



Q3 FY12 Investor Update

(Quarter ended December 2011)

14th Feb 2012



Highlights - Consolidated Financials

Q3 FY12 Highlights

- Operational Revenue up 41% at Rs 365cr (y-o-y), up 14% (q-o-q)
- EBITDA Margin at 26% vs 31% (y-o-y), vs 33% (q-o-q)
- EBIT Margin at 19% vs 23% (y-o-y), vs 25% (q-o-q)
- PBT Margin at 10% vs 15% (y-o-y), vs 17% (q-o-q)

9M FY12 Highlights

- Operational Revenue up 35% at Rs 978cr (y-o-y)
- EBITDA Margin at 32% vs 30% (y-o-y)
- EBIT Margin at 23% vs 22% (y-o-y)
- PBT Margin at 15% vs 16% (y-o-y)

The margin reflects strategically reduced average SmartClass pricing and launching of new variants to take advantage of rising product demand across all sections of schools. The margin contraction in the quarter is expected to be compensated by increased volumes in the coming FY

Q3 FY12 – Consolidated Financials

| Consolidated Financials | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| | Q3 FY12 | Q2FY12 | Q1 FY12 | 9MFY12 | Q3 FY11 | Q2FY11 | Q1 FY11 | 9MFY11 | Growth 9M YoY |
| | Rs Cr | Rs Cr | Rs Cr | Rs Cr | Rs Cr | Rs Cr | Rs Cr | Rs Cr | % |
| Income | | | | | | | | | |
| Operating Revenue | 365.5 | 321.8 | 292.4 | 977.7 | 259.3 | 234.8 | 227.9 | 721.9 | 35% |
| One time BTA Revenues | 0.0 | 0.0 | 0.0 | 0.0 | 98.2 | 42.0 | 0.0 | 140.2 | |
| Total Sales & Service Income | 365.5 | 321.8 | 292.4 | 977.7 | 357.5 | 276.8 | 227.9 | 862.2 | |
| Other income | 6.5 | 5.7 | 6.7 | 20.9 | 8.7 | 8.4 | 10.0 | 27.0 | |
| Total Income | 371.9 | 327.5 | 299.2 | 998.6 | 366.2 | 285.2 | 237.9 | 889.2 | |
| Expenditure | | | | | | | | | |
| Cost of goods sold | 113.7 | 74.7 | 58.3 | 246.7 | 69.8 | 59.5 | 66.2 | 195.5 | |
| Personnel expenses | 87.6 | 81.3 | 72.9 | 241.9 | 65.1 | 63.2 | 51.5 | 179.7 | |
| Administration and other expenses ** | 67.9 | 58.0 | 55.2 | 181.1 | 44.7 | 44.1 | 40.9 | 129.8 | |
| Total Expenditure | 269.2 | 214.0 | 186.4 | 669.7 | 179.6 | 166.8 | 158.6 | 505.0 | |
| EBITDA* | 96.2 | 107.8 | 106.0 | 308.0 | 79.7 | 68.0 | 69.3 | 217.0 | 42% |
| <i>EBITDA Margin</i> | <i>26%</i> | <i>33%</i> | <i>36%</i> | <i>32%</i> | <i>31%</i> | <i>29%</i> | <i>30%</i> | <i>30%</i> | |
| Depreciation | 28.4 | 26.0 | 25.2 | 79.5 | 20.1 | 20.8 | 19.8 | 60.7 | |
| EBIT* | 67.9 | 81.8 | 80.8 | 228.5 | 59.6 | 47.2 | 49.5 | 156.3 | 46% |
| <i>EBIT Margin</i> | <i>19%</i> | <i>25%</i> | <i>28%</i> | <i>23%</i> | <i>23%</i> | <i>20%</i> | <i>22%</i> | <i>22%</i> | |
| Finance Charges | 35.4 | 30.7 | 32.9 | 99.0 | 27.9 | 21.2 | 16.1 | 65.2 | |
| Profit before tax* | 39.0 | 56.8 | 54.7 | 150.5 | 40.4 | 34.4 | 43.4 | 118.2 | 27% |
| <i>PBT Margin</i> | <i>10%</i> | <i>17%</i> | <i>18%</i> | <i>15%</i> | <i>15%</i> | <i>14%</i> | <i>18%</i> | <i>16%</i> | |
| Exceptional items (MTM gain/loss) | -1.9 | 37.2 | 0.6 | 35.9 | -1.9 | -2.2 | 2.9 | -1 | |
| Provision for tax | 14.6 | 6.5 | 14.1 | 35.1 | 15.0 | 12.2 | 10.5 | 36.6 | |
| Minority Interest/ Share of Profit in Associates | 1.7 | 0.3 | 3.4 | 5.4 | 3.7 | 0.4 | 0.1 | 4.2 | |
| PAT after Exceptional Items* | 24.6 | 12.8 | 36.6 | 74.0 | 23.5 | 24.0 | 29.9 | 78.6 | |
| <i>PAT Margin</i> | <i>7%</i> | <i>4%</i> | <i>12%</i> | <i>7%</i> | <i>9%</i> | <i>10%</i> | <i>13%</i> | <i>10%</i> | |
| Exceptional Items (Net of Tax) | -1.2 | 24.8 | 0.4 | 24.0 | -1.2 | -1.5 | 2.1 | -0.5 | |
| PAT before Exceptional Items* | 23.4 | 37.6 | 37.1 | 98.0 | 22.3 | 22.6 | 32.0 | 78.0 | 26% |
| <i>PAT Margin</i> | <i>6%</i> | <i>11%</i> | <i>12%</i> | <i>10%</i> | <i>8%</i> | <i>9%</i> | <i>13%</i> | <i>10%</i> | |

Notes

*On Operational Revenue, ** Net of BTA Expenses (15% of BTA Revenue), BTA – Business Transfer Agreement

