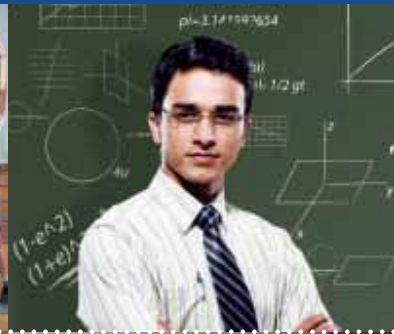



Annual Report 2009-10

LEAD¹ING the change



 **Educomp™**
What Learning Can Be
www.educomp.com

LEADING the change across the value chain

Educomp's key strength lies in its ability to enable transformational growth across the entire education value chain – School Learning Solutions, Higher Learning Solutions, K-12 Schools and Online, Supplementary and Global business segments.

ONLINE & SUPPLEMENTAL INITIATIVES

  Admissions Advisory Services	  Tutoring Services	 Test Preparation	  E-learning Platforms	 Assessments & Counseling
---	--	--	---	--



HIGHER & VOCATIONAL INITIATIVES

 Higher Education	 Assessments & Counseling
--	---

HIGH SCHOOL INITIATIVES

  Professional Development	   High Schools
---	--

PRE-SCHOOL INITIATIVES



2 – 5 years

5 – 18 years

18 – 21 years

21 – 25 years

EDUCATION LIFE-CYCLE

TABLE OF CONTENTS

CORPORATE INFORMATION.....	02
FROM THE CEO DESK.....	05
DIRECTORS' REPORT.....	06
ANNEXURES TO THE DIRECTORS REPORT.....	11
CORPORATE GOVERNANCE.....	14
CERTIFICATE ON CORPORATE GOVERNANCE.....	22
MANAGEMENT DISCUSSION & ANALYSIS.....	24
AUDITORS' REPORT.....	30
BALANCE SHEET.....	33
PROFIT & LOSS ACCOUNT.....	34
CASH FLOW STATEMENT.....	35
SCHEDULES	37
NOTES FORMING PART OF ACCOUNTS.....	45
CONSOLIDATED BALANCE SHEET.....	62
CONSOLIDATED PROFIT & LOSS ACCOUNT.....	63
CONSOLIDATED CASH FLOW STATEMENT.....	64
SCHEDULES	66
NOTES FORMING PART OF CONSOLIDATED ACCOUNTS.....	75
STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956.....	91
SHAREHOLDER INFORMATION.....	93

What Learning Can Be

CORPORATE INFORMATION

BOARD OF DIRECTORS

(As on 17th August 2010)

Shantanu Prakash
Jagdish Prakash
Gopal Jain
Sankalp Srivastava
Shonu Chandra
Rajiv Krishan Luthra
Shyama Chona

Chairman & Managing Director
Whole-Time Director
Independent Non Executive Director
Independent Non Executive Director
Independent Non Executive Director
Independent Non Executive Director
Independent Non Executive Director

COMMITTEES OF THE BOARD

Audit Committee

Sankalp Srivastava
Shonu Chandra
Gopal Jain
Shantanu Prakash

Chairman, Independent &, Non Executive Director
Member, Independent & Non Executive Director
Member, Independent & Non Executive Director
Member, Promoter & Executive Director

Shareholders' Investor Grievance Committee

Sankalp Srivastava
Shonu Chandra
Gopal Jain
Jagdish Prakash

Chairman, Independent & Non-Executive Director
Member, Independent & Non-Executive Director
Member, Independent & Non-Executive Director
Member, Non independent & Executive Director

Remuneration Committee

Sankalp Srivastava
Shonu Chandra
Gopal Jain

Chairman, Independent & Non Executive Director
Member, Independent & Non Executive Director
Member, Independent & Non Executive Director

Finance Committee

Sankalp Srivastava
Shantanu Prakash
Jagdish Prakash

Chairman, Independent & Non Executive Director
Member, Promoter & Executive Director
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

OTHER OFFICES AT

North India

Delhi:

L-74, Mahipalpur Extension, New Delhi

Himachal Pradesh:

Khasra No. 701, Sec-2, Parwanoo, Tehsil-Kasauli, District-Solan

Chandigarh:

SCO 95 II Floor, sector 44 C Chandigarh

Haryana:

2nd Floor, 448-A,, Enkay Square, Udyog Vihar Phase V, Gurgaon

Uttar Pradesh:

Plot No 85, Special Economic Zone, Phase III, Sector 82, Noida
A-102, Gopala Apartment, 50,Ramtirath Marg, Lucknow

CENTRAL INDIA

Madhya Pradesh:

Ashish Industries, II A, J K Road, Industrial Area, Govindpura, Bhopal

Jharkhand:

H. No. 68/A, Ward No. 27/45, Kilburn Colony, Hinoo, P.S Doranda, Ranchi

WEST INDIA**Rajasthan:**

House No. E-12, real City Apartment, Ambabari, Jaipur
 House no. 134, Krishna Nagar, Bharatpur

Gujarat:

Shalini Complex, 506, 5th Floor, Sector 11, Gandhinagar
 Plot no 1662/1, 1st Floor, Sector 5C, Gandhinagar

Maharashtra:

Flat No. 204, 2nd Floor, Samparn Premises, Co-operative Society Ltd, New Link Road, Chakala, Road, Andheri East, Mumbai-40009
 2nd floor, Valech Chambers, Plot no B-6, New Link Road, Andheri (W), Mumbai

EAST INDIA**West Bengal:**

5, Satyen Dutta Road, Kolkata
 Shantiniketan, 10th Floor, Suite No. 2 & 3, 8 Camac Street, Kolkata

Tripura:

24 Office Lane, Agartala

Assam:

MXIV, I Floor, Astha Tower, CK Road, Pan Bazar, Guwahati

SOUTH INDIA**Karnataka:**

16, 80 Feet Road, 4th Block, Kormangala, Bangalore
 893/75/1A, Bommanahalli, City, Municipal Council, Bommanahalli, Bangalore
 Shed No. 8, No. 31, 18 KM, Old Madras road- Virgo Nagar, Bangalore

Andhra Pradesh:

Plot No. 49/B, Phase IV, IDA, Jeedimetla, Hyderabad
 Plot no 28 & 30, Road no 3, Jupiter Colony, Sikh village, Secunderabad
 Door No. 4/871-11, Balaji House, Behind Divya College of Nursing, Kalyan Durg Road, Annatpur.

Chennai:

New no 21/1, Old no 11/1, Harrington Road, Chetput, Chennai
 No. 4, Jambuli Street, Jambuli Village, Chennai

Kerala:

XIII-443314421441, Kumbalam P.O., Cochin

OVERSEAS OFFICE:**Srilanka (Liaison Office)**

1.8/6, 1/1 Somadevi Place, Colombo-05

SUBSIDIARY OFFICES:**Aurthogen Technologies Ltd.**

SCO 167-168, Sector 8-C, Chandigarh

Educomp Learning Hour Pvt. Ltd.

A-5 Gulmohar Park, New Delhi

Savvica Inc, Canada

116, Spadina Ave, # 701 Toronto, ON M5V 2K6(416), USA

Learning Internet Inc. (DBA Learning.com) – USA

1620, SW Taylor St, Suite 100, Portland, OR 97205, USA

ASKnLearn Pte Limited – Singapore

10 Science Park Road, # 13-03, Alpha Singapore Science Park II, Singapore -117884

Educomp Asia Pacific PTE. Ltd., Singapore

80, Raffles Place, 26-05, UOB Plaza 1, Singapore

Edumatics Corporation Inc. USA

1655, Mesa Verde Ave, Suite 120, Ventura, CA 93003

EuroKids International Limited

Dani Corporate Park, 158 Vidyanagari Marg, Kalina (East), Mumbai

What Learning Can Be

Sikhya Solutions LLC. -USA

9220 Fairbanks, suite 205, Raleigh, NC, 27613

Educomp IntelProp Ventures Pte Ltd, Singapore

80, Raffles Place # 25-01, UOB Plaza 1, Singapore-048624

AUDITORS

Anupam Bansal & Co, Chartered Accountants

Haribhakti & Co., Chartered Accountants

BANKERS

State Bank of Patiala

State Bank of Bikaner & Jaipur

ICICI Bank Ltd

Standard Chartered Bank

Canara Bank

State Bank of India

SUBSIDIARIES (As on 31st March, 2010)

Directly Held Indian Subsidiaries

Wheatstone Productions Pvt. Ltd.

Educomp Learning Pvt. Ltd.

Educomp Infrastructure & School Management Ltd.

Educomp School Management Ltd.

Educomp Learning Hour Pvt. Ltd.

Aurthogen Technologies Ltd.

Educomp Software Limited.

Educomp Professional Education Ltd.

EuroKids International Limited

Educomp Child Care Pvt. Ltd

Educomp Online Supplemental Service Ltd

Indirectly Held Indian Subsidiaries

EuroKids India Limited

Falcate Builders Private Limited

Newzone Infrastructure Private Limited

Rockstrong Infratech Private Limited

Reverie Infratech Private Limited

Herold Infra Private Limited

Growzone Infrastructure Private Limited

Hidream Constructions Private Limited

Leading Edge Infratech Private Limited

Strotech Infrastructure Private Limited

Markus Infrastructure Private Limited

Orlando Builders Private Limited

Crosshome Developers Private Limited

Good Luck Structure Private Limited

Evergreen Realtech Pvt Ltd

Zeta Buildcon Pvt Ltd

Onega Infrastructure Pvt Ltd

Grider Infratech Pvt Ltd

Boston Realtech Pvt Ltd

Educomp Infrastructure Services Private Limited

Euro School International Limited

SHARE TRANSFER AGENT

Link Intime India Private Limited, A-40, 2nd Floor, Naraina Industrial Area, Phase-II, New Delhi-28

LISTED AT

National Stock Exchange Limited, Bombay Stock Exchange Limited

COMPANY SECRETARY

Mohit Maheshwari

Directly Held Foreign Subsidiaries

Edumatics Corporation Inc. USA

Educomp Asia Pacific Pte. Ltd., Singapore

Savvica Inc, Canada

Educomp IntelProp Ventures Pte Ltd, Singapore

Indirectly Held Foreign Subsidiaries

ASKnLearn Pte Limited – Singapore

Singapore Learning.com Pte Limited – Singapore

Pave Education Pte Limited – Singapore

WizLearn Pte Limited – Singapore

Sikhya Solutions LLC. -USA

Learning Internet Inc. (DBA Learning.com) - USA

Educomp APAC Services Ltd. - BVI

FROM THE CEO'S DESK

“Our vision is to rethink every aspect of the education value chain to focus on processes, new business models, disruptive technology and building a trusted brand. Instead of asking why, we ask ourselves why not.”

Dear Shareholders

FY 2010 has been a turning point in the history of the company. This is the year in which our business model significantly matured and we put in place the building blocks of an education platform that will benefit us for years to come. During the past many years, the products of your company have created a unique position in the Indian Education marketplace. Through breakthrough innovation we have created unique and compelling solutions to core education problems. Our products today reach out to over 12 million domestic customers and over 3 million overseas customers. We crossed the Rs. 1000 crores in revenue in FY 10. Yet with very low penetration across the different products we feel we have just got started, each of the verticals that we have ventured into offers boundless expansion possibilities. No matter which metric we measure, gross enrolment ratio, education spend per family, number of students out of school, demographic index etc. We can see that the coming decade in India will be a decade of the growth and evolution of the education industry. Yet many parts of the education industry have been traditionally fragmented, not scientifically managed or perceived as unscalable. Our vision is to think differently about this. Our vision is to rethink every aspect of the education value chain to focus on processes, new business models, disruptive technology and building a trusted brand. Instead of asking why, we ask ourselves why not. We are inspired by the fact that again and again parents in India have proved that given the right education quality, they are willing to outlay a large share of their disposable income in the consumption of such services. Our challenge thus is not a demand challenge, but a challenge on how to create scalable, sustainable, profitable

products and services that deliver real value to the consumer.

We look forward to a day when every parent can simply enrol a student in an Educomp pre-school at age 3 and forget about how his or her education journey evolves, we want to be the single trusted brand for a parent, delivering customer delight at every touch point. We believe that there is immense benefit in becoming an education ecosystem company where we can acquire the student at a very early stage (as early as preschool) and stay with the student till he is 25. We would be in a unique position to understand the customer and we can leverage that unique understanding to ensure that the products and services that we provide him are not plain vanilla but tailor made for him. This is a promise that no other company can make. Our margins thus would be higher and more importantly sustainable.

The core philosophy of business development in Educomp is based on three core beliefs – a) imagination b) innovation and c) action. Our model is to use entrepreneurship as a catalysing force to bring these three together to create uniquely differentiated products and services. All of this is made possible due to our investment in visionary leaders, in R&D and in IP creation. We are thinking not just about the next quarter but about the next 5 years. The benefits of our investments in new businesses such as higher education, vocational education and supplemental education might not be immediately visible this FY or the next few quarters but we believe that we are creating financial value for our shareholders worth many times our investments in these ventures. We also believe that the entire education industry in India is at an early stage inflexion where the price that we would pay to gain leadership will be a fraction of the price that our followers will have to pay who will follow us later. These beliefs define our business strategy. FY 2010 has been an exciting year in which we have pioneered many new things. New business models in SmartClass which are designed to make our largest capex intensive business – cash flow positive. Disruptive technology based distribution models such as our ETEN business which is the largest CA coaching business in India with over 15,000 enrolled students. New products such as Universal Academy schools targeting the first generation learner in smaller towns. Innovative solutions such as Educomp Online – which is now the largest eLearning site in the country with over 1.5 million enrolled students. Discovering new price points and redefining customer experience such as our higher education business where our courses are price 2-3x of competition yet provide a unique international world class learning experience to the student and many more.

