



# Educomp Solutions Ltd.

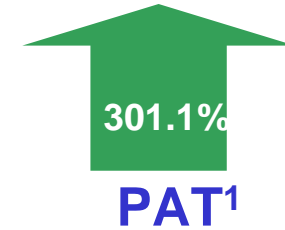
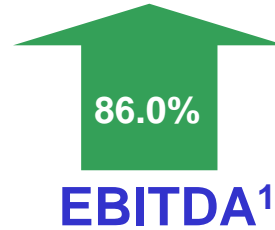
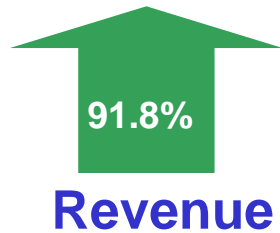
October 30, 2009

Quarter ending September 2009



1. Financial Review-Consolidated
2. Financial Review-Standalone
3. Segmental Performance
4. Financial Statements
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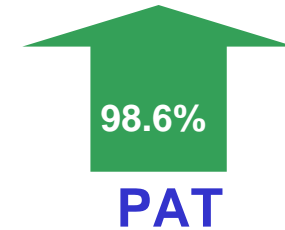
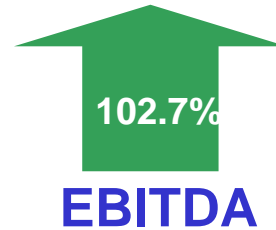
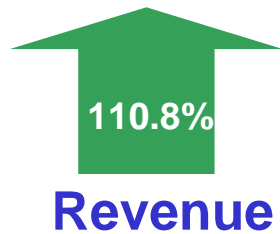
## Consolidated Performance Review Q2 FY'10 Vs. Q2 FY'09



- **Net Income from operations up 91.8% to Rs 253.5cr from Rs 132.2cr** driven by strong growth across School Learning Solutions and K-12 segments
- **EBITDA<sup>1</sup> up 86.0% to Rs 100.1cr from Rs 53.8cr**
- **EBIDTA Margins at 39.5% compared to 40.7%**
- **PAT<sup>1</sup> up 301.1% to Rs 115.5cr from Rs 28.8cr**
- **PAT Margins at 45.6% compared to 21.8% mainly on account of gain on hive off of the vocational business to the JV between Pearson Inc. and Educomp**

*\*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.*

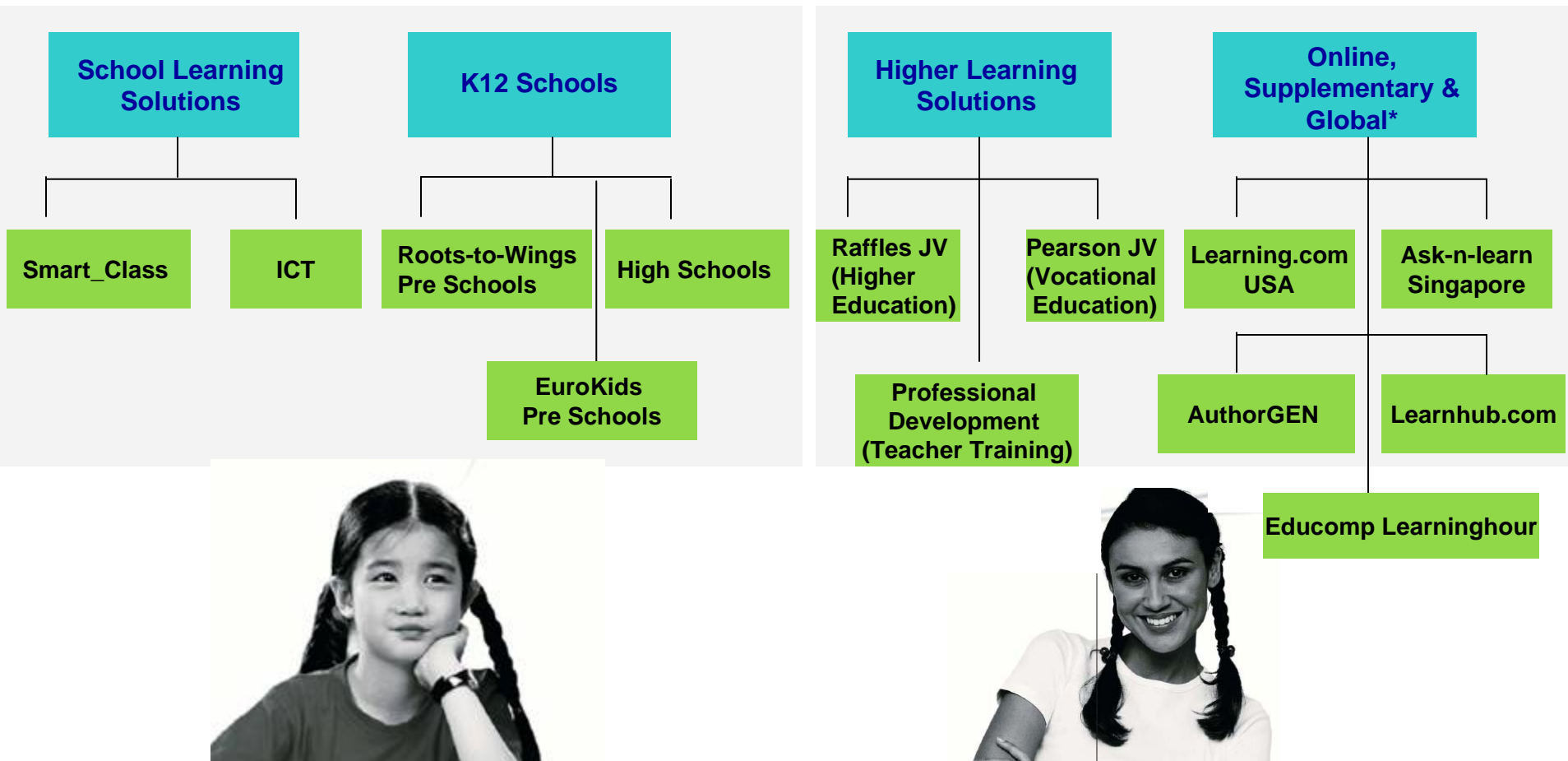
## Standalone Performance Review Q2 FY'10 Vs. Q2 FY'09