ETR on consolidated financials for Q3 FY11 was 20% while ETR in Q3 FY12 is at current tax rate



Highlights – Standalone Financials

Q3 FY12 Highlights

- Operational Revenue up 48% at Rs 263cr (y-o-y), up 20% (q-o-q)
- EBITDA Margin at 32% vs 36% (y-o-y), 44% (q-o-q)
- EBIT Margin at 27% vs 31% (y-o-y), 39% (q-o-q)
- PBT Margin at 20% vs 23% (y-o-y), 32% (q-o-q)

9M FY12 Highlights

- Operational Revenue up 33% at Rs 668cr (y-o-y)
- EBITDA Margin at 39% vs 35% (y-o-y)
- EBIT Margin at 34% vs 29% (y-o-y)
- PBT Margin at 27% vs 26% (y-o-y)

The margin reflects strategically reduced average SmartClass pricing and launching of new variants to take advantage of rising product demand across all sections of schools. The margin contraction in the quarter is expected to be compensated by increased volumes in the coming FY

Q3 FY12 – Standalone Financials

| Standalone Financials | | | | | | | | | |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------------|
| | Q3 FY12 | Q2FY12 | Q1 FY12 | 9MFY12 | Q3 FY11 | Q2FY11 | Q1 FY12 | 9MFY11 | Growth 9M YoY |
| | Rs Cr | Rs Cr | Rs Cr | Rs Cr | Rs Cr | Rs Cr | Rs Cr | Rs Cr | % |
| Income | | | | | | | | | |
| Operating Revenue | 263.4 | 219.3 | 185.7 | 668.3 | 178.2 | 157.2 | 165.8 | 501.1 | 33% |
| One time BTA Revenues | 0.0 | 0.0 | 0.0 | 0.0 | 98.2 | 42.0 | 0.0 | 140.2 | |
| Total Sales & Service Income | 263.4 | 219.3 | 185.7 | 668.3 | 276.4 | 199.2 | 165.8 | 641.4 | |
| Other income | 2.6 | 2.4 | 7.4 | 12.5 | 6.0 | 11.6 | 7.4 | 25.0 | |
| Total Income | 266.0 | 221.7 | 193.1 | 680.8 | 282.4 | 210.8 | 173.2 | 666.4 | |
| Expenditure | | | | | | | | | |
| Cost of goods sold | 100.1 | 60.1 | 45.7 | 205.9 | 65.4 | 54.5 | 63.6 | 183.5 | |
| Personnel expenses | 50.4 | 42.3 | 37.9 | 130.5 | 34.2 | 35.9 | 26.7 | 96.8 | |
| Administration and other expenses ** | 29.4 | 19.5 | 20.0 | 69.0 | 14.1 | 15.1 | 15.1 | 44.2 | |
| Total Expenditure | 179.9 | 121.8 | 103.6 | 405.4 | 113.7 | 105.5 | 105.3 | 324.5 | |
| EBITDA* | 83.5 | 97.5 | 82.1 | 263.0 | 64.4 | 51.7 | 60.5 | 176.6 | 49% |
| <i>EBITDA Margin</i> | 32% | 44% | 44% | 39% | 36% | 33% | 36% | 35% | |
| Depreciation | 11.8 | 11.3 | 11.8 | 34.9 | 10.0 | 10.1 | 9.7 | 29.8 | |
| EBIT* | 71.7 | 86.2 | 70.2 | 228.1 | 54.4 | 41.6 | 50.7 | 146.8 | 55% |
| <i>EBIT Margin</i> | 27% | 39% | 38% | 34% | 31% | 26% | 31% | 29% | |
| Finance Charges | 21.9 | 17.5 | 20.3 | 59.7 | 17.4 | 10.3 | 7.5 | 35.1 | |
| Profit before tax* | 52.4 | 71.1 | 57.4 | 180.8 | 43.1 | 43.0 | 50.6 | 136.7 | 32% |
| <i>PBT Margin</i> | 20% | 32% | 30% | 27% | 23% | 25% | 29% | 26% | |
| Exceptional items (MTM gain/loss) | -1.4 | 37.4 | 0.5 | 36.5 | -1.9 | -2.2 | 2.9 | -1.2 | |
| Provision for tax | 12.9 | 7.6 | 13.2 | 33.7 | 10.7 | 10.2 | 11.1 | 32.1 | |
| PAT after Exceptional Items* | 41.0 | 26.1 | 43.7 | 110.7 | 34.2 | 35.0 | 36.7 | 105.7 | |
| <i>PAT Margin</i> | 15% | 12% | 23% | 16% | 19% | 21% | 21% | 20% | |
| Exceptional Items (Net of Tax) | -1.1 | 29.0 | 0.4 | 28.3 | -1.4 | -1.7 | 2.2 | -0.9 | |
| PAT before Exceptional Items* | 39.9 | 55.1 | 44.1 | 139.1 | 32.8 | 33.3 | 38.9 | 104.8 | 33% |
| <i>PAT Margin</i> | 15% | 25% | 23% | 20% | 18% | 20% | 22% | 20% | |

Notes

*On Operational Revenue, ** Net of BTA Expenses, BTA – Business Transfer Agreement

ETR on standalone financials for Q3 FY11 was 13% while ETR in Q3 FY12 is at current tax rate



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Key highlights

- SmartClass additions:
 - Added more than 10,000 classrooms in a quarter. Highest ever
- SmartClass Pricing:
 - Introduction of multi-variant product strategy with 3 product variants i.e. SmartClass 3D labs, SmartClass, EduClass, to cater to schools across all fee paying levels
 - Average Pricing lowered to reflect current market conditions / strategy to maintain aggressive growth and market leadership of 85%+ marketshare in terms of classrooms
- Securitization:
 - Company has received sanctions of Rs.590cr in 'reduced guarantee' model. Securitization termsheets received for ALL estimated school contracts for FY12. More termsheets awaited for FY13 contracts
- Update on FCCB:
 - Company in process of raising ECB/Rupee Term Loan to pay off the FCCB
- K12:
 - Continuous reduction in capex and journey towards asset-light model continues
 - Company has signed 28 new JV termsheets in FY12 so far (up by 10 from Q2)
 - Appointed Goldman Sachs to raise PE capital in K12 business
- Legislative Change in the US:
 - Regulatory change in Texas has resulted in delay in revenue for Learning.com; situation slowly improving