In a short span of time we have built an exciting enterprise with a reach across 15 million students and 26,000 schools. We operate about 775 pre schools, we have enabled 43 high Schools, 7 colleges, 250 vocational training centres, trained over 2 million teachers, installed SmartClass content in around 4000 schools, set up 15,500 ICT labs in government. Schools and have 2.5 million students enrolled in our eLearning websites. We are leaders in most of the areas that we operate in.

FY2011 and beyond will be an exciting phase of our growth where we will be able to leverage the platform that we have built to reach out to many more students in India and across the world. I am deeply thankful and grateful to our team members, our investors, bankers, shareholders and partners who have supported us at each stage of our evolution and believed in us.

Warm Regards

Shantanu Prakash
 CEO & Managing Director

What Learning Can Be

DIRECTOR'S REPORT

Dear Shareholders,

The Directors of your Company have pleasure in presenting herewith the 16th Annual Report of your Company together with the audited accounts for the Financial Year ended 31st March, 2010.

1. FINANCIAL PERFORMANCE:

The consolidated and standalone audited financial results for the year ended 31st March, 2010 are as follows:

(Rs. in million)

Particulars	Consolidated Year Ended Audited		Standalone Year Ended Audited	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Sales and other Income	11650.15	6598.00	8727.12	5175.30
Profit (+)/Loss(-) Before tax	4391.73	2172.87	3718.27	2004.74
Provision for Tax	1584.19	769.51	1499.61	688.86
Net Profit (+)/Loss(-) after tax	2807.54	1403.36	2218.66	1315.88
Minority interest and equity in earnings/ (losses) in affiliates/ Pre acquisition Loss/(profit)	48.90	74.42	-	-
Net profit for the year	2758.64	1328.94	2218.66	1315.88
Appropriations				
Interim Dividend	103.24	7.36	94.93	-
Proposed Dividend on equity shares	182.98	46.03	167.03	43.28
Corporate Tax on distributed dividend	46.59	7.36	43.87	7.36
Transfer to Debenture Redemption Reserve	0.00	83.76	-	-
Transfer to General Reserve	239.48	131.59	221.87	131.59

2. DIVIDEND:

Keeping in view the current economic scenario and future fund requirements of the Company, Your Directors have recommended a dividend of Rs. 1.75 per Equity Share (87.5% on face value of Rs. 2/-) for the Financial year ended as on 31st March, 2010, which on approval at the forthcoming Annual General Meeting, will be paid

- to those Equity Shareholders, holding shares in physical form, whose name appear on the Register of Members of the Company at the close of business hours on 27th September, 2010 after giving effect to all valid transfers in physical form lodged with the Company or its Registrar and Share Transfer Agent till 17th September, 2010.
- to those beneficial owners, holding shares in electronic form, whose name appear in the statement of beneficial owners furnished by the Depositories to the Company as at the close of business hours on 17th September, 2010.

The total proposed dividend amount shall be Rs. 194.77 million, including the dividend tax, for the Financial Year 2009-10 as against total dividend payout Rs. 50.64 million for the previous year.

During the year, the Company had already paid an interim dividend of Rs. 1 (50%) per equity share of Rs. 2 each in February, 2010. With this, the total dividend declared for the year is Rs. 2.75 (137.5%) per share.

The register of members and share transfer books will remain closed from 18th September, 2010 to 27th September, 2010 (both days inclusive). The Annual General meeting of the Company will be held on 27th September, 2010.

3. TRANSFER TO RESERVES:

The Company proposes to transfer Rs.221.87 million (Previous year Rs. 131.59 million) to the General Reserve out of the amount available for appropriations. An amount of Rs.3856.99 million (Previous year Rs.2166.04 million) has been proposed to be retained in the Profit and Loss Account.

4. OPERATING RESULTS AND BUSINESS:

In year 2009-10, Company's performance was quite satisfactory despite ongoing economic global crisis. Company has shown a CAGR of 98.39% over a period of 3 years.

On Standalone basis Company's Total revenue increased to Rs. 8,727.12 million as on 31st March, 2010 from Rs. 5,175.30 million as on 31st March, 2009, registering a growth of 68.63%. The profit before tax and after prior period items increased to Rs. 3,718.27 million (44.68% of Net Sales) as on 31st March, 2010 from Rs. 2,004.74 million (40.00% of Net Sales) as on 31st March, 2009. The profit after tax & prior period items increased to Rs. 2,218.66 million (26.66% of Net Sales) as on 31st March, 2010 from Rs. 1,315.88 million (26.26% of Net Sales) as on 31st March, 2009.

On Consolidated basis Company's Total revenue increased to Rs. 11,650.15 million as on 31st March, 2010 from Rs. 6,598.00 million as on 31st March, 2009, registering a growth of 76.57%. The profit before tax and after prior period items increased to Rs. 4,391.73 million (42.25% of Net Sales) as on 31st March, 2010 from Rs. 2,172.87 million (34.11% of Net Sales) as on 31st March, 2009. The profit after tax, minority and pre-acquisition profits & prior period items increased to Rs. 2,758.64 million (26.54% of Net Sales) as on 31st March, 2010 from Rs. 1,328.94 million (20.86% of Net Sales) as on 31st March, 2009.

The Company's performance over the years has shown a consistent and upward trend. The Profit Before Depreciation, Tax & Interest & Misc. expenditure (operating profit) increased by Rs.2,825.48 million to Rs. 6,115.91 million (52.50% of total revenues) as on 31st March, 2010 from Rs.3,290.43 million (49.87% of total revenues) as on 31st March, 2009.

Segmental Performance (Standalone):

The EBIT margins in the School learning solutions (SLS) Segment of the Company for the year amounted to Rs.4,517.74 million or 56.27% of SLS revenues as on 31st March, 2010 as compared to Rs. 2,124.12 Million or 49.29% of SLS revenues as on 31st March, 2009.

The EBIT margins in the K-12 Segment of the Company for the year amounted to Rs.6.20 million or 7.11% of K-12 segment revenues as on 31st March, 2010 as compared to loss of Rs. 8.49 million as on 31st March, 2009.

The EBIT margins in the Higher learning solutions (HLS) segment of the Company for the year amounted to Rs.55.93 million or 28% of HLS revenues as on 31st March, 2010 as compared to Rs.105.39 million or 34.23% of professional development revenue as on 31st March, 2009.

The EBIT margins in Online and Retail segment of the Company for the year amounted to Rs. -5.02 million as on 31st March, 2010 as compared to Rs.205.25 million or 76.48% of Online and Retail revenues as on 31st March, 2009 due to discontinuance of traditional business of selling CDs/Books/Hardware etc and also making Mathguru free as a part of company's online strategy.

Expenditure (Standalone):

Personnel expenses have decreased from 11.81% of our total revenue to 11.45% as on 31st March, 2010.

Administration & other expenses have increased from 12.02% of our revenue to 14.01% as on 31st March, 2010. This increase is due to the fact that our company is growing rapidly and administrative expense is increased on account of increase in Legal and professional expenses, licensing and royalty fees, and Advertisement expenses.

We have benefited due to economies of scale and our net profits after tax for the year has registered a growth of 68.61%. Our Profit after tax amounted to Rs.2,218.66 million or 25.42% of revenue as on 31st March, 2010 as compared to Rs. 1315.88 million or 25.43% of revenue as on 31st March, 2009.

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 Smart Class™ segment, we have added 1340 new customers taking the total number of schools to 3077 as on 31st March, 2010 as compared to 1737 as on 31st March, 2009.

In our Edureach (formerly ICT) business segment, we have an ongoing partnership with fifteen state Governments & are catering to 15426 Government schools in various states as on 31st March, 2010 as compared to 12012 Government schools as on 31st March, 2009.

5. CHANGES IN CAPITAL STRUCTURE

Authorised Share Capital

During the year under review, authorized share capital of the Company has been altered to the effect that authorized share capital of the Company has been sub-divided and re-classified as Rs. 25,00,00,000 (Rupees Twenty Five Crore) divided into 12,50,00,000 (Twelve Crore Fifty Lakh) equity shares of the nominal value Rs. 2/- (Two) each

Issued and Paid-up Share Capital

During the year under review, the Company allotted 4,30,610 Equity Shares of face value of Rs. 2/- each upon exercise of stock options by the eligible employees/Directors of the Company/subsidiaries under Employee Stock Option Scheme 2006 & 2007.

Post 31st March, 2010 & till 17th August 2010, Company has allotted 4,33,052 Equity Shares of Rs. 2/- each to the eligible employees of the Company/subsidiaries under Employee Stock Option Scheme 2006, 2007 & 2008

On 13th July, 2009, Company has allotted 16,20,000 Equity Shares of Rs. 10/- each at a premium of Rs. 3,735/- per share on private placement basis to Qualified Institutional Buyers in terms of Chapter XIII A of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

On 19th March, 2010, Company in accordance with Chapter VII of SEBI (ICDR) Regulations, 2009, has allotted 52,616 Equity Shares to Zaptive Internet Services Pvt. Ltd. on Preferential Basis for consideration other than cash as being the part consideration for acquisition of its domain name "studypalaces.com" and its business contracts etc. The said shares are under Lock in for a period of one year from the date of allotment.

The paid up capital after taking the effect of changes as above, stood at Rs.19,08,95,406/- as on 17th August, 2010.

3. QUALIFIED INSTITUTIONAL PLACEMENT:

During the year , the company had successfully raised 6066.90 million placed through Qualified Institutional Placement (QIP), in accordance with chapter XIII –A of the SEBI Guidelines , the issuance of 16,20,000 equity shares of Rs 10 each at a price of Rs 3,745 per equity share ("Issue Price") including a premium of Rs 3,735 per equity share, as approved by a duly authorized Committee of Board of Directors (the Committee) in its meeting held on July 09, 2009 .

The Company had incurred an expenditure of Rs.132.87 million towards issue expenses of these shares .These expenses has been charged to Securities premium account as provided under section 78 of the Companies Act, 1956.

As on 31st March, 2010 Rs. 3030 million was parked with various Fixed deposits schemes of Punjab National Banks(PNB), Bank of India, Andhra Bank, Canara Bank and HDFC Bank

6. FOREIGN CURRENCY CONVERTIBLE BONDS

US\$ 80 Million Zero Coupon Foreign Currency Convertible Bonds

In year 2007-08, the company had issued at par 5-year, Zero Coupon Foreign Currency Convertible Bonds (FCCB) at an exercise price of Rs. 2949.83 per share

What Learning Can Be

aggregating to US \$ 80 million (Rs. 3,237.60 million as on the date of issue) for financing overseas acquisition, capital expenditure and other expenditure as per RBI regulation. As per terms and condition of the Offering Circular issued by the company for FCCB, the Bond are convertible by holders of the Bonds (the "Bondholders") into fully paid equity shares of the company with full voting rights with par value Rs. 2 per share of the Company (the "Shares") at any time on or after 4th September 2007 (or such earlier date as is notified to the Bondholders by the Company) and prior to the close of business on 19th July 2012, unless previously redeemed, converted or repurchased and cancelled.

The Bonds may be redeemed in cash in whole, but not in part, at their Early Redemption Amount, at the option of the Company at any time on or after 25th July, 2009 and on and prior to 19th July, 2012, subject to satisfaction of certain conditions. These bonds are redeemable at 141.087% of the principal amount on July, 26, 2012 unless previously converted, redeemed or purchased and cancelled. As on date US\$ 78.5 Million Zero Coupon Foreign Currency Convertible Bonds are outstanding.

7. SUBSIDIARIES/JOINT VENTURE/ASSOCIATES OF THE COMPANY:

As on 31st March, 2010, Company had 43 Subsidiaries , 2 Joint ventures & 1 Associate . After 31st March, 2010 Knowledge Vistas Ltd. has become Indirect Subsidiary of the Company and Company has incorporated one Wholly owned Subsidiary named Educomp Investment Management Limited . Further Company has transferred its entire investment in Educomp Learning Hour Pvt. Ltd. and Authorgen Technologies Ltd. to Educomp Online Supplemental Service Ltd., subsidiary of the Company.

8. PARTICULARS REQUIRED AS PER SECTION 212 OF THE COMPANIES ACT, 1956:

In terms of the approval granted under Section 212(8) of the Companies Act, 1956 by the Ministry of Corporate Affairs, Government of India vide its letter No. 47/578/2010-CL-III dated 14th July, 2010, and dated 12th August, 2010 the Company has been exempted from complying with the provisions contained in sub-section (1) of Section 212 of the Companies Act, 1956.

Accordingly, the balance sheet, Profit & Loss Account, Directors' Report and Auditors' Report of the subsidiary companies and other documents required to be attached under section 212(1) of the Act to the Balance sheet of the Company are not being attached with the Balance sheet of the Company.

However, as directed by the Ministry of the Corporate Affairs, some key information has been disclosed in a brief abstract forming part of this annual report. Accordingly, 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.