- Net Income from operations up 110.8% to Rs 206.9cr from Rs 98.1cr
- EBITDA<sup>1</sup> up 102.7% to Rs 102.8cr from Rs 50.7cr
- EBITDA Margins<sup>1</sup> at 49.7% compared to 51.7%
- PAT up 98.6% to Rs 50.4cr from Rs 25.4cr
- PAT Margins at 24.4% from 25.9%

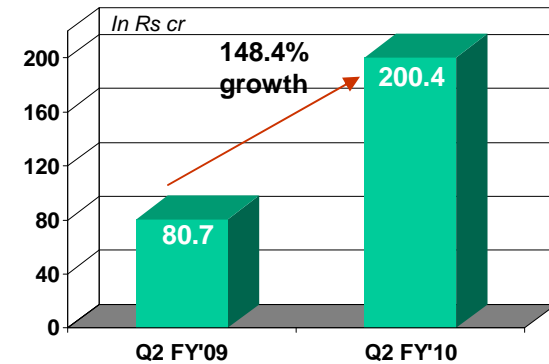


## Business Segments

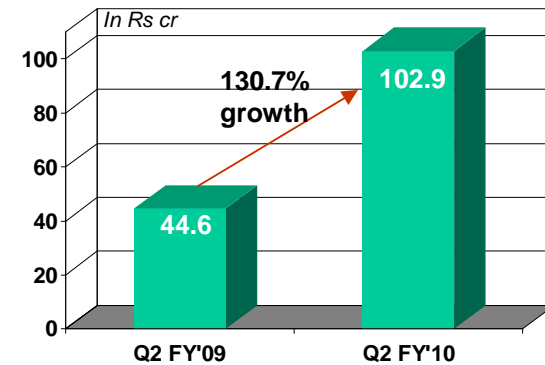


\* Only Key Subsidiaries have been presented

## Revenue Growth – School Learning Solutions (Consolidated)



## EBIT – School Learning Solutions (Consolidated)



School Learning Solutions comprising:

- Smart\_Class
- ICT

## Operational Highlights – Q2 FY'10



<b>Number of schools implemented</b>	309
- <i>BOOT</i>	- 309
<b>Cumulative number of schools implemented:</b>	2,219
<b>Cumulative number of students:</b>	2.5mn
<b>Strength of Sales Team:</b>	220+

- Change in model from BOOT to Outright Buy to make Smart Class capex light & cash flow positive
- Company also plans to transfer/ outsource Smart\_Class contracts on non-exclusive basis to ensure securitisation for better cash flow management and to improve operational efficiency
  - In-principle underwritten termsheet from State Bank of India for securitisation
  - Disbursement of Rs 75cr from Punjab National Bank (proposed consortium bank) to securitise the school receivables

