TRANSFORMATION THROUGH CONSOLIDATION

Educomp™
What Learning Can Be

Annual Report 2012-13

An organizational entity maps many critical phases in its growth charter. As it evolves and expands, moving in tandem with the changes in the industry and the economy, it undergoes several transformations to scale new peaks in its phased odyssey. Consolidation is one such important transformational phase in an organization's growth strategy. It is that stage in a company's evolution story that enables it to strengthen its roots and entrench itself even more firmly in the business milieu within which it operates.

Educomp today is in such a phase of consolidation which, going forward, shall enable us not only to add robustness to our business model but also to pave the way for the next step in our journey.

Our consolidation focus is geared towards strengthening not just our brand and product portfolio but also our reach, presence and capabilities. Having built an enviable position as India's largest organized education services player, we are now engaged in leveraging our brand equity to create greater value through our multiple growth engines. With a strong thrust on operational efficiencies and cash flows, strengthening our balance sheet and launching new products and services, we are now in another vital transformational phase that is in synergy with our overall objective of delivering high value to all our stakeholders.

Aligning ourselves to the growing aspirational education needs of the Indian middle class, we are structuring our offerings across the education system towards long-term transformational goals through a six-point agenda.

This agenda, formulated under 'Educomp 2.0 strategy', is based on:

1

Focus on a few key verticals and exit all other non-core businesses

2

Cautious growth while building a strong operational backbone

3

Cross-sell and up-sell new products to the huge existing base of our clients

4

Asset ability mismatch correction and debt restructuring thereof

5

Lean organization and cost optimization across the board

6

Improved leadership bandwidth and human capital

We have spent the past few years in developing our capabilities for the application of innovative solutions through the education value chain. Armed with our six-point agenda, we are now in the phase of consolidating these capabilities to build education infrastructure that shall transform the nation's learning landscape, to make it more insightful, in-depth and incisive.

LEADING TRANSFORMATION ACROSS THE VALUE CHAIN

Unique IP core bringing innovative solutions to the market

India's leading diversified education services provider with presence across the entire education eco system

Reaching ~34,500 schools & ~22.8mn students

Largest K-12 digital content library in the country with over 16,000 modules of rich 3D multimedia educational content

#1 player in digital content based, interactive school learning solutions

Strong presence in Higher Education, with 7 higher-ed colleges and state-of-the-art infrastructure

#1 corporate player in K-12 schools, with 51 schools operational and 48 more in the pipeline

Leading player in pre-schools with 225 pre-schools operational across the country

Huge R&D base for content development and pedagogy

Pre-School Initiatives

Little Millennium

High School Initiatives

Digital Content Solutions

- Educomp smartclass™
- Edureach — Enriching Education

Professional Development

High Schools

- The Millennium School
- takshila SCHOOL — connect to the universe
- UNIVERSAL ACADEMY — Education that empowers
- Dr. PSBB Millennium School
- The Shriram Millennium School

Higher Education Initiatives

Higher Education

- JRE Group of Institutions
- Raffles Millennium International

Vocational Education

- GREAT LAKES INSTITUTE OF MANAGEMENT
- MANGALAYATAN UNIVERSITY — Gurukul of Global Education

Online & Supplemental Initiatives

Assessments & Counseling

- EduIgnite

Test Preparation

- Vidyamandir Classes — Gurukul for IITJEE Preparation
- GATEFORUM — Engineering Success

E-learning Platforms

- Wizlearn Technologies
- EducompOnline

CHAIRMAN'S COMMUNIQUÉ

Dear Shareholders

Educomp is approaching its 20th anniversary next year. Over the last 20 years, we have brought unmatched innovation into the education sector in India and have maintained our leadership position for several years in a row. It is now time for us to plan for the next phase of growth.

In the year gone by, our priority has been 'consolidation'. At the start of the year, we embarked on a business transformation agenda called "Educomp 2.0", and took several important initiatives to streamline our operations, increase efficiency and productivity with a clear focus on strengthening our balance sheet and becoming free cashflow positive faster.

During the year, we made significant progress on each of the points in our transformation agenda and several initiatives are still ongoing. The Smartclass business is rapidly transforming. We have changed the business model from a securitization-financing business model to the BOOT model, where we will be focusing on hardware paid up-front. Smartclass price erosion seems to have stopped. We have reorganized the Smartclass organizational chart into a more customer centric structure, instead of function centric. The restructuring will help us optimize our work force and the leaner structure will result in lower operating cost, better customer engagement and a more effective structure for the long term.

The migration from being just a product company to a solutions company has started off well. In order to capture a larger share of the customer wallet, we have recently launched several new products that we will cross-sell to our existing base of customers, using our existing sales and distribution network. These new products include our tablet product called Smartclass Tab, an English Language Lab product called English Mentor, an assessment product called EduIgnite, as well as a school curriculum product called EDAC. The customer response to these products has been very encouraging and we look forward to rapid growth of these products in the quarters and years ahead.

The consolidation and asset monetization initiatives are on track. We sold our entire 50% stake in EuroKids International Limited to a group of investors led by GPE India and made 3x of our original investment, creating significant value for our shareholders. We had a primary capital investment of ₹ 22 Crore from Kaizen PE and Bertelsmann, in our internet education platform business Authorgen. This transaction brought the much needed investment for the innovative internet company and has insulated Educomp from any further capital infusion requirement. At the same time, there is a potential value creation upside, maintained through a minority equity stake.

Towards the end of the financial year, we sold our entire 50% stake in the vocational training business IndiaCan, to our JV partner Pearson, one of the world's largest publishing and education services company. This transaction would save the Company from the need of funding the losses and other capital needs of a non-core business.

We have also initiated the process of closure of loss making businesses in our portfolio. While a couple of them have already been closed, others are in the process and will get completed over the next couple of quarters.

Overall, our business transformation agenda is well on track, but several initiatives are still ongoing and the transformation process will continue through FY14 as well.

Financial restructuring has also been a key priority in our transformation process. As you are aware, over the last few years, your Company has had rapid growth in all business verticals and we have expanded our operations to become the only diversified education company of India. This expansion has required significant capital investments and has had an impact on our balance sheet, which has grown significantly, partly because of debt capital. Also, as some of our businesses have long-term cashflow characteristics, like the K-12 Schools business and the Higher Education business, the assets created are long-term in nature, whereas some of the debt is short-term in nature, resulting in an asset-liability mismatch. Therefore, one of the core priorities for your Company over the last year has been to strengthen our balance sheet and correct this asset-liability mismatch by replacing our short term maturities by long-term capital.

We have had significant success on this front. Earlier in the year, International Finance Corporation (IFC) along with Proparco, the French developmental institution, took a nine year exposure on us, giving us $70 million in ECB financing. This, along with additional equity financing from Mount Kellett as well as the Promoters, helped pay off our FCCB liability in full on the due date.

More recently, the Company, in consultation with its senior secured lenders, has taken the decision to undertake a debt restructuring exercise under the CDR mechanism. Our senior lenders have shown support of our long-term business plans and are supportive of our efforts to achieve a sustainable debt structure. This is an important step towards stabilizing our business by enhancing liquidity and injecting additional working capital. We believe this will help us to safeguard the interests of our key stakeholders, including customers and vendors.

I would like to conclude by saying that your Company has come around a full circle - from start-up to expansion to diversification and now to consolidation. Now, it is time for Educomp 2.0 and a new chapter in the history of the company.

And we have begun well.

Before I end, I would like to express my sincere thanks to our team members, our investors, bankers, shareholders, partners and our customers who have supported us at each stage of our evolution and have believed in us.

I look forward to their continued support in the year ahead.

Warm Regards

Shantanu Prakash

Chairman & Managing Director

CONSOLIDATING TO TRANSFORM OUR SCHOOL LEARNING SOLUTIONS

Educomp smartclass™

Serving 14,823 schools with 6.8 million students

Steered by its six-point transformational agenda, Educomp initiated a major reorganization and restructuring of its Smartclass business during the year. The key components of this restructuring are optimization of costs and workforce, coupled with customer centricity.

The restructuring efforts have already begun to show results as the average number of classrooms per school went up from 6.5 in the whole of FY12 to 13.3 in the last quarter of FY13. The Company has also moved towards greater customer engagement and coverage through the merger of its entire 600-strong workforce across sales and servicing functions, with effect from April 1, 2013.

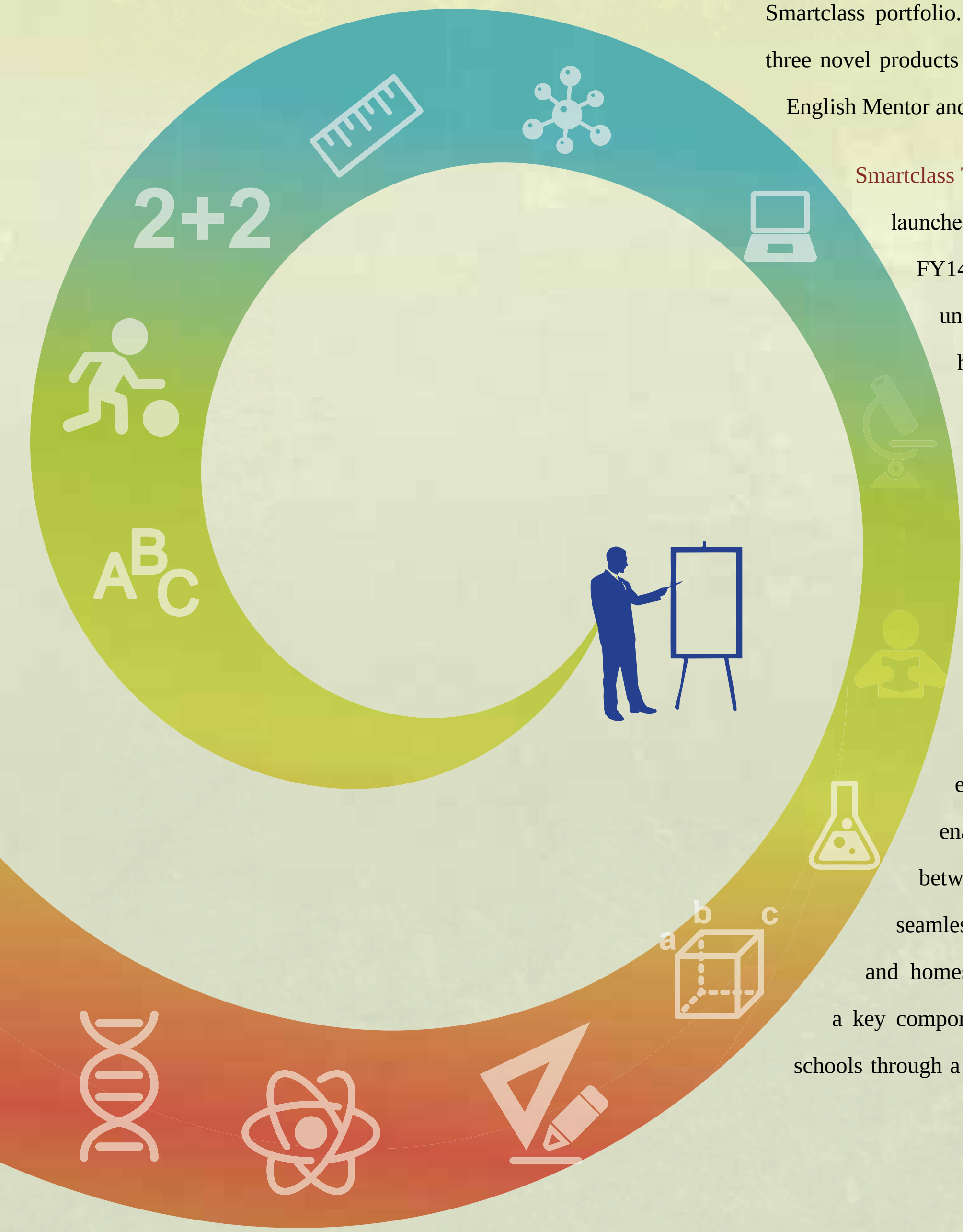
A new system has also been introduced, whereby the Company will now only facilitate appointment and training of Resource Coordinators, which it was earlier providing to schools with Smartclass. This will help reduce HR and administrative costs for the Company.

In a strategic shift, the Company has migrated back to BOOT model for Smartclass accounting April 1, 2013. It has also initiated the process of transforming the business to a bilateral relationship between Educomp Solution Limited and the customer, with no vendor or third-party intervention.

The Company expects the partnership or alliance route to emerge as a major growth driver for its Smartclass business as it transforms itself from a product to a solutions provider.

The Company has also taken some key initiatives aimed at better resource alignment. A major initiative relates to going back to Haier, one of its largest hardware vendors in India. The Company has entered a five-year agreement with the vendor for procurement of credit and supply of equipment. In another strategic initiative, it has tied up for Rs. 200 crore school financing from a leading private sector bank. Educomp is also getting into a strategic relationship with a technology partner to augment its product and service offerings.

The Company is continuously engaged in launch of new, contemporary and technology-led innovative products, developed through extensive R&D, in order to expand and enhance its Smartclass portfolio. The Company has successfully launched three novel products in recent months, namely Smartclass Tab, English Mentor and EduIgnite.

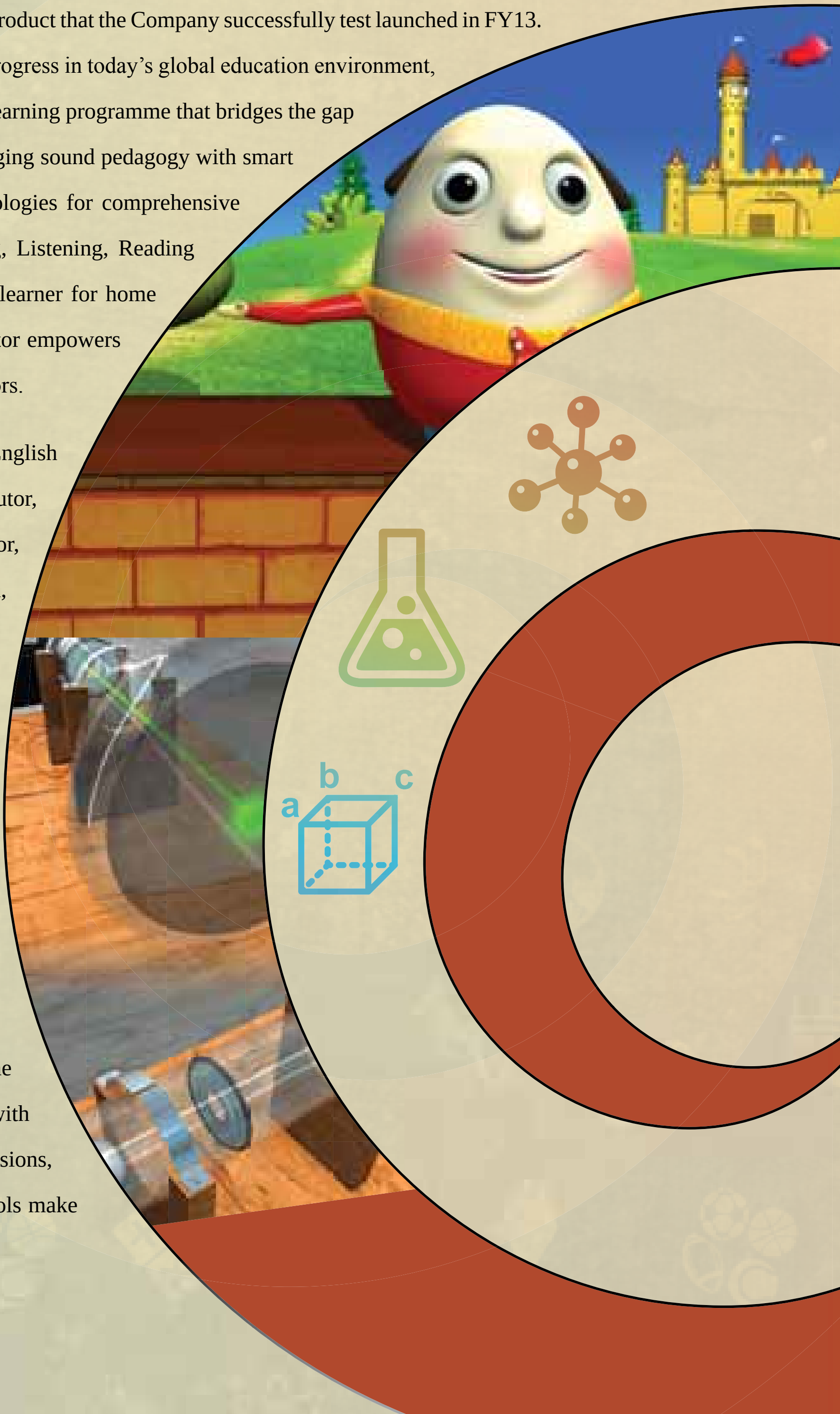


Smartclass Tab – This is a revolutionary tablet product launched by the Company in the first quarter of FY14. Keen to capitalize on the immense, unfolding digital opportunity, the Company has developed this game-changing product, which is aimed at eventually replacing schools bags. This first-of-its-kind product in India has the world’s largest content repository in line with the K-12 curriculum. It is rich in applications and provides a complete teaching experience to students through amalgamation of Smartclass CTS, Educomp Online and eDac e-Books solutions. The product enables ease of dialogue and interaction online between students, teachers and parents through seamless digital connection between schools and homes. Constant evaluation of performance is a key component of this product. To be sold direct to schools through a B2B model and to consumers through the

Company's distributor chain, the Tablet has been launched in a select few schools to a highly positive response. Encouraged by the response, the Company now plans to scale up product sale in the coming quarters.

English Mentor – English Mentor is another innovative product that the Company successfully test launched in FY13. With English proficiency becoming a sine quo non for progress in today's global education environment, English Mentor has been evolved as a unique English Learning programme that bridges the gap between academic learning and skill development. Merging sound pedagogy with smart technology, the programme uses the innovative technologies for comprehensive skill development with a balanced focus on Speaking, Listening, Reading and Writing skills. With personal workbook for every learner for home activities and follow-up activity sessions, English Mentor empowers learns to become competent and confident communicators.

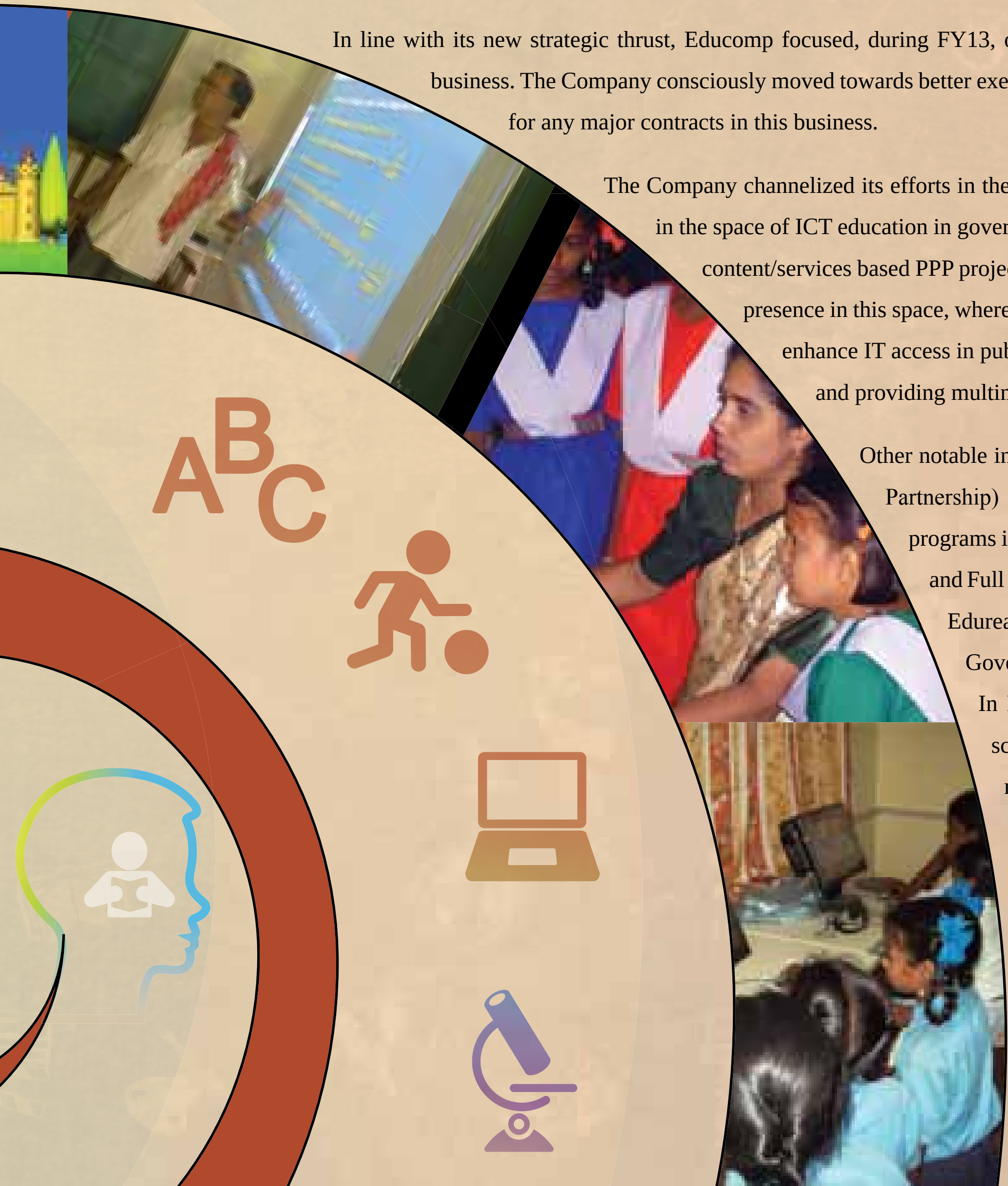
Requiring limited personal intervention by the teacher, English Mentor uses tools that include: Read and Write Tutor, Vernacular Translator, Picture Dictionary, Tense Simulator, Read the Text software, Listening Comprehension, Spoken English, Combination Sounds, and many more. These easy to use tools provide technology-based modules to sharpen the English skills of learners. Objective reading scores and lexile levels, along with student-wise reports, enable regular assessments as part of the programme.



EduIgnite – This is a progressive and scientifically designed assessment system that helps students identify and nurture their inner potential to achieve excellence. This assessment product has been well received in the market. EduIgnite acts as a career guidance tool, with extensive psychometric tests, counselling, one-to-one sessions, interactive seminars helping students, parents and schools make scientific assessments of career choices.

Edureach
Enriching Education

Reaching 10,771 schools with 5.9 million students



In line with its new strategic thrust, Educomp focused, during FY13, on consolidation of its Edureach (ICT) business. The Company consciously moved towards better execution of existing orders and did not bid for any major contracts in this business.

The Company channelized its efforts in the direction of strengthening its presence in the space of ICT education in government schools through greater focus on content/services based PPP projects. The Company has one of the largest presence in this space, where it is partnering with the Government to enhance IT access in public schools by setting up computer labs and providing multimedia in regional languages.

Other notable initiatives under this PPP (Public Private Partnership) model are: Testing and certification programs in computer education; Teacher training; and Full time assistants and supervisory services. Edureach is also working closely with the Governments on setting up of PPP Schools. In Punjab, EduReach has set up a model school under Public Private Partnership mode with over 1,000 students enrolled to benefit from transformative educational practices.

Going forward, the Company will continue to pursue a selective bidding strategy in a bid to minimize the working capital exposure in ICT-related business. The focus will also be on training opportunities in skill development under various government initiatives.

CONSOLIDATING TO TRANSFORM OUR K-12 BUSINESS

K-12 Schools

Presence in 51 schools, 37 greenfield and acquired schools, 14 dry management schools with the institutionalization of new leadership in Educomp Infrastructure School Management Ltd.

With the institutionalization of new leadership in Educomp Infrastructure School Management Ltd. (EISML) and strategic measures to restructure the business, Educomp's K-12 stream performed well during the year. The Company successfully completed rationalization of corporate expenses in the business. The rationalization led to 50% reduction in corporate expenses, which are further expected to go down further during FY14.

In line with its new strategic focus, with discontinuation of the franchising model as the key to future growth, the Company initiated steps to three existing franchisee schools. The new K-12 business strategy revolves around the JV model, focusing on 'consulting business' as well, with the eventual aim to growing the K-12 school portfolio to 100 JV schools in the next five years by leveraging the huge opportunity matrix in this space.

The thrust is also on pushing student enrolments and in FY14 itself, the Company aims to add 6,000 more students to its K-12 portfolio, leading to a potential revenue growth of 20-25%.

Pre-Schools

Backed by its new, cautious and focused approach, the Company, for the first time, successfully turned around its pre-school business.

In line with its focus on exiting non-core businesses as part of its six-point agenda, the Company, during FY13, finalized the sale of its entire 50% shareholding in its preschool subsidiary EuroKids to a group of investors led by GPE India, one of the leading investors in education in India. The exit, at a value of about ₹ 120 crore (Educomp had acquired its 50% shareholding is in EuroKids in FY09 for a sum of approximately ₹ 40 crore) translates into considerable worth for the stakeholders.

The Company has 240 Little Millennium preschools and is expanding its franchisee network to address the growing pre-school opportunity in the country through addition of a large number of joint ventures. The middle-class consumption pattern offers huge potential to the Company to grow this zero-capital franchisee business in a focused and strategic manner to yield long-term cash annuity.

CONSOLIDATING TO TRANSFORM OUR HIGHER LEARNING SOLUTIONS

The Higher Education and Professional Development business streams of Educomp have a strategic importance in the Company's asset-backed vertical approach. The realignment strategy has enabled the Company to move gradually towards EBIDTA break-even point, which is likely to actualize in the next two to three quarters. The healthy revenue growth trends are visible across the Higher Learning Solutions (HLS) segment, excluding professional development (which includes engineering colleges run by the Company).

Higher Education

Raffles Millennium International

Educomp's strategic JV with Raffles Corporation of Singapore continues to yield stable cash flows to the Company in the new strategic business model. As part of the JV, the Company has set up a state-of-the-art, ACITE approved campus for engineering and post-graduate diploma in management. Two batches of students have already been enrolled to fill up bulk of the capacities in both the courses. Aggressive marketing and promotional efforts is pushing both courses towards full capacity utilization.

The design colleges, also being run as part of the JV, have also manifested similar trends. In line with its strategically cautious approach, the Company closed down its Chandigarh Design College as it was not showing expected performance. The Company now has six operational design colleges with 960 students enrolled.

Professional Development

The Professional Development business continued to perform as expected, given its fluid nature. The business is dependent on availability of funds with the Educomp partners, that include companies like Microsoft and Intel.

Vocational Training

As part of its transformational focus, steered by its consolidation drive, the Company sold its entire 50% stake in the vocational training business, IndiaCan, during the year. Educomp had a JV with Pearson to address the manifold opportunities in the vocational education space, under the brand of IndiaCan.

CONSOLIDATING TO TRANSFORM OUR ONLINE & SUPPLEMENTAL EDUCATION OFFERINGS

Business in the Online and Supplemental Education continued to post healthy growth during the year, barring Learning.com, which has been incurring losses due to regulatory changes in the United States of America during the middle of the year.

In the Test Prep businesses, both the Vidya Mandir Classes and Gateforum businesses showed improved performance and revenue growth to post better numbers during FY13 as compared to the previous fiscal. VMC revenue has grown by 65% y-o-y from 313 mn in FY12 to 517 mn in FY13.

The changes in the JEE exam pattern (including weightage to board examinations) are making a positive impact on the business. The business is clearly benefiting from growth in school integrated programs where-in JEE preparation is integrated with the school's curriculum.

Gateforum bettered its revenue by growing at 54% y-o-y from 181 mn in FY12 to 278 mn in FY13.

Enrolment has also increased across both the testing businesses as compared to last year. The Company, which is the largest corporate player in GATE preparation, is focused on stabilizing its new product – Egate.

Gateforum shows immense growth opportunity since Gate exam has now been made mandatory for job application in PSU sector, offering the Company greater traction, going forward.

The Wizlearn Singapore business has also shown profits and is well on the way to further consolidated growth.

In the Wizlearn business, the Company is now focused on institutional and corporate sales, given the limited headroom in schools. There is a strong growth trend also in international markets, including Asia Pac, Middle East and Africa.

In another development, Kaizen PE & Bertelsmann invested primary capital in online education company Authorgen, paving the way for its consolidation and transformation.

The supplemental business of Educomp is also undergoing major transition, with the Company in the process of shutting down the loss-making assets in the portfolio. The Company expects to exit or shut down most of the online supplemental group by end of FY14 except its US subsidiary, Learning.com. Though Learning.com went through some unfavorable regulatory changes in the State of Texas, which adversely impacted revenues and profitability, the Company believes in the inherent potential of the business and has initiated stringent measures, including change in leadership, to address the impact of the regulatory environment.

TRANSFORMING LIVES THROUGH CONSOLIDATION

Even as it is continuously striving to provide transformational education to learners, Educomp is working tirelessly to transform the lives of the community at large through its Corporate Social Responsibility (CSR) mandate. The Company, during FY13, further consolidated and expanded is CSR service network.

Educomp, in collaboration with the Government of Punjab, has been running Edustar Adarsh Senior Secondary School at Kalewal Village in Mohali district of Punjab. The School aims to provide quality education to the people in rural areas of surrounding villages, thus opening the doors to a socially dignified life for people without access to basic facilities. A combination of modern education and technology, provided by Educomp, is enabling a major transformation of the people of these villages under the scheme, which provided free quality education to students.

Under the scheme, the Operational costs are shared between Govt. of Punjab & Educomp Solutions Ltd. in the ratio of 7:3 respectively, while the Capital costs are shared in the ratio of 1:1.

In a span of three years, the School has witnessed exponential growth in the number of students. The student enrollment has gone up from a mere 230 to 1,055; of these 52 per cent are girls.

Mid Day Meal Scheme: Under this scheme, students from Play-Group to Class VII are provided freshly cooked nutritious food every day.

Infrastructure Facilities: The Adarsh school building, designed as per CBSE norms, has spacious classrooms with ample windows. There is provision of ramp for the physically challenged students and an Amphitheatre for cultural shows. Three Smartclass facilities, a computer lab, a water purification plant and play station for children are some of the other facilities provided by the Company.

WINNING ACCOLADES ON OUR CONSOLIDATION STRENGTH

Educomp's visionary approach, with a strong focus on transformation through consolidation, earned it many accolades during the year, endorsing its resolve to live its vision everyday and to fulfil its mission.

Ranked #85 by PricewaterhouseCoopers (PwC) report (May 2013) among the top 100 software vendors in the emerging markets commanding a combined revenue of $797 million and among the 16 Indian companies that have made it to the list.

Educomp Solutions won "Best Education Company to work with," "Best Innovative K-12 School" and "Best Education Webinar Series" at the Indian Education Awards (IEA) 2012.

Won awards for 'Best K-12 School Chain-National for The Millennium Schools', 'Innovation in Early Learning for Little Millennium' and 'Best Digital Content for Smartclass' in Indian Education Awards 2013

CEO Shantanu Prakash nominated for the highest honour -"Entrepreneur of the Year" Award for his exceptional vision in uplifting the education sector in India and bestowing it with much needed change at "Entrepreneur India Awards 2012" organized by Franchise India Holdings Limited in May 2012

Educomp awarded as `Corporate of the Year', and Shantanu Prakash (Chairman & managing Director' awarded `Entrepreneur of the Year' at Navikaran Awards Ceremony at World Schools Resources Expo 2013, organized by Creative Children Media in partnership with Zee Business.

3 Learning.com products selected for the 2012 Tech & Learning Awards of Excellence; Learning.com Marketplace and Middle School STEM both won awards in the New Product category, and Aha! Math earned recognition as a Best Upgraded Product in the prestigious 30-year-old recognition program.

Kavin Chander of Std X at PSBB Millennium was a winner at the National Indian Robot Olympiad

Ranked #12 in Business World's India's fastest growing companies (May 2013 issue)

Educomp ranked amongst India's 40 fastest growing companies by Outlook Business in its 26 May 2012 issue.

CORPORATE INFORMATION

BOARD OF DIRECTORS

(As on 13th August 2013)

Mr. Shantanu Prakash	Chairman & Managing Director
Mr. Jagdish Prakash	Whole-Time Director
Mr. Sankalp Srivastva	Independent Non Executive Director
Mr. Shonu Chandra	Independent Non Executive Director
Mr. Rajiv Krishan Luthra	Independent Non Executive Director
Dr. Subbarao Valluri Venkata	Independent Non Executive Director
Mr. Roy Campbell II	Non-Independent Non Executive Director

COMMITTEES OF THE BOARD

Audit Committee

Mr. Sankalp Srivastva	Chairman, Independent &, Non Executive Director
Mr. Shonu Chandra	Member, Independent & Non Executive Director
Mr. Shantanu Prakash	Member, Promoter & Executive Director

Shareholders' Investor Grievance Committee

Mr. Sankalp Srivastva	Chairman, Independent & Non-Executive Director
Mr. Shonu Chandra	Member, Independent & Non-Executive Director
Mr. Jagdish Prakash	Member, Non independent & Executive Director

Remuneration Committee

Mr. Sankalp Srivastva	Chairman, Independent & Non Executive Director
Mr. Shonu Chandra	Member, Independent & Non Executive Director
Dr. Subbarao Valluri Venkata	Member, Independent & Non Executive Director

Finance Committee

Mr. Sankalp Srivastava	Chairman, Independent & Non Executive Director
Mr. Shantanu Prakash	Member, Promoter & Executive Director
Mr. Jagdish Prakash	Member, Non independent & Executive Director

REGISTERED OFFICE

1211, Padma Tower I, 5,
Rajendra Place New Delhi-110008

CORPORATE OFFICE

Educomp Towers, 514,
Udyog Vihar Phase III, Gurgaon-122001

STATUTORY AUDITORS

Haribhakti & Co., Chartered Accountants

BANKERS

Axis Bank Limited
Canara Bank
HDFC Bank
ICICI Bank Ltd
IndusInd Bank
State Bank of India
State Bank of Bikaner & Jaipur
State Bank of Patiala
Standard Chartered Bank
Syndicate Bank
Yes Bank

SHARE TRANSFER AGENT

Link Intime India Private Limited,
44, Community Centre, Naraina Industrial Area Phase-I, New Delhi-110028

LISTED AT

National Stock Exchange of India Limited &
Bombay Stock Exchange Limited

COMPANY SECRETARY

Mr. Anil Sharma

DIRECTOR'S REPORT

Dear Shareholders,

The Directors of your Company have pleasure in presenting herewith the 19th Annual Report of your Company together with the audited accounts for the Financial Year ended 31st March 2013.

1. **FINANCIAL PERFORMANCE :**

The highlights of the consolidated and standalone audited financial results for the year ended 31st March 2013 are as follows:

(₹ in million)

Particulars	Consolidated Year Ended Audited		Standalone Year Ended Audited	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Sales and other Income	13,264.29	15,224.36	8,204.04	10,920.37
Net Profit/(Loss) before tax	**(1,532.94)**	**1,945.30**	**(489.76)**	**2,444.80**
Provision for Tax	104.17	574.74	82.56	555.77
Net Profit/(Loss) after tax	**(1,428.77)**	**1,370.56**	**(407.20)**	**1,889.03**
Minority interest and equity in earnings/(losses) in affiliates/ Pre acquisition Loss/(Profit)	100.40	15.20	-	-
Net Profit/(Loss) after tax for the year	**(1,328.37)**	**1,355.36**	**(407.20)**	**1,889.03**
Appropriations				
Interim Dividend	30.06	-	-	-
Proposed Dividend on equity shares	22.09	45.62	-	28.99
Corporate Tax on distributed dividend	5.99	5.57	-	4.70
Transfer to Debenture Redemption Reserve	89.00	209.39	-	-
Transfer to General Reserve	3.69	99.45	-	94.45

2. **DIVIDEND:**

In view of the losses incurred by the Company, your Directors have not recommended any dividend for the financial year ended March 31, 2013.

3. **OPERATING RESULTS AND BUSINESS:**

We enjoy long-term annuity relationships with both private schools as well as government customers, ranging from three to five years. Our revenues are predictable & locked in for three to five years on account of the contractual nature of our business.

In the SmartClass segment, we have added 2,171 new customers taking the total number of schools to 14,823 as on March 31, 2013.

In Edureach (formerly ICT) business segment, we have an ongoing partnership with thirteen state Governments and reaches to 10,771 Government schools in various states and 5.1 million students as on March 31, 2013.

On Standalone basis Company's total revenue stands at ₹ 8,204.04 million as on March 31, 2013 as compared to ₹ 10,920.37 million as on March 31, 2012, a decline of 24.87%. The loss before tax is ₹ 489.76 million as on March 31, 2013 as against profit before tax of ₹ 2444.80 million as on March 31, 2012.

On Consolidated basis Company's total revenue stands at ₹13,264.29 million as on March 31, 2013 as compared to ₹15,224.36 million as on March 31, 2012, registering a decline of 12.87%. The loss before tax and after prior period items stands at ₹1,532.94 million as on March 31, 2013 as against profit of ₹1,945.30 million as on March 31, 2012.

SEGMENTAL PERFORMANCE (STANDALONE):

The EBIT margins in the School learning solutions (SLS) Segment of the Company for the year amounted to ₹ 1,089.70 million or 17.37% of SLS revenues as on March 31, 2013 as compared to ₹4,275.39 million or 40.81% of SLS revenues as on March 31, 2012.

The EBIT margins in the Higher learning solutions (HLS) segment of the Company for the year amounted to ₹ 10.34 million or 11.11% of HLS revenues as on March 31, 2013 as compared to ₹43.48 million or 32.03% of HLS revenues as on March 31, 2012.

The EBIT margins in the K-12 Schools Segment of the Company for the year amounted to ₹15.52 million or 93.38% of K-12 segment revenues as on March 31, 2013 as compared to ₹ 13.81 million or 97.85% of K-12 segment revenues as on March 31, 2012.

The EBIT margins in Online Supplemental and Global (OSG) segment of the Company for the year amounted to ₹ 15.23 million or 1.61% of OSG segment revenues as on March 31, 2013 as compared to ₹ (19.01) million of OSG revenues as on March 31, 2012.

EXPENDITURE(STANDALONE):

Cost of Goods Sold (COGS) has increased to 40.90% of our revenue as on March 31, 2013 from 35.38% as on March 31, 2012. This increase is on account of implementation of Assam State Government 1054 Schools in Edureach Segment.

Personnel expenses have increased to 23.96% of revenue as on March 31, 2013 from 16.20% as on March 31, 2012. Other expenses have increased to 17.55% as on March 31, 2013 from 13.73% of revenue as on March 31, 2012.

DEBT RESTRUCTURING

As your Company was growing at a CAGR of 39.1% on consolidated basis and 32.7% on standalone basis during 2007 to 2012, it had considerably grown its balance sheet with investment in long term assets funded partly by equity and debt. In the present phase of economic slowdown, it became imperative to match the maturity profile of its liabilities with the long term nature of its assets and return thereon. Therefore, the Company has opted for a formal method of loan restructuring and in July 2013, the Company has initiated the process under Corporate Debt Restructuring (CDR) Mechanism envisaged under the Reserve Bank of India (RBI) guidelines and has made reference to the CDR Cell. It has filed the proposal for restructuring its rupee denominated liabilities through CDR process, The proposal is under consideration by the Corporate Debt Restructuring – Empowered Group (CDR-EG).

In June 2013, Educomp Infrastructure & School Management Limited, subsidiary of the Company also approached to the CDR Cell for restructuring its Debts through CDR process, The proposal is also under consideration by the Corporate Debt Restructuring – Empowered Group (CDR-EG).

The CDR process is expected to give your Company critical support to tide over the present difficult business environment.

4. **CHANGES IN CAPITAL STRUCTURE :**

Authorized Share Capital

Shareholders of the Company in their Extra Ordinary General Meeting held on 15th November, 2012 approved the increase in Authorised Share Capital of the Company.

Authorised Share Capital of the Company is ₹40,00,00,000/- (Rupees Forty Crores Only) divided into 20,00,00,000 (Twenty Crores) equity shares of ₹2/- (Rupees Two Only) each.

Issued and Paid-up Share Capital
During the year under review, the Company allotted 5,55,544 Equity Shares of face value of ₹2/- each upon exercise of stock options under Employee Stock Option Scheme 2006.

During Company has allotted following Equity Shares and Warrants as per the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009 pursuant to shareholders approval by way of Special Resolution on 16th July, 2012;

(a) 43,04,661 Equity Shares of the face value of ₹2/- each at premium of ₹191.74 to Promoter Group Entity.

(b) 1,85,03,419 Equity Shares of the face value of ₹2/- each at premium of ₹147.16 to Non Promoter Group.

(c) 1,14,79,096 Warrants at Issue price of ₹193.74 convertible in to equal number of Equity Shares of the Face Value of ₹2/- each to Promoter Group Entity. 29,79,939 Equity Shares of face value of ₹2/- each at a premium of ₹191.74/- per share were allotted upon conversion of warrants issued under provisions of chapter VII of SEBI (ICDR) Regulations, 2009.

Further there were no material variations between the projected and the actual utilization of the proceeds of the aforesaid preferential issue as stated in the explanatory statement to the notice of the extra ordinary general meeting held on 16th July, 2012 for considering the aforesaid preferential issues.

Post 31st March, 2013 & till 13th August 2013, the Company has allotted 33,575 Equity Shares of face value of ₹2/- each upon exercise of stock options by the eligible employees/Directors of the Company/subsidiaries under Employee Stock Option Scheme 2006.

The paid up capital after taking the effect of aforesaid changes , stood at ₹24,48,82,136/- consisting of 12,24,41,068 of the face value of ₹2/- each as on 13th August, 2013.

5. **FOREIGN CURRENCY CONVERTIBLE BONDS**

Redemption of US$ 80 Million Zero Coupon Foreign Currency Convertible Bonds
During the Financial Year Company has redeemed the outstanding US$ 78.5 Million Zero Coupon FCCBs at 141.087 redemption premium of principal amount on 26th July, 2012. Out of US$ 80 Million Zero Coupon FCCBs raised in Financial Year 2007-08 for 5 years, US$ 1.5 million Zero coupon FCCBs were converted in to 20,710 Equity shares of ₹10/- each in the F.Y 2007-08.

US$ 10 Million Zero Coupon Foreign Currency Convertible Bonds
During the Financial Year, the Company has raised US$ 10 million, Zero Coupon FCCBs for redemption of outstanding FCCBs. The Bond holders, as per the agreement, have the option to convert these bonds into Equity Shares, at a price of ₹188.62 per share with in 5 years and 1 day from the date of disbursement. The FCCBs are redeemable at a premium of 34.07 % on principal after 5 years and 1 day. The FCCBs were raised for the purposes of redemption of existing FCCBs.

6. **SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES & EXTERNAL COMMERCIAL BORROWINGS.**

Non-Convertible Debentures
During the financial year, the Company issued Secured Non-Convertible Debentures for an aggregate value of ₹45 Crores. Company allotted 350, 13.5% Secured Non-Convertible Debentures (Listed on Bombay Stock exchange) of the face value of ₹10,00,000/- each aggregating to ₹35 Crores and 100, 13.25% Secured Non-Convertible Debentures of the face value of ₹10,00,000/- each aggregating to ₹10 Crores.

External Commercial Borrowings
During the Financial Year, the Company has raised US$ 70 million through External Commercial Borrowing (ECB) comprising US$ 30 million from International Financial Corporation (IFC) a member of the World Bank Group and US$ 40 million from Société De Promotion Et De Participation Pour La Coopération Économique (PROPARCO), a French development financial institution. The ECB has a term of 8.5 years with a 3 years moratorium and the coupon rate is LIBOR + 4.5%. The ECB has been raised for purposes of redemption of existing FCCB.

7. **PUBLIC DEPOSITS:**

During the year under review, the Company did not accept any deposits with in the meaning of the provisions of Section 58A of the Companies Act, 1956.

8. **SUBSIDIARIES/JOINT VENTURE/ASSOCIATES**

As on March 31, 2013, the Company had 47 Subsidiaries, 2 Joint ventures having 3 subsidiaries and 1 Associates.

During the year under review, your company as a part of business transformation agenda had focus on its core businesses which is

(a) digital content & IP offerings and

(b) Asset-backed offerings like schools and colleges and

Business(s) which have been identified as "non-core" were divested or shut down to arrest loss and cash drain thereof. In the process, Company has successfully completed sale of stake in Eurokids International Limited and Authorgen Technologies Limited.

After 31st March 2013 Company sold its entire 50% stake in the loss making vocational training business (IndiaCan Education Private Limited), to its JV partner Pearson.

9. **PARTICULARS REQUIRED AS PER SECTION 212 OF THE COMPANIES ACT, 1956 & CONSOLIDATED FINANCIAL STATEMENT:**

Ministry of Corporate Affairs, vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Balance Sheet of the Company.

Board of Directors of the Company in its meeting held on 30th May 2013 consented for not attaching the balance sheet of the subsidiary companies. A statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2013 is included in the Annual Report. The annual accounts of these subsidiaries and the related detailed information will be made available to any member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection by any member of the Company/its subsidiaries at the registered office of the Company. The annual accounts of the said subsidiaries will also be available for inspection, as above, at the head offices/registered offices of the respective subsidiary companies. The Company shall furnish a copy of details of annual accounts of subsidiaries to any member on demand.

Further the annual report of the Company contains the consolidated audited financial statements prepared, pursuant to Clause 41 of The Listing Agreement entered into with the stock exchanges and prepared in accordance with the accounting standards notified by Ministry of Corporate Affairs under Accounting Standard Rules 2006.The financial data of the subsidiaries has been furnished along with the statement pursuant to Section 212 of the Companies Act, 1956 forming part of the Annual Report.

10. **DIRECTORS:**

As on 31st March 2013 Board of Directors of Educomp Solutions Limited comprises of two Executive Directors namely Mr. Shantanu Prakash, Chairman cum Managing Director and Mr. Jagdish Prakash, Whole Time Director and Four Independent Non-Executive Directors, namely Mr. Shonu Chandra, Mr. Sankalp Srivastava, Dr. Shayama Chona and Mr. Rajiv Krishan Luthra & One Non Independent Non Executive Director Mr. Roy Campbell II

During the year Mr. Gopal Jain had resigned from the Board with effect from 27th July 2012. Mr. Manav Saraf was appointed as Additional Directors of the Company w.e.f 26th July 2012 and upon his resignation w.e.f from 7th November 2012 and nomination by Mount Kellett Mr. Roy

Campbell II was appointed as additional director w.e.f 9th November 2012 by the Board in the category of Non Independent Non-Executive.

After 31st March 2013 Dr. Shayama Chona resigned from the Board and Dr. Subbarao Valluri Venkata was appointed as Additional Director in the category of Independent Non Executive Director.

The Board of Directors records its appreciation & recognition of the valuable contribution and services rendered by Mr. Gopal Jain, Dr. Shayama Chona & Mr. Manav Saraf.

Mr. Roy Campbell and Dr. Subbarao Valluri Venkata will hold office of the Additional Director up to the date of the ensuing Annual General Meeting. The Company has received Notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose them for the office of Director at the ensuing Annual General Meeting.

As per section 255 and 256 of the Companies Act, 1956 Mr. Sankalp Srivastava & Mr. Jagdish Prakash are the Directors liable to retire by rotation and further being eligible, offers themselves for re-appointment at the ensuing Annual General Meeting.

The brief resume and other details relating to the directors, who are to be appointed/ re-appointed as stipulated under Clause 49(IV)(G) of the Listing Agreement, are furnished in the Notice of AGM forming part of the Annual Report.

The Company also has Audit Committee which is constituted as per requirement of Section 292A of the Companies Act, 1956 and Clause 49 of Listing Agreement. Audit Committee has 3 members out of which 2 are Non-Executive Independent Directors and one is Executive Director. Chairman of Audit Committee is an Independent Non-Executive Director.

11. STATUTORY DISCLOSURES:

The Company has received Form DD-A from all Directors as required under the provisions of Section 274(1)(g) of the Companies Act, 1956 read with Companies (Disqualification of Directors under Section 274 (1) (g) of the Companies Act, 1956) Rules, 2003.

None of the Directors of your Company is disqualified as per provision of Section 274(1)(g) of the Companies Act, 1956. The Directors of the Company have made necessary disclosures, as required under various provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

12. HUMAN RESOURCE MANAGEMENT:

Educomp is an equal opportunity employer with total employee strength of 16,919 as on 31st March, 2013 as compared to 16,609 as on 31st March, 2012.

The Company has a suitable recruitment and human resource management process, which enables us to attract and retain high caliber employees. Company has created incentive driven remuneration policies which act as an effective retention tool.

13. DIRECTORS RESPONSIBILITY STATEMENT:

In pursuance of provisions of Section 217(2AA) of the Companies Act, 1956, we hereby confirm that:

1) That in the preparation of the Annual Accounts for the period ended as on 31st March 2013, the applicable Accounting Standards have been followed and no material departure has been identified.