Further, the annual accounts of the subsidiary companies 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. The annual accounts of the subsidiary companies will also be kept for inspection by any member at the Company's registered office and corporate office and that of the respective subsidiary companies. Accounts of Individual Subsidiary are also placed at company's website i.e www.educomp.com

9. DIRECTORS:

Board of Directors of Educomp Solutions Limited comprises of two Executive Promoter Directors namely Mr. Shantanu Prakash, Chairman cum Managing Director & CEO and Mr. Jagdish Prakash, Whole Time Director and five Independent Non-Executive Directors, namely Mr. Shonu Chandra, Mr. Sankalp Srivastva, Mr. Gopal Jain. Dr. Shayama Chona and Mr. Rajiv Krishan Luthra.

As per section 255 and 256 of the Companies Act, 1956 Mr. Gopal Jain and Mr. Shonu Chandra is liable to retire by rotation and, being eligible, offers themselves for re-appointment at the ensuing Annual General Meeting. Board recommends their re-appointment for your approval.

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 4 members out of which 3 are Non-Executive Independent Directors and one is Executive Director. Chairman of Audit Committee is Independent Non-Executive Director.

10. CHANGES IN LEADERSHIP OF EDUCOMP:

During the year Dr Shyama Chona and Mr. Rajiv Krishan Luthra have joined the Board as Non-Executive Members.

11. STATUTORY DISCLOSURES:

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 Act and Clause 49 of the Listing Agreement.

12. HUMAN RESOURCE MANAGEMENT:

Educomp is an equal opportunity employer with total employee strength of 12,101 as on 31st March, 2010 as compared to 8864 as on 31st March, 2009.

Educomp's HR policies and processes are aligned to effectively drive its expanding business and making inroads into emerging opportunities. 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), we hereby confirm that:

- (1) That in the preparation of the Annual Accounts for the period ended as on 31st March, 2010, 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, 2010 and of the Profit and Loss Account for the financial year ending as on 31st March, 2010.
- (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 2010 have been prepared on the going concern basis.

14. AUDITORS' & AUDITORS' REPORT:

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

The notes on accounts referred to in the auditors' report are self-explanatory and therefore don't call for any further comments by the Board of directors.

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification or explanation.

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 year 2010-11 has already been paid to BSE and NSE.

18. STRATEGIC ACQUISITIONS / JOINT VENTURES:

The Company has been making the acquisitions or entering into Joint Ventures either directly or indirectly through its subsidiaries in order to maintain & strengthen its leadership position in the industry which your company has created & to remain always ahead of learning curve. During the year company has entered into Joint venture with Pearson llc for its vocational business, wherein company has sold its 50% stake in indirect wholly owned company EHIPL, Singapore. During the year also company has acquired strategic business of zaptive Internet services private limited to acquire the domain "studypalaces.com". Both strategic alliances are niche in nature & are presently are making losses, but going forward over 2-3 years will be EPS accretive.

19. 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.

20. 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 Director s) Rules, 1988 are set out in an Annexure A attached to this report.

21. RATINGS & RECOGNITIONS:

The Company continues to have an "A" ratings and "PR1" ratings from CARE in relation to the indebtedness of Educomp aggregating to Rs.5,892 million. Moreover, the Company also have "A" rating & P1 for Commercial Paper from Crisil.

During the year, company has won top honours in the for-profit category to win NASSCOM Foundation Social Innovation Honours-2010 for its exemplary work.

During the year Dun & Bradstreet has done an independent study on Smart Class & have concluded that directionally Smart_Class has a positive impact on students with majority of the classes tested having a statistically significant advantage.

22. 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.

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, 2010 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 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

What Learning Can Be

names and other particulars of the employees are set out in the annexure to the Director's Report. Having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

23. GROUP

Pursuant to intimation from the Promoters, the names of the Promoters and entities comprising 'Group' are disclosed in the Annual Report for the purpose of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

24. PUBLIC DEPOSITS:

During the year, The Company has not accepted any deposits within the meaning of the provisions of Section 58A of the Companies Act, 1956.

25. EMPLOYEES STOCK OPTION SCHEMES (ESOPS)

The exponential 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 Employees Stock Option Scheme 2006 (ESOP-2006), Employees Stock Option Scheme -2007 (ESOP-2007), Employees Stock Option Scheme-2008 (ESOP-2008) and Employees Stock Option Scheme-2010 (ESOP-2010) for its employees and employees of its subsidiary companies.

The details of options granted under ESOP-2006, ESOP-2007 and ESOP – 2008 is attached as Annexure B, However, since the options in ESOP-2010 were granted post 31st March, 2010, the details required to be provided in terms of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 have not been provided for ESOP-2010.

Post 31st March, 2010, the remuneration committee of Board of Directors of the Company has granted 8,69,250 Stock Options to eligible employees of the company and its subsidiaries and 1,00,000 Stock Options to Independent Non-Executive Directors of the Company under ESOP 2010.

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 24th April, 2009 the details in respect of the shares lying in the suspense account till 31st March, 2010 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 2009-10	0	0
3. Number of shareholders to whom shares were transferred from suspense account during the year 2009-10	0	0
4. aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2010	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.

With a view to strengthening the Corporate Governance framework, the Ministry of Corporate Affairs has incorporated certain provisions in the Companies Bill 2009. The Ministry has issued a set of voluntary guidelines in the second half of December 2009 for adoption by the companies. 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. Though your company is already by and large complying with these various requirements, it has initiated appropriate action for compliance.

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 : 17th August, 2010
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 Company has a separate in house research and development centre of about 80 people who are continuously upgrading and implementing the latest technological developments thus, keeping in pace with the present scenario.

(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. During the year the Company has exports (FOB value) worth Rs. 36.15 million.

Foreign Exchange Earning & Outgo details are as follows:

(Rs. in Million)

Foreign Exchange details	As on 31st March, 2010
Foreign Exchange Earnings * (A) (Including deemed exports & sales through export houses)	157.66
Foreign Exchange Outgo (B)	176.03
Net Foreign Exchange Earnings (A-B)	(18.37)

* The Figures are on receipt/payment basis.

For and on Behalf of the Board of Directors

Date : 17th August 2010
Place : Gurgaon

(Shantanu Prakash)
CHAIRMAN & MANAGING DIRECTOR

What Learning Can Be

ANNEXURE B TO DIRECTOR 'S REPORT

INFORMATION REGARDING THE EMPLOYEES' STOCK OPTION SCHEME (AS AT 31ST MARCH 2010)

The details of Options granted under ESOP 2006, ESOP 2007 and ESOP 2008 are given in the table below. However, since the options under ESOP 2010 were granted post 31st March 2010, the details required to be provided in terms of Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 have not been provided for ESOP 2010.

S. No.	Details	Employee Stock Option Plan 2006	Employee Stock Option Plan 2007	Employee Stock Option Plan 2008
1.	Total No. of Options under the Plan	31,25,000	10,00,000	12,50,000
2.	Total No. of Options Granted during the year	3,55,000	1,72,500	11,47,390
3.	Pricing Formula	Exercise price being price at which share were offered to the public by the company in its IPO in December 2005. Further, 29,000 Options granted out of the options forfeited during the year were offered at fair market price.	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	3,72,350	1,20,099	Nil
5.	Options exercised	3,68,550	62,060	Nil
6.	Money realized by exercise of options during the Year (Rs.)	Rs.1,02,76,470/-	Rs. 1,60,76,570/-	Nil
7.	Number of shares arising as a result of exercise of option	3,68,550	62,060	Nil
8.	No. of Options lapsed/ forfeited	4,10,380	2,26,705	7,340
9.	Variation of terms of options	N.A	N.A.	
10.	Total No. of Option in force	24,43,270	8,14,110	11,40,050
11.	Employee-wise details of options granted to			
(i)	Senior Management Personnel during the year	Rajiv K Luthra -50,000 Shayama Chona -50,000	Harpreet Singh - 25000 Raman Bajaj - 2500	Bindu Rana- 25,000 Aslesha Thakur- 25,000 Soumya K. Purkayastha- 50,000 Gaurav Bhatnagar- 25,000 M S Venkatesh- 50,000 Abhinav Dhar- 50,000 Sankalp Srivastava- 25,000
(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;	Nil	Nil	Nil
(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	Nil	Nil	Nil
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'	22.52	22.52	22.52
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. However 29,000 options in current year are issued at Current Market Price instead of fixed exercise price.	Options are issued at differential pricing which approximates the Fair market value.	Options are issued at differential pricing which approximates the Fair market value.

S. No.	Details	Employee Stock Option Plan 2006	Employee Stock Option Plan 2007	Employee Stock Option Plan 2008
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:			
(a)	Weighted average exercise price	73.36	544.14	516.31
(b)	Weighted average fair value	256.54	655.82	516.31
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: (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.	Since these options are issued at fixed exercise price its intrinsic value approximates its fair value. However 11,400 options in current year are issued at Current Market Price instead of fixed exercise price.	Options are issued at differential pricing which approximates the Fair market value.	Options are issued at differential pricing which approximates the Fair market value.

For and on Behalf of the Board of Directors

Date : 17th August 2010
Place : Gurgaon

(Shantanu Prakash)
Chairman & Managing Director

Persons constituting group coming within the definition of "group" for the purpose of Regulation 3(1)(e)(i) of the Scurrilities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following:

S. No.	Name of Entity
1	Mr. Shantanu Prakash
2	Mr. Jagdish Prakash
3.	Ms. Lalita Prakash
4	Ms. Anjlee Prakash
5	Ms. Shruti Prakash
6	SEI Technology Private Limited

What Learning Can Be

CORPORATE GOVERNANCE

REPORT ON CORPORATE GOVERNANCE

Corporate Governance Philosophy

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. Corporate Governance signifies acceptance by management of the inalienable rights of stakeholders as the true owner of the Company.

The Company has always set high 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 not merely to fulfill the listing requirement but for their diverse skills, experience and external objectivity that they bring to effectively perform their role to provide strategic direction and guidance and provide constructive support to management by asking the right questions and generating quality debates and discussions on major decisions.

The Company is in compliance with all the requirements of the corporate governance code as enshrined in Clause 49 of the listing agreement. Company has adopted a code of conduct for its Board and Senior Management Personnel. The code of conduct is also available on the website of the Company.

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

In compliance with the Listing Agreement, The Company has a balanced mix of executive and non-executive Independent Directors. As on 31st March 2010, The Board of Directors consists of 7 Directors, out of which 2 are Executive Directors and 5 are Non-Executive Independent Directors. Except the Managing Director and Whole-Time Director, 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 since Mr. Shantanu Prakash is Executive Chairman of the Board.

The requisite information as per the requirements of Clause 49 of the Listing Agreement for the period ended 31st March 2010 is provided in the following table:

Name of Director	Director Identification Number	Category	Designation	Attendance Particulars		Directorship of Other Indian Companies		Committees' Position	
				Board Meetings	Last AGM	Public	Private	Member	Chairman
Shantanu Prakash	00983057	Promoter & Executive Director	Chairman & Managing Director	7	Yes	14	7	1	Nil
Jagdish Prakash	00001115	Promoter & Executive Director	Whole-Time Director	7	Yes	10	3	1	Nil
Gopal Jain	00032308	Independent & Non-Executive Director	Director	1	No	7	3	3	Nil
Sankalp Srivastva	00126407	Independent & Non-Executive Director	Director	8	Yes	1	2	Nil	Nil
Shonu Chandra	01019974	Independent & Non-Executive Director	Director	8	Yes	1	2	Nil	Nil
Shri Rajiv Krishan Luthra*	00022285	Independent & Non-Executive Director	Director	2	No	5	11	2	1
Dr. Shayama Chona*	02749576	Independent & Non-Executive Director	Director	3	No	Nil	Nil	Nil	Nil

*Appointed w.e.f 26.08.2009

Notes:

- (i) The directorships held by the directors, as mentioned above do not include the directorships held in 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 Shantanu Prakash and 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

B. DIRECTOR'S PROFILE

Mr. Shantanu Prakash, Managing Director is the founder member of Educomp Solutions Limited and has been responsible for its overall operations since inception in September 7, 1994. He is a PGDBM from IIM, Ahmedabad and is an expert in Education Technology and Pedagogy.

Mr. Rajiv krishan Luthra is Founder & Managing Partner, Luthra & Luthra Law Offices – one of the largest law firms in India and recipient of various National and International awards. Rajiv Luthra has been nominated as one of the world's leading lawyers by Chambers - Asia Leading Lawyers, Asia Legal Pacific and IFLR 1000. The Lawyer.com included him among its top 40 'to have been making the biggest waves outside the UK.' He ranked amongst ALB's Hot 100 in recognition for his contribution to various sectors and was cited as 'one of the most highly acclaimed legal experts in the Asia-Pacific region' by AsiaLaw Leading Lawyers for the practice areas Capital Markets & Corporate Finance and General Corporate Practice.

Dr. Shayama Chona

Dr Shayama Chona, Padma Shri and Padma Bhushan Awardee, is the past Principal of Delhi Public School RK Puram, New Delhi - a world class institution. She serves as a member on 97 Advisory Boards and Committees and is Trustee of the Nehru Bal Samiti and Special Olympics, Patron of 'Concerned Action Now', Vice-Chairman of the Society for Human Development, besides being on the Managing Committee of 46 schools and other educational institutions. She is the proud recipient of 54 awards, the most prestigious being the Padma Bhushan in 2008 and Padma Shri in 1999 and two National Awards in 1994 and 1997 and one State Award in 1993 for her work in the field of education and social welfare.