## Operational Highlights – Q2 FY'10

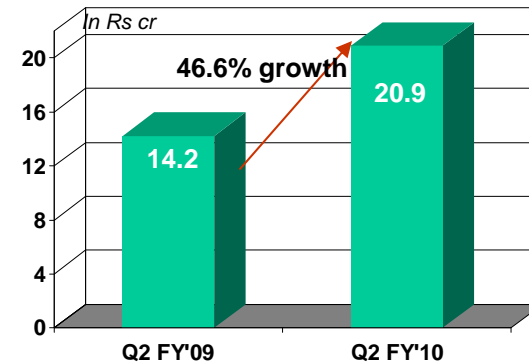


<b>Additional Number of schools signed:</b>	671
- <i>BOOT/BOO</i>	- 536
- <i>Outright Buy</i>	- 135
<b>State</b>	Assam, Rajasthan, Tripura, Gujarat
<b>Cumulative number of schools covered:</b>	14,463
<b>Cumulative number of students covered:</b>	Approx. 7.7mn
<b>Strength of Sales and Project Management Team:</b>	50+

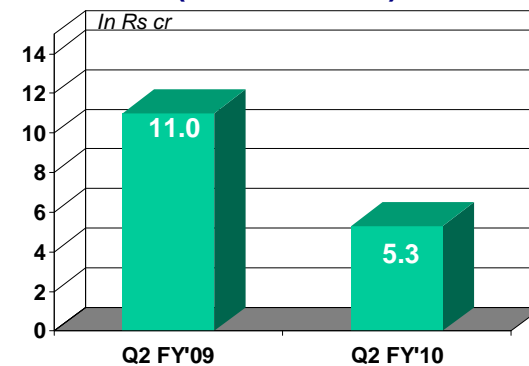
## K-12 Schools comprising:

- 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

- 204 pre-schools franchisee sign-ups under the Roots-to-Wings umbrella

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

- EuroKids runs 394 franchised and 30 owned preschools having Pan India presence and caters to 25,000+ kids from age 2-4
- Total of 15 Euroschools on franchisee basis (K12 schools) - 14 operational and 1 signed-up
- Launched Eurokids Sapling ( a joint initiative with existing schools with weak pre-school presence to strengthen their pre-school offerings)– 10 franchisees already signed for implementation in June 2010 student session



## Financial Highlights Q2 FY'10<sup>1</sup> –Eurokids India

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

	Q2 FY'10
Revenues*	6.7
EBITDA	0.0
PAT	0.1
% 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

## Total visibility of 48 schools (including live, under construction/ land acquired/ sign-ups )



PSBB Millennium School, Chennai Porur



The Millennium School, Noida



Chiranjiv Bharti, Sushant Lok, Gurgaon



PSBB Learning Leadership Academy, Bangalore

- Educomp's stake in Educomp Infrastructure & School Management Ltd. shall be increased to 75.24% from 69.38%<sup>2</sup> based on the valuations given by SBI Capital Markets and Grant Thornton.

## Key Developments during Q2 FY'10

<b>Total operational schools:</b>	<b>Total: 36 Schools</b> - 22 <sup>1</sup> HighSchools under Educomp - 14 EuroSchools under EuroKids
<b>Total number of students:</b>	<b>16,000+ students</b>
<b>Land Acquisition/ Construction/ Sign-up status</b>	<ul style="list-style-type: none"> <li>Land acquired for 7 high schools and in addition, construction work under progress for 4 schools under Educomp</li> <li>1 additional EuroSchool signed-up under Eurokids on franchisee basis</li> </ul>

## Financial Highlights – Q2 FY'10 - Educomp Infrastructure & School Management Services Ltd

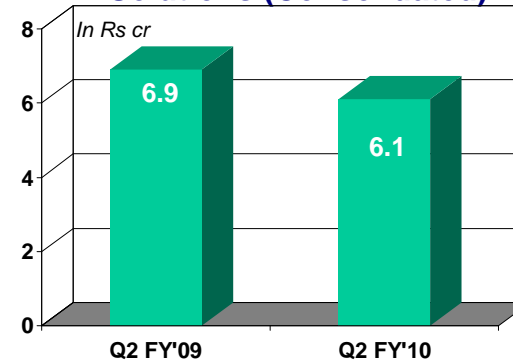
Company Level Financials (Figures in Rs cr)	
	Q2 FY'10
Revenues*	12.6
EBIDTA	7.4
EBIDTA Margin	58.7%
PAT	3.8
PAT Margin	30.3%
% Holding of Educomp	69.38%

