



## Investor Update

**Educomp Solutions Ltd.**

**Oct – Dec, 2007**

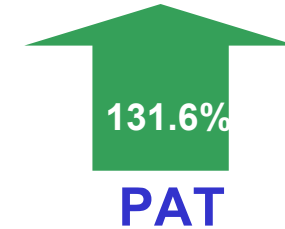
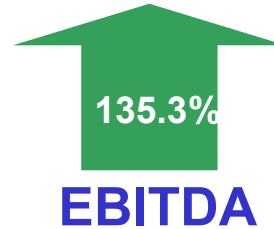
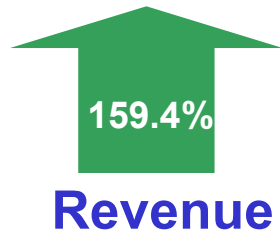


January 28, 2008



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

## Performance Review Q3 FY'08 Vs. Q3 FY'07



- **Revenues up 159.4%** from Rs 275.7mn to Rs 715.2mn driven by strong growth across key business segments
  - Smart\_Class up 139.5% to Rs 347.0mn
  - ICT up 198.0% to Rs 238.7mn
  - Professional Development up 111.7% to Rs 65.6mn
  - Retail & Consulting up 223.6% to Rs 63.8mn
- **EBITDA up 135.3% from Rs 141.9mn to Rs 333.9mn due to** increased penetration of Smart\_Class and ICT Segment. Company has been able to maintain EBIDTA Margins at 48.4% for 9M FY'08
- **PAT up 131.6% from Rs 82.1mn to Rs 190.2mn**
- **On a consolidated basis, company has achieved 77-74% of the targeted** turnover of Rs 2,300-2,400mn for FY'08
  - PAT guidance increased to Rs 650-700mn for FY'08 from Rs 650mn
- **Debtors days have consistently come down** from 179 days as on March 31, 2006 to 162 days as on December 31, 2007

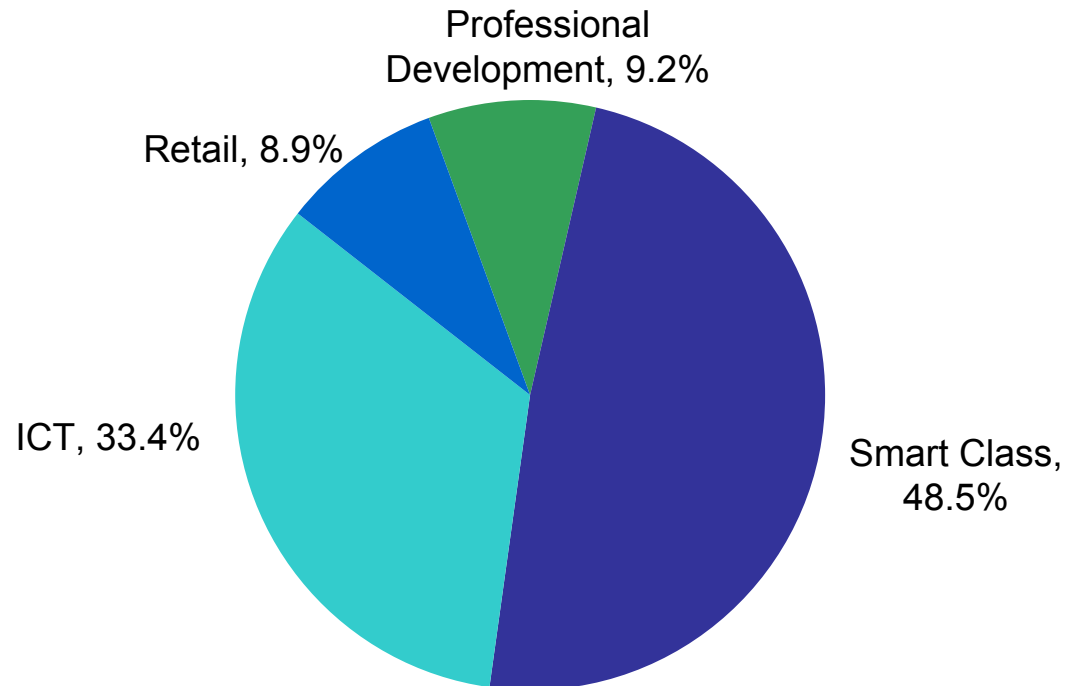
- **Entered into a JV with US based company Learning.com**, the premier provider of Web-enhanced curriculum and assessment, to provide educators with innovative, web-delivered curriculum solutions
- **Incorporated a wholly owned subsidiary** named “Educomp Software Limited” to set up a Content Development unit at Parawanoo, Himachal Pradesh to take the advantage of tax benefits available in the region