SmartClass at a glance – 1923 schools and 10102 classrooms added in Q3

| SmartClass at a Glance | | | | |
|--|------------|------------|------------|------------|
| | 9M FY12 | Q3 FY12 | Q3 FY11 | Q2 FY12 |
| | Rs Cr | Rs Cr | Rs Cr | Rs Cr |
| Operating Revenue | 564.4 | 219.1 | 152.1 | 191.3 |
| One time BTA Revenue | 0 | 0.0 | 98 | 0.0 |
| Total Revenue | 564.4 | 219.1 | 250.1 | 191.3 |
| EBIT - Operating Revenue | 266.5 | 86.8 | 82.1 | 100.1 |
| EBIT - One time BTA Revenue | 0.0 | 0.0 | 83.3 | 0.0 |
| Total EBIT | 266.5 | 86.8 | 165.4 | 100.1 |
| <i>EBIT Margin (On Operating Revenue)</i> | <i>47%</i> | <i>40%</i> | <i>54%</i> | <i>52%</i> |
| No of Schools added | 3,492 | 1,923 | 949 | 905 |
| No of Classrooms added | 22,208 | 10,102 | 7,085 | 6,818 |
| Average No of Classrooms per school | 6.4 | 5.3 | 7.5 | 7.5 |
| Cumulative No of Schools covered | 10,030 | 10,030 | 5,534 | 8,107 |
| Cumulative No of Students covered (Million) | 5.3 | 5.3 | 3.9 | 4.8 |
| Avg Selling Price per classroom (100%) (Rs Lacs) | 3.57 | 3.36 | 3.81 | 4.04 |

Highlights :

- **Strong increase in no. of new classrooms: 10102 new classrooms added in Q3, up 43% from 7085 classrooms in the same quarter last year. 22208 classrooms added in 9MFY12**
- **Robust increase in no. of new schools : 1923 schools added in Q3, up 103% from 949 schools in the same quarter last year**
- **SmartClass on track to meet guidance of 40-45000 classrooms**

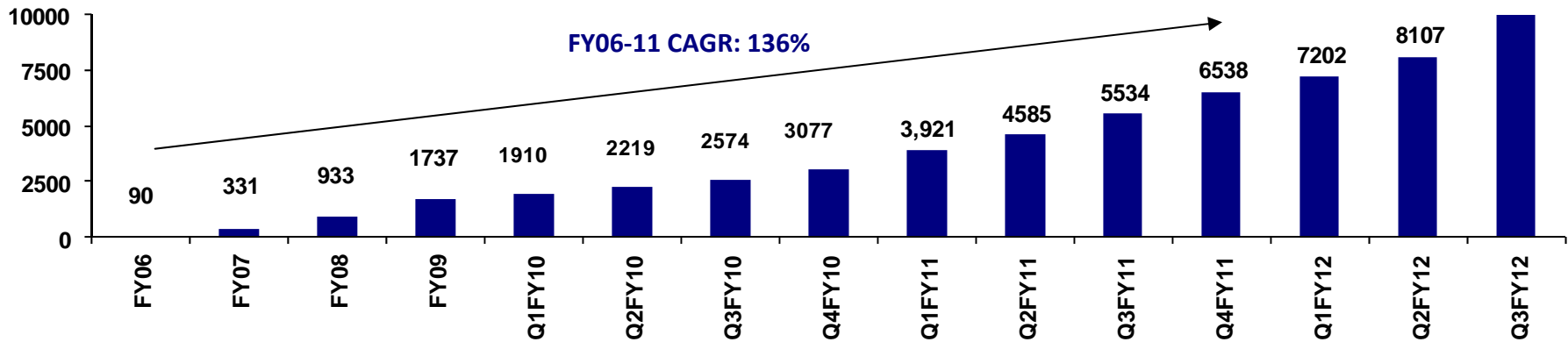
| Smartclass Seasonality | | | | |
|----------------------------------|--------|--------|--------|--------|
| | Q1 | Q2 | Q3 | Q4 |
| Historical Seasonality | 10-12% | 16-20% | 24-30% | 38-50% |
| FY'12 Classroom Additions | 5,288 | 6,818 | 10,102 | |

SmartClass reaches 10,030 schools and over ~5 million+ students



- Added 10,102 classrooms across 1923 schools in Q3
- Total of 22,208 classrooms added in 9M'FY12
- SmartClass now reaches 10,030 schools serving over ~5 million+ students
- Average pricing at Rs.3.36 lacs (Q3), Rs.3.57 lacs (9M) per classroom
- Introduction of multi-variant product strategy with 3 product variants i.e. SmartClass 3D labs, SmartClass, EduClass, to cater to schools having different economic status

No. of schools signed with SmartClass



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New Product Launches in the Smart Class category coming up

SmartClass Tablet Version:

- Launching Tablets embedded with SmartClass content and SmartClass Online functionality in the next season
- Educomp R&D has worked on creating an industry leading tablet solution which includes:
 - Thousands of animated video modules
 - Supplementary learning aids
 - Enterprise school applications for students, teachers and parents
 - E-books with text notes, audio notes, highlight and read-out functionalities
 - Eco-system of student-friendly apps
- Tie up with Tablet Vendor in final stage
- Tie up with Connectivity Vendor in final stage
- Tie up with Encryption and Security vendor in final stage
- Educomp expects to sell over 3 million tablets in the next 3 years