2) Accounting Policies have been consistently applied in a reasonable and prudent manner so as to give true and fair view of the state of affairs of the Company for the financial year ending 31st March 2013 and of the Profit and Loss Account for the financial year ending as on 31st March 2013

3) Proper and sufficient care has been taken for the maintenance of adequate records in accordance with the applicable provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

4) The Annual Accounts for the Financial Year ended on 31st March 2013 have been prepared on the going concern basis.

14. AUDITORS & AUDITORS' REPORT:

M/s. Haribhakti & Co., Chartered Accountants statutory auditors of the Company, will retire at the conclusion of the ensuing Annual General Meeting of the Company. M/s. Haribhakti & Co., Chartered Accountants being eligible have expressed their willingness for appointment as statutory auditors of the company and have confirmed that appointment, if made, will be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

The Directors refer to the auditors' observation in the Annexure to Independent Auditors' Report and as required under Section 217(3) of the Companies Act, 1956, provide their explanation as under:

Auditors' observations and management's response to auditors' observations –

(ix) (a) & (b) In respect of auditors' observation in standalone financial statements regarding delay in a depositing statutory dues.

It is clarified that the delays arose on account of mismatches of cash inflows and outflows which were subsequently rectified. This has been taken to note by the management for compliance.

(xi) In respect of auditors' observation in standalone financial statements regarding certain default in repayment of dues to financial institutions and banks.

It is clarified that the delay in payment of dues was from mismatches of cash inflows and outflows which are attributable to higher implementation and finance cost which adversely affected the liquidity, investment in education subsidiaries with long gestation period, delay in timely realization of receivables from our customers. However, the management opines that with improved business scenario, your Company will be able to meet its obligation in time.

(xix) In respect of auditors' observation in standalone financial statements regarding creation of partial security on the Non Convertible Debentures(NCD), it is clarified this was due to procedural delay in getting NOC from other lenders.

15. SHARE REGISTRATION ACTIVITY:

Company has appointed "LINK INTIME INDIA PRIVATE LIMITED" a category-I Registrar and Share Transfer Agent reregistered with SEBI to handle the work related to Share Registry.

16. CONSOLIDATED FINANCIAL STATEMENTS:

As required under the Listing Agreements with the Stock Exchanges Consolidated Financial Statements of the Company and all its subsidiaries are attached. The consolidated Financial statements have been prepared in accordance with Accounting standard 21 ,Accounting standard 23 and Accounting standard 27 issued by The Institute of Chartered Accountants of India and showing the financial resources, assets, liabilities, income, profits and other details of the Company and its subsidiaries as a single entity, after elimination of minority interest.

17. LISTING OF SHARES:

The Equity Shares of your Company are listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The Listing fee for the financial year 2013-14 has already been paid to BSE and NSE.

18. QUALITY INITIATIVES:

Reinforcing its commitment to high levels of quality, a ISO 9001:2008 Certification was awarded in application of ICT (Information and Communication Technology) related to computer- aided learning, training and computer literacy projects in schools.

19. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ADOPTION

AND INNOVATION, FOREIGN EXCHANGE EARNINGS AND OUTGO:
The particulars are prescribed under section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are set out in an **Annexure A** attached to this report.

20. RATINGS, AWARDS, ACHIEVEMENTS & RECOGNITIONS:

Ratings

Credit Analysis & Research Ltd, or CARE, has revised the following ratings in relation to our long term and short term financing facilities:

Long term facilities: Revised 'CARE A+' (Single A Plus) rating to 'CARE D' (Single D) to our long term facilities i.e. facilities having tenure of more than one year, aggregating to ₹299.07 Crore.

Short term facilities: Revised CARE A1+ (A One Plus) to CARE D (Single D) to our short term facilities i.e. facilities having tenure of less than one year, aggregating to ₹410 Crore.

Non-Convertible Debentures (NCDs): Revised 'CARE A+' (Single A Plus) rating to 'CARE D' (Single D) to our NCD issuance of ₹45 crore.

In June 2013, India Ratings revised long-term issuer rating from 'Ind A' to 'Ind D'.

Awards, Achievements & Recognitions:

In exploring the horizons of what learning can be, accolades and awards have come our way, awards which have reiterated our resolve to live our vision everyday and fulfill our mission.

Over the year, Educomp, its affiliates and it leadership has won recognition from several renowned institutions.

- PricewaterhouseCoopers (PwC) report (May 2013) ranked Educomp at number 85 amongst the top 100 software vendors in the emerging markets commanding combined revenue of $797 million and among the 16 Indian companies that have made it to the list.
- Educomp ranked number 12 in Business World's India's fastest growing companies (May 2013 Issue).
- In Indian Education Awards 2013 Educomp won awards for, 'Best K12 School Chain- National for The Millennium Schools', 'Innovation in Early Learning for Little Millennium' and 'Best Digital Content for Smartclass'.
- At Navikaran Awards ceremony on 30th January at 'World Schools Resources Expo 2013' Educomp was awarded as the "Corporate of the Year" and Shantanu Prakash, chairman & managing director, Educomp Solutions, was awarded "Entrepreneur of the Year". The event was organized by Creative Children Media in partnership with Zee Business.
- On November, 2012, three Learning.com products were selected for the 2012 Tech & Learning Awards of Excellence. Learning.com Marketplace and Middle School STEM both won awards in the New Product category, and Aha! Math earned recognition as a Best Upgraded Product in the prestigious 30-year-old recognition program.
- Kavin Chander of Std X at PSBB Millennium was a winner at the National Indian Robot Olympiad on 30th of September.
- Educomp was ranked amongst India's 40 fastest growing companies by Outlook Business in its 26-May-2012 issue. Shantanu Prakash was nominated for the highest honour -"Entrepreneur of the Year" Award for his exceptional vision in uplifting the education sector in India and bestowing it with much needed change at "Entrepreneur India Awards 2012" organized by Franchise India Holdings Limited on May 18, 2012.
- Educomp Solutions won three prestigious awards - "Best Education Company to work with," "Best Innovative K 12 School" and "Best Education Webinar Series" at the Indian Education Awards (IEA) 2012 at a glittering ceremony on 28th April 2012.

21. REPORT ON CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS

Committed to good corporate governance practices, your company fully conform to standards set out by SEBI and other regulatory authorities and has implemented and complied with all of its major stipulations. As per clause 49 of the Listing Agreement, a report on Corporate Governance along with Compliance Certificate from the Practicing Company Secretary and Management Discussion and Analysis Report are annexed and forms part of this Annual Report.

22. CODE OF CONDUCT:

As per Clause 49 (I) (D), the Board of the Company has laid down Code of Conduct for all the Board members of the Company and Senior Management as well and the same has been posted on Website of the Company. Annual Compliance Report for the year ended 31st March 2013 has been received from all the Board members and senior management of the Company regarding the compliance of all the provisions of Code of Conduct. Declaration regarding compliance by Board members and senior management personnel with the Company's Code of Conduct is hereby attached as **Annexure B** to this report.

23. NOTES TO ACCOUNTS:

They are self-explanatory and do not require any explanations.

24. PARTICULARS OF EMPLOYEES:

In Terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the **Annexure C** to the Director's Report.

25. EMPLOYEES STOCK OPTION SCHEMES (ESOPS)

The growth of the Company has, in large measure, been possible owing to the wholehearted support, commitment and teamwork of its personnel. Accordingly, the Company has introduced ESOP-2006, ESOP-2007 , ESOP-2008, ESOP-2010, ESOP-2011 and ESOP-2012 for its employees and employees of its subsidiary companies.

The details of options granted under ESOP-2006, ESOP-2007, ESOP – 2008, ESOP – 2010, ESOP – 2011 and ESOP – 2012 is attached as **Annexure D**.

During the year, Pursuant to shareholders resolution dated 16th July 2012, Company has implemented ESOP Scheme 2012 and the remuneration committee of Board of Directors of the Company has granted 26,00,000 Stock Options Employees / Director of the Company and its Subsidiaries under ESOP Scheme 2012.

A certificate from Statutory Auditors, with respect to the implementation of the Company Employee's Stock Option schemes, would be placed before the shareholders at the ensuing Annual General Meeting, and a copy of the same shall be available for inspection at the registered office of the Company.

26. DISCLOSURE PURSUANT TO CLAUSE 5A OF LISTING AGREEMENT

Pursuant to insertion of clause 5A in listing Agreement as per SEBI notification no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009 the details in respect of the shares lying in the suspense account till March 31, 2013 is as under.

	Description	No. of Cases	No. of Shares
1.	Aggregate number of shareholders and the outstanding shares in the initiation of suspense account.	3	750
2.	Number of shareholders who approached the Company for transfer of shares from suspense account during the year 2012-13	0	0
3.	Number of shareholders to whom shares were transferred from suspense account during the year 2012-13	0	0
4.	Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2013	3	750

All the unclaimed shares are being credited to a DEMAT suspense account and all the corporate benefits in terms of securities, accruing to on these unclaimed shares shall be credited to such account. Voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

27. CORPORATE GOVERNANCE:

The Company has always been committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements as set out by Statutory Bodies.

The Ministry of Corporate Affairs, Government of India, introduced the Corporate Governance Voluntary Guidelines, 2009. These guidelines have been issued to provide Corporate India a framework to govern themselves voluntarily as per the highest standards of ethical and responsible conduct of business. The Guidelines broadly outline conditions for appointment of directors (including independent directors), guiding principles to remunerate directors, responsibilities of the Board, risk management, the enhanced role of Audit Committee, rotation of audit partners and firms and conduct of secretarial audit. Your company is already by and large complying with the voluntary guidelines Corporate Governance various requirements.

28. ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation for the Co-operation and support received from the Government and Semi-Government agencies.

Your Directors are also thankful to all the bankers and financial institutions for their support to the Company. The Board places on record its appreciation for continued support provided by the esteemed customers, suppliers, consultants and shareholders.

The directors also acknowledge the hard work, dedication and commitment of the employees of the Company and its subsidiaries. The enthusiasm and unstinting efforts of the employees have enabled the Company to continue being a leading player in the Education field.

For and on Behalf of the Board of Directors

Date : 13th August 2013
Place : Gurgaon

(Shantanu Prakash)
Chairman & Managing Director

Annexure A to Director's Report

INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNING AND OUTGO FORMING PART OF DIRECTORS' REPORT IN TERMS OF SECTION 217(1)(E) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES 1988.

A) Energy Conservation

Though energy does not form a significant portion of the cost for the Company yet wherever possible and feasible, continuous efforts are being put for conservation of energy and minimize power cost.

B) Technology Absorption, Adoption and Innovation

The information that is required to be disclosed under rule 2 of the aforesaid rules, is given hereunder in Form B:

FORM B

Research and development (R&D)

- Specific area in which R&D was carried out by the Company

  Currently the Company is in development phase of upgrading 2/3 Content/curriculum based content

- Benefits derived as a result of the above R&D
  We at Educomp were able to bring path braking transformation in the education space and teaching methodology.

- Future plan of action
  To add more technical skills to provide better educational solutions to clients.

- Expenditure on R&D

- Capital : NIL

- Recurring : NIL

- Total : NIL

- Total R&D expenditure as a Percentage of total turnover : NIL

Technology, absorption, adaptation and innovation

- Efforts, in brief, made towards technology absorption, adaptation and innovation.

  We at Educomp Solutions Limited are well aware of latest technology being available in our field of operation. Necessary training is imparted to the relevant people from time to time to make them well acquainted with the latest technology.

- Benefits derived as a result of the above efforts:

  We are able to provide educational services in more innovative form & maintain a high standard of quality.

- In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

Technology imported. : N.A.

Year of import. : N.A.

Has technology been fully absorbed : N.A.

If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action : N.A.

C) Foreign Exchange Earnings and Outgo

Activities relating to export, initiatives to increase exports, Developments of New export markets for products and Services and Export plan

The Company has continued to maintain focus on and avail of export opportunities based on economic considerations.

Foreign Exchange Earning & Outgo details are as follows:

(₹ in Million)

Foreign Exchange details*	As on 31st March, 2013
Foreign Exchange Earnings (A)	
(Including deemed exports & sales through export houses)	184.65
Foreign Exchange Outgo (B)	1,578.36
Net Foreign Exchange Earnings (A-B)	(1,393.69)

* The Figures are on receipt/payment basis.

For and on Behalf of the Board of Directors

Date : 13th August 2013
Place : Gurgaon

(Shantanu Prakash)
Chairman & Managing Director

Annexure B to Director's Report

Declaration Regarding Compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director. The Code of Conduct as adopted is available on the Company's website. I confirm that the Company has in respect of the Financial Year ended March 31, 2013, received from the Senior Management team of the Company and the members of the Board, a declaration of Compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the CEO, CFO, Company Secretary, Presidents, Sr. Vice Presidents and Vice President Cadre as on March 31, 2013.

For and on Behalf of the Board of Directors

Date : 30th May 2013
Place : Gurgaon

(Shantanu Prakash)
Chairman & Managing Director

ANNEXURE C TO DIRECTOR'S REPORT

Information as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 as amended and forming part of the Director 's Report for the year ended March 31, 2013

(A) Employed through out the Financial Year

S.NO.	Name	Designation	Nature of Duties	Qualification	Joining date	Age	Experience (Yrs)	Remuneration Received (In ₹)	Previous Employment-designation
1.	Abhinav Dhar	Director-K-12 Business & Operations	School Learning Solutions (Smart Class)	M.B.A., B.Sc.,DITS	1-Apr-07	51	28	73,14,732	National Head-Shell India
2.	Harpreet Singh	President – Higher Education	Higher Education	B.Tech, PGDM(IIM-A)	19-Sep-09	48	20	71,52,912	Country Head – NRI Business, Wealth Advisory Services, HDFC Bank
3.	Raman Bajaj	Senior Vice President	Corporate Relation	B.E., PGDM(IIM-L)	9-Jun-08	36	10	65,98,633	Associate-Lazard
4.	Ratnesh Kumar Jha	Senior Vice President	Procurement & Warehouse	MBA(Keloggs School of Management)	1-May-09	40	15	49,12,429	Director-Credits & Collection, Citibank, Gurgaon
5.	Sanjay Jain	CEO	General Management	MFC(Delhi University), B.Sc.	12-Mar-12	43	19	1,40,34,835	CEO – Tulip Telecom
6.	Shantanu Prakash	Chairman & MD	General Management	PGDM(IIM-A)	7-Sep-94	48	19	1,38,00,000	N.A
7.	Soumya Kanti Purkayastha'	President-Edureach	School Learning Solutions (EduRech)	PGDM(IIM-A)	1-Apr-07	48	23	70,10,016	Vice President-Ascomp Technology
8.	Sharad Agarwal	President	School Projects	PGDM(IIM-A),B. Tech	1-Apr-12	47	23	58,77,979	Managing Director-Educomp Group
(B) Employed for part of the Financial Year									
1.	Anand Ekambaram*	President	School Learning Solutions (Smart Class)	M.A.,M.B.A	10-Jan-13	43	16	21,25,230	Sr. Vice President -HCL Info system
2.	M S Venkatesh**	President-Group HR & People Solutions	Human Resources	B.Sc., PGDPM, M.A. (Social Works)	16-Apr-07	47	23	49,97,990	Director-HR & Admin Coca Cola India Inc
3.	Sangeeta Gulati**	CFO	Finance & Accounts	C.A., M.Com.	4-Nov-00	45	18	21,24,731	Assistant Manager-Saw Pipes Ltd (Jindal Group)
4.	Sonjoy Mohanty**	President Corporate Affairs	Online Education	PGDM (IIM-L)	7-Jun-10	50	25	6,06,250	CEO & Director – A Little World

*JOINED DURING THE F.Y 2012-13

**RESIGNED FROM THE COMPANY DURING THE F.Y 2012-13

Notes:

1. The remuneration received shown as above comprises of salary, bonus, allowances, cash incentives and monetary value of perquisites (excluding ESOP Perquisites) as per income tax rules, Provident Fund and professional tax.
2. None of the employees shown above is related to any Directors of The Company except Mr Shantanu Prakash.
3. None of employees mentioned above is holding more than 2% of outstanding equity shares of the Company as on 31st March 2013 except Mr. Shantanu Prakash, Chairman and Managing Director who holds 3,51,35,205 Equity Shares (28.70%) of the Company.
4. All the employees shown above are in full-time employment; Mr. Shantanu Prakash is on Contractual employment with the Company.
5. In addition to the above remuneration, employees are entitled to gratuity in accordance with the Company's rules.

For and on Behalf of the Board of Directors

Date : 13th August 2013
Place : Gurgaon

(Shantanu Prakash)
Chairman & Managing Director

Annexure D to Director's Report

Information regarding the Employees' Stock Option Scheme
(As at 31st March 2013)
The details of Options granted under ESOP 2006, ESOP 2007, ESOP 2008, ESOP 2010, ESOP 2011& ESOP 2012 are given in the table below

S. No.	Details	Employee Stock Option Plan 2006	Employee Stock Option Plan 2007	Employee Stock Option Plan 2008	Employee Stock Option Plan 2010	Employee Stock Option Plan 2011	Employee Stock Option Plan 2012
1.	Total No. of Options under the Plan	31,25,000	10,00,000	12,50,000	10,00,000	10,00,000	35,00,000
2.	Total No. of Options Granted during the year	Nil	Nil	Nil	Nil	Nil	26,00,000
3.	Pricing Formula	Exercise price being price at which share were offered to the public by the company in its IPO in December 2005. or differential pricing.	Determined by the remuneration committee this is generally Current Market Price or differential pricing.	Determined by the remuneration committee this is generally Current Market Price or differential pricing.	Determined by the remuneration committee this is generally Current Market Price or differential pricing.	Determined by the remuneration committee this is generally Current Market Price or differential pricing.	Determined by the remuneration committee this is generally Current Market Price or differential pricing
4.	Options vested	7,14,003	1,39,398	1,28,650	1,36,610	1,79,000	Nil
5.	Options exercised	5,55,544	Nil	Nil	Nil	Nil	Nil
6.	Money realized by exercise of options during the Year (₹)	1,38,88,600	Nil	Nil	Nil	Nil	Nil
7.	Number of shares arising as a result of exercise of option	5,55,544	Nil	Nil	Nil	Nil	Nil
8.	No. of Options lapsed/ forfeited	2,11,002	2,34,160	4,59,200	2,62,500	4,50,000	Nil
9.	Variation of terms of options	Nil	Nil	Nil	Nil	Nil	Nil
10.	Total No. of Option in force	9,02,269	6,34,260	7,48,033	6,98,750	5,25,000	26,00,000
11.	Employee-wise details of options granted to						
	i) Senior Management Personnel during the year	-	-	-	-	-	Abhinav Dhar - 1,00,000 Ashish Gupta - 1,00,000 Dr. Shayama Chona - 50,000 Rajiv Krishan Luthra - 50,000 Bindu Rana - 1,00,000 Divya Lal - 75,000 Gaurav Bhatnagar 75,000 Harpreet Singh - 2,50,000 Raman Bajaj - 1,00,000 Ratnesh Kumar Jha - 75,000 Sonia Handa- 55,000 Soumya Kanti Purkayashta - 74,375 Sanjay Jain - 5,00,000

S. No.	Details	Employee Stock Option Plan 2006	Employee Stock Option Plan 2007	Employee Stock Option Plan 2008	Employee Stock Option Plan 2010	Employee Stock Option Plan 2011	Employee Stock Option Plan 2012
	ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year under all plans;	-	-	-	-	-	Satya Narayanan Ramakrishnan - 1,40,625
	iii) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	-	-	-	-	-	
12.	Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share'	(3.61)	(3.61)	(3.61)	(3.61)	(3.61)	(3.61)
13.	In case, the employees compensation cost is calculated on the basis of intrinsic value of stock option, the difference between the employees compensation of the stock option cost based on intrinsic value of the stock and the employees compensation of the stock option cost based fair value, and the impact of this difference on profits and on EPS of the Company.	Since these options are issued at fixed exercise price its intrinsic value approximates its fair value.	Options are issued at CMP(intrinsic value) which approximates the Fair market value.	Options are issued at CMP(intrinsic value) which approximates the Fair market value.	Options are issued at CMP(intrinsic value) which approximates the Fair market value.	Options are issued at CMP(intrinsic value) which approximates the Fair market value.	Options are issued at CMP(intrinsic value) which approximates the Fair market value.
14.	For options whose exercise price either equals or exceeds or is less than the market price of the stock the following are disclosed separately: - Weighted average exercise price	136.66	423.70	439.55	467.60	228.01	154.35
15	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	N.A	N.A	N.A	N.A	N.A	N.A
	i) risk-free interest rate;						
	ii) expected life;						
	iii) expected volatility;						
	iv) expected dividends; and						
	v) the price the underlying shares in the market at the time of option grant.						

For and on Behalf of the Board of Directors

Date : 13th August 2013
Place : Gurgaon

(Shantanu Prakash)
Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

At Educomp, over the years, governance processes and systems have been strengthened and Corporate governance has always been an integral part of the way the business is done. The Company's corporate governance philosophy rests on the pillars of integrity, accountability, equity, transparency and environmental responsibility that conform fully with laws, regulations and guidelines. Company continues to focus on good Corporate Governance and its primary objective is to create and adhere to a corporate culture of conscience and consciousness, integrity, transparency and accountability for efficient and ethical conduct of business for meeting its obligations towards shareholders and other stakeholders.

The Company has always set SMART (Specific, Measurable, Achievable, Realistic and Timely) targets for the growth, profitability, customer satisfaction, safety and environmental performance and continues its commitment to high standards of corporate governance practices.

Independent directors are appointed in compliance to the listing requirement having diverse skills, experience and external objectivity that they bring to effectively perform their role to provide strategic direction, guidance and provide constructive support to management.

The Company is in compliance with all the requirements of the corporate governance code as enshrined in Clause 49 of the listing agreement.

1. **MANDATORY REQUIREMENTS**

The report on Corporate Governance as per requirement under Clause 49 of the Listing Agreement is given below:

A. **BOARD OF DIRECTORS**

The Company is managed by the Board of Directors, which formulates strategies, policies and reviews its performance periodically and manages the business of the Company.

(i) **Composition and Category**

The composition of the Board is in conformity with Clause 49 of the Listing Agreement. As on 31st March 2013, Board comprised of 7 Directors, out of which 2 are Executive Directors, including the Chairman & Managing Director and Whole Time Director. Of the 5 Non-Executive Directors, 4 are Independent Directors. Except the Managing Director and Director Nominated by Investors, all other Directors are liable to retire by rotation as per provisions of the Companies Act, 1956. In compliance with Clause 49 of the Listing Agreement, half of the Board comprises of independent directors. Mr. Shantanu Prakash is Executive Chairman of the Board.

During the year Mr. Gopal Jain had resigned from the Board with effect from 27th July 2012. Mr. Manav Saraf was appointed as an additional director of the Company w.e.f. 26th July 2012 and upon his resignation w.e.f. from 7th November 2012 and nomination by Mount Kellett Mr. Roy Campbell II was appointed as an additional director w.e.f. 9th November 2012 by the Board in the category of Non Independent Non-Executive.

After 31st March 2013 Dr. Shayama Chona resigned from the Board w.e.f 29th July 2013 and Dr. Subbarao Valluri Venkata was appointed as an additional director in the category of Independent Non Executive w.e.f. 31st July 2013

The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other public companies as on March 31, 2013 are given herein below:

Name of Director	Category	Designation	Number of Board meetings during the year 2012-13		Whether attended last AGM held on September 26, 2012	Directorship of Other Indian Public Companies	Committees Position Other Indian Companies	
			Held	Attended			Member	Chairman
Shantanu Prakash DIN 00983057	Promoter & Executive Director	Chairman & Managing Director	5	5	Yes	10	1	-
Jagdish Prakash DIN 00001115	Executive Director	Whole-Time Director	5	3	Yes	8	1	1
Gopal Jain DIN 00032308	Independent & Non-Executive Director	Director	1#	-	No	-	-	-
Sankalp Srivastava DIN 00126407	Independent & Non-Executive Director	Director	5	5	No	-	-	-
Shonu Chandra DIN 01019974	Independent & Non-Executive Director	Director	5	4	Yes	3	-	-
Rajiv Krishan Luthra DIN 00022285	Independent & Non-Executive Director	Director	5	1	No	4	2	1
Dr. Shayama Chona DIN 02749576	Independent & Non-Executive Director	Director	5	3	No	-	-	-
Manav Saraf DIN 05323642	Non-Independent Non-Executive Director	Director	2##	2	No	-	-	-
Roy Campbell II DIN 05210569	Non-Independent Non-Executive Director	Director	2###	2	NA	-	-	-

Details provided till the date of cessation.
Details provided from the date of appointment and till the date of cessation.
Details provided from the date of appointment.

Notes:

(i) The directorships held by the directors, as mentioned above do not include the directorships held in Pvt. Company, foreign companies and companies under Section-25 of the Companies Act, 1956.

(ii) The committees considered for the purpose are those prescribed under Clause 49(I)(C)(ii) of the Listing Agreement(s) viz. audit committee and shareholders/investors grievance committee of public limited companies and private limited companies which are public limited companies in terms of section 3(1)(iv)(c) of the Companies Act, 1956

(iii) Except Mr. Shantanu Prakash and Mr. Jagdish Prakash, who are relatives (Mr Jagdish Prakash is father of Mr Shantanu Prakash) and promoter directors, none of the directors are relatives of any other director

(iv) None of the Directors on the Board, are Members of more than ten Committees or Chairman of more than five Committees across all the companies in which they are Directors. Necessary disclosures regarding Committee positions in other public companies as on 31st March 2013 have been made by the Directors.

DETAILS OF BOARD MEETINGS HELD DURING THE YEAR

During the financial year ended 31st March 2013, 5 (Five) Board Meetings were held. The dates of the Board meeting are as follows:

May 30, 2012; August 13, 2012; October 8, 2012; November 9, 2012 and February 13, 2013.

The time gap between two meetings was not more than 4 months. Meetings are generally held in Corporate Office at Gurgaon. Apart from the physical meetings, the Board of Directors also considered and approved certain matters by circular resolutions.

B. INFORMATION AVAILABLE TO THE BOARD

During the year 2012-13, information as mentioned in Annexure 1A to Clause 49 of the Listing Agreements has been placed before the Board for its consideration.

The aforesaid information is generally provided as a part of the agenda of the board meeting and/or is placed at the table during the course of the meeting. The CEO, CFO and other senior management staff are also invited to the board meetings to present reports on the Company's operations and internal control systems. The Company Secretary, in consultation with the Chairman, prepares the agenda. The detailed agenda is sent to the members a week before the board meeting date. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted to be taken up as 'any other item'. Sensitive subject matters may be discussed at the meeting without written material being circulated in advance. Board meetings are held quarterly to coincide with the announcement of quarterly results.

C. AUDIT COMMITTEE

Broad Terms of Reference

The composition of audit committee meets the requirements of Section 292A of the Companies Act, 1956 and revised Clause 49 of the Listing Agreement. The terms of reference of this Committee covers the matters specified for Audit Committee under clause 49(II)(C) & (D) of the Listing Agreement read with Section 292A of the Companies Act, 1956. The terms of the reference of Audit Committee include inter alia the following:

Powers of Audit Committee

i. To investigate any activity within its terms of reference.

ii. To seek information from any employee.

iii. To obtain outside legal or other professional advice.

iv. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Key responsibilities of Audit Committee

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing, with the management, the annual/Quarterly financial statements before submission to the board for approval, with particular reference to:

   a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956

   b. Changes, if any, in accounting policies and practices and reasons for the same

   c. Major accounting entries involving estimates based on the exercise of judgment by management

   d. Significant adjustments made in the financial statements arising out of audit findings

   e. Compliance with listing and other legal requirements relating to financial statements

   f. Disclosure of any related party transactions

   g. Qualifications in the draft audit report.

   h. The quality and acceptability of:

      i. the accounting policies and practices, including without limitation critical accounting policies and practices, all alternative accounting treatments within generally accepted accounting principles for policies and procedures related to material items that have been discussed with management, ramifications of the use of such alternative treatments and the treatment preferred by the external auditors; and

      ii. financial reporting disclosures and changes thereto, including a review of any material items of correspondence between the Company and the external auditors;

   i. The extent to which the financial statements are affected by any unusual transactions or any off-balance sheet arrangements, including any disclosable guarantees, indemnification agreements or interests in unconsolidated special purpose entities, in the year and how they are disclosed;

   j. the policies and process for identifying and assessing business risks and the management of these risks;

   k. material misstatements detected by the auditors that individually or in aggregate have not been corrected and management's explanations as to why they have not been adjusted;

   l. possible impairments of the Group's assets;

   m. compliance with financial reporting standards and relevant financial and governance reporting requirements;

5. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

8. Discussion with internal auditors any significant findings and follow up there on.

9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.

13. Mandatory review the following information:

    i. Management discussion and analysis of financial condition and results of operations;

    ii. Statement of significant related party transactions (as defined by the audit committee), submitted by management;

    iii. Management letters / letters of internal control weaknesses issued by the statutory auditors;

    iv. Internal audit reports relating to internal control weaknesses; and

    v. The appointment, removal and terms of remuneration of the Chief internal auditor

14. Overseeing the relationships with the external auditors as follows:

    i. To consider the appointment of the external auditors and provide the Board with its recommendation to the shareholders on the appointment, reappointment and removal of the external auditors, approve the audit engagement fees and terms and review annually their activities, findings, conclusions and recommendations. The external auditors shall report directly to the Audit Committee. The Audit Committee shall be responsible for ensuring the resolution of any disagreements between management and the external auditors regarding financial reporting;

    ii. To discuss with the external auditors the nature and scope of the audit (including any significant ventures, investments or operations which are not subject to audit) and ensure co-ordination if more than one audit firm is involved;

    iii. To review and monitor the independence of the external auditors and the objectivity and the effectiveness of the audit process including reviewing and monitoring the external auditors' quality control procedures and steps taken by the external auditors to respond to changes in regulatory and other requirements. This review will include a review of the experience and qualifications of the senior members of the audit team, including rotational procedures;

    iv. To pre-approve the scope and extent of audit and non-audit services provided to the Group by any third party in the case of audit services and by the external auditors in the case of audit and permitted non-audit services. The Audit Committee may delegate to the Chairman of the Audit Committee (and in his absence another member) the authority to pre-approve any audit or permitted non-audit service to be provided by the external auditors provided such approvals are presented to the Audit Committee at its next scheduled meeting;

    v. To consider communications from the external auditors on audit planning and findings and on material weaknesses in accounting and internal control systems that came to the auditors' attention, including a review of material items of correspondence between the Company and the external auditors; and

    vi. To ensure that there are no restrictions on the scope of the statutory audit;

15. Such other function, as may be assigned by the Board of directors from time to time or as may be stipulated under any law, rule or regulation including the Listing Agreement and the Companies Act, 1956.

COMPOSITION, MEETINGS & ATTENDANCE OF THE COMMITTEE

The Audit Committee of the Company has been constituted as per the requirements of Clause 49 of the Listing Agreement. As on 31st March 2013 Audit Committee consist of three Directors, namely Mr. Sankalp Srivastava (having Financial and Accounting knowledge), Mr. Shonu Chandra, and Mr. Shantanu Prakash. Of the three members two are Independent, Non-Executive Directors, The Constitution of Audit Committee also meets the requirements under Section 292A of the Companies Act, 1956.

The Chairman of the Committee is Mr. Sankalp Srivastava, an Independent Non Executive Director nominated by the Board. Due to health reasons the Chairman of the Audit Committee could not attend the last Annual General Meeting of the Company.

The Statutory Auditors and Internal Auditors are also the invitee to the meetings. Company Secretary of the Company acts as Secretary of the Committee.

During the year under review, the Committee met 4 times on May 30, 2012; August 13, 2012; November 9, 2012 and February 13, 2013. The gap between two meetings did not exceed four months. Constitution of Audit Committee and other related information as on 31st March 2013 are as under:

Name of Director	Category	No of Meetings held	No of Meetings Attended
Mr. Sankalp Srivastava	Chairman, Independent &, Non Executive Director	4	4
Mr. Shonu Chandra	Member, Independent & Non Executive Director	4	4
Mr. Gopal Jain*	Member, Independent & Non Executive Director	1#	-
Mr. Shantanu Prakash	Member, Promoter & Executive Director	4	4

*Mr. Gopal Jain resigned from the Board with effect from 27th July, 2012 and ceases to be Member of the Audit Committee.
#Details provided till the date of cessation.

D. INTERNAL AUDITORS

The Company has two Internal Auditors, Grant Thornton and Rajnish & Associates, to review the internal controls system of the Company and to report thereon. The reports of the internal auditors are reviewed by the Audit Committee. The audit is based on an Internal Audit Plan, which is reviewed each year in consultation with the statutory auditors and the Audit Committee. The planning and conduct of internal audit is oriented towards the review of controls in the management of risks and opportunities in the Company's activities. The Internal Audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operations.

E. **REMUNERATION COMMITTEE**

Terms of Reference:

The Broad terms of reference includes the following:

1. To frame Company's Policy from time to time on
   a. Compensation Policy to Directors
   b. Role of Directors
   c. Other matters relating to Directors and Employees
2. To recommend suitable candidates to Board for appointment as Executive/Non Executive Director.
3. To review performance and recommend remuneration of Executive Directors' to the Board.
4. To review the role and conduct of Director's other than Members of the committees and inform the Board.
5. To formulate ESOP plans and decide on future grants;
6. To formulate terms and conditions on followings under the present Employee Stock Option Schemes of the Company:
   i. the quantum of options to be granted under ESOP scheme(s) per employee and in aggregate;
   ii. the conditions under which options vested in employees may lapse in case of termination of employment for misconduct;
   iii. the exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
   iv. the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
   v. the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
   vi. the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues and other corporate actions;
   vii. the grant, vest and exercise of option in case of employees who are on long leave; and
   viii. the procedure for cashless exercise of options.
   ix. Any other matter, which may be relevant for administration of ESOP schemes from time to time.

COMPOSITION, MEETINGS AND ATTENDANCE:

As on 31st March 2013, Remuneration Committee of the Company consisted of 3 Independent, Non- Executive Directors namely Mr. Shonu Chandra, Mr. Sankalp Srivastava and Dr. Shayama Chona. During the year under review remuneration committee met 1 time.

Name of Director	Category	No. of Meetings held	No. of Meetings Attended
Mr. Sankalp Srivastava	Chairman, Independent &, Non Executive Director	1	1
Mr. Shonu Chandra	Member, Independent & Non Executive Director	1	1
Mr. Gopal Jain*	Member, Independent & Non Executive Director	1#	-
Dr. Shyama Chona	Member, Independent & Non Executive Director	-##	-

*Mr. Gopal Jain had resigned from the Board with effect from 27th July, 2012 and his place Dr. Shyama Chona was inducted as Member of the Remuneration Committee w.e.f 13th August 2012.

\# Details provided till the date of cessation.

\## Details provided from the date of appointment.

After 31st March 2013 Dr. Shayama Chona resigned from the Board w.e.f. 29th July 2013 and in her place Dr. Subbarao Valluri Venkata has been inducted as member of remuneration committee w.e.f. 31st July 2013.

REMUNERATION POLICY

The Company has a credible and transparent policy in determining and accounting for the remuneration of Director's. The remuneration policy is aimed at attracting and retaining high caliber professionals/individuals.

a) **Executive Director/(s)**

Remuneration of Executive Directors is decided based upon their qualification, experience, contribution at the respective positions in the past and expected future benefits to the company and is consistent with the existing industry practice. Executive Directors are entitled for the remuneration as follows:

(i) Salary and commission not to exceed limits prescribed under the Companies Act, 1956

(ii) Revised from time to time depending upon the performance of the Company,

(iii) No Sitting Fees is being paid to them

(iv) Eligible for ESOP except Promoter Director

Presently company has two Executive Directors Mr. Shantanu Prakash Chairman and Managing Director and Mr. Jagdish Prakash, Whole Time Director

Details of the remuneration paid to Executive Directors and their shareholding in the company for the year ended March 31, 2013 is as follows:

(Amount in ₹)

S. No.	Name of Directors	Gross Salary	Commission	Sitting Fees	Stock Options	Shareholding in the Company & %
1	Mr. Shantanu Prakash	1,38,00,000	-	-	-	3,51,35,205 (28.70%)
2	Mr. Jagdish Prakash	48,55,776	-	-	-	-

The above figures do not include provision for en-cashable leave and gratuity. Remuneration paid to Executive Director exceeded the limits specified under the Companies Act, 1956. The company is seeking approval from Central Government for payment of managerial remuneration in excess of the limits specified under the Companies Act, 1956, for the financial year ended March 31, 2013.

b) **Non Executive Director/(s):**

Non- Executive Directors are entitled as follows:

(i) Sitting fees not to exceed limits under the companies Act, 1956

(ii) Eligible for ESOP

(iii) Commission not to exceed limits prescribed under the Companies Act, 1956

The Company does not have material pecuniary relationship or transactions with its non-executive directors.

Details of the remuneration paid to Non executive Director for the F.Y 2012-13 and there shareholding in the company as at March 31, 2013 is as follows

S. No.	Name of Directors	Sitting Fees	Commission (Amt in ₹)	Stock Options as at 31st March 2012*	Stock options exercised during the year	Stock options granted during the year	Balance as at 31st March 2013	Shareholding in the Company
1	Mr. Sankalp Srivastava	-	-	1,00,000	Nil	Nil	1,00,000	15,000
2	Mr. Shonu Chandra	-	-	1,72,690	Nil	Nil	1,72,690	3,250
3	Mr. Gopal Jain#	-	-	3,50,000	3,50,000	-	-	1,50,000
4	Dr. Shayama Chona	-	-	1,00,000	-	50,000	1,50,000	Nil
5	Shri Rajiv Krishan Luthra	-	-	1,00,000	-	50,000	1,50,000	1,25,000
6	Mr. Manav Saraf#	-	-	-	-	-	-	-
7	Mr. Roy Campbell##	-	-	-	-	-	-	-

* (Number of Stock options granted, outstanding and adjusted post split)
# Details provided till the date of cessation.
Details provided from the date of appointment.

Stock options were granted at the prevailing market price. Stock options will vest over a period of seven years with an option to convert the stock options into equity shares at any time upto 8 years from the Grant Date.

F. **SHAREHOLDERS/INVESTOR GRIEVANCE COMMITTEE**

Terms of Reference

The broad terms of reference includes the following:

- Redressal of shareholder and investor complaints including, but not limiting itself to transfer of shares and issue of duplicate share certificates, non-receipt of balance sheet, non-receipt of declared dividends, etc., and
- Monitoring transfers, transmissions, dematerialization, re-materialisation, splitting and consolidation of shares issued by the Company.

COMPOSITION, MEETINGS AND ATTENDANCE

In compliance with the Listing Agreement requirements and provisions of the Companies Act, 1956, the Company has constituted an Investor Grievance Committee consisting of majority of Non-Executive Independent Directors. As on 31st March 2013, Committee consists of three members comprising of Mr. Sankalp Srivastava, Mr. Shonu Chandra, Mr. Jagdish Prakash under the Chairmanship of a Independent & Non Executive Director viz Mr. Sankalp Srivastava. Company Secretary acts as secretary to committee

During the year under review, Committee met Nineteen times

Attendance particulars of members are as follows:

S. No.	Name of Director	Category	No of meetings of held	No of meetings attended
1	Mr. Sankalp Srivastava	Chairman, Independent & Non-Executive Director	19	4
2	Mr. Shonu Chandra	Member, Independent & Non-Executive Director	19	18
3	Mr. Jagdish Prakash	Member, Whole Time Director	19	19

Apart from above mentioned committees, Company also have Finance Committee and Debenture Committee. Finance Committee consists of three Directors namely Mr. Shantanu Prakash, Mr. Jagdish Prakash, Mr. Sankalp Srivastava. Mr. Sankalp Srivastava is the Chairman of Finance Committee. Debenture Committee consists of three Directors namely Mr. Shantanu Prakash, Mr. Jagdish Prakash, Mr. Shonu Chandra .During the year under review Finance Committee met 8 times while Debenture Committee, Committee met four times.

COMPLIANCE OFFICER

Mr. Anil Sharma, Company Secretary, is the Compliance Officer for complying with the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 & Company Secretary is responsible for Complying with the requirements of Listing agreements with the Stock Exchanges. The Compliance Officer can be contacted at:

Educomp Solutions Limited
Plot No 514, Udyog Vihar Phase III
Gurgaon, Haryana-122002
Tel: +91-124-4529000
Fax: +91-124-4529039
Email:, investor.services@educomp.com

Status of Investor complaints received by the Company during the year under review is as follows:

Particulars	Pending as on April 1, 2012	Received during the Year	Disposed during the Year	Pending as on March 31, 2013
No of Complaints	1	63	64	0

The complaints received were mainly in the nature of non-receipt of dividend warrants/mandates, non-receipt of annual reports, etc.

G. **GENERAL MEETING**

Details of the AGM/EGM held in the last three years along with special resolutions passed thereat:

Financial Year	Date and Time	Venue	Particulars of special resolution passed
2009-10 (AGM)	27-09-2010 11.00 A.M	Sri, Sathya Sai International Center, Pragati Vihar, Lodhi Road, New Delhi - 110003	1. Issuance of Equity Shares / Securities under Section 81 (1A) of the Companies Act, 1956 and SEBI (ICDR) Regulations, 2009
2010-11 (AGM)	24-09-2011 04.30 P.M	Sri, Sathya Sai International Center, Pragati Vihar, Lodhi Road, New Delhi - 110003	Nil
2011-12 (EGM)	16-07-2012 11:00 A.M	Sri, Sathya Sai International Center, Pragati Vihar, Lodhi Road, New Delhi - 110003	1.) Issuance of Equity Shares / Securities under Section 81 (1A) of the Companies Act, 1956 and SEBI (ICDR) Regulations, 2009 2.) Issue of FCCBs 3.) ESOP Scheme 2012 for the Company 4.) ESOP Scheme 2012 for the subsidiaries.

Financial Year	Date and Time	Venue	Particulars of special resolution passed
2011-12 (AGM)	26-09-2012 04.30 P.M	Sri, Sathya Sai International Center, Pragati Vihar, Lodhi Road, New Delhi - 110003	1.) Adoption of new set of Articles of Association of the Company. 2.) Change in terms of appointment of Whole Time Director. 3.) Keeping of registers / Returns/ Documents at a place other than the Registered Office.
2011-12 (EGM)	15-11-2012 11.30 A.M	PHD chambers, Khelgaon, August Kranti Marg, New Delhi - 110003	1.) Issuance of Equity Shares / Securities under Section 81 (1A) of the Companies Act, 1956 and SEBI (ICDR) Regulations, 2009

POSTAL BALLOT

No resolutions were passed by postal ballot in the year under review.

At the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal Ballot.

H. DISCLOSURES

Related Party Transactions

The required statements/disclosures with respect to the related party transactions, are placed before the audit committee as well as to the Board of directors in terms of Clause 49(IV)(A) and other applicable laws for approval.

The Company's major related party transactions are generally with its subsidiaries and associates. The related party transactions are entered into based on consideration of various business exigencies such as synergy in operations, sectoral specialization, liquidity and capital resource of subsidiary and associates. Where ever applicable and required, necessary approvals from Central Government U/s 297 of the Companies Act, 1956 has been taken before entering into any related party transaction.

Transactions with the related parties are disclosed in note no.2(33) to the Accounts in the Annual Report. No transaction of a material nature has been entered into by the Company with the Directors or Managements and their relatives etc. which may have potential conflict with the interest of the Company.

Disclosure of accounting treatment

The Company follows accounting standards notified by Ministry of Corporate Affairs under Accounting Standard Rules, 2006 in the preparation of financial statements, the Company has not adopted a treatment different from that prescribed in any Accounting Standards.

Risk Management

The risk assessment and minimization procedures are in place and the Board is informed about the business risks and the steps taken to mitigate the same.

Management Discussion and Analysis Report

The Management Discussion and Analysis report forms part of this annual report.

Shareholders

Profile of Directors who are to be appointed/re-appointed Profile of the Directors to be appointed/re-appointed along with the Directorship details is provided in the Notice of the 19th Annual General Meeting of the Company.

Whistle Blower Policy

The Company does not have a formal Whistle Blower Policy.

Details of non-compliance with regard to Capital Market

There were no instances of non-compliances by the Company on any matter related to capital markets. The Company has complied with the requirements of listing agreement as well as the regulations and guidelines prescribed by the Securities and Exchange Board of India (SEBI). There were no penalties imposed nor strictures passed on the Company by the Stock Exchanges, SEBI or any other statutory authority on any matter related to capital markets, during last three years .

The Company has paid listing fees to the stock exchanges and annual custodial fees to the depositories for the financial year 2012-13 in terms of Clause 38 of listing agreement.

I. MEANS OF COMMUNICATION

The quarterly un-audited results and yearly audited are published in prominent daily newspapers, viz. Financial Express, Mint, (English daily) and Jansatta, Rashtirya Sahara (vernacular newspaper) and are also posted on our website. At the end of each quarter we organize an earnings call with analysts and investors

Up-to-date financial results, annual reports, shareholding patterns, official news releases, financial analysis reports, latest presentation made to the institutional investors and other general information about the Company are available on the Company's website www.educomp.com.

J. GENERAL SHAREHOLDER INFORMATION

Detailed information in this regard provided in the shareholders information section forms part of this report.

K. SUBSIDIARY COMPANIES

Company has one 'material non-listed Indian subsidiary' i.e Educomp Infrastructure & School Management Limited during the accounting year under review in terms of the provisions of clause 49 of the Listing Agreement.

L CEO/CFO CERTIFICATE

The certificate required under Clause 49(V) of the Listing Agreement duly signed by the CEO and CFO was placed before the Board and the same is annexed as Annexure A.

M COMPLIANCE

Company has complied with the mandatory requirements as stipulated 49 of the listing agreements. Company has submitted the Quarterly compliance report to the stock exchanges with in the prescribed time limit. M/s Sanjay Grover & Associates, Practicing Company Secretaries have certified that the company has complied with the mandatory requirements of corporate governance as stipulated in Clause 49 of the Listing Agreement

2. NON-MANDATORY REQUIREMENTS

(i) Remuneration Committee

The Company has constituted a Remuneration Committee and all the information pertaining to Committee has been given in this report.

(ii) Shareholders Rights

As the Company's quarterly and half yearly results are published in compliance with clause 41 of the listing agreement in leading English Newspaper having circulation all over India and in Leading Hindi newspaper widely circulated in Delhi.

(iii) Audit Qualifications

The statutory financial statements of the Company are unqualified.

For and on Behalf of the Board of Directors

Date : 13th August 2013

Place : Gurgaon

(Shantanu Prakash)

Chairman & Managing Director

Certificate on Corporate Governance

To,
The Members,
Educomp Solutions Limited

We have examined the compliance of conditions of Corporate Governance by M/s. Educomp Solutions Limited, for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our review has been limited to review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the condition of the certificate of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the mandatory requirements of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement with emphasize on the following:

1. As explained by the management the Chairman of the Audit Committee could not attend the Annual General Meeting of the Company held on 26th September, 2012 due to health reasons {Clause 49 (II)(A)(iv)}.

We further state that such compliance is neither an assurance as to the future viability of the Company, nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Sanjay Grover & Associates
Company Secretaries

S/d

Date : August 1st, 2013
Place : New Delhi

Sanjay Grover
C.P No. 3850

Chief Executive Officer (CEO) /Chief Financial Officer (CFO) certification

ANNEXURE A

We, Shantanu Prakash, Chairman and Managing Director and Ashish Gupta, Chief Financial Officer of Educomp Solutions Limited, to the best of our knowledge and belief hereby certify that:

(a) We have reviewed financial statements and the cash flow statements for the year ended 31st March 2013 and that to the best of our knowledge and belief:

  (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

  (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's Code of Conduct;

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design and operations of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit Committee:

(i) Significant changes in the internal control over financial reporting during the year under reference;

(ii) Significant changes in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and

(iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-
Signature:
Shantanu Prakash
Designation: Chairman & Managing Director

Sd/-
Signature:
Ashish Gupta
Designation : CFO

Date : 30th May, 2013
Place : Gurgaon

Management Discussion and Analysis

FINANCIAL YEAR 2012-13 AT A GLANCE

From the beginning of FY13, your company has been in a phase of consolidation. We have been focusing our energies on operational efficiencies, strengthening our balance sheet, focusing on cash flows and launching new products and services through existing sales and distribution network.

From a start up to expansion, to diversification, to consolidation, your company has come around a whole circle. As your company approaches 20th anniversary next year, we are gearing up for next chapter of growth named "Educomp 2.0".

Educomp 2.0 is our operating Bible which includes our six-point agenda to transform your company and take it to the next level. On one hand, Educomp 2.0 is focused on digital content and our intellectual property based offerings where we plan to take our innovative IP-based products across our presence in 14,500 schools and migrate from being a products company to a solutions company. And on the other hand, Educomp 2.0 is focused on our asset backed offerings that solve the access and capacity problems for India. This is the segment where we have our schools and colleges, where we have annuity style long-term cash flows with highly stable customer lock-ins.