## School Initiatives under EduInfra & EduManage

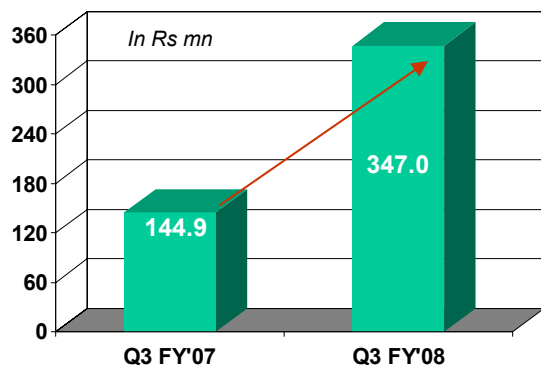
- Schools Initiative **on target with 5 schools operational by March 2008**
- Third school at Bangalore started operations from January 2008
- Admissions have begun at fourth school at Noida and fifth school at Mohali, Punjab
- **Launched ‘The Millennium Schools’** brand during the quarter, powered by the Millennium Learning System (MLS), India’s first fully integrated Learning Delivery System for schools to be set up by through independent trusts/societies under K12 Initiatives
- Entered into collaboration with Ansal Properties & Infrastructure Ltd. along with associate company KTIIL, which would provide land and infrastructure on a 60 year lease basis on 15-17 identified sites for the schools segment
- Subsidiary Educomp School Management Ltd. has **entered into partnership with IIT Chennai** to provide consultancy and develop Science Enrichment Program (Physics and Chemistry) based on the CBSE syllabus for Class 5 to 12

## Revenue Break-Up

Q3 FY'08 – Rs 715.2mn



## Smart\_Class



- Number of schools signed increased by 152 to 655 in Q3 FY'08
- Implementation done in 141 schools
- Total number of students under Smart\_Class reached 738,000
- Current order book of Rs 3,830.3mn
- Guidance for cumulative number of schools by the end of FY'08 increased to 825 from 750 schools earlier. 79% of revised guidance achieved till date
- Successfully conducted roadshows in 114 cities till date in FY'08 under the :Next Gen School: Initiative in collaboration with HCL, Intel and LG
- Capex of Rs 230mn incurred in 9M FY'08 for content development & IP creation

■ 54 new schools added during the quarter taking the total number of schools to 6,004

■ 75% of revised guidance achieved till date

■ Completed implementation in 2,819 schools in Gujarat

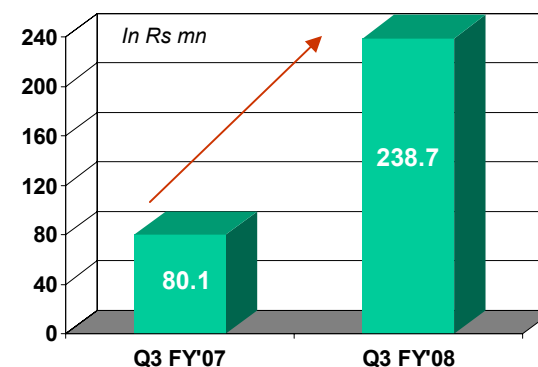
■ Current order book of Rs 1,899.2mn

■ Participated in bids for 7,200 schools under tenders floated by State Government of Andhra Pradesh & Karnataka