1. Includes merger of a primary school into high school in Chennai  
 2. Subject to shareholder approval  
 \* Operational Income only, excludes other income

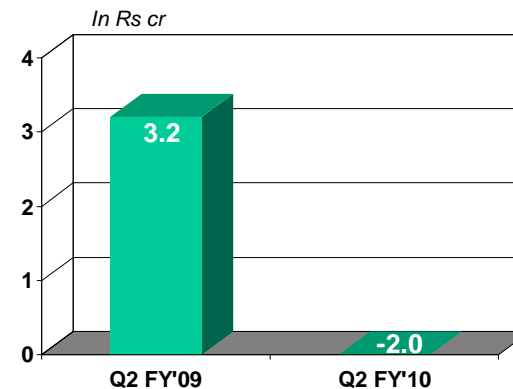
## Higher Learning Solutions comprising:

- Professional Development
- Educomp Raffles JV
- Educomp Pearson JV

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



### EBIT – Higher Learning Solutions (Consolidated)





- Total of 3,225 students added during the quarter under various vocational initiatives
- Purple Leap programs currently running in 60 centres
- ETEN CA program currently running in 45 centres across India
- Managing 16 ITI (Industrial Training Institutes ) as CII members under EDU-CSR in states like UP, Rajasthan, Haryana, Punjab and Delhi
- Second phase of the IGNOU project to be launched in December 2009
- Running 5 centres, with 40 students each on an average, to deliver training programs under Rajasthan Mission on Livelihoods, Govt. of Rajasthan
- Running Modular Employability courses at 9 out of 10 centres as DEGT partners in Punjab
- 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
- Launched Delhi Transport Corporation (DTC) project to train 500 drivers for Commonwealth Games 2010. 200 drivers already trained and 300 drivers under training.

- 2 Colleges operational in Delhi and Bangalore
- Plan to set up 4 more colleges this year to take the total number to 6



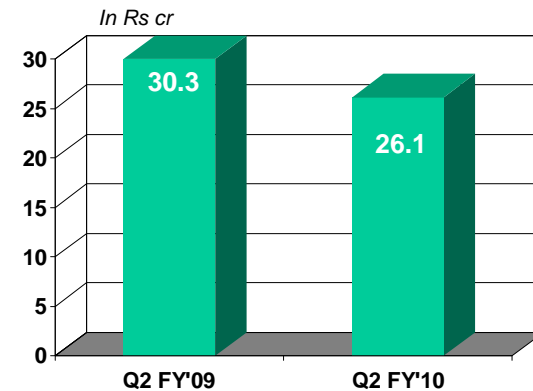
Teachers trained during the quarter	43,286
Cumulative number of teachers trained:	1.5mn
Strength of Teacher Training Team:	200+



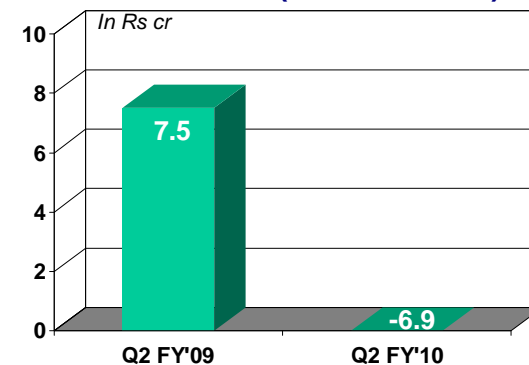
## Online, Supplementary & Global comprising:

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

### 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
- ✓ 70,557 additional registered users in Q2 FY'10 and total users at 412,352
- ✓ 263 additional premium subscribers in Q2, total premium subscribers at 850+
- ✓ 4.4mn pageviews in Q2 FY'10



## ■ Authorstream

- ✓ **Objective:** Powerful online presentation sharing engine that allows web users to upload and share Microsoft presentation
- ✓ 123,179 registered users added in Q2 FY'10, total users at 464,622
- ✓ 11.3mn pageviews in Q2
- ✓ Over 243,000 presentations uploaded till date



