



# Educomp Solutions Ltd.

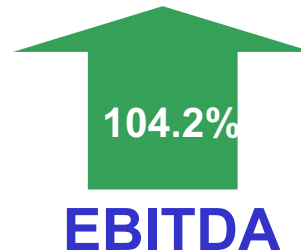
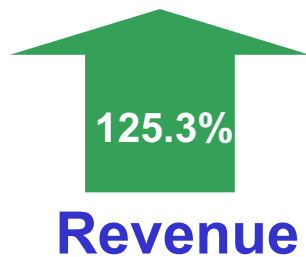
July 30, 2009

Quarter ending June 2009



1. Financial Review-Consolidated
2. Financial Review-Standalone
3. Segmental Performance
4. Financial Statements
5. Shareholding Pattern

## Consolidated Performance Review Q1 FY'10 Vs. Q1 FY'09



- **Net Income from operations up 125.3% to Rs 193.8cr from Rs 86.0cr** driven by strong growth across School Learning Solutions and K-12 segments
- **Total income<sup>1</sup> (including other income) up 134.6% to Rs 209.0cr from Rs 89.1cr**
- **EBITDA<sup>2</sup> up 104.2% to Rs 81.1cr from Rs 39.7cr**
- **EBITDA Margins<sup>2</sup> at 41.8% compared to 46.1% in Q1 FY'09**
- **PAT up 106.9% to Rs 34.2cr from Rs 16.5cr**
- **PAT Margins at 17.7% compared to 19.2% in Q1 FY'09** due to increased expenditure in growth segments like vocational education, higher education and online businesses

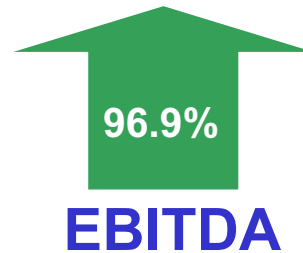
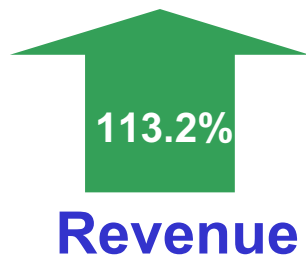
\* Company adopted Clause No. 41 of Listing Agreement

\* Given the seasonal nature of 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.

1 Including gain of Rs 11.8cr on account of hive off of the vocational business to the JV between Pearson Inc. and Educomp

2 Excluding foreign exchange gain. After prior period items, minority interest and share of profits of associate concerns

## Standalone Performance Review Q1 FY'10 Vs. Q1 FY'09



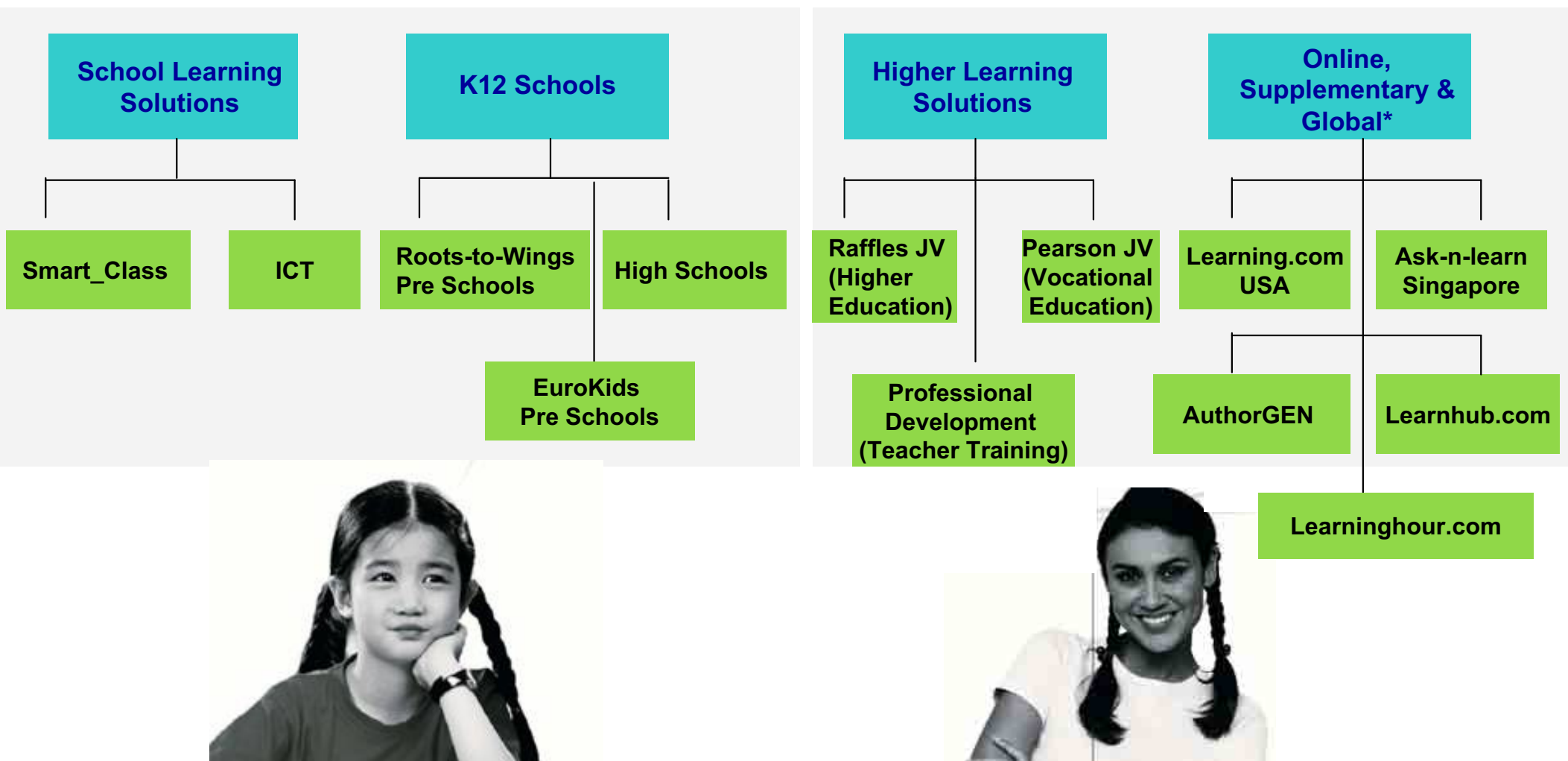
- Net Income from operations up 113.2% to Rs 148.0cr from Rs 69.4cr
- EBITDA<sup>1</sup> up 96.9% to Rs 74.6cr from Rs 37.9cr
- EBITDA Margins<sup>1</sup> at 50.4% compared to 54.6% in Q1 FY'09
- PAT up 116.2% to Rs 36.3cr from Rs 16.8cr
- PAT Margins<sup>2</sup> at 24.5% from 24.2%