First of our six point agenda is about Focus. Your company is the leader company in almost all segments in which we operate but the focus will be on on our core competencies. We have already begun the process of exiting non-core businesses and during the year, your company profitably sold its stake in (a) Eurokids (largest pre nursery chain of schools in India) to a group of investors lead by GPE India and (b) IndiaCan (joint venture between Pearson and Educomp for vocational education) to Pearson. Your company also diluted our majority stake in AuthorGen in favor of Bertelsmann (large German Media House) and Kaizen Private Equity who have invested primary capital to take the business forward. In addition to the above, we have also closed some of our loss making businesses during the year which should also help improve our operating performance in FY14. We would also like to highlight that we are actively pursuing divesting some of our other non core assets in test preparation space and are confident of completing the transactions during fiscal year 2013-14.

Secondly, Educomp 2.0 is about cautious growth. While we have grown rapidly over the last few years from a mere 300 schools in FY07 to over 14,500 schools, our operational backbone hasn't kept pace with the growth. During the year, we focused on (a) acquiring the quality customer base in terms of profitability (as evident from 2171 schools added in FY13 as compared to 6114 schools added in FY12) and (b) building a backbone that can effectively service our customers. Your company chose profitability over volume growth in FY13 resulting in (a) average ARPU during FY13 remaining stable in-spite of not providing resource coordinator to schools from Q4FY13, (b) significant increase in number of classrooms added per school from 6.5 in FY12 to 13.3 in Q4FY13 as part of strategy to cross sell and up sell to existing schools and (c) improvement in collection efficiency (amount collected in Q4FY13 was twice the amount collected in Q1FY13).

Thirdly, Educomp 2.0 is a solution company and not just a product company. While so far we have done well, focusing our energies on selling products like SmartClass to schools. However, with a base of over 14,500 schools and 6.9 million students, we realized that through this network, we can reach out to over 16 million parents across the country. Your company has initiated leveraging this network through a wider portfolio of IP based products and solutions. We will cross sell, up sell additional products and solutions to a customer base using our existing sales and distribution network.

The forth focus area for us is balance sheet strengthening including correction of asset liability mismatch. Educomp has over the years, built high quality infrastructure in K-12 and Higher education segments, which involves significant capital investments. These businesses "generally" become cash flow positive in 5-7 years. Currently, our cash flow profile doesn't match up with liabilities on accounts of loans taken for either for SmartClass hardware procurement or building K-12 or higher education campuses. The deteriorating credit environment added to the stress given limited availability of long term debt and hardening interest rates. Inspite of the strong headwinds during FY13, your company has been successful in reducing the capex by 50% which alongwith improvement in collections has resulted in reduction of net debt. While the net debt reduced marginally from ₹ 19,644 million as at December 31, 2012 to ₹ 19,544 million as at March 31, 2013, we consider these as green shoots for the concentrated efforts put in place during the year. Your company would like to thank the lenders who have been extremely supportive of Educomp during this time.

In terms of our fifth focused item – Educomp 2.0 will be a leaner organization. We are working on streamlining our operations, integrating technology into the supply chain and servicing components to replace and optimize our existing cost structure. During the year, we have already undertaken specific measures in K-12 business wherein we have slashed down our corporate expenses by more than 50%. In addition, effective April 1, 2013, we have merged the sales and service organizations at zonal levels thereby increasing span of controls for both sales and the servicing teams. The leaner structure will result in lower operating cost, better customer engagement and it is more effective in the long-term. We now have 600 people across 600 districts in India. Last but not the least, as mentioned earlier, during FY13, your company decided to sell SmartClass product without resource coordinator. We are positively surprised by our customers who have supported this decision. This decision will help us optimize our headcount besides being accretive to the margins of SmartClass business.

As a last and very important priority Educomp 2.0 is a mix of experienced and new leadership. During the year, your Company hired senior professionals including Mr. Rakesh Sharma as Executive Director. He brings immense professional experience in Education sector and will surely be able to add significant value to Educomp.

COMPANY OUTLOOK AND STRATEGY FOR FY 2014

As Robert Frost famously said–

"The woods are lovely, dark and deep,
But I have promises to keep,
And miles to go before I sleep,
And miles to go before I sleep."

Similar to what Robert Frost said years ago, the theme for FY14 remains Educomp 2.0 and driving the six point agenda which we initiated during FY13. We believe that the near term outlook in FY14 is mixed, considering liquidity constraints and a volatile market environment, despite strong business fundamentals. However, by leveraging (a) our extremely valuable IP based smart learning solutions and (b) an enviable customer reach of 34,500 schools and ~23 million learners, over the mid-term, we remain confident of returning the business to a position of strength.

CORPORATE DEBT RESTRUCTURING (CDR)

In order to correct the asset-liability duration mismatch, Your Company has initiated discussions with its senior secured lenders and plans to restructure its debt under the Corporate Debt Restructuring (CDR) mechanism, including moratorium on principal and interest payments on term-debt. The debt-restructuring exercise will ensure better liquidity and enable the Company to focus and strengthen its core operations. We believe this will help us to safeguard the interests of our key stakeholders, including customers and vendors. Our senior lenders have shown support of our long-term business plans and are supportive of our efforts to achieve a sustainable debt structure.

About CDR

- The CDR mechanism, was launched in February, 2002 under the aegis of RBI, is a voluntary and non-statutory arrangement to ensure timely and transparent mechanism for restructuring the corporate debts of potentially viable entities, outside the preview of legal proceedings.
- Banks and FIs participating in CDR System became member and formed a self-empowered body, which lay down policies and guidelines, and monitors the process of the CDR. At present there are 56 members such as State Bank of India, Life Insurance Corporation of India, Bank of Baroda, Bank of India, ICICI Bank etc.

- CDR system is based on Debtors Creditor Agreement and Inter Creditor Agreement and this provide the legal basis to the CDR mechanism.
- Further, if 75 per cent of creditors by value and 60 per cent creditors by number agree to a restructuring package of an existing debt, the same would be binding on the remaining creditors.
- CDR considers all the preliminary reports for restructuring. However, the detailed package will be worked out with the help of Lead institution for the potentially viable companies.

SMARTCLASS – RETURNING BACK TO BUILD OWN AND OPERATE MODEL

During FY13, your company was contemplating legal restructuring of our SmartClass business. The Board of Directors in their meeting in April 2013 had constituted a committee to evaluate various options, taking into account the financial legal and tax aspects of the proposed restructuring. Notwithstanding the final outcome of the evaluation exercise currently underway, your company has decided two significant changes effective April 1, 2013.

Firstly, we have decided to migrate to Build Own and Operate model for SmartClass revenue recognition. As a consequence; we would now be booking our revenue in 20 quarterly installments assuming it is a five year contract or in 12 quarterly installments assuming it is a three year contract. Secondly, Smartclass will now be a bilateral business. It will be a business directly between Educomp and the customer.

EDUREACH – FOCUS ON CONTENT AND TRAINING BUSINESS

In our Govt. business, we will again focus on cautious growth by cherrypicking the govt. orders. We will channelize our efforts in content and training related govt. orders, which are the core competencies of Educomp. Further we will focused on maximizing the realization and margins for the existing projects in the Edureach business.

K-12 – ASSET LIGHT JV MODEL AND DRIVING ENROLLMENTS IN EXISTING SCHOOLS

Our focus in K12 will be to drive the entire future growth through the Asset light JV model. Given the large number of our Greenfield schools now operational and becoming cash positive, we have established a successful proof-of-concept. We are now seeing significant traction in the JV model. Several JV partners are committing themselves to tie-ups where-in they will bring the physical assets (land & building) or capital, while we will provide management services to run the schools. Additionally, our focus will also be on driving enrolments and increasing capacity utilization of exiting schools.

HIGHER EDUCATION

In the higher education business, our engineering college will enter into third academic year, while the management college will see the passing out of first batch and admissions for third batch. We witnessed a high placements ratio for the first batch of our management college and are hopeful of increasing the benchmarks for next batch for admissions. Besides, we have seen increasing traction for our design colleges, which are established in partnership with the Raffles Group.

MONETIZATION OF ASSETS

We are exploring monetization of non-core assets across our portfolios in order to unlock the value in the business while at the same time prioritizing our portfolio so that management time and bandwidth is clearly provided to those businesses that create greater value. As discussed earlier, we are currently evaluating divesting our stake in some more non-core businesses.

LAUNCH OF NEW PRODUCTS

Our business profile while being robust, is dynamic leading to change in our product mix. We are getting into newer and exciting business with new products while taking advantages of cross selling through its already established network and customer base. We have launched a revolutionary tablet product in Q1FY14. Our tablet solution will provide our large base of millions of students a content loaded, curriculum mapped, applications enriched, educational solutions, which is first of its kind of a product in the market. Besides tablet, we have also launched English Mentor (to build proficiency in English language by creating a seamless lesson plan that runs across the classrooms and the lab) and Eduignite (an assessment system for students, teachers and schools)

INDUSTRY STRUCTURE AND DEVELOPMENT

Market Overview

India, today, is considered as a talent pool of the world, having qualified and educated human resources in abundance. India has the world's largest population in the age bracket 5 to 24 years of about 450 million[1]. It also has around 500 million[2] in the 25 to 59 age bracket which constitutes the working population and is expected to continuously increase even as the world's working population ages and diminishes. This has been one of the primary reasons for transformation of India into one of the fastest growing economies in the world since liberalization in the 1990s.

As the economist Clark Kerr observed, "On a global scale, wealth and prosperity have become more dependent on the access to knowledge than the access to natural resources."

Education is the key to unlocking and building lasting value in a robust economy. In order to meet this existing and emergent demand, there is huge need of investments in the Indian education sector. Exhibit below provides an overview of the current Indian educational infrastructure and the need gap.

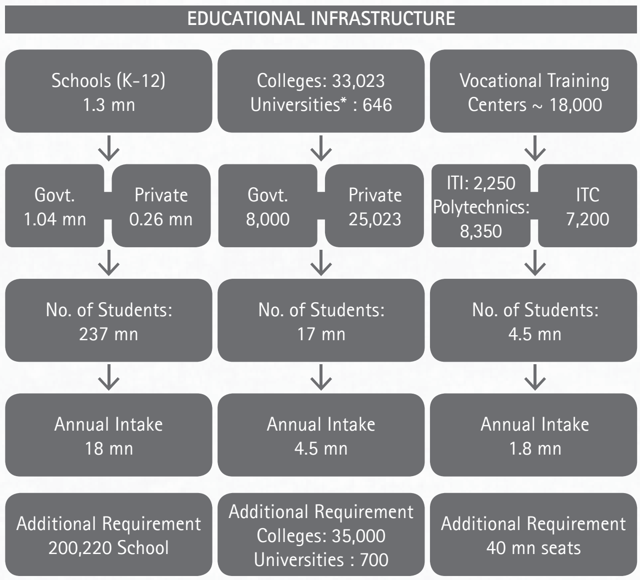


Figure 1 | Source: Indian Education Sector Outlook, Technopak July 2012

Another indicator of this widening gap is the number of students going abroad for higher education, which is estimated at over 0.2 million students and an annual spending of over USD 13 billion[3].

KEY MARKET SEGMENTS

Smartclass Market

A smart classroom is equipped with multimedia components which are designed to enrich the teaching and learning process. Technology in education has played a significant role in educating and connecting students to existing and future learning opportunities. Smart classrooms have been enhanced with advanced technological learning aids, thereby revolutionizing the whole teaching and learning process. In many impoverished districts and states, technology has allowed students to experience world-class education.

As per BCG, out of approx 1.4 million schools in India, the addressable market for Smartclass is approx 200,000 private unaided schools. These private unaided schools will convert to approx 2 million classrooms. According to BCG, out of addressable 200,000 schools, 33% are English medium and account for 58% of classrooms. The same translates to approx. 1.2 million classrooms with a total market size of USD 7

1 Technopak report, July 2012
2 Techopak report, July 2012
3 Technopak report, July 2012

billion. As per BCG, only 20% of private unaided English medium schools and 10% of classrooms currently have Smartclass which provides significant headroom for growth both in terms of school and classroom penetration. Smartclass products for vernacular medium schools will further add to addressable market.

In addition, BCG also highlighted new digital tools like Tablets to augment worksheets and books in schools. As per BCG, market for Tablets in India is expected to grow strongly and education focused tablets can reach 25-40 million units by FY16.

Various state governments are also pushing digital technology in schools as seen from recent announcements by the Chief Ministers of U.P, Tamilnadu and Punjab where-in they are contemplating distribution of free laptops and tablets to school going students in their respective states.

K-12 MARKET

As per Technopak report, schooling segment covers the largest population of our society as compared to any other form of education. The segment is also the largest education segment valued at USD 44 billion in 2011 and is expected to reach USD 144 bn by the year 2020. The market size of its various sub-segments with growth rates and projections for the year 2020 is mentioned below:

Particulars		2011	2020
Schooling	CAGR	$bn	$bn
K-12 Schools (Tuition Fee only)	14%	29	95
Tutoring	14%	8	26
Content (Text & Multimedia)	14%	3.5	11.5
Stationery	14%	2	6.5
Pre School	15%	1.5	5
Total		44	144

Figure 2 | Source: Indian Education Sector Outlook, Technopak July 2012

According to a CARE Research report, the growth momentum in the K-12 educational space will continue owing to the following factors:

- Population in the age group 5-19 years (K-12 target population age) comprising approximately 30% of the Indian population represents huge target market both in the immediate as well as long run
- Growing proportion of country's middle class population implying higher propensity to spend on child's education. The per capita public expenditure on secondary education has increased from ₹ 315 in FY08 to ₹ 784 in FY12
- Lower enrolment rates especially at the upper primary level as compared to other developed nations of the world (with enrolment rates > 90%) owing to the drop-out rate post the primary education remaining high especially in rural India
- Increase in expenditure outlay during the XIIth plan period earmarked by the Government of India (GoI) for the Primary & Secondary education
- Greater role of private entrepreneurs / institutes in the K-12 educational space through Public-Private Partnership.

In view of the above-mentioned factors together with the GoI's vision to universalize K-12 education in the country, the XIIth plan envisages the following for the growth of Primary & Secondary education:

- Integration of pre-school education with primary schooling for the overall development of child right from the early stage
- Strive to achieve Gross Enrolment Ratio (GER) > 90% at the secondary level and 65% in the higher secondary level by FY17; much in line with the global trends
- Reduction in drop-out rates to < 25% by FY17
- Promoting the use of technology in education through the introduction of Information & Communication Technology (ICT) in schools
- Focus on teacher training so as to familiarise them with real- life classroom situation
- Implementation of common school curriculum & syllabus across all the schools in the country especially for studies relating to Science, Maths & English.

Key issues currently faced by the segment include:

- **Public School Infrastructure –** Poor infrastructure in Govt. schools and lack of good teachers have forced the Indian middle class to withdraw their children from Govt. schools and enroll them in private schools. While private schools account for 20% (.26 million) of the total number of schools (1.3 million), they provide education to more than 30% of students. The increasing demand for quality education is also backed by the willingness to pay for it. Metros like Delhi and Mumbai have very high land prices and almost no vacant education land parcels, thereby limiting capacity expansion. A state wise analysis on the need gap indicates a shortage of schools in Chandigarh, Kerala and Delhi/NCR. In places like Delhi, this situation is expected to remain unchanged due to high land costs and unavailability of new school land parcels. Probably running schools in shifts could address some of these issues.
- **Shortage of Trained Teachers –** The education system in India suffers from a shortage of trained teachers and this has become a big concern for the education sector. As per estimates of Technopak, India will require 6.0mn more teachers by 2020 to attain the world average in terms of student teacher ratio. This would mean a requirement to train 0.75mn teachers p.a., as against this the total capacity of all B.Ed. Colleges currently is only 0.25mn p.a. Thus in order to improve the quality of education it is imperative to address the shortage of teachers as well as the quality of teachers and teacher training courses. As a result of this, leading chains of schools are setting up in-house teacher training facilities.
- **Quality of Education –** As if the shortage of teachers was not sufficient to degrade the quality of Indian education, most schools still follow the rote learning practices, which hamper the quality of education severely. This is further supplemented by ineffective assessment of students. The overwhelming acceptance of international boards like the IB and the Cambridge, indicate that people are looking at alternative curriculums and pedagogies that lean towards practical and applied learning rather than rote learning.

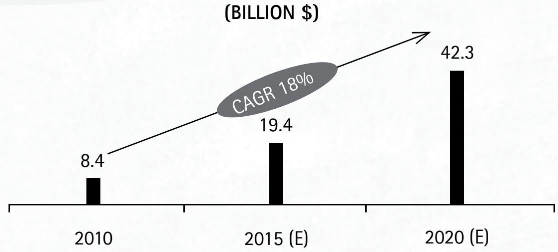
HIGHER EDUCATION MARKET

According to the E&Y – EDGE 2011 report, India boasts of more than 26,000 higher education institutes higher than any other country. However, despite having such a large number of institutes, India's Gross Enrolment Ratio still lags at 12%, which is significantly less than the global average. The Government has set itself a highly aggressive target of achieving 30% GER by 2020, which translates into an enrolment of 40 million students in the higher education system.

As per the report, the higher education sector in India is expected to witness a growth of 18.0 per cent CAGR till 2020. At present, the sector witnesses spends of more than ₹ 46,200 crore (US$ 8.38 billion), which is estimated to grow at an average rate of more than 18.0 per cent to over ₹ 232,500 crore (US$ 42.17 billion) in 10 years.

As per the report, The total government outlay for higher education has increased from 21% of total education spend in the Xth Five Year Plan to 31% in the XIth Five Year Plan which is expected to further support the growth of this sector.

INDIAN HIGHER EDUCATION SECTOR (BILLION $)



Growth in Higher Education Institutions in India

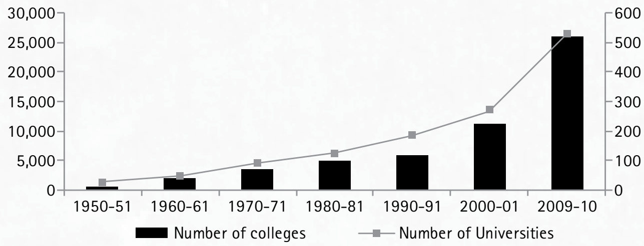


Figure 3 | **Source: E&Y EDGE 2011 Report**

The report mentions that creation of new capacities and optimization of existing capacities is significantly impacted by the existing regulatory framework. Key issues faced by the sector includes

- **Not for profit status** - Indian HEIs must be operated as not-for-profit entities either as Public Trusts, Societies or as Section 25 companies. The not-for profit mandate is a key deterrent to active private interest and flow of capital of the corporate sector. In several other countries such as the US, not-for-profit models coexist with for-profit models.

- **Complex regulatory environment** - There are multiple regulatory agencies with overlap of functions and mandates. Education as a subject features in all 3 Constitutional lists i.e. the Union, the State and the Concurrent lists. This has resulted in both Central and State Government agencies regulating education, making the set up of new universities difficult.

- **Lack of autonomy** - Almost all critical aspects relating to establishment and operations of the institutes are regulated, limiting autonomy. Regulators prescribe detailed guidelines for a range of issues including admission, in-take norms, faculty recruitment, infrastructure requirements and collection of fees. The lack of a well-oiled accreditation mechanism and the overdependence on inspections has also created an air of uncertainty in the sector.

- **Barriers to foreign capital and collaborations** - The absence of a comprehensive policy framework for the entry and operation of foreign universities has served as an entry barrier for overseas institutions. Thus, collaborations around curriculum, content, teacher training, etc, which could have increased the quality of Indian institutes have not gained momentum.

Acknowledging the complexity of the existing regulatory framework and the need to reform Higher Education policies, the MHRD has proposed the introduction of a number of Bills, the enactment of which would bring about fundamental and structural changes to the higher education regulatory environment. The key Bills proposed include the following:-

Legislation	Objective	Status
The Foreign Educational Institutions [Regulation of Entry and Operations] Bill, 2010	To regulate the entry and operation of foreign educational Institutions of India	Pending with Parliamentary Standing Committee
The Prohibition of Unfair Practices in technical Educational Institutions, Medical Educational Institutions and Universities Bill, 2010	To prohibit unfair practices in technical institutions, medical educational institutions and Universities	Pending with Parliamentary Standing Committee
The National Accreditation Regulatory Authority for Higher Educational Institutions Bill, 2010	To make accreditation mandatory for higher educational Institutions	Pending with Parliamentary Standing Committee
The Educational Tribunals Bill, 2010	To provide for establishment of dedicated Central & State Tribunals for education related disputes	Pending with the Rajya Sabha
The National Commission for Higher Education and Research Bill, 2010	To consolidate multiple regulations and regulators such as the UGC, AICTE and NCTE and the creation of a single super regulator	Draft legislation circulated of public comments
The Universities for Innovation Bill, 2010	To provide a regulatory framework for establishment of world class Universities of Innovation & research	Draft legislation circulated of public comments

Figure 4 | **Source: E&Y EDGE 2011 Report**

FINANCIAL PERFORMANCE

Overview – Executive Summary

The financial performance of Educomp Solutions Limited (Educomp) as per Indian GAAP is discussed in two parts:

i. Educomp (Standalone), which excludes the performance of subsidiaries of Educomp.

ii. Educomp (Consolidated), which includes performance of subsidiaries of Educomp. The Consolidated Financial Statements bring out comprehensively the performance of the Educomp group and are more relevant for understanding the overall performance of the group.

Overview of the Financial performance summary (Standalone)

The total revenues of Educomp aggregated ₹ 8,204 million in FY13 as compared to ₹ 10,920 million in FY12.

In fiscal 2013, the Company's profit/(loss) before taxes aggregated ₹ (473) million as against ₹ 2,412 million in fiscal 2012.

In fiscal 2013, the Company's profit/(loss) after taxes aggregated ₹ (407) million as against ₹ 1,889 million in fiscal 2012.

In fiscal 2013, the Company's earnings/(loss) per share (basic) is ₹ (3.61) as against ₹ 19.68 in fiscal 2012.

Overview of the Financial performance summary (Consolidated)

In fiscal 2013, the total consolidated revenues of Educomp group aggregated ₹ 13,264 million as compared to ₹ 15,224 million in fiscal 2012.

The consolidated profit/(loss) before taxes aggregated ₹ (1,036) million in fiscal 2013 as against ₹ 1,941 million in fiscal 2012.

In fiscal 2013, the Company's consolidated profit after taxes, prior period and minority interest aggregated ₹ (1,328) million as against ₹ 1,355 million in fiscal 2012.

In fiscal 2013, the Company's consolidated earnings/(loss) per share (basic) is ₹ (11.78) as against ₹ 14.12 in fiscal 2012.

Detail financial review under consolidated and standalone versions is provided in the following sections of this report.

FINANCIAL REVIEW (STANDALONE)

Result of operations

Total revenues of the Company aggregated to at ₹ 7,331 million as against ₹ 10,765 million in fiscal 2012..

EBIDTA stands at ₹ 570 million in FY13 (₹ 3633 million in FY12). EBIT stands at ₹ 915.46 million in FY13 (₹ 3315 in FY12). Profit/(loss) after tax stands at ₹ (407) million in FY13 (₹ 1,889 million in FY12).

(₹ in million)

Particulars	FY'13	FY'12
Net Sales	7331	10,765
Other Income	873	155
Total Income	8204	10,920
Expenditure	6761	7,132
Interest	1389	902
Depreciation	528	474
Profit/(Loss) before tax	(473)	2413
Provision for Tax including Current tax, Deferred tax	(83)	556
Profit after taxation and prior period items	(407)	1,889
Basic Earnings per share	(3.6)	19.7

Segment results

Revenues	FY'13	FY'12
School Learning Solutions	6274	10476
Higher Learning Solutions	93	136
K-12 Schools	17	14
Online, Supplementary & Global	947	139
Total Net Sales	**7331**	**10,765**

Key Ratios	FY'13	FY'12
EBIDTA/Net Sales	7.8%	33.8%
Profit/(Loss) after Tax and prior period items/ Net Sales	(5.5%)	17.6%
Total Expenditure/ Net Sales	118.4%	79.0%
Consumption of Raw material/ Net Sales	45.8%	35.9%
Staff Cost/Net Sales	**26.8%**	16.4%
Selling, Distribution & Administration expenses (including Miscellaneous Expenses)/ Net Sales	**19.6%**	13.9%

PBIT	FY'13	FY'12
School Learning Solutions	1090	4,275
Higher Learning Solutions	10	43
K-12 Schools	16	14
Online, Supplementary & Global	15	(19)
	1131	**4,314**
Less: Interest (Net)	1388.55	902.38
Other un-allocable expenses (net of un-allocable income)	215	998
Total Profit/(Loss) before Tax and prior period	**(473)**	**2,413**

Other Income

The Company generated other income of ₹ 873 million in FY 2013, a increase of 462.3% over other income of ₹ 155 million generated in FY 2012. Increase is mainly due profit on sale of Investment in Eurokids International Limited.

EXPENSE ANALYSIS

Cost of goods sold (COGS):

(₹ in million)

Particulars	March 31, 2013	March 31, 2012
Cost of Goods Sold	3356	3,863
% of Net Sales	46%	36%

COGS totaled ₹ 3,356 million during FY13, an decrease of 13.14% from ₹ 3,863 million in FY12 mainly on account of contraction on account of slew of more stringent risk assessment measures on new customers in smart class business. The higher % of COGS to sales is due to implementation of hardware in Edureach business of Assam.

Personnel Expenses:

(₹ in million)

Particulars	March 31, 2013	March 31, 2012
Personnel Expenses	1965	1769
% of Net Sales	27%	16%

Personnel expenses consist of compensation to all employees. It includes salaries, contribution to provident fund, bonus & retirement benefits, staff welfare and ESOP amortization. The total personnel cost increased by 11.09% to ₹ 1965 million from ₹ 1769 million during the year, with total staff strength going up on execution of Government contracts in state of Assam and hiring of quality assurors in Smart Class new contracts

Depreciation:

(₹ in million)

Particulars	March 31, 2013	March 31, 2012
Depreciation	528	474
% of Net Sales	7.2%	4.4%

Depreciation has increased by 11.44% to ₹ 528 million during FY13, compared to ₹ 474 million in FY12. The increase in depreciation was primarily due to enhancement of knowledge based content repository.

Other expenses:

(₹ in million)

Particulars	March 31, 2013	March 31, 2012
Other expenses	1,440	1,499
% of Net Sales	19.6%	13.9%

Other expenses were ₹ 1,440 million during FY13, decrease of 3.97% compared to ₹ 1499 million during FY12. Administration & other expenses (as a percentage of Net Sales was 19.64%, up from 13.93% in FY12, primarily due to one-time provision related to shut down of loss making subsidiaries.

Finance Charges:

(₹ in million)

Particulars	March 31, 2013	March 31, 2012
Finance charges	1389	902
% of Net Sales	18.9%	8.4%

Interest expenses increased from ₹ 902 million to ₹ 1389 million during FY13 due to increase in cost of borrowings and additional borrowings for general corporate purposes.

Income Tax Expense:

(₹ in million)

Particulars	March 31, 2013	March 31, 2012
Current tax	0	605
Deferred Tax	(83)	(49)
Total	**(83)**	**556**

There is no provision for tax in FY 13 due to book losses in the company.

Profit/(Loss) after Tax:

(₹ in million)

Particulars	March 31, 2013	March 31, 2012
Profit/(Loss) after tax	(407)	1,889
% of net sales	(5.55%)	17.6%

Net (loss)/profit after tax was ₹ (407) million during FY13, a decrease of 51.42% from ₹ 1,889 million in FY12. Net profit as a percentage of revenues in FY13 has decreased to (5.55%) as compared to 17.55% in FY 12. The company changes its strategy and adopted slew of stringent risk assessment measures in selection of customers and was due to smart class business and high finance cost.

FINANCIAL POSITION (STANDALONE):
Equity and Liabilities

SHAREHOLDER'S FUND
Share Capital:
The total paid up Equity Share Capital stood at ₹ 245 million as on March 31, 2013, as compared to ₹ 192 million as on March 31, 2012. The change in share capital is attributed to preferential allotment to promoters and other FIIs and issue of shares under ESOP exercised by the employees and during the year.

A statement of movement in the equity share capital is given below:

	March 31, 2013		March 31, 2012	
	No. of Equity shares	₹ in million	No. of Equity shares	₹ in million
Balance at the beginning of the year	9,60,63,930	192	9,55,44,396	191
Exercise of ESOP by employees under ESOP 2006, ESOP 2007 and ESOP 2008	5,55,544	1	4,84,405	1
Preferential Allotment to Promoters & FIIs (FY12 to Gateforum Educational Services Ltd.)	25,788,019	52	35,129	0
Balance at the closing of the year	12,24,07,493	245	9,60,63,930	192

RESERVE & SURPLUS:
Securities premium:

(₹ in million)

	March 31, 2013	March 31, 2012
Securities premium- opening balance	7,873	7,760
Add: On issue of shares under ESOP / Preferential Allotment	4229	113
Less: Issue expense/redemption premium	1873	-
Balance at the end of the year	10,229	7,873

The addition to the share premium account of ₹ 4229 million during the year is due to premium received on Preferential Allotment to Promoters and FIIs of 2,57,88,019 equity shares and issue of 5,55,544 equity shares under ESOP schemes. The premium on redemption of $78.5 million FCCB paid @ 41.087% amounting to ₹ 1873 million during the year.

General Reserve:
During the year no amount has been transferred to the general reserve.

Profit and Loss Account:

(₹ in million)

	March 31, 2013	March 31, 2012
Profit & Loss Account-Opening balance	9,056	7,295
Add: Deletion/Addition during the year	(407)	1,889
Less: Proposed dividend	6.9	29.0
Less: Tax on Proposed Dividend	1.1	4.7
Less: Transferred to General Reserve	-	94.5
Balance at the end of the year	8,641	9,056

The balance retained in the profit and loss account as of March 31, 2013, after provision of dividend, is ₹ 8641 million.

The total shareholder funds of the Company increased to 20,265 million as on March 31, 2013 from 18,234 million as on March 31, 2012 on account of issue of preferential shares during the year to FII's, promoters and ESOP to Employees.

Borrowings:

(₹ in million)

Particulars	March 31, 2013	March 31, 2012
Long-term borrowings		
Foreign Currency Convertible Bonds	544	-
Non convertible debentures	450	-
Term Loans-Secured/Unsecured & Finance Lease Obligations	5269	490
Total	6263	490
Short-term borrowings		
Loans repayable on demand/Commercial papers	3,390	2,889
	3,390	2889

Long term borrowing stands at ₹ 6263 million as on 31st March, 2013 as against ₹ 490 million as on 31st March, FY12.

Short term borrowing stands at ₹ 3,390 million as on 31st March, 2013 as against ₹ 2,889 million as on 31st March, FY12.

The company has repaid its outstanding Foreign Currency convertible Bonds (FCCB) of ₹ 4,015 million out of funds raised through External commercial borrowings (ECB)/ preferential equity/FCCB.

Capital Expenditure:

(₹ in million)

Particulars	March 31, 2013	March 31, 2012
Addition to Fixed assets	478	640
Increase in capital Work-in-progress	38	(36)
Deletions in Fixed assets	4	173

The Company has incurred an amount of ₹ 478 million (₹ 640 million in the FY12) as capital expenditure, comprising additions to gross block of assets. Addition to fixed assets is mainly on account of addition to knowledge based content repository.

Investments:

(₹ in million)

	March 31, 2013	March 31, 2013	March 31, 2012	March 31, 2012
	Non current	Current	Non current	Current
Investment in subsidiaries/ associates	15,622	-	15,346	-
Investment in other companies	875	-	875	-
Investment in Mutual fund/ subsidiaries	-	347	-	2
Net investment	16,497	347	16,221	2

The Company has made strategic investments in subsidiaries/ associates/ Mutual funds/various companies, amounting to ₹ 16,844 million as at March 31, 2013 as against ₹ 16,223 million as of March 31, 2012.

Inventories:

(₹ in million)

	March 31, 2013	March 31, 2012
Educational Products	-	-
Technology Equipment	492	771
Total	492	771

The Company had inventories of ₹ 492 million as on March 31, 2013 as against

₹ 771 million as on March 31, 2012. Decrease in inventories is due to reduction in inventory holding period.

Trade Receivable:

(₹ in million)

	March 31, 2013	March 31, 2012
Trade Receivable	13,112	8,701
Less: Provision for doubtful debts	76	50
Trade Receivable (net)	**13,036**	**8,651**

Trade Receivable amounts to ₹ 13,036 million as of March 31, 2013 as compared to ₹ 8,651 million. These delays are due to fresh smart class contracts and 2 new projects under Edureach executed during the year.

Cash & Bank balances:

(₹ in million)

	March 31, 2013	March 31, 2012
Cash & Bank balances	168	838
Other bank balances (restricted)	145	318
Total	**313**	**1,156**

As on March 31, 2013, the Company had cash & bank balances of ₹ 313 million (₹ 1,156.14 million as on March 31, 2012) including Margin money deposit given against LC/BG, unpaid dividend account amounting to ₹ 145 million as on 31st March, 2013 (₹ 318 million as on 31st March, 2012).

Loans and Advances:

(₹ in million)

	March 31, 2013	March 31, 2013	March 31, 2012	March 31, 2012
	Long term	Short term	Long term	Short term
Security deposits	183	-	21	-
Other loans & advances	78	1,267	17	676
Loans & advances to related parties	-	2,018	-	1,545
Total	**262**	**3,285**	**38**	**2,221**

Loans and advances as on March 31, 2013 were ₹ 3,547 million (₹ 2,270 million as on March 31, 2012). Loans and advances include loans and advances given to related and unrelated parties, EMD (refundable and non-refundable) to various State Governments, security deposits to various parties and advances to trade creditors.

Other assets:

(₹ in million)

	March 31, 2013	March 31, 2013	March 31, 2012	March 31, 2012
	Non current	Current	Non current	Current
Non-current bank balances	46	-	789	-
Interest accrued on deposits/ loans	9	44	79	13
Unbilled receivables	-	66	-	58
Total	**55**	**110**	**868**	**71**

Other current assets cover mainly Non-current bank balances, income accrued, but not due, i.e. unbilled revenue and interest accrued but not due.

Other liabilities:

(₹ in million)

	March 31, 2013	March 31, 2013	March 31, 2012	March 31, 2012
	Long term	Short term	Long term	Short term
Advance from customers	137	335	170	68
Current Maturities of debt/ Finance lease & Interest accrued but not due	-	1805	-	6130
Others	38	986	-	533
Total	**175**	**3,126**	**170**	**6,731**

Other liabilities as on March 31, 2013 stood at ₹ 3,301 million (₹ 6,901 million as on March 31, 2012). The decrease is mainly due to redemption during the year of FCCB of ₹ 4015 million out of funds raised through External commercial borrowings (ECB)/ preferential equity/FCCB.

Trade Payable:

(₹ in million)

	March 31, 2013	March 31, 2012
Trade Payable	2251	2604

Trade payable amount to ₹ 2251 million as of March 31, 2013 as compared to ₹ 2,604 million as of March 31, 2012.

Provisions:

(₹ in million)

	March 31, 2013	March 31, 2013	March 31, 2012	March 31, 2012
	Long term	Short term	Long term	Short term
Staff benefits	94	16	80	8
Income Tax (net of TDS/ Adv. Tax)	-	308	-	333
Warranties	-	5	-	5
Proposed dividend		-		29
Tax on Proposed dividend	-	6	-	5
Total	**94**	**335**	**80**	**380**

Provisions made towards taxes, employee retirement benefits, proposed dividend, and tax on dividend aggregated to ₹ 429 million as on March 31, 2013 (₹ 460 million as on March 31, 2012). Significant provisions include provision for income tax, provision for proposed dividend, and provision for staff benefits.

Earnings per Share:

(Amount in ₹)

	March 31, 2013	March 31, 2012
Basic Earnings per share	(3.61)	19.68
Diluted Earnings per share	(3.61)	19.59

Basic and Diluted Earnings per share (EPS) as per computation based on AS 20 issued by The Institute of Chartered Accountants of India (ICAI) was ₹ (3.61) and ₹ (3.61), respectively, as on March 31, 2013 against 19.68 and ₹ 19.59 for basic and diluted EPS respectively.

Cash Flows:

The cash (used)/generated from operations stands at ₹ (3,069) million as on March 31, 2013 as against ₹ 1,581 million as on March 31, 2012.

The cash outflow on account of investing activities stands at ₹ 757 million as on March 31, 2013 as against ₹ 3,927 as on March 31, 2012.

The net proceeds from financing activity was ₹ 2,983 million as on March 31, 2013 as against ₹ 1,341 as on March 31, 2012.

FINANCIAL REVIEW (CONSOLIDATED)

The financial performance of Educomp is discussed using the consolidated figures which include performance of subsidiaries of Educomp. The Consolidated Financial Statements bring out comprehensively the performance of the Educomp group of companies and are more relevant for understanding the overall performance of the Educomp group.

Educomp Solutions Limited

Consolidated Profit and Loss Account for the year ended March 31, 2013

(₹ in million)

	Year Ended March 31, 2013	Year Ended March 31, 2012
Income		
Sales & Services income	12,109	14,913
Other income	1,155	311
	13,264	**15,224**
Expenditure		
Cost of goods sold	3,897	4,411
Personnel expenses	3,544	3,281
Administration and other expenses	3,151	3,089
Finance charges	2,490	1,432
Depreciation & Amortization	1,218	1,070
	14,300	**13,283**
Profit/(Loss) before tax	**(1,036)**	**1,941**
Provision for tax		
- Current tax	129	762
- MAT Credit Entitlement	(40)	(42)
- Deferred tax	(193)	(145)
Profit/(Loss) after tax and before prior period items	**(932)**	**1,366**
Prior period and exceptional items	497	(4)
Profit/(Loss) after tax and before minority interest & pre-acquisition profits	**(1,429)**	**1370**
Pre-acquisition profits/(loss)	-	(16)
Share of loss of associate	3	16
Minority interest	(104)	15
Profit/(Loss) after tax, minority interest & pre-acquisition profits	**(1,328)**	**1,355**
Earnings per share (₹)		
Basic	(11.78)	14.12
Diluted	(11.78)	14.06

Result of operations:

Key Ratios	FY13	FY12
EBIDTA/Net Sales	13.40%	27.60%
Profit/(Loss) after Tax and, minority interest, pre-acquisition profit, prior period items/ Net Sales	(10.97%)	9.09%
Total Expenditure/ Net Sales	118.10%	89.07%
Consumption of Raw material/ Net Sales	32.18%	29.58%
Staff Cost/Net Sales	29.27%	22.00%
Selling, Distribution & Administration expenses / Net Sales	26.03%	20.72%

Total revenues stands at ₹ 13,264 million in FY13 as against ₹ 15,224 million in FY12.

EBIDTA stands at ₹ 1,617 million in FY13 as against ₹ 4,116 million in FY12.

Profit after tax (PAT), prior period items, minority interest and pre-acquisition profits stands at ₹ (1,328) million in FY13 as against ₹ 1,355 million in FY12.

REVENUE

Sales

The Company generated sales of ₹ 12,109 million in FY 2013, as against the sales of ₹ 14,913 million generated in FY 2012. The decrease is due to the cautious growth of the business particularly in smart class . The decrease is due to contraction in SmartClass business.

Other Income

The other income stands at ₹ 1,155 million in FY 2013, as against ₹ 311 million generated in FY 2012.The increase is mainly due to sale of investment in Eurokids International Limited.

EXPENDITURE

Cost of Goods Sold (COGS)

In absolute terms, COGS incurred ₹ 3,897 million during FY 2013, a decrease of 11.7% from ₹ 4,411 million in FY 2012 mainly on account of consolidation of smart class business. However COGS as a percentage of net sales have increased to 32.18 % in FY13 from 29.58% in FY12 on account of implementation of hardware in Edureach business of Assam.

Personnel Expenses

Salaries, allowances and staff benefits expenses were ₹ 3,544 million during FY 2013, an increase of 8.02% from ₹ 3,281 million during FY 2012. Personnel expenses as a percentage of net sales increased to 29.27% of net sales in FY 2013 from 22.00% of net sales in FY 2012. The increase in personnel expenses was mainly due to increase in staff strength under SLS segment, increased salaries across the various companies.

Other expenses

Other expenses were ₹ 3,151 million during FY 2013, an increase of 2.02% compared to ₹ 3,089 million during FY 2012. The same in on account of one time provision for shut down of non - core and loss making subsidiaries.

Financial Charges

Financial expenses were ₹ 2,490 million during FY 2013, an increase of 73.82% from ₹ 1,432 million during FY 2012 due to additional borrowings for general corporate purpose and increase in cost of borrowings.

Depreciation and Amortization

Depreciation and Amortization was ₹ 1,218 million during FY 2013, a increase of 13.86% from ₹ 1,070 million during FY 2012. Depreciation as a percentage of net sales was 10.06% in FY12 and 7.17% in FY12. The increase in depreciation was primarily due to enhancement of knowledge based content repository and increase in operational school assets in K-12.

Income Tax expense

Income Tax expense was ₹ (104) million during FY 2013 as against ₹ 575 million during FY 2012. This was mainly due to losses during the year.

Profit after Tax (PAT)

Net profit/(loss) after minority & pre-acquisition profits was ₹ (1328) million during FY 2013 as against ₹ 1,355 million in FY 2012. This decrease was due to consolidation and contraction of smart class business, higher interest cost and one time provision for shut down of non- core and loss making business/ subsidiaries.

FINANCIAL POSITION:

Equity and Liabilities

SHAREHOLDER'S FUND

Share Capital:

The total paid up Equity Share Capital stood at ₹ 245 million as on March 31, 2013, as compared to ₹ 192 million as on March 31, 2012. The change in share capital is attributed to issue of preferential shares to Promoters & FIIs and ESOP exercised by the employees during the year.

A statement of movement in the equity share capital is given below:

	March 31, 2013		March 31, 2012	
	No. of Equity shares	₹ in million	No. of Equity shares	₹ in million
Balance at the beginning of the year	**9,60,63,930**	**192**	**9,55,44,396**	**191**
Exercise of ESOP by employees under ESOP 2006, ESOP 2007 and ESOP 2008	5,55,544	1	4,84,405	1
Preferential Allotment to Promoters & FIIs (FY12 to Gateforum Educational Services Ltd.)	25,788,019	52	35,129	-
Balance at the closing of the year	**12,24,07,493**	**245**	**9,60,63,930**	**192**

RESERVE & SURPLUS:

Securities Premium Account:

(₹ in million)

	March 31, 2013	March 31, 2012
Securities Premium – opening balance	**15,075**	**13,340**
Add: On issue of shares under ESOP/Others	5,050	1,793
Less: issue expenses on NCD/equity shares/redemption premium on FCCB.	2,102	58
Add: Effect of change in share holding of JV Company/Subsidiaries	108	-
Balance at the end of the year	**18,131**	**15,075**

The addition to the share premium account of ₹ 5,050 million during the year is due to premium received on issue Preferential Allotment to Promoters & FIIs of 2,57,88,019 equity shares and 5,55,544 equity shares under ESOP schemes. Others include share premium arising from issuance of shares to holding company in various subsidiaries.

During the year, an amount of ₹ 2,102 million (previous year 58 million) was debited on account of expenses incurred for issue expenses on NCD/equity shares/redemption premium on FCCB. The premium on redemption of $78.5 million FCCB paid @ 41.087% amounting to ₹ 1873 million during the year.

General Reserve:

Out of the profits for the year ended March 31, 2013, ₹ 4 million has been transferred to the general reserve.

Capital Reserve:

During the year ₹ 4 million were transferred to capital reserve due to effects of changes in the Group's interest.

Profit and Loss Account:

(₹ in million)

	March 31, 2013	March 31, 2012
Profit & Loss Account-opening balance	**7,875**	**6,880**
Add: Addition during the year	(1,328)	1,355
Less Transfer to General Reserve	4	99
Less: Dividend paid (including tax)	58	51
Add: Effect of change in share holding of Joint Venture Company/Subsidiaries	(68)	-
Less : Transfer to debenture redemption reserve	(89)	210
Balance at the end of the year	**6,506**	**7,875**

The balance retained in the profit and loss account as of March 31, 2013, after providing dividend and transfer to general reserve, is ₹ 6,506 million.

The total shareholder funds of the Company increased to ₹ 26,436 million as on March 31, 2013 from ₹ 24,914 million as on March 31, 2012.

Foreign currency translation reserve:

During the year ₹ 106 million transferred to Foreign currency translation reserve on consolidation of foreign subsidiaries.

Foreign Currency Monetary Item Translation Difference Account (FCMITDA):

During the year ₹ 252 million were added to FCMITDA and ₹ 47 million were amortized from FCMITDA.

Borrowings:

(₹ in million)

Particulars	March 31, 2013	March 31, 2012
Long-term borrowings		
Foreign Currency Convertible Bonds	544	-
Non convertible debentures	1500	1050
Term Loans-Secured/Unsecured & Finance Lease obligations	12,391	8,532
	14,435	**9,582**
Short-term borrowings		
Loans repayable on demand/Commercial papers	3,390	2,914
	3,390	**2,914**

Long term borrowing stands at ₹ 14,435 million as on 31st March, 2012 as against ₹ 9,582 million as on 31st March, FY12.

Short term borrowing stands at ₹ 3,390 million as on 31st March, 2012 as against ₹ 2,914 million as on 31st March, FY12.

The company has repaid its outstanding Foreign Currency convertible Bonds (FCCB) of ₹ 4,015 million out of funds raised through External commercial borrowings (ECB)/ preferential equity/FCCB.

Capital Expenditure:

(₹ in million)

Particulars	March 31, 2013	March 31, 2012
Addition to Fixed assets	5,596	3,705
Increase in capital work-in-progress/ Intangible under development	(3,869)	1,276

The Company has incurred a capital expenditure of ₹ 5,596 million in FY13 (₹ 3,705 million in FY12) as additions to gross block of assets additions to the gross block in K-12 segment amounting to ₹ 1894 million and 1011 million in HLS on account of acquisition of fixed assets, primarily land and construction of building and addition to knowledge based content repository

Investments:

(₹ in million)

	March 31, 2013	March 31, 2013	March 31, 2012	March 31, 2012
	Long term	Short term	Long term	Short term
Total Investment	978	-	982	7

The Company has made strategic investments (trade and non trade) in associates / third party amounting to ₹ 978 million as of March 31, 2013 as against ₹ 989 million as of March 31, 2012. During

Inventories:

(₹ in million)

	March 31, 2013	March 31, 2012
Educational Products	92	134
Technology Equipment	493	775
Total	**585**	**909**

The Company had inventories of ₹ 585 million as on March 31, 2013 as against ₹ 909 million as on March 31, 2012. The decrease in inventories is due to reduction in inventory holding period.

Trade Receivable:

(₹ in million)

	March 31, 2013	March 31, 2012
Trade receivable	15,524	10,378
Less: Provision for doubtful debts	161	89
Trade receivable (net)	15,363	10,289

Trade Receivable amount to ₹ 15,363 million as on March 31, 2013 as against ₹ 10,289 million as on March 31, 2012. These delays are due to fresh smart class contracts and 2 new projects under Edureach executed during the year.

Cash & Bank balances:

(₹ in million)

	March 31, 2013	March 31, 2012
Cash & Bank balances	922	1,884
Other bank balances (restricted)	146	321
Total	**1,068**	**2,205**

As on March 31, 2012, the Company had cash & bank balances of ₹ 1,068 million (₹ 2,205 million as on March 31, 2012) including Margin money deposit given against LC/BG, unpaid dividend account amounting to ₹ 146 million as on 31st March, 2012 (₹ 321 million as on 31st March, 2012).

Loans and Advances:

(₹ in million)

	March 31, 2013	March 31, 2013	March 31, 2012	March 31, 2012
	Long term	Short term	Long term	Short term
Capital advances	4,345	-	4,731	-
Security deposits	398	245	411	64
Other loans & advances	1,846	1,256	2494	1,068
Loans & advances to related parties	1,246	20	-	22
Total	**7,835**	**1,521**	**7,636**	**1,154**

Loans and advances as on March 31, 2013 were ₹ 9,356 million (₹ 8,790 million as on March 31, 2012). Loans and advances include capital advances, loans and advances given to related and unrelated parties, EMD (refundable and non-refundable) to various State Governments, security deposits to various parties and advances to trade creditors.

Other assets:

(₹ in million)

	March 31, 2013	March 31, 2013	March 31, 2012	March 31, 2012
	Non current	Current	Non current	Current
Non current bank balances	141	-	1,165	-
Interest accrued on deposits	10	38	81	3
Unbilled receivables		86		342
Stamp in hand	-	1	-	1
Others	-	19	-	-
Total	**151**	**144**	**1,246**	**346**

Other current assets cover mainly Non current bank balances, income accrued, but not due, i.e. unbilled revenue and interest accrued but not due.

Other liabilities:

(₹ in million)

	March 31, 2013	March 31, 2013	March 31, 2012	March 31, 2012
	Long Term	Short term	Long Term	Short term
Advance from customers	96	734	169	641
Current Maturities of debt/ Finance lease & Interest accrued but not due	-	3,285	-	7,015
trade payables	41	-	-	-
Others	7	1,649	146	969
Total	**144**	**5,668**	**315**	**8,625**

Other liabilities as on March 31, 2013 stood at ₹ 5,812 million (₹ 8,940 million as on March 31, 2012). The decrease is mainly due to redemption during the year of FCCB of ₹ 4015 million out of funds raised through External commercial borrowings (ECB)/ preferential equity/FCCB.