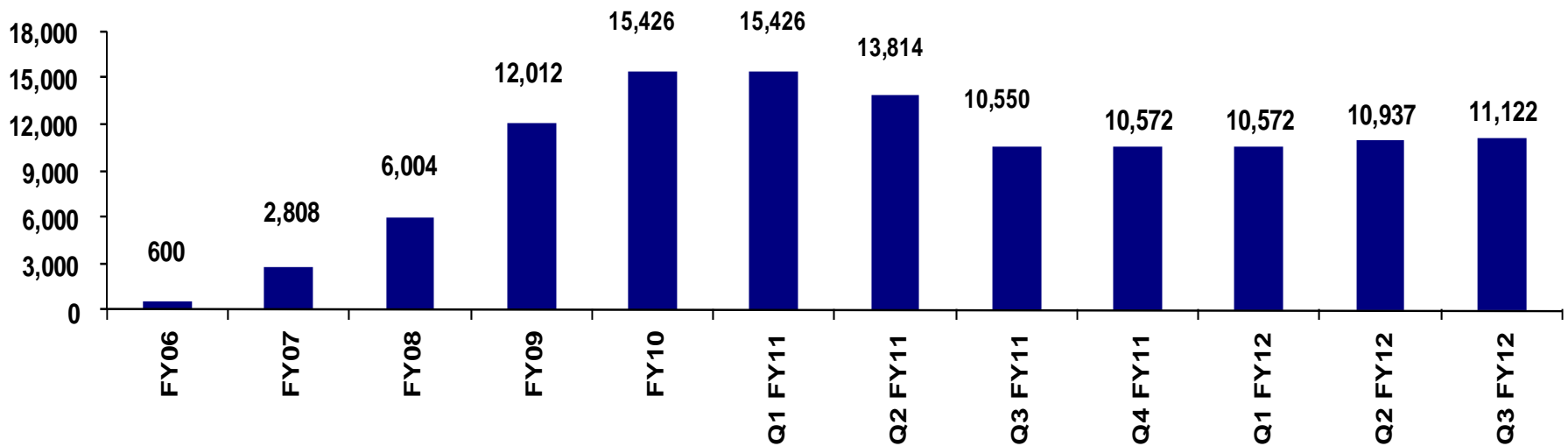


ICT reaches 11,122 schools and over ~6 million+ students



- Added 185 government schools under the ICT program in Gujarat with a total contract value of Rs.24.6cr
- ICT program currently reaches 11,122 schools and 6.1 million students
- Company is following a conservative policy in ICT due to high debtor days (as high as >1.5 years) coupled with lower margins

No. of schools signed with ICT



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Consolidated Balance Sheet

| Consolidated Balance Sheet | | |
|--|---------------------------|---------------------------|
| | As at 31st Dec 2011 | As at 30th Sep 2011 |
| | Rs Cr | Rs Cr |
| Sources of funds | | |
| Shareholders' funds | | |
| Share capital | 19.2 | 19.2 |
| Reserves and surplus | 2,257.4 | 2,236.5 |
| ESOP outstanding account | 20.7 | 18.4 |
| Minority interest | 247.7 | 246.7 |
| Loan funds | 2,044.3 | 1,908.9 |
| Deferred tax liability (Net) | 1.2 | 2.9 |
| Total Sources of Funds | 4,590.5 | 4,432.7 |
| | | |
| Application of funds | | |
| Goodwill | 910.1 | 910.1 |
| Net Fixed Assets (Including CWIP) | 2,118.7 | 2,068.6 |
| Foreign currency monetary long term translation account (FCMITD) | 39.4 | 0.0 |
| Investments | 98.0 | 99.5 |
| | | |
| Current assets, loans and advances | | |
| Inventories | 68.9 | 82.2 |
| Sundry debtors | 1,113.4 | 957.7 |
| Cash and bank balances | 240.5 | 233.7 |
| Loans and advances | 471.7 | 421.1 |
| Other current assets | 16.4 | 16.9 |
| Less : Current liabilities and provisions | | |
| Liabilities | 452.3 | 297.3 |
| Provisions | 34.5 | 59.7 |
| Net current assets | 1,424.2 | 1,354.4 |
| | | |
| Total Application of Funds | 4,590.5 | 4,432.7 |

Notes to Balance Sheet

Debtors

| Debtor Days* | | |
|-------------------------------|------------|------------|
| | Q3 FY12 | As on Date |
| School Learning Solutions: | | |
| Smart Class | 187 | |
| ICT | 38 | |
| K12 Schools | 35 | |
| Higher Learning Solutions | 10 | |
| Online, Supplemental & Global | 3 | |
| Total | 273 | 248 |

- Temporary decline in Cash Securitization value from 54% to 45% due to increase in interest rates and additional cash cover to banks
- Expect securitization value to go back to 54% in near-term as interest cycles have peaked
- Securitization sanctions (Rs.590cr) being received at quarter-end has led to partial utilization (~Rs.96cr) leading to increase in debtors
- Company will be able to avail the entire securitization sanction at year-end which will lead to normalization of debtors. The impact of securitization has already started post Q3 (availed Rs.199cr) leading to reduction of debtors from 273 days to 248 days
- ICT debtor days (more than 1.5 years) due to delayed payments

Cashflow situation

- Current cash balance on a consolidated basis is Rs240.5cr

Debt/Equity

- Despite increase in Debt the Debt/Equity ratios are below the standard accepted ratios:

| Debt - Equity Ratio | | |
|---------------------|--------------|------------------------------------|
| Ratio | Remarks | |
| 0.59 : 1 | Standalone | Without contingent liabilities |
| 0.89 : 1 | Consolidated | Without contingent liabilities |
| 1.45 : 1 | Consolidated | With booked contingent liabilities |

- However the actual contingent liabilities are lower as compared to the booked contingent liabilities