<sup>1</sup> Excluding foreign exchange gain and including forex loss.

<sup>2</sup> Based on Total Income



## Re-structured Business Segments

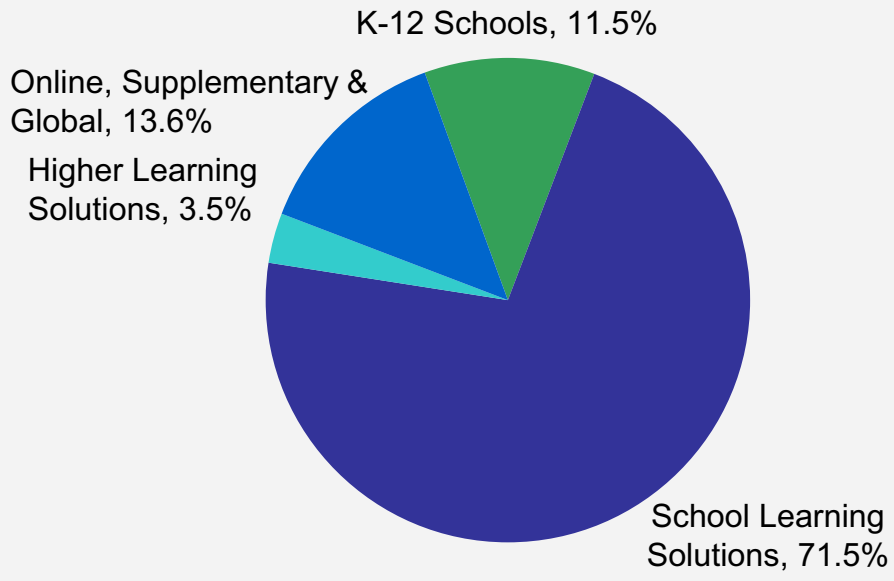


\* Only Key Subsidiaries have been presented

# Diversified Revenue Streams

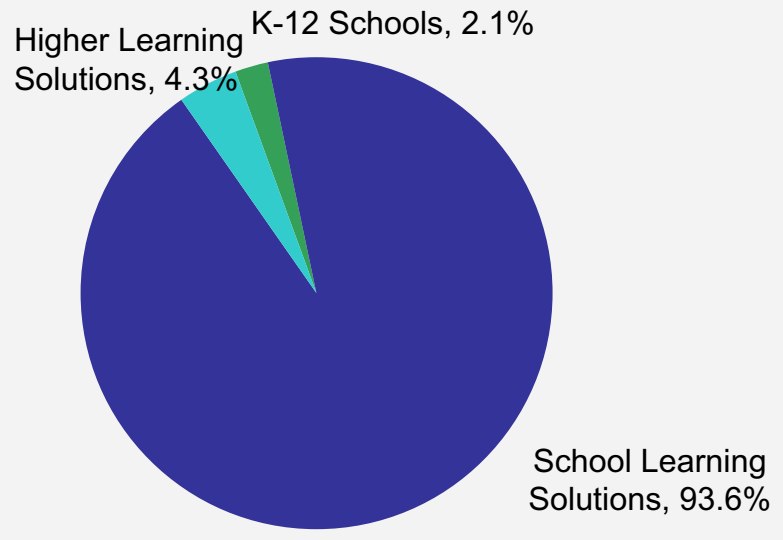
## Revenue Break-Up On Consolidated basis

