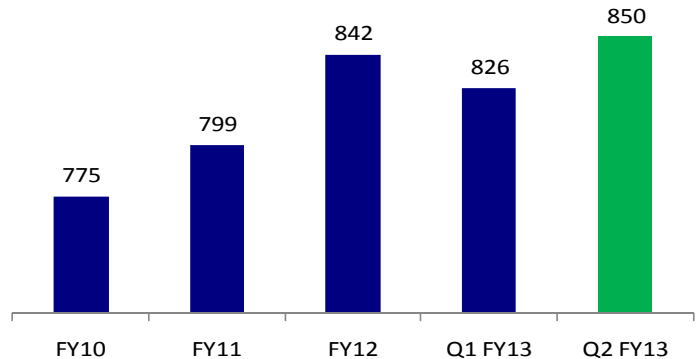
- 219 pre-schools operational under Little Millennium; 631 preschools operational under Eurokids
- Over 52,800 kids enrolled

Total no. of operational schools



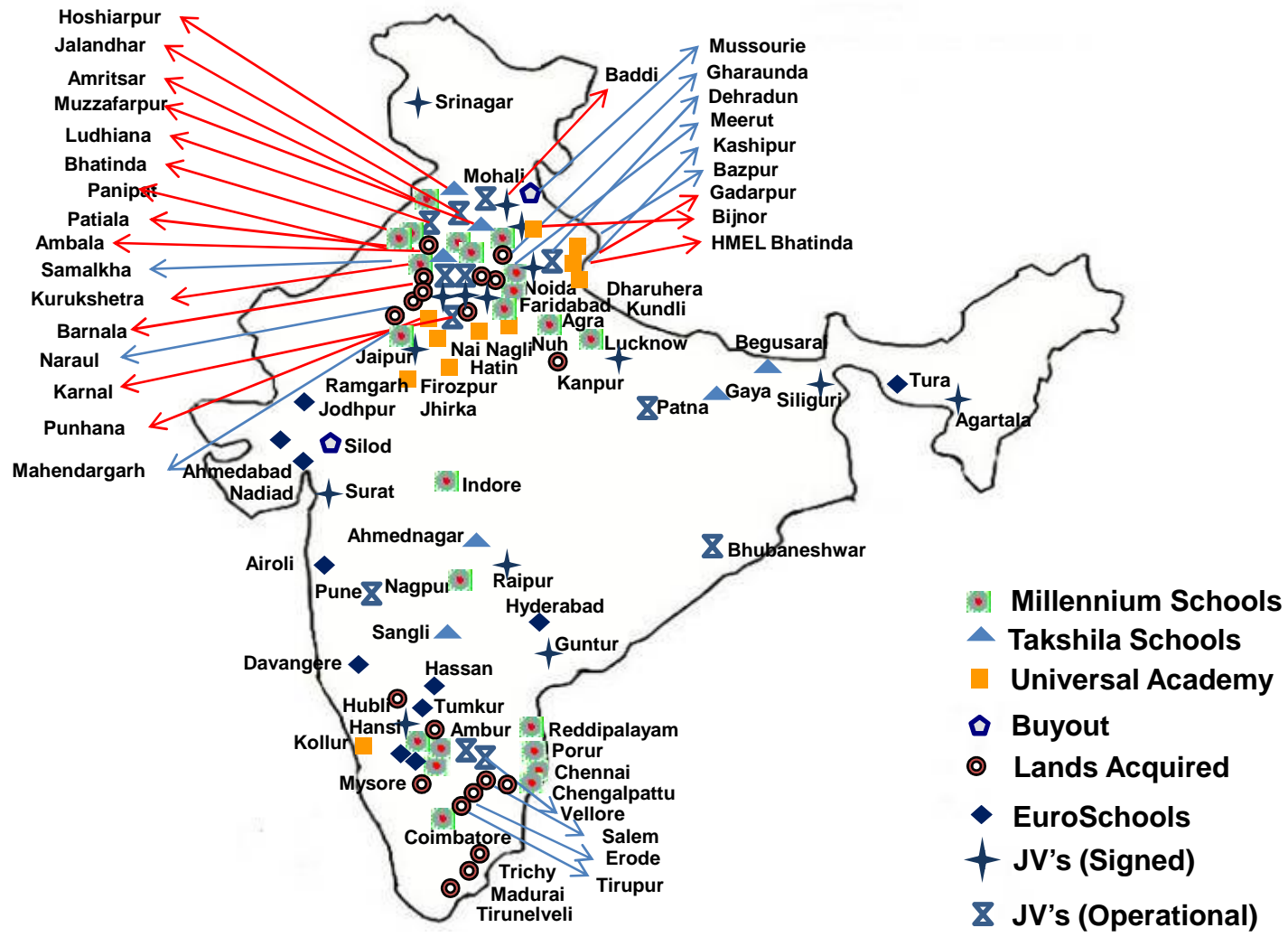
Note -
 • 2 JV schools under the brand Chranjiv Bharti are no longer in the portfolio
 • 1 Franchisee school in Jalandhar is no longer in the portfolio