FCCB

- Company is in process to raise ECB/RTL financing to address FCCB payment

Loan Funds

- Increase due to increase in Term Loan/ MTM Loss on FCCB

MTM Losses

- Total losses incurred Rs.79cr out of which Rs.3cr capitalized, Rs.39.4cr carried forward under FCMITD account, Rs.36.6cr charged to P&L

Fixed Asset Block

- Rs.40cr in K12; Rs.10cr spread across various subsidiaries

Segmental Revenue & EBIT (Consolidated)

| Revenue by Segments | | | |
|-------------------------------|--------------|--------------|------------|
| | Q3 FY12 | Q3 FY11 | YoY |
| | Rs Cr | Rs Cr | % |
| School Learning Solutions | | | |
| Operating Revenue | 249.8 | 181.4 | 38% |
| One time BTA Revenue | 0.0 | 98 | |
| Total Revenue | 249.8 | 279.4 | |
| K12 Schools | 42.7 | 30.4 | 41% |
| Higher Learning Solutions | 15.1 | 9.6 | 57% |
| Online, Supplemental & Global | 57.9 | 38.1 | 52% |
| Total | 365.5 | 259.5 | 41% |

| EBIT by Segments | | |
|-------------------------------|-------------|--------------|
| | Q3 FY12 | Q3 FY11 |
| | Rs Cr | Rs Cr |
| School Learning Solutions | | |
| EBIT - Operating Revenue | 90.1 | 87.6 |
| EBIT - One time BTA Revenue | 0.0 | 83.3 |
| Total EBIT | 90.1 | 170.9 |
| K12 Schools | 15.0 | 10.7 |
| Higher Learning Solutions | -12.5 | -7.9 |
| Online, Supplemental & Global | -4.6 | -2.5 |
| Total* | 88.0 | 87.8 |

Note

* Total EBIT excludes EBIT on one-time BTA revenue

Update on Subsidiaries



Continued growth and reduced capex in Educomp K12 schools business – EISML



EISML (80.77% held by Educomp Solutions)

- Revenue up 21% y-o-y
- EBITDA up 18% y-o-y
- 10 new termsheets signed for schools in JV model
- No. of operational schools 69, up from 65 in Q2
- Total visibility of schools including land sites, construction sites and JVs signed (but not yet operational) is 112 schools
- Over 30,000 students enrolled
- Sharp decline in capex from Rs.115cr in Q1 to Rs.40cr in Q3 (Rs.22cr towards construction, Rs.18cr towards IDC)
- EISML has appointed Goldman Sachs to raise PE capital

Educomp Infrastructure and School Management Limited

| EISML Standalone Financials | | | |
|-----------------------------------|-------------|-------------|------------|
| | Q3 FY12 | Q3FY'11 | YoY% |
| | Rs Cr | Rs Cr | |
| Income | | | |
| Sales & Service income | 24.6 | 20.3 | 21% |
| Other income | 4.7 | 2.1 | |
| Total Income | 29.3 | 22.3 | 31% |
| Expenditure | | | |
| Cost of goods sold | 0.1 | 0.1 | |
| Personnel expenses | 3.1 | 2.1 | |
| Administration and other expenses | 3.2 | 2.5 | |
| Finance charges | 12.3 | 9.7 | |
| Depreciation | 4.0 | 2.3 | |
| Total Expenditure | 22.7 | 16.8 | 35% |
| Profit before tax | 6.6 | 5.6 | 19% |
| <i>PBT Margin</i> | 23% | 25% | |
| Provision for tax | 2.1 | 1.9 | |
| Profit after tax | 4.5 | 3.7 | 23% |
| <i>PAT Margin</i> | 15% | 16% | |
| EBITDA | 18.2 | 15.5 | 18% |
| <i>EBITDA Margin</i> | 74% | 76% | |

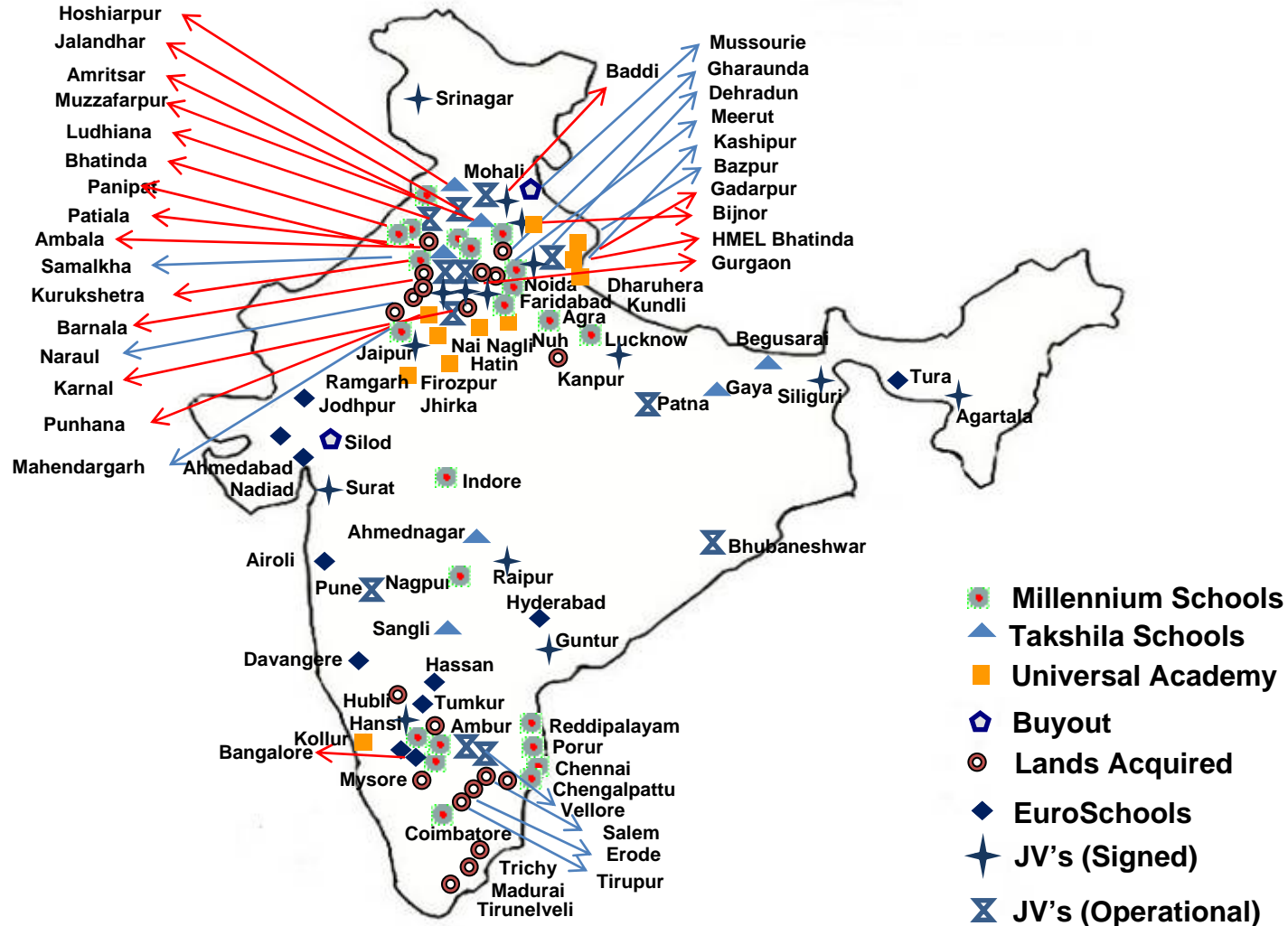
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Continuing shift to asset-light JV model – No of new JV schools signed increased from 18 to 28