**Q1 FY'10**

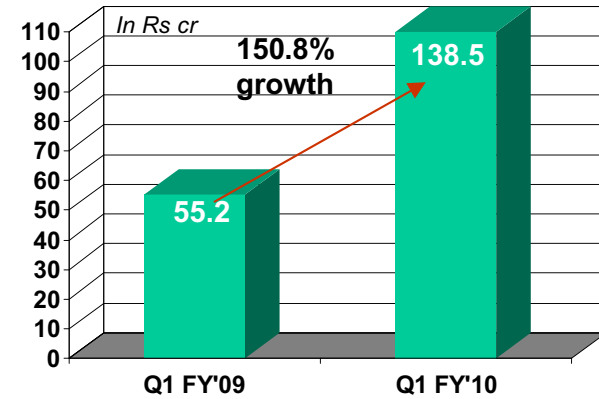


## Revenue Break-Up On Standalone basis

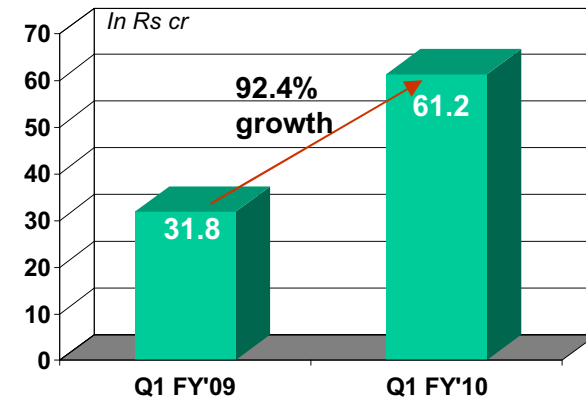
**Q1 FY'10**



## Revenue Growth – School Learning Solutions (Consolidated)



## EBIT – School Learning Solutions (Consolidated)



School Learning Solutions comprising:

- Smart\_Class
- ICT



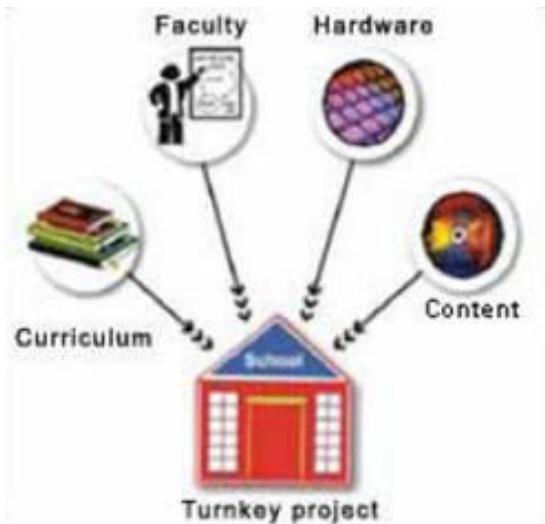


## Smart Class – Consolidating Leadership – reaches 1,910 schools and 2.19mn students

<b>Number of schools implemented</b>	173
- <i>BOOT</i>	- 152
- <i>Outright Buy*</i>	- 21
<b>Cumulative number of schools signed:</b>	1,910
<b>Cumulative number of students:</b>	2.19mn
<b>Strength of Sales Team:</b>	220
<b>Revenues – Smart_Class (Q1 FY'10)</b>	Rs 102.3cr

## ICT Solutions – Reaches 13,792 schools and 7.4mn students

<b>Additional Number of schools signed:</b>	1,780
- <i>Outright Buy</i>	- 1,780
<b>Value of Total Contracts:</b>	Rs 83.8cr
<b>State</b>	Gujarat
<b>Cumulative number of schools covered:</b>	13,792
<b>Cumulative number of students covered:</b>	Approx. 7.4mn
<b>Strength of Sales and Project Management Team:</b>	50+
<b>Revenues – ICT Solutions (Q1 FY'10)</b>	Rs 36.3cr



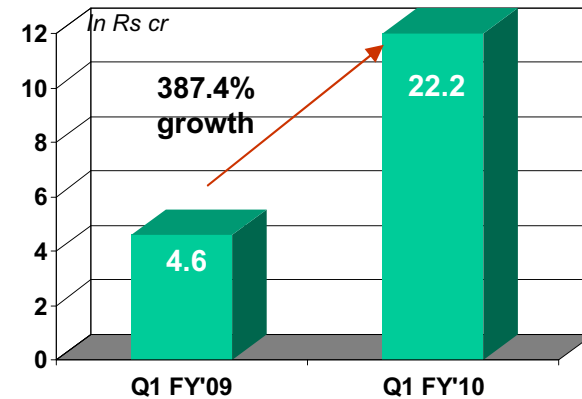
\*Outright buy model now includes one time licensing of content and outsourcing of school implementation and ongoing services



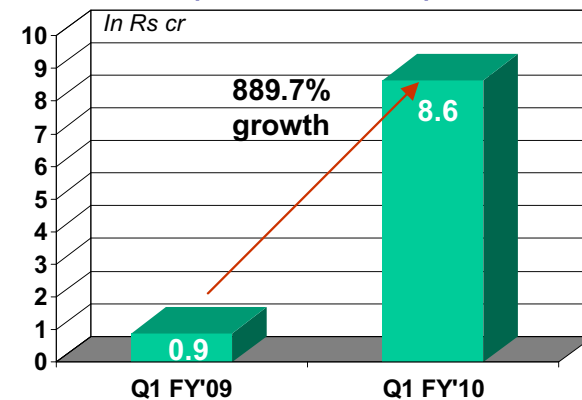
## K-12 Schools comprising:

- Roots to Wings Pre Schools
- EuroKids Pre Schools
- High Schools

### Revenue Growth – K-12 Schools Segment (Consolidated)



### EBIT – K-12 Schools Segment (Consolidated)





## Roots-to-Wings: New Concept to Pre-School Education

- 193 pre-schools Franchised under the Roots-to-Wings umbrella

## Eurokids: India's leading chain of Pre-Schools

- EuroKids runs 450+ Preschools having Pan India presence and caters to 27,000+ kids from age 2-4
- 30 pre-schools added in Q1 FY'10
- 12 Euroschools (K12 schools) operational. Discussions for 5 additional Euroschools underway



## Financial Highlights Q1 FY'10<sup>1</sup> –Eurokids India

Company Level Financials (Figures in Rs cr)	
	Q1 FY'10
Revenues*	7.9
EBITDA	0.7
PAT	0.7
% Holding of Educomp	50.00%

<sup>1</sup> Educomp entered into the JV with Eurokids on October 15, 2008

\* Operational Income only, excludes other income

# High Schools- Widening Geographical reach – 35 schools in portfolio

**Total visibility of 43 schools (including live, under construction/ land acquired )**



PSBB Millennium School, Chennai Porur



The Millennium School, Panipat



The Millennium School, Noida



Chiranjiv Bharti, Sushant Lok, Gurgaon



The Millennium School, Lucknow



PSBB Learning Leadership Academy, Bangalore

## Key Developments during Q1 FY'10

<b>Total operational schools:</b>	<b>Total: 35 Schools</b> - 23 HighSchools under Educomp - 12 EuroSchools under EuroKids
<b>Total number of students:</b>	16,000 students
	<ul style="list-style-type: none"> <li>All 12 Franchisee EuroSchools operational (Mumbai, Jalna, Tumkur, Hassan, Bangalore, Patna, Jodhpur, Hyderabad, Davangiri, Guwahati and Turaon)</li> <li>5 EuroSchools under negotiations</li> </ul>

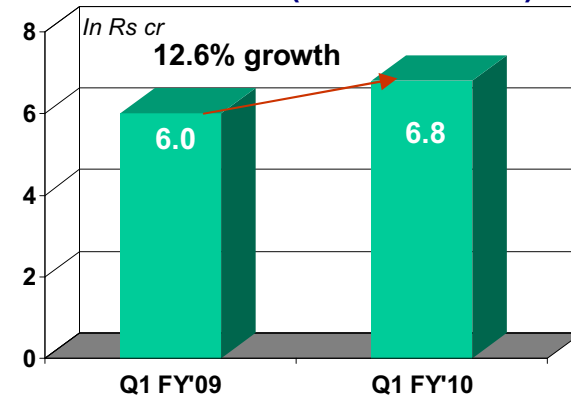
## Financial Highlights – Q1 FY'10 - Educomp Infrastructure & School Management Services Ltd

### Company Level Financials (Figures in Rs cr)

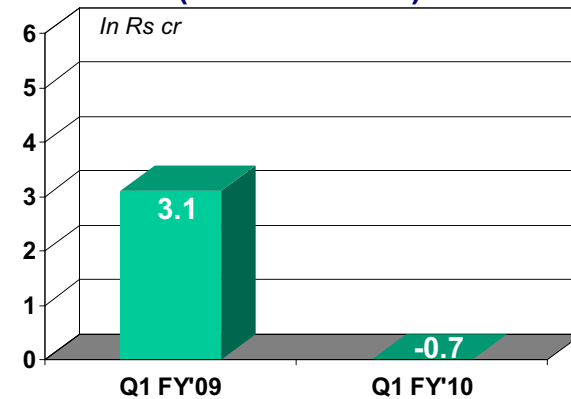
	Q1 FY'10
Revenues*	12.0
EBIDTA	9.4
EBIDTA Margin	78.2%
PAT	4.2
PAT Margin	35.0%
% Holding of Educomp	69.38%

\* Operational Income only, excludes other income

### Revenue Growth – Higher Learning Solutions (Consolidated)



### EBIT – Higher Learning Solutions (Consolidated)



Higher Learning Solutions comprising:

- Professional Development
- Educomp Raffles JV
- Educomp Pearson JV



- Entered into an agreement to set up a 50:50 JV with Pearson, the international education and information company, to support vocational learning in India
- Educomp has transferred its vocational education business to Educomp Vocational Education Pvt. Ltd., an indirect wholly owned subsidiary (WOS) of the company (EVPL). It will be jointly owned by Pearson Plc. UK and Educomp Higher Initiatives Pte. Ltd., Singapore, an indirect WOS of the company . Pearson paid US \$ 17.5mn to acquire a 50% stake.
- JV to be backed by industry-standard certifications provided by Edexcel, Pearson's market leading qualifications and accreditation arm
- Pearson to contribute its world leading educational content, faculty and assessor development services
- Targeting 400mn working population increasing by 12.8mn each year of which less than 10% have received any formal training \*



