

# Educomp Solutions Limited

The Bloomberg of Education....



## *INVESTOR UPDATE*

**April 27, 2007**

**YEAR ENDED MARCH 2007**



Strategies and Services for Stakeholder Success

## Educomp records 103.6% YoY increase in Net Income from Operations to Rs 1,065.1mn in FY'07

- Profit After Tax up by 103.4% YoY to Rs 282.8mn

### Financial Highlights – FY'07 vs. FY'06

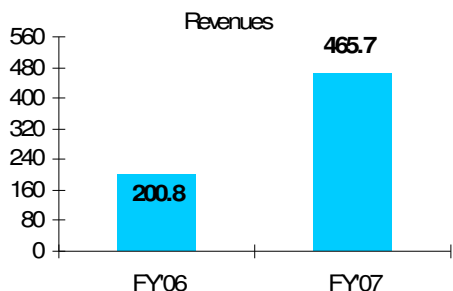
- **Net Income from Operations up by 103.6%** from Rs 523.0mn to Rs 1,065.1mn
  - ✓ Revenues from Smart\_Class up by 131.9% to Rs 465.7mn
  - ✓ Revenues of ICT segment up by 89.9% to Rs 301.2mn
  - ✓ Revenues from Professional Development up by 42.6% to Rs 175.4mn
  - ✓ Revenues from Retail Initiative up by 201.8% to Rs 122.8mn
- **Operating Profits up by 94.8% to Rs 502.9mn** from Rs 258.1mn
- **Operating Margin down to 47.2% from 49.4%**
  - ✓ Cost of goods sold increased due to execution of contracts with outright sale of infrastructure in ICT and Smart\_Class segments
- **PAT up by 103.4%** from Rs 139.0mn to Rs 282.8mn. **Net Profit Margin stable at 26.6%**
- **Debtor days decreased from 179 to 170** days due to efficiency in collection

### Financial Highlights – Q4 FY'07

- **Net Income from Operations up by 96.5%** from Rs 253.7mn to Rs 498.6mn
  - ✓ Revenues from Smart\_Class - Rs 249.3mn
  - ✓ Revenues of ICT segment - Rs 123.9mn
  - ✓ Revenues from Professional Development - Rs 41.7mn
  - ✓ Revenues from Retail Initiative - Rs 83.6mn
- **Operating Profits up by 102.6% to Rs 233.4mn** from Rs 115.2mn
- **Operating Margin up to 46.8% from 45.4%**
- **PAT up 97.0%** from Rs 66.7mn to Rs 131.3 mn
- **Net Profit Margin stands at 26.3%**

# Segmental Highlights

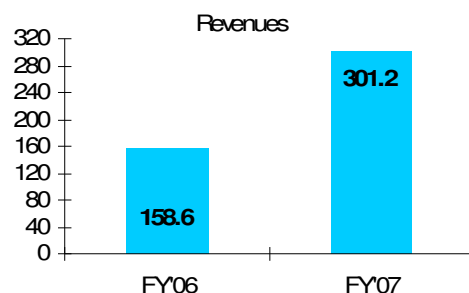
## Smart Class



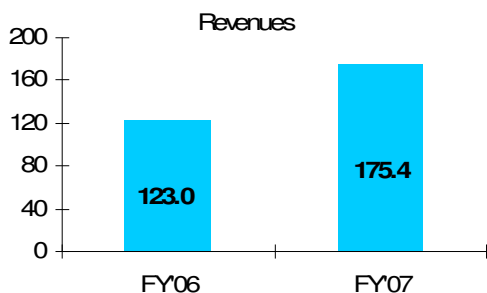
- **Number of schools signed increased** by 240 to 331 in FY'07
- Presence in **321 schools** in India
- **Bagged a Rs 90mn contract from South India-based State Bank Officers Association School chain** for implementation of Smart Class in 2 schools (272 classrooms)

- Total number of schools increased to **2,808 from 613 in FY'06**
- **Orders in pipeline:**
  - 750 schools with Govt. of Haryana
- **Schools signed during the quarter**
  - 264 schools with Govt. of Karnataka
  - 100 schools with Govt. of Assam

