



ZEE LEARN LIMITED

EARNINGS RELEASE FOR THE QUARTER ENDED DECEMBER 31, 2010

- ❖ **REVENUES OF RS. 98.32 MN WITH EBIDTA OF RS. 3.97 MN**
- ❖ **71 PRE-SCHOOLS AND 10 K-12 FRANCHISEE ADDED DURING THE QUARTER**
- ❖ **5,098 STUDENTS ADDED DURING THE QUARTER**
- ❖ **TIE UP WITH GAKKEN EDUCATION LIMITED – A LEADING JAPANESE COMPANY**
- ❖ **ACCESS TO 0.5 MN SQ FT SPACE IN BANDRA–KURLA COMPLEX (THROUGH SCHEME OF AMALGAMATION) FOR CENTERS OF EXCELLENCE**

3Q FY 11 HIGHLIGHTS

Zee Learn Limited (BSE: 533287; NSE: ZEELEARN.EQ) had come into existence by de-merger of the Education Business Undertaking of ZEEL on the Appointed Date viz. April 01, 2010. The company has been listed independently on NSE and BSE since December 20, 2010. The Company offers following educational services -

- Pre-school segment through Kidzee – leading preschool chain in India
- K-12 through franchising route with Mount Litera Zee Schools
- Animation training business through ZICA and Film & TV training through ZIMA
- School Solutions segment through a tie up with Gakken Education – a market leading education player from Japan.

Kidzee : 700 Kidzee franchisees signed up across India with 40,135 students. In 3Q FY11 it added 71 Kidzee franchisees into the Kidzee franchise and added 5098 students in its existing Kidzee pre-schools. Kidzee is the market leading brand of pre-school chain with a proprietary & differentiated



pedagogy called *Illume* and is a member of OMEP – the World Organization for Early Childhood Education. Illume has been independently researched by MS University Baroda and found to be developmentally appropriate and meaningful for early childhood in India.

Mount Litera Zee Schools : Signed-up 65 Mount Litera Zee School franchisees, out of which 27 are operational. Most of these 27 schools are in their 1st year of operation and have started building up enrolments. In 3Q FY11, it added 10 new Franchisees in the system. All the 27 Mount Litera Zee Schools follow CBSE, while there are plans for ICSE, IGCSE and IB schools too for the remaining schools. Mount Litera Zee Schools have developed a pedagogy based on Multiple Intelligence and Constructivism called Litera Octave. This pedagogy is a departure from the rote learning prevalent across schools in India and focuses on Higher Order Thinking Skills (HOTS). Litera Octave is delivered through an integrated approach encompassing teacher training, content, assessment, life skills, educational infrastructure and parenting.

The Company intends to go beyond franchising and own about 10 - 12 campuses during next 12 months and provide educational services thereto. These campuses would act as centers of excellence for the Mount Litera Zee School ecosystem.

School Solutions : The Company has recently tied up with Gakken Education Limited, a leading education company in Japan, for bringing their Science Experiment classes to India. These Science Experiment Classes are based on 'learning by doing' and will bring about a paradigm shift in the way children relate to science in schools in India. The agreement was signed in 3Q FY11 and project is in Pilot phase at the moment. The Company is also developing other school solution products that enhance learning of Science, Maths and Languages.

Zee Institute of Creative Art (ZICA) : Set up in 1996 to impart 2D and classical animation in India. Since then, it has provided talent to the Animation Industry with some of the top animators in India being ZICA alumni. In FY 2010, the Company began expansion of ZICA through the franchising route and now has signed up 25 ZICAs and offers a 3 year Degree program in Animation in addition to 2 year



Diploma and various short term certificate courses. There are 840 students in ZICA around the country including the Company owned and operated Institute at Mumbai.

Zee Institute of Media Arts (ZIMA) : A Film and TV training Institute set up in Andheri Lokhandwala, Mumbai. It runs various short term courses ranging from 2 months to 24 months in direction, cinematography, sound, production, editing etc. It has been in operations since 2005 and has 160 students. In 3Q FY 11, the institute added 60 students.

Corporate Developments : The Board of Directors in its meeting held today approved the Scheme of Amalgamation of Essel Entertainment Media Limited ('Essel Entertainment') with the Company under the provisions of Sections 391-394 of the Companies Act, 1956.

With the proposed merger, the Company will have access to 4,98,324 sq ft area in aggregate at Bandra Kurla Complex – a premium location in Mumbai. The said area is proposed to be utilized for various educational projects of the Company like K-12 school, pre-school, ZIMA, ZICA, Business School and vocational training. The said project would play a role of Centre of Excellence and act as guiding/governing models for the franchisee ecology of the Company. Thereby, the Company would emerge as a stronger player in the education sector and would contribute to its growth plans.

The share exchange ratio for the above merger is as follows:

“1 (one) fully paid up equity share of Rupee 1 each of Zee Learn shall be issued and allotted for every 5 (five) equity shares of Rs. 1 each held in Essel Entertainment”

The share exchange ratio has been arrived at based on the valuation report submitted by independent valuer M/s. Grant Thornton and a fairness opinion provided by M/s. Keynote Corporate Services Limited, a Category I Merchant Banker. The Appointed Date for the Scheme of Amalgamation will be March 31, 2011 and the Scheme is subject to the necessary approvals from the shareholders, creditors and regulatory authorities including the stock exchanges and the Hon'ble Bombay High Court.



Mr Subhash Chandra, Chairman, Essel Group said on the occasion, “Education has always been close to my heart and I believe that it is fundamental to unlocking human potential and shaping generations. We began our journey where the child begins - with our first pre-school a few years back under the ‘kidzee’ brand. We then grew with the child into K-12 schools with a pedagogy designed to bring out their innate potential. Today, Zee Learn has embarked on a journey to enable one million children to become well rounded individuals”. Commenting on the restructuring, he added, “We are well aware that a sustainable K-12 segment is all about building an “Institution”. To achieve this, we would build our own centers that will continually reinvent themselves and act as global face of institution and guide the franchisee ecosystem and 0.5 million sq ft centre at Bandra Kurla would be a first step in this direction”.

Commenting on the results, Mr. Sumeet Mehta, CEO, Zee Learn said “We continue to take strong strides in pre-school and K-12 with Kidzee and Mount Litera Zee Schools. Addition of new Kidzees and Mount Litera Zee Schools accelerated in Quarter 3 with 71 Kidzees and 10 Schools being added. Admissions in both Kidzee and Zee School continue to be strong. We are adding new business lines to add to our future growth prospects”. On the restructuring, he added, “With the proposed consolidation of educational infrastructure assets, the Company gets access to create centers of excellence for its educational initiatives such as K-12 school, pre-school, ZIMA, ZICA, Business School and vocational training at a premium location in the economic capital of India. This would be value accretive and contribute to our future growth”.

Note: This earnings release contains consolidated results that are unaudited, and prepared as per Indian Generally Accepted Accounting Principles (GAAP).

Caution Concerning Forward-Looking Statements

This document includes certain forward-looking statements. These statements are based on management's current expectations or beliefs, and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements herein due to changes in economic, business, competitive, technological and/or regulatory factors. Zee Learn Limited is under no obligation to, and expressly disclaims any such obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.