- Purple Leap is launching the Indira Gandhi National Open University (IGNOU) six month program shortly to provide courses in Spoken English and Personality Development
- ETEN CA program currently running in 40 centres across India and has enrollments of 4,000 students
- Managing 16 ITI (Industrial Training Institutes ) as CII members under EDU-CSR in states like UP, Rajasthan, Haryana, Punjab and Delhi
- Launched 5 centres to deliver training programs under Rajasthan Mission on Livelihoods, Govt. of Rajasthan
- Launched Modular Employability courses at 9 out of 10 centres as DEGT partners in Punjab
- Commenced Language Edge program, a 100 hour signature blended learning program empowering first time english language learners with Spoken English and Soft Skills, across 15 centres. Current enrollment of approx. 100 students
- Company in process of launching Gujarat Industrial Development Corporation (GIDC) project in 10 districts and Gujarat Knowledge Society (GKC) project in 2 zones in Gujarat state
- Won Delhi Transport Corporation (DTC) project to train 500 drivers for Commonwealth Games 2010. Project to commence in August 2009



- 'Raffles Millennium International' College in Delhi (Pusa road) operational
- Bangalore College inaugurated on 10 July 2009
- Plan to set up 4 more colleges this year to take the total number to 6





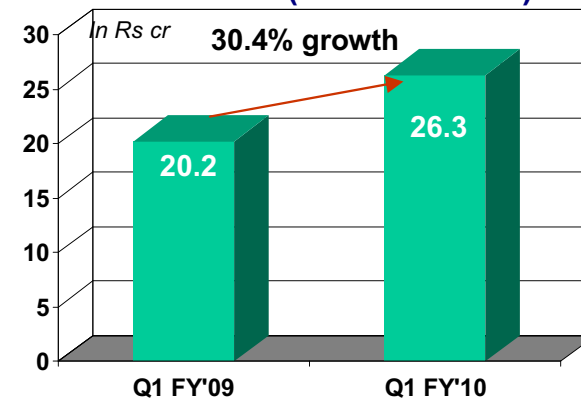
Cumulative number of teachers trained:	1.5mn
Strength of Teacher Training Team:	200+
Revenues – Q1 FY'10	Rs 4.8cr



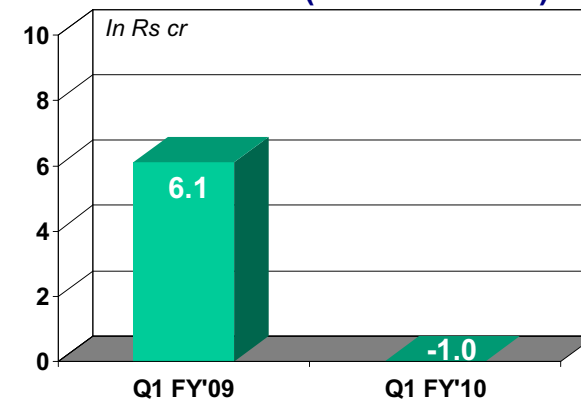
## Online, Supplementary & Global comprising:

- Learning.com, USA
- Ask-n-Learn, Singapore
- Authorgen
- Learnhub.com
- Learninghour.com

### Revenue Growth – Online, Supplementary & Global (Consolidated)



### EBIT – Online, Supplementary & Global (Consolidated)



## ■ Wiziq.com

- ✓ **Objective:** Web-based platform for students and teacher to discover, transact and deliver educational services and connect in real time with audio-video and whiteboard capabilities
- ✓ 72,500 additional registered users in Q1 FY'10 and total users at 3,41,795
- ✓ 4mn pageviews in Q1 FY'10



## ■ Authorstream

- ✓ **Objective:** Powerful online presentation sharing engine that allows web users to upload and share Microsoft presentation
- ✓ 1,13,259 registered users added in Q1 FY'10, total users at 3,41,443
- ✓ 214 additional premium subscribers in Q1, total premium subscribers at 650
- ✓ Approx. 3,000 teachers conducted 17,000 classes in Q1
- ✓ 9.7mn pageviews in Q1
- ✓ Released 'authorSTREAM desktop' which allows one to add youtube videos with PowerPoints to create multimedia rich presentations
- ✓ Authorstream.com featured in Dataquest list of 25 hot Indian web 2.0 start-ups in May 2009



## ■ LearnHub.com

- ✓ **Objective :** Online Educational Communities
- ✓ 22 higher education customers in the US, Canada, UK, and South Korea
- ✓ Reached 110,000+ registered users



## ■ Learninghour

- ✓ One of the Largest Online Tutoring services provider for India; First of their kind 'Concept Tutoring' Centres for 8th to 12th Grade CBSE curriculum
- ✓ 9 centers operational with 1500 students
- ✓ Starting V-SAT based IIT-JEE preparation programs from September 2009. Undertook a pilot project for IIT JEE preparation with 100 students at its learning centres



- Premier provider of web-enhanced curriculum and assessment to provide educators with innovative, web-delivered curriculum solutions
- Key Highlights
  - ✓ 2.5mn students served
  - ✓ 7,500 schools served
  - ✓ Presence in over 800 school districts in U.S



■ Aha!Math was awarded the Distinguished Achievement Award in the K-5 math category by the Association of Education Publishers



■ Learning.com's Digital Learning Environment was named Best Course Management System in the Software & Information Industry Association's (SIIA) 24th annual CODiE Awards

**Financial Highlights – Q1 FY'10**

Company Level Financials (Figures in Rs cr)	
	Q1 FY'10
Revenues*	17.6
PAT	1.1
PAT Margin	6.4%
% Holding of Educomp	56.80%