Trade Payable:

(₹ in million)

	March 31, 2013	March 31, 2012
Trade Payable	2,399	2,845

Trade payable amount to ₹ 2,399 million as of March 31, 2013 as compared to ₹ 2,845 million as of March 31, 2012.

Provisions:

(₹ in million)

	March 31, 2013	March 31, 2013	March 31, 2012	March 31, 2012
Staff benefits	123	28	106	12
Income Tax (net of TDS/Adv. Tax)	-	305	-	377
Warranties/others	-	8	-	5
Proposed dividend		-		29
Tax on Proposed dividend	-	6	-	6
Total	**123**	**347**	**106**	**429**

Provisions made towards taxes, employee retirement benefits, proposed dividend, and tax on dividend aggregated to ₹ 470 million as on March 31, 2013 (₹ 535 million as on March 31, 2012). Significant provisions include provision for income tax, provision for proposed dividend, and provision for staff benefits.

Earnings per Share:

(Amount in ₹)

	March 31, 2013	March 31, 2012
Basic Earnings per share (₹)	(11.78)	14.12
Diluted Earnings per share (₹)	(11.78)	14.06

Basic and Diluted Earnings per share (EPS) as per computation based on AS 20 issued by The Institute of Chartered Accountants of India (ICAI) was ₹ (11.78) as on March 31, 2013 against 14.12 and ₹ 14.06 as on March 31, 2012 for basic & diluted EPS respectively.

Cash Flows:

The Cash used in operations stands at ₹ 2,402 million as on March 31, 2013 as against generated from operations ₹ 1,451 million as on March 31, 2012.

The cash inflow on account of investing activities is ₹ 110 million as on March 31, 2013 as against cash outflow of ₹ 4,928 miliion as on as on March 31, 2012 on account of sale of investment in Eurokids under K-12.

The net proceeds from financing activity was ₹ 1,123 million as on March 31, 2013 as against ₹ 2,133 miliion as on as on March 31, 2012.

INDEPENDENT AUDITORS' REPORT

To the Members of Educomp Solutions Limited
Report on the Financial Statements
We have audited the accompanying financial statements of Educomp Solutions Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

   e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **Haribhakti & Co.**
Chartered Accountants
Firm Registration No.103523W

Raj Kumar Agarwal
Partner
Membership No.074715

Place: Gurgaon

Date: May 30, 2013

Annexure To Independent Auditors' Report

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Educomp Solutions Limited on the financial statements for the year ended March 31, 2013]

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.

(iii) (a) The Company has granted unsecured loans to three companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was ₹711.70 million and the year-end balance of loans granted to such parties is ₹572.24 million.

(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.

(c) The parties have repaid the principal amounts in accordance with the terms of the agreement. Interest repayment is not due till the Balance Sheet date.

(d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the Act.

(e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions stated in paragraph 4 (iii)(e);4(iii)(f)and 4(iii)(g) of the order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the Company.

(v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

(b) The transactions entered into during the financial year with the parties listed in Section 301 of the Act, in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs are considered to be proprietary in nature, as explained by the management of the Company, and in the absence of comparable market prices we are unable to comment if such transactions are reasonable having regard to the prevailing market prices at the relevant time.

(vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products or business activities of the Company. Accordingly, the provisions stated in paragraph 4 (viii) of the order are not applicable to the Company.

(ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including investor education and protection fund, employees' state insurance, wealth-tax, customs duty, excise duty, cess and other material statutory dues as applicable to it. However there were frequent delays in depositing dues related to provident fund, income-tax, professional tax, sales-tax and service tax.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues as applicable, were outstanding, at the year end, for a period of more than six months from the date they became payable *except for income tax as follows:*

Name of the statute	Nature of dues	Amount (₹ In million)	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act, 1961	Tax deducted at source*	34.93	April-August, 2012	May, 2012 to September, 2012	Outstanding till Balance Sheet date

*Note: Includes interest on amount of default accrued till March 31, 2013.

(c) According to the information and explanation given to us, there are no dues of sales- tax, wealth tax, customs duty, excise duty and cess which have not been deposited on account of any dispute. According to the information and explanation given to us, dues of income tax and service tax which have not been deposited on account of any dispute is as under:

Name of the statute	Nature of dues	Amount Disputed (₹ In million)	Amount paid (₹ In million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	28.12	28.12 (adjusted against refund due)	2007-08	Income Tax Appellate Tribunal, New Delhi
Finance Act, 1994	Service Tax	25.46	16.98	2009-10	Customs, Excise & Service Tax Appellate Tribunal , New Delhi
Total		**53.58**	**45.10**		

(x) According to the information and explanation given to us, the Company does not have accumulated losses and has not incurred cash losses in the current year and the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us by the management, the Company has not defaulted in repayments of due to debenture holders and financial institutions. *However, during the year the Company has defaulted in repayment of dues to banks, some of which have been made good during the year. The detail of defaults existing on the Balance Sheet date is as below:*

(Amount in ₹ million)

Nature of dues	Delay up to 1 month	Delay of 1 to 2 months	Delay of 2 to 3 months	Delay of more than 3 months
Term loans				
Principal due	72.99	50.00	79.14	216.46
Interest*	18.28	18.60	3.44	-
Total	**91.27**	**68.60**	**82.58**	**216.46**

*Including penal interest

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions stated in paragraph 4 (xii) of the order are not applicable to the Company.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions stated in paragraph 4 (xiii) of the order are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions stated in paragraph 4 (xiv) of the order are not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prima facie prejudicial to the interest of the Company.

(xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) According to the information and explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. In our opinion, the prices at which shares have been issued are not prejudicial to the interest of the Company.

(xix) According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 450 debentures of ₹1 million each. *The Company has created partial security on assets having book value ₹1.08 million in respect of debentures issued amounting ₹450 million. As explained, the Company is taking necessary steps to create security in respect of these debentures.*

(xx) The Company has not raised money by way of public issue during the year. Accordingly, the provisions stated in paragraph 4 (xx) of the order are not applicable to the Company.

(xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For **Haribhakti & Co.**
Chartered Accountants
Firm Registration No.103523W

Raj Kumar Agarwal
Partner
Membership No.074715

Place: Gurgaon
Date: May 30, 2013

Balance Sheet

as at March 31, 2013

(in ₹ million)

	Note	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	244.81	192.13
Reserves and surplus	2.2	19,608.91	17,911.24
Money received against share warrants	2.1	411.66	-
Non-current liabilities			
Long-term borrowings	2.3	6,262.53	489.58
Other long term liabilities	2.4	174.78	169.57
Long-term provisions	2.5	93.63	80.39
Current liabilities			
Short-term borrowings	2.6	3,389.88	2,888.99
Trade payables	2.7	2,250.62	2,603.39
Other current liabilities	2.8	3,126.15	6,730.64
Short-term provisions	2.9	334.83	379.85
		35,897.80	**31,445.78**
ASSETS			
Non-current assets			
Fixed assets	2.10		
Tangible assets		626.14	918.41
Intangible assets		704.74	479.83
Intangible under development		17.70	-
Capital work-in-progress		20.55	0.39
Non-current investments	2.11	16,497.16	16,221.10
Deferred tax assets	2.12	131.62	49.05
Long-term loans and advances	2.13	261.74	37.36
Other non-current assets	2.14	55.04	868.07
Current assets			
Current investments	2.11	346.87	1.50
Inventories	2.15	492.22	771.46
Trade receivables	2.16	13,035.88	8,650.47
Cash and bank balances	2.17	312.75	1,156.14
Short-term loans and advances	2.18	3,285.08	2,220.52
Other current assets	2.19	110.31	71.48
		35,897.80	**31,445.78**
Significant accounting policies and notes to the financial statements	1&2		

The accompanying notes are an integral part of the financial statements.
As per our report of even date.

For **Haribhakti & Co.**
Firm Registration No.: 103523W
Chartered Accountants

Raj Kumar Agarwal
Partner
Membership No: 074715

Place: Gurgaon
Date: May 30, 2013

For and on behalf of Board of Directors
Educomp Solutions Limited

Shantanu Prakash
Chairman & Managing Director

Dr. Shayama Chona
Director

Jagdish Prakash
Whole Time Director

Anil Sharma
Company secretary

Sankalp Srivastava
Director

Statement of Profit and Loss

for the year ended March 31, 2013

(in ₹ million)

	Note	Year ended March 31, 2013	Year ended March 31, 2012
Income:			
Revenue from operations	2.21	7,331.10	10,765.12
Other income	2.22	872.94	155.25
Total revenue		**8,204.04**	**10,920.37**
Expenses:			
Purchase of traded goods	2.23	3,273.58	4,273.29
Changes in inventories of stock-in-trade	2.24	82.18	(410.03)
Employee benefits expense	2.25	1,965.49	1,769.21
Finance cost	2.26	1,388.55	902.38
Depreciation and amortization expense	2.10	527.68	473.50
Other expenses	2.27	1,439.65	1,499.20
Total expenses		**8,677.13**	**8,507.55**
(Loss)/profit before prior period items and tax		**(473.09)**	**2,412.82**
Prior period items	2.28	16.67	(31.98)
(Loss)/profit after prior period items and before tax		**(489.76)**	**2,444.80**
Tax expense:			
Current tax		-	604.59
Deferred tax credit		(82.56)	(48.82)
(Loss)/profit after tax		**(407.20)**	**1,889.03**
(Loss)/Earnings per share (₹)	2.29		
Basic		(3.61)	19.68
Diluted		(3.61)	19.59
Significant accounting policies and notes to the financial statements	1&2		

The accompanying notes are an integral part of the financial statements.
As per our report of even date.

For **Haribhakti & Co.**
Firm Registration No.: 103523W
Chartered Accountants

Raj Kumar Agarwal
Partner
Membership No: 074715

Place: Gurgaon
Date: May 30, 2013

For and on behalf of Board of Directors
Educomp Solutions Limited

Shantanu Prakash
Chairman & Managing Director

Jagdish Prakash
Whole Time Director

Sankalp Srivastava
Director

Dr. Shayama Chona
Director

Anil Sharma
Company secretary

Cash Flows Statement

for the year ended March 31, 2013

(in ₹ million)

	Year ended March 31, 2013	Year ended March 31, 2012
Cash flows from operating activities		
Net (Loss)/profit before taxation and after prior period as per Statement of Profit and Loss	**(489.76)**	**2,444.80**
Adjusted for:		
Net prior period adjustments	0.29	(31.98)
Provision for doubtful debts/ advances	33.30	21.96
Provision for inventory	22.92	-
Provisions/credit balances written back	-	(3.74)
Depreciation/amortisation	544.07	473.50
Unrealised foreign exchange effects	67.31	354.49
Dividend income	(2.69)	-
Interest income	(136.41)	(89.26)
Consideration from business transfer	-	(45.87)
Interest expense	1,388.55	902.38
ESOP amortisation cost	58.27	92.14
Loss / (Profit) on sale of fixed assets	0.05	(0.14)
Impairment of investment	150.72	-
(Profit)/Loss on sale of investments	(704.00)	15.13
Operating profit before working capital changes	**932.62**	**4,133.41**
Adjusted for:		
Trade receivables	(4,411.04)	(3,626.03)
Inventory	256.32	(410.04)
Loans,advances and other assets	(195.17)	607.22
Trade payables and other liabilities	373.86	962.46
Cash (used in)/ generated from operations	**(3,043.41)**	**1,667.02**
Net prior period adjustments	(0.29)	31.98
Taxes paid	(25.12)	(118.12)
Net cash (used in)/ generated from operating activities	**(3,068.82)**	**1,580.88**
Cash flows from investing activities		
Purchase of fixed assets (including capital work-in-progress)	(501.88)	(579.31)
Proceeds from sale of fixed assets	0.73	0.27
Investment in subsidiaries (including share application money)	(1,636.77)	(3,642.68)
Investment in associates	-	(49.70)
Purchase of current investments (un-quoted, non trade)	-	(1.50)
Sale of current investments (un-quoted, non trade)	1.58	19.79
Sale of investment in subsidiaries	1,199.92	289.15
Sale of investment in associates	-	6.67
Proceeds/(Investment) of fixed deposits	-	(3.00)
Dividend income	2.69	-
Interest income	176.27	33.60
Net cash used in investing activities	**(757.46)**	**(3,926.71)**

(in ₹ million)

	Year ended March 31, 2013	Year ended March 31, 2012
Cash flows from financing activities		
Proceeds from issue of shares/warrants	4,596.83	31.01
Expenses on issue of shares and FCCB	(40.92)	-
Premium on redemption of FCCB	(1,832.06)	-
Proceeds of long-term borrowings	5,879.62	1,475.00
Repayment of long-term borrowings	(4,857.37)	(854.76)
Proceeds/ (Repayment) of short-term borrowings	(816.00)	1,050.00
Financing against stocks/book debts (working capital)	1,316.89	600.19
Payment of dividend (including dividend tax)	(35.52)	(66.65)
Interest on borrowings	(1,228.59)	(893.53)
Net cash generated from financing activities	**2,982.88**	**1,341.26**
Net decrease in cash and cash equivalents	**(843.40)**	**(1,004.57)**
Opening cash and cash equivalents	838.35	2,097.51
Restricted bank balances /fixed deposits with maturity period within twelve months	(172.86)	254.59
Closing cash and cash equivalents	**167.81**	**838.35**
Significant accounting policies and notes to the financial statements (refer note 1&2)		
1. Cash and cash equivalents consists of following; (refer note 2.17) Cash/cheques in hand and balances with banks ₹167.81 millions (previous year ₹838.35 millions)		

The accompanying notes are an integral
part of the financial statements.
As per our report of even date.

For and on behalf of Board of Directors
Educomp Solutions Limited

For **Haribhakti & Co.**
Firm Registration No.: 103523W
Chartered Accountants

Raj Kumar Agarwal
Partner
Membership No: 074715

Shantanu Prakash
Chairman & Managing Director

Jagdish Prakash
Whole Time Director

Sankalp Srivastava
Director

Dr. Shayama Chona
Director

Anil Sharma
Company secretary

Place: Gurgaon
Date: May 30, 2013

Notes To The Financial Statements

for the year ended 31st March, 2013

1. **Significant Accounting Policies**

   (i) **Basis for preparation of Financial Statements**

   The Financial Statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

   The Financial Statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

   (ii) **Use of estimates**

   The preparation of Financial Statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the Financial Statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

   (iii) **Revenue recognition**

   The Company derives its revenue from sale, supply and installation of educational products and rendering of educational services.

   Revenue from sale of educational products/ technology equipments is recognized as and when significant risk and rewards of the ownership of goods gets transferred to the buyer. Sales are net off any trade discounts, sales return and Sales Tax/ Value Added Tax.

   Revenue under Build Own Operate and Transfer ("BOOT model") contracts is recognized on straight line basis over the period of the contract.

   Revenue from educational support services are recognized on completion of related services.

   A portion of the revenue earned on licensing of knowledge based content under "Out right sale basis" contracts is treated as unearned revenue towards future cost of updates due to economic obligation of the Company to provide the same. The unearned revenue is recognized in subsequent period matching with the cost of future updates to be incurred in subsequent period.

   Income from interest on fixed deposits is recognized using the time proportion method, based on interest rates implicit in the transaction.

   Dividends income is recognized when the right to receive payment is established.

   (iv) **Fixed assets/ depreciation and amortization**

   Tangible assets

   Tangible assets are stated at cost less accumulated depreciation and impairment loss, if any. Costs include all expenses incurred to bring the assets to its present location and condition for its intended use.

   Depreciation on tangible fixed assets except those assets purchased for project implementation under BOOT model is provided on written down value method based on rates as per management's estimate of useful life of the assets or at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, whichever is higher. Depreciation on addition to fixed assets is provided on pro-rata basis from the date the assets are ready to use. Depreciation on sale / deduction from fixed assets is provided for upto the date of sale, deduction, discardment as the case may be.

   Tangible fixed assets purchased for project implementation under BOOT model, are depreciated on a straight-line basis over the period of contractual obligation generally ranging from 3-6 years, depending upon the period of the contract.

   Leasehold improvements are amortized on the straight-line basis over the primary period of lease or useful life, whichever is shorter.

   Assets costing less than ₹5,000 are fully depreciated in the year of purchase except in case of deployment as project assets (if any) which are depreciated on a straight-line basis over the period of contractual obligation generally ranging from 3-6 years depending upon the period of the contract.

   Intangible assets

   An intangible asset is recognized, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured.

   Cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to create, produce and make the asset ready for its intended use.

   Intangible assets are stated at cost of acquisition less accumulated amortization and impairment loss. Amortization on the intangible assets is provided on pro-rata basis on the straight-line method based on management's estimate of useful life, i.e. 3 years for software and 4 years for knowledge-based content. Licensed intangible assets are amortised over the period of license.

   Capital work-in-progress/intangibles under development

   Capital work-in-progress (including intangible assets under development) represents expenditure incurred in respect of capital projects/intangible assets under development and are carried at cost. Cost includes related acquisition expenses, development costs, borrowing costs (wherever applicable) and other direct expenditure.

   Research and development costs

   Research costs are expensed as incurred. Development expenditure incurred on the individual project is recognized as an individual asset when the Company can demonstrate (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale, (ii) its intention to complete the asset, (iii) its ability to use or sell the asset, (iv)asset's ability to generate future economic benefits, (v) availability of adequate resources to complete the development and to use or sell the asset and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during development.

   (v) **Impairment of assets**

   The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is higher of asset's net selling price and value in use which means the present value of future cash flows expected to arise from the continuing use of the assets and its eventual disposal. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is impaired.

   After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(vi) Leases

Operating lease

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

Lease rentals in respect of operating lease arrangements including assets taken on operating lease are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term.

Finance lease

Leases where the lessor effectively transfers substantially all the risks and benefits of ownership over the lease term are classified as finance lease. Assets taken on finance lease are capitalized at fair value or net present value of the minimum lease payments, whichever is lower. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to Statement of Profit and Loss.

(vii) Inventories

Inventory comprises of traded goods and is valued at lower of cost and net realisable value. Cost of inventories comprises all cost of purchases inclusive of custom duty (except the refundable component) and other incidental expenses incurred in bringing such inventories to their present location and condition. In determining the cost, moving weighted average cost method is used. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(viii) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Long-term investments are stated at acquisition cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary. Current investments are valued at lower of cost and market rate on individual investment basis.

Classification in the Financial Statements

Investments that are realisable within the period of twelve months from the Balance Sheet date are classified as current investment. All other investments are classified as non-current investments.

(ix) Foreign exchange transactions

a. Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous Financial Statements, other than those relating to fixed assets and other long term monetary assets are recognised as income or as expenses in the year in which they arise.

b. The Company has opted for accounting the exchange differences arising on the reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Second Amendment Rules 2011 on Accounting Standard 11 as notified by the Central Government vide Notification dated 29th December, 2011. Accordingly, the effect of exchange difference on foreign currency loan (including FCCB) is accounted for by addition or deduction to the cost of the assets so far it relates to depreciable capital asset and in other cases by transfer to "Foreign Currency Monetary Items Translation Difference Account" (FCMITDA) to be amortized as provided in the aforesaid notification.

(x) Employee benefits

(a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, and bonus etc are recognized in the Statement of Profit and Loss in the period in which the employee renders the related service. The employees are further entitled to sick leaves which cannot be encashed and will lapse at the end of the calendar year. The Company is providing provision for such employee benefits on the basis of its best estimate.

(b) Long term employee benefits

(i) Defined contribution plan

Contributions to provident fund, labour welfare fund and ESI are deposited with the appropriate authorities and charged to the Statement of Profit and Loss on accrual basis. The Company has no further obligations under these plans beyond its monthly contributions.

(ii) Defined benefit plan

Leave encashment– The Company has provided for the liability at the year end on account of unavailed earned leave as per the actuarial valuation as per the Projected Unit Credit method in accordance with Accounting Standard 15, "Employee benefits". All actuarial gains/losses are charged to the Statement of Profit and Loss in the year this arise.

Gratuity– The Company provides for retirement benefits in the form of Gratuity. The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined plan is determined based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under the defined benefit plans, is based on the market yields on Government securities as at the valuation date having maturity periods approximating to the terms of the related obligations. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

(c) Employee stock option scheme

The stock options are accounted as per the accounting treatment prescribed by the employee stock option scheme and Employee Stock Purchase Guidelines, 1999 issued by Securities Exchange Board of India, whereby the intrinsic value of the option being, excess of market value of the underlying share immediately prior to the date of award over its exercise price is recognized as deferred employee compensation with a credit to Employee stock options outstanding account. The deferred employee compensation is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option. The balance in employee stock option outstanding account net of any unamortized deferred employee compensation is shown separately as part of shareholders' fund.

(xi) Borrowing cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(xii) Provision for tax

Tax expense for the year comprises current and deferred is included in determining the net profit for the year.

Provision for current tax is based on the tax liabilities computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax expense or benefit is recognized on timing difference between accounting and taxable income that originates in one year and is capable of reversal in one or more subsequent period. Deferred tax assets and liabilities are measured using the tax rates and laws that have been substantively enacted by the Balance Sheet date.

The Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realized in future whereas in cases of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognized only if there is virtual certainty of realization backed by convincing evidence. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

Minimum Alternative Tax (MAT)

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit receivable. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit receivable to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

(xiii) Contingent liabilities and provisions

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit and Loss net of any reimbursement.

(xiv) Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders after tax by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period, are adjusted for events of bonus issued to existing shareholders.

For the purpose of calculating diluted earnings per share, the net profit or loss attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares, if any.

(xv) Cash flow statement

Cash flows are reported using the indirect method, whereby net profits before tax is adjusted for the effect of transaction of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities are segregated.

(xvi) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.

2. Notes to the financial statements for the year ended 31st March, 2013

Amounts in the financial statements are presented in ₹ million, except for per share data and as otherwise stated.

2.1. Share capital

Particulars	As at March 31, 2013	As at March 31, 2012
Authorized shares		
200,000,000 (previous year 150,000,000) equity shares of ₹2 each	400.00	300.00
Issued, subscribed and fully paid-up shares		
122,407,493 (96,063,930) equity shares of ₹2 each fully paid-up	244.81	192.13
	244.81	**192.13**

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at March 31, 2013		As at March 31, 2012	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	96,063,930	192.13	95,544,396	191.09
Shares issued during the year	26,343,563	52.68	519,534	1.04
Shares outstanding at the end of the year	**122,407,493**	**244.81**	**96,063,930**	**192.13**

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting except where interim dividend is distributed.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. **Details of shareholders holding more than 5% shares in the Company**

	As at March 31, 2013		As at March 31, 2012	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Equity shares of ₹2 each fully paid-up				
Mr. Shantanu Prakash	35,135,205	28.70%	44,315,205	46.13%
A.P Eduvision Private Limited	7,284,600	5.95%	-	-
MKCP Institutional Investor (Mauritius) II Ltd	9,898,370	8.09%	-	-
Macquarie Finance (India) Private Limited	9,180,000	7.50%	-	-
Citigroup Global Markets Mauritius Private Limited	6,791,634	5.55%	6,493,350	6.76%

d. **Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date**

Particulars	As at March 31, 2013	As at March 31, 2012
Equity shares fully paid up pursuant to contract(s) without payment being received in cash-bonus shares	-	108,259

e. **Terms of securities convertible into equity shares**

(i). **Foreign Currency Convertible Bond (FCCB)**

78,500 Zero coupon foreign currency convertible bonds of $ 1000 each have been redeemed on the redemption due date July 26, 2012 at redemption price at maturity being 141.087% of par value.

During the year, the Company has issued 10, Zero coupon foreign currency convertible bonds of $ 1000,000 each, these FCCB are convertible into equity shares based on the ratio calculated in accordance with the terms of offering circular dated 13th July, 2012. The bonds are convertible latest by 24th July, 2017.These are to be converted at initial conversion price of ₹188.62 for each equity shares at the applicable exchange rate at the date of conversion. As on 31st March, 2013 USD 10 million (previous year Nil) FCCB are outstanding for conversion into equity shares of ₹2 each. Due date for redemption is 24th July, 2017 and redemption price at maturity is 134.07% of par value.

(ii). **Employees Stock Option Schemes (ESOS)**

The Company has six stock option schemes. Employee stock options are convertible into equity shares in accordance with the respective employees stock option scheme. The option vesting period is maximum ten years from the date of grant of option to employees at an exercise price approved by the remuneration committee.

Employees Stock Option Scheme 2006

Pursuant to shareholder resolution dated 24th August, 2006, the Company introduced "Educomp Employees Stock Option Scheme 2006" which provides for the issue of 3,125,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at 31st March, 2013 and 31st March, 2012, the Company had 902,269 and 1,668,815 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2007

Pursuant to shareholder resolution dated 13th September, 2007, the Company introduced "Educomp Employees Stock Option Scheme 2007" which provides for the issue of 1,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at 31st March, 2013 and 31st March, 2012, the Company had 634,260 and 868,420 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2008

Pursuant to shareholder resolution dated 25th November 2008, the Company introduced "Educomp Employees Stock Option Scheme 2008" which provides for the issue of 1,250,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at 31st March, 2013 and 31st March, 2012 the Company had 748,033 and 1,207,233 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2010

Pursuant to shareholder resolution dated 18th March 2010, the Company introduced "Educomp Employees Stock Option Scheme 2010" which provides for the issue of 1,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at 31st March, 2013 and 31st March, 2012 the Company had 698,750 and 961,250 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2011

Pursuant to shareholder resolution dated 26th July 2011, the Company introduced "Educomp Employees Stock Option Scheme 2011" which provides for the issue of 1,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at 31st March, 2013 and 31st March, 2012 the Company had 525,000 and 975,000 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2012

Pursuant to shareholder resolution dated 16th July, 2012, the Company introduced "Educomp Employees Stock Option Scheme 2012" which provides for the issue of 3,500,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 10 years from the date of respective grants. As at 31st March, 2013 and 31st March, 2012 the Company had 2,600,000 and Nil number of shares reserved for issue under the scheme respectively.

(iii). Share warrants

The Company on 26th July 2012 had allotted 1,14,79,096 warrants to Promoter Group Entity at an issue price of ₹193.74 per warrant, as per the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009 convertible into equal number of equity shares of the face value of ₹2/- each convertible within a period of 18 months from the date of allotment. Further, the Company on 22nd January, 2013 had allotted 29,79,939 equity shares of face value of ₹2/- each at a premium of ₹191.74/- per share on conversion of warrants issued under provisions Of Chapter VII Of SEBI (ICDR) Regulations, 2009 pursuant to receipt of balance 75% of the issue price against the allotted shares.

f. The information concerning stock options granted, exercised, forfeited and outstanding at the year end is as follows:

	As at March 31, 2013		As at March 31, 2012	
	No. of stock options	Weighted average price (Rs.)	No. of stock options	Weighted average exercise price (Rs.)
Employee Stock Option Scheme 2006				
No. of shares under option				
Outstanding at the beginning of the year	1,668,815	111.42	1,961,470	85.24
Granted	-	-	210,000	163.17
Exercised	555,544	25.00	484,405	25.00
Forfeited during the year	211,002	231.01	18,250	186.75
Outstanding at the end of year	902,269	136.66	1,668,815	111.42
Weighted average grant date fair value per option for options granted during the year at less than market value*	N.A		N.A	
Weighted average remaining contractual life (in years)	1.88 yrs		2.83 yrs	
Payment received against share allotted during the year	13.89 million		12.11 million	
Employee Stock Option Scheme 2007				
No. of shares under option				
Outstanding at the beginning of the year	868,420	439.58	873,615	482.47
Granted	-	-	166,385	343.87
Exercised	-	-	-	-
Forfeited during the year	234,160	482.59	171,580	565.17
Outstanding at the end of year	634,260	423.70	868,420	439.58
Weighted average grant date fair value per option for options granted during the year at less than market value*	N.A		N.A	
Weighted average remaining contractual life (in years)	3.23 yrs		4.38 yrs	
Payment received against share allotted during the year	Nil		Nil	
Employee Stock Option Scheme 2008				
No. of shares under option				
Outstanding at the beginning of the year	1,207,233	499.48	1,189,558	528.21
Granted	-	-	120,000	197.62
Exercised	-	-	-	-
Forfeited during the year	459,200	597.09	102,325	479.47
Outstanding at the end of year	748,033	439.55	1,207,233	499.48
Weighted average grant date fair value per option for options granted during the year at less than market value*	Nil		Nil	
Weighted average remaining contractual life (in years)	4.46 yrs		4.29 yrs	
Payment received against share allotted during the year	Nil		Nil	
Employee Stock Option Scheme 2010				
No. of shares under option				
Outstanding at the beginning of the year	961,250	478.95	981,750	501.68
Granted	-	-	70,000	216.48
Exercised	-	-	-	-
Forfeited during the year	262,500	509.17	90,500	522.44
Outstanding at the end of year	698,750	467.60	961,250	478.95
Weighted average grant date fair value per option for options granted during the year at less than market value*	Nil		Nil	
Weighted average remaining contractual life (in years)	4.73 yrs		5.68 yrs	
Payment received against share allotted during the year	Nil		Nil	

	As at March 31, 2013		As at March 31, 2012	
	No. of stock options	Weighted average price (Rs.)	No. of stock options	Weighted average exercise price (Rs.)
Employee Stock Option Scheme 2011				
No. of shares under option				
Outstanding at the beginning of the year	975,000	238.94	-	-
Granted	-	-	975,000	238.94
Exercised	-	-	-	-
Forfeited during the year	450,000	251.70	-	-
Outstanding at the end of year	525,000	228.01	975,000	238.94
Weighted average grant date fair value per option for options granted during the year at less than market value*	Nil		Nil	
Weighted average remaining contractual life (in years)	5.60 yrs		6.26 yrs	
Payment received against share allotted during the year	Nil		Nil	
Employee Stock Option Scheme 2012				
No. of shares under option				
Outstanding at the beginning of the year	-	-	-	-
Granted	2,600,000	154.35	-	-
Exercised	-	-	-	-
Forfeited during the year	-	-	-	-
Outstanding at the end of year	2,600,000	154.35	-	-
Weighted average grant date fair value per option for options granted during the year at less than market value*	N.A		-	
Weighted average remaining contractual life (in years)	6.00 yrs		-	
Payment received against share allotted during the year	Nil		-	

*Fair value related disclosures as required by guidance note on "Accounting for Employee Share-based Payments" have not been furnished because of the voluminous nature of disclosures due to diferrent grant dates and vesting conditions.

g. **Share reserved for issue under options/contracts**
For details of shares reserved for issue on conversion of Zero Coupon Foreign Currency Convertible Bonds, please refer note 2.1 (e)(i).
For details of shares reserved for issue on exercise of employee stock options, please refer note 2.1(e) (ii) .
For details of shares reserved for issue on conversion of share warrants, please refer note 2.1(e) (iii).

2.2. Reserve and surplus

Particulars	As at March 31, 2013	As at March 31, 2012
Securities premium account		
Opening balance	7,873.05	7,759.96
Add: On issue of shares (including shares under ESOS)	4,228.92	113.09
Less: Issue expenses/redemption premium	1,872.98	-
Closing balance	**10,228.99**	**7,873.05**
Share options outstanding account		
Opening balance	198.47	189.45
Add: Employee stock compensation (refer note 2.25)	58.27	92.14
Less: Transfer to securities premium account on exercise of stock options	96.43	83.12
Closing balance	**160.31**	**198.47**
General reserve		
Opening balance	915.29	820.84
Add: Transferred from surplus in the Statement of Profit and Loss	-	94.45
Closing balance	**915.29**	**915.29**
Surplus in the Statement of Profit and Loss		
Opening balance	9,055.70	7,294.81
Add: Net (loss)/ profit after tax transferred from the Statement of Profit and Loss	(407.20)	1,889.03
Less: Proposed dividend	6.86	28.99

Particulars	As at March 31, 2013	As at March 31, 2012
Less: Corporate dividend tax	1.11	4.70
Less: Transferred to general reserve	-	94.45
Closing balance	**8,640.53**	**9,055.70**
Foreign Currency Monetary Items Translation Difference Account*		
Opening balance	(131.27)	-
Add: Addition during the year	(252.26)	(485.77)
Less: Amortisation during the year	(47.32)	(354.50)
Closing balance	**(336.21)**	**(131.27)**
	19,608.91	**17,911.24**

*Foreign Currency Monetary Items Translation Difference Account (FCMITDA)

The Company has adopted Companies (Accounting Standards) Second Amendment Rules 2011 on Accounting Standard 11 as notified by the Central Government vide Notification dated 29th December, 2011. Accordingly, the effect of exchange difference on foreign currency loan (including FCCB) is accounted for by addition or deduction to the cost of the assets so far it relates to depreciable capital asset and in other cases by transfer to "Foreign Currency Monetary Items Translation Difference Account"(FCMITDA) to be amortized as provided in the aforesaid notification. Further, as per the decision of the council of the Institute of Chartered Accountants of India (ICAI) in its meeting dated 26th March, 2013, FCMITDA is to be shown as a part of Reserves and Surplus.

2.3. Long-term borrowings (refer note 2.30)*

Particulars	As at March 31, 2013	As at March 31, 2012
Bonds and debentures		
10 Zero Coupon Foreign Currency Convertible Bonds (previous year Nil) of $ 1,000,000 each (secured) (refer note 2.1(e)(i))	543.89	-
13.50%, 350 Non Convertible Debentures (previous year Nil) of ₹10,00,000 each (secured)	350.00	-
13.25%, 100 Non Convertible Debentures (previous year Nil) of ₹10,00,000 each (unsecured)	100.00	
Term loans		
Secured		
from banks	785.67	270.62
from others		
External Commercial Borrowings	3,807.25	-
Unsecured		
from banks	320.00	-
from others	306.30	121.91
Long term maturities of finance lease obligations (Unsecured)	49.42	97.05
	6,262.53	**489.58**

* refer note 2.8 for current maturities of long term borrowings.

2.4. Other long term liabilities

Particulars	As at March 31, 2013	As at March 31, 2012
Trade payables*	37.50	-
Others		
Advance from customers	137.28	169.57
	174.78	**169.57**

* refer note 2.7 for disclosures with respect to MSMED Act, 2006.

2.5. Long-term provisions

Particulars	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits		
Gratuity (refer note 2.31)	68.07	56.56
Leave encashment (refer note 2.31)	25.56	23.83
	93.63	**80.39**

2.6. Short-term borrowings (refer note 2.30)

Particulars	As at March 31, 2013	As at March 31, 2012
Loans repayable on demand		
Working capital loans from bank-secured	3,155.88	1,838.99
Other loans and advances		
Commercial paper-unsecured	-	1,050.00
From others - unsecured	234.00	-
	3,389.88	**2,888.99**

2.7 Trade payables

Particulars	As at March 31, 2013	As at March 31, 2012
Trade payables (including acceptances)	2,250.62	2,603.39
	2,250.62	**2,603.39**

Disclosure relating to suppliers registered under Micro, Small and Medium Enterprise Development Act, 2006:

Particulars	As at March 31, 2013	As at March 31, 2012
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year included in trade payables and other current liabilities		
Principal amount due to micro, small and medium enterprises	0.76	0.36
Interest due on above	0.07	-
Total	**0.83**	**0.36**
The amount of interest paid by the buyer in terms of section 16 of the MSMED ACT 2006 along with the amounts of the payment made to the supplier beyond appointed day.	-	-
	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	0.07	-
	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible under section 23 of the MSMED Act 2006.	0.03	-
Amount payable to subsidiary		
Educomp Online Supplemental Service Limited	3.77	0.96
Educomp Learning Private Limited	39.59	-
Educomp Infrastructure & School Management Limited	0.70	-
Educomp Child Care Private Limited	0.15	-
Other related parties		
Education Quality Foundation of India	0.05	-

2.8. Other current liabilities

Particulars	As at March 31, 2013	As at March 31, 2012
Current maturities of long-term debts (refer note 2.30)		
Nil Zero Coupon Foreign Currency Convertible Bonds (previous year 78,500) of $ 1000 each (Unsecured)	-	4,015.28
Term loans -from banks (secured)	1,192.09	1,944.14
Term loans -from others (unsecured)	372.00	115.18
Current maturities of finance lease obligations		
Finance lease obligations (unsecured)	66.74	41.22
Interest accrued but not due on borrowings	103.32	13.87
Interest accrued and due on borrowings	70.51	-
Advances from customers*	335.01	68.11
Unpaid dividend (refer note 2.17)	1.56	1.25
Other payables		
Employees related payables	551.30	310.22
Statutory dues	231.57	177.05
Security deposits	1.31	1.33
Book overdraft	200.74	-
Payables for supply of fixed assets	-	42.99
	3,126.15	**6,730.64**
*** includes payable to related party**		
Educomp Global Holding W.L.L	35.66	33.54
Educomp Raffles Higher Education Limited	169.57	201.87
Edumatics Corporation	21.75	-
Vidya Mandir Classes Limited	150.00	-
Wizlearn technologies Pte Ltd	75.44	-
Educomp Software Limited	0.42	

2.9. Short-term provisions

Particulars	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits		
Gratuity (note 2.31)	9.94	2.68
Leave encashment (note 2.31)	5.99	5.29
Other provisions		
Provision for warranties	5.00	5.00
Provision for proposed dividend	-	28.97
Provision for corporate dividend tax	5.81	4.70
Provision for taxation (net of advance tax/tds ₹185.02 million (previous year ₹102.23 million)*	308.09	333.21
	334.83	**379.85**

* includes interest for delay in deposit of advance tax ₹79.89 million (previous year ₹22.28 million)

2.10. Fixed Assets

	Gross block					Depreciation and amortization					Net block	
	As at April 1, 2012	Additions	Disposals	Other adjustments	As at March 31, 2013	As at April 1, 2012	Charge for the year	Disposals	Other adjustments#	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Tangible assets												
Land (freehold)	8.23	0.70	-	-	8.93	-	-	-	-	-	8.93	8.23
Building	106.66	-	-	-	106.66	16.14	4.06	-	-	20.20	86.46	90.52
Leasehold improvements	12.81	0.51	-	-	13.32	8.66	2.25	-	-	10.91	2.41	4.15
Office equipment	471.09	5.94	0.08	-	476.95	211.91	100.51	0.01	-	312.41	164.54	259.18
Office equipment-finance lease	68.74	-	-	-	68.74	6.48	13.73	-	-	20.21	48.53	62.26
Furniture and fixtures	181.74	0.70	0.04	-	182.40	78.84	35.38	0.01	-	114.21	68.19	102.90
Computers and accessories	631.78	6.32	0.08	-	638.02	324.82	131.04	0.05	-	455.81	182.21	306.96
Computers and accessories-finance lease	90.32	-	-	-	90.32	8.68	18.04	-	-	26.72	63.60	81.64
Vehicles	9.22	-	3.49	-	5.73	6.65	0.64	2.83	-	4.46	1.27	2.57
Sub total	**1,580.59**	**14.17**	**3.69**	**-**	**1,591.07**	**662.18**	**305.65**	**2.90**	**-**	**964.93**	**626.14**	**918.41**
Previous year	1,284.96	325.01	29.38		1,580.59	395.31	293.99	27.11		662.19	918.40	889.65
Intangible assets												
Computer software	84.21	3.09	-	-	87.30	54.88	16.99	-	-	71.87	15.43	29.33
Knowledge-based content*	1,248.18	460.23	-	-	1,708.41	797.68	205.04	-	16.38	1,019.10	689.31	450.50
Sub total	**1,332.39**	**463.32**	**-**	**-**	**1,795.71**	**852.56**	**222.03**	**-**	**16.38**	**1,090.97**	**704.74**	**479.83**
Previous year	1,161.91	314.44	143.96	-	1,332.39	771.02	179.51	97.97	-	852.56	479.83	390.89
Total	**2,912.98**	**477.49**	**3.69**	**-**	**3,386.78**	**1,514.74**	**527.68**	**2.90**	**16.38**	**2,055.90**	**1,330.88**	**1,398.24**
Previous year	2,446.87	639.45	173.34	-	2,912.98	1,166.33	473.50	125.08	-	1,514.75	1,398.23	1,280.54
Intangibles under development**											17.70	-
Capital work in progress											20.55	0.39
Grand total											**1,351.43**	**1,398.63**

* Knowledge based content includes :

(i) It includes internally generated asset:

Current year	229.94	349.69	-	-	579.63	0.15	72.25	-	-	72.40	507.23	229.79
Previous year	-	229.94	-	-	229.94	-	0.15			0.15	229.79	-

(ii) It includes ₹13.47 million of foreign exchange fluctuation capitalised during the year and related depreciation of ₹34.80 million. During the previous year, ₹24.48 million of foreign exchange fluctuation was capitalised on the fixed assets and related depreciation was of ₹3.15 million.

**Intangibles under development

It includes payroll cost of ₹14.53 million (previous year ₹ Nil) and other overhead cost of ₹3.17 million (previous year ₹ Nil) for development of knowledge-based content.

refer note 2.28 on prior period items

Educomp™ What Learning Can Be

2.11. Investments

Non-current investments

Particulars	As at March 31, 2013	As at March 31, 2012
Investment in Equity Instruments		
Long term, unquoted, trade, at cost		
a) Investment in subsidiaries		
85,899 equity shares (previous year 85,899) of ₹10 each, fully paid up, in Wheitstone Productions Private Limited.	3.35	3.35
13,66,092 equity shares (previous year 13,66,092) of USD 1 each, fully paid up, in Edumatics Corporation, USA.	62.09	62.09
53,550 equity shares (previous year 53,550) of ₹10 each, fully paid up, in Educomp Learning Private Limited.	1.96	1.96
2,67,26,448 equity shares (previous year 2,55,44,995) of ₹10 each, fully paid up, in Educomp Infrastructure & School Management Limited.	10,427.45	9,657.67
34,175 equity shares (previous year 34,000) of ₹10 each, fully paid up, in Educomp School Management Limited.	50.00	50.00
2,40,85,351 equity shares (previous year 1,70,85,351) of USD 1 each, fully paid up, in Educomp Asia pacific Pte Ltd., Singapore	1,220.51	830.28
42,84,095 equity shares (previous year 42,84,095) of ₹10 each, fully paid up, in Educomp Professional Education Limited	2,960.09	2,960.09
35,03,522 equity shares (previous year 34,62,469) of C$ 1 each, fully paid up, in Savvica Inc., Canada	150.72	148.54
Nil equity shares (previous year 1,34,53,600) of ₹10 each, fully paid up, Eurokids International Limited.	-	390.00
1,61,10,239 equity shares(previous year 1,61,10,239) of ₹10 each, fully paid in Educomp Child care Private Limited	161.10	161.10
11,98,755 equity shares (previous year 11,98,755) of SGD 1 each, fully paid in Educomp Intelprop Ventures Pte Ltd.	39.30	39.30
9,04,056 equity shares (previous year 9,04,056) of ₹10 each, fully paid in Educomp Online Supplemental Service Limited	14.56	14.56
43,51,675 equity shares (previous year 43,51,675) of ₹10 each, ₹5 paid up in Educomp Online Supplemental Service Limited.	502.62	502.62
Nil equity shares (previous year 48,776) of ₹10 each, fully paid in Vidya Mandir Classes Limited.	-	346.87
6,00,000 equity shares (previous year 6,00,000) of ₹10 each, fully paid in Educomp Investment Management Limited	6.00	6.00
2,475 equity shares (previous year 2,475) of ₹10 each, fully paid in Educomp Global Holding W.L.L	29.61	29.61
1 equity shares (previous year Nil) of AED. 1,00,000 each, fully paid in Educomp Global FZE	1.46	-
	15,630.82	**15,204.04**
b) Investment in associates		
23,85,141 equity shares (previous year 23,85,141) of ₹10 each, fully paid in Greycells 18 Media Limited	145.41	145.41
	145.41	**145.41**
c) Others		
45,00,000 8% Cumulative Redeemable Non-convertible Preference Shares	450.00	450.00
(previous year 45,00,000) of ₹100 each, fully paid up, in Edu Smart services Private Limited		
4,25,000 units (previous year 4,25,000) of ₹1000 each, fully paid up, in	425.00	425.00
India Education Fund		
	875.00	**875.00**
	16,651.23	**16,224.45**
Less: Provision for diminution in the value of investment		
- Savvica Inc.	150.72	-
- Wheitstone Productions Private Limited	3.35	3.35
Aggregate value of provision for diminution for value in investments	**154.07**	**3.35**
	16,497.16	**16,221.10**

Current investments-at lower of cost and fair value

Particulars	As at March 31, 2013	As at March 31, 2012
Investment in Equity Instruments		
others, unquoted, trade		
a) Investment in subsidiaries		
48,776 equity shares (previous year Nil) of ₹10 each, fully paid in Vidya Mandir Classes Private Limited (held for sale)	346.87	-
	346.87	**-**
Others, non trade, quoted		
Investment in mutual fund		
SBI Gold Fund	-	1.50
Nil units (previous year 1,50,000 units) of ₹10 each		
	-	**1.50**
Total	**346.87**	**1.50**
Aggregate amount of unquoted investments	16,998.10	16,224.45
Aggregate amount of quoted investments (market value of ₹ Nil (previous year ₹1.50 million)	-	1.50

2.12. Deferred tax assets

Particulars	As at March 31, 2013	As at March 31, 2012
Deferred tax assets on account of :-		
Expenses allowable on payment basis	37.02	25.97
Provision for doubtful debts and advances	36.65	16.78
Difference in net block of fixed assets as per books and Income tax	57.95	6.30
Deferred tax assets	**131.62**	**49.05**

2.13. Long term loans and advances

Particulars	As at March 31, 2013	As at March 31, 2012
Security deposits		
Unsecured, considered good	183.29	20.70
Other loans and advances		
Unsecured, considered good		
Balance with Statutory/Government authorities	16.66	16.66
Prepaid expenses	61.79	-
Unsecured, considered doubtful		
Advance for supply of goods and rendering of services	3.08	1.66
Loans and advances to employees	3.33	-
Less: Provision for doubtful advances	(6.41)	(1.66)
	261.74	**37.36**

2.14. Other non current assets

Particulars	As at March 31, 2013	As at March 31, 2012
Non-current bank balances		
Held as margin money/security*	46.32	788.63
Others		
Interest accrued but not due on deposits		
Held as margin money/security	8.72	79.44
	55.04	**868.07**

* Margin money deposit given against borrowings, letter of credit and bank guarantees

2.15. Inventories (valued at lower of cost and net realisable value)

Particulars	As at March 31, 2013	As at March 31, 2012
Stock-in-trade		
Technology equipment	515.15	771.46
Less: Provision for obsolescence	(22.93)	-
	492.22	**771.46**

2.16. Trade receivables*

Particulars	As at March 31, 2013	As at March 31, 2012
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	9,393.64	2,484.62
Unsecured, considered doubtful	75.68	50.05
	9,469.32	**2,534.67**
Others		
Unsecured, considered good	3,642.24	6,165.85
Less: Provision for doubtful debts	(75.68)	(50.05)
	13,035.88	**8,650.47**
*** Includes due from subsidiaries (refer note no. 2.33 on related party disclosures)**		
Wizlearn Technologies Pte.Ltd.	-	1.96
Educomp Infrastructure & School management Limited	22.29	6.25
Educomp School Management Limited	0.31	0.25
Educomp learning Private Limited	0.10	1.02
Educomp Software Limited	-	
Educomp Online Supplemental Service Limited	4.32	4.30
SAVVICA Inc. (provision for doubtful debts ₹10.44 million (previous year ₹ Nil)	10.44	12.09
Other related parties (refer note no. 2.33 on related party disclosures)		
Learning Leadership Foundation	51.90	40.27
Learning Links Foundation	8.66	11.96
Indiacan Education Private Limited	4.87	3.75
Lakshya Digital Services Private Limited	3.82	4.89

2.17. Cash and bank balances

Particulars	As at March 31, 2013	As at March 31, 2012
Cash and cash equivalents		
Balances with banks-on current accounts	121.12	712.33
Cash on hand	0.55	0.68
Cheques/draft on hand	46.14	125.34
	167.81	**838.35**
Other bank balances		
Unpaid dividend account	1.56	1.25
Margin money deposit*	143.38	316.54
	312.75	**1,156.14**

*** Margin money deposit given against borrowings, letter of credit and bank guarantees.**

2.18. Short term loans and advances

Particulars	As at March 31, 2013	As at March 31, 2012
Loans and advances to related parties*		
Unsecured, considered good	2,017.94	1,544.83
Others		
Unsecured, considered good		
For supply of goods and rendering of services	687.77	311.03
Loans and advances to employees	10.99	19.67
Balance with Statutory/Government Authorities	62.80	69.07
Prepaid expenses	117.76	91.45
Earnest money deposits	28.69	46.13
Security deposit	237.75	7.62
Others	121.38	130.72
Unsecured, considered doubtful		
Earnest money deposits	2.91	-
Less: Provision for doubtful advances	(2.91)	-
	3,285.08	**2,220.52**
**** includes: (refer note no. 2.33 on related party disclosures)***		
Share application money		
Subsidiaries		
Educomp Childcare Private Limited	46.56	46.56
Educomp School Management Limited	4.50	4.50
Educomp Professional Education Limited	1,304.00	1,276.00
Educomp Investment Management Limited	0.40	-
Euro Kids International Limited	-	10.00
Associates		
Greycells18 Media Limited.	1.17	1.17
Advance call money		
Subsidiaries		
Educomp Online Supplemental Service Limited	103.69	40.37
Disclosure pursuant to requirements of clause 32 of the listing agreement		
Loans and advances		
Subsidiaries		
Educomp Infrastructure & School management Limited	467.74	-
(maximum amount outstanding ₹467.74 million (previous year ₹ Nil)		
Authrogen Technologies Limited (maximum amount outstanding ₹133.51 million (previous year ₹71.06 million)	-	71.06
Educomp Learning Hour Private Limited (maximum amount outstanding ₹62.12 million (previous year ₹71.99 million)	62.12	71.99