## ■ LearnHub.com

- ✓ **Objective :** Online Educational Communities
- ✓ Signed contracts to recruit international students for Globe University, Berkely College, St. Catherine's University, MCNY University, School of Visual Arts, University of North Texas and University of Canada West
- ✓ Launched JumboTests.com in July 2009 which offers practice tests for GMAT, GRE, SAT, CAT, IELTS, TOEFL, AIEEE, GATE, BITSAT. Site has approx. 30,000 unique visitors/month and 140,000 pageviews/month
- ✓ Also launched a partner platform for JumboTests.com which integrates the tests with 3rd party website. Signed 3 partnerships till date, including the Globe and Mail, Canada's largest national newspaper

## ■ Educomp 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 1800 students
- ✓ Successfully completed pilot project for V-SAT based IIT JEE preparation. Formally launching IIT-JEE preparation batches in 7 centres in November 2009





- Premier provider of web-enhanced curriculum and assessment to provide educators with innovative, web-delivered curriculum solutions
  
- Company acquired Houghton Mifflin Harcourt’s (HMH) Connected Tech Texas Technology Applications (Tech Apps) Adoption contracts and an exclusive license to provide the Connected Tech – Texas (CTT) product to Texas Tech Apps Adoption customers on September 30, 2009 for \$9.95mn
  - CTT has a licensed install base of 625,000+ students in 230 school districts. With this acquisition, Learning.com serves nearly 2mn Texas K – 8 students in 585 school districts i.e. 65% of all Texas K-8 public school students
  
- Learning.com’s 21st Century Skills Assessment selected by the state of South Dakota to test all of the state’s eighth-grade students to understand how well students grasp critical 21st century skills

## Financial Highlights – Q2 FY’10

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

	Q2 FY’10
Revenues*	17.3
PAT	3.4
PAT Margin	19.7%
% 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 over 180 institutions in Singapore, China, Thailand, the Philippines, Japan, Brunei, Vietnam and Kuwait.
- Customers include the National University of Singapore, Singapore Institute of Management, Ministry of Defence, over 35% of all Singapore schools, school clusters and zones, top regional universities, Ministry of Education (MOE) Singapore, MOE Brunei, MOE Indonesia, and international schools.
- For more information visit [www: Asknlearn.com](http://www.Asknlearn.com)

## Financial Highlights – Q2 FY'10

Company Level Financials (Figures in Rs cr)	
	Q2 FY'10
Revenues*	6.9
EBIDTA	1.7
EBIDTA Margin	24.1%
% Holding of Educomp	100%

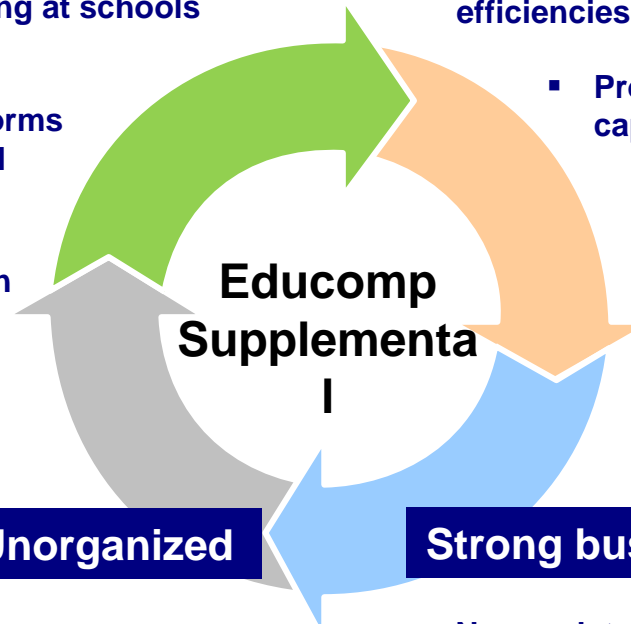
\* Operational Income only, excludes other income

## Market Characteristics

- Supplemental Education is a \$7 billion market growing at a CAGR of 16%
- Strong demand for Supplemental Education services because of low quality of teaching at schools
- Tutoring, Counseling & Test Preparation form the 3 largest forms of spending in the Supplemental Education space
- Compared to Formal Education, parents spend nearly 3x more on Supplemental Education

## Educomp's unique competitive

- Educomp's spread across entire Education life cycle creates cross-selling opportunities
- Cross-synergies increase ROI by improving efficiencies and reducing costs
- Proven Technology & IP development capabilities
  - Expertise in leveraging VSAT infrastructure
  - Experienced leadership and in-depth understanding of the market



## Supply – Fragmented & Unorganized

- Highly fragmented market
- Dominated by brick-n-mortar establishments
- No existing player covering all forms of Supplemental Education spending

## Strong business dynamics

- No regulatory barriers
- High returns business with negative working capital
- Low capex requirements