Mr. Gopal Jain, Director, B. Tech (IIT Delhi). He is the Managing Director of Gaja Capital Partners, a Private equity firm. He was the Managing Director, India of View Group, a venture capital firm focused on US-India corridor. He is also a charter member of TIE – a global body of entrepreneurs of Indian origin.

Mr. Sankalp Srivastava, Director, B.E. (Electronics & Communication Engineering)/University of Roorkee is founder of Mark & Space, which is engaged in design, development and the manufacture of micro-processor based telecom, power control and energy management systems. He has been involved in the design & development of India's indigenous Digital Telephone Exchange at C-DoT. He also led the development of business management software product suite at Cube Software and the development of a series of embedded Telecom products at Mark & Space.

Mr. Shonu Chandra, Director, MA in Mass Communications from Mass Communication Research Centre (J.M.I.) and holds a Post Graduate Diploma (CYD) from Institute of Social Studies (The Hague, The Netherlands). At present he is Executive Producer and Director at Waves Communication Pvt. Ltd. He is with Waves Communications Pvt. Ltd for the past 17 years and has directed over a 100 video productions including documentaries, serials, corporate films and advertisements. He has worked for major International Development agencies, i.e. Plan, UNICEF, WHO, USAID, AUSAID, CEDPA, CARE, CASP, DRF, etc. and various Ministries of the Government of India. He has designed and implemented the 'Children Have Something To Say' project for Plan India which won the coveted 'One World Special Achievement Award 2003'. He is also a guest Faculty at Brown University (Providence, USA), Wigan & Leigh, Mass Communication Research Centre (N. Delhi)

Mr. Jagdish Prakash, Director is responsible for warehouse management and logistics and operational issues. He has over 49 years of experience in materials management as well as logistics in Steel Authority of India Limited as a Chief Materials Manager.

Details of Board Meetings held during the year

During the financial year ended 31st March 2010, 8 (Eight) Board Meetings were held as per the schedule given below:

Date of the Board Meeting	Board Strength	No. of Directors Present
30-04-2009	5	4
03-07-2009	5	4
07-07-2009	5	3
30-07-2009	5	4
26-08-2009	5	3
30-10-2009	7	6
29-01-2010	7	7
19-03-2010	7	5

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.

Information available to the Board

The Board has complete access to all the relevant information within the Company. The information regularly supplied to the Board includes information mentioned in Annexure 1A to Clause 49 of the Listing Agreement.

The detailed agenda of the Board Meeting is sent to the members generally 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. All Board members are at liberty to suggest agenda items for inclusion. Board meetings are held quarterly to coincide with the announcement of quarterly results and committee meetings are held on the same dates as board meetings.

What Learning Can Be

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) & (E) of the Listing Agreement read with Section 292A of the Companies Act, 1956. The major terms of the reference of Audit Committee include inter alia the following:

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
 - (j) financial reporting disclosures and changes thereto, including a review of any material items of correspondence between the Company and the external auditors;
 - (k) 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;
 - (l) the policies and process for identifying and assessing business risks and the management of these risks;
 - (m) 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;
 - (n) possible impairments of the Group's assets;
 - (o) 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. 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. Audit Committee consists of four Directors, namely Mr. Sankalp Srivastva (having Financial and Accounting knowledge), Mr. Gopal Jain, Mr. Shonu Chandra, and Mr. Shantanu Prakash, out of which three 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 Srivastva, an Independent Non Executive Director nominated by the Board. The Chairman of the Audit Committee was present at 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 5 times on 30th April 2009, 03rd July 2009, 30th July 2009, 30th October 2009 and 29th January 2010. The gap between two meetings did not exceed four months. Constitution of Audit Committee and other related information as on 31st March 2010 are as under:

Name of Director	Category	No of Meetings held	No of Meetings Attended
Mr. Sankalp Srivastva	Chairman, Independent & Non Executive Director	5	5
Mr. Shonu Chandra	Member, Independent & Non Executive Director	5	5
Mr. Gopal Jain	Member, Independent & Non Executive Director	5	1
Mr. Shantanu Prakash	Member, Promoter & Executive Director	5	5

D. INTERNAL AUDITORS

The Company has appointed Walker, Chandio & Co, Rajnish & Associates, and M/s Sanjay Kumar Agarwal, Chartered Accountants as Internal Auditors 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 recommend/review the remuneration of the Managing Director and Whole-Time Directors based on their performance/
2. To formulate ESOP plans and decide on future grants;
3. To formulate suitable policies, systems, terms and conditions under the present Employee Stock Option Schemes of the Company;

Composition, Meetings and Attendance:

Remuneration Committee of the Company consists of 3 Independent, Non- Executive Directors namely Mr. Shonu Chandra, Mr. Sankalp Srivastva and Mr. Gopal Jain. During the year under review remuneration committee met 5 times on 30th April 2009, 29th July 2009, 26th August 2009, 30th October 2009 and 28th January 2010.

Name of Director	Category	No of Meetings held	No of Meetings Attended
Mr. Sankalp Srivastva	Chairman, Independent & Non Executive Director	5	5
Mr. Shonu Chandra	Member, Independent & Non Executive Director	5	5
Mr. Gopal Jain	Member, Independent & Non Executive Director	5	0

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 talent.

(a) Executive Director(s)

Remuneration to Executive Directors has been decided based on the years of experience and contribution made by the respective executive directors 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

Both the Executive Directors are appointed for a period of 5 years from the respective dates of appointment. Share holders of the Company in the Fifteenth Annual General Meeting held on September 26, 2009, reappointed Mr. Shantanu Prakash as Chairman and Managing Director for a period of 5 Years from August 01st, 2009 to 31st July, 2014.

Share holders of the Company by passing Special Resolution through postal ballot dated Friday, 29th January 2010 on 18th March 2010, re-appointed Mr. Jagdish Prakash as Whole Time Director for a period of 5 Years from July 25, 2010 to July 24, 2015.

Details of the remuneration paid to Executive Directors and there shareholding in the company for the year ended March 31, 2010 is as follows:

(Amount in Rs.)

S. No.	Name of Directors	Gross Salary	Commission	Sitting Fees	Stock Options	Shareholding in the Company & %
1	Mr. Shantanu Prakash	1,11,00,000	2,00,00,000	-	-	4,43,15,205 (46.64%)
2	Mr. Jagdish Prakash	11,87,379	-	-	-	-

What Learning Can Be

The above figures do not include provision for en cashable leave and gratuity

(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 and there shareholding in the company for the year ended March 31, 2010 is as follows:

S. No.	Name of Directors	Sitting Fees	Commission (Amt in Rs.)	Stock Options@	Shareholding in the Company
1	Mr. Sankalp Srivastava	-	15,00,000	25,000*	15,000
2	Mr. Shonu Chandra	-	15,00,000	1,60,440	3,250
3	Mr. Gopal Jain	-	-	8,50,000	30000
5	Dr. Shayama Chona	-	30,00,000	50,000**	-
6	Shri Rajiv Krishan Luthra	-	30,00,000	50,000***	10000

@ (Stock options adjusted post split)

* Mr. Sankalp Srivastva was granted 5,000 Stock options on 01st June 2009 under ESOP Scheme 2008 at the prevailing market price. Stock options will vest over a period of four years with an option to convert the stock options into equity shares at any time upto 5 years from the Grant Date.

*** Dr. Shyama Chona was granted 10,000 Stock options on 26th September 2009 under ESOP Scheme 2006 at the prevailing market price. Stock options will vest over a period of Five years with an option to convert the stock options into equity shares at any time upto 6 years from the Grant Date.

**Mr. Shri Rajiv Krishan Luthra was granted 50,000 Stock options on 30th October 2009 under ESOP Scheme 2006 at the prevailing market price. Stock options will vest over a period of Five years with an option to convert the stock options into equity shares at any time upto 6 years from the Grant Date.

F. SHAREHOLDERS/INVESTOR GRIEVANCE COMMITTEE

Terms of Reference

The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company. The Committee also looks into redressal of shareholders'/ investors' complaints related to transfer of shares, non-receipt of Balance Sheet, non- receipt of declared dividend, etc. The Committee oversees performance of the Registrar and Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services.

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. Committee consists of four members comprising of Mr. Sankalp Srivastva, Mr. Shonu Chandra, Mr. Gopal Jain , Mr. Jagdish Prakash under the Chairmanship of a Independent & Non Executive Director viz Mr. Sankalp Shrivastava. Company Secretary acts as secretary to committee

During the year under review , Committee met Nine times on 29th July 2009, 26th September 2009, 30th October 2009, 23rd December 2009, 28th January 2010, 16th February 2010, 08th March 2010, 19th March 2010, 30th March 2010 Attendance particulars of members is as follows:

S. No.	Name of Director	Category	No of meetings of held	No of meetings attended
1	Mr. Sankalp Srivastva	Chairman, Independent & Non-Executive Director	9	5
2	Mr. Shonu Chandra	Member, Independent & Non-Executive Director	9	8
3	Mr. Gopal Jain	Member, Independent & Non Executive Director	9	0
4	Mr. Jagdish Prakash	Member, Whole Time Director	9	8

Compliance Officer

Mr Mohit Maheshwari, 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: mohit.maheshwari@educomp.com

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

Particulars	Pending as on April 1, 2009	Received during the Year	Disposed during the Year	Pending as on March 31, 2010
No of Complaints	0	44	36	8

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

Further 8 unresolved inventor grievances were pending unresolved as at 31st March 2010 due to non receipt of Dividend Warrant from the Bank after revalidation.

Apart From above mentioned committees, Company also has Finance Committee which consists of three Directors namely Mr Shantanu Prakash, Mr Jagdish Prakash, Mr Sankalp Srivastava. Mr Sankalp Srivastava is Chairman of Finance Committee. There was no meeting held during period under review.

Material Non-Listed Subsidiary companies

Clause 49 defines a 'material non-listed Indian subsidiary' as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

Company does not have any such subsidiary during the accounting year under review.

G. General Meeting

Location and time for the last 3 Annual General Meetings were as follows:

Particulars	FY 2006-07	FY 2007-08	FY 2008-09
Date and Time	13th September 2007, 12.00 P.M	07th July 2008 12.00 P.M	26th September, 2009, 1 .00 PM
Venue	Sri, Sathya Sai international Center, Pragati Vihar, Lodhi Road, New Delhi - 110003	Sri, Sathya Sai international Center, Pragati Vihar, Lodhi Road, New Delhi- 110003	Kamani Auditorium, No.1, Copernicus Marg, New Delhi-110001
Special Resolution	Yes*	Yes**	Yes***

Special Resolution passed in the Last Three Annual General Meetings:

***2008-09 – Annual General Meeting held on 26th September 2009

1. Sub-division of equity shares of the nominal value of Rs.10/- (Ten) each in the share capital of the Company fully paid-up, be sub-divided into 5 equity shares of Rs. 2/- (Two) each fully paid-up and subsequent alteration of Memorandum of Association of Company pursuant to Sec. 13, 16, and 94 of Companies Act 1956
2. Payment of Commission pursuant to Sec. 309 of Companies Act 1956 to non executive directors up to 1% of the net profits of the Company in any financial year to be computed in the manner provided in Section 198 (1) of the Companies Act, 1956

**2007-08- Annual General Meeting held on 07th July 2008

1. Raising of Funds upto USD 500 million

*2006-07- Annual General Meeting held on 13th September 2007

1. Amendment in ESOP Scheme 2006 relating to increase in vesting period.
2. Amendment in Articles of Association relating to Common seal clause.
3. Adoption of ESOP Scheme 2007 for allotment of stock Options to the Employees of the Company.
4. Allotment of Stock Options to Employees of Subsidiary Companies under ESOP Scheme 2007

Postal Ballot

During the year under review, we have conducted three postal ballots in pursuance of Section 192A of the Companies Act, 1956 and Companies (Passing of the Resolution by Postal Ballot) Rules, 2001.

Mr. Sanjay Grover F.C.A, F.C.S, Practicing Company Secretary was appointed as Scrutinizer for all Postal Ballots.