| Brand | Location |
|----------------------|---------------------|
| Universal Academy | Bijnore |
| Takshila | Vellore |
| Takshila | Ambur |
| Takshila | Agartala |
| Takshila | Surat |
| SS Universal Academy | Guntur |
| Takshila | Hansi |
| Takshila | Baddi |
| Millennium | HMEL Bhatinda |
| Takshila | Siliguri |
| Millennium | Raipur |
| Takshila | Daruhera |
| Millennium | Jaipur |
| Millennium | Ghaziabad |
| Takshila | Chennai |
| Millennium | Bangalore |
| Millennium | Amritsar |
| Millennium | Kanpur |
| Millennium | Ganganagar |
| Universal Academy | Sultanpur |
| Takshila | Saharsa |
| Vasant Valley | Sohna road Gurgaon |
| psbb millennium | Connoor |
| Millennium | Kursi Road, Lucknow |
| SS Universal Academy | Kollur |
| Universal Academy | Raigarh |
| Takshila | Erode |
| Millennium | Ludhiana |

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K-12: 112 schools visibility: 69 operational (39 Greenfield, 30 JVs), 21 land parcels, 22 new JVs signed



Impressive revenue growth in all subsidiaries

| Raffles JV | | | |
|-----------------------------|---------|---------|------|
| | Q3 FY12 | Q3 FY11 | YoY |
| | Rs Cr | Rs Cr | % |
| Revenue (50% of JV Revenue) | 3.8 | 1.3 | 183% |
| EBITDA (50% of JV EBITDA) | -2.7 | -2.8 | NM |

| Pearson JV (IndiaCan) | | | |
|-----------------------------|---------|---------|-----|
| | Q3 FY12 | Q3 FY11 | YoY |
| | Rs Cr | Rs Cr | % |
| Revenue (50% of JV Revenue) | 8.0 | 5.1 | 57% |
| EBITDA (50% of JV EBITDA) | -9.4 | -4.8 | NM |

| Eurokids Financials (50% held by Educomp Solutions) | | | |
|---|---------|---------|-----|
| | Q3 FY12 | Q3 FY11 | YoY |
| | Rs Cr | Rs Cr | % |
| Revenue | 15.8 | 9.1 | 74% |
| EBITDA | 0.5 | 0.5 | 0% |
| EBITDA Margin % | 3% | 6% | |
| PAT | 0.9 | 0.5 | 76% |
| PAT Margin % | 7% | 6% | |

| Educomp Supplemental Financials | | | |
|---------------------------------|---------|---------|------|
| | Q3 FY12 | Q3 FY11 | YoY |
| | Rs Cr | Rs Cr | % |
| Revenue | 15.1 | 6.1 | 148% |
| EBITDA | -1.7 | -1.6 | NM |
| EBITDA Margin % | -11% | -26% | |
| PAT | -2.5 | -2.6 | NM |
| PAT Margin % | -17% | -43% | |

| Ask n Learn Financials (100% held by Educomp Solutions) | | | |
|---|---------|---------|-----|
| | Q3 FY12 | Q3 FY11 | YoY |
| | Rs Cr | Rs Cr | % |
| Revenue | 10.4 | 6.8 | 52% |
| EBITDA | 3.1 | -0.1 | NM |
| EBITDA Margin % | 30% | NM | |
| PAT | 0.2 | -2.0 | NM |
| PAT Margin % | 2% | NM | |

| Learning.com Financials (55% held by Educomp Solutions) | | | |
|---|---------|---------|------|
| | Q3 FY12 | Q3 FY11 | YoY |
| | Rs Cr | Rs Cr | % |
| Revenue | 20.0 | 27.9 | -29% |
| EBITDA | 2.0 | 10.2 | -80% |
| EBITDA Margin % | 10% | 36% | |
| PAT | -1.4 | 4.3 | NM |
| PAT Margin % | NM | 15% | |