## ICT solutions

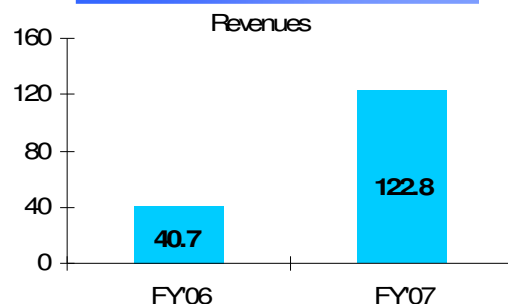


## Professional Development



- **Trained over 2,15,000 teachers** during FY'07
- Cumulative number of teachers trained increased by 48.9% to **655,000 as on March 31, 2007**

## Retail & Consultancy



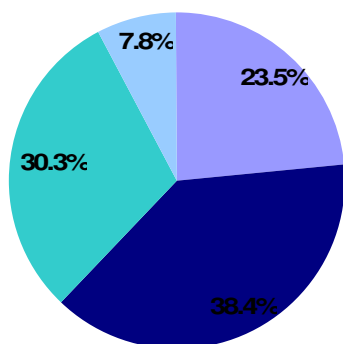
- **Over 9,513 students registered & subscribed under Mathguru.com** for the current academic year
- **3 pre-schools under Roots-to-Wings** commenced operations in FY'07

## Other Highlights

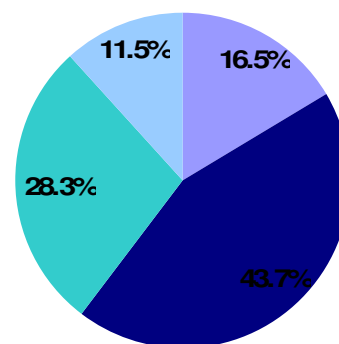
- **Acquired 76% stake in ThreeBrix E-Services Ltd.**, promoter of online tutoring website 'The Learning Hour' and 'Threebrix.com,' which will strengthen the online tutoring platform of the company
- **Capex of Rs 640mn in Smart\_Class, ICT, building Intellectual Property & others** during FY'07

## Revenue Break-up

FY'06



FY'07



■ Professional Development    ■ Smart Class  
■ ICT Solutions                      ■ Retail

■ Professional Development    ■ Smart Class  
■ ICT Solutions                      ■ Retail

## Financials - Quarterly

### Profit and Loss Statement

Figures in Rs mn

Particulars	JFM'06	JFM'07	% Chg YoY
<b>Net Income from Operations</b>	253.7	<b>498.6</b>	<b>96.5%</b>
<b>Total Expenditure</b>	<b>138.5</b>	<b>265.2</b>	<b>91.4%</b>
(a) Purchase of Raw Material	82.2	194.6	<b>136.7%</b>
(b) Increase/decrease in stock in trade	(9.8)	(14.6)	<b>49.2%</b>
(c) Staff Cost	22.4	30.2	<b>34.8%</b>
(d) Selling, Distribution & Administration expenses	43.7	54.9	<b>25.8%</b>
<b>OPBDIT</b>	<b>115.2</b>	<b>233.4</b>	<b>102.6%</b>
Depreciation & Amortization	12.5	34.4	<b>174.5%</b>
<b>OPBIT</b>	<b>102.6</b>	<b>199.0</b>	<b>93.8%</b>
Finance Charges	0.9	7.0	<b>661.3%</b>
<b>OPBT</b>	<b>101.7</b>	<b>192.0</b>	<b>88.7%</b>
Other Income	2.8	20.1	<b>605.5%</b>
<b>PBT</b>	<b>104.6</b>	<b>212.0</b>	<b>102.8%</b>
Tax (including deferred)	37.9	80.7	<b>112.9%</b>
<b>PAT</b>	<b>66.7</b>	<b>131.3</b>	<b>97.0%</b>
Basic EPS (Rs.)	<b>4.24</b>	<b>8.22</b>	<b>93.9%</b>