The results of the postal ballot were published in Business Standard (English Daily) and Hindustan, Jansatta (Hindi Daily). The gist of the results is as follows:

Date of Declaration of Results	Type of Resolution	Particulars of Resolutions passed	Total Valid Votes	Votes in favour	Votes Against
12.06.2009	Special Resolution	Increase in the limit of making loan, investment, security, guarantee U/s Sec 372A of the Companies Act, 1956	1,20,62,594	1,20,62,501 (99.9992%)	93 (0.0008%)
	Ordinary Resolution	Hiving-off of Company's i.e. Vocational Education division	1,20,62,594	1,20,62,455 (99.9988%)	139 (0.0012%)
	Ordinary Resolution	Hiving-off of Company's Roots to Wings division	1,20,62,594	1,20,62,468 (99.9990%)	126 (0.0010%)
	Ordinary Resolution	Increase in Borrowing powers U/s 293(1)(d) of the Companies Act, 1956	1,15,29,594	1,10,36,392 (95.7223%)	4,93,202 (4.2777%)

What Learning Can Be

Date of Declaration of Results	Type of Resolution	Particulars of Resolutions passed	Total Valid Votes	Votes in favour	Votes Against
	Ordinary Resolution	Approval U/s 293(1)(a) of the Companies Act, 1956 for mortgage and/or charge of movable and immovable properties of the company	1,15,29,594	1,10,36,308 (95.7216%)	4,93,286 (4.2784%)
23.12.2009	Ordinary Resolution	increase in borrowing limit u/s 293(1)(d) of the Companies Act, 1956	69618384	66680559 (95.7801%)	2937825 (4.2199%)
	Ordinary Resolution	Mortgage and/or charge of movable and immovable properties of the Company u/s 293(1) (a) of the Companies Act, 1956.	69618384	66679208 (95.7782%)	2939176 (4.2218%)
	Ordinary Resolution	Outsource/transfer of smart class contracts u/s 293(1)(a) of the Companies Act, 1956.	69618384	69616800 (99.9977%)	1584 (0.0023%)
18.03.2010	Special Resolution	Issue of Equity Shares to M/S Zaptive Internet Services Private Limited on Preferential Basis as Per the SEBI (ICDR) Regulations, 2009.	75,974,597	75,970,861 (99.995%)	3,736 (0.005%)
	Special Resolution	Educomp Employee Stock Option Scheme 2010.	75,917,581	75,913,395 (99.994%)	4,186 (0.006%)
	Special Resolution	Educomp Employee Stock Option Scheme 2010 For Employees Of Subsidiaries.	75,917,486	75,909,876 (99.990%)	7,610 (0.010%)
	Special Resolution	Corporate Guarantee/Investment in Edusmart Services Private Limited Under Section 372A of The Companies Act, 1956.	75,974,392	75,970,069 (99.994%)	4,323 (0.006%)
	Special Resolution	Investment under Section 372A Of The Companies Act, 1956.	75,974,402	75,971,701 (99.996%)	2701 (0.004%)
	Ordinary Resolution	Increase in Remuneration Of Mr. Jagdish Prakash, Whole Time Director.	75,974,392	75,964,893 (99.987%)	9,499 (0.013%)
	Special Resolution	Re-Appointment of Mr. Jagdish Prakash as Whole Time Director.	75,974,352	75,969,897 (99.994%)	4,455 (0.006%)

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

Procedure for postal ballot:

Serial No.	Procedure
1.	After obtaining consent to act as Scrutinizer the Board of Directors appoints Scrutinizer to conduct Postal Ballot process in true, fair and transparent manner.
2.	Cut Off date is fixed for identifying shareholders entitled to receive notice of the postal ballot.
3.	Board resolution along with calendar of events is filed with Registrar of Companies within one week of the date of the Board Meeting.
4.	Postal Ballot Notice along with explanatory statement and Postal Ballot form with instructions are dispatched to shareholders under certificate of posting.
5.	Company advertises dispatch of postal ballot in one English Newspaper and one Vernacular language.
6.	The postal ballot form duly completed and signed should be sent to the Scrutinizer appointed by the Company at the registered office of the Company on or before the close of the Business hours on specified date..
7.	Scrutinizer after carrying out postal ballot process submits their Report to the company on the specified date
8.	Result of the postal ballot is declared at the registered office of the company and the same is notified to stock exchanges as well as published in one English Newspaper and one Vernacular language.

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(x), of the schedule 18 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 Directors along with the Directorship details who are retiring by rotation is provided in the Notice of the 16th 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). The Company has paid listing fees to the stock exchanges and annual custodial fees to the depositories for the financial year 2009-10 in terms of Clause 38 of listing agreement. 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.

I. MEANS OF COMMUNICATION

The quarterly un-audited results and yearly audited are published in prominent daily newspapers, viz. Business Standard (English daily) and Hindustan (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. Quarterly results and shareholding pattern were regularly filed on EDIFAR facility of Securities and Exchange Board of India (SEBI) website www.sebidifar.nic.in for the benefit of public at large till its discontinuance by SEBI.

J. GENERAL SHAREHOLDER INFORMATION

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

K. MATERIAL UNLISTED SUBSIDIARY COMPANIES

The revised Clause 49 defines a 'material non-listed Indian subsidiary' as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

We do not have any material non-listed Indian subsidiaries.

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. CORPORATE GOVERNANCE REPORT

Corporate Governance Report as required to be filed under Clause 49 of the Listing Agreement has been filed on Time by the Company during the year under review.

NON-MANDATORY REQUIREMENTS

(i) THE BOARD

The Company has appointed Mr. Rajiv krishan Luthra and Dr. Shayama Chona as Independent, Non- executive director of the Company and they possess the requisite qualification and experience as mentioned in the director's profile which would be of use to the Company in an effective and efficient manner.

(ii) REMUNERATION COMMITTEE

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

(iii) SHAREHOLDERS RIGHTS

As the Company's quarterly results are published in Leading English Newspapers having circulation all over India and in Leading Hindi newspaper widely circulated in Delhi, the same are not sent to each household of the shareholders.

What Learning Can Be

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
Educomp Solutions Limited

We have examined all the relevant records of Educomp Solutions Limited, (the Company) for the purpose of certifying compliance of conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement of the said Company with National Stock Exchange as well as Bombay Stock Exchanges for the year ended 31st March 2010.

The compliance of the conditions of the Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of the financial statements of the Company.

On the basis of our examination of records produced, explanations and information furnished, we certify that the Company has complied with all the mandatory conditions of the said Clause 49 of the Listing Agreement.

For Sanjay Grover & Associates
Company Secretaries

Date : 10th August 2010
Place : New Delhi

Sd/-
Sanjay Grover
C.P No. 3850

CHIEF EXECUTIVE OFFICER (CEO) /CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

Annexure A

We, Shantanu Prakash, CEO, Chairman and Managing Director and Sangeeta Gulati, 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 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/-
Name: Shantanu Prakash
Designation: CEO & Chairman & Managing Director

Sd/-
Name : Sangeeta Gulati
Designation : CFO

Date : 17th August 2010
Place : Gurgaon

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, 2010, 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 Company Secretary, Presidents, Sr. Vice Presidents and Vice President Cadre as on March 31, 2010.

For and on Behalf of the Board of Directors

Date : 17th August 2010
Place : Gurgaon

Shantanu Prakash
CHAIRMAN & MANAGING DIRECTOR

What Learning Can Be

MANAGEMENT DISCUSSION AND ANALYSIS

SOURCES:

MHRD website;www.education.nic.in,Union Budget 2010-11,Census 2001,www.indiastat.com,UNESCO Institute of Statistics,Planning Commission,The US Bureau of Economic Analysis,CLSA, Education Sector Report, 2008,IDFC-SSKI, Education Sector Report 2009,Technopak Consulting India Education Opportunity Report,Four-S Research PE Database,http://economictimes.indiatimes.com/news/economy/indicators, http://www.whitehouse.gov/omb/budget/fy2011/assets/education.pdf, http://www.edu-talk.net/index.php /2009 /10/30/ budget-2010 -on-education/http://www.mof.gov.sg/budget_2010/expenditure_overview/moe.html, http://www.moe.edu.cn/edoas/en/level3.

CAUTIONARY STATEMENT

Certain statements made in the management discussion and analysis report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute forward looking statements within the meaning of applicable laws & regulations. Actual results may differ from such expectations, projections and so on, whether express or implied. However, the Company has also outlined various risks associated with the business.

Year 2009-10 has witnessed better than expected recovery in the global economy, with growth in India gaining traction and risks to financial stability easing out. Your Company operates in an industry which remains unaffected by global changes, being recession-free in a broader parlance. The year gone by has seen Educomp consolidating its position as the **'leading education ecosystem in India, serving the entire education value chain - from pre-School, to K-12, to vocational & higher education'**. Further, in line with your Company's strategy of continuous innovation, a paradigm shift in business strategy has been made in the year to ensure your Company becomes a 'cash flow positive company' and a 'capex light company'.

Educomp today reaches out to a total of ~11.4 million students including 3.1 million in SmartClass, 8.2 million in ICT, 35,000 in pre-schools and 24,000 in the high school space. In addition, the Company has over 230 centers for vocational and test prep business, over 755 preschools, 43 high schools, 7 colleges and 2.4 million users of its various online businesses

Educomp today reaches out to a total of ~11.4 million students including 3.1 million in SmartClass, 8.2 million in ICT, 35,000 in pre-schools and 24,000 in the high school space. In addition, the Company has over 230 centers for vocational and test prep business, over 755 preschools, 43 high schools, 7 colleges and 2.4 million users of its various online businesses .

In order to broadbase growth and reach out to students across the length and breadth of the country, we have unshackled our flagship product, SmartClass (~60% revenue in FY 2009-10), from the heavy weight of associated capital to set it free for its second phase of accelerated growth.

Recognising the huge potential demand from Tier 2 and Tier 3 markets and the fact that, despite strong growth, the market penetration for a product like SmartClass among Indian schools is still 1.5%, your Company has changed from BOOT to an 'Outright Sale' business in the SmartClass segment. The move aims to make the segment a capital-light and securitisation-based one. Not only does this facilitate faster growth, it also makes SmartClass a free cash flow positive business for the Company.

During the year, apart from digging deeper into existing Educomp footholds across the educational value chain i.e. Pre-Schools, High Schools, Higher Education and Vocational Education space, your Company made concerted efforts to encompass the education ecosystem. The year under review saw your Company focus on what we see as an important growth engine going forward i.e. the Private High School business, and we are very excited to see the value that we are building in this business.

This year also saw your Company renew its focus on the supplemental education business, which aims to capture the consumer spends outside formal education in verticals such as tutoring, career counselling, assessment, academic skills enhancement and student placements. We benefit from the tremendous reach that Educomp has in India, reaching out to over 12 million students in the K-12 segment. The Company has consolidated as well as restructured its supplemental business to include a strong focus on online delivery.

Segment-Wise Performance:

As your Company has expanded in recent years to provide educational services for pre-schools, higher education, skill-based vocational and supplemental business space in India, a large part of our business is outside of the standalone entity. Hence, your Company has re-grouped its business segments to better reflect the contribution of its various businesses into four segments, including School Learning Solutions (comprising SmartClass & Edureach (ICT) business), K-12 Schools (comprising preschools & high schools), Higher Learning Solutions (comprising vocational, higher education and professional development) and Online, Supplementary & Global business.

The year saw your Company deliver on its promise of growth with a 76.57% increase in total consolidated income YoY, driven by strong growth across core business segments of School Learning Solutions (up by 86.66%) and K-12 schools (up by 60.58%). Total number of schools signed saw robust growth - up 77.1% under SmartClass segment. Net Profit after tax increased 107.58% YoY to Rs 2,759 million from Rs 1,329 million. Your Company also made significant strides in establishing a stronghold in the K-12 Schools segment during the year. In the pre-school space, your Company continues to occupy leadership position, with 775 pre-school sign-ups, including 220 franchisees under Roots to Wings and 555 pre-schools under Eurokids.

To strengthen its position in the highly profitable and rapidly growing high school business, the subsidiary of your Company, Educomp Infrastructure and School Management Limited, started delivery of both Educational Infrastructure and Content/IP/Services to various independent run schools. There are currently 29 schools using the services of Educomp and 14 Euro-schools operational under Eurokids serving over 24,000 students.

In the Higher Learning Solutions segment, your Company has entered into a joint venture through its wholly owned subsidiary with Pearson Plc (for vocational initiatives), named India Can. In the Higher Education segment we operate The Raffles Millennium Colleges (in joint venture with Raffles Education Corporation, Singapore), which are now spread across seven metro cities in India, namely Delhi, Bangalore, Chandigarh, Kolkata, Hyderabad, Ahmedabad and Chennai. Your

Company's vocational business is a well-oiled engine now, with over 200 points of presence operational across the country in various formats catering to customer segments in urban, mid-market and bottom-of-the-pyramid segments. The key vocational initiatives include - ETEN CA (having a network of over 100 centers), PurpleLeap (network of over 80 centers) and retail vocational training centers (network of over 40 centers). During the current year, your Company has also acquired a strategic stake in Vidya Mandir Classes Private Limited, a premier test preparation institute reaching out to 10,000 students for IIT-JEE (Joint Entrance Examination for Indian Institutes of Technology in India) and other engineering entrance examinations such as AIEEE, NSIT, DCE, BITS, etc.

During the year, your Company also acquired Zaptive Internet Services Pvt. Ltd., an education lead generation company covering over 3,750 institutes across the globe, making your Company the largest processors of education leads in India. Zaptive operates India's largest student portal focused on the higher education segment www.Studyplaces.com. Further, your Company launched India's first VSAT-based engineering prep program under the brand "Educomp Leap" in 13 cities in order to strengthen its supplemental offerings.

In addition to its domestic business, your Company offers certain products internationally and has key businesses in the United States through its Learning.com platform and in Singapore, Philippines, Indonesia, Brunei, Thailand, and Vietnam, through its AsknLearn platform, as well as a marketing office in Sri Lanka and the global education community platform, LearnHub.com, which has been developed in Canada.

Overall, the year saw your Company move forward and emerge well positioned with a clear vision and mission to become the leading global player, changing the way Education is being delivered, enhancing learning outcomes & enriching the lives of all students through innovative student & teacher centric learning technologies.