Note: Legislative change in Texas resulted in a temporary loss

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



FY12 Guidance Update

- Consolidated Revenue Guidance stands updated to Rs.1500-1550cr (excluding stake sale)
- Consolidated Profit After Tax stands updated to Rs.240-250cr (including stake sale), Rs.140-150cr (excluding stake sale) calculated as below depicting healthy growth in Operating Margins and PAT after elimination of one-time BTA revenues

| Income (All figs in Rs Cr) | FY 12 (estimated) | FY 11 | Growth (YOY) |
|---|-------------------|-----------------|----------------|
| Sales & Service income | | 1,350.90 | |
| Less: BTA Deferral | | (294.00) | |
| Adjusted Income from Operations | | 1,056.90 | |
| Other income | | 46.12 | |
| Total Income | 1500-1550 | 1,103.02 | 36%-41% |
| EBITDA (excluding BTA Deferral) | | 287.78 | |
| PBT (excluding BTA Deferral) | | 158.41 | |
| PAT (excluding BTA Deferral before MTM loss) | 177-187 | 104.37 | 70%-80% |
| <i>PAT Margin</i> | <i>~12%</i> | <i>10%</i> | |
| MTM loss (net of tax) | 37.00 | (3.00) | |
| PAT (excluding BTA Deferral after MTM loss) | 140-150 | 107.37 | 31%-40% |
| <i>PAT Margin</i> | <i>~10%</i> | <i>10%</i> | |

Notes for Revenue/PAT Guidance Revision:

- MTM Forex Loss estimated to be Rs. 53cr (net of tax Rs.37cr)
- Legislative rule change in Texas temporarily impacting Learning.com's business
- Pricing impact in SmartClass (assuming lower average pricing of Rs.3.3lacs continues in Q4)
- Continuing losses in IndiaCan JV and Raffles JV

Business update on subsidiaries

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

- IndiaCan has a total of 343 points of presence across the country reaching 93,000+ students through its different models: ETEN/ Purple Leap/ Consumer Vocational
- ETEN:
 - 158 centers operational; with total enrolled students at 53459 as of Q3 FY'12
 - CSAT batch started in Hindi and English, CS Course to be launched in 30 centres
- Purple Leap:
 - 90 centers operational in colleges with over 30,000 students enrolled in various programs
- Consumer Vocational:
 - 95 vocational centers with over 10254 students enrolled in various programs
 - Entry into Healthcare Vertical in partnership with Apollo
 - Recipient of UKERI Awarded for the 2nd consecutive year – 'Best UK India Partnership for Skill Development, 2011'

Raffles JV:

- AICTE approved Engineering & PGDM campus launched

PreSchools:

- 242 pre-schools operational under Little Millennium; 600 preschools operational under Eurokids
- Over 53500 kids enrolled in preschools

Online – Largest e-learning footprint in India catering to over ~4 million+ users



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



- WizIQ ended the quarter with over 1.8 million registered users, growing 12% on QoQ basis
- Over 185,000 new registered users added in Q3; Over 3.6 million unique visitors in Q3



- Over 2.2 million registered users on Learnhub and StudyPlaces, registered 100% increase in traffic on a YOY basis
- Savvica chosen as the exclusive marketing partner for ETS' TOEFL exam in India



- Educomp Online currently being used by 2,855 schools
- Over 2.4 million user id's distributed; over 155,575 students actively using the product



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



- 45 Operational centers reaching 18,673 students



Market Leadership in all businesses

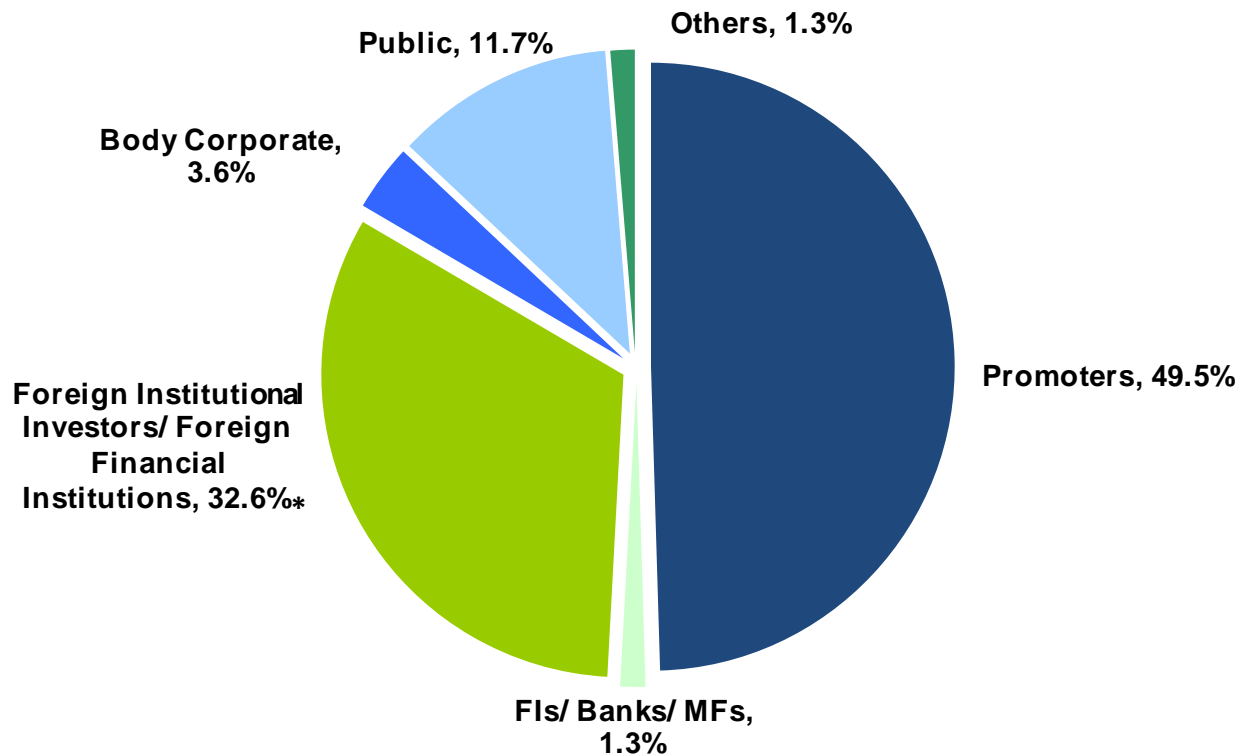
| | Current Mkt | Educomp Presence | Current Penetration | Market Position | Value Creation |
|--------------------------|-------------|---|---|------------------------|----------------|
| Multimedia Content | \$1bn | SmartClass | <9% (by schools) <3% (by classrooms) | No. 1 player | High |
| ICT | \$90m | 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 |