Total no. of operational pre-schools



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K-12: 113 schools visibility: 66 operational (37 Greenfield, 29 JVs), 21 land parcels, 27 new JVs signed



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Higher Learning Solutions Update

IndiaCan

A Pearson Educomp Company

- Q2 2012 - 13 reported revenue is Rs 31.98 crores, which is 105% growth yoy with EBIT of Rs. (2.08cr);
- YTD 2012 - 13 revenue reported at Rs. 49.84 crores with YOY growth of 85.8%
- Focus on reducing the receivable, collections remained robust at Rs. 18.70 crores for the quarter;
- ETEN subject enrollments ahead of plan at 19,342 for the quarter.
- Bagged two distinguished projects with Rajasthan Skill and Livelihoods Development Corporation worth 53 crores across 3 years
- Strong focus on Business Profitability and Cost Rationalization.
- CS new batch in June-end seeing good traction.

PurpleLeap

- Number of students contracted is 32,000
- Number of students gone live is 22,000



Raffles JV:

- Total enrolment in higher education institutions reached to 960



Online, Supplement & Global Update



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



- WizIQ continues to show growth in quarterly unique visitors. Total number of registered users increased to 2.4 million



- New Users registered for the quarter for Learnhub, Studyplaces and Jumbotest is 155,000 making total number of registered users close to 3 million



- 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



- 34 points of presence across the country reaching over 10,100 students through VMC & Leap Centers

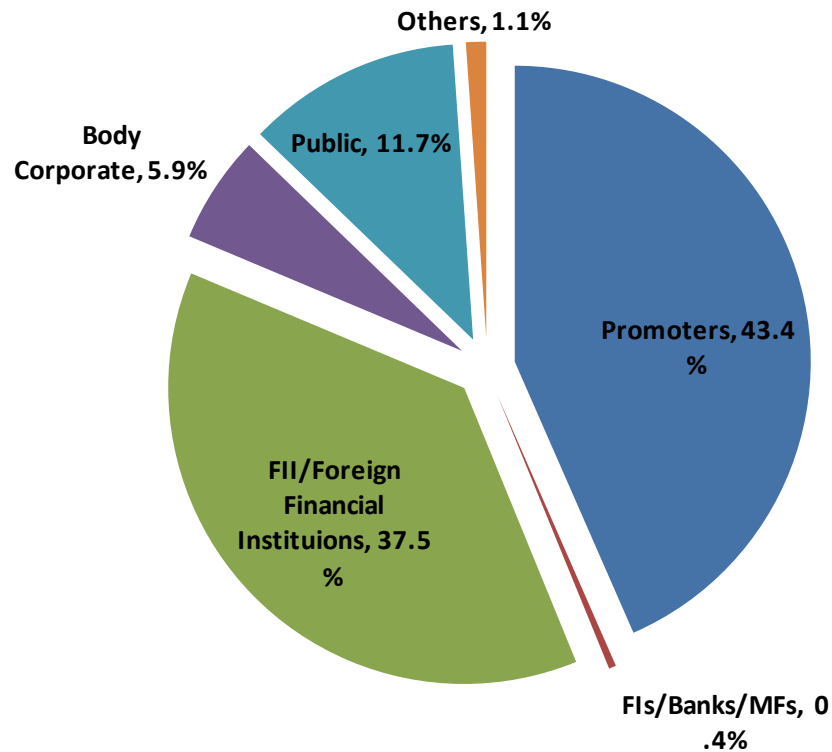


- 5 new centers became operational
- Total presence increased to 59 Operational centers reaching 17,343 students