2.19. Other current assets

Particulars	As at March 31, 2013	As at March 31, 2012
Unbilled receivables	65.94	57.97
Interest accrued on deposits		
Held as margin money	1.99	1.70
Others (interest accrued on loans given to subsidiary)	42.38	11.81
	110.31	**71.48**

2.20. Unhedged foreign currency exposure

Particulars	As at March 31, 2013	As at March 31, 2012
Current liabilities	737.49	1,485.63
Trade receivable	38.79	10.12
Loans payable	4,351.14	4,015.28
Overseas investment	1,503.69	1,109.82
	6,631.11	**6,620.85**

2.21. Revenue from operations

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Sale of education products and technology equipments	5,668.06	9,513.09
Education services	1,663.04	1,252.03
	7,331.10	**10,765.12**

2.22. Other income

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Interest income	136.41	89.26
Dividend from subsidiary companies	2.69	-
Profit on sale of current investment	0.08	-
Profit on sale of long term investment in subsidiary	704.00	0.75
Other non-operating income	29.76	65.24
	872.94	**155.25**

2.23. Purchase of traded goods

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Technology equipments	3,203.55	4,225.73
Educational products	70.03	47.56
	3,273.58	**4,273.29**

2.24. Changes in inventories of stock-in-trade

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Changes in inventories		
Opening -stock-in-trade		
Technology equipment	771.46	357.53
Educational products	-	3.90
Less: Transfer to fixed assets/repair and maintenance	(174.13)	-
	597.33	**361.43**
Closing -stock-in-trade		
Technology equipment	515.15	771.46
Educational products	-	-
	515.15	**771.46**
	82.18	**(410.03)**

2.25. Employee benefit expense (refer note 2.31)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Salaries wages and bonus	1,821.45	1,601.43
Contribution to provident and other funds	80.69	69.58
ESOS amortisation cost	58.27	92.14
Staff welfare expenses	5.08	6.06
	1,965.49	**1,769.21**

2.26. Finance cost

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Interest expense	1,177.11	764.84
Interest on delay in payment of taxes	70.99	24.10
Other borrowing cost	140.45	113.44
	1,388.55	**902.38**

2.27. Other expenses

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Lease rent	101.13	120.33
Rates and taxes, excluding taxes on income	11.63	9.74
Travelling and conveyance	165.00	194.81
Recruitment and training	5.18	5.94
Legal and professional	254.58	163.50
Communication	61.42	62.84
Printing and stationery	59.50	92.68
Repair and maintenance	-	-
- Building	16.35	21.56
- Machinery	16.02	18.23
- Others	174.72	39.00
Power and fuel	22.62	36.26
Insurance	5.30	5.72
Advertisement, publicity and business promotion	51.55	197.30
Freight and forwarding	14.34	20.41
Bank charges	6.77	7.31
Loss on novation of loan	132.34	-
Provision for doubtful debts/advances	56.22	21.96
Foreign exchange loss (net) (refer note 2.41)	117.22	453.12
Loss on sale of fixed assets (net)	0.20	-
Loss on sale of current investment	-	15.88
Provision for diminution in the value of long term investment	150.72	-
Miscellaneous expenses	16.84	12.61
	1,439.65	**1,499.20**

2.28. Prior period items

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Prior period income		
Revenue from operations	-	16.53
	-	**16.53**
Prior period expenses		
Employee benefit expenses	-	1.38
Repair and maintenance-others	0.29	0.33
Amortisation	16.38	-
Legal & professional	-	(0.44)
Bank Charges	-	1.91
Rates and taxes	-	(18.63)
	16.67	(15.45)
	16.67	**(31.98)**

2.29. (Loss)/Earning per share (EPS)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Calculation of (loss)/profit for basic EPS		
Net (loss)/profit attributable to equity shareholders		
Net (loss)/profit after tax and prior period items	(407.20)	1,889.03
Net (loss)/profit available for calculation of basic EPS (A)	**(407.20)**	**1,889.03**
Calculation of profit for diluted EPS		
Net (loss)/profit available for calculation of basic EPS	(407.20)	1,889.03
Add: Exchange loss/(gain) on FCCB (Net of Tax)	-	-
Net (loss)/profit available for calculation of diluted EPS (B)	**(407.20)**	**1,889.03**
No. of weighted average equity shares		
Basic (C)	112,739,924	95,992,452
Effect of dilutive equity shares equivalent		
-ESOP	-	413,142
Diluted (D)	**112,739,924**	**96,405,594**
Nominal value of equity share (₹)	2	2
(Loss)/earning per share (₹)		
Basic (A/C)	(3.61)	19.68
Diluted (B/D)	(3.61)	19.59

2.30. Borrowings

(a) particulars of security, interest and terms of repayment of Loans

Particulars	Amount Outstanding		Terms of repayment	Security
	2013	2012		
Term loan (a)	226.55	375.19	₹50 million on six half yearly installments and ₹325.19 million in 18 quarterly installments	- First pari-passu charge by way of mortgage of all immovable properties and assets of the Company. - First pari-passu charge by way of hypothecation of all the movable assets including, but not limited to computer hardware, furniture and fixtures. - First pari-passu charge on receivable from Government contracts of Uttar Pradesh and Gujarat. - First charge on the Debt Service Reserve Account (DSRA) created for the project. - Personal guarantee of Mr. Shantanu Prakash and first charge by way of mortgage on one of the personal property of Mr. Shantanu Prakash.
Term loan (b)	102.43	215.55	Payable in 14 equal quarterly installments from 15th April, 2010	- Sub-servient charge on the current assets of the Company. - Personal guarantee of Mr. Shantanu Prakash.
Term loan (c)	216.46	725.54	₹500 million in three half yearly installments. (part installment due for repayment)	- Sub-servient charge on the current assets of the Company. - Personal guarantee of Mr. Shantanu Prakash.
Term loan (d)	300.00	498.00	Five equated installments statrting from July, 2013.	- Sub-servient charge on the current assets of the Company. - Personal guarantee of Mr. Shantanu Prakash.
Term loan (e)	250.00	250.00	Two quarterly installments of ₹125 million each on 1st July, 2013 and 1st October, 2013	- ub-servient charge on the current assets of the Company.
Term loan (f)	-	150.00	7 quarterly installments after one year moratorium	- Sub-servient charge over the movable fixed assets and current assets of the Company. - Pledge of 12.32 % shares of Educomp Online Supplemental Service Limited - Personal guarantee of Mr. Shantanu Prakash.
Term loan (g)	648.32	-	16 equal quarterly installments starting at the end of 15th month from the date of first disbursement.	· Sub-servient charge on the current assets of the Company. · Exclusive charge on Mumbai Office of the Company. · Subservient charge on all current assets of Educomp Infrastructure & School Management Limited (EISML). . Personal guarantee of Mr. Shantanu Prakash.
Term loan (h)	170.00	-	18 monthly installments starting from 10th April' 2013	· Subservient charge on receivables of the Company. · Exclusive charge on an immovable property of EISML in Gurgaon. · Corporate guarantee of EISML & personal guarantee of Mr. Shantanu Prakash
Term loan (i)	64.00	-	Nine quarterly installments starting from January, 2014	· First Pari passu charge on the borrower's movable fixed assets lying at designated schools. · Subservient charge on current assets & fixed assets. · Personal guarantee of Mr. Shantanu Prakash
Term loan (j)	-	0.47	Monthly equated installments	· Secured by hypothecation of vehicles
Foreign Currency Convertible Bonds (FCCB)	543.89	-	Repayable at 134.07% of principal par value after 5 year and 1 day from the date of disbursement if not converted.	Second charge on following assets · 26% of the fully paid up equity shares of EISML held by the Company · 75% of the fully paid up equity shares of Wiz Learn Technologies Pte. Ltd. held by Educomp Asia Pacific Pte Limited. · 50% of the fully paid up equity shares of Educomp Higher Initiative Pte. Ltd. held by Educomp Asia Pacific Pte Ltd.

Particulars	Amount Outstanding		Terms of repayment	Security
	2013	2012		
External Commercial Borrowings (ECB)	3,807.25	-	11 half yearly installments starting from 15th January, 2016.	First charge on following assets · 26% of the fully paid up equity shares of the EISML held by the Company · 75% of the fully paid up equity shares of Wiz Learn Technologies Pte. Ltd. held by Educomp Asia Pacific Pte Limited. · 50% of the fully paid up equity shares of Educomp Higher Initiative Pte. Ltd. held by Educomp Asia Pacific Pte Ltd.
Non Convertible Debentures*	350.00	-	Repayable after seven years from the date of disbursement. The investors have put option after five years.	· Mortgage on an immovable property of the Company.
Working capital facility (a)**	3,014.87	1,338.99	Payable on demand	- First ranking pari passu charge on the entire current assets of the Company. - Second pari-passu charge over the fixed assets of the Company - Personal guarantee of the Mr. Shantanu Prakash and Mr. Jagdish Prakash and first charge by way of mortgage on one of the personal property of Mr. Shantanu Prakash.
Working capital facility (b)	141.01	500.00	Payable on demand	- Sub-servient charge on the stock and debtors of the Company. - Personal guarantee of Mr. Shantanu Prakash and Mr. Jagdish Prakash.
Total	**9,834.78**	**4,053.74**		
Loan from bank-unsecured				
Term loan (k)	320.00	-	16 quarterly installments starting from March31, 2016	· Personal guarantee of Mr. Shantanu Prakash and extension of charge on one of the personal property of Mr. Shantanu Prakash. · Corporate guarantee of M/s Kaison Housing Corporation Ltd
Total	**320.00**	**-**		
Loan from others-unsecured				
From others - unsecured (l)	678.30	-	Repayable in 8 to 16 equal quarterly installments from the date of disbursement.	N.A
From others - unsecured (m)	234.00	-	Repayable from 3 month to 9 months from the date of disbursement	· Pledge of shares of the Company held by Mr. Shantanu Prakash.
Total	**912.30**	**-**		

* Non Convertible Debentures are partially secured through mortgage on immovable property of the Company
** Out of outstanding loans of ₹3,014.86 million (previous year ₹1,338.99 million):
- Loan amounting to ₹27.21 million (previous year ₹4.84 million) is not secured by fixed assets

Note:
(a) Term loan (a) to (j) & working capital loan (a) & (b) are at varying rate of interest ranging from 11.25% to 15.50%.
(b) FCCB are zero coupon bonds and do not carry interest.
(c) ECB are at interest rate of 4.5% +Libor.
(d) Term loans (k) are at 11% rate of interest.
(e) Loan from others (l) and (m) are at varying rate of interest ranging from 12.5% to 18%.
(f) Aggregate of loan amount guaranteed by directors ₹5,203.64 million (previous year ₹3,803.27 million)

(b) There have been some cases where the Company has not made the repayment and loan and interest. The details of such outstanding amount as on 31st March, 2013 is given below:

Particulars	Delay upto 1 month	Delay of 1 to 2 month	Delay of 2 to 3 month	Delay of more than 3 month
Repayment of term loan	73.30	77.81	119.80	216.46
Interest	18.44	19.69	5.64	-
	91.74	**97.50**	**125.44**	**216.46**
Previous year	-	-	-	-

2.31. Employee benefits

a. During the year, the Company has recognized the following amounts in the Statement of Profit and Loss
Defined contribution plan

(in ₹ million)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Employer's contribution to provident fund	80.02	69.13
Employee state insurance	0.61	0.42
Labour welfare fund	0.06	0.03
	80.69	**69.58**

Defined benefit plan

The Company operates two defined benefit plans viz gratuity and leave encashment for its employees. Under its gratuity plan, every employee who has completed at least one year of service is entitled to gratuity on departure at 15 days of last drawn salary for each completed year of service.

The employees are entitled for 18 days leave during the calendar year, which can be accumulated and carried forward to next year subject to limit of 24 leaves. Leaves can be encashed only at the time of departure.

Statement of Profit and Loss – Net employee benefit expense recognised

(in ₹ million)

Particulars	Gratuity-Unfunded	Leave encashment -Unfunded	Gratuity-Unfunded	Leave encashment-Unfunded
	Year ended 31st March 2013		Year ended 31st March 2012	
Current service cost	24.10	13.11	21.54	13.73
Interest cost	4.98	2.11	3.41	1.40
Actuarial (gain)/loss	1.36	(6.75)	1.37	(3.44)
Total	**30.44**	**8.47**	**26.32**	**11.69**

b. Reconciliation of opening and closing balance of defined benefit obligation.

(in ₹ million)

Particulars	Gratuity-Unfunded	Leave encashment -Unfunded	Gratuity-Unfunded	Leave encashment-Unfunded
	Year ended 31st March 2013		Year ended 31st March 2012	
Present value of obligation as at the beginning of the year	59.24	25.05	38.83	15.96
Interest cost	4.98	2.11	3.41	1.40
Current service cost	24.10	13.11	21.54	13.73
Benefit paid	(11.67)	(5.19)	(5.91)	(2.60)
Actuarial (gain)/loss	1.36	(6.75)	1.37	(3.44)
Present value of obligation as at the end of the year*	78.01	28.33	59.24	25.05
Current	**9.94**	**2.77**	**2.68**	**1.22**
Non current	**68.07**	**25.56**	**56.56**	**23.83**

* excluding provision for casual leave for ₹3.22 million (previous year ₹4.07 million) being short term employee benefit

c. Amount for current period and previous four periods

Gratuity (unfunded)

Particulars	Year ended 31st March				
	2013	2012	2011	2010	2009
Present value of obligation as at the end of the year	78.01	59.24	38.83	21.54	12.39
Surplus/(Deficit)	(78.01)	(59.24)	(38.83)	(21.54)	(12.39)
Experience adjustment on plan liabilities	(2.12)	(3.27)	(2.24)	(8.40)	(0.04)

Leave encashment Unfunded

Particulars	Year ended 31st March				
	2013	2012	2011	2010	2009
Present value of obligation as at the end of the year	28.33	25.05	15.96	8.04	5.61
Surplus/(Deficit)	(28.33)	(25.05)	(15.96)	(8.04)	(5.61)
Experience adjustment on plan liabilities	6.60	2.77	1.06	(0.50)	1.87

d. Principal actuarial assumptions at the Balance Sheet date:

(in ₹ million)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Discounting rate	8.41%	8.78%
Expected rate of increase in salary	8.00%	8.50%
Demographic assumptions		
i) Retirement age (Years)	58	58
ii) Mortality table	IALM (1994 - 96)	LIC (1994 - 96)
iii) Ages	**Withdrawal Rate (%)**	**Withdrawal Rate (%)**
Up to 30 Years	3	3
From 31 to 44 years	2	2
Above 44 years	1	1

(e) The discount rate is based upon the market yields available on Government bonds at the accounting date for remaining life of employees.

(f) The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market on long term basis.

(g) Estimated amounts of contribution payable during the next year are:
- For gratuity ₹44.74 million (previous year ₹34.01 million).
-For leave encashment ₹14.94 million (previous year ₹13.53 million)

2.32 Segment Reporting

The Company has four segments: Higher Learning Solutions (HLS) comprising of vocational, higher education and professional development, School Learning Solutions (SLS) comprising of Smart Class & Edureach (ICT) business, K-12 Schools comprising preschools & high schools and Online, Supplemental & Global business (OSG).

In accordance with the provision of AS 17, "Segment Reporting" the Company has identified business segment as primary segment. As its Secondary Segment, the Company has only one geographical segment having 10 per cent or more of enterprise revenue from sales to external customers based on the geographical location of its customers.

Revenue and expenses directly attributable to segments are reported under each reportable segment. All other expenses, which are not attributable or allocable to segments, have been disclosed as un-allocable expenses.

Assets and liabilities that are directly attributable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as un-allocable.

A. **Primary segment information:– Business Segments**

	HLS	SLS	K-12	OSG	Total
Segment assets	63.30	15,741.44	22.29	104.42	15,931.45
	(49.45)	(12,241.84)	(6.25)	(45.96)	(12,343.50)
Unallocated corporate assets					19,966.35
					(19,102.28)
Total assets*					**35,897.80**
					(31,445.78)
Segment liabilities	179.06	2,031.96	-	929.25	3,140.27
	(207.10)	(2,969.72)	-	(2.89)	(3,179.71)
Unallocated corporate liabilities					12,492.15
					(10,162.70)
Total liabilities					**15,632.42**
					(13,342.41)
Capital expenditure	-	509.71	-	0.10	509.81
	(0.35)	(565.51)	-	(0.29)	(566.15)
Unallocated corporate capital expenditure					5.54
					(37.65)
Total capital expenditure					**515.35**
					(603.80)
Depreciation and amortization	0.48	506.81	-	0.13	507.42
	(0.97)	(441.38)	-	(1.12)	(443.47)
Unallocated corporate depreciation and amortisation					20.26
					(30.03)
Total depreciation and amortization					**527.68**
					(473.50)
Non cash expenditure other than depreciation and amortisation	4.11	25.48	1.07	20.75	51.41
	(5.07)	(35.90)	(0.29)	(1.24)	(42.50)
Unallocated expenditure					381.03
					(130.05)
Total non cash expenditure other than depreciation and amortisation					**432.44**
					(172.55)

	HLS	SLS	K-12	OSG	Total
Revenue	93.10	6,274.14	16.62	947.24	7,331.10
	(135.74)	(10,476.39)	(14.11)	(138.88)	(10,765.12)
Expenses	82.76	5,184.44	1.10	932.01	6,200.31
	(92.26)	(6,201.00)	(0.30)	(157.89)	(6,451.45)
Segment results	10.34	1,089.70	15.52	15.23	1,130.79
	(43.48)	(4,275.39)	(13.81)	19.01	(4,313.67)
Un-allocable expenditure					1,088.27
					(1,153.72)
Finance cost					1,388.55
					(902.38)
Operating profit					**(1,346.03)**
					(2,257.57)
Other income					872.94
					(155.25)
Prior period Items					16.67
					(-31.98)
Profit before tax					**(489.76)**
					(2,444.80)
Less: Tax expense					
- Current tax					-
					(604.59)
- Deferred tax					(82.56)
					(-48.82)
Profit after tax and prior period items					**(407.20)**
					(1,889.03)

B. Secondary segment information – Geographical

	Revenue	Segment assets	Capital expenditure
India	7,181.64	35,859.04	515.35
	(10,748.20)	(31,561.82)	(603.80)
Outside India	149.46	38.79	-
	(16.92)	(15.25)	-
Total	**7,331.10**	**35,897.83**	**515.35**
	(10,765.12)	**(31,577.07)**	**(603.80)**

Notes:

1. The accounting policies used to derive reportable segment results are consistent with those described in "Significant Accounting Policies" note to the financial statements.

2. Previous year's figures are given in parenthesis.

2.33 Related party disclosures:

As per Accounting Standard 18, the disclosures of transactions with related parties as defined in Accounting Standard are given as below:

i) List of related parties and relationships:

Subsidiary Companies (Direct and Indirect Holding)

S. No.	Name of Related Party
1	Wheitstone Productions Private Limited
2	Edumatics Corporation Inc., USA
3	Educomp Learning Private Limited.
4	Educomp Infrastructure & School Management Limited
5	Educomp School Management Limited.
6	Educomp Learning Hour Private Limited
7	Educomp Asia Pacific Pte. Ltd., Singapore
8	Wiz Learn Technologies Pte Ltd, Singapore (formerly Asknlearn pte Ltd.)
9	Singapore Learning.com Pte Ltd, Singapore
10	Vidya Mandir Classes Limited
11	Pave Education Pte Ltd, Singapore
12	Wiz Learn Pte Ltd., Singapore
13	Authorgen Technologies Limited*
14	Shikhya Solutions Inc, USA*
15	Educomp Software Limited
16	Educomp Infrastructure Services Private Limited
17	Educomp Professional Education Limited
18	Learning Internet Inc., U.S.A.
19	Educomp APAC Services Ltd., BVI
20	Savvica Inc.Canada
21	Euro Kids International Limited**
22	Eurokids India Limited**
23	Educomp Child Care Private Limited
24	Educomp Online Supplemental Service Limited
25	Educomp Intelprop Ventures Pte. Ltd, Singapore
26	Educomp Investment Management Limited
27	Falcate Builders Private Limited
28	Newzone Infrastructure Private Limited
29	Rockstrong Infratech Private Limited
30	Reverie Infratech Private Limited
31	Herold Infra Private Limited
32	Growzone Infrastructure Private Limited
33	Hidream Constructions Private Limited
34	Leading Edge Infratech Private Limited
35	Strotech Infrastruture Private Limited
36	Markus Infrastructure Private Limited
37	Orlando Builders private Private Limited
38	Crosshome Developers private Private Limited
39	Good Luck Structure private Private Limited
40	Evergreen Realtech private Private Limited
41	Zeta Buildcon private Private Limited
42	Onega Infrastructure Private Limited
43	Grider Infratech Private Limited
44	Boston Realtech Private Limited
45	Modzex Infrastructure Private Limited
46	Virtual Buildtech Private Limited
47	Laservision Estates Private Limited
48	Euro School International Limited**
49	Euro School Properties & Infrastructure Limited**
50	Knowledge Vistas Limited
51	Gateforum Educational Services Private Limited
52	Educomp Global Holding WLL
53	Educomp Global FZE (w .e. f 22nd April 2012)

Associates

S. No.	Name of Related Party
1	Greycells18 Media Limited
2	Zeebo Interatctive Studios India Private Limited (w.e.f 11th May, 2011 & sold out to Lakshya Digital on 17th Feb 2012)

Joint Venture of Direct Subsidiary

S. No.	Name of Related Party
1	Educomp Raffles Higher Education Limited
2	Educomp Higher Initiatives Pte Ltd, Singapore

Key Managerial Personnel

S. No.	Name of Related Party
1	Mr. Shantanu Prakash
2	Mr. Jagdish Prakash

Others over which company has significant control (including subsidiary Of Joint Venture of Subsidiary)

S. No.	Name of Related Party
1	Learning Links Foundation
2	Learning Leadership Foundation
3	Education Quality Foundation of India
4	Richmond Educational society
5	Indiacan Education Private Limited
6	Millennium InfraDevelopers Limited
7	A Plus Education Solution Private Limited
8	Lakshya Digital Private Limited
9	Unnati Educational Trust
10	A P Eduvision Private Limited

* ceased to be subsidiarary w.e.f. 14th January, 2013
** ceased to be subsidiarary w.e.f. 31st December, 2012

ii) **Transactions during the year with related parties:**

I. **Details of Related Party Transactions for the year ended 31st March, 2013**

Particulars	Subsidiaries	Associates	Joint Venture of Subsidiary	Key Managerial Personnel	Others	Total
Revenues	72.08	-	32.30	-	61.06	165.44
(note1)	(33.37)	-	(32.30)	-	(95.30)	(160.97)
Other income	39.83	-	-	-	0.27	40.10
(note2)	(17.29)	-	-	-	(0.54)	(17.83)
Reimbursement of expenses paid by related party	0.17	-	-	-	-	0.17
(note 3)	(1.08)	-	-	-	-	(1.08)
Reimbursement expenses paid to related party	0.36	-	-	-	-	0.36
(note 4)	(3.48)	(0.25)	-	-	-	(3.73)
Expenses	2.19	-	-	-	2.54	4.73
(note 5)	(0.76)	(1.10)	-	-	-	(1.87)
Loans and advances given	723.39	-	-	-	1.00	724.39
(note 6)	(1,418.29)	(1.17)	-	-	-	(1,419.46)
Advance from customers	305.73	-	-	-	-	305.73
(note 7)	(32.11)	-	-	-	-	(32.11)
Purchase of assets	35.18	-	-	-	13.43	48.61
(note 8)	(84.88)	-	-	-	(12.48)	(97.36)
Purchase of investments	1,163.05	-	-	-	-	1,163.05
(note 9)	(2,777.49)	(49.70)	-	-	-	(2,827.19)
Remuneration	-	-	-	18.66	-	18.66
(note 10)	-	-	-	(19.09)	-	(19.09)
Corporate guarantees	-	-	-	-	-	-
(note 11)	(11,374.15)	-	-	-	-	(11,374.15)
Rent paid	0.79	-	-	0.83	-	1.62
(Note 12)	(0.46)	-	-	(0.83)	-	(1.29)
Sale of business	-	-	-	-	-	-
(Note 13)	(98.02)	-	-	-	-	(98.02)
Sale of investment	-	-	-	-	-	-
(Note 14)	(307.98)	-	-	-	(6.67)	(314.65)
Issue of shares	-	-	-	-	1,411.32	1,411.32
(Note 15)	-	-	-	-	-	-
Money received against share warrant	-	-	-	-	411.66	411.66
(Note 16)	-	-	-	-	-	-

Note: Previous year's figures are given in parenthesis.

Notes:

1 Includes Sales and services to:
Learning Link Foundation ₹48.28 million (previous year ₹55.16 million).
Learning Leadership Foundation ₹12.78 million (previous year ₹36.42 million).
Educomp Raffles Higher Education Limited ₹32.30 million (previous year ₹32.30 million).
Educomp Infrastructure & School Management Limited. ₹17.45 million (previous year ₹14.82 million).
Wiz Learn Pte Ltd ₹54.63 Million (previous year ₹14.75 million)

2 Includes other income from:
Authrogen Technologies Limited. ₹4.69 million (previous year ₹7.80 million)
Educomp Learning Hour Private Limited ₹10.17 million (previous year ₹9.35 million)
Educomp Infrastructure & School Management Limited ₹24.83 million (previous year ₹Nil)

3 Includes expenses paid by:
Educomp Child Care Private Limited ₹0.17 million (previous year ₹1.08 million)

4 Includes expenses paid on behalf of:
Educomp Software Limited ₹ Nil (previous year ₹3.15 million)
IndiaCan Education Private Limited ₹ Nil (previous year ₹0.25 million)
Educomp Infrastructure & School Management Limited ₹0.33 million (previous year ₹ Nil)

5 Includes expenses:
Educomp Online Supplemental Service Limited ₹2.19 million (previous year ₹0.76 milliom)

Education Quality Foundation of India ₹1.17 million (previous year ₹1.10 million)
Lakshya Digital Private Limited ₹1.37 million (previous year ₹ Nil)

6 loans and advances (includes share application money) given relates to:
Educomp Professional Education Limited. ₹28.00 million (previous year ₹1276.00)
Educomp Infrastructure & School Management Limited. ₹467.74 (previous year ₹ Nil)
Authrogen Technologies Limited. ₹58.23 million (previous year ₹21.60 million)
Educomp Learning Hour Private Limited ₹9.70 million (previous year ₹19.63 million)
Educomp Online Supplemental Service Limited ₹63.32 million (previous year ₹40.37 million)
Euro Kids International Limited ₹96.00 Million (previous year 10 million)
Unnati Educational Trust ₹2.50 Million (previous year ₹4.21 million)

7 Includes advance from customers:
Educomp Global Holding W.L.L ₹ Nil (previous year ₹32.11)
Wiz Learn Pte Ltd ₹133.36 million (previous year ₹8.70 million)
Edumatics Corporation ₹21.96 million (previous year ₹ Nil)
Vidya Mandir Classes Limited ₹150.00 million (previous year ₹Nil)

8 Includes purchase of assets from:
Educomp Learning Private Limited ₹34.10 million (previous year ₹30.66 million).
Educomp Infrastructure & School Management Limited. ₹0.70 million (previous year ₹54.12)
Learning Link Foundation ₹13.43 million (previous year ₹12.48).

9 Represents investment made in:
Educomp Infrastructure & School Management Limited. ₹769.19 million (previous year ₹2,006.67 million).
Educomp Online Supplemental Service Limited. ₹ Nil (previous year ₹502.62 million)
Educomp Asia Pacific Pte. Limited ₹390.23 (previous year Nil)

10 Includes transaction for the year mainly with:
Mr. Shantanu Prakash ₹13.80 million (previous year ₹14.09 million).
Mr. Jagdish Prakash ₹4.86 million (previous year ₹5 million).

11 Represents corporate guarantee given for:
Educomp Asia Pacific Pte. Limited Nil (previous year ₹1074.15 million).
Educomp Infrastructure & School Management Limited Nil (previous year ₹10,300 million).

12 Includes rent paid to:
Educomp Learning private Ltd. ₹0.29 million (previous year ₹0.29 million).
Mr. Shantanu Prakash ₹0.83 million (previous year ₹0.83 million).
Educomp Online Supplemental Service Limited. ₹0.51 million (previous year ₹0.17million).

13 Includes sales of business:
Educomp Software Limited ₹ Nil (previous year ₹98.02 million)

14 Includes sales of investments:
Educomp Online Supplemental Service Limited ₹ Nil (previous year ₹307.98 million).

15 Includes issue of shares
A P Eduvision Private Limited ₹1,411.32 million(previous year ₹, Nil)

16 Includes received against share warrant
A P Eduvision private Ltd ₹411.66 million(previous year ₹ Nil)

II. Balances with related parties:

Particulars	Subsidiaries	Associates	Joint Venture of Subsidiary	Key Managerial Personnel	Others	Total
Investment	15,977.68	145.41	-	-	-	16,123.10
	(15,204.03)	(145.41)	-	-	-	(15,349.45)
Share application money (including advance call money)	1,459.15	1.17	-	-	-	1,460.31
	(1,377.43)	(1.17)	-	-	-	(1,378.59)
Trade receivable	37.45	-	-	-	69.24	106.69
	(25.87)	-	-	-	(60.87)	(86.74)
Loan and advances / recoverables (includes other current asset)	593.31	-	-	-	6.71	600.02
	(176.93)	-	-	-	(1.12)	(178.04)
Trade and other payables	44.20	-	-	1.09	0.05	45.33
	(0.96)	-	-	(1.09)	-	(2.05)
Advances received from customer	283.26	-	169.57	-	-	452.84
	(33.54)	-	(201.87)	-	-	(235.42)
Money received against share warrant	-	-	-	-	411.66	411.66

Note: Previous year's figures are given in parenthesis.

2.34 Contingent liabilities and commitments

Particulars		As at March 31, 2013	As at March 31, 2012
Contingent liabilities			
a.	Corporate guarantee given to bank for secured loan to third party	13,194.91	12,179.13
b.	Corporate guarantee given to bank for secured loan and debenture to subsidiaries	10,442.18	11,374.15
c.	Guarantee against assignment of receivables with limited recourse option*	1,083.29	437.76
d.	Other money for which the Company is contingently liable		
	i. Taxes under adjudication/appeal	39.43	41.59
	ii. Premium on redemption of Zero Coupon Foreign Currency Convertible Bonds	185.30	1,649.76
		24,945.11	**25,682.39**
Commitments			
a.	Estimated amount of contracts remaining to be executed on capital account and not provided for(net of advances)	1,049.43	-
b.	Uncalled liability on partly paid shares	502.62	502.62
		1,552.05	**502.62**

* The amount related to credit facilities given by bank against trade receivables.

Notes:

1. The loan outstanding to banks against the corporate guarantee in point no. (a) above as on 31st March, 2013 is ₹8610.47 million (previous year ₹ 10,188.71 million).
2. The loan and debenture outstanding against the corporate guarantee in point no. (b) above as on 31st March, 2013 is ₹9,123.78 million (previous year ₹9,767.56 million).
3. Future outflows in respect of (a) & (b) will arise on crystallization and demand made by bank, and in respect of (d)(ii) on redemption of the bonds on the maturity date, if not converted before the maturity date as per the terms of issue of FCCB.
4. Taxes under adjudication/appeal represents ₹28.12 million (previous year ₹28.12 million) under appeal under Income Tax Act, 1961 ₹11.31 million (Previous year ₹11.31 million) under appeal under service tax and ₹. Nil (previous year ₹2.16 million) under Value Added Taxes (VAT). The Company has paid ₹30.95 million (previous year ₹31.92 million) under protest against demands raised by tax authorities.

   The Company does not expect any cash outflows in respect of (a), (b), (c) & (d)(i).
5. The Company has given comfort letter to Pearson Singapore Pte Limited, Singapore to indemnify, against any loss suffered by it due to failure to comply factually and punctually its obligations under Share Purchase Agreement. The amount pertaining to comfort letter has not been included in above

2.35 Payments to auditors

(Included in legal and professional expenses)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Statutory auditor(s)*		
Statutory audit	5.45	6.18
Limited review fee	2.13	2.65
Certification fee /advisory services	0.35	5.74
Out of pocket expenses	0.50	0.38
Total	**8.43**	**14.95**

* including service tax

Note: Payment to auditors during the year includes ₹0.65 million paid to erstwhile joint statutory auditor for limited review and certification.

2.36. Leases

Operating lease

Assets taken on lease

(i). General description of lease terms:

- Assets are taken on lease over a period of 1 to 5 years.
- Lease rentals are charged on the basis of agreed terms.
- There are no restrictions imposed by the lessor.
- There are scheduled escalations

(ii). The Company has taken on leases office space and technology equipments under non-cancellable operating lease. The lease rental expense recognized in the Statement of Profit and Loss for the year in respect of such leases is ₹101.13 million (previous year ₹120.33 million). The future minimum lease payments and payment profile of non-cancellable operating leases are as follows:

Particulars	As at March 31, 2013	As at March 31, 2012
Not later than 1 year	60.84	88.18
Later than 1 year but not later than 5 years	33.17	80.84
Later than 5 years	-	-
Total	**94.01**	**169.02**

Assets given on sub-lease:

i) General description of lease terms:

- Assets are given on lease over a period of 2 to 3 years
- Lease rentals are charged on the basis of agreed terms.

ii) The Company has given office space on sub lease. Other income includes income from operating lease of ₹1.63 million (previous year ₹1.23 million) under lease and hire income. The future minimum sublease payment expected to be received are as follows:

Particulars	As at March 31, 2013	As at March 31, 2012
Not later than 1 year	1.08	1.47
Later than 1 year but not later than 5 years	0.68	2.47
Later than 5 years	-	
Total	**1.76**	**3.94**

Finance lease

Assets taken on lease

(i). General description of lease terms:

- Assets are taken on lease over a period of 3 to 5 years.
- Lease rentals are charged on the basis of agreed terms.
- The assets taken under finance lease are in the nature of technology equipments.

Finance lease obligation of the Company as at 31st March, 2013:

	Future minimum lease payments	Interest	Present value of minimum lease payments
Not later than 1 year	84.54	17.80	66.74
Later than 1 year but not later than 5 years	57.91	8.50	49.42
Later than 5 years	-	-	-
Total	**142.45**	**26.30**	**116.16**

Finance lease obligation of the Company as at 31st March, 2012:

	Future minimum lease payments	Interest	Present value of minimum lease payments
Not later than 1 year	59.52	18.30	41.22
Later than 1 year but not later than 5 years	117.43	20.37	97.05
Later than 5 years	-	-	-
Total	**176.95**	**38.67**	**138.27**

2.37. C.I.F. value of imports

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Trading goods	612.28	2,063.46
Total	**612.28**	**2,063.46**

2.38 Expenditure in Foreign Currency (on accrual basis)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Travelling and conveyance	18.89	4.84
Legal and professional expenses	7.67	33.52
Interest	157.63	5.01
Advertisement and business promotion	4.93	2.74
Others	0.32	0.33
Total	**189.44**	**46.44**

2.39. Earnings in foreign currency (on accrual basis)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Revenue from sponsorship	-	1.36
Revenue from sale of hardware and educational products	141.35	15.51
Revenue from other services	8.11	0.05
Total	**149.46**	**16.92**

2.40. The Company has not remitted any amount in foreign currencies on account of dividend during the year and does not have information as to the extent to which remittances if any in foreign currencies on account of dividend have been made by/on behalf of non-resident shareholders. The particulars of dividend declared and paid to non- resident shareholders are as under:

Particulars	No. of non resident shareholders	No. of equity shares held	Amount of dividend remitted	
			Year ended March 31, 2013	Year ended March 31, 2012
Final Dividend 2011-12	1,541	45,435,352	13.63	-
Final Dividend 2010-11	1,586	29,521,858	-	17.71

2.41. Foreign exchange fluctuation (net) under the head other expenses comprises of:

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Foreign exchange loss	370.21	489.82
Foreign exchange gain	252.99	36.70
Net foreign exchange loss	**(117.22)**	**(453.12)**

2.42. The previous year figures have been regrouped, rearranged and reclassified wherever necessary to conform to current year's classification.

As per our report of even date.

For **Haribhakti & Co.**
Firm Registration No.: 103523W
Chartered Accountants

Raj Kumar Agarwal
Partner
Membership No: 074715

Place: Gurgaon
Date: May 30, 2013

For and on behalf of Board of Directors
Educomp Solutions Limited

Shantanu Prakash
Chairman & Managing Director

Jagdish Prakash
Whole Time Director

Sankalp Srivastava
Director

Dr. Shayama Chona
Director

Anil Sharma
Company secretary

Independent Auditors' Report

on the Consolidated Financial Statements of Educomp Solutions Limited

To the Board of Directors of Educomp Solutions Limited

We have audited the accompanying consolidated financial statements of **Educomp Solutions Limited** ("the Company") and its subsidiaries, associates and joint ventures (the Company, its subsidiaries, associates and joint ventures constitute "the Group") which comprise the consolidated Balance Sheet as at March 31, 2013, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements on the basis of separate financial statements and other financial information regarding components that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated financial statements", Accounting Standards (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Educomp Solutions Limited, its subsidiaries (including subsidiaries of subsidiaries), associates and joint ventures.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, associates and joint ventures as mentioned in the 'Other Matter' paragraph below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;

(b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and

(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of 47 subsidiaries and a joint venture whose total net assets is ₹11,519 Million as at March 31, 2013, total net revenues is ₹2,324 Million and net cash outflows is ₹197 Million for the year then ended. We did not audit the financial statements of an associate in whose financial statements the Group's share of loss is ₹3 Million for the year ended March 31, 2013. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors. We also did not audit the financial statements of 4 subsidiaries whose total net assets is Nil as at March 31, 2013, total net revenues is ₹369 Million and net cash outflows is ₹34 Million for the year then ended. These financial statements and other financial information have been reviewed by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors. Further financial statements of 2 subsidiaries of a joint venture whose total net assets is ₹445 Million as at March 31, 2013, total net revenues is ₹568 Million and net cash outflows is ₹30 Million for the year then ended has not been subjected to audit. Our opinion is not qualified in respect of this matter.

For **Haribhakti & Co.**
Chartered Accountants
Firm Registration No. 103523W

Raj Kumar Agarwal
Partner
Membership No.: 074715
Place: Gurgaon
Date: May 30, 2013

Consolidated Balance Sheet
as at March 31, 2013

(in ₹ million)

	Note	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	244.81	192.13
Reserves and Surplus	2.2	26,190.77	24,722.01
Money received against share warrants	2.39	411.66	-
Minority interest		2,341.24	2,761.95
Non-current liabilities			
Deferred tax liabilities (net)	2.12	222.92	197.37
Long-term borrowings	2.3	14,434.92	9,582.34
Other long term liabilities	2.4	143.73	315.22
Long-term provisions	2.5	122.90	106.03
Current liabilities			
Short-term borrowings	2.6	3,390.33	2,913.65
Trade payables	2.7	2,399.51	2,844.77
Other current liabilities	2.8	5,667.93	8,624.95
Short-term provisions	2.9	347.71	429.23
		55,918.43	**52,689.65**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	2.10	14,056.71	10,275.71
Intangible assets	2.10	2,421.77	2,360.39
Intangible under development	2.10	17.70	-
Capital work-in-progress	2.10	435.45	4,322.35
Goodwill on consolidation	2.32	10,961.90	10,693.81
Non-current investments	2.11	978.22	981.68
Deferred tax assets (net)	2.12	380.40	262.76
Long-term loans and advances	2.13	7,834.81	7,635.84
Other non-current assets	2.14	151.00	1,246.69
Current assets			
Current investments	2.15	-	7.68
Inventories	2.16	584.73	909.43
Trade receivables	2.17	15,363.30	10,288.55
Cash and bank balances	2.18	1,067.61	2,205.33
Short-term loans and advances	2.19	1,521.28	1,153.51
Other current assets	2.20	143.55	345.92
		55,918.43	**52,689.65**
Significant accounting policies and notes to the Consolidated Financial Statements	1 & 2		

The accompanying notes are an integral part of the Consolidated Financial Statements.
As per our report of even date.

For and on behalf of Board of Directors
Educomp Solutions Limited

For **Haribhakti & Co.**
Firm Registration No.: 103523W
Chartered Accountants

Raj Kumar Agarwal
Partner
Membership No: 074715

Shantanu Prakash
Chairman & Managing Director

Dr. Shayama Chona
Director

Jagdish Prakash
Whole Time Director

Anil Sharma
Company secretary

Sankalp Srivastava
Director

Place: Gurgaon
Date: May 30, 2013

Consolidated Statement of Profit and Loss

for the year ended March 31, 2013

(in ₹ million)

	Note	Year ended March 31, 2013	Year ended March 31, 2012
Income:			
Revenue from operations	2.22	12,109.29	14,912.79
Other income	2.23	1,155.00	311.57
Total revenue		**13,264.29**	**15,224.36**
Expenses:			
Purchase of traded goods	2.24	3,781.88	4,744.48
Changes in inventories of stock-in-trade	2.25	86.95	(437.49)
Cost of construction services		28.00	103.87
Employee benefit expenses	2.26	3,544.09	3,280.87
Finance cost	2.27	2,490.04	1,432.53
Depreciation and amortization expense	2.10	1,217.96	1,069.67
Other expenses	2.28	3,151.68	3,089.36
Total expenses		**14,300.60**	**13,283.29**
(Loss)/profit before exceptional item, prior period items, tax, minority interest and share in profit/(loss) of associates		**(1,036.31)**	**1,941.07**
Prior period and exceptional items	2.29	496.63	(4.23)
(Loss)/profit before tax, minority interest and share in profit/(loss) of associates		**(1,532.94)**	**1,945.30**
Tax expense:			
Current tax		128.65	761.65
Less: MAT credit entitlement		(40.26)	(42.34)
Net current tax		88.39	719.31
Deferred tax credit		(192.56)	(144.57)
(Loss)/profit after tax but before minority interest, pre-acquisition profits and share in profit/(loss) of associates		**(1,428.77)**	**1,370.56**
Pre-acquisition profits/(loss)		-	(16.40)
Share of loss of associate		3.27	16.03
Minority interest (gain)/ Loss		(103.67)	15.57
(Loss)/profit after tax, minority interest, pre-acquisition profits and share of profit/(loss) of associates		**(1,328.37)**	**1,355.36**
(Loss)/earnings per share (₹)	2.30		
Basic		(11.78)	14.12
Diluted		(11.78)	14.06
Significant accounting policies and notes to the Consolidated Financial Statements	1 & 2		

The accompanying notes are an integral part of the Consolidated Financial Statements.
As per our report of even date.

For **Haribhakti & Co.**
Firm Registration No.: 103523W
Chartered Accountants

Raj Kumar Agarwal
Partner
Membership No: 074715

Place: Gurgaon
Date: May 30, 2013

For and on behalf of Board of Directors
Educomp Solutions Limited

Shantanu Prakash
Chairman & Managing Director

Jagdish Prakash
Whole Time Director

Sankalp Srivastava
Director

Dr. Shayama Chona
Director

Anil Sharma
Company secretary

Consolidated Cash Flows Statement

for the year ended March 31, 2013

(in ₹ million)

	Year ended March 31, 2013	Year ended March 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (Loss)/profit before taxation and after prior period as per Statement of Profit and Loss	**(1,532.95)**	**1,945.30**
Adjusted for :		
Net prior period adjustments	40.97	(4.23)
Provision for doubtful debts/ advances	533.01	40.15
Liability written back	1.97	(8.64)
Depreciation/ amortization	1,234.34	1,069.67
ESOP amortisation cost	58.27	92.14
Unrealised foreign exchange loss	67.67	353.96
Dividend income	(2.69)	(0.32)
Interest income	(427.03)	(289.55)
Interest expense	2,490.05	1,432.53
Provision for diminution in value of long term investment	154.16	-
Loss / (Profit) on sale of fixed assets/ investments	(612.75)	45.84
Operating profit before working capital changes	**2,005.02**	**4,676.85**
Adjusted for :		
Trade receivables	(5,052.78)	(4,378.16)
Inventories	260.07	(441.60)
Loans & advances and other assets	160.40	448.17
Trade payables and other liabilities	413.85	1,414.88
CASH (USED IN)/GENERATED FROM OPERATIONS	**(2,213.44)**	**1,720.14**
Net prior period adjustments	(24.65)	8.64
Taxes paid	(163.44)	(277.87)
Net cash (used in)/generated from operating activities (A)	**(2,401.53)**	**1,450.91**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment of fixed assets (including capital work in progress)	(1,183.53)	(3,732.19)
Proceeds from sale of fixed assets	3.52	79.89
Payment for acquisition of business net of cash acquired	-	(110.80)
Investment in associates	-	(49.70)
Investment in subsidiaries	0.48	-
Purchase of investments	(593.33)	(382.75)
Sale of investment in subsidiaries/associates	1,159.41	6.67
Disposal of Investments	629.09	238.37
Loan given (net)	(221.08)	(1,042.73)
Dividend income	83.07	2.28
Interest income	232.72	63.14
NET CASH GENERATED /(USED IN) FROM INVESTING ACTIVITIES (B)	**110.35**	**(4,927.82)**

(in ₹ million)

	Year ended March 31, 2013	Year ended March 31, 2012
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share/warrants	4,596.83	31.01
Premium on redemption of FCCB/ share capital issue expenses	(1,942.38)	(58.08)
Proceeds of long-term borrowings	5,883.04	4,855.00
Repayment of long-term borrowings	(5,344.96)	(2,102.05)
Proceeds/ (repayment) of short-term borrowings	(761.82)	1,047.42
Financing against stocks/book debts (working capital)	1,316.89	600.19
Payment of dividend (including corporate dividend tax) net of intercompany dividends	(35.52)	(80.59)
Interest on borrowings	(2,589.48)	(2,160.24)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	**1,122.60**	**2,132.66**
NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(1,168.58)	(1,344.25)
Opening cash and cash equivalents	1,884.73	3,399.84
Restricted bank balances /fixed deposits with maturity period within twelve months	(174.55)	254.83
Effect of exchange differences on translation of foreign currency cash and cash equivalents	30.86	83.97
CLOSING CASH AND CASH EQUIVALENTS	**921.56**	**1,884.73**
Restricted bank balances /fixed deposits with maturity period within twelve months	146.05	320.60
CASH AND BANK BALANCE AT END OF THE YEAR	1,067.61	2,205.33
Significant accounting policies and notes to the Consolidated Financial Statements (refer note 1&2)		

The accompanying notes are an integral part of the Consolidated Financial Statements.
As per our report of even date.

For **Haribhakti & Co.**
Firm Registration No.: 103523W
Chartered Accountants

Raj Kumar Agarwal
Partner
Membership No: 074715

Place: Gurgaon
Date: May 30, 2013

For and on behalf of Board of Directors
Educomp Solutions Limited

Shantanu Prakash
Chairman & Managing Director

Jagdish Prakash
Whole Time Director

Sankalp Srivastava
Director

Dr. Shayama Chona
Director

Anil Sharma
Company secretary

Notes to Consolidated Financial Statements

for the year ended March 31, 2013

1. **Significant accounting policies**

   a. **Basis for preparation of Consolidated Financial Statements**

   The Consolidated Financial Statements include the Financial Statements of Educomp Solutions Limited, ("Parent Company"), its subsidiaries, joint ventures and associates (collectively known as "the Group").

   The Consolidated Financial Statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended), the relevant provisions of the Companies Act, 1956 and guidelines issued by Securities and Exchange Board of India as adopted consistently by the Company, to the extent applicable.

   The Consolidated Financial Statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

   b. **Use of estimates**

   The preparation of Consolidated Financial Statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the Financial Statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

   c. **Principles of consolidation**

   The Consolidated Financial Statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/ transactions and unrealized profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the Balance Sheet of the Parent Company and its share in the post-acquisition increase/decrease in the reserves of the consolidated entities.

   Interests in the assets, liabilities, income and expenses of the Joint Ventures are consolidated using proportionate consolidation method. Intra group balances, intra-group transactions and unrealized profit or loss are eliminated to the extent of the Company's proportionate share, except where cost cannot be recovered.

   Investments in Associates are accounted for using the equity method, under which the investment is initially recorded at cost, identifying any goodwill or capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the accumulated losses (not accounted for by the Group) are recouped. Where the associate prepares and presents consolidated financial statements, such consolidated financial statements of the associate are used for the purpose of equity accounting. In other cases, standalone financial statements of associates are used for the purpose of consolidation.