A. INDUSTRY OVERVIEW

Indian Scenario

With an estimated student base of 232 million & 15.5 million in schools and colleges, India has the world's second largest student population, driving the ~\$40 billion private education market. As per a Boston Consulting Group (BCG) study, due to demographic shifts, a global shortage of 56 million people in the working age group is expected by 2020. In comparison, India would have a surplus of 47 million working population. In order to take advantage of this demographic dividend, the Indian Government and private sector are expected to increasingly invest in educational infrastructure at all stages, including schools, higher education institutions and skills development centres.

The Government, both at central and state level, already spends approximately \$30 billion annually on the sector. The spending represents ~3.7% of India's GDP, on par with the global average.

During the Eleventh Five Year Plan, the government envisages an outlay of Rs 2,700 billion towards the education sector, a four-fold increase over the 10th Five Year Plan allocation of Rs 540 billion. A major thrust area of government intervention is likely to be via the Public Private Partnership (PPP) route, thus opening up further opportunities for your Company.

The importance of private participation is underlined by the fact that even though only 7.5% of total schools are private, they provide education to close to 30% of India's total students enrolled. In the higher education space, 74% of India's ~21,000 Higher Education providers are private, making it the largest private higher education market globally (in terms of number of providers).

Global Scenario

Malaysia

In its 2010 budget, Malaysia allocated RM 30 billion to enhance primary and secondary school education nationwide. The country has undertaken several initiatives to boost education sector in its budget 2010.

Singapore

Singapore continued to strengthen its investment in education in order to develop future-ready population. A total budget of \$9,664 million has been allocated to Ministry of Education (MOE) in FY2010.

China

The Chinese government has recently approved an education reform plan - Medium and Long-term National Educational Reform and Development Plan (2010-2020), which promises to prioritize the development of education while ensuring fairness in the system.

USA

There has been major increase in K-12 education and school education programs and a thrust on expansion of educational options.

B. COMPANY OUTLOOK & STRATEGY FOR 2010 – 11

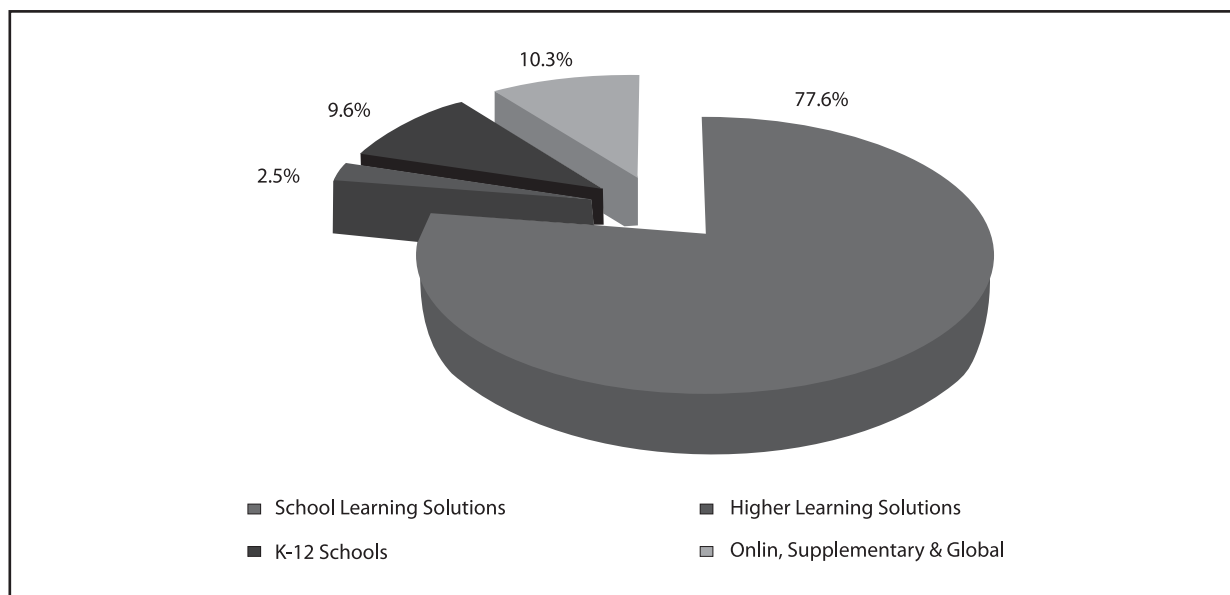
Your Company expects robust growth across all its business segments on the back of organic and inorganic initiatives in the domestic as well global market. In the current fiscal year, the Company will further strengthen its position as the only company catering to the full "Education Value Chain" through further IP consolidation, innovation and investment in R&D and focus on its current breadth of products and services with major emphasis on SmartClass business, K-12 business, and Vocational & Supplemental businesses. We expect rapid growth in the SmartClass segment due to the change in its business from BOOT to the "Outright Sale" basis, in order to rapidly penetrate the large addressable market as well as to make it a free cashflow positive business.

C. SEGMENT REVIEW (CONSOLIDATED)

The Company has business segments as primary segment and geographical segments as secondary segment.

What Learning Can Be

Review by Business Segment



In the current fiscal year, your Company changed the nomenclature and composition of its business segments to better reflect the present state of its business evolution and the contribution from various businesses across the entire education value chain. The reclassification will help stakeholders understand the performance of the Company much better. The new classification is as follows:

- School Learning Solutions: Comprising SmartClass & Edureach (ICT) business segments
- Higher Learning Solutions: Comprising Higher Education, Vocational Business and Professional development
- K-12 Schools: Comprising preschools & High Schools
- Online, Supplementary & Global: Comprising online business such as LearnHub.com, WiZiQ.com; supplemental businesses such as Learning Hour, study places tuition centers and global businesses such as Learning.com in the US and AskLearn in Singapore

	Fiscal Year Ended 31 March (Audited)	
	2009	2010
	(Rs million, except percentages)	
School Learning Solutions		
Sales	4,322.09	8,067.64
% of total revenue	67.84%	77.61%
Gross Profit	2,101.96	4,502.62
Margin	48.63%	55.81%
High Learning Solutions		
Sales	309.73	264.54
% of total revenue	4.86%	2.54%
Gross Profit	91.58	(111.08)
Margin	29.57%	-
K-12 Schools		
Sales	620.96	997.12
% of total revenue	9.75%	9.59%
Gross Profit	274.36	322.10
Margin	44.18%	32.30%
Online Supplementary & Global		
Sales	1,117.85	1,065.60
% of total revenue	17.55%	10.25%
Gross Profit	204.12	(156.61)
Margin	18.26%	-

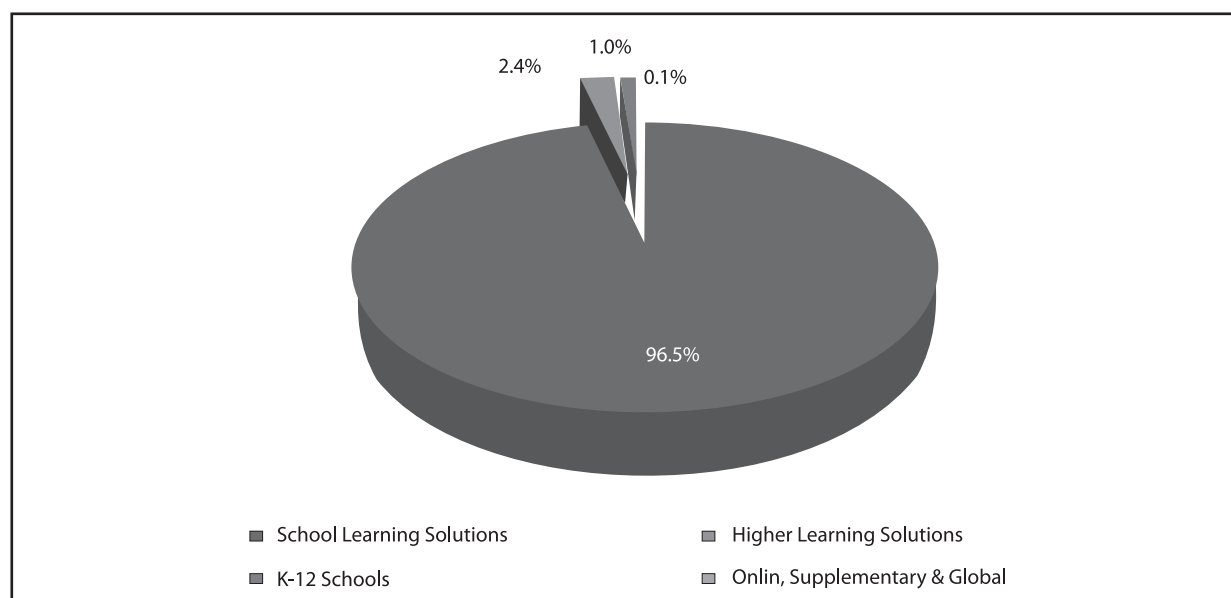
Revenue by Geography

The Company's primary market currently is India, accounting for approximately 89.61% of its consolidated revenues in Fiscal 2010 through products and services supplied to more than 18,000 schools & offering other services across India. The Company has expanded its operations in the international market, including the United States of America, Singapore, Canada and Sri Lanka. The Company currently operates three offices in the United States of America, two offices in Singapore, one office in Canada and one office in Sri Lanka, in addition to its 48 offices in India (including those of its subsidiaries).

	Fiscal Year Ended 31 March (Audited)			
	2009		2010	
	Amount	%	Amount	%
Revenue by Geography				
India	5,266.44	82.67	9,315.12	89.61
Rest of the world	1,104.19	17.33	1,079.78	10.39
Total	6,370.63	100.00	10,394.90	100.00

D. SEGMENT REVIEW (STANDALONE)

Review by Business Segment



Revenue by Geography

The Company's primary market currently is India, which accounted for approximately 99.57% of its standalone revenues in the Fiscal 2010 through products and services supplied to more than 18,000 schools & offering other services across India. The Company has expanded its operations in the international market, wherein Company provides its global content to its subsidiaries.

	Fiscal Year Ended 31 March (Audited)			
	2009		2010	
	Amount	%	Amount	%
Revenue by Geography				
India	4,732.39	94.43	8,286.06	99.57
Rest of the world	279.31	5.57	36.15	0.43
Total	5,011.70	100.00	8,322.21	100.00

E. THREATS & RISKS:

The Company, in the execution of its business operations, faces several external and internal risks, which it regularly monitors and endeavours to minimize through focused policy measures.

External risks faced by the Company relate to possible changes in Government policies, decline in India's foreign exchange reserve, inflation, violence and social unrest, natural calamities, slowdown in economic growth, among others.

Internally, the risks faced by the Company relate to regulatory requirements and contractual obligations. The Company's ability to acquire companies located

What Learning Can Be

outside India may depend on the approval of the RBI, and a failure to obtain such approvals could negatively impact the Company's business and financial prospects. Delay in payments from Government of India (including state Governments) contracts may affect business cash flow.

Further, the Company faces risks and uncertainties associated with the implementation of its expansion projects, within and outside India. However, the Company has successfully implemented expansion projects in the past, & is confident about executing the future projects on time & with greater efficiency, through suitable procedures & MIS developed in these regards.

The Company undertakes certain projects through joint ventures with third parties and may in the future undertake further projects through additional joint ventures. The success of such joint ventures depends significantly on the satisfactory performance by the joint venture partners and the fulfillment of their obligations.

The Company's services and products may become outdated and not be compatible with industry standards and requirements in the future, which may adversely affect its business and financial condition.

Finally, the Company's revenue is seasonal, with approximately 40-47% of revenues booked in the last Fiscal quarter, which precedes the beginning of the new academic year and is the quarter in which the budget of various state Government departments lapses. The Company expects such seasonality to continue in the near future as well.

The Company's sustained growth depends upon its ability to attract and retain skilled manpower. The Company's ability to attract and retain customers is heavily dependent upon its reputation, which in turn relies on its maintaining a high level of service quality. The Company has already implemented ESOPs 2006, ESOPs 2007 & ESOPs 2008 as a step to retain its senior & key management team members including that of certain subsidiaries. Our present attrition rate is quite low.

The payment system with the government is subject to delays due to bureaucratic process. As a proactive measure, at the tendering stage only, cost of payment delays are being built into the price of product/ services offered.

Looking at the huge margins in the business & a big untapped addressable market, there are chances that competition might come in near future.

Competitive Strengths:

The Company's past performance and future prospects are directly related to a combination of competitive strengths, including the following:

- Large library of proprietary content in a various Indian languages
- Strong balance sheet
- Strong asset base (Gross block) amounting to Rs 8,967.06 million as on 31 March 2010 on consolidated basis.
- Established client base through long term relationships
- Scalable business model and comprehensive range of products and services
- Change to "outright sale" business has also led to improved cash flows, making the company potentially cash flow +ve, improving the quality of balance sheet thus allowing the leveraging balance sheet for expansion of other projects.
- Continuous innovations & strategic alliances / JV / partnerships
- First mover advantage
- We benefit from cross selling opportunities by providing various educational solutions to over 12 million students
- Strong financial position registering a CAGR of 111.37% over a period of 3 years on consolidated basis.