Shareholding Pattern – As on Sep 30, 2012

Equity Shares Outstanding – 119,411,554



Face Value Rs 2/share

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Contact Us

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SmartClass

	Q2FY13	Q1FY13	Q4FY12	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	Q2 FY11	Q1 FY11
No of Schools added	787	853	2,622	1,923	905	664	1,004	949	664	844
No of Classrooms added	5112	6151	17,815	10,102	6,818	5,288	8,010	7,085	5,309	6,750
Average No of Classrooms per school	6.5	7.2	6.8	5.3	7.5	8.0	8.0	7.5	8.0	8.0
Cumulative No of Schools covered	14,292	13,505	12,652	10,030	8,107	7,202	6,538	5,534	4,585	3,921
Cumulative No of Students covered (Million)	6.6	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)	3.5	3.2	3.7	3.4	4.0	4.0	3.8	3.8	4.0	3.9

Edureach (ICT)

	Q2FY13	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	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	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	0	764	641	0	217	0	518	3,264	1,612	0

Pre Schools

	Q2FY13	Q1FY13	Q4FY12	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	Q2 FY11	Q1 FY11
No of 'Little Millennium' Pre Schools	219	200	232	242	233	232	220	220	228	224
No of 'Eurokids' Pre Schools	631	626	600	600	595	609	579	579	535	506
No of Total Pre Schools	850	826	832	842	828	841	799	799	763	730

K12 Schools

	Q2FY13	Q1FY13	Q4FY12	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	Q2 FY11	Q1 FY11
No of K12 Schools operational	66	69	69	67	63	57	54	50	46	43
- No of K12 Schools operational under Educomp (Greenfield)	35	36	36	35	35	31	31	29	24	
- No of K12 Schools operational under Educomp (Acquired)	2	2	2	2	2	2	2	1	1	29
- No of K12 Schools operational under Educomp (Dry Mgmt/JV)	14	17	17	16	12	10	10	9	7	
- No of K12 Schools operational under Euroschools	15	14	14	14	14	14	11	11	14	14
No of Schools under construction/ land sites/ JVs signed	48	48	43	43	36	27	27	31	33	30
No of K12 Schools with visibility*	114	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	4	10	9	9	8	8	8	ND	ND
- No of K12 Schools operational in 2nd year	10	10	8	8	8	11	11	12	ND	ND
- No of K12 Schools operational in 3rd year	8	8	11	11	11	0	0	1	ND	ND
- No of K12 Schools operational in 4th year and above	14	14	3	3	3	3	3	3	ND	ND

Higher Education - Raffles JV

	Q2FY13	Q1FY13	Q4FY12	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	Q2 FY11	Q1 FY11
No of Colleges**	7	8	8	8	8	8	7	7	7	7

Vocational Education - Pearson JV

	Q2FY13	Q1FY13	Q4FY12	Q3 FY12	Q2 FY12	Q1 FY12	Q4 FY11	Q3 FY11	Q2 FY11	Q1 FY11
No of Total IndiaCan points of presence	327	354	328	343	308	365	339	279	277	251
No of Students covered by IndiaCan	55,081	34,586	110,499	93,713	60,815	39,097	63,000	52,500	34,600	ND

Online & Supplemental Education

	Q2FY13	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)	0.4	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)	5.5	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	93	88	85	74	73	69	66	30	17	17
No of students enrolled in VMC & LEAP & Gateforum programs	27,443	18,394	12,664	23,908	18,100	10,552	7,158	3,170	1,150	1,150