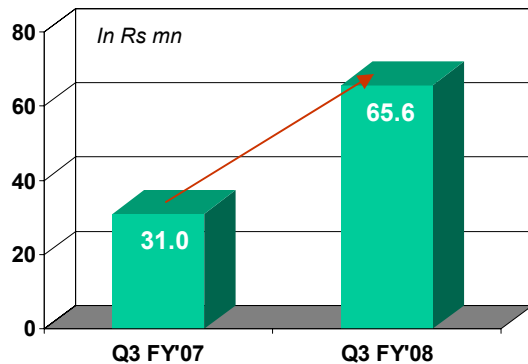
■ Bids to be submitted for additional tenders for 2,600 schools recently floated by State Government of Maharashtra, Punjab and Himachal Pradesh

Licensing revenues from Smart Class and ICT increased to 82% of revenues in Q3 FY'08 compared to 72% on a historical basis

## ICT Solutions



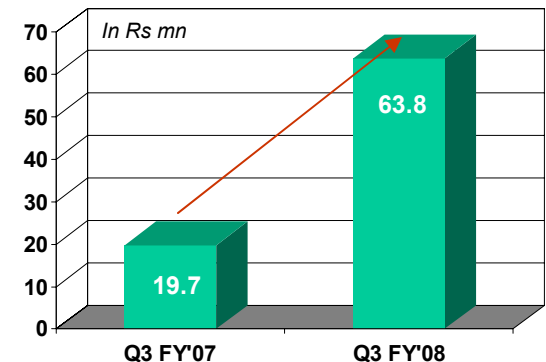
## Professional Development



- **Trained 72,397 teachers during Q3 FY'08**
- **Cumulative number of teachers trained increased to 879,779** as on December 31, 2007
- **91% of the guidance** for cumulative numbers of teachers of 965,000 achieved till date

- **Users for Mathguru.com increased by 14,344** during the quarter thereby taking total no. of users to 30,231
- **PBIT Margins increased from 23.5% to 60.8%** in Q3 FY'08 due to increase in number of users

## Retail & Consulting



Amount in Rs mn

Particulars	Q3 FY'07	Q3 FY'08	% Chg YoY	9M FY'07	9M FY'08	% Chg YoY
<b>Net Income from Operations</b>	<b>275.7</b>	<b>715.2</b>	<b>159.4%</b>	<b>566.5</b>	<b>1,439.7</b>	<b>154.1%</b>
<b>Total Expenditure</b>	<b>133.9</b>	<b>381.3</b>	<b>184.9%</b>	<b>297.0</b>	<b>743.1</b>	<b>150.2%</b>
(a) Purchase of Traded Goods	85.5	505.4	491.0%	124.7	694.5	457.1%
(b) Increase/decrease in stock in trade	1.2	(280.8)	NA	(0.6)	(329.1)	NA
(c) Staff Cost	19.0	95.2	400.8%	74.6	226.8	204.1%
(d) Selling, Distribution & Administration expenses	28.2	61.5	118.5%	98.3	151.0	53.6%
<b>EBIDTA</b>	<b>141.9</b>	<b>333.9</b>	<b>135.3%</b>	<b>269.5</b>	<b>696.5</b>	<b>158.4%</b>
Depreciation & Amortization	29.8	91.3	206.9%	62.2	213.4	243.3%
Finance Charges	4.5	12.6	180.7%	6.3	25.8	311.5%
<b>OPBT</b>	<b>107.7</b>	<b>230.0</b>	<b>113.7%</b>	<b>201.1</b>	<b>457.3</b>	<b>127.4%</b>
Other Income	16.3	58.8	261.0%	28.9	134.2	364.2%
<b>PBT</b>	<b>124.0</b>	<b>288.9</b>	<b>133.1%</b>	<b>230.0</b>	<b>591.5</b>	<b>157.2%</b>
Tax (including deferred)	41.4	96.7	133.5%	76.7	201.8	163.1%
FBT	0.4	2.0	360.8%	1.8	3.7	107.0%
<b>PAT</b>	<b>82.1</b>	<b>190.2</b>	<b>131.6%</b>	<b>151.5</b>	<b>386.0</b>	<b>154.7%</b>
Basic EPS (Rs.)	5.14	11.04	114.8%	9.49	22.94	141.7%
Diluted EPS (Rs.)	5.14	9.28	80.5%	9.49	16.85	77.6%
Paid up Equity Share Capital (Face Value of Rs 10 each)	159.6	172.3		159.6	172.3	