   The excess/deficit of cost to the Parent Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which investment in such entities was made is recognized in the Consolidated Financial Statements as goodwill/ capital reserve. The Parent Company's portion of net worth in such entities is determined on the basis of book values of assets and liabilities as per the financial statements of the entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant changes.

   Minority interest represents the amount of equity attributable to minority shareholders at the date on which investment in a subsidiary is made and its share of movements in equity since that date. Any excess consideration received from minority shareholders of subsidiaries over the amount of equity attributable to the minority on the date of investment is reflected under Reserves and Surplus. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the holding company.

   Notes to the Consolidated Financial Statements, represents notes involving items which are considered material and are accordingly duly disclosed. Materiality for the purpose is assessed in relation to the information contained in the Consolidated Financial Statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the Consolidated Financial Statements has not been disclosed in the Consolidated Financial Statements.

   As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements. Differences in accounting policies are disclosed separately.

   Entities acquired/ sold during the year have been consolidated from/ upto the respective date of their acquisition/ disposal. The Consolidated Financial Statements are presented, to the extent possible and required, in the same format as that adopted by the Parent Company for its separate financial statements.

   d. **Revenue recognition**

   The Group derives its revenue from sale, supply and installation of educational products and rendering of educational services.

   Revenue from sale of educational products/ technology equipments is recognized as and when significant risk and rewards of the ownership of goods gets transferred to the buyer. Sales are net off any trade discounts, sales return and Sales Tax/ Value Added Tax.

   Revenue under Build Own Operate and Transfer (BOOT model) based contracts is recognized on straight line basis over the period of the contract.

   Revenue from educational support services are recognized on completion of related services.

   A portion of the revenue earned on licensing of knowledge based content under "Outright Sale basis" contracts is treated as unearned revenue towards future cost of updates due to economic obligation of the Group to provide the same. The unearned revenue is recognized in subsequent period matching with the cost of future updates to be incurred in subsequent period.

   The revenue from the sale of user license for software applications is recognized on transfer of the title in the user license. The revenue from education or other services are recognized ratably over the period of service. Revenue from software development on fixed-price, fixed-time frame contracts, where there is no uncertainty as to measurement or collect ability of consideration is recognized as per the percentage of completion method.

Government grant is recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense, it is recognized in the Consolidated Statement of Profit and Loss over the periods necessary to match them on a systematic basis, to the costs, which it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual installments.

Subscription revenue from the web based learning software is recognized ratably over the subscription period.

Revenue in respect of project management and consultancy agreement is recognized on cost plus markup basis, as per the markup percentage mentioned in project management and consultancy agreement.

Interest on fixed deposits is recognized using the time proportion method, based on interest rates implicit in the transaction.

Dividends income is recognized when the right to receive payment is established.

e. Fixed assets/ depreciation and amortization

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Costs include all expenses incurred to bring the assets to its present location and condition for intended use.

Based on managements' estimate buildings given on lease to educational institutions by Educomp Infrastructure and School Management Limited are depreciated on a straight-line basis over the period of 60 years.

Tangible fixed assets purchased for project implementation under BOOT model, are depreciated on a straight-line basis over the period of contractual obligation generally ranging from 3-6 years, depending upon the period of the contract.

Depreciation on other tangible fixed assets is provided on written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 or rate based on management estimates of useful life of assets, whichever is higher. Depreciation on addition to fixed assets is provided on pro-rata basis from the date the assets are ready to use. Depreciation on sale / deduction from fixed assets is provided for upto the date of sale, deduction, discardment as the case may be.

Leasehold improvements are amortized on the straight-line basis over the primary period of lease or useful life, whichever is shorter.

Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase except in case of deployment as project assets (if any) which are depreciated on a straight-line basis over the period of contractual obligation generally ranging from 3-6 years depending upon the period of the contract.

Intangible assets

An Intangible asset is recognized, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where it its cost can be reliably measured.

Intangible asset are stated at cost of acquisition less accumulated amortization and impairment loss. Amortization on the Intangible assets is provided on pro-rata basis on the straight-line method based on management's estimate of useful life, i.e. 3 years for software, 4 years for knowledge-based content. Licensed intangible assets are amortized over the period of license. Goodwill on purchase is being amortized over a period of 10 years. License rights taken by the subsidiaries for a long period of time are amortized over the life of license.

Cost of an internally generated assets comprises of all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to create, produce and make the asset ready for its intended use.

Capital work-in-progress/intangibles under development

Capital work-in-progress (including intangible assets under development) represents expenditure incurred in respect of capital projects/intangible assets under development and are carried at cost. Cost includes related acquisition expenses, development costs, borrowing costs (wherever applicable) and other direct expenditure.

Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on the individual project is recognized as an individual asset when the Group can demonstrate (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale, (ii) its intention to complete the asset, (iii) its ability to use or sell the asset, (iv) asset's ability to generate future economic benefits, (v) availability of adequate resources to complete the development and to use or sell the asset and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during development.

f. Impairment of assets

The carrying amounts of assets are reviewed at each Consolidated Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is higher of asset's net selling price and value in use which means the present value of future cash flows expected to arise from the continuing use of the assets and its eventual disposal. An Impairment loss is charged to the Consolidated Statement of Profit and Loss in the year in which an asset is impaired.

For the purpose of impairment testing, goodwill is allocated to each of the companies' cash- generating units expected to benefit from the synergies of the acquisition. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in the subsequent period.

Reversal of impairment loss is recognized immediately as income in the Consolidated Statement of Profit and Loss.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g. Leases

Operating leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

As lessee:
Lease payments under operating lease are recognized as an expense in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term.

As lessor:
The assets given under operating lease are shown in the Consolidated Balance Sheet under fixed assets and depreciated on a basis consistent with the depreciation policy of the Group. Lease income are recognized on a straight line basis/ agreed terms over the period of lease as the case may be.

Finance leases
Leases where the lessor effectively transfers substantially all the risks and benefits of ownership over the lease term are classified as finance lease. Assets taken on a finance lease are capitalized at an amount equal to the fair value of the leased assets or the present value of minimum lease payments at the inception of the lease, whichever is lower. Such leased assets are depreciated over the lease tenure or the useful life, whichever is shorter. The lease payment is apportioned between the finance charges and reduction of outstanding liability. The finance charge is allocated to the periods over the lease tenure to produce a constant periodic rate of interest on the remaining liability.

h. Inventories
Inventory comprises of traded goods and is valued at lower of cost and net realisable value. Cost of inventories comprises all cost of purchases inclusive of custom duty (except the refundable component) and other incidental expenses incurred in bringing such inventories to their present location and condition. In determining the cost, moving weighted average cost method is used. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

i. Investments
Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Long-term investments are stated at acquisition cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary. Current investments are valued at lower of cost and market rate on individual investment basis.

Investments that are realizable within the period of twelve months from the Balance Sheet date are classified as current investment. All other investments are classified as non-current investments.

j. Foreign exchange transactions
Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Exchange differences arising on the settlement of monetary items or on restatement of the Group's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, other than those relating to fixed assets and other long term assets are recognized as income or as expenses in the year in which they arise. Non Monetary items are carried at cost.

In translating the financial statements of Companies which are treated as non-integral foreign operations, all the assets and liabilities, both monetary and non-monetary, are translated at the rate prevailing on the Balance Sheet date and income and expenses items are translated at the respective average rate. All resulting exchange differences should be accumulated in a foreign currency translation reserve until the disposal of the net investment. Exchange difference arising on arising on the monetary item that, in substance, forms part of enterprise's net investment in a non integral foreign operations are accumulated in a foreign currency translation reserve account.

In translating the financial statements of Companies which are treated as integral foreign operations, monetary items at the Balance Sheet date are translated using the rates prevailing on the Balance Sheet date, non-monetary assets are recorded at the rates prevailing on the date of the transaction and income and expenditure items are translated at the average exchange rate of their respective foreign currencies.

k. Employee benefits
Short term employee benefits
All employee benefits payable wholly within twelve months of rendering the service are classified as Short term employee benefits. Benefits such as salaries, wages, and bonus etc are recognized in the Statement of Profit and Loss in the period in which the employee renders the related service. The employees are further entitled to sick leaves which cannot be en-cashed and will lapse at the end of the calendar year. The Group is providing provision for such employee benefits on the basis of its best estimate.

Long term employee benefits

(a) Defined contribution plan
Contributions to provident fund, labour welfare fund and ESI are deposited with the appropriate authorities and charged to the Consolidated Statement of Profit and Loss on accrual basis. The Group has no further obligations under these plans beyond its monthly contributions.

(b) Defined benefit plan

Leave encashment
The Group has provided for the liability at the year end on account of unavailed earned leave as per the actuarial valuation as at the year end as per the Projected Unit Credit method in accordance with Accounting Standard 15(revised), "Employee benefits". All actuarial gains/losses are charged to the Statement of Profit and Loss in the year these arise.

Gratuity
The Group provides for retirement benefits in the form of Gratuity. The Group's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined plan is determined based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under the defined benefit plans, is based on the market yields on Government securities as at the valuation date having maturity periods approximating to the terms of the related obligations. Actuarial gains and losses are recognized immediately in the Consolidated Statement of Profit and Loss.

(c) Employee stock option scheme

The stock options are accounted as per the accounting treatment prescribed by the employee stock option scheme and Employee Stock Purchase Guidelines, 1999 issued by Securities Exchange Board of India, whereby the intrinsic value of the option being, excess of market value of the underlying share immediately prior to the date of award over its exercise price is recognized as deferred employee compensation with a credit to Employee stock options outstanding account. The deferred employee compensation is charged to Statement of Profit and Loss on straight line basis over the vesting period of the option. The balance in employee stock option outstanding account net of any unamortized deferred employee compensation is shown separately as part of shareholders' fund.

l. Borrowing cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

m. Provision for tax

Tax expense for the year comprises current and deferred.

Provision for current tax is based on the tax liabilities computed in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax expense or benefit is recognized on timing difference between accounting and taxable income that originates in one year and is capable of reversal in one or more subsequent period. Deferred tax assets and liabilities are measured using the tax rates and laws that are enacted or substantively enacted by the Balance Sheet date.

The Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realized in future where as in cases of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognized only if there is virtual certainty of realization backed by convincing evidence. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Consolidated Statement of Profit and Loss and shown as MAT Credit receivable. The respective company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit receivable to the extent there is no longer convincing evidence to the effect that the respective company will pay normal income tax during the specified period.

n. Contingent liabilities and provisions

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the Consolidated Financial Statements.

Provisions

A provision is recognized when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Consolidated Statement of Profit and Loss net of any reimbursement.

o. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders after tax (and including post tax effect of any extra-ordinary item) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period, are adjusted for events of bonus issue to existing shareholders.

For the purpose of calculating diluted earning per share, the net profits or loss attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares, if any.

p. Cash flow statement

Cash flows are reported using the indirect method, whereby net profits before tax is adjusted for the effect of transaction of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities are segregated.

q. Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.

2.1. Share capital

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Authorized shares 200,000,000 (previous year 150,000,000) equity shares of ₹ 2 each	400.00	300.00
Issued, subscribed and fully paid-up shares 122,407,493 (96,063,930) equity shares of ₹ 2 each fully paid-up	244.81	192.13
	244.81	**192.13**

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at March 31, 2013		As at March 31, 2012	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	96,063,930	192.13	95,544,396	191.09
Shares Issued during the year	26,343,563	52.68	519,534	1.04
Shares outstanding at the end of the year	**122,407,493**	**244.81**	**96,063,930**	**192.13**

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting except where interim dividend is distributed.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2013		As at March 31, 2012	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Mr. Shantanu Prakash	35,135,205	28.70%	44,315,205	46.13%
A.P Eduvision Private Limited	7,284,600	5.95%	-	-
MKCP Institutional Investor (Mauritius) II Ltd	9,898,370	8.09%	-	-
Macquarie Finance (India) Private Limited	9,180,000	7.50%	-	-
Citigroup Global Markets Mauritius Private Limited	6,791,634	5.55%	6,493,350	6.76%

d. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of last five years immediately preceeding the reporting date

Particulars	As at March 31, 2013	As at March 31, 2012
Equity shares fully paid up pursuant to contract(s) without payment being received in cash-bonus shares	-	108,259

e. Share reserved for issue under options/contracts

For details of shares reserved for issue on conversion of Zero Coupon Foreign Currency Convertible Bonds, please refer note 2.37.
For details of shares reserved for issue on exercise of employee stock options, please refer note 2.38 (i)
For details of shares reserved for issue on conversion of share warrants, please refer note 2.39 (a)

2.2. Reserve and surplus

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Securities premium account		
Opening balance	15,075.34	13,340.76
Add: On issue of shares (including shares issued under employee stock option schemes)	5,050.23	1,792.66
Less: Issue expenses/redemption premium	2,101.77	58.08
Add: Effect of change in share holding of Joint Venture Company/Subsidiaries	107.95	-
Closing balance	**18,131.75**	**15,075.34**
Employee stock options outstanding account		
Opening balance	217.06	205.68
Add: Employee stock compensation	58.27	94.50
Less: Transfer to securities premium account on exercise of stock options	96.43	83.12
Closing balance	**178.90**	**217.06**
Debenture redemption reserve		
Opening balance	559.34	349.95
Add :Transferred from Statement of Profit and Loss	-	559.34
Less :Transferred to Statement of Profit and Loss	89.00	349.95
Closing balance	**470.34**	**559.34**
General reserve		
Opening balance	930.76	831.31
Add: Transferred from surplus in the Statement of Profit and Loss	3.69	99.45
Closing balance	**934.45**	**930.76**
Capital reserve (on consolidation) (refer note 2.32)		
Opening balance	35.74	35.74
Add :Effects of changes in the Group's interest	3.88	-
Closing balance	**39.62**	**35.74**
Surplus/ (deficit) in the Statement of Profit and Loss		
Opening balance	7,875.29	6,879.96
Add: (Loss)/profit for the year	(1,328.37)	1,355.36
Less: Proposed dividend	22.09	45.62
Less: Interim dividend	30.06	-
Less: Corporate dividend tax	5.99	5.57
Less: Transfer to general reserves	3.69	99.45
Add: Transfer from Debenture Redemption Reserve	89.00	349.95
Less: Transfer to Debenture Redemption Reserve	-	559.34
Add: Effect of change in share holding of Joint Venture Company/Subsidiaries	(67.73)	-
Closing balance	**6,506.36**	**7,875.29**
Foreign currency translation reserve		
Opening balance	159.74	(50.15)
Addition/(reduction) during the year	105.82	209.89
Closing balance	**265.56**	**159.74**
Foreign Currency Monetary Item Translation Difference Account (refer note 2.21)		
Opening balance	(131.27)	-
Add: Addition during the year	(252.26)	(485.77)
Less: Amortisation during the year	(47.32)	(354.50)
Closing balance	**(336.21)**	**(131.27)**
	26,190.77	**24,722.01**

2.3. Long-term borrowings
(refer note 2.8, 2.43 and 2.44)

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Bonds and Debentures		
10 Zero coupon Foreign Currency Convertible Bonds (previous year Nil) of $ 1,000,000 each (secured) (refer note 2.37)	543.89	-
13.40% 1,050 Non Convertible Debentures (previous year 1,050) of ₹ 1,000,000 each (secured)	1,050.00	1,050.00
13.50%, 350 Non Convertible Debentures (previous year nil) of ₹ 1,000,000 each (secured)	350.00	-
13.25%, 100 Non Convertible Debentures (previous year nil) of ₹ 1,000,000 each (unsecured)	100.00	-
Term Loans		
Secured		
from banks	7,855.81	8,313.38
from others		
External Commercial Borrowings	3,807.25	-
Unsecured		
from banks	320.00	-
from others	355.13	121.91
Long term maturities of Finance Lease obligations (unsecured)	49.42	97.05
Deferred payment liabilities towards expenses	3.42	-
	14,434.92	**9,582.34**

2.4. Other long term liabilities

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Trade Payables	41.10	-
Others		
Advance from customers	95.47	169.57
Security deposits	2.55	49.24
Payable for capital assets	-	56.96
Others	4.61	39.45
	143.73	**315.22**

2.5. Long-term provisions

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits		
Gratuity (note 2.40)	84.31	72.86
Leave encashment (note 2.40)	34.09	33.17
Other provisions		
Provision for other liabilities	4.50	-
	122.90	**106.03**

2.6. Short-term borrowings
(refer note 2.44)

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Loans repayable on demand		
Working capital loans from banks- secured	3,155.88	1,838.99
Others-unsecured	-	14.66
Other loans and advances		
Commercial paper-unsecured	-	1,050.00
Others-unsecured	234.45	10.00
	3,390.33	**2,913.65**

2.7 Trade payables

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Trade payables (including acceptances)	2,399.51	2,844.77
	2,399.51	**2,844.77**

2.8. Other current liabilities (refer note 2.44)

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Current maturities of long-term debts		
11% Non Convertible Debentures Nil (previous year 89) of 1,000,000 each (secured) (refer note 2.43)	-	89.00
Nil Zero coupon Foreign Currency Convertible Bonds (previous year 78,500) of $ 1000 each(unsecured)	-	4,015.28
Term loans from banks (secured)	2,325.27	2,681.66
Term loans from other parties (unsecured)	387.17	115.18
Current maturities of finance lease obligations		
Finance lease liabilities (unsecured)	66.74	41.22
Interest accrued but not due on borrowings	124.32	72.23
Interest accrued and due on borrowings	381.06	-
Advances from customers	733.73	642.37
Unpaid dividend	31.62	1.25
Other payables		
Employee related payables	639.32	399.99
Loans from related parties (refer note 2.47)	21.91	-
Loans from others	25.00	-
Statutory dues	314.42	271.71
Expense payable	68.28	144.17
Payable for supply of fixed assets	170.97	97.66
Book overdraft	200.74	-
Retention money payable to contractors	29.63	-
Other deductions payable to contractors	6.57	-
Others	141.18	53.23
	5,667.93	**8,624.95**

2.9. Short-term provisions

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits		
Gratuity (note 2.40)	11.22	3.40
Leave encashment (note 2.40)	17.09	8.55
Other provisions		
Provision for warranties	5.00	-
Provision for commission	3.33	5.00
Provision for proposed dividend	-	28.97
Provision for corporate dividend tax	5.81	5.57
Provision for income tax	305.26	377.74
	347.71	**429.23**

2.10. Fixed Assets

(in ₹ million)

	Gross block					Depreciation and amortization					Net block	
	As at April 1, 2012	Additions	Disposals	Other adjustments	As at March 31, 2013	As at April 1, 2012	Charge for the year	Disposals	Other adjustments#	As at March 31, 2013	As at March 31, 2013	As at March 31, 2012
Tangible assets												
Land (freehold)	5,444.41	1,661.60	-	(1.08)	7,104.93	-	0.03	-	-	0.03	7,104.90	5,444.41
Land (leasehold)	106.14	79.41	-	-	185.55	0.06	0.03	-	-	0.09	185.46	106.08
Building	3,508.09	2,898.08	-	(187.87)	6,218.30	236.26	154.35	-	(12.12)	378.49	5,839.81	3,271.83
Leasehold improvements	283.96	76.89	10.14	(224.42)	126.29	78.51	51.78	6.68	(63.97)	59.64	66.65	205.45
Office equipment	686.19	53.76	2.26	(50.37)	687.32	263.53	132.23	1.57	(19.16)	375.03	312.29	422.66
Office equipment-finance lease	68.74	-	-	-	68.74	6.48	13.73	-	-	20.21	48.53	62.26
Furniture and fixtures	448.43	98.97	0.96	(128.85)	417.59	155.21	89.25	0.48	(30.87)	213.11	204.48	293.22
Computers and accessories	784.01	37.25	1.13	(33.83)	786.30	412.89	171.14	4.48	(17.34)	562.21	224.09	371.12
Computers and accessories-finance lease	90.32	-	-	-	90.32	8.68	18.04	-	-	26.72	63.60	81.64
Vehicles	46.36	0.45	4.54	(5.85)	36.42	29.32	6.42	3.85	(2.37)	29.52	6.90	17.04
Sub total	**11,466.65**	**4,906.41**	**19.03**	**(632.27)**	**15,721.76**	**1,190.94**	**637.00**	**17.06**	**(145.83)**	**1,665.05**	**14,056.71**	**10,275.71**
Previous year	8,465.56	3,141.99	151.06	10.16	11,466.65	639.30	585.47	37.20	3.37	1,190.94	10,275.71	7,826.26
Intangible assets												
Goodwill on purchase	137.85	-	-	-	137.85	36.39	18.37	-	-	54.76	83.09	101.46
Software	590.24	60.54	0.26	24.59	675.11	337.55	118.46	0.26	11.52	467.27	207.84	252.69
Knowledge-based content*	2,247.64	628.55	-	(19.09)	2,857.10	1,231.96	444.11	-	40.79	1,716.86	1,140.24	1,015.68
Trade mark license	1,095.35	-	-	0.06	1,095.41	104.79	0.02	-	-	104.81	990.60	990.56
Sub total	**4,071.08**	**689.09**	**0.26**	**5.56**	**4,765.47**	**1,710.69**	**580.96**	**0.26**	**52.31**	**2,343.70**	**2,421.77**	**2,360.39**
Previous year	3,304.01	563.13	144.40	348.34	4,071.08	1,222.85	488.61	98.98	98.22	1,710.69	2,360.39	2,081.16
Grand total	15,537.73	5,595.50	19.29	(626.71)	20,487.23	2,901.63	1,217.96	17.32	(93.52)	4,008.75	16,478.48	12,636.10
Previous year	11,769.57	3,705.12	295.46	358.50	15,537.71	1,862.15	1,074.08	136.18	101.59	2,901.64	12,636.10	9,907.40
Intangibles under development**											17.70	-
Capital work in progress***											435.45	4,322.35
Grand Total											**16,931.63**	**16,958.45**
*** Knowledge based content includes :**												
(i) Internally generate assets:												
Current Year	1,122.82	548.63	-	48.70	1,720.15	616.20	271.62	-	17.66	905.48	814.67	506.62
Previous year	510.78	525.46	-	86.58	1,122.82	359.29	226.91	-	30.00	616.20	506.62	151.49

(ii) It includes ₹ 13.47 million of foreign exchange fluctuation capitalised during the year and related depreciation of ₹ 34.80 million. During the previous year, ₹ 24.48 million of foreign exchange fluctuation was capitalised on the fixed assets and related depreciation was ₹ 3.15 million.

****Intangibles under development**

It includes payroll cost of ₹14.53 million (previous year ₹ Nil) and other overhead cost of ₹ 3.17 million (previous year ₹ Nil) for development of knowledge-based content.

It includes prior period items (refer note 2.29)

***Capital work- in- progress

	As at March 31, 2013	As at March 31, 2012
Land Cost	-	1,240.91
Development and construction expenses	435.45	1,987.78
Finance charges	-	1,093.66
Total	**435.45**	**4,322.35**

2.11 Investments
Non-current Investments

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
A) Long term, unquoted, trade, at cost		
Investment in equity instruments		
Investment in associates		
23,85,141 equity shares (previous year 23,85,141) of ₹ 10 each, fully paid	103.22	106.48
in Greycells 18 Media Limited*		
	103.22	**106.48**
Investment in preference shares		
45,00,000, 8% Cumulative Redeemable Non-convertible Preference Shares	450.00	450.00
(previous year 45,00,000) of ₹ 100 each, fully paid up, in Edu Smart services Private Limited		
Other investments		
India Education Fund	425.00	425.00
4,25,000 units (previous year 4,25,000) of ₹ 1000 each		
Euroschool Foundation	-	0.20
	875.00	**875.20**
	978.22	**981.68**
***Greycells 18 Media Limited**		
% of Voting interest	26.0%	26.0%
Cost of acquisition	145.41	118.21
Add: Further investment during the year	-	27.20
Share of post acquisition Reserves and Surplus	(42.19)	(38.93)
Carrying cost of investment^	**103.22**	**106.48**

Aggregate amount of unquoted investments [Market value ₹ 978.22 million (Previous Year ₹ 981.68 million)]

2.12. Deferred tax

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Deferred tax assets (net)		
Differences in net book value of fixed assets as per books and income tax	50.30	(50.28)
Unabsorbed losses and depreciation/amortisation	275.24	229.20
Effect of expenditure allowable on payment basis u/s 37 of Income Tax Act, 1961.	(2.64)	29.57
Provision for doubtful debts and advances	57.50	54.27
	380.40	**262.76**
Deferred tax liability (net)		
Differences in net book value of fixed assets as per books and income tax	272.54	116.46
Unabsorbed losses and depreciation/amortisation	(38.03)	-
Effect of expenditure allowable on payment basis u/s 37 of Income Tax Act, 1961.	(11.59)	80.91
	222.92	**197.37**

2.13. Long term loans and advances

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Capital advances		
Unsecured, considered good	4,344.50	4,730.92
Unsecured, considered doubtful	455.35	-
Less: Provision for doubtful advances (refer note 2.29)	(455.35)	-
	4,344.50	4,730.92
Unsecured, considered good		
Security deposits	398.05	410.64
Advance income tax	11.01	133.26
Minimum Alternate Tax credit entitlement	130.36	90.31
Balance with Statutory/Government authorities	165.53	16.66
Advance to related parties (refer note 2.47)	1,245.95	879.83
Prepaid expenses	97.85	49.38
Loans to others	1,439.24	1,308.64
Others loans and advances	2.32	15.82
Unsecured, considered doubtful		
Others loans and advances	6.41	1.66
Less: Provision for doubtful advances	(6.41)	(1.28)
	7,834.81	**7,635.84**

2.14. Other non current assets

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Non-current bank balances		
Held as margin money/security*	141.33	1,165.41
Others		
Interest accrued on deposits		
Held as margin money/security	9.67	81.28
	151.00	**1,246.69**

*margin money deposit given against borrowings, letter of credit and bank guarantees

2.15 Current investments

(in ₹ million)

Particulars		As at March 31, 2013	As at March 31, 2012
A)	**Current, other than trade, quoted** Investment in mutual fund		
	HDFC Cash Management Fund Nil (previous year 1887.53 units) of ₹ 10 each	-	0.02
	SBI Gold Fund Nil (previous year 150,000 units) of ₹ 10 each	-	1.50
		-	**1.52**
B)	**Current, other than trade, unquoted**		
	HDFC AMC PMS - Real Estate Portfolio-I	-	4.03
	India REIT Fund Scheme	-	2.13
	Nil (previous year 25 units) of ₹100,000 each		
		-	**6.16**
		-	**7.68**

Aggregate amount of quoted investments (Market value ₹ NIL (Previous Year ₹ 1.52 million)

2.16. Inventories (valued at Lower of Cost and Net Realisable Value)

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Stock-in-trade		
Technology equipment	515.88	779.53
Educational products	91.77	129.90
Less: Provision for obsolescence	(22.92)	-
	584.73	**909.43**

2.17. Trade receivables

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	10,931.24	3,384.41
Unsecured, considered doubtful	123.74	71.24
Less: Provision for doubtful debts	(123.74)	(70.75)
	10,931.24	**3,384.90**
Others		
Unsecured, considered good	4,432.06	6,827.17
Unsecured, considered doubtful	36.95	94.99
Less: Provision for doubtful debts	(36.95)	(18.51)
	4,432.06	**6,903.65**
	15,363.30	**10,288.55**

2.18. Cash and bank balances

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Cash and cash equivalents		
Balances with banks		
- on current accounts	574.10	1,362.96
- on fixed deposits	271.10	388.69
Cash on hand	6.48	7.17
Cheques/draft on hand	69.88	125.91
Other bank balances		
- unpaid dividend account	1.56	1.25
- margin money deposit*	144.49	319.35
	1,067.61	**2,205.33**

*margin money deposit given against borrowings, letter of credit and bank guarantees

2.19. Short term loans and advances

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Loans and advances to related parties		
Unsecured, considered good	-	22.06
Others		
Unsecured, considered good		
For supply of goods and rendering of services	748.51	352.03
Balance with Statutory/Government authorities	95.81	118.38
Security deposit	244.80	63.37
Earnest money deposit	28.69	46.13
Loans and advances to employees	12.87	20.72
Recoverable from related parties (refer note 2.47)	20.00	-
Prepaid expenses	208.77	189.51
Others	161.83	341.31
Unsecured, considered doubtful		
Earnest money deposits	2.91	-
Less: Provision for doubtful advances	(2.91)	-
	1,521.28	**1,153.51**

2.20. Other current assets

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Unbilled receivables	85.75	342.32
Interest accrued on deposits		
Held as margin money	2.02	2.74
Others	36.42	-
Stamp papers in hand	0.86	0.86
Others	18.50	-
	143.55	**345.92**

2.21 Foreign Currency Monetary Item Translation Difference Account

The Company has adopted Companies (Accounting Standards) Second Amendment Rules 2011 on Accounting Standard 11 as notified by the Central Government vide Notification dated December 29, 2011. Accordingly, the effect of exchange difference on foreign currency loan (including FCCB) is accounted for by addition or deduction to the cost of the assets so far it relates to depreciable capital asset and in other cases by transfer to "Foreign Currency Monetary Items Translation Difference Account"(FCMITDA) to be amortized as provided in the aforesaid notification. Further, as per the decision of the council of the Institute of Chartered Accountants of India (ICAI) in its meeting dated March 26, 2013, FCMITDA is to be shown as a part of Reserves and Surplus.

2.22. Revenue from operations

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Sale of education products and technology equipments	6,857.08	10,512.66
Education and other services	5,223.36	4,281.45
Revenue from construction and service contracts	28.85	118.68
	12,109.29	**14,912.79**

2.23. Other Income

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Interest income	427.55	289.55
Dividend income	2.69	0.32
Liabilities written back	3.02	8.64
Profit on sale of fixed assets	0.13	-
Profit on sale of investment		
-Current (non trade investments)	0.08	-
-Long term (sale of investment in subsidiaries)	618.15	-
Foreign exchange gain (net)	0.54	-
Other non-operating income	102.84	13.06
	1,155.00	**311.57**

2.24. Purchase of traded goods

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Technology equipments	3,209.86	4,259.66
Educational products	271.02	300.91
Others	301.00	183.91
	3,781.88	**4,744.48**

2.25. Change in Inventories of stock-in-trade

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Changes in inventories		
Opening -stock-in-trade		
Technology equipment	779.53	362.34
Educational products	129.90	109.60
Less: Transfer to fixed assets/repair and maintenance	(174.13)	-
	735.30	**471.94**
Closing -stock-in-trade		
Technology equipment	519.63	779.53
Educational products	128.72	129.90
	648.35	909.43
	86.95	**(437.49)**

2.26. Employee benefit expense

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Salaries, wages and bonus	3,251.55	2,975.32
Contribution to provident and other funds (refer note 2.40)	178.01	154.77
ESOP amortisation cost (refer note 2.2)	58.27	94.50
Staff welfare expenses	56.26	56.28
	3,544.09	**3,280.87**

2.27. Finance cost

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Interest expense (refer note 2.34)	2,272.83	1,292.50
Interest on delay in payment of taxes	76.76	26.59
Other borrowing cost (refer note 2.34)	140.45	113.44
	2,490.04	**1,432.53**

2.28. Other expenses

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Lease rent	315.76	323.90
Rates and taxes (excluding taxes on income)	28.19	23.28
Travelling and conveyance	305.78	345.89
Recruitment and training	24.77	23.68
Legal and professional	688.02	549.83
Communication	121.69	120.36
Printing and stationery	119.70	147.60
License fees and royalty	33.99	50.68
Repair and maintenance		
Building	25.35	34.83
Machinery	19.35	18.94
Others	210.91	103.25
Power and fuel	55.13	62.90
Insurance	13.95	14.06
Commission on sales	54.97	36.55
Advertisement, publicity and business promotion	454.61	590.16
Freight and forwarding	20.34	26.91
Bank charges	14.96	12.27
Bad debts and advances written off	144.56	11.83
Provision for doubtful debts/advances	143.68	28.32
Foreign exchange loss (net)	113.88	453.43
Loss on sale of investment (net)	26.63	12.86
Loss on sale of fixed assets (net)	5.68	32.98
Provision for diminution in the value of long term investments	127.53	-
Software development charges	32.25	24.06
Miscellaneous expenses	50.00	40.79
	3,151.68	**3,089.36**

2.29. Prior period and exceptional items

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Prior period item		
Revenue from operations	-	16.53
	-	**16.53**
Employee benefit expenses	-	1.38
Repair and maintenance-others	0.29	0.33
Bank charges	-	1.91
Depreciation and amortisation	32.75	4.41
Miscellaneous expenses	8.24	4.27
	41.28	**12.30**
	41.28	**(4.23)**
Exceptional items*		
Provision for doubtful advances	455.35	-
Total prior period and exceptional items	**496.63**	**(4.23)**

Exceptional item*
During the year, the Group as part of its regular recoverability evaluation process identified certain portions of capital advances which are doubtful of recovery or may not have recoverable value equivalent to the book value. Accordingly, on a prudent basis, the Group has recorded a provision of ₹ 455.35 million in the books of account (refer note 2.13) towards such capital advances or portions thereof, which are doubtful of recovery. Considering the impact of the matter on consolidated financial statements, the transaction has been reported as an exceptional item in the consolidated Statement of Profit and Loss.

2.30. (Loss)/ Earning per share (EPS)

(in ₹ million)

Particulars	As at March 31, 2013	As at March 31, 2012
Calculation of (loss)/ profit for Basic EPS		
Net (loss) /profit attributable to equity shareholders		
(Loss)/profit after tax, minority interest, pre-acquisition profits and share of profit/(loss) of associates	(1,328.37)	1,355.36
Net (loss) /profit available for calculation of basic EPS (A)	**(1,328.37)**	**1,355.36**
Calculation of (loss)/profit for Diluted EPS		
Net (loss) /profit available for calculation of basic EPS	(1,328.37)	1,355.36
Add: Exchange loss/ (gain) on FCCB (net of tax)	-	-
Net (loss) /profit available for calculation of diluted EPS (B)	**(1,328.37)**	**1,355.36**
No. of weighted average equity shares		
Basic (C)	112,739,924	95,992,452
Effect of dilutive equity shares equivalent		
-ESOP	-	413,142
Diluted (D)	**112,739,924**	**96,405,594**
Nominal value of equity share [₹]	2	2
(Loss)/earning per share (₹)		
Basic (A/C)	(11.78)	14.12
Diluted (B/D)	(11.78)	14.06

2.31 Particulars of Subsidiaries and Associates considered in the Consolidated Financial Statements are:

Particulars	Country of incorporation	Proportion of ownership interest	% of voting power
Subsidiaries			
Directly Held			
Edumatics Corporation Inc.	USA	100.00%	100.00%
Wheitstone Productions Private Limited	India	51.00%	51.00%
Educomp Learning Private Limited	India	51.00%	51.00%
Educomp Infrastructure & School Management Limited (note - a)	India	83.71%	83.71%
Educomp School Management Limited (note – b)	India	68.35%	68.35%
Educomp Professional Education Limited	India	100.00%	100.00%
Educomp Asia Pacific Pte Ltd	Singapore	100.00%	100.00%
Eurokids International Limited (note - c)	India	Nil	Nil
Savvica Inc. (note – d)	Canada	79.55%	79.55%
Educomp Child Care Private Limited	India	100.00%	100.00%
Educomp Intelprop Ventures Pte Ltd	Singapore	100.00%	100.00%
Educomp Online Supplemental Service Limited	India	84.21%	84.21%
Vidya Mandir Classes Limited	India	67.00%	67.00%
Educomp Investment Management Limited	India	100.00%	100.00%
Educomp Global Holding WLL	Bahrain	99.00%	99.00%
Educomp Global FZE (w.e.f. April 22, 2012)	UAE	100.00%	100.00%
Indirectly Held			
Educomp Infrastructure Services Private Limited	India	83.71%	83.71%
Educomp APAC Services Limited	British Virgin Island	83.71%	83.71%
AsknLearn Pte Ltd.	Singapore	100.00%	100.00%
Wiz Learn Pte Ltd.	Singapore	100.00%	100.00%
Pave Education Pte Ltd.	Singapore	100.00%	100.00%
Singapore Learning.Com Pte Ltd.	Singapore	100.00%	100.00%
Eurokids India Limited (note c)	India	Nil	Nil
Euro schools International Limited (note c)	India	Nil	Nil
The Learning Internet Inc	USA	59.07%	59.07%
Falcate Builders Private Limited	India	83.53%	83.53%
Newzone Infrastructure Private Limited	India	83.41%	83.41%
Rockstrong Infratech Private Limited	India	83.47%	83.47%
Reverie Infratech Private Limited	India	83.52%	83.52%
Herold Infra Private Limited	India	83.54%	83.54%
Growzone Infrastructure Private Limited	India	83.52%	83.52%
Hidream Constructions Private Limited	India	83.54%	83.54%
Leading Edge Infratech Private Limited	India	83.44%	83.44%
Strotech Infrastructure Private Limited	India	83.54%	83.54%
Markus Infrastructure Private Limited	India	83.51%	83.51%
Orlando Builders Private Limited	India	83.52%	83.52%
Crosshome Developers Private Limited	India	83.43%	83.43%
Good Luck Structure Private Limited	India	83.34%	83.34%
Evergreen Realtech Private Limited	India	83.39%	83.39%
Zeta Buildcon Private Limited	India	83.54%	83.54%
Onega Infrastructure Private Limited	India	83.47%	83.47%
Grider Infratech Private Limited	India	83.51%	83.51%
Boston Realtech Private Limited	India	83.41%	83.41%
Modzex Infrastructure Private Limited	India	83.37%	83.37%

Particulars	Country of incorporation	Proportion of ownership interest	% of voting power
Virtual Buildtech Private Limited	India	83.30%	83.30%
Laservision Estates Private Limited	India	83.36%	83.36%
Educomp Learning Hour Private Limited	India	84.21%	84.21%
Authorgen Technologies Limited (note - e)	India	Nil	Nil
Wiz IQ Inc (Shikhya Solutions Inc. merged into Wiz IQ Inc) (note – e)	USA	Nil	Nil
Knowledge Vistas Limited	India	42.52%	42.52%
EuroSchool Properties & Infrastructure Limited (Note- c)	India	Nil	Nil
Educomp Software Limited	India	84.21%	84.21%
Gateforum Educational Services Private Limited	India	42.89%	42.89%
Joint Ventures			
Educomp Higher Initiatives Pte Limited (Note – f)	Singapore	50.00%	50.00%
Educomp - Raffles Higher Education limited (Note – g)	India	44.71%	44.71%
Subsidiary of Joint Ventures			
India Can Education Private Limited (note -f)	India	100.00%	100.00%
A Plus Education Solutions Private Limited (note -f)	India	79.12%	79.12%
Millennium InfraDevelopers Limited	India	100.00%	100.00%
Associates			
Greycells18 Media Pvt. Limited	India	26.00%	26.00%

Notes :

a) **Educomp Infrastructure & School Management Limited (including indirect holding)**
Up to August 9, 2012 – 82.93 %
From August 10, 2012 – 83.71%

b) **Educomp School Management Limited**
Up to August 16, 2012 – 68.00 %
From August 17, 2012 – 68.35%

c) **Eurokids International Limited and its subsidiaries (Eurokids Group)**
Upto December 31, 2012 – 50.00%
From January 1, 2013 – Nil
During the year, the Company has disposed off its investment in Eurokids Group on December 31, 2012.

d) **Savvica Inc.**
Up to July 8, 2012 – 79.36%
From July 9, 2012 – 79.55%

e) **Authorgen Technologies Private Limited**
Up to January 13, 2013 – 83.26%
From January 14, 2013 – Nil
Authorgen Technologies Limited became private company from a limited company during the year.

f) **Educomp Higher Initiatives Pte Limited (EHIPL)**
Educomp Asia Pacific Pte Ltd sold its stake in its joint venture EHIPL w.e.f. from April 9, 2013.

g) **Educomp – Raffles Higher Education Limited**
Up to March 31, 2012 – 50.00% and during the year shares were allotted to the Joint Venture partner at various dates which take effective holding as on March 31, 2013 to 44.71%

2.32 Goodwill and Capital Reserve on consolidation as on the Balance Sheet date comprises of the following:

(₹ in million)

Goodwill on consolidation of companies	As at March 31, 2013	As at March 31, 2012
Educomp Learning Private Limited	0.66	0.66
Edumatics Corporation Inc.	25.95	25.95
Wheitstone Productions Private Limited	3.43	3.43
Educomp Infrastructure & School Management Limited	9,316.06	8,630.44
Educomp School Management Limited	9.99	9.99
Educomp Asia Pacific Pte Ltd.	727.38	727.38
Savvica Inc	122.93	122.93
Educomp Higher Initiative Pte Ltd.	45.02	45.02
Educomp Professional Education limited	149.96	149.96
Eurokids International Limited*	-	223.03
Educomp Online Supplemental Service Limited	348.93	420.50
Vidya Mandir Classes Limited	337.95	337.95
Total Goodwill	**11,088.26**	**10,697.24**
Less: Goodwill related to Wheitstone Productions Private Limited impaired	3.43	3.43
Less: Goodwill related to Savvica Inc. impaired	122.93	-
Net Goodwill	**10,961.90**	**10,693.81**

**Investment in Eurokids International Limited (Eurokids Group) has been sold during the year.*

Capital Reserve on consolidation of companies	As at March 31, 2013	As at March 31, 2012
Educomp Infrastructure & School Management Limited	39.62	35.74

2.33 Joint venture information

Joint Venture, as required by AS-27 "Financial Reporting of Interest in Joint Venture" is given below:

Details of Joint Venture Interest;

Name	Description of interest	Country of incorporation	%age of interest as on March 31, 2013	%age of interest as on March 31, 2012
Educomp-Raffles Higher Education Limited*	Equity Shareholding	India	44.71%	50.00%
Educomp Higher Initiatives Pte Limited** (EHIPL)	Equity Shareholding	India	50.00%	50.00%

* The entity has power to govern the financial and operating policies of Joint Venture.
** Educomp Asia Pacific Pte Ltd has sold its entire 50% stake in joint venture EHIPL on April 9, 2013.

Joint venture entities

The table represents the Group's share of assets and liabilities, and income and results in joint ventures, Educomp Higher Initiatives Pte Limited and Educomp - Raffles Higher Education limited, to the extent of its proportionate share which are included in the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss respectively.

(₹ in Million)

Particulars	As at March 31, 2013	As at March 31, 2012
Reserves and surplus	(1,113.43)	(734.60)
Minority interest	-	-
Liabilities		
Non-current liabilities	62.86	14.28
Current liabilities	293.93	243.73
Non –current assets		
Fixed assets (net)	237.32	275.27
Goodwill	194.99	194.99
Deferred tax assets (net)	-	0.01
Long term loans and advances	344.45	386.67
Current assets		
Current investments	-	0.02
Inventories	4.66	8.07
Trade receivables	392.80	101.24
Cash and bank balances	53.92	57.85
Short term loans and advances	50.95	49.28
Other current assets	34.24	280.82

	Year ended March 31, 2013	Year ended March 31, 2012
Statement of Profit and Loss		
Revenue from operations	702.09	503.94
Other income	6.08	6.35
Total revenue	**708.17**	**510.29**
Expenditure		
Purchase of traded goods	351.74	326.19
Changes in inventories of work-in-progress	3.59	(3.26)
Employee benefits expense	274.14	250.88
Other expenses	314.77	286.19
Finance cost	6.75	2.55
Depreciation and amortization expense	71.29	50.03
Exceptional items	(0.06)	22.31
Current and deferred tax	0.01	2.89
Total expenditure	**1,022.23**	**937.78**
Profit/ (Loss)	**(314.06)**	**(427.48)**

2.34 **Borrowing cost capitalized during the year**

In accordance with Accounting Standard 16 on - "Borrowing Cost", during the year the Group has capitalized ₹ 358.60 million (previous year ₹ 765.61 million) related to qualifying assets in the year ended March 31, 2013.

2.35 Contingent liabilities

a) In respect of Joint Ventures : Claims not acknowledged as debt ₹ 0.11 million (previous year Nil)

b) In respect of others;

S. No.	Particulars	As at March 31, 2013	As at March 31, 2012
a.	Claims against the Group not acknowledged as debt	127.68	127.67
b.	Guarantees issued by banks on behalf of the Group	-	753.77
c.	Corporate guarantee given to bank for secured loan to third parties	13,194.91	12,179.13
d.	Assignment of debtors with Limited Recourse Option*	1,083.39	437.75
	Other money for which the Group is contingently liable		
e.	i. Taxes under adjudication/appeal	39.43	41.59
	ii. Premium on redemption of 'US$ 10 million Zero Coupon Foreign Currency Convertible Bonds due in 2017 (previous year US$ 80 million Zero Coupon Foreign Currency Convertible Bonds due in 2012"	185.3	1,649.76

* The amount related to credit facilities given by bank against trade receivables.

Notes:

- The loan outstanding to banks against the corporate guarantee in point no. (c) above as on March 31, 2013 is ₹ 8,610.47 million (previous year ₹ 10,188.71 million).
- Future outflows in respect of (b & c) will arise on crystallization and demand made by bank, and in respect of (e)(ii) on redemption of the bonds on the maturity date, if not converted before the maturity date as per the terms of issue of FCCB.
- Taxes under adjudication/appeal represents ₹ 28.12 million (previous year ₹ 28.12 million) under appeal under Income Tax Act, 1961, ₹11.31 million (previous year ₹ 11.31 million) under appeal under service tax and ₹ Nil (previous year ₹ 2.16 million) under Value Added Taxes (VAT). The Group has paid ₹ 30.95 million (previous year ₹ 31.92 million) under protest against demands raised by tax authorities.
- The Group does not expect any cash outflows in respect of (a), (b), (c), (d), (e) (i).
- The Group has given comfort letter to Pearson Singapore Pte Limited, Singapore to indemnify, against any loss suffered by it due to failure to comply factually and punctually its obligations under Share Purchase Agreement. The amount pertaining to comfort letter has not been included in above.

2.36 Commitments

Estimated amount of contracts remaining to be executed on capital account and other commitments and not provided for (net of advances):

<u>Capital commitments (net of advances)</u>

In respect of Joint Ventures

Estimated amount of contracts remaining to be executed on capital account and not provided for in respect of tangible assets - ₹ 0.63 million (previous year ₹ 5.54 million)

In respect of others

Estimated amount of contracts remaining to be executed on capital account and not provided for - ₹ 1,091.28 million (previous year ₹ 330.82 million).

<u>Other material commitments</u>

In respect of Joint Ventures

Commitment for service contract - ₹ 7.90 million (previous year ₹ 22.18 million)

In respect of others

Uncalled liability on shares and other investments partly paid up - ₹ 502.62 million (previous year ₹ 502.62 million)
Commitment for advertisement contract -₹ 494.76 million (previous year ₹ 1,000.00 million)

2.37 Zero Coupon Foreign Currency Convertible Bond (FCCB) of $ 1000 each

78 500 Zero coupon foreign currency convertible bonds of $ 1000 each have been redeemed on the redemption due date July 26, 2012 at redemption price at maturity being 141.087% of par value.

During the year, the Group has issued 10, Zero Coupon Foreign Currency Convertible Bonds of $ 1000,000 each. These FCCB are convertible into equity shares based on the ratio calculated in accordance with the terms of offering circular dated July 13, 2012. The bonds are convertible latest by July 24, 2017. These are to be converted at initial conversion price of ₹ 188.62 for each equity shares at the applicable exchange rate at the date of conversion. As on March 31, 2013, USD 10 million (previous year Nil) FCCB are outstanding for conversion into equity shares of ₹ 2 each. Due date for redemption is July 24, 2017 and redemption price at maturity is 134.07% of par value.

2.38 Employee Stock Options Schemes

(i) Educomp Solutions Limited

A. Brief description of schemes

The Company has six stock option schemes. Employee stock options are convertible into equity shares in accordance with the respective employee stock option scheme. The option vesting period is maximum ten years from the date of grant of option to employees at an exercise price approved by the remuneration committee.

<u>Employees Stock Option Scheme 2006</u>

Pursuant to shareholder resolution dated August 24, 2006, the Company introduced "Educomp Employees Stock Option Scheme 2006" which provides for the issue of 3,125,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2013 and March 31, 2012, the Company had 902,269 and 1,668,815 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2007
Pursuant to shareholder resolution dated September 13, 2007, the Company introduced "Educomp Employees Stock Option Scheme 2007" which provides for the issue of 1,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2013 and March 31, 2012, the Company had 634,260 and 868,420 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2008
Pursuant to shareholder resolution dated November 15, 2008, the Company introduced "Educomp Employees Stock Option Scheme 2008" which provides for the issue of 1,250,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2013 and March 31, 2012 the Company had 748,033 and 1,207,233 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2010
Pursuant to shareholder resolution dated March 18, 2010, the Company introduced "Educomp Employees Stock Option Scheme 2010" which provides for the issue of 1,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2013 and March 31, 2012 the Company had 698,750 and 961,250 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2011
Pursuant to shareholder resolution dated July 26, 2011, the Company introduced "Educomp Employees Stock Option Scheme 2011" which provides for the issue of 1,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2013 and March 31, 2012 the Company had 525,000 and 975,000 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2012
Pursuant to shareholder resolution dated July 16, 2012, the Company introduced "Educomp Employees Stock Option Scheme 2012" which provides for the issue of 3,500,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 10 years from the date of respective grants. As at March 31, 2013 and March 31, 2012 the Company had 2,600,000 and Nil number of shares reserved for issue under the scheme respectively.