## Income Statement

Amount in Rs cr

Particulars	Q2 FY'09	Q2 FY'10	% Chg YoY
<b>Net Income from Operations</b>	<b>132.2</b>	<b>253.5</b>	<b>91.8%</b>
<b>Total Expenditure</b>	<b>71.3</b>	<b>151.9</b>	<b>113.0%</b>
Cost of Goods Sold	11.3	48.6	329.4%
Staff Cost	28.2	44.1	56.3%
Selling, Distribution & Administration expenses	31.8	58.3	83.3%
Prior Period Items & Miscellaneous Items	0.0	0.9	NA
<b>EBIDTA (before minority interest and share of profits of associates)</b>	<b>60.8</b>	<b>101.6</b>	<b>67.0%</b>
Share of profit in associates	0.3	-	NA
Minority interest	6.7	1.5	-77.7%
<b>EBIDTA (after minority interest and share of profits of associates)</b>	<b>53.8</b>	<b>100.1</b>	<b>86.0%</b>
Depreciation & Amortization	16.6	30.6	84.2%
Finance Charges	3.2	12.0	273.0%
<b>OPBT</b>	<b>41.0</b>	<b>59.0</b>	<b>43.9%</b>
Other Income	10.8	85.0	684.3%
<b>PBT</b>	<b>51.8</b>	<b>144.0</b>	<b>177.8%</b>
Tax (including deferred)	16.0	27.0	68.5%
<b>PAT before minority interest &amp; pre-acquisition profits</b>	<b>35.8</b>	<b>117.0</b>	<b>226.6%</b>
<b>PAT after minority interest &amp; pre-acquisition profits</b>	<b>28.8</b>	<b>115.5</b>	<b>301.1%</b>
<b>Basic EPS (Rs.)</b>	<b>16.67</b>	<b>64.10</b>	<b>284.5%</b>
<b>Diluted EPS (Rs.)</b>	<b>16.19</b>	<b>58.40</b>	<b>260.7%</b>

## Key Ratios

Key Ratios (as a % of Net Income from Operations)	Q2 FY'09	Q2 FY'10
EBIDTA Margin after minority interest & pre-acquisition profits	40.7%	39.5%
PAT Margin after minority interest & pre-acquisition profits	21.8%	45.6%
Total Expenditure	54.0%	59.9%
Consumption of Raw material	8.6%	19.2%
Staff Cost	21.3%	17.4%
Selling, Distribution & Administration expenses	24.1%	23.0%

\* Other income includes foreign exchange gain

## Income Statement

Amount in Rs cr

Particulars	Q2 FY'09	Q2 FY'10	% Chg YoY
<b>Net Income from Operations</b>	<b>98.1</b>	<b>206.9</b>	<b>110.8%</b>
<b>Total Expenditure</b>	<b>47.4</b>	<b>104.1</b>	<b>119.5%</b>
Cost of Goods Sold	10.9	44.9	313.8%
Staff Cost	13.9	24.4	75.4%
Selling, Distribution & Administration expenses (including prior period items)	22.6	34.7	53.4%
<b>EBIDTA</b>	<b>50.7</b>	<b>102.8</b>	<b>102.7%</b>
Depreciation & Amortization	15.7	25.9	65.3%
Finance Charges	1.7	8.8	406.7%
<b>OPBT</b>	<b>33.3</b>	<b>68.1</b>	<b>104.5%</b>
Other Income	5.5	8.0	45.7%
<b>PBT</b>	<b>38.8</b>	<b>76.1</b>	<b>96.1%</b>
Tax (including deferred)	13.4	25.7	91.5%
<b>PAT</b>	<b>25.4</b>	<b>50.4</b>	<b>98.6%</b>
<b>Basic EPS (Rs.)</b>	<b>14.69</b>	<b>26.92</b>	<b>83.3%</b>
<b>Diluted EPS (Rs.)</b>	<b>14.27</b>	<b>25.50</b>	<b>78.7%</b>

## Key Ratios

Key Ratios (as a % of Net Income from Operations)	Q2 FY'09	Q2 FY'10
EBIDTA Margin	51.7%	49.7%
PAT Margin	25.9%	24.4%
Total Expenditure	48.3%	50.3%
Consumption of Raw material	11.1%	21.7%
Staff Cost	14.2%	11.8%
Selling, Distribution & Administration expenses	23.1%	16.8%