### Key ratios %

	JFM'06	JFM'07
OPBDIT/Net Income from Operations	45.4%	46.8%
PAT/ Net Income from Operations	26.3%	26.3%
Total Expenditure/Net Income from Operations	54.6%	53.2%
Consumption of Raw material/Net Income from Operations	28.6%	36.1%
Staff Cost/Net Income from Operations	8.8%	6.1%
Selling, Distribution & Administration expenses/ Net Income from Operations	17.2%	11.0%

*\*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*

## Financials - Yearly

### Profit and Loss Statement

Figures in Rs mn

Particulars	FY'06	FY'07	% Chg YoY
<b>Net Income from Operations</b>	<b>523.0</b>	<b>1,065.1</b>	<b>103.6%</b>
<b>Total Expenditure</b>	<b>264.9</b>	<b>562.2</b>	<b>112.2%</b>
(a) Purchase of Raw Material	102.8	319.2	210.7%
(b) Increase/decrease in stock in trade	(7.3)	-15.2	106.9%
(c) Staff Cost	75.0	104.8	39.7%
(d) Selling, Distribution & Administration expenses	94.4	153.3	62.3%
<b>OPBDIT</b>	<b>258.1</b>	<b>502.9</b>	<b>94.8%</b>
Depreciation & Amortization	53.1	96.6	82.1%
<b>OPBIT</b>	<b>205.1</b>	<b>406.3</b>	<b>98.1%</b>
Finance Charges	5.0	13.3	163.6%
<b>OPBT</b>	<b>200.1</b>	<b>393.1</b>	<b>96.5%</b>
Other Income	14.7	49.0	233.8%
<b>PBT</b>	<b>214.7</b>	<b>442.1</b>	<b>105.9%</b>
Tax (including deferred)	75.7	159.3	110.4%
<b>PAT</b>	<b>139.0</b>	<b>282.8</b>	<b>103.4%</b>
Basic EPS (Rs.)	<b>11.15</b>	<b>17.72</b>	<b>58.9%</b>

### Key ratios %

	FY'06	FY'07
OPBDIT/Net Income from Operations	49.4%	47.2%
PAT/ Net Income from Operations	26.6%	26.6%
Total Expenditure/Net Income from Operations	50.6%	52.8%
Consumption of Raw material/Net Income from Operations	18.2%	28.5%
Staff Cost/Net Income from Operations	14.3%	9.8%
Selling, Distribution & Administration expenses/ Net Income from Operations	18.1%	14.4%

## Segment Results

Particulars	Q4 FY'06	Year ended 31st March, 06	Q4 FY'07	Year ended 31st March, 07
<b>Segment Revenue</b>				
Professional Development	46.46	122.95	41.69	175.38
Smart Class	96.16	200.79	249.31	465.70
ICT Solutions	106.58	158.62	123.92	301.23
Others	4.51	40.68	83.65	122.80
<b>Income from Operations</b>	<b>253.71</b>	<b>523.05</b>	<b>498.57</b>	<b>1065.10</b>
<b>Segment PBIT</b>				
Professional Development	24.76	74.62	24.69	105.04
Smart Class	39.48	120.03	143.42	270.58
ICT Solutions	52.16	60.17	38.10	97.72
Others	2.84	11.49	47.14	58.00
<b>Total PBIT</b>	<b>119.24</b>	<b>266.32</b>	<b>253.34</b>	<b>531.34</b>
Interest	0.92	5.04	7.00	13.27
Other un-allocable expenses (net of un-allocable income)	13.75	46.54	34.29	75.99
<b>Total PBT</b>	<b>104.57</b>	<b>214.74</b>	<b>212.05</b>	<b>442.07</b>

**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 1,400 professionals and has presence in over 2,000 schools in more than 30 cities across the country. The company has partnerships with several major players in the Education Technology space including Microsoft, World Links, Wipro etc. It also partners with various governments like Government of Orissa, Tripura, Karnataka, Uttar Pradesh, Gujarat, Haryana, Assam, 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. It was awarded the CNBC ICICI bank emerging India award for Company of the Year 2005 and has been awarded the SM1 and P1 ratings from CRISIL (India's premier rating agency). For more information please visit [www.educomp.com](http://www.educomp.com)

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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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