■ For more information visit [www: learning.com](http://www.learning.com)



\* Operational Income only, excludes other income  
 251% on fully diluted basis

- Premier Pan-Asian provider of Education solutions and services which actively helps schools, regional Ministries of Education and corporate clients create innovative content and systems to meet diverse teaching and learning needs
- Presence in over 152 schools and working with National University of Singapore, Regional Universities like MOE Singapore, Brunei, Indonesia
- Renewals for 128 schools in Q1 FY'10
- Established strong strategic relations with Microsoft and Ministry of Education, Singapore
- For more information visit [www: Asknlearn.com](http://www.Asknlearn.com)

## Financial Highlights – Q1 FY'10

Company Level Financials (Figures in	
	Q1 FY'10
Revenues*	6.4
EBIDTA	0.8
EBIDTA Margin	12.9%
% Holding of Educomp	100%

\* Operational Income only, excludes other income



- In June 2009, Educomp was ranked No.1 in Education and Training in the 'India's Best Companies to work for' study, conducted by Great Place to Work@Institute, India, in partnership with the Economic Times



- CARE awarded – CARE A and PR1 ratings in relation to the company's aggregate Rs 589.2cr indebtedness

## Income Statement

Amount in Rs cr

Particulars	Q1 FY'09	Q1 FY'10	% Chg YoY
<b>Net Income from Operations</b>	<b>86.0</b>	<b>193.8</b>	<b>125.3%</b>
<b>Total Expenditure</b>	<b>44.9</b>	<b>111.7</b>	<b>148.6%</b>
Cost of Goods Sold	4.5	42.1	829.2%
Staff Cost	20.4	35.2	72.0%
Selling, Distribution & Administration expenses	19.9	34.5	73.2%
Prior Period Items & Miscellaneous Items	0.0	-0.1	
<b>EBIDTA (before minority interest and share of profits of associates)</b>	<b>41.1</b>	<b>82.2</b>	<b>99.9%</b>
Share of profit in associates	0.5	-	-100.0%
Minority interest	1.0	1.1	17.0%
<b>EBIDTA (after minority interest and share of profits of associates)</b>	<b>39.7</b>	<b>81.1</b>	<b>104.2%</b>
Depreciation & Amortization (including prior period items)	14.4	29.3	104.1%
Finance Charges	2.3	10.2	345.6%
Other Income	3.1	15.2	391.2%
Tax (including deferred)	9.6	22.5	134.8%
<b>PAT before minority interest &amp; pre-acquisition profits</b>	<b>18.0</b>	<b>35.4</b>	<b>96.7%</b>
<b>PAT after minority interest &amp; pre-acquisition profits</b>	<b>16.5</b>	<b>34.2</b>	<b>106.9%</b>
<b>Basic EPS (Rs.)</b>	<b>9.6</b>	<b>19.8</b>	<b>106.6%</b>
<b>Diluted EPS (Rs.)</b>	<b>8.8</b>	<b>19.0</b>	<b>116.3%</b>

## Key Ratios

Key Ratios (as a % of Net Income from Operations)	Q1 FY'09	Q1 FY'10
EBIDTA Margin	46.1%	41.8%
PAT Margin	19.2%	17.7%
Total Expenditure	52.2%	57.6%
Consumption of Raw material	5.3%	21.7%
Staff Cost	23.8%	18.1%
Selling, Distribution & Administration expenses	23.2%	17.8%

\* Other income includes foreign exchange gain



- Educomp successfully concluded a placement of its equity shares to Qualified Institutional Investors issuing 1.62mn shares at an issue price of Rs. 3,745 per share , aggregating to Rs. 607cr.

## Balance Sheet Items

Balance Sheet (Figures in Rs cr)	As on June 30'2009
Cash-Consolidated Basis	149.0
Debt-Consolidated Basis	933.4

- In addition to above cash position, cash received on account of QIP issue was Rs 595cr net of expenses, parked in fixed deposits with various nationalised banks

## Income Statement

Amount in Rs cr

Particulars	Q1 FY'09	Q1 FY'10	% Chg YoY
<b>Net Income from Operations</b>	<b>69.4</b>	<b>148.0</b>	<b>113.2%</b>
<b>Total Expenditure</b>	<b>31.5</b>	<b>73.4</b>	<b>132.8%</b>
Cost of Goods Sold	4.2	36.8	784.6%
Staff Cost	11.7	17.7	50.3%
Selling, Distribution & Administration expenses	15.6	19.0	21.2%
<b>EBIDTA</b>	<b>37.9</b>	<b>74.6</b>	<b>96.9%</b>
Depreciation & Amortization	13.5	26.6	97.7%
Finance Charges	1.4	5.4	277.2%
<b>OPBT</b>	<b>23.0</b>	<b>42.6</b>	<b>85.3%</b>
Other Income	2.7	12.4	359.2%
<b>PBT</b>	<b>25.7</b>	<b>55.0</b>	<b>114.0%</b>
Tax (including deferred)	8.9	18.7	110.0%
<b>PAT</b>	<b>16.8</b>	<b>36.3</b>	<b>116.2%</b>
<b>Basic EPS (Rs.)</b>	<b>9.7</b>	<b>20.97</b>	<b>116.0%</b>
<b>Diluted EPS (Rs.)</b>	<b>8.9</b>	<b>20.06</b>	<b>125.6%</b>