\* Other income includes foreign exchange gain

Amount in Rs cr

<b>Revenues</b>	<b>Q2 FY'09</b>	<b>Q2 FY'10</b>	<b>% Chg YoY</b>
School Learning Solutions	80.7	200.4	148.4%
Higher Learning Solutions	6.9	6.1	-11.2%
K-12 Schools	14.2	20.9	46.6%
Online, Supplementary & Global	30.3	26.1	-13.9%
<b>Total Net Sales/ Income from Operations</b>	<b>132.2</b>	<b>253.5</b>	<b>91.8%</b>

<b>PBIT</b>	<b>Q2 FY'09</b>	<b>Q2 FY'10</b>	<b>% Chg YoY</b>
School Learning Solutions	44.6	102.9	130.7%
Higher Learning Solutions	3.2	(2.0)	NA
K-12 Schools	11.0	5.3	-52.0%
Online, Supplementary & Global	7.5	(6.9)	NA
	<b>66.2</b>	<b>99.2</b>	<b>49.9%</b>
Less: Interest (Net)	3.2	12.0	273.0%
Other un-allocable expenses (net of un- allocable income)	11.2	(57.6)	-616.5%
<b>Total Profit before Tax</b>	<b>51.8</b>	<b>144.9</b>	<b>179.6%</b>

<b>PBIT Margins</b>	<b>Q2 FY'09</b>	<b>Q2 FY'10</b>
School Learning Solutions	55.3%	51.3%
Higher Learning Solutions	45.6%	-32.3%
K-12 Schools	77.1%	25.3%
Online, Supplementary & Global	24.6%	-26.5%

<b>Revenue Break up</b>	<b>Q2 FY'09</b>	<b>Q2 FY'10</b>
School Learning Solutions	61.0%	79.0%
Higher Learning Solutions	5.2%	2.4%
K-12 Schools	10.8%	8.2%
Online, Supplementary & Global	22.9%	10.3%

Amount in Rs cr

<b>Revenues</b>	<b>Q2 FY'09</b>	<b>Q2 FY'10</b>	<b>% Chg YoY</b>
School Learning Solutions	80.7	200.4	148.4%
Higher Learning Solutions	6.8	4.2	-38.8%
K-12 Schools	1.2	2.3	88.1%
Online, Supplementary & Global	9.4	0.05	-99.5%
<b>Total Net Sales/ Income from Operations</b>	<b>98.1</b>	<b>206.9</b>	<b>110.8%</b>

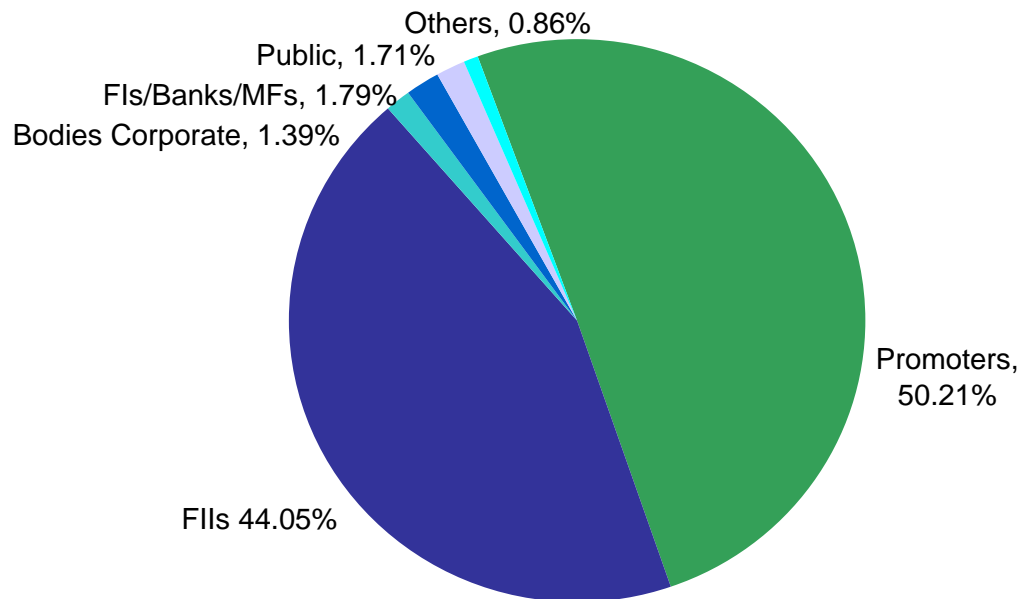
<b>PBIT</b>	<b>Q2 FY'09</b>	<b>Q2 FY'10</b>	<b>% Chg YoY</b>
School Learning Solutions	45.0	104.3	131.9%
Higher Learning Solutions	3.4	1.2	-65.2%
K-12 Schools	0.3	(0.02)	-107.5%
Online, Supplementary & Global	8.6	(0.04)	-100.4%
	<b>57.3</b>	<b>105.5</b>	<b>84.1%</b>
Less: Interest (Net)	1.7	8.8	407.2%
Other un-allocable expenses (net of un- allocable income)	16.7	19.6	17.3%
<b>Total Profit before Tax</b>	<b>38.8</b>	<b>77.1</b>	<b>98.5%</b>