B. The information concerning stock options granted, exercised, forfeited and outstanding at the year end is as follows:

Particulars	As at March 31, 2013		As at March 31, 2012	
	No. of stock options	Weighted average price (₹)	No. of stock options	Weighted average price (₹)
Employee Stock Option Scheme 2006				
No. of shares under option				
Outstanding at the beginning of the year	1,668,815	111.42	1,961,470	85.24
Granted	-	-	210,000	163.17
Exercised	555,544	25.00	484,405	25.00
Forfeited during the year	211,002	231.01	18,250	186.75
Outstanding at the end of year	902,269	136.66	1,668,815	111.42
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		N.A	
Weighted average remaining contractual life	1.88 yrs		2.83 yrs	
Payment received against share allotted during the year	13.89 million		12.11 million	
Employee Stock Option Scheme 2007				
No. of shares under option				
Outstanding at the beginning of the year	868,420	439.58	873,615	482.47
Granted	-	-	166,385	343.87
Exercised	-	-	-	-
Forfeited during the year	234,160	482.59	171,580	565.17
Outstanding at the end of year	634,260	423.70	868,420	439.58
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		N.A	
Weighted average remaining contractual life	3.23 yrs		4.38 yrs	
Payment received against share allotted during the year	N.A		N.A	

Particulars	As at March 31, 2013 No. of stock options	As at March 31, 2012 Weighted average price (₹)	As at March 31, 2013 No. of stock options	As at March 31, 2012 Weighted average price (₹)
Employee Stock Option Scheme 2008				
No. of shares under option				
Outstanding at the beginning of the year	1,207,233	499.48	1,189,558	528.21
Granted	-	-	120,000	197.62
Exercised	-	-	-	-
Forfeited during the year	459,200	597.09	102,325	479.47
Outstanding at the end of year	748,033	439.55	1,207,233	499.48
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		N.A	
Weighted average remaining contractual life (in Years)	4.46 yrs		4.29 yrs	
Payment received against share allotted during the year	N.A		N.A	
Employee Stock Option Scheme 2010				
No. of shares under option				
Outstanding at the beginning of the year	961,250	478.95	981,750	501.68
Granted	-	-	70,000	216.48
Exercised	-	-	-	-
Forfeited during the year	262,500	509.17	90,500	522.44
Outstanding at the end of year	698,750	467.70	961,250	478.95
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		N.A	
Weighted average remaining contractual life	4.73 yrs		5.68 yrs	
Payment received against share allotted during the year	N.A		N.A	
Employee Stock Option Scheme 2011				
No. of shares under option				
Outstanding at the beginning of the year	975,000	238.94	-	-
Granted	-	-	975,000	238.94
Exercised	-	-	-	-
Forfeited during the year	450,000	251.70	-	-
Outstanding at the end of year	525,000	228.01	975,000	238.94
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		N.A	
Weighted average remaining contractual life	5.60 yrs		6.26 yrs	
Payment received against share allotted during the year	N.A		N.A	

Particulars	As at March 31, 2013 No. of stock options	As at March 31, 2012 Weighted average price (₹)	As at March 31, 2013 No. of stock options	As at March 31, 2012 Weighted average price (₹)
Employee Stock Option Scheme 2012				
No. of shares under option				
Outstanding at the beginning of the year	-	-	-	-
Granted	2,600,000	154.35	-	-
Exercised	-	-	-	-
Forfeited during the year	-	-	-	-
Outstanding at the end of year	2,600,000	154.35	-	-
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		N.A	
Weighted average remaining contractual life	6 yrs		N.A	
Payment received against share allotted during the year	N.A		N.A	

Note: Fair value related disclosures as required by guidance note on "Accounting for Employee Share-based Payments" have not been furnished because of the voluminous nature of disclosures due to different grant dates and vesting conditions.

(ii) **Educomp Infrastructure & School Management Limited (EISML):**
Pursuant to shareholder resolution dated March 13, 2010, EISML introduced "Employee Stock Option Plan 2010 (EISML ESOP -2010)" which provides for the issue of 200,000 stock options to employees of EISML and its holding and subsidiaries companies. The option vesting period shall not be more than ten years from date of grant of options at an exercise price approved by the compensation committee. 200,000 equity shares had been increased to 1,400,000 stock options by special resolution passed on June 15, 2010.

The information concerning stock options granted, exercised, forfeited and outstanding at the year end is as follows:

Particulars	As at March 31, 2013		As at March 31, 2012	
	No. of stock options	Weighted average price (₹)	No. of stock options	Weighted average price (₹)
Employee Stock Option Scheme 2010				
No. of shares under option				
Outstanding at the beginning of the year	236,930	686	215,485	686
Granted	-	-	36,445	686
Exercised	-	-	-	-
Forfeited during the year	72,890	686	15,000	686
Outstanding at the end of year	164,040	686	236,930	686
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		N.A	
Weighted average remaining contractual life	4.15 yrs		6.12 yrs	
Payment received against share allotted during the year	-		-	

(iii) **Educomp Online Supplemental Service Limited (EOSSL):**
Pursuant to shareholder resolution dated November 21, 2011, EOSSL introduced "EOSSL Employees Stock Option Scheme 2011" which provides for the issue of 350,000 equity shares to employees of EOSSL and its holding company/ subsidiaries. The maximum option vesting period is not more than ten years from the date of grant of option to employees at an exercise price approved by the compensation committee. Till date 49,350 stock options have been granted.

The information concerning stock options granted, exercised, forfeited and outstanding at the year end is as follows:

Particulars	As at March 31, 2013		As at March 31, 2012	
	No. of stock options	Weighted average price (₹)	No. of stock options	Weighted average price (₹)
Employee Stock Option Scheme 2011				
No. of shares under option				
Outstanding at the beginning of the year	49,350	230	-	-
Granted	-	-	49,350	230
Exercised	-	-	-	-
Forfeited during the year	-	-	-	-
Outstanding at the end of year	49,350	230	49,350	230
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		N.A	
Weighted average remaining contractual life	3.64 yrs		4.64 yrs	
Payment received against share allotted during the year	-		-	

(iv) **Learning Internet Inc (L.com):**
L.com has an Incentive Stock Option Plan (the "Plan"), which provides for the grant of options to purchase stocks of L.com's common stock to employees, directors and consultants within the meaning of Section 422 of the Internal Revenue Code. The plan also provides for the direct award of non-statutory stock options and warrants (collectively "non-statutory options") to purchase stocks of the Company common stock or direct grant of stocks of common stock.

As of March 31, 2013, L.com has reserved a total of 4,150,000 stocks of its common stock for issuance under the Plan. The information concerning stock options granted, exercised, forfeited and outstanding at the year end is as follows:

Particulars	As at March 31, 2013		As at March 31, 2012	
	No. of stock options	Weighted average price (₹)	No. of stock options	Weighted average price (₹)
Outstanding at the beginning of the year	985,500	67.12	1,410,516	62.51
Granted	-	-	1,20,000	71.92
Exercised	1,000	17.97	43,016	10.55
Forfeited during the year	441,000	81.15	5,02,000	66.64
Outstanding at the end of year	543,500	68.79	985,500	67.12
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		N.A	
Weighted average remaining contractual life	5.1 yrs		7.20 yrs	
Payment received against share allotted during the year	₹ 0.02 million		₹ 0.45 million	

(v) **Edumatics Corporation Inc (Edumatics):**

As of March 31, 2013, Edumatics has reserved a total of 357,143 stocks of its common stock for issuance under the plan which was granted as on April 01, 2008 to two directors of Edumatics.

Particulars	As at March 31, 2013		As at March 31, 2012	
	No. of stock options	Weighted average price (₹)	No. of stock options	Weighted average price (₹)
Outstanding at the beginning of the year	357,143	0.45	357,143	0.45
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited during the year	-	-	-	-
Outstanding at the end of year	357,143	0.45	357,143	0.45
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		N.A	
Weighted average remaining contractual life	6.0 yrs		6.0 yrs	
Payment received against share allotted during the year	N.A		N.A	

(vi) **Savvica Inc (Savvica):**

The following tables summarize information about options issued, outstanding and exercisable under the plan as of March 31, 2013:

Particulars	As at March 31, 2013		As at March 31, 2012	
	No. of stock options	Weighted average price (₹)	No. of stock options	Weighted average price (₹)
Outstanding at the beginning of the year	83,449	42.87	124,148	42.87
Granted	-	-	14,750	42.87
Exercised	-	-	-	-
Forfeited during the year	83,449	42.87	55,449	42.87
Outstanding at the end of year	-	-	83,449	42.87
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		N.A	
Weighted average remaining contractual life	Nil		2.42 yrs	
Payment received against share allotted during the year	N.A		N.A	

2.39 Warrants

(a) Warrants issued by ESL : The Company on July 26, 2012 had allotted 1,14,79,096 warrants to Promoter Group Entity at an issue price of ₹193.74 per warrant, as per the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009 convertible into equal number of equity shares of the face value of ₹ 2/- each convertible within a period of 18 months from the date of allotment. Further, the Company on 22nd January, 2013 had allotted 29,79,939 equity shares of face value of ₹ 2/- each at a premium of ₹ 191.74/- per share on conversion of warrants issued under provisions Of Chapter VII Of SEBI (ICDR) Regulations, 2009 pursuant to receipt of balance 75% of the issue price against the allotted shares.

(b) Warrants Issued by Other Group Company: Educomp Infrastructure and School Management Limited (EISML) had allotted 800,000 share warrants of ₹ 10 each on July 20, 2010 on preferential basis to be converted into 800,000 equity shares of ₹ 10 each at a premium of ₹ 676 per share at the option of the holder after a period of one year from the date of issue, subject to maximum period of ten year from the date of issuance and payment of the issue price (including premium) of the equity shares. After period of ten years, the un-issued share warrants shall stand forfeited.

Further EISML on March 31, 2012 had allotted 5 warrants of ₹ 133.33 million each aggregating ₹ 666.67 million against which ₹ 66.67 million had been received. Warrants issued carries an option/entitlement to subscribe to such number of equity shares at such price as determined in terms of the share cum warrant subscription agreement dated March 29, 2012. The warrants may be exercised at any time within a period of five years from the closing date at the sole discretion of the party. In the event of non exercising of the option, the warrant subscription amount shall stand forfeited.

2.40 Employee benefits

- **Defined contribution plan**

During the year, the Group has recognized the following amounts in the Consolidated Statement of Profit and Loss:

(₹ in million)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Employer's contribution to provident fund and other funds	167.86	154.21
Employer's contribution to employee state insurance	1.21	0.56
Labour welfare fund	0.06	-
Other funds	8.88	-
Total	**178.01**	**154.77**

- **Defined benefit plan – Gratuity and leave encashment**

During the year, the Group has recognized the following amounts in the Consolidated Statement of Profit and Loss

(₹ in million)

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
	Gratuity Partially funded	Leave encashment Unfunded	Gratuity partially funded	Leave encashment Unfunded
Current service cost	36.41	18.98	28.54	19.72
Interest cost	5.88	2.64	4.03	2.66
Actuarial gain/(loss)	2.45	(8.05)	2.12	(4.20)
Total	**44.74**	**13.57**	**34.69**	**18.18**

Reconciliation of opening and closing balance of benefit obligation:

(₹ in million)

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
	Gratuity Partially funded	Leave encashment Unfunded	Gratuity partially funded	Leave encashment Unfunded
Present value of obligation as at the beginning of the year	76.76	37.65	46.94	22.68
Current service cost	36.41	18.98	28.54	19.72
Interest cost	5.88	2.64	4.03	2.66
Benefit paid	(25.52)	(6.75)	(4.87)	(3.21)
Actuarial loss/ (gain)	2.45	(8.05)	2.12	(4.20)
Present value of obligation as at the end of the year	**95.98**	**44.47**	**76.76**	**37.65**

Present benefit obligation, plan assets and experience adjustments for current year and last 4 years

(₹ in million)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009
Gratuity					
Present value of obligation as at the end of the year	95.98	76.76	50.54	24.87	14.39
Plan assets	0.45	0.50	-	-	-
Surplus/(deficit)	(95.53)	(76.26)	(50.54)	(24.87)	(14.39)
Experience adjustment (loss)/gain on plan liabilities – Gratuity	(2.73)	(4.33)	(1.47)	(0.82)	(0.16)
Experience gain/(loss) on plan assets	0.03	-	-	-	-
Leave encashment					
Present value of obligation as at the end of the year	44.47	37.65	20.93	9.65	6.69
Surplus/(deficit)	(44.47)	(37.65)	(20.93)	(9.65)	(6.69)
Experience adjustment gain/(loss) on plan liabilities – Leave encashment	7.20	3.39	1.69	(0.70)	2.15

Classification of obligation:

(₹ in million)

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
	Gratuity Partially funded	Leave encashment Unfunded	Gratuity partially funded	Leave encashment Unfunded
Amount classified as:				
Short term provision*	11.22	10.38	3.40	4.48
Long term provision	84.31	34.09	72.86	33.17

**Excludes provision for short term benefits amounting ₹ 6.71 million (Previous year ₹ 4.07 million).*

Fair value of plan assets:

(₹ in million)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Fair value of plan assets at the beginning of the year	0.50	0.59
Expected return on plan assets	0.03	0.05
Benefits paid	(0.11)	(0.10)
Actuarial gain/(loss) on plan assets	0.03	(0.04)
Fair value of plan assets at the end of the year	0.45	0.50

Principal actuarial assumptions at the balance sheet date:

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Discounting rate	8.00% - 8.80%	8.00% - 8.80%
Expected rate of increase in salary	5.5% - 10.00%	5.5% - 10.00%
Expected rate of return on plan assets	8.00%	8.00%

Note: The discount rate has been determined by reference to market yield at the Balance Sheet date on Government securities over a period which matches with remaining working, life of employees. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

2.41 Operating lease

Assets taken on lease

(a) General description of lease terms:

i) Assets are taken on lease over a period of 2 to 10 years.

ii) Lease rentals are charged on the basis of agreed terms.

(b) The Group has taken on leases office space, land, building and technology equipments under non-cancelable operating leases. The lease rental expense recognized in the Consolidated Statement of Profit and Loss for the year in respect of such leases is ₹ 315.76 million (previous year ₹ 323.90 million). The future minimum lease payments towards non-cancellable operating leases are as follows:

(₹ in million)

Particulars	As on March 31, 2013	As on March 31, 2012
Not later than 1 year	177.39	145.40
Later than 1 year but not later than 5 years	493.36	269.52
Later than 5 years	135.36	132.64
Total	**806.11**	**547.56**

Assets given on lease

(a) General description of lease terms:

i) Assets are given on lease over a period of 2 to 30 years

ii) Lease rentals are charged on the basis of agreed terms.

(b) The Group has given school buildings on lease to educational Institutions. The cost of the land and building given on operating lease to the educational institutions is ₹ 2,391.03 million (previous year ₹ 876.90 million) and ₹ 5,855.76 million (previous year ₹ 3,091.90 million) respectively. The accumulated depreciation as at Balance Sheet date and the depreciation expense recognized in the Consolidated Statement of Profit and Loss during the year of building given on lease is ₹ 339.76 million (previous year ₹ 205.43 million) and ₹ 135.04 million (previous year ₹ 105.99 million). The lease rental income recognized in the Consolidated Statement of Profit and Loss for the year in respect of such leases is ₹ 967.39 million (previous year ₹ 697.37 million). Lease income includes ₹ 68.82 million (previous year ₹ 67.96 million) being contingent rents recognized as income in the Consolidated Statement of Profit and Loss.

The future minimum lease income expected to be received for non-cancellable operating leases is as under:

(₹ in million)

Particulars	As at March 31, 2013	As at March 31, 2012
Not later than 1 year	919.18	631.69
Later than 1 year but not later than 5 years	3,676.71	2,509.63
Later than 5 years	20,208.44	14,026.08
Total	**24,804.33**	**17,167.40**

(c) The group has given office space on sub-lease. Other Income includes income from operating lease of ₹ 3.77 million (previous year ₹ 2.28 million) under lease and hire income. The future minimum lease payment expected to be received is as below:

(₹ in million)

Particulars	As at March 31, 2013	As at March 31, 2012
Not later than 1 year	1.02	1.40
Later than 1 year but not later than 5 years	0.68	2.48
Later than 5 years	-	-
Total	**1.70**	**3.88**

2.42 Finance lease

Assets taken on lease

(a) General description of lease terms:

i) Assets are taken on lease over a period of 3 to 5 years.

ii) Lease rentals are charged on the basis of agreed terms.

iii) The assets taken under finance lease are in the nature of technology equipments.

Finance lease obligation of the Group is as follows:

(₹ in million)

Particulars	As at March 31, 2013			As at March 31, 2012		
	Future minimum lease payments	Interest	Present value	Future minimum lease payments	Interest	Present value
Not later than 1 year	84.54	17.80	66.74	60.26	18.35	41.90
Later than 1 year but not later than 5 years	57.91	8.50	49.41	117.43	20.37	97.05
Later than 5 years	-	-	-	-	-	-
Total	**142.45**	**26.30**	**116.15**	**177.69**	**38.72**	**138.95**

2.43 Redemption of Non Convertible Debentures

During the year, EISML has redeemed 89, 11% Non Convertible Debentures of ₹ 1,000,000 each, aggregating ₹ 89 million which were outstanding at the beginning of the year. EISML has transferred ₹ 89 million (previous year Nil) out of the balance lying in Debenture Redemption Reserve to the Statement of Profit and Loss on account of such redemption.

Further, in accordance with the terms of section 117C of the Companies Act, 1956, EISML has transferred ₹ Nil (previous year ₹ 559. 34 million to Debenture Redemption Reserve from Statement of Profit and Loss.

2.44 Particulars of securities charged against secured loans from banks and details of unsecured loan taken by the Group are as follows:

(₹ in million)

Particulars	Amount Outstanding As at March 31, 2013	Amount Outstanding As at March 31, 2012	Terms of repayment	Security
Term loan (note – a)	226.55	375.19	₹ 50 million on six half yearly installments and ₹ 325.19 million in 18 quarterly installments	• First pari-passu charge by way of mortgage of all immovable properties and assets of the Company. • First pari-passu charge by way of hypothecation of all the movable assets including, but not limited to computer hardware, furniture and fixtures. • First pari-passu charge on receivable from Government contracts of Uttar Pradesh and Gujarat. • -First charge on the Debt Service Reserve Account (DSRA) created for the project. • Personal guarantee of Mr. Shantanu Prakash and first charge by way of mortgage on one of the personal property of Mr. Shantanu Prakash.
Term Loan (note – b)	102.43	215.55	Payable in 14 equal quarterly installments from 15th April, 2010	• Sub-servient charge on the movable and immovable assets of the Company. • Personal Guarantee of Mr. Shantanu Prakash.
Term Loan (note – c)	216.46	725.54	₹ 500 million in three half yearly installments. (part installment due for repayment)	• Sub-servient charge on the current assets of the Company. • Personal Guarantee of Mr. Shantanu Prakash.
Term Loan (note – d)	300	498	Five equated installments starting from July, 2013.	• Sub-servient charge on the current assets of the Company. • Personal Guarantee of Mr. Shantanu Prakash.
Term Loan (note – e)	250	250	Two quarterly installments of ₹ 125 million each on 1st July, 2013 and 1st October, 2013	• Sub-servient charge on the current assets of the Company.
Term Loan (note – f)	-	150	7 quarterly installments after one year moratorium	• Sub-servient charge on the current assets of the Company. • Pledge of 12.32 % shares of Educomp Online Supplemental Service Ltd • Personal Guarantee of Mr. Shantanu Prakash.
Term Loan (note – g)	648.32	-	16 equal quarterly installments starting at the end of 15th month from the date of first disbursement.	• Sub-servient charge on the current assets of the Company. • Exclusive Charge on Mumbai Office of the company. • Subservient charge on all current assets of Educomp Infrastructure & School Management Limited (EISML). • Personal Guarantee of Mr. Shantanu Prakash.
Term Loan (note – h)	170	-	18 monthly installments starting from 10th April 2013	• Subservient Charge on receivables of the company • Exclusive charge on an immovable property of EISML in Gurgaon. • Corporate guarantee of EISML & personal guarantee of Mr. Shantanu Prakash
Term Loan (note – i)	64	-	Nine quarterly installments starting from January, 2014	• First Pari passu charge on the borrower's movable fixed assets lying at designated schools. • Subservient charge on current assets & fixed assets. • Personal guarantee of Mr. Shantanu Prakash
Term loan (note – j)	-	0.47	-	• Secured by hypothecation of vehicles
Working capital Facility	3,014.87	1,338.99	Payable on demand with varying rate of interest ranging from 11.25% to 15.50%.	• First ranking pari passu charge on the entire current assets of the company. • Second pari-passu charge over the fixed assets of the company. • Personal guarantee of the Mr. Shantanu Prakash and Mr. Jagdish Prakash and first charge by way of mortgage on one of the personal property of Mr. Shantanu Prakash.
Working capital Facility	141.01	500	Payable on demand with varying rate of interest ranging from 11.25% to 15.50%.	• Sub-servient charge on the stock and debtors of the company. • Personal guarantee of Mr. Shantanu Prakash and Mr. Jagdish Prakash.

(₹ in million)

Particulars	Amount Outstanding As at March 31, 2013	Amount Outstanding As at March 31, 2012	Terms of repayment	Security
Foreign Currency Convertible Bonds (FCCB)	543.89	-	Repayable at 134.07% of principal par value after 5 year and 1 day from the date of disbursement if not converted.	Second charge on following assets • 26% of the fully paid up equity shares of the EISML held by the company. • 75% of the fully paid up equity shares of the Wiz Learn Technologies Pte. Ltd. held by the Educomp Asia Pacific Pte. Limited. • 50% of the fully paid up equity shares of Educomp Higher Initiative Pte. Ltd. held by Educomp Asia Pacific Pte Ltd.
External Commercial Borrowings	3,807.25	-	11 half yearly installments starting from 15th January, 2016, interest rate of 4.5% +6 M LIBOR.	First charge on following Assets • 26% of the fully paid up equity shares of the EISML held by the company. • 75% of the fully paid up equity shares of the Wiz Learn Technologies Pte. Ltd. held by the Educomp Asia Pacific Pte. Limited. • 50% of the fully paid up equity shares of Educomp Higher Initiative Pte. Ltd. held by Educomp Asia Pacific Pte Ltd.
Non-Convertible Debentures	350	-	Repayable after seven years from the date of disbursement. The investors have put option after five years.	• Mortgage on property of the Company.
Loan from Banks (Loan taken by EISML)	5,273.44	5,625.00	Carries interest linked to respective banks BPLR. The same varied from 15.25% to 16.75% during the year, repayable in pre - scheduled quarterly installments till March 2021	• A first pari pasu charge on various immovable properties of EISML. • A first pari pasu charge, by way of hypothecation, on all, present and future, moveable properties including equipments, furniture and fixtures, vehicles, current assets, on receivables, book debts, etc. • A first pari pasu charge, by way of hypothecation, over all bank accounts including without limitation escrow and collection account, Debt Service Reserve Account (DSRA). • A first pari pasu charge, by way of hypothecation, on all, present and future intangible assets of EISML including but not limited to intellectual property rights, goodwill, undertaking, brands and uncalled capital. • A first pari pasu charge, by way of assignment, of all right, title, interest, benefits, claims and demands whatsoever of EISML under all project documents, guarantees, other performance warranties, indemnities, securities, clearances, insurance contracts/ proceeds, uncalled capital, any letter of credit, guarantee, performance guarantee and/ or bond provided by any party to the project documents. • First charge over Subsidiary/Third Party Properties, of such area and location and from such Third Party Owners as may be agreed/ acceptable to the Trustee. • Corporate Guarantee of Educomp Solutions Limited (Holding Company) • Personal guarantee by two of the directors
Loan from Banks (Loan taken by EISML)	2,000.00	2,000.00	Carries interest of base rate + 3% which varied from 13.50% to 14%, repayable in pre - scheduled quarterly installments from June 2013 till March 2016	• A subservient charge on all, present and future fixed assets of EISML • Corporate Guarantee of Educomp Solutions Limited (Holding Company) • Corporate guarantee of the subsidiaries (land owing company) • Personal guarantee by one of the directors
Loan from Banks (Loan taken by EISML)	126	146	Carries interest of 16.00%, repayable in pre - scheduled Half installments from July 2012 till March 2016	• First charge on land and building • Hypothecation of movable fixed assets • First charge on all current assets • Corporate guarantee of Lavasa Corporation Ltd
11% Non convertible debentures (EISML)	-	89	-	• Subservient charge over various immovable properties of EISML. • Subservient equitable mortgage charge over third party properties, of such area and location and from such subsidiary/third party owners as may be agreed/acceptable to the Trustee by way of re-deposit of title deeds on constructive delivery basis by the third party owners. • Subservient hypothecation charge over all movable fixed assets (present and future) of EISML • Corporate Guarantee of Educomp Solutions Limited (Holding Company)

(₹ in million)

Particulars	Amount Outstanding As at March 31, 2013	Amount Outstanding As at March 31, 2012	Terms of repayment	Security
13.40% Non Convertible Debentures (EISML)	1050	1,050.00	Redeemable at par in four half yearly installments starting from June 20, 2015 and with a put option after December 20, 2014	• Second charge on all, present and future, moveable fixed assets and current assets of EISML • Second charge on various immoveable properties of EISML • Corporate Guarantee of Educomp Solutions Limited (Holding Company) • Personal guarantee of one of the directors. • Further, EISML needs to maintain debt service reserve account for 1 quarter interest and 1 quarter principle
Loan from Banks (Loan taken by EAPL)	800.34	1,003.69	Carries interest rate at LIBOR Rate + 3.5%. Term Loan is repayable in 4 equal yearly installments, after a moratorium of 3 years effective from May 2012	• Corporate guarantee of Educomp Solutions Limited. • Bank's lien over the entire cash flow of EAPL including dividend receivables from the acquired Company. • Pledge of the shares of the target.
Deferred payment liabilities (Leasehold land - EISML)	64	64.87	Carries interest of 11%, Repayable in equated six monthly installments till December 2019	• Secured by leasehold right over the land
Vehicle Loan	3.5	5.6	The loans carries interest ranging from 10% to 14%. Repayable on equated monthly installments over different periods till December 2014	• Secured by hypothecation of respective vehicles
Unsecured Term Loan from Bank	320	-	11% interest bearing, repayable in 16 quarterly installments starting from March 31, 2016	• Personal guarantee of Mr. Shantanu Prakash. • Corporate guarantee of M/s Kaison Housing Corporation Ltd
Unsecured Term Loan from Others	234	-	Repayable from 3 month to 9 months from the date of disbursement with varying rate of interest ranging from 12.5% to 18%.	• Pledge of Shares of Mr. Shantanu Prakash in ESL
Deferred payment liabilities (Advertisement - EISML)	3.42	-	Interest free, repayable after 6 years of agreement i.e March 2018	• Unsecured
From others - unsecured	678.3	-	Repayable in 8 to 16 equal quarterly installments from the date of disbursement, with varying rate of interest ranging from 12.5% to 18%.	-

Note 1: The term from a to j are at varying rate of interest ranging from 11.25% to 15.50%.
Note 2: Aggregate of loan amount guaranteed by directors ₹ 13,777.08 million (previous year ₹ 12,728.27 million)

(₹ in Million)

Particulars	Delay up to 1 month	Delay of 1 to 2 months	Delay of 2 to 3 months	Delay of more than 3 months	Total Amount
Repayment of term loan	190.48	97.81	119.80	216.46	624.55
Interest liabilities on above	122.58	115.16	110.67	-	348.41
Deferred payment liabilities towards leasehold land	-	-	7.04	-	7.04
Interest liabilities on above	-	-	3.36	-	3.36
Previous year	-	-	-	-	-

2.45 Particulars of un-hedged foreign currency exposure of the Group as on the Balance Sheet Date:

(₹ in Million)

Particulars	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
Current liabilities	604.65	1,485.63
Trade receivable	20.57	10.12
Loans payable	4,351.14	4,015.28
Total	**4,976.36**	**5,511.03**

2.46 Contract disclosures as required by AS-7 ("construction contracts")

Contract disclosures related to joint venture Company Millennium Infra Developers Limited to the extent of joint venture holding.

(₹ in Million)

Particulars	For the Year Ended March 31, 2013	For the Year Ended March 31, 2012
Contract revenue recognized	28.85	118.68
Contract expenses recognized	27.65	107.66*
Recognized profits less recognized losses	1.20	11.02
Unbilled contract revenue for the year	-	118.68
Amount billed during the year	308.03	-
Trade receivable	297.14	-
Gross amount due to customer	3.13	-

* Includes ₹ 3.78 million of service tax recoverable written off during the year and claimed from the customer as contract expenditure.

2.47 Related party disclosures

The disclosures of transactions with related parties as defined in Accounting Standard 18, issued by the Institute of Chartered Accountants of India are given as below:

i) List of related parties with whom transactions have taken place & relationships:

S. No.	Name of Related Party	Relationship
1	Mr. Shantanu Prakash	**Key Managerial Personnel (KMP)**
2	Mr. Jagdish Prakash	
1	Greycells18 Media Ltd.	**Associates**
2	Zeebo Interactive Solutions India (P) Ltd (w.e.f. May 11, 2011 & sold out to Lakshya Digital in Feb 17, 2012)	
1	Learning Leadership Foundation	**Others over which group has significant influence**
2	Learning Links Foundation	
3	Richmond Education Society	
4	Lakshya Digital Private Limited	
5	Education Quality Foundation of India	
6	Eduloans Corporation Private Limited	
7	Mussoorie International School Society	
8	Shri Krishna Hare Educational Trust	
9	Shri Radha Raman Educational Trust	
10	Maurya Educational Trust	

S. No.	Name of Related Party	Relationship
11	Bal Shiksha Educational Trust	
12	Shri Radhe Educational Trust	
13	Surya Prabhat Trust	
14	Shri Radha Krishna Educational Trust	
15	Vidya Prabhat School Trust	
16	Unnati Educational Trust	
17	Surya Kiran Educational Trust	
18	Sri Satya Sai Educational Trust	
19	Sri Laxmi Ganesh Educational Trust	
20	Sri Vasudev Educational Trust	
21	Siya Ram Educational Trust	
22	Shyam Sunder Educational Trust	
23	Shri Hare Educational Trust	
24	Shiksha Bharti Educational Trust	
25	Radhey Shyam Educational Trust	
26	Gyan Kunj Educational Trust	
27	Bhakti Sagar School Trust	
28	Vidhya Sarovar Educational Trust	
29	Sukh Sagar School Trust	
30	Shri Ambey Educational Trust	
31	Sanskriti Educational Trust	
32	Samvridi Educational Trust	
33	Shri Laxmi Narain Educational Trust	
34	Sankalp Educational Trust	
35	Shiv Shakti Educational Trust	
36	Vigyan Educational Trust	
37	Sushikshit Educational Trust	
38	Navnirmit Educational Trust	
39	Naveen Shiksha Educational Trust	
40	Shri Nath Education Society	
41	Bharat Shakti Educational Trust	
42	Gyan Jyoti Educational Trust	
43	Guru Narayan Educational Trust	
44	Guru Shishya Educational Trust	
45	Jyoti Kiran Educational Trust	
46	Shreshta Educational Trust	
47	Vidhyarthi Educational Trust	
48	Nav Jyoti Educational Trust	
49	Nav Jiwan Educational Trust	
50	Shakshar Educational Trust	
51	Shiksha Jyoti Educational Trust	
52	IndiaCan Education Private Limited	
53	A P Eduvision Private Limited	
1	Educomp Raffles Higher Education Ltd	**Joint Venture of direct subsidiary (JV)**
2	Educomp Higher Initiatives Pte Ltd, Singapore	

ii) Transactions during the year with related parties:

a) Details of related party transactions for the year ended March 31, 2013

(₹ in million)

Particulars	Key Management Personnel	Associates	Joint Venture	Others	Total
Revenues	-	-	24.54	1,288.60	1,313.14
(note i)	(-)	(-)	(16.15)	(994.64)	(1,010.79)
Other Income	-	-	-	103.95	103.95
(note ii)	(-)	(-)	(-)	(91.84)	(91.84)
Loans and advances given	-	-	-	96.79	96.79
(note iii)	(-)	(1.17)	(-)	(194.00)	(195.17)
Loans and advances given - repayment	-	-	-	62.05	62.05
(note iv)	(-)	(-)	(-)	(33.70)	(33.70)
Purchase of assets / investments	-	-	-	13.43	13.43
(note v)	(-)	(103.09)	(-)	(12.48)	(115.57)
Sale of investments	-	-	-	-	-
(note vi)	(-)	(-)	(-)	(6.67)	(6.67)
Reimbursement of expenses	-	-	0.36	0.64	1.00
(note vii)	(-)	(-)	(-)	(0.13)	(0.13)
Expense	-	-	-	2.54	2.54
(note viii)	(-)	(-)	(-)	(1.10)	(1.10)
Remuneration	37.24	-	-	-	37.24
(note ix)	(19.27)	(-)	(-)	(-)	(19.27)
Rent paid	0.83	-	-	-	0.83
(note x)	(0.83)	(-)	(-)	(-)	(0.83)
Short term interest free Borrowing from Director	21.90	-	-	-	21.90
(note xi)	-	-	-	-	-
Deposits on behalf of others	-	-	-	20.00	20.00
(note xii)	-	-	-	-	-
Issue of shares	-	-	-	1,411.32	1,411.32
(note xiii)	-	-	-	-	-
Issue of share warrants	-	-	-	411.66	411.66
(note xiv)	-	-	-	-	-

All transactions with related parties have been entered into in the normal course of business. Previous year figures are given in parenthesis.

Notes:

(i) Includes sales and services to:

Joint Venture of direct subsidiary

Educomp Raffles Higher Education Ltd – ₹ 15.55 million (previous year ₹ 16.15 million)

IndiaCan Education Private Limited – ₹ 9.00 million (previous year ₹ Nil)

Others

- Learning Leadership Foundation ₹ 403.51 million (previous year ₹ 363.68 million).
- Mussorie International School Society ₹ 149.33 million (previous year ₹ 147.25 million)

(ii) Includes other income from:

Others

- Learning Leadership Foundation ₹ 18.21million (previous year ₹ 21.42 million)
- Richmond Education Society ₹ 46.99 million (previous year ₹ 43.63 million)

(iii) Loans and advances (includes share application money) given relates to:

Others

- Richmond Education Society ₹ 12.11 million (previous year ₹ 51.15 million)
- Learning Leadership Foundation ₹ 4.50 million (previous year ₹ 12.53 million)
- Mussorie International School Society ₹ Nil (previous year ₹ 27.50 million)
- Shyam Sunder Educational Trust ₹ 8.59 million (previous Year ₹ 12.50 million)
- Surya Kiran Trust ₹ 2.45 million (previous year ₹10.20 million)
- Vigyan Educational Trust ₹ 10.10 million (previous year Nil)

(iv) Loans and advances repayment relates to:

Others

- Mussorie International School Society ₹ 0.07million (previous year ₹ 29.17 million)
- Learning Leadership Foundation ₹ 52 million (previous year Nil)

(v) Purchase of assets / investments relates to:

Associates

- Investment in Greycells18 Media Private Limited Nil (previous year ₹ 27.20 million)
- Investment in Zeebo Interactive Solutions India Private Limited Nil (previous year ₹ 22.50 million)
- Investment in GateForum Educational Services Private Limited Nil (previous year ₹ 53.39 million)

Others

- Assets purchased Learning Link Foundation ₹ 13.43 million (previous year ₹ 12.48 million)

(vi) Sale of investments relates to:

- Sale of investment in Zeebo Interactive Studios India Private Limited ₹ Nil (previous year ₹ 6.67 million)

(vii) Reimbursement of expenses

Joint Venture

- Educomp Raffles Higher Education Private Limited ₹ 0.36 million (previous year Nil)

Others

- Richmond Educational Society ₹ 0.32 million (previous year Nil)
- Sri Laxmi Ganesh Educational Trust ₹ 0.19 million (previous year Nil)

(viii) Expenses relates to:

Others

- Education Quality Foundation of India ₹ 1.17 million (previous year ₹ 1.10 million)
- Lakshya Digital Private Limited ₹ 1.37 million (previous year Nil)

(ix) Includes transaction for the year mainly with:

KMP

- Mr. Shantanu Prakash ₹ 32.20 million (previous year ₹ 14.09 million)
- Mr. Jagdish Prakash ₹ 5.04 million (previous year ₹ 5.18 million)

(x) Includes rent paid to:

KMP

- Mr.Shantanu Prakash ₹ 0.83 million (previous year ₹ 0.83 million)

(xi) Includes short term interest free loan:

KMP

- Loan from Mr.Shantanu Prakash to Wizlearn Technologies Pte Ltd ₹ 21.90 million (previous year Nil)

(xii) Deposits on behalf of others:

Others

- Deposits on behalf of Learning Leadership Foundation ₹ 20 million (previous year Nil)

(xiii) Issue of shares:

Other

- Educomp Solutions Limited equity shares issued to A P Eduvision Private Limited ₹ 1,411.32 million (previous year Nil)

(xiv) Money received against share warrant

Other

- Educomp Solutions Limited share warrants were issued to A P Eduvision Private Limited ₹ 411.66 million (previous year Nil)

iii) **Balances with related parties:**

(₹ in million)

Particulars	Key Management Personnel	Associates	Joint Venture	Others	Total
Investment	-	145.41	-	-	145.41
	(-)	(145.41)	(-)	(-)	(145.41)
Share / warrant application money	-	1.17	-	411.66	412.83
	(-)	(1.17)	(-)	(-)	(1.17)
Trade receivables	-	0.00	2.62	2,002.13	2,004.75
	(-)	(-)	(-)	(1,198.45)	(1,198.45)
Loans and advances recoverable	-	-	-	1,260.66	1,260.66
	(-)	(-)	(-)	(880.39)	(880.39)
Trade and other payables	23.01	-	82.91	0.05	105.97
	(1.09)	(-)	(100.94)	(-)	(102.03)

Note: Previous year figures are given in parenthesis.

2.48 Segment reporting

The Group has identified its Product Segment as the Primary Segment in accordance with Accounting Standard 17 – Segement Reporting. The Product Segment consists of School Learning Solutions (comprising of Smart Class & Edureach (ICT) business), K-12 Schools (comprising preschools & high schools), Higher Learning Solutions (comprising of vocational, higher education and professional development) and Online, Supplemental & Global business (comprising of internet based educational services and coaching).

The Group has only one geographical segment as its Secondary Segment, having 10 per cent or more of enterprise revenue from sales to external customers based on the geographical location of its customers.

Revenue and expenses directly attributable to individual segments are reported under each reportable segment. All other expenses, which are not attributable or allocable to segments, have been disclosed as un-allocable expenses

Assets and liabilities that are directly attributable to individual segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as un-allocable.

A. **Primary Segment Information: – Business Segments**

(₹ in million)

Particulars	HLS (Higher Learning Solutions)	SLS (School Learning Solutions)	K – 12 (Schools)	Online, Supplemental & Global	Total
Segment assets	4,421.26	15,881.04	30,117.34	3,248.95	**53,668.59**
	(4,442.82)	(12,416.82)	(29,621.08)	(3,616.26)	**(50,096.98)**
Unallocated corporate assets					**2,249.84**
					(2,723.96)
Total assets					**55,918.43**
					(52,820.94)
Segment liabilities	558.90	1,981.94	9,031.47	2,442.60	**14,014.91**
	(363.59)	(2,953.83)	(9,538.62)	(1,752.06)	**(14,608.10)**
Unallocated corporate liabilities					**12,715.05**
					(10,405.46)
Total liabilities					**26,729.96**
					(25,013.56)
Capital expenditure	36.12	499.57	993.79	191.29	**1,720.77**
	(1,014.50)	(562.68)	(3,179.97)	(186.64)	**(4,943.79)**
Unallocated corporate capital expenditure					**5.54**
					(37.66)
Total capital expenditure					**1,726.31**
					(4,981.45)
Depreciation and amortization	59.93	507.97	314.42	315.37	**1,197.69**
	(50.05)	(440.72)	(259.32)	(289.55)	**(1,039.64)**
Unallocated corporate depreciation and amortization					**20.26**
					(30.03)
Total depreciation and amortization					**1,217.95**
					(1,069.67)

(₹ in million)

Particulars	HLS (Higher Learning Solutions)	SLS (School Learning Solutions)	K - 12 (Schools)	Online, Supplemental & Global	Total
Non cash expenditure other than depreciation	65.90	26.77	5.25	72.70	**170.62**
	(15.73)	(21.64)	(57.90)	(8.75)	**(104.02)**
Unallocated corporate expenditure					**381.03**
					(130.05)
Total non cash expenditure other than depreciation					**551.65**
					(234.07)
Revenue	782.44	6,383.50	1,886.36	3,056.99	**12,109.29**
	(626.92)	(10,569.65)	(1,755.65)	(1,960.57)	**(14,912.79)**
Expenses	1,087.01	5,290.47	983.17	3,361.65	**10,722.30**
	(1,001.68)	(6,271.09)	(1,217.50)	(2,207.65)	**(10,697.92)**
Segment results	**(304.57)**	**1,093.03**	**903.19**	**(304.66)**	**1,386.99**
	(374.76)	**(4,298.56)**	**(538.15)**	**(-247.08)**	**(4,214.87)**
Un-allocable expenditure					**1,088.27**
					(1,152.85)
Finance cost					**2,490.04**
					(1,432.53)
Operating loss					**(2,191.32)**
					(1,629.49)
Other Income					**1,155.00**
					(311.58)
Prior period Items income/(expenses)					**(496.63)**
					(4.23)
Profit/ (loss) before tax and after prior period items					**(1,532.95)**
					(1,945.30)
Less: Tax expense					
- Current					**128.65**
					(761.65)
- MAT entitlement					**(40.26)**
					(-42.34)
- Deferred tax					**(192.56)**
					(-144.57)
Profit/ (loss) after tax					**(1,428.78)**
					(1,370.56)
Profit/ (loss) after tax before minority interest and pre-acquisition profits					**(1,428.78)**
					(1,370.56)
Pre-acquisition profits					**-**
					(-16.40)
Minorities interest					**(103.68)**
					(15.57)
Share of loss in associates					**3.27**
					(-16.03)
Profit/ (loss) after tax, minority interest and pre-acquisition profits					**(1,328.37)**
					(1,355.36)

Note: Previous year's figures are given in parenthesis.

B. Secondary Segment Information – Geographical

(₹ in million)

	Revenue	Segment assets	Capital expenditure
India	10,086.34	52,149.00	1,544.87
	(13,257.52)	(50,729.57)	(4,841.17)
Outside India	2,022.95	3,769.43	181.45
	(1,655.27)	(2,091.37)	(140.28)
Total	**12,109.29**	**55,918.43**	**1,726.32**
	(14,912.79)	**(52,820.94)**	**(4,981.45)**

Note: Previous year figures are given in parenthesis.

2.49 Figures pertaining to the subsidiary companies and joint ventures have been reclassified wherever necessary to bring them in line with the Group's Financial Statements.

2.50 Previous year figures have been regrouped/ recast wherever necessary to make them comparable with those of the current period.

As per our report of even date.

For and on behalf of Board of Directors
Educomp Solutions Limited

For **Haribhakti & Co.**
Firm Registration No.: 103523W
Chartered Accountants

Raj Kumar Agarwal
Partner
Membership No: 074715

Shantanu Prakash
Chairman & Managing Director

Jagdish Prakash
Whole Time Director

Sankalp Srivastava
Director

Dr. Shayama Chona
Director

Anil Sharma
Company secretary

Place: Gurgaon
Date: May 30, 2013

Statement pursuant to Section 212 of the Companies Act, 1956, Relating to Subsidiary Companies

Name of the subsidiary company	Reporting Currency	Exchange Rate As at March 31, 2013	Capital	Reserves	Total Liabilities	Total Assets*	Investment other than in Subsidiary	Turnover	Profit/ loss before taxation	Provision for taxation	Profit/ (Loss) after taxation	Proposed dividend	Country
Educomp Learning Pvt. Ltd.	INR	1.00	1.05	104.00	12.15	117.19	-	64.73	8.99	2.66	6.32	-	India
Wheitstone Productions Pvt Ltd.	INR	1.00	1.68	(3.35)	1.71	0.04	-	-	(0.01)	-	(0.01)	-	India
Edumatics Corporation Inc. USA	USD	54.39	62.09	(34.44)	11.90	39.55	-	77.77	(10.25)	0.40	(10.66)	-	USA
Educomp Infrastructure and School Management Ltd.	INR	1.00	320.52	10,319.34	9,676.94	20,383.47	-	1,420.85	150.69	(304.66)	(330.66)	-	India
Educomp Infrastructure Services Pvt Ltd.	INR	1.00	0.10	(0.47)	0.77	0.39	-	-	(0.05)	(0.05)	(0.05)	-	India
Educomp APAC Services Ltd. BVI	USD	54.39	925.73	86.72	1.05	1,013.50	-	0.39	(39.79)	(39.79)	(39.95)	-	BVI
Knowledge Vista Limited	INR	1.00	4.45	202.30	225.04	431.80	-	-	(7.95)	(7.95)	(7.55)	-	India
Laservision Estates Private Limited	INR	1.00	23.72	34.88	0.09	58.69	-	-	(0.05)	-	(0.05)	-	India
Virtual Buildtech Private Limited	INR	1.00	20.52	30.15	0.97	51.63	-	-	(0.04)	-	(0.04)	-	India
Modzex Infrastructure Private Limited	INR	1.00	24.31	37.72	0.56	62.59	-	1.20	1.16	1.16	1.01	-	India
Falcate Builders Private Ltd	INR	1.00	46.98	139.91	0.06	186.95	-	-	(0.03)	-	(0.03)	-	India
Newzone Infrastructure Pvt.Ltd.	INR	1.00	27.92	42.87	2.98	73.77	-	1.20	1.15	1.15	1.01	-	India
Rockstrong Infratech Private Ltd.	INR	1.00	35.12	51.79	1.70	88.60	-	-	(0.04)	-	(0.04)	-	India
Reverie Infratech Private Limited	INR	1.00	45.12	111.64	2.56	159.32	-	-	(0.05)	-	(0.05)	-	India
Herold Infra Private Limited	INR	1.00	49.11	121.68	0.66	171.45	-	-	(0.02)	-	(0.02)	-	India
Growzone Infrastructure Private Ltd.	INR	1.00	43.11	63.73	0.06	106.90	-	-	(0.04)	-	(0.04)	-	India
Hidream Constructions Private Ltd.	INR	1.00	47.98	214.59	11.06	273.62	-	-	(0.03)	-	(0.03)	-	India
Leading Edge Infratech Private Ltd.	INR	1.00	30.71	45.18	0.21	76.11	-	-	(0.04)	-	(0.04)	-	India
Strotech Infrastructure Private Ltd.	INR	1.00	48.13	88.11	0.19	136.43	-	1.20	1.16	1.16	1.01	-	India
Markus Infrastructure Private Ltd.	INR	1.00	41.99	62.14	0.11	104.25	-	-	(0.04)	-	(0.04)	-	India
Orlando Builders Private Ltd.	INR	1.00	44.04	15.01	0.26	59.31	-	-	(0.02)	-	(0.02)	-	India
Crosshome Developers Private Ltd.	INR	1.00	30.35	44.71	0.46	75.52	-	-	(0.04)	-	(0.04)	-	India
Good Luck Structure Private Ltd.	INR	1.00	22.83	33.53	0.16	56.52	-	-	(0.03)	-	(0.03)	-	India
Evergreen Realtech Pvt. Ltd.	INR	1.00	26.31	38.71	0.06	65.08	-	-	(0.04)	-	(0.04)	-	India
Zeta Buildcon Pvt. Ltd	INR	1.00	48.37	71.57	90.06	209.99	-	-	(0.04)	-	(0.04)	-	India
Onega Infrastructure Pvt. Ltd.	INR	1.00	34.35	52.59	100.19	187.13	-	1.20	1.16	1.16	1.01	-	India
Grider Infratech Pvt. Ltd.	INR	1.00	42.72	63.13	0.06	105.91	-	-	(0.04)	-	(0.04)	-	India
Boston Realtech Pvt. Ltd.	INR	1.00	27.51	40.52	0.06	68.09	-	-	(0.03)	-	(0.03)	-	India
Educomp School Management Ltd.	INR	1.00	0.50	92.56	5.18	25.69	72.55	-	(5.70)	-	(5.70)	-	India
Ask N Learn Pte. Ltd.	SGD	43.81	298.42	55.81	266.10	595.60	-	430.16	7.37	(0.22)	7.59	-	Singapore
Singapore Learning.com Pte. Limited	SGD	43.81	0.00	59.82	10.94	123.66	-	26.44	15.21	3.60	11.61	-	Singapore
Pave Education Pte. Ltd.	SGD	43.81	7.89	47.95	3.82	31.97	-	25.21	(0.47)	(0.21)	(0.27)	-	Singapore

Name of the subsidiary company	Reporting Currency	Exchange Rate As at March 31, 2013	Capital	Reserves	Total Liabilities	Total Assets*	Investment other than in Subsidiary	Turnover	Profit/ loss before taxation	Provision for taxation	Profit/ (Loss) after taxation	Proposed dividend	Country
Wiz Learn Pte Ltd.	SGD	43.81	41.18	49.40	2.55	81.57	-	19.36	3.55	2.37	1.18	-	Singapore
Educomp Asia Pacific PTE. Ltd	USD	54.39	1,220.51	28.58	885.16	1,562.30	-	-	(328.57)	24.67	(353.23)	-	Singapore
Educomp Learning Hour Pvt. Ltd.	INR	1.00	0.95	(151.11)	357.10	206.94	-	218.76	(126.56)	(38.39)	(88.17)	-	India
Educomp Software Ltd.	INR	1.00	44.19	(1.56)	37.65	80.27	-	10.44	(34.52)	3.17	(37.69)	-	India
Educomp Online Supplemental Services Ltd.	INR	1.00	36.58	207.79	186.55	430.92	-	7.70	(260.38)	3.11	(263.50)	-	India
Gateforum Educational Services Limited	INR	1.00	0.40	59.25	123.37	183.03	-	267.30	54.73	17.82	36.91	-	India
Educomp Professional Education Ltd.	INR	1.00	42.84	2,903.43	1,304.05	3,178.76	-	-	(0.65)	-	(0.65)	-	India
Savvica Inc., Canada	CAD	53.40	150.72	(175.46)	29.18	4.44	-	41.30	(4.01)	-	(4.01)	-	CANADA
Learning Internet Inc. USA	USD	54.39	1,325.90	(888.69)	444.05	881.26	-	776.59	(240.58)	(75.64)	(164.94)	95.61	USA
Educomp Child Care Pvt. Ltd.	INR	1.00	161.10	(70.20)	25.39	162.85	-	97.61	(10.11)	(17.59)	7.48	-	India
Educomp IntelProp Ventures Pte Ltd	EURO	69.54	39.30	2.60	0.43	42.33	-	-	2.94	-	2.94	-	Singapore
Vidya Mandir Classes Limited	INR	1.00	0.73	114.73	322.91	438.36	-	499.09	83.63	33.95	49.68	-	India
Educomp Investment Management Limited	INR	1.00	6.00	1.70	3.43	11.13	0.01	1.00	(0.46)	(0.10)	(0.35)	-	India
Educomp Global Holding	BHD	142.40	29.61	6.34	-	35.95	-	-	2.41	-	2.41	-	Baharin
Educomp Global FZE	AED	14.79	1.46	0.02	-	1.48	-	-	-	-	0.02	-	AED

1. * This doesn't include investment in subsidiaries of the respective company.