F. HUMAN RESOURCE DEVELOPMENT

With the expansion and growth in business, the requirement for human assets has also increased. Your Company recognizes the importance of human resource development. Hence, several initiatives have been taken to ensure that people are well-trained and motivated. The Company also believes in nurturing young talent through management training programmes, which strive to develop business managers for tomorrow. Recently, the Company has been rated as the No. 1 company in India in the Education and Training sector by the Great Places to Work Institute. As at 31st March, 2010, the company employed (on a consolidated basis) over 12,000 employees (including retainers & contractual employees collectively over 9,000 for executing various State Government projects) located in 40 offices across India & abroad.

G. CORPORATE SOCIAL RESPONSIBILITY

INITIATIVES THROUGH EDUCOMP JV

Educomp has set up a 50:50 JV called India Can (ICan) with Pearson, the international Education and Information Company. ICan participates extensively in developing Government funded ITIs and also in various other Government programs under PPP initiatives. As of June 2010, 17 ITI's across the states of Punjab, Haryana, Rajasthan and Uttar Pradesh have been adopted under PPP scheme (Public Private Partnership). Over 11,000 students have been trained through these initiatives. Employers of pass outs include companies like Tata Motors & Hero Honda. Besides the ITI initiatives, India Can is also a major partner with Government agencies for vocational training in IT as well as non-IT trades.

INITIATIVES BY EDUCOMP SUPPORTED IMPLEMENTATION AGENCIES

CSC (Common Service Centers) Scheme executed as partners of Microsoft

The Common Services Centers (CSC) projects are part of the Government of India's National E-Governance Plan. The CSC Scheme, as approved by the Government of India, envisions kiosks in rural India to provide "web-enabled Anytime, Anywhere access" to information and services. Under the CSC Scheme, a Public Private Partnership (PPP) model has been deployed for undertaking this challenging task and addressing the related issues.

Government School Teacher's IT empowerment in the rural and urban areas

This is an ongoing initiative implemented with other partners who want to spend under their CSR activity. The implementation agency joins hands with the other partner for the program where the Government school teachers are empowered with IT skills to make the teaching learning more interactive and effective in their class-rooms. The training is being conducted from over 50 locations at this point of time across India.

Program for Indian Army – empowering soldiers towards employability after retirement:

An ongoing project, its objective is to empower Jawans (soldiers) with English communication and IT skills to facilitate better employability post retirement. The program is being conducted in 48 locations across India, in association with India Can and Microsoft.

Program with IGNOU – reaching out to North-East rural belt:

A workshop of 15 days for the teachers of North East, in response to their request for help in digitizing their lesson plans, was done in partnership with Microsoft and the Indira Gandhi National Open University (IGNOU).

H. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Educomp has proper and adequate internal control systems, which ensure that all assets are safeguarded against loss from unauthorized use and all transactions are authorized, recorded and reported correctly. The management continuously reviews the internal control systems and procedures to ensure orderly and efficient conduct of business. The Company regularly conducts internal audits, using external and internal resources to monitor the effectiveness of internal controls. The Audit Committee of the Board deals with all significant control issues highlighted by the internal and external auditors and instructs further areas to be covered.

I. FINANCIAL PERFORMANCE

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 Rs 8,727.12 million in FY10 as compared to Rs 5,175.30 million in FY09, registering a growth of 68.63%.

In fiscal 2010, the Company's profit before taxes aggregated Rs 3,746.21 million (Rs 2,018.62 million in fiscal 2009).

In fiscal 2010, the Company's profit after taxes and prior period aggregated Rs 2,218.66 million as against Rs 1,315.88 million in fiscal 2009, up by 68.61%.

In fiscal 2010, the Company's earnings per share (basic) was Rs 23.99 (Rs 15.23 in fiscal 2009).

Overview of the Financial performance summary (consolidated)

In fiscal 2010, the total consolidated revenues of Educomp Solutions Limited aggregated Rs 11,650.15 million as compared to Rs 6,598.00 million in fiscal 2009, registering a growth of 76.57%.

The consolidated profit before taxes aggregated Rs 4,421.03 million in fiscal 2010 (Rs 2,186.75 million in fiscal 2009).

In fiscal 2010, the Company's consolidated profit after taxes, prior period and minority interest aggregated Rs 2,758.64 million (Rs 1,328.94 million in fiscal 2009).

In fiscal 2010, the Company's consolidated earnings per share (basic) were Rs 29.83 (Rs 15.38 in fiscal 2009).

What Learning Can Be

AUDITORS' REPORT

To

The Members of Educomp Solutions Limited

1. We have audited the attached Balance Sheet of Educomp Solutions Limited ('the Company') as at March 31, 2010 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) 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;
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (v) On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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, 2010;
 - (b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - (c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For Anupam Bansal & Co.
Chartered Accountants
Firm No: 009864N

For Haribhakti & Co.
Chartered Accountants
FRN No.103523W

Anupam Bansal
Proprietor
M. No.: F-87699

Raj Kumar Agarwal
Partner
M. No.:74715

Place: Gurgaon
Date: August 17, 2010

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Educomp Solutions Limited on the Financial Statements for the year ended 31st March 2010]

- (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) During the year, the Company has disposed off a substantial part of the Fixed Assets. On the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we are of the opinion that the disposal of the said part of fixed assets has not affected the going concern status of the Company.
- (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) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clauses (iii)(b), (iii)(c) and (iii)(d) of paragraph 4 of the Order are not applicable to the Company.
- (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 Companies Act, 1956. Accordingly clauses (iii)(f) and (iii)(g) of paragraph 4 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 Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) 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 of the company.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
 Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (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, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. Further, the company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution and banks.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

What Learning Can Be

- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) 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 of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) 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 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 not 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 is not prejudicial to the interest of the company.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) During the year covered by our audit report, the company has not raised any money by way of public issue.
- (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 Anupam Bansal & Co.
Chartered Accountants
Firm No: 009864N

For Haribhakti & Co.
Chartered Accountants
FRN No.103523W

Anupam Bansal
Proprietor
M. No.: F-87699

Raj Kumar Agarwal
Partner
M. No.:74715

Place: Gurgaon
Date: August 17, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

(Rupees in million)

	Schedule	As at 31st March, 2010	As at 31st March, 2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	190.03	172.86
share application money		-	
Employee stock option outstanding (refer note 2(xi), schedule 18)	1A	147.28	144.56
Reserves and surplus	2	11,903.13	3,922.55
Loan funds			
Secured loans	3	2,370.72	1,027.53
Unsecured loans	4	3,543.49	4,199.58
Deferred tax liability (Net) (refer note 2(xvii), schedule 18)		10.29	449.34
Foreign Currency Monetary Items			
Translation Difference Account (FCMITDA) (refer note 1(ix), schedule 18)		3.42	-
		18,168.36	9,916.42
APPLICATION OF FUNDS			
Fixed assets			
Gross Block	5	2,009.41	5,219.13
Less: Accumulated depreciation/amortisation		756.48	1,264.93
Net block		1,252.93	3,954.20
Capital work in progress		75.11	244.96
		1,328.04	4,199.16
Investments	6	7,866.48	2,067.14
Foreign Currency Monetary Items			
Translation Difference Account (FCMITDA) (refer note 1(ix), schedule 18)		-	264.58
Current assets, loans and advances			
Inventories	7	291.20	288.38
Sundry debtors		5,018.03	2,661.63
Cash and bank balances		6,199.08	728.44
Loans and advances		490.94	1,253.94
Other current assets		177.83	28.52
		12,177.08	4,960.91
Less : Current liabilities and provisions			
Liabilities	8	1,655.67	1,331.32
Provisions		1,547.57	244.05
		3,203.24	1,575.37
Net current assets		8,973.84	3,385.54
Miscellaneous Expenditure [to the extent not written off or adjusted]	9	-	-
		18,168.36	9,916.42
Significant Accounting Policies & Notes to the accounts	18		

This is the Balance Sheet referred to in our report of even date.

For **Anupam Bansal & Co.**
 Firm Registration No:009864N
 Chartered Accountants

Anupam Bansal
 Proprietor
 Membership No: 087699

For and On behalf of Board
Shantanu Prakash
 Chairman & Managing Director

Place: Gurgaon
Date: 17th August, 2010

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

Raj Kumar Agarwal
 Partner
 Membership No: 074715

Shonu Chandra
 Director

Jagdish Prakash
 Whole Time Director

The above schedules form an integral part of the Balance Sheet.

Sankalp Srivastava
 Director

Mohit Maheshwari
 Company secretary

Dr. Shayama Chona
 Director

What Learning Can Be

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rupees in million)

	Schedule	Year Ended 31st March, 2010	Year Ended 31st March, 2009
INCOME			
Sales & Service income	10	8,322.21	5,011.70
Other income	11	404.91	163.60
		8,727.12	5,175.30
EXPENDITURE			
Cost of goods sold	12	1,481.27	1,033.42
Personnel expenses	13	999.25	611.31
Administration and other expenses	14	1,222.41	622.00
Finance charges	15	370.59	137.39
Depreciation/amortisation	5	907.39	752.17
Miscellaneous Expenditure written off		-	0.39
		4,980.91	3,156.68
Profit before tax		3,746.21	2,018.62
Provision for income tax (refer note 2(xii), schedule 18)			
- Current tax		1,938.65	440.68
- Deferred tax		(439.04)	236.65
- Fringe benefit tax		-	11.53
Profit after tax and before prior period items		2,246.60	1,329.76
Prior period Items	16	27.94	13.88
Profit after tax & prior period items		2,218.66	1,315.88
Add: Balance brought forward from previous year		2,166.03	1,032.39
Amount available for appropriations		4,384.69	2,348.27
Appropriations			
Interim dividend		94.93	-
Final Proposed dividend		167.03	43.28
Tax on interim dividend		16.13	-
Tax on proposed dividend		27.74	7.36
General Reserve		221.87	131.59
Balance carried to balance sheet		3,856.99	2,166.04
Earning per share (Rs.)	17		
Basic		23.99	15.23
Diluted		22.52	14.86
Significant accounting policies and notes to the accounts	18		

This is the Profit & Loss Account referred to in our report of even date.

For **Anupam Bansal & Co.**
Firm Registration No:009864N
Chartered Accountants

Anupam Bansal
Proprietor
Membership No: 087699

For and On behalf of Board
Shantanu Prakash
Chairman & Managing Director

Place: Gurgaon
Date: 17th August, 2010

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

Raj Kumar Agarwal
Partner
Membership No: 074715

Shonu Chandra
Director

Jagdish Prakash
Whole Time Director

The above schedules form an integral part of the Profit & Loss Account.

Sankalp Srivastava
Director

Mohit Maheshwari
Company secretary

Dr. Shayama Chona
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rupees in million)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before taxation and after prior period as per Profit and Loss Account	3,718.27	2,008.16
Adjusted for:		
Misc Expenses written off	-	0.39
Net prior period adjustments	27.94	12.44
Provision for doubtful debts/ advances	3.38	13.69
Provisions/credit balances written back	(18.71)	-
Depreciation	907.39	752.17
Unrealised Foreign exchange effects	70.43	95.08
Dividend income	(2.70)	-
Interest / other income	(159.04)	(67.08)
Interest expense	370.59	116.67
Esop Amortisation cost	90.31	99.83
Loss / (Profit) on Sale of Fixed Assets	(65.84)	
Operating profit before working capital changes	4,942.02	3,031.35
Adjusted for:		
Trade & other receivables	(1,425.61)	(1,530.76)
Inventory	(18.41)	(274.29)
Loans & Advances	(156.90)	(923.05)
Trade & Other Payables	361.80	855.11
Cash generated from operations	3,702.90	1,158.36
Net prior period adjustments	(27.94)	(12.44)
Taxes Paid	(790.84)	(296.27)
Net cash from operating activities	2,884.12	849.65
Cash flows from investing activities		
Purchase of fixed assets (including capital work-in-progress)	(1,363.18)	(2,166.52)
Proceeds from Sale of fixed assets	2,128.17	0.04
Investment in subsidiaries	(4,550.79)	(1,353.40)
Investment in Associates	(118.21)	-
Investment in Others companies	(200.00)	
Purchase of Investments (Un-quoted, Non trade)	(10.00)	(3.98)
Sale of investment in subsidiaries	57.50	-
Dividend income	2.70	-
Interest income	31.57	67.08
Net cash used in investing activities	(4,022.24)	(3,456.78)

What Learning Can Be

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rupees in million)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Cash flows from financing activities		
Proceeds from issue of QIP/ESOP	6,134.91	7.93
QIP issue expenses	(132.87)	-
Proceeds/ (Repayment) of long-term borrowings	955.81	352.64
Proceeds/ (Repayment) of Short-term borrowings	(50.00)	200.00
Financing against stocks/book debts (working capital)	237.39	151.87
Payment of dividend (including dividend tax)	(165.89)	(50.51)
Interest on borrowings	(370.59)	(116.67)
Net cash from financing activities	6,608.76	545.26
Net increase in cash and cash equivalents	5,470.64	(2,061.87)
Opening cash and cash equivalents	728.44	2,790.31
Closing cash and cash equivalents	6,199.08	728.44
Significant accounting policies and notes to the accounts (refer schedule 18)		

Notes to the cash flow statement:

- Cash and cash equivalents consists of following: Cash/Cheques in hand & Balances with Banks Rs. 3,006.22 million (Previous year Rs 656.76 millions), Fixed deposits with banks Rs. 3,192.86 millions (Previous Year Rs 68.17 millions)
- Cash & cash equivalent at the end of the period includes Fixed deposits with banks in the form restricted cash of Rs. 158.21 millions (previous year Rs. 68.17 millions) available as margin money against bank guarantee and letter of credit. which are not freely remissible to the company.