<b>PBIT Margins</b>	<b>Q2 FY'09</b>	<b>Q2 FY'10</b>
School Learning Solutions	55.8%	52.1%
Higher Learning Solutions	49.9%	28.4%
K-12 Schools	23.5%	-0.9%
Online, Supplementary & Global	91.2%	-83.8%

<b>Revenue Break up</b>	<b>Q2 FY'09</b>	<b>Q2 FY'10</b>
School Learning Solutions	82.2%	96.9%
Higher Learning Solutions	7.0%	2.0%
K-12 Schools	1.2%	1.1%
Online, Supplementary & Global	9.6%	0.0%

As on 30th September 2009

Equity Shares Outstanding-18,942,182



- 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.

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

**Ms. Sangeeta Gulati, CFO**

Educomp Solutions Limited

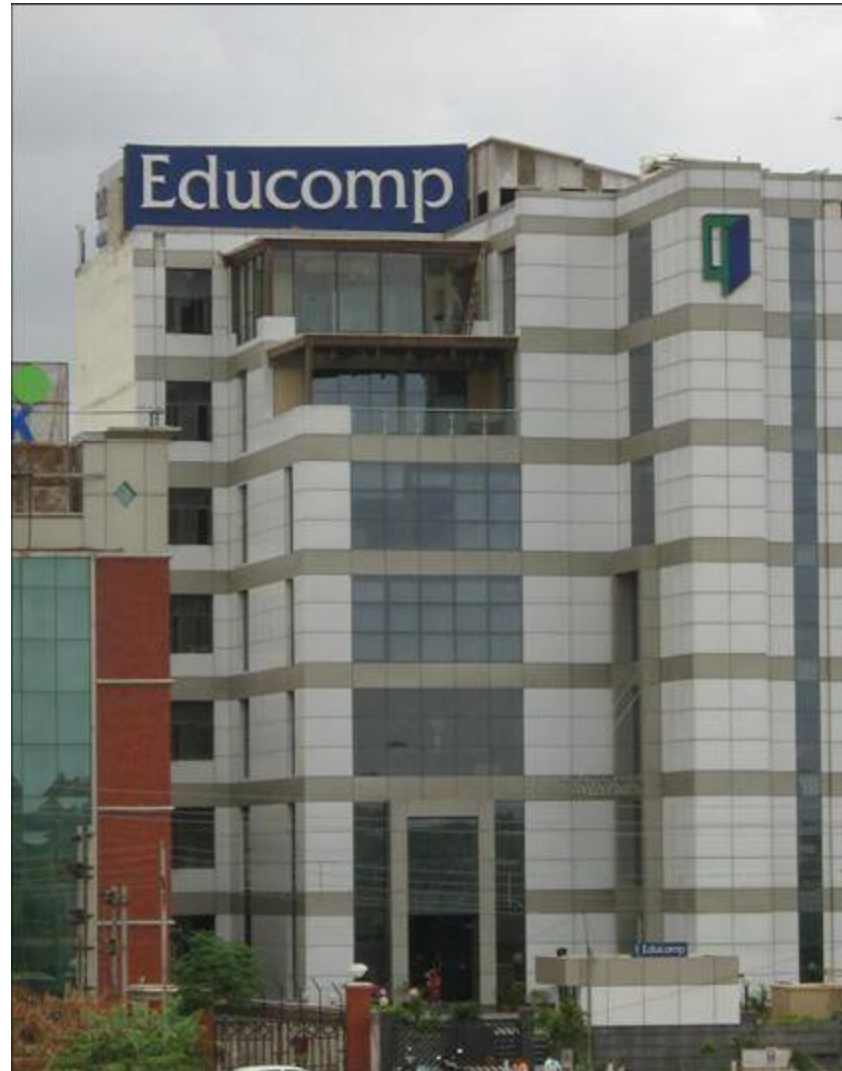
Educomp Towers,

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.*

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