## Key Ratios

Key Ratios (as a % of Net Income from Operations)	Q1 FY'09	Q1 FY'10
EBIDTA Margin	54.6%	50.4%
PAT Margin	24.2%	24.5%
Total Expenditure	45.4%	49.6%
Consumption of Raw material	6.0%	24.9%
Staff Cost	16.9%	11.9%
Selling, Distribution & Administration expenses	22.5%	12.8%

\* Other income includes foreign exchange gain

Amount in Rs cr

<b>Revenues</b>	<b>Q1 FY'09</b>	<b>Q1 FY'10</b>	<b>% Chg YoY</b>
School Learning Solutions	55.2	138.5	150.8%
Higher Learning Solutions	6.0	6.8	12.6%
K-12 Schools	4.6	22.2	387.4%
Online, Supplementary & Global	20.2	26.3	30.4%
<b>Total Net Sales/ Income from Operations</b>	<b>86.0</b>	<b>193.8</b>	<b>125.3%</b>

<b>PBIT</b>	<b>Q1 FY'09</b>	<b>Q1 FY'10</b>	<b>% Chg YoY</b>
School Learning Solutions	31.8	61.2	92.4%
Higher Learning Solutions	3.1	(0.7)	NA
K-12 Schools	0.9	8.6	889.7%
Online, Supplementary & Global	6.1	(1.0)	NA
	<b>41.9</b>	<b>68.1</b>	<b>62.6%</b>
Less: Interest (Net)	2.3	10.2	345.6%
Other un-allocable expenses (net of un- allocable income)	12.0	0.2	-98.6%
<b>Total Profit before Tax</b>	<b>27.6</b>	<b>57.8</b>	<b>109.5%</b>

<b>PBIT Margins</b>	<b>Q1 FY'09</b>	<b>Q1 FY'10</b>
School Learning Solutions	57.6%	44.2%
Higher Learning Solutions	51.7%	NA
K-12 Schools	19.2%	38.9%
Online, Supplementary & Global	30.1%	NA

<b>Revenue Break up</b>	<b>Q1 FY'09</b>	<b>Q1 FY'10</b>
School Learning Solutions	64.2%	71.5%
Higher Learning Solutions	7.0%	3.5%
K-12 Schools	5.3%	11.5%
Online, Supplementary & Global	23.5%	13.6%

Amount in Rs cr

<b>Revenues</b>	<b>Q1 FY'09</b>	<b>Q1 FY'10</b>	<b>% Chg YoY</b>
School Learning Solutions	55.2	138.5	150.8%
Higher Learning Solutions	6.0	6.4	6.3%
K-12 Schools	1.2	3.1	149.9%
Online, Supplementary & Global	6.9	-	-100.0%
<b>Total Net Sales/ Income from Operations</b>	<b>69.4</b>	<b>148.0</b>	<b>113.2%</b>

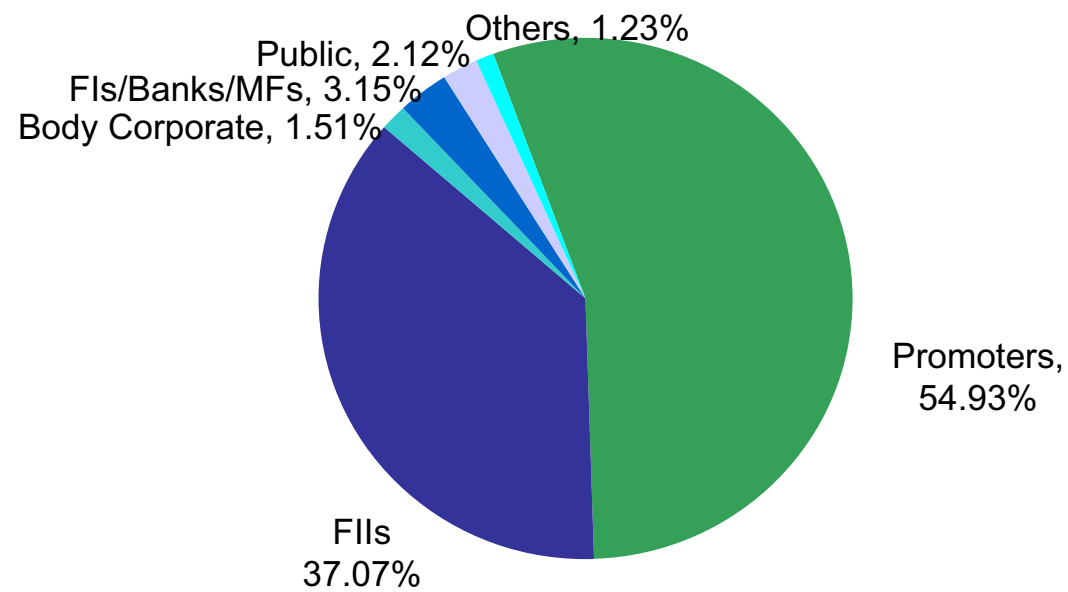
<b>PBIT</b>	<b>Q1 FY'09</b>	<b>Q1 FY'10</b>	<b>% Chg YoY</b>
School Learning Solutions	32.2	62.5	93.8%
Higher Learning Solutions	3.1	1.7	-44.1%
K-12 Schools	(0.9)	(0.6)	NA
Online, Supplementary & Global	5.4	-	NA
	<b>39.8</b>	<b>63.6</b>	<b>59.9%</b>
Less: Interest (Net)	1.4	5.4	278.0%
Other un-allocable expenses (net of un- allocable income)	12.7	3.3	-74.1%
<b>Total Profit before Tax</b>	<b>25.7</b>	<b>55.0</b>	<b>114.1%</b>