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Shareholding Pattern – As on December 31, 2011

Equity Shares Outstanding-96,027,630



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.

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.

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| SmartClass | | | | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Q3 FY12 | Q2 FY12 | Q1 FY12 | Q4 FY11 | Q3 FY11 | Q2 FY11 | Q1 FY11 | Q4 FY10 | Q3 FY10 | Q2 FY10 | Q1 FY10 |
| No of Schools added | 1923 | 905 | 664 | 1,004 | 949 | 664 | 844 | 503 | 355 | 309 | 173 |
| No of Classrooms added | 10102 | 6818 | 5288 | 8010 | 7,085 | 5,309 | 6,750 | 4,038 | ND | ND | ND |
| Average No of Classrooms per school | 5.3 | 7.53 | 8 | 8 | 7 | 8 | 8 | 8 | ND | ND | ND |
| Cumulative No of Schools covered | 10,030 | 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) | 5.3 | 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) | 3.36 | 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) | 1.76 | 2.12 | 2.12 | 1.98 | 2.01 | 2.12 | 2.05 | 2.05 | ND | ND | ND |

| ICT | | | | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Q3 FY12 | 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 | 185 | 582 | NIL | 540 | NIL | NIL | NIL | 600 | 363 | 671 | 1,780 |
| Cumulative No of Schools covered | 11,122 | 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) | 6.1 | 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 | 0 | 217 | 0 | 518 | 3,264 | 1,612 | 0 | 0 | 0 | 0 | 0 |

| Pre Schools | | | | | | | | | | | |
|---------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Q3 FY12 | Q2 FY12 | Q1 FY12 | Q4 FY11 | Q3 FY11 | Q2 FY11 | Q1 FY11 | Q4 FY10 | Q3 FY10 | Q2 FY10 | Q1 FY10 |
| No of 'Little Millennium' Pre Schools | 242 | 233 | 232 | 220 | 220 | 228 | 224 | 220 | 240 | 204 | 193 |
| No of 'Eurokids' Pre Schools | 600 | 595 | 609 | 579 | 579 | 535 | 506 | 555 | 539 | 424 | 450 |
| No of Total Pre Schools | 842 | 828 | 841 | 799 | 799 | 763 | 730 | 775 | 779 | 628 | 643 |

| K12 Schools | | | | | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Q3 FY12 | 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 | 69 | 65 | 59 | 56 | 50 | 46 | 43 | 43 | 36 | 36 | 35 |
| - No of K12 Schools operational under Educomp (Greenfield) | 37 | 37 | 33 | 33 | 29 | 24 | | | | | |
| - No of K12 Schools operational under Educomp (Acquired) | 2 | 2 | 2 | 2 | 1 | 1 | 29 | 29 | 22 | 22 | 23 |
| - No of K12 Schools operational under Educomp (Dry Mgmt/JV) | 16 | 12 | 10 | 10 | 9 | 7 | | | | | |
| - No of K12 Schools operational under Euroschools | 14 | 14 | 14 | 11 | 11 | 14 | 14 | 14 | 14 | 14 | 12 |
| No of Schools under construction/ land sites/ JVs signed | 43 | 36 | 27 | 27 | 31 | 33 | 30 | 26 | 23 | 12 | 8 |
| No of K12 Schools with visibility* | 112 | 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 | 4 | 9 | 9 | 5 | ND | ND | ND | ND | ND | ND |
| - No of K12 Schools operational in 1st year | 9 | 9 | 8 | 8 | 8 | ND | ND | ND | ND | ND | ND |
| - No of K12 Schools operational in 2nd year | 8 | 8 | 12 | 12 | 12 | ND | ND | ND | ND | ND | ND |
| - No of K12 Schools operational in 3rd year | 12 | 12 | 1 | 1 | 1 | ND | ND | ND | ND | ND | ND |
| - No of K12 Schools operational in 4th year and above | 4 | 4 | 3 | 3 | 3 | ND | ND | ND | ND | ND | ND |

| Higher Education - Raffles JV | | | | | | | | | | | |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Q3 FY12 | 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 | 8 | 7 | 7 | 7 | 7 | 3 | 2 | 2 | 2 |

| Vocational Education - Pearson JV | | | | | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Q3 FY12 | 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 | 343 | 308 | 365 | 339 | 279 | 277 | 251 | 220 | 122 | 105 | 40 |
| No of Students covered by IndiaCan | 93713 | 60815 | 39,097 | 63,000 | 52,500 | 34,600 | ND | ND | ND | ND | ND |

| Online & Supplemental Education | | | | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Q3 FY12 | 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) | 0.43 | 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) | 4.2 | 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 | 74 | 73 | 69 | 66 | 30 | 17 | 17 | 5 | 5 | 5 | 5 |
| No of students enrolled in VMC & LEAP & Gateforum programs | 23,908 | 18,100 | 10,552 | 7,158 | 3,170 | 1,150 | 1,150 | 1,100 | 1,100 | 1,100 | 1,100 |