Fully diluted capital base at Rs 183.0mn

*\*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 (as a % of Net Income from Operations)	Q3 FY'07	Q3 FY'08	9M FY'07	9M FY'08
EBIDTA Margin	51.5%	46.7%	47.6%	48.4%
PAT Margin	29.8%	26.6%	26.7%	26.8%
Total Expenditure	48.5%	53.3%	52.4%	51.6%
Consumption of Raw material	31.4%	31.4%	21.9%	25.4%
Staff Cost	6.9%	13.3%	13.2%	15.8%
Selling, Distribution & Administration expenses	10.2%	8.6%	17.4%	10.5%

## Consolidated Results

	Q3 FY'08	9M FY'08
Consolidated Turnover	882.6	1,768.4
Consolidated Profit after tax	197.2	387.3
Consolidated EPS		
- Basic	11.45	23.01
- Diluted	9.66	16.89

Amount in Rs mn

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Amount in Rs mn

Revenues	Q3 FY'07	Q3 FY'08	% Change YoY	9M FY'07	9M FY'08	% Change YoY
Professional Development	31.0	65.6	111.7%	133.7	190.4	42.4%
Smart Class	144.9	347.0	139.5%	216.4	775.0	258.2%
ICT Solutions	80.1	238.7	198.0%	177.3	387.6	118.6%
Retail & Consulting	19.7	63.8	223.6%	39.2	86.7	121.4%
<b>Total Net Sales/ Income from Operations</b>	<b>275.7</b>	<b>715.2</b>	<b>159.4%</b>	<b>566.5</b>	<b>1,439.7</b>	<b>154.1%</b>

PBIT	Q3 FY'07	Q3 FY'08	% Change YoY	9M FY'07	9M FY'08	% Change YoY
Professional Development	20.0	41.7	107.9%	80.3	113.6	41.3%
Smart Class	90.7	192.2	111.8%	127.2	430.8	238.8%
ICT Solutions	30.2	67.7	124.4%	59.6	109.8	84.2%
Retail & Consulting	4.6	38.8	737.7%	10.9	49.7	358.1%
	<b>145.6</b>	<b>340.4</b>	<b>133.8%</b>	<b>278.0</b>	<b>703.9</b>	<b>153.2%</b>
Less: Interest (Net)	4.5	12.6	180.7%	6.3	25.8	311.5%
Other un-allocable expenses (net of un- allocable income)	17.2	39.0	127.0%	41.7	86.6	107.7%
<b>Total Profit before Tax</b>	<b>124.0</b>	<b>288.9</b>	<b>133.1%</b>	<b>230.0</b>	<b>591.5</b>	<b>157.2%</b>

Capital Employed	Q3 FY'07	Q3 FY'08	% Change YoY	9M FY'07	9M FY'08	% Change YoY
Professional Development	38.7	81.6	110.9%	38.7	81.6	110.9%
Smart Class	371.7	744.3	100.2%	371.7	744.3	100.2%
ICT Solutions	240.5	695.8	189.4%	240.5	695.8	189.4%
Retail & Consulting	23.1	41.5	79.9%	23.1	41.5	79.9%
<b>Total Capital Employed</b>	<b>673.9</b>	<b>1,563.2</b>	<b>132.0%</b>	<b>673.9</b>	<b>1,563.2</b>	<b>132.0%</b>

PBIT Margins	Q3 FY'07	Q3 FY'08	9M FY'07	9M FY'08
Professional Development	64.6%	63.5%	60.1%	59.6%
Smart Class	62.6%	55.4%	58.8%	55.6%
ICT Solutions	37.6%	28.3%	33.6%	28.3%
Retail & Consulting	23.5%	60.8%	27.7%	57.4%

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## 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 3,000 professionals and has presence in about 7,000 schools 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, Chattisgarh, 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. In December 2007, the company has been ranked 140th most valuable company by Business India 's BT 500 list from around 4,916 companies listed on the BSE compared to 346th rank in November 2006. For more information please visit [www.educomp.com](http://www.educomp.com)

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