For and on behalf of Board of Directors

Shantanu Prakash
Chairman and Managing Director

Dr. Shayama Chona
Director

Jagdish Prakash
Whole Time Director

Sankalp Srivastava
Director

Anil Sharma
Company Secretary

SHAREHOLDERS INFORMATION

ANNUAL GENERAL MEETING
Day, Date, Venue and Time are as follows:

Registered office	1211, Padma Tower-I, 5, Rajendra Place, New Delhi-08
Day	Thursday
Date	26 September, 2013
Time	04.30 P.M
Venue	Sri, Sathya Sai international Center, Pragati Vihar, Lodhi Road, New Delhi- 110003

FINANCIAL CALENDAR
The company follows financial year from April 1 to March 31. The Current financial year of the Company is April 1, 2013 to March 31, 2014

Financial Year Schedule (Tentative)

* Financial Reporting for Quarter ending June 30, 2013 on or before August 14, 2013
* Financial Reporting for Quarter ending September 30, 2013 on or before November 14, 2013
* Financial Reporting for Quarter ending December 31, 2013 on or before February 14, 2014
* Financial Reporting for Quarter ending March 31, 2014 on or before May 30, 2014
* Annual General Meeting End of September, 2014

BOOK CLOSURE DATES : 21st September 2013 to 26th September 2013 (both days inclusive)

LISTING ON STOCK EXCHANGES:

Name of Exchange and Address	Securities	DEMAT ISIN NO.	Stock/Scrip Code
National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai-400051	Equity	NSDL and CDSL INE216H01027	"EDUCOMP"
Bombay Stock Exchange Limited, PJ Towers, Dalal Street, Fort, Mumbai-01	Equity	NSDL and CDSL INE216H01027	532696
Bombay Stock Exchange Limited, PJ Towers, Dalal Street, Fort, Mumbai-01	Debentures	NSDL and CDSL INE216H07016	948029

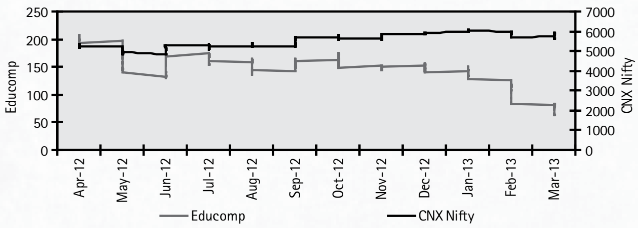
Listing Fees: Annual Listing fees for the year 2013-14, as applicable have been paid to above Stock Exchanges.

Stock Market Data
The Monthly High and Low quotation of equity shares traded on NSE and BSE are as under:-

Month	National Stock Exchange		Bombay Stock Exchange	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April'12	209.45	184.10	209.45	184.20
May'12	198.75	138.20	198.80	138.40
June'12	173.00	128.15	172.90	128.05
July'12	176.80	144.20	176.90	144.25
August'12	165.85	129.30	165.80	129.25
September'12	167.70	139.65	167.85	139.60
October'12	182.75	144.60	182.70	145.00
November'12	155.40	141.50	155.45	141.65
December'12	159.50	139.10	159.70	138.70
January'13	154.30	124.05	154.40	124.30
February'13	129.05	78.90	129.10	78.75
March'13	85.60	59.00	85.80	61.70

Share Performance Chart on NSE

Comparative Chart of EDUCOMP Price with NSE S&P CNX NIFTY



Registrar and Share Transfer Agents
The Company has appointed Link Intime India Private Limited having its office at 44, Community Centre, Naraina Industrial Area Phase- I, New Delhi 110028 as Registrar and Transfer Agent for physical transfer and demat segment.

Share Transfer System
Share Transfer request received in physical form are registered within 15 days from the date of receipt and demat request are normally confirmed within prescribed time from date of the receipt. Pursuant to Clause 47C of the Listing Agreement with the Stock Exchanges, certificates on half yearly basis confirming the due compliance of share transfer formalities by the Company, certificate for timely dematerialization of the shares as per SEBI (Depositories and Participants) Regulations 1996 and a Secretarial Audit Report for reconciliation of the share capital of the Company obtained from Practicing Company Secretary have been submitted to Stock Exchanges in stipulated time.

Distribution of shareholding as on 31st March 2013:

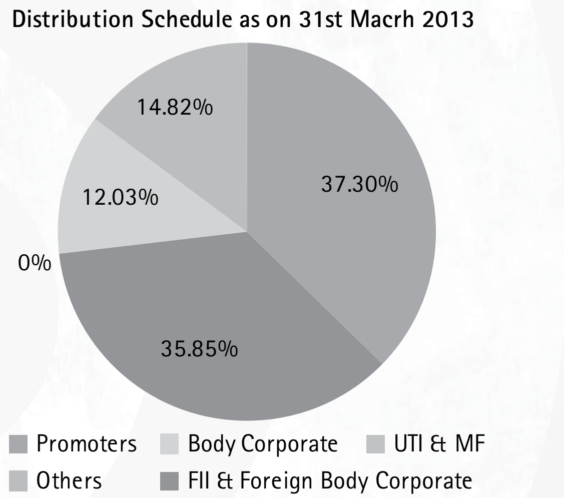
a) Distribution of Shareholding as on 31st March 2013

Shareholding of nominal value	Share Holders		Share Amount	
₹	Number	% to total	Amount in ₹	% to total
Upto 5000	147487	99.46	2,84,26,192	11.61
5,001 - 10,000	383	0.26	27,25,006	1.11
10,001 - 20,000	194	0.13	28,14,844	1.15
20,001 - 30,000	58	0.04	14,38,646	0.59
30,001 - 40,000	30	0.02	10,45,512	0.43
40,001 - 50,000	16	0.01	7,19,374	0.29
50,001 - 1,00,000	43	0.03	32,17,424	1.31
1,00,001 & Above	82	0.06	20,44,27,988	83.50
Total	148293	100.00	24,48,14,986	100.00

b) **Categories of Equity Shareholding as on 31st March, 2013**

Category	Number of Shares Held	Percentage of Shareholding
Promoters	4,56,58,245	37.30
FII & Foreign Body Corporate	4,38,83,040	35.85
UTI & MF	1,153	0.00
Body Corporate	1,47,28,772	12.03
Others	1,81,36,283	14.82
Total	12,24,07,493	100.00

Shareholding Pattern as on 31st March, 2013 depicted by way of pie chart as follows:



Dematerialization of Shares and Liquidity

About 99.99% of the Equity Shares of the Company have been dematerialized as on 31st March 2013. The Company's Shares are compulsorily traded in dematerialization form. The Equity Shares of the Company are actively traded on NSE and BSE.

Relevant data for the average monthly turnover for the period starting from 01st April, 2012 till 31st March, 2013 are as follows:

Period	The Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)		BSE + NSE Volume / Value	
	Volume (Lacs)	Value (₹ Lacs)	Volume (Lacs)	Value (₹ Lacs)	Volume (Lacs)	(₹ Lacs)
End of April, 2012	54.30	10810.70	279.65	55564.47	333.95	66375.17
End of May, 2012	84.34	124201.21	426.57	67790.94	510.91	191992.15
End of June, 2012	182.82	255514.63	833.63	125305.90	1016.45	380820.53
End of July, 2012	99.57	151891.29	1360.02	86766.25	1459.59	238657.54
End of August, 2012	70.23	100487.04	1769.21	63361.80	1839.44	163848.84
End of September, 2012	47.93	68672.35	2037.80	41504.12	2085.73	110176.47
End of October, 2012	45.52	70441.17	2211.03	28967.82	2256.55	99408.99
End of November, 2012	25.56	35292.43	2318.53	16044.62	2344.09	51337.05
End of December, 2012	31.40	44020.45	2430.35	16879.70	2461.75	60900.15
End of January, 2013	46.57	60627.73	2584.43	21630.70	2631.00	82258.43
End of February, 2013	72.26	66756.30	2808.87	22459.22	2881.13	89215.52
End of March, 2013	78.54	55652.46	227.89	17378.28	306.43	73030.74
Total	**839.05**	**1044367.76**	**19287.98**	**563653.82**	**20127.02**	**1608021.58**

Outstanding GDRs/ ADRs/ Warrants or Convertible Bonds:

No GDRs/ ADRs has been issued by the Company. During the year Company repaid its Outstanding FCCBs of USD 78.50 million in full.

During the year on 26th July 2012, Company has raised US$ 10 million, Zero Coupon Foreign Currency Convertible Bonds. The Bond holders, as per the agreement, have the option to convert these bonds into equity shares, at a price of ₹188.62 per share with in 5 years and 1 day from the date of disbursement. These FCCB are redeemable at a premium of 33.15% on maturity.

On 26th July 2012 Company has issued 1,14,79,096 Warrants at Issue price of ₹193.74 convertible in to equal number of Equity Shares of the Face Value of ₹2/- each within a period of 18 months from the date of allotment i.e 26th July 2012. Out of the said warrants 29,79,939 warrants were converted in to 29,79,939 Equity Shares of face value of ₹ 2/- each at a premium of ₹ 191.74/- per share under provisions of chapter VII of SEBI (ICDR) Regulations, 2009.

Offices: New Delhi, Ambala, Gurgaon(Haryana) , Noida, Lucknow (U.P), Mumbai, Thane (Maharashtra) , Kolkatta (West Bengal), Bangalore (Karnataka), Sameerpet Mandal R.R District (A.P), Jaipur, Bharatpur (Rajasthan), Bhopal, Indore (M.P), Ranchi, (Jharkhand) Gandhinagar (Gujarat), Chandigarh, Chennai (Tamil Nadu) Solan (H.P), Cochin (Kerala), Agartala (Tripura), Guwahati (Assam). Patna (Bihar), Dehradun (Uttrakhnad), Cuttack (Orissa), Mohali (Punjab)

Addresses of Major Business Offices:
Khasra No. 701, Sec-2, Parwanoo, Tehsil-Kasauli, District-SOLAN
Plot no 85, Special Economic Zone, Phase II, Sector 82, Noida
16, 80 Feet Road, 4th Block, Koramanagala, Bangalore-560034.
Plot No 514, Udyog Vihar, Phase III, Gurgaon

Address for Correspondence:
(1) Investor Correspondence : For transfer/ Dematerialization of Shares, Payment of dividend on shares, change of address, transmissions, and any other query relating to shares of the Company.

- **For securities held in physical form :** Please contact Registrar & Transfer Agent at address given below .
- **For securities held in Demat Form:** To the Depository participant
- **Any query on Annual report :** To the Company address.

Company Address	Registrar & transfer Agent Address
Company Secretary Educomp Solutions Limited Plot No 514, Udyog Vihar Phase III Gurgaon-122001, (Haryana) Telephone: 0124-4529000 Fax: 0124 – 4529039 Email:investor.services@educomp.com	Link Intime India Private limited 44, Community Centre, Naraina Industrial Area Phase- INew Delhi 110028 Telephone: 011-41410592-94 Fax: 011-41410591 Email : delhi@linkintime.co.in

NOTICE

NOTICE is hereby given that Nineteenth Annual General Meeting of Educomp Solutions Limited will be held on Thursday, 26th September, 2013 at 4.30 P.M. at Sri Sathya Sai international Centre, Pragati Vihar, Lodhi Road, New Delhi- 110003 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited **Balance Sheet** as at 31st March 2013 and the Statement of Profit and Loss for the year ended on that date and Reports of the Board of Directors and Auditors thereon.

2. To appoint a Director in place of **Mr. Jagdish Prakash**, who retires by rotation, and being eligible offers himself for re-appointment.

3. To appoint a Director in place of **Mr. Sanklap Srivastava**, who retires by rotation, and being eligible offers himself for re-appointment.

4. To re-appoint Statutory Auditors, fix their remuneration and in this regard to consider and if thought fit, to pass the following resolution, with or without modification(s), as an **Ordinary Resolution:**

   "RESOLVED THAT M/s. Haribhakti & Co., Chartered Accountants (Firm Registration No. 103523W) the retiring Statutory Auditors of the Company, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, on such remuneration as may be determined by the Board of Directors of the Company."

SPECIAL BUSINESS:

5. **TO APPROVE THE WAIVER OF THE RECOVERY OF REMUNERATION OF THE MANAGING DIRECTOR OF THE COMPANY**

   To Consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

   "**RESOLVED THAT** pursuant to Section 309 (5A)& (5B) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the approval of the Central Government, the approval of the members of the Company be and is hereby accorded to waive the recovery of refundable managerial remuneration of ₹1,40,88,456/- paid to Mr. Shantanu Prakash, Chairman & Managing Director of the Company for the financial year ended 31st March, 2013, as paid in excess of the limits specified under Section II Part II of Schedule XIII of the Companies Act, 1956 due to the loss suffered by the Company during the financial year 2012-13.

   RESOLVED FURTHER THAT the Company do make application to the Central Government for approval and accept any amendment, alteration, addition, deletion or modification to any of the terms and conditions relating to the waiver of excess remuneration paid to Mr. Shantanu Prakash, Chairman & Managing Director of the company, as may be suggested or advised or directed by the Central Government.

   RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper or desirable and to settle any questions, difficulties and/or doubts that may arise in this regard and to appear, represent the company before the appropriate authority and to sign, verify, execute, submit, collect, amend on behalf of the company any document, application, affidavit, undertaking, power of attorney and other papers as may be required in this regard and to authorize, appoint, nominate any advocate, practicing Company Secretary or any other person to represent the company and to do all such acts, things, deeds, as may be incidental and necessary thereto".

6. **TO APPROVE THE WAIVER OF THE RECOVERY OF REMUNERATION OF THE WHOLE TIME DIRECTOR OF THE COMPANY.**

   To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

   "RESOLVED THAT pursuant to Section 3095A & (5B) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to approval of the Central Government, the approval of the members of the Company be and is hereby accorded to waive the recovery of refundable managerial remuneration of ₹50,00,004/- paid to Mr. Jagdish Prakash Whole Time Director of the Company for the financial year ended 31st March, 2013, as paid in excess of the limits specified under Section II Part II of Schedule XIII of the Companies Act, 1956 due to the loss suffered by the Company during the financial year 2012-13.

   RESOLVED FURTHER THAT the Company do make application to central Government for approval and accept any amendment, alteration, addition, deletion or modification to any of the terms and conditions relating to the waiver of excess remuneration paid to Mr. Jagdish Prakash, Whole Time Director of the Company, as may be suggested or advised or directed by the Central Government."

   RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper or desirable and to settle any questions, difficulties and/or doubts that may arise in this regard and to appear, represent the company before the appropriate authority and to sign, verify, execute, submit, collect, amend on behalf of the company any document, application, affidavit, undertaking, power of attorney and other papers as may be required in this regard and to authorize, appoint, nominate any advocate, practicing Company Secretary or any other person to represent the company and to do all such acts, things, deeds, as may be incidental and necessary thereto".

7. **APPROVAL OF REMUNERATION OF MANAGING DIRECTOR FOR THE REMAINING TENURE**

   To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII and any other applicable provisions of the Companies Act, 1956 , including the rules made there under and any amendments thereto or any statutory modification or re-enactment thereof for the time being in force ("the Act") and subject to the approval of Central Government and all other sanctions, approvals and permissions as may be required and subject to such conditions and modifications as may be imposed or prescribed by any of the authorities while granting such sanctions, approvals and permissions, the Company hereby accords its approval for the payment of existing remuneration as detailed in the explanatory statement to this item to Mr. Shantanu Prakash, Chairman & Managing Director, during his remaining tenure from 1st April, 2013 up to 31st July 2014.

   RESOLVED FURTHER THAT in case the Company has, during the remainder tenure of Mr. Shantanu Prakash, Chairman & Managing Director, no profits or its profits are inadequate, Mr. Shantanu Prakash, Chairman & Managing Director be paid the aforesaid remuneration as "Minimum Remuneration" in the respective financial year(s) notwithstanding that the same exceeds/ may exceed the ceiling limit laid down in Sections 198, 309 and Schedule XIII to the Act, subject to approval of the Central Government.

   RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Directors and the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper or desirable and to settle any questions, difficulties and/or doubts that may arise in this regard and to appear, represent the company before the appropriate authority and to sign, verify, execute, submit, collect, amend on behalf of the company any document, application, affidavit, undertaking, power of attorney and other papers as may be required in this regard and to authorize, appoint, nominate any advocate, practicing Company Secretary or any other person to represent the company and to do all such acts, things, deeds, as may be incidental and necessary thereto".

8. **APPROVAL OF REMUNERATION OF WHOLE TIME DIRECTOR FOR THE REMAINING TENURE**

To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII and any other applicable provisions of the Companies Act, 1956 , including the rules made there under and any amendments thereto or any statutory modification or re-enactment thereof for the time being in force ("the Act") and subject to the approval of the Central Government and all other sanctions, approvals and permissions as may be required and subject to such conditions and modifications as may be imposed or prescribed by any of the authorities while granting such sanctions, approvals and permissions, the Company hereby accords its approval for the payment of existing remuneration as detailed in the explanatory statement to this item to Mr. Jagdish Prakash, Whole Time Director, during his remaining tenure from 1st April, 2013 up to 24th July, 2015.

RESOLVED FURTHER THAT in case the Company has, during the remainder tenure of Mr. Jagdish Prakash, Whole Time Director, no profits or its profits are inadequate, Mr. Jagdish Prakash, Whole time Director be paid the aforesaid remuneration as "Minimum Remuneration" in the respective financial year(s) notwithstanding that the same exceeds/may exceed the ceiling limit laid down in Sections 198, 309 and Schedule XIII to the Act, subject to approval of the Central Government.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Directors and the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, proper or desirable and to settle any questions, difficulties and/or doubts that may arise in this regard and to appear, represent the company before the appropriate authority and to sign, verify, execute, submit, collect, amend on behalf of the company any document, application, affidavit, undertaking, power of attorney and other papers as may be required in this regard and to authorize, appoint, nominate any advocate, practicing Company Secretary or any other person to represent the company and to do all such acts, things, deeds, as may be incidental and necessary thereto".

9. **APPOINTMENT OF MR. ROY EDWIN CAMPBELL II AS A DIRECTOR**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** Mr. Roy Edwin Campbell II, who was appointed as an Additional Director by the Board of Directors of the Company on 9th November 2012 pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company and who, being the Additional Director, holds the office upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member along with a deposit of ₹500/- as required under Section 257 of the Companies Act, 1956 proposing his candidature for office of Director, be and is hereby appointed as Director of the Company, not liable to retire by rotation."

10. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

Appointment of Mr. Venkata Subbarao Valluri as a Director

"**RESOLVED THAT** Mr. Venkata Subbarao Valluri who was appointed as an Additional Director by the Board of Directors of the Company on 31st July 2013 pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company and who, being the Additional Director, holds the office upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member along with a deposit of ₹500/- as required under Section 257 of the Companies Act, 1956 proposing his candidature for office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

Place: Gurgaon — By Order of the Board

Date: 13th August 2013 — **For Educomp Solutions Limited**

Sd/-

Jagdish Prakash

Whole Time Director

NOTES:

1. **THE MEMBERS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT TO BE MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHALL BE DEPOSITED WITH THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING IN ORDER TO BE PROXY BEING EFFECTIVE.**

2. Members/Proxies should bring duly filled Attendance Slip sent herewith to attend the meeting. No eatables, brief case or bag will be allowed to be taken inside the meeting hall for security reasons. In case of Joint holders attending the meeting, only such Joint holder who is higher in the order of names will be entitled to vote.

   No gifts will be distributed at the meeting.

3. The Register of Members of the Company and the Share Transfer Books shall remain closed from 21st September 2013 to 26th September 2013 (both days inclusive).

4. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 ("the Act") in respect of the Special Business under Item Nos. 5 to 10 above, is annexed hereto. The relevant details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors are also annexed.

5. Any documents and papers as referred to in this notice and as required by the Companies Act, 1956 shall be available at the registered office of the Company for inspection between 11 A.M. to 1 P.M. for the period as required under the provisions of the Act.

6. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend & Vote at the Annual General Meeting.

8. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, residential status, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically refected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, Link Intime India Private Limited to provide

efficient and better services. Members holding shares in physical form are requested to intimate such changes to Link Intime India Private Limited

10. Consequent upon the introduction of Section 109A of the Act, shareholders are entitled to make nomination in respect to their shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar & Transfer Agents , M/s Link Intime India Private limited. The form 2B can be downloaded from the Company's website www.educomp.com.

11. Shareholders are advised to encash their dividend warrants pertaining to Dividend declared by the Company for the Financial Years 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 and 2011-12 immediately as the dividend amount remaining unclaimed/ unpaid at the expiry of 7 years from the date that becomes due for payment are required to be transferred by the company to the Investor Education and Protection Fund established under section 205C in terms of section 205A of the Act.

    It may be noted that no claim will lie against the company or the investor education and protection fund in respect of the said unclaimed dividend amount transferred to the fund.

12. The Certificate from Auditors of the Company certifying that the Employee Stock Option Schemes of the Company is being implemented in accordance with SEBI(Employees Stock Option Scheme and Employees' Stock Purchase Scheme) Guidelines 1999 and in accordance with the resolution of the general body will be available for inspection to members at the meeting.

13. The Ministry of Corporate Affairs (MCA), Govt. of India, has undertaken a 'Green Initiative in the Corporate Governance' by allowing paperless compliances by companies through electronic mode, vide its circulars dated April 21, 2011 and April 29, 2011. To take part in the above 'Green Initiative', soft copy of the Annual Report for the year ended March 31, 2013 has been sent to all the members whose email address is registered with the Company/Depository Participants(s) unless any members has requested for a hard copy of the same.

    All those members, who have not yet registered their email address with the Company or Depository Participant are requested to do the same at the earliest as your Company proposes to send communications/documents including Notices for General Meetings and Annual Reports from time to time in electronic mode to those members who have provided their e-mail addresses to their Depository Participants (DP) and in case you are holding share(s) in physical form you can send an email to investor.services@educomp.com giving details like Name and Folio No.

Place: Gurgaon — By Order of the Board

Date: 13th August 2013 — **For Educomp Solutions Limited**

Sd/-

Jagdish Prakash

Whole Time Director

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item no. 5 & 6

(a) Mr. Shantanu Prakash, Chairman & Managing Director

Mr. Shantanu Prakash was re-appointed as Chairman & Managing Director of the Company for a period of 5 years i.e. 01st August, 2009 to 31st July, 2014 as per provisions of section I of the Part II of Schedule XIII of the Companies Act, 1956 on the remuneration comprises of Basic Salary: ₹4,00,000/- to ₹8,00,000/- per month along with other allowances and perquisites.

(b) Mr. Jagdish Prakash, Whole Time Director

Mr. Jagdish Prakash was re-appointed as Whole Time Director of the Company i.e. 25th July, 2010 to 24th July, 2015 for a period of 5 years as per the provisions of section I of the Part II of Schedule XIII of the Companies Act, 1956 on the remuneration on the remuneration comprises of Basic Salary: ₹1,50,000 to ₹2,50,000 per month along with other allowances and perquisites.

The Audited financial Results for the financial year ended 31st March, 2013 depicts net loss of ₹40.72 crores. As the Company incurred losses during the financial year 2012-13, the remuneration paid to Mr. Shantanu Prakash, Chairman & Managing Director and Mr. Jagdish Prakash, Whole Time Director as per provisions of Section I of the Part II of Schedule XIII of the Companies Act, 1956 for the financial year 2012-13 exceeded the limit as prescribed under Clause 1(C) of Section II of Part II of the Schedule XIII of the Companies Act, 1956.

In view of the experience and invaluable contribution by Mr. Shantanu Prakash, Chairman & Managing Director, towards the growth of the company since inception the Remuneration Committee and the Board of Directors of the Company, subject to necessary statutory approvals, have approved the waiver of recovery of excess remuneration as stated above and also approved the present remuneration as "minimum remuneration."

Further, the Remuneration Committee and the Board of Directors of the Company after having considered the contribution made by Mr. Jagdish Prakash, Whole Time Director in warehouse management, logistics and overall day to day operational issues, subject to necessary statutory approvals, have approved the waiver of recovery of excess remuneration as stated above and also approved the present remuneration as "minimum remuneration"

The waiver of recovery of refundable remuneration paid to Mr. Shantanu Prakash, Chairman & Managing Director and Mr. Jagdish Prakash, Whole Time Director for the Financial Year 2012-2013 and payment of remuneration for the remaining tenure of Mr. Shantanu Prakash as Chairman & Managing Director and Mr. Jagdish Prakash as Whole Time Director requires the approval of members of the Company by way of Special Resolution.

The above resolutions are in the interest of the Company and the Board recommends the resolution as set out in item no.5 & 6 for members' approval by way of Special Resolution.

None of the Director except Mr. Jagdish Prakash and Mr. Shantanu Prakash are interested or concerned in these resolutions.

Item no. 7 & 8

The Existing remuneration payable to Mr. Shantanu Prakash, Chairman and Managing Director and Mr. Jagdish Prakash, Whole Time Director was defined as "Minimum Remuneration" to be payable in case company has no or inadequate profits during their tenure. Further, in accordance with Sub-paragraph (C) of Paragraph (1) of Section II of Part II of Schedule XIII to the Act, where in any financial year during the currency of the tenure of the Managerial Person, a Company has no profits or its profits are inadequate, it may pay remuneration, upon compliance with the conditions stated there under including seeking approval from the Shareholders by way of a Special Resolution for the payment of remuneration for a period not exceeding three years subject to approval of the Central Government.

As the payment of minimum remuneration to Mr. Shantanu Prakash, Chairman & Managing Director and Mr. Jagdish Prakash, Whole Time Director for the remaining tenure exceeds/may exceed the ceiling limit laid down in Sections 198,309 read with Schedule XIII to the Act, Shareholders approval vide Special Resolution is sought for the said proposal, subject to approval of the Central Government.

In terms of the requirements as per sub-clause (iv) of the proviso to Sub-paragragh (C) of Paragraph (1) of Section II of Part II of Schedule XIII to the Act, the information is as furnished below:

I. GENERAL INFORMATION:

(1) Nature of Industry : Education

(2) Date of Commencement of commercial Production : Not Applicable

(3) In case of new Companies, expected date of Commencement of activities as per project approved by Financial Institutions appearing

in the Prospectus : Not Applicable

(4) Financial Performance: Financial parameters of the Company for the last five fnancial years:

(Amount in ₹)

Financial Years	2008-09	2009-10	2010-11	2011-12	2012-13
Turnover (Net)	5,011.70	8,322.21	10,206.63	10,765.12	7,331.10
Profit/(Loss) before tax	2,018.62	3,746.21	4,360.66	2,412.82	(473.09)
Net Profit/(Loss)	1,315.88	2,218.66	3,888.68	1,889.03	(407.20)
Paid-up share capital	172.86	190.03	191.09	191.13	244.81
Reserves & Surplus	3,922.55	11,903.13	15,875.61	18,042.51	19,608.91
Rate of dividend (%)	25.00	137.50	30.00	15.00	Nil

(5) Export Performance, Net Foreign Exchange Earnings and Collaborations:
During the year 2012-13, the Net Foreign Exchange Earnings is Rupees (1,393.69) million. The Company has no direct foreign collaboration.

(6) Foreign Investments or Collaborators, if any:
The total Equity Shares held by Foreign Institutional Investors (FIIs) and Foreign Body Corporate is 4,38,83,040 Equity Shares of ₹2 each which constitutes 35.85 % of the Paid up Equity Share Capital of the Company.

II. INFORMATION ABOUT THE APPOINTEE:

(1) Background details:

(a) Mr. Shantanu Prakash, Chairman & Managing Director:
Mr. Shantanu Prakash, Chairman & Managing Director is the founder member of Educomp Solutions Limited and has been responsible for its overall operations since inception. He is a PGDBM from IIM, Ahmedabad and is an expert in Education Technology and Pedagogy. He has been involved in the area of education management, multimedia content and instructional delivery for around two decade. Under his leadership Educomp has introduced several products in the education technology domain. He is well recognized in the education space as an expert in the area of instructional technology.

(b) Mr. Jagdish Prakash, Whole Time Director :
Mr. Jagdish Prakash, Whole Time Director (WTD) was appointed as WTD of the Company on 25th July, 2010 is responsible for warehouse management, logistics and operational issues. He has over 50 years of experience in materials management and logistics in Steel Authority of India Limited as a Chief Materials Manager and as a marketing and management consultant with various public sector undertakings and academic institutions.

(2) Past Remuneration:
The details of aggregate Salary, Perquisites and Allowances and other retrial benefits paid to Mr. Shantanu Prakash Chairman & Managing Director and Mr. Jagdish Prakash, Whole Time Director in the last three financial years are as given below:

(Amount in ₹)

Financial Year	Mr. Shantanu Prakash, Chairman & Managing Director	Mr. Jagdish Prakash, Whole Time Director
2010-11	1,40,88,456	43,24,328
2011-12	1,40,88,456	50,00,004
2012-13	1,40,88,456	50,00,004

(3) Recognition/Awards:
Under the leadership of Mr. Shantanu Prakash, Chairman & Managing Director and Mr. Jagdish Prakash, Whole Time Director, the Company has won many prestigious awards and has been recognized for its contribution to the society.

- PricewaterhouseCoopers (PwC) report (May 2013) ranked Educomp at number 85 amongst the top 100 software vendors in the emerging markets commanding combined revenue of $797 million and among the 16 Indian companies that have made it to the list.
- Educomp ranked number 12 in Business World's India's fastest growing companies (May 2013 Issue).
- In Indian Education Awards 2013 Educomp won awards for, 'Best K12 School Chain- National for The Millennium Schools', 'Innovation in Early Learning for Little Millennium' and 'Best Digital Content for Smartclass'.
- At Navikaran Awards ceremony on 30th January, 2013 at 'World Schools Resources Expo 2013' Educomp was awarded as the "Corporate of the Year" and Shantanu Prakash, chairman & managing director, Educomp Solutions, was awarded "Entrepreneur of the Year". The event was organized by Creative Children Media in partnership with Zee Business
- Educomp was ranked amongst India's 40 fastest growing companies by Outlook Business in its 26th May,2012 issue. Shantanu Prakash, Chairman & Managing Director of the Company was nominated for the highest honour -"Entrepreneur of the Year" Award for his exceptional vision in uplifting the education sector in India and bestowing it with much needed change at "Entrepreneur India Awards 2012" organized by Franchise India Holdings Limited on 18th May, 2012.
- Educomp Solutions won three prestigious awards - "Best Education Company to work with," "Best Innovative K 12 School" and "Best Education Webinar Series" at the Indian Education Awards (IEA) 2012 at a glittering ceremony on 28th April, 2012.
- Mr. Jagdish Prakash, Whole Time Director is also a well-known poet who writes both in English and Urdu. He has written many articles on management issues. His poems have been published in newspapers and magazines like "Pioneer," "Continuum" and "Adab Saaz". Two of his poetry compilations have won awards from the Urdu Academy, New Delhi.

(4) Job Profile and Suitability:

Mr. Shantanu Prakash, Chairman & Managing Director
Mr. Shantanu Prakash is the Chairman & Managing Director of our Company having around 2 decades of rich experience in education industry. It was Mr. Shantanu's vision to transform the teaching-learning process through the use of technology and best practices.

He functions under the control, superintendence and direction of the Board of Directors. Under his able leadership, the Company which was primarily engaged in the Edureach, (ICT) Segment has since then ventured in to a wide range of educational products and services in diverse segments of Higher Learning Solutions, School Learning Solutions, K-12 Schools and Online supplemental & Global such as SmartClass, Online Education and Pre-school and the Company is India's top educational Company. With his unstinted contribution and in the present challenging business environment, the duties and responsibilities of Mr. Shantanu Prakash, Chairman & Managing Director, has continued to grow manifold and is increasingly complexed. There is an imperative need for formulation of consolidation and competitive strategies and ongoing review for successful implementation in order to provide an impetus to the consolidation and growth prospects of the Company. This enduring process necessitates his continued focus and higher involvement in managing the overall affairs of the Company. Needless to say, in these tough times, the Company ought to be continuously guided and lead under the able leadership of Mr. Shantanu Prakash with whose rich and dynamic experiential background, the Company can remain oriented and look forward to steer through the challenging times and bounce back on the growth trajectory.

Mr. Jagdish Prakash, Whole Time Director
Mr. Jagdish Prakash, Whole Time Director, has a first class M.Com

from Agra University. As a whole time director in the company, his responsibilities include procurement, inventory management and logistics. He is also responsible for certain key operational areas of the company.

Mr. Jagdish Prakash, Whole Time Director of the Company has worked as the Chief Material Manager in the Steel Authority of India. He is heading the procurement and warehouse operation of the Company. He has wide ranging experience, spanning over about 48 years, in marketing and materials management of industrial products including procurement, inventory and logistics management. He has been a marketing and materials management consultant with several PSU's and academic institutions.

In a competitive and tough economic environment there is a continuous need to formulate appropriate procurement policies and formalize decisions which have a competitive edge over others. As the Whole-Time Director, his dedicated and holistic involvement for the entire operations of the Company is necessitated.

With his experience under difficult conditions and his expertise, the Company will benefit immensely from his experience and have a reinforced direction to steer through the challenging times.

(5) Remuneration proposed:

<table>
<tr><th colspan="2">PROPOSED REMUNERATION</th></tr>
<tr><th>Mr. Shantanu Prakash, Chairman & Managing Director</th><th>Mr. Jagdish Prakash, Whole Time Director</th></tr>
<tr><td>From 1st April, 2013 to 31st July, 2014

(A) Basic Salary: ₹4,00,000/- to ₹8,00,000/- per month

(B) Special Allowances: As may be decided by the Board from time to time which shall not be counted for calculation provident fund, gratuity, superannuation fund etc.

Commission: up to 1% of the net profits as may be decided by Board from time to time.

Allowances/Perquisites:
1. House Rent Allowances (HRA)
2. Either HRA will be provided to the extent of 65% of Basic Salary or Director will be provided rent-free accommodation.
3. Medical Reimbursement: As per rules of the company
4. Allowances for purchase of Books/Journals/Periodicals: As per rules of the company
5. Leave Travel Allowances: As per rules of the company
6. Helper Allowances: As per rules of the company
7. Gratuity, Ex-gratia/Bonus, Superannuation or annuity funds benefits, chauffer driven car, free telephone including mobile telephone, internet and computer facility at the residence, Helper/Assistant as per Company's Policy and rules.</td>
<td>From 1st April, 2013 to 24th July, 2015

(A) Basic Salary: ₹1,50,000 to 2,50,000 per month

(B) Allowances/Perquisites: In addition, he would be entitled to allowances/perquisites as follows
1. Special Allowances: As may be decided by the Board from time to time which shall not be counted for calculation provident fund, gratuity, superannuation fund etc.
2. House Rent Allowances (HRA)
Either HRA will be provided to the extent of 50% of Basic Salary or Director will be provided rent-free accommodation.
3. Medical Reimbursement: As per rules of the company
4. Allowances for purchase of Books/Journals/Periodicals: As per rules of the company
5. Leave Travel Allowances: As per rules of the company
6. Helper Allowances: As per rules of the company
7. Gratuity, Ex-gratia/Bonus, Superannuation or annuity funds benefits, chauffer driven car, free telephone including mobile telephone, internet and computer facility at the residence, Helper/Assistant as per Company's Policy and rules.</td></tr>
</table>

(6) Comparative Remuneration Profile with respect to Industry, Size of the Company, Profile of the position and person:

(a) Mr. Shantanu Prakash, Chairman & Managing Director

Due to the unstinted efforts and contribution of Mr. Shantanu Prakash, Chairman & Managing Director of the Company, the Company has been able to reach a prominent position in the education Industry and has been acclaimed as India's leading Company in education Sector. His unflinching contribution has ensured the long term survival and sustainability of our Company and thus the Remuneration Committee of our Board and the Board of Directors felt that the remuneration proposed to him is reasonable. In view of the above, Remuneration Committee of the Board and the Board of Directors after considering the size of the Industry in which the Company operates, the challenging and competitive business environment, the size of the Company, the business acumen and dynamism expected in discharge of the role of the Chairman & Managing Director, had approved the existing remuneration. Further the existing remuneration stated at the resolution and the explanatory statement is commensurate to prevailing levels in the industry and thereby is fit and more than justified for payment to him.

(b) Mr. Jagdish Prakash, Whole Time Director

The Remuneration Committee and the Board of Directors after considering the competence, subject matter expertise, experience and considering his contribution, towards the procurement and warehouse management and day to day operations and the size of the Industry in which the Company operates, the challenging and competitive business environment, the size of the Company, had approved the existing remuneration as minimum remuneration to be paid for the remaining tenure as Whole Time Director. Further the existing remuneration stated at the resolution and the explanatory statement is commensurate to prevailing levels in the industry and thereby is fit and more than justified for payment to him.

7) Pecuniary Relationship, directly or indirectly, with the Company or relationship with the Managerial Personnel, if any:

(a) Mr. Shantanu Prakash, Chairman & Managing Director

Mr. Shantanu Prakash is Promoter Director of the Company, holding 4,43,15,205 Equity Shares of the face value of ₹2 Each representing 36.19% of the total paid up capital of the Company. Mr. Shantanu Prakash is son of Mr. Jagdish Prakash, Whole Time Director of the Company.

(b) Mr. Jagdish Prakash, Whole Time Director

Mr. Jagdish Prakash is father of Mr. Shantanu Prakash Chairman and Managing Director of the Company.

III OTHER INFORMATION:

(1) Reasons for loss or inadequate profits:

The education sector presented a huge potential for the company and the company embarked on an aggressive growth path given that it was pioneer in this area. The company equipped 11000, 27000 and 40,000 classes with its Smart Class product in FY 10, FY 11 and FY 12 respectively and maintained its leadership position in the market. However, during this period of high growth, the Company could not implement the projects in timely manner resulting in higher implementation and finance costs that adversely affected liquidity and profitability of the company. Further as the Company pays substantial amount upfront in implementation of contract, delayed payment by debtors has adversely impacted the cash flows of the company coupled with delayed payment cycle from government schools under ICT program. Investment in education companies with long gestation period also takes longer time to provide adequate return.

(2) Steps taken or proposed to be taken for improvement :

From the beginning of FY201-13, the Company has been in a phase of consolidation. Company is focusing its energies on operational efficiencies, strengthening our balance sheet, focusing on cash flows and launching new products and services through existing sales and distribution network.

Given the changed business environment, the Company has focused on cost management Company has already begun the process of exiting non-core businesses and in addition company has also closed loss making businesses which should also help improve our operating performance.

Company is also working on streamlining its operations, integrating technology into the supply chain and servicing components to replace and optimize our existing cost structure. During the year, company has undertaken specific measures in K-12 business wherein corporate expenses have been reduced by more than 50%.

Our Company has also filed the proposal for restructuring its rupee denominated liabilities through CDR process.

The Company hopes that these concrete measures would show signs of recovery in the Company's growth path.

(3) Expected increase in productivity and profits in measurable terms:

The Company is driving on its six point agenda of Focus, Cautious growth, Solution company, Correction of Asset Liability mismatch, A leaner organization and Leadership initiated during the FY13.

Company has been focusing on consolidating its position as one of the leaders in the industry. The emphasis has been on reorienting its business strategy and enhancing its internal capabilities. The Company aims to be leaner and more productive. The near term outlook in FY14 is mixed, considering liquidity constraints and a volatile market environment, despite strong business fundamentals. However, by leveraging (a) our extremely valuable IP based smart learning solutions and (b) an enviable customer reach of 34,500 schools and ~23 million learners, over the mid-term, Company is confident of returning the business to a position of strength.

As mentioned above, the management has already taken and is continuing to undertake diligent efforts to step up the performance of the Company and it is expected that the reinforced and dedicated efforts would certainly bring about an improvement in the operational growth in future. However it is difficult to forecast the productivity and profitability in measurable terms but, the Company expects that the productivity and profitability may improve and would be comparable with the industry average.

IV DISCLOSURES:

(1) The shareholders of the Company have been informed of the remuneration package of Mr. Shantanu Prakash, Chairman & Managing Director and Mr. Jagdish Prakash, Whole Time Director as detailed in the explanatory statement.

(2) Disclosures on remuneration package to the Directors of the Company including details of Stock Options issued by the Company have been made in the Corporate Governance Report which forms a part of the Report of the Board of Directors in the Annual Report of the Company for FY 2012-13.

As mentioned earlier, since the payment of aforementioned remuneration as Minimum Remuneration to Mr. Shantanu Prakash,Chairman & Managing Director and & Mr. Jagdish Prakash, Whole-time Director, respectively may exceed the ceiling limit for remuneration laid down in Sections 198, 309 read with Schedule XIII to the Act ,shareholders approval is sought by way of a special resolution for payment of the aforesaid remuneration in accordance with Schedule XIII of the Act

The payment of the aforesaid remuneration to Mr. Shantanu Prakash, Chairman & Managing Director and Mr. Jagdish Prakash, Whole Time Director as stated above is also subject to approval of the Central Government and the Company shall be making the necessary application to the Central Government in due course of time.

The Remuneration Committee and Board of Directors of the Company felt that considering the rich experience and contribution of Mr. Shantanu Prakash, Chairman & Managing Director and Mr. Jagdish Prakash, Whole Time Director to the sustained growth of the Company from time to time and considering the multifaceted responsibilities shouldered by them and the industry benchmarks, the aforementioned remuneration structure of Mr. Shantanu Prakash, Chairman & Managing Director and Mr. Jagdish Prakash, Whole Time Director is commensurate with the remuneration package paid to similarly placed persons, in other Companies in the same Industry and therefore recommend the resolution at Item No. 6 and 8 of the accompanying notice for your approval by way of Special Resolution.

The Notice read with Explanatory Statement should be considered as an abstract of the terms of payment of remuneration to Mr. Shantanu Prakash, Chairman & Managing Director and Mr. Jagdish Prakash, Whole Time Director and a memorandum as to the nature of the concern or interest of the Director as required under Section 302 of the Companies Act, 1956. Mr. Shantanu Prakash, Chairman & Managing Director and Mr. Jagdish Prakash, Whole Time Director are interested to the extent of their shareholding, if any, and remuneration payable to them under Resolution Nos. 7 and 8 respectively.

No other Director is directly or indirectly concerned or interested in these resolutions.

Item No. 9 & 10

Mr. Roy Edwin Campbell and Mr Venkata Subbarao Valluri were appointed as additional directors pursuant to Section 260 of the Companies Act, 1956 of the Company w.e.f 09th November, 2012 and 31st July 2013 respectively. They hold office of the Director up to date of the ensuing Annual General Meeting.

Further Company has received notice(s) in writing from member(s) of the Company along with deposit of ₹500/- proposing the candidature of Mr. Roy Edwin Campbell and Mr. Venkata Subbarao Valluri for office of Director(s) under the provisions of Section 257 of the Companies Act, 1956.

The Board recommends Resolution 9 & 10 for the approval of the members by way of an Ordinary Resolution.

None of the Directors of the Company other than Mr. Roy Edwin Cambell and Mr. Venkata Subbarao Valluri are interested or concerned in the respective resolution(s).

ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT OR SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING (In Pursuance of Clause 49 IV (G) of Listing Agreement)

Name	Mr. Jagdish Prakash	Mr. Sankalp Srivastava	Mr. Roy Edwin Campbell	Mr. Venkata Subbarao Valluri
Age	78	49	40	58
Qualification	Mr. Prakash holds a Master of Commerce degree from Agra University.	Bachelor Degree in Electronics & Communication Engineering	BBA in Finance and Economics	Doctoral degree in Simulation modeling (Ph D)
Area of expertise	Procurement, Marketing and Management consultant with various public sector undertakings and academic institutions. Has previously worked as Chief Material Manager with Steel Authority of India.	Telecommunication, Power Control, Energy Management Systems and Business Management Software Development.	Private Equity, Corporate Debt Restructuring, Strategic Solutions, and Global syndication.	Strategic consulting, Cost optimization, Business re-engineering, Corporate Finance, Governance Risk & Consulting (GRC)
Directorship held in other Companies in India	SEI Technology Pvt. Ltd. Educomp Learning Pvt. Ltd. Kaisons Housing Corporation Ltd. Educomp School Management Ltd. Educomp infrastructure & school management Ltd. Educomp Infrastructure Services Pvt. Ltd. Gyankunj Education Pvt. Ltd. Educomp Professional Education Ltd. Educomp Investment Management Ltd.	Mark and Space Telesystems Pvt. Ltd. Telebias Networks Pvt. Ltd	MedPlus Health Services Pvt. Ltd. Mount Kellett Capital Management India Pvt. Ltd.	Nil
Membership/ Chairmanship of the Committees in other Companies in india	**Audit Committee** Educomp infrastructure & School Management Ltd.	Nil	Nil	Nil
Number of Shares held in the Company	Nil	15,000	Nil	Nil
Inter-se relationship with other Director	Father of Mr. Shantanu Prakash, Chairman and Managing director	Nil	Nil	Nil

EDUCOMP SOLUTIONS LIMITED

Regd. Office: 1211, Padma Tower 1, 5, Rajendra Place, New Delhi-110008

ATTENDANCE SLIP

(To be presented at the entrance)
19th Annual General Meeting
Thursday, September 26, 2013 at 4.30

Sri, Sathya Sai international Centre, Pragati Vihar, Lodhi Road, New Delhi- 110003

Please fill in the attendance slip and hand it over at the entrance of meeting venue:

Folio No.____________________ DP ID No.____________________ Client ID No. ____________________

Name of the Member ____ Signature ____________________

Name of the Proxyholder ____ Signature ____________________

1. Only Member/Proxyholder can attend the meeting.
2. Member/Proxyholder should bring his/her copy of the Annual Report for reference at the meeting.

PROXY FORM

EDUCOMP SOLUTIONS LIMITED

Regd. Office: 1211, Padma Tower 1, 5, Rajendra Place, New Delhi-110008

ATTENDANCE SLIP

(To be presented at the entrance)
19th Annual General Meeting
Thursday, September 26, 2013 at 4.30

Sri, Sathya Sai international Center, Pragati Vihar, Lodhi Road, New Delhi- 110003

I/We____ R/o ____

being member(s) of Educomp Solutions Limited hereby appoint Mr./Ms. ____________________ of ____________________ Or failing

im/her Mr./Ms.____________________of____________________as my/our proxy to vote for me/us and on my/our behalf at the 19th Annual

General Meeting to be held on __________ at __________ or at any adjournment thereof.

Signed this __________ day __________ of 2013

Affix
₹1/-
Revenue Stamp

Note: the Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered office of the Company not less than 48 hours before the schedule time of the aforesaid Annual General Meeting. A shareholder may vote either 'for' or 'against' the resolutions.

Educomp™
What Learning Can Be

www.educomp.com

Concept, Content & Design
WYATT
COMMUNICATIONS
(info@wyatt.co.in)