<b>PBIT Margins</b>	<b>Q1 FY'09</b>	<b>Q1 FY'10</b>
School Learning Solutions	58.4%	45.1%
Higher Learning Solutions	51.7%	27.2%
K-12 Schools	NA	NA
Online, Supplementary & Global	77.7%	NA

<b>Revenue Break up</b>	<b>Q1 FY'09</b>	<b>Q1 FY'10</b>
School Learning Solutions	79.6%	93.6%
Higher Learning Solutions	8.7%	4.3%
K-12 Schools	1.8%	2.1%
Online, Supplementary & Global	10.0%	0.0%

As on 30th June 2009

Equity Shares Outstanding-17,313,157



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

**Ms. Sangeeta Gulati, CFO**

Educomp Solutions Limited

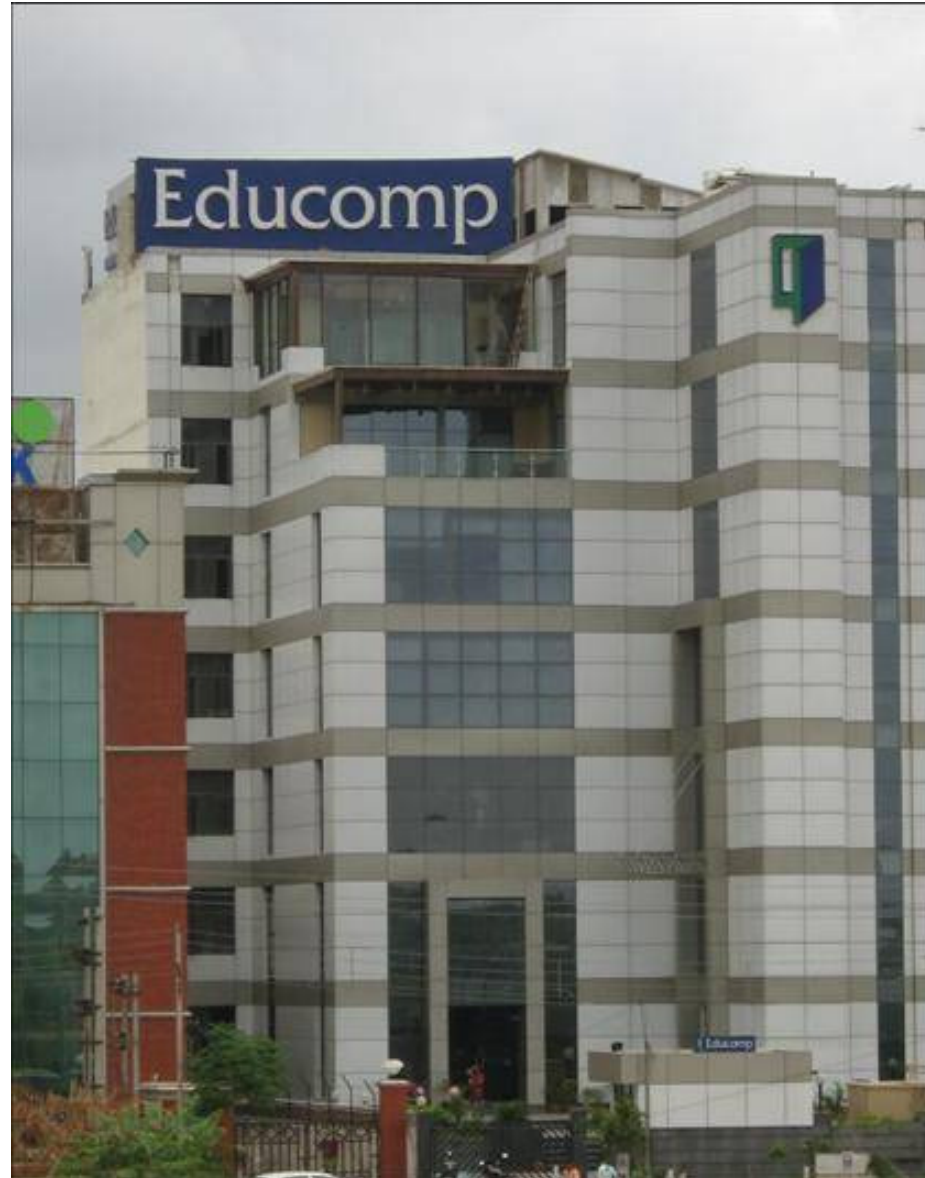
Educomp Towers,

514, Udyog Vihar Phase III

Gurgaon – 122 001, Haryana

Email: [investor.relations@educomp.com](mailto:investor.relations@educomp.com)

Ph: 0124 - 4529000



## 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 2009. CONFIDENTIAL**