This is the Cash Flow Statement referred to in our report of even date.

For **Anupam Bansal & Co.**
Firm Registration No:009864N
Chartered Accountants

Anupam Bansal
Proprietor
Membership No: 087699

For and On behalf of Board
Shantanu Prakash
Chairman & Managing Director

Place: Gurgaon
Date: 17th August, 2010

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

Raj Kumar Agarwal
Partner
Membership No: 074715

Shonu Chandra
Director

Jagdish Prakash
Whole Time Director

The above schedules form an integral part of the Cash Flow Statement.

Sankalp Srivastava
Director

Mohit Maheshwari
Company secretary

Dr. Shayama Chona
Director

SCHEDULES

(Rupees in million)

	As at 31st March, 2010	As at 31st March, 2009
Schedule 1 : Share capital		
Authorised		
12,50,00,000 equity shares of Rs. 2 each (12,50,00,000 equity shares of Rs. 2 each)	250.00	250.00
Issued, subscribed and paid up		
(refer note 2 (ix) & (x), schedule 18)		
9,50,14,651 equity shares of Rs. 2 each, fully paid up	190.03	172.86
(Previous year 8,64,31,425 equity shares of Rs. 2 each fully paid up)		
	190.03	172.86

Note:

1. Out of above, 430,610 equity shares of Rs. 2 each were allotted under ESOP Schemes.
2. Out of the above 81,00,000 equity shares (post split) of Rs. 2 each were allotted on 13.07.2009 through Qualified Institutional Placement.
3. Out of the above 52,616 equity shares of Rs. 2 each were allotted on 19.03.2010 through Preferential allotment to Zaptive Internet Services Pvt. Ltd against Business Purchase agreement.

(Rupees in million)

	As at 31st March, 2010	As at 31st March, 2009
Schedule 1A : Employee stock option outstanding		
(refer note 2(xi), schedule 18)		
Employee stock option outstanding	495.79	581.50
Less: Deferred stock compensation expenses	348.51	436.94
	147.28	144.56

(Rupees in million)

	As at 31st March, 2010	As at 31st March, 2009
Schedule 2 : Reserves and surplus		
Securities premium account		
(refer note 2(xi), schedule 18)		
Opening Balance	1,546.41	1,482.17
Add: On issue of shares under ESOP/QIP	6,205.32	45.53
	7,751.73	1,527.70
Less:- Adjustment of tax benefit on fccb expenses in previous year	-	(18.71)
Less:- QIP issue expenses	132.87	-
	7,618.86	1,546.41
General Reserve		
Opening Balance	210.10	98.45
Add :Transferred from Profit and Loss Account	221.87	131.59
	431.97	230.04
Less: Transferred to fixed assets/ FCMITD Account	-	19.93
	431.97	210.11
Profit and loss account		
As per Profit & Loss Account	3,856.99	2,166.04
Less: Payment of excess dividend including dividend tax	4.69	0.01
	3,852.30	2,166.03
	11,903.13	3,922.55

What Learning Can Be

(Rupees in million)

	As at 31st March, 2010	As at 31st March, 2009
Schedule 3 : Secured loans (refer note 2(xvi), schedule 18)		
From banks		
Cash credit	573.34	335.96
- Term loan	1,647.38	691.57
[Due within one year Rs 520.50 million, (previous year Rs. 212.11 million)]		
From Financial institutions/others		
- Term loan	150.00	-
[Due within one year Rs 150.00 million, (previous year Rs. Nil)]		
	2,370.72	1,027.53

(Rupees in million)

	As at 31st March, 2010	As at 31st March, 2009
Schedule 4 : Unsecured Loan		
From Banks		
[Due within one year Rs Nil, (previous year Rs. 2.0 million)]	-	200.00
- Other than banks (refer note 2(x), schedule 18)		
Foreign Currency Convertible Bonds		
- Zero Coupon Foreign Currency Convertible Bonds	3,543.49	3,999.58
	3,543.49	4,199.58

Schedule 5 : Fixed assets

(Rupees in million)

	Gross block			Accumulated depreciation				Net block	
	As at 01.04.2009	Additions during the year	Delitions during the year	As at 31.03.2010	As at 01.04.2009	Depreciation for the year	Adjustment on deletions	As at 31.03.2010	As at 31.03.2009
Tangible									
Land (freehold)	8.23			8.23	-	-	-	8.23	8.23
Building	75.57	0.94	2.04	74.47	5.25	3.46	0.07	65.83	70.32
Leasehold improvements	18.10	0.31	9.13	9.28	6.86	1.20	1.57	2.79	11.24
Office equipment	153.36	602.36	442.21	313.51	16.30	72.61	44.44	269.04	137.06
Furniture and fixtures	609.56	192.37	690.66	111.27	109.68	98.97	182.43	85.05	499.88
Computers and accessories	3,364.68	513.62	3,441.58	436.72	768.36	507.69	1,168.91	329.58	2,596.32
Vehicles	7.76	2.19	-	9.95	3.85	1.28	-	4.82	3.91
Intangible									
Software	135.61	13.86	16.41	133.06	87.89	15.06	3.22	33.33	47.72
Knowledge-based content	846.26	207.37	140.71	912.92	266.74	207.12	15.20	454.26	579.52
Total	5,219.13	1,533.02	4,742.74	2,009.41	1,264.93	907.39	1,415.84	1,252.93	3,954.20
Previous year	2,645.27	2,586.03	12.17	5,219.13	531.75	752.17	18.99	3,954.20	2,113.52
Capital work in progress [includes capital advances of Rs. Nil (Previous Year Rs. 81.90 million)]									
Grand Total								1,328.04	4,199.16

* It does not include any internally generated intangible assets.

STANDALONE FINANCIALS

What Learning Can Be

(Rupees in million)

	As at 31st March, 2010	As at 31st March, 2009
Schedule 6 : Investments (refer note 1(viii) & 2(xxvii), schedule 18)		
A) Long Term, Unquoted , Trade , at Cost		
a) Investment in Subsidiaries		
85,899 equity shares (previous year 85,899) of Rs. 10 each, fully paid up, in Wheatstone Productions Private Limited.	3.35	3.35
Less: Provision for diminution in the value of investment	(3.35)	(3.35)
13,66,092 equity shares (previous year 9,98,132) of USD 1 each , fully paid up, in Edumatics Corporation, USA.	62.09	43.35
53,550 equity shares(previous year 53,550) of Rs 10 each,fully paid up, in Educomp Learning Pvt. Ltd	1.96	1.96
1,93,34,831 equity shares (previous year 747,714) of Rs 10 each,fully paid up, in Educomp Infrastructure & School Mangement Ltd	5,397.49	499.99
34,000 equity shares (previous year 34,000) of Rs 10 each, fully paid up, in Educomp School Management Ltd	50.00	50.00
71,488 equity shares (previous year 50,000) of Rs 10 each, fully paid up, in Educomp Learning Hour Pvt. Ltd	105.01	25.00
22,20,999 equity shares (previous year 10,58,094) of Rs 10 each, fully paid up, in Authorgen Technologies Ltd	93.52	27.06
1,75,15,523 equity shares (previous year 1,60,51,470) of S\$ 1 each, fully paid up, in Educomp Asia pacific Pte Ltd	609.36	558.21
50,000 equity shares (previous year 50,000) of Rs 10 each, fully paid up, in Educomp Software limited	0.50	0.50
8,86,101 equity shares (previous year 5,00,000) of Rs 10 each, fully paid up, in Educomp Professional Education Limited	588.29	325.32
Nil equity shares (previous year 2,26,545) of Rs 10 each, fully paid up, in A Plus Education Solutions Pvt. Ltd	-	57.50
23,89,474 equity shares (previous year 16,13,158) of C\$ 1 each, fully paid up, in Savicca Inc	101.47	66.27
1,34,53,600 equity shares (previous year 1,34,53,600) of Rs 10 each, fully paid up, Eurokids International Ltd	390.00	390.00
Nil 4% cumulative preference shares (previous year 18,00,000) of Rs. 10 each, fully paid in Authorgen Technologies Ltd	-	18.00
94,80,239 equity shares(previous year NIL) of Rs. 10 each, fully paid in Educomp Child care Private Limited	94.80	-
11,79,863 equity shares (previous year NIL) of SGD 1 each, fully paid in Educomp Intelprop Ventures Pte Ltd.	39.30	-
50,000 equity shares (previous year NIL) of Rs. 10 each, fully paid in Educomp Online Supplemental Service Ltd	0.50	-
	7,534.29	2,063.16
b) Investment in Associates		
19,40,083 equity shares (previous year NIL) of Rs. 10 each, fully paid in Greycells 18 Media Pvt Ltd	118.21	-
c) Investment in other companies		
3,98,000 equity shares (previous year 3,98,000) of Rs 10 each, fully paid up, in Eduloans Corporation Private Ltd	3.98	3.98
2,000,000 8% Cumulative Redeemable Non-convertible Preference shares (previous year Nil) of Rs 100 each, fully paid up, in Edu Smart services Pvt. Ltd.	200.00	-
	203.98	3.98
B) Other Investment		
SBI- Magnum Sector Fund Umbrella Contra-Dividend 399680.25 units (previous year Nil) of Rs. 10 each	10.00	-
(NAV Rs. 10.22 million as on 31st March, 2010)	7,866.48	2,067.14

(Rupees in million)

	As at 31st March, 2010	As at 31st March, 2009
Schedule 7 : Current assets, loans and advances		
Inventories		
(refer note 1(vii), schedule 18)		
Finished goods - trading		
Education products	0.60	10.12
Technology equipment	290.60	278.26
	291.20	288.38
Sundry debtors		
a) Debts outstanding for a period exceeding six months		
Unsecured, Considered good	1,147.25	917.76
Unsecured, Considered doubtful	17.75	14.37
	1,165.00	932.13
b) Other debts		
Unsecured, Considered good	3,870.78	1,743.87
Unsecured, considered doubtful		-
	3,870.78	1,743.87
Less : Provision for doubtful debts	17.75	14.37
	5,018.03	2,661.63
Note:		
Due from companies under the same management		
Lakshya Digital Private Limited	-	3.24
Educomp School Management Limited	0.15	0.03
AsknLearn Pte Ltd. Singapore	-	76.36
Educomp Software Limited	0.22	0.13
Savvica Inc., Canada	4.72	-
Educomp Learning Pvt.Ltd.	0.79	-
Educomp Infrastructure & School Management Ltd.	0.93	-
Cash and bank balances		
(refer note 1(ix), schedule 18)		
Cash in hand	1.72	0.86
Cheques in hand	59.85	247.23
Bank Balance		
- with scheduled banks		
- in current account	2,773.03	408.49
- in Cash Credit Account	171.62	-
- in fixed deposits*	3,192.86	71.68
- with Foreign Banks		
- in current account		
- Sampath Bank, Colombo, Sri Lanka	-	0.18
[(maximum amount outstanding during the year Rs. 0.78 million (Previous year Rs. 5.85 million)]		
	6,199.08	728.44
Loans and advances		
(Unsecured, considered good unless otherwise stated)		
Loans and advances to subsidiaries		
- Unsecured, Considered good	13.16	932.86
Loans recoverable in cash		
- Unsecured, Considered good	20.79	-
Advances recoverable in cash or in kind or for value to be received		
- Unsecured, Considered good	456.99	321.08
- Unsecured, Considered doubtful	-	-
	456.99	321.08
Less: provision for doubtful advances	-	-
	490.94	1,253.94

What Learning Can Be

(Rupees in million)

	As at 31st March, 2010	As at 31st March, 2009
Notes:		
Loans and Advances to subsidiaries		
Share Application Money		
Educomp Infrastructure & School Management Ltd.	-	750.00
Educomp Asia Pacific Pte. Limited, Singapore	-	12.74
Educomp Professional Education Limited	-	60.00
Edumatics Corporation Inc., USA	-	18.74
Educomp Learning Hour Pvt. Ltd	-	51.50
Authorgen Technologies Ltd.	-	7.00
Educomp Software Limited	1.70	-
Educomp Childcare Pvt. Ltd.	12.72	-
Other Loans and Advances		
Educomp Asia Pacific Pte. Limited, Singapore	-	12.72
Educomp Professional Education Limited	-	13.63
Educomp Software Limited	-	1.74
Educomp School Management Limited	-	1.61
Savvica Inc, Canada	-	3.18
Educomp Online Supplemental Service Limited	0.44	-
Loans and Advances to companies under same management		
Eduloans Corporation Pvt. Ltd	-	15.70
Other current assets		
Income accrued but not due	44.32	22.48
Interest accrued but not due	133.51	6.04
	177.83	28.52

(Rupees in million)

	As at 31st March, 2010	As at 31st March, 2009
Schedule 8 : Current liabilities and provisions		
Current liabilities		
(refer note 2(xx) II, schedule 18)		
Acceptances		
- Due to MSME	-	-
-Others.	296.69	436.36
Sundry creditors		
- Due to MSME	-	-
-Others.	699.19	266.17
Employee payables	42.10	83.90
Other liabilities	255.86	151.63
Advance from customers	359.00	364.97
Interest accrued but not due on secured loans	2.24	25.91
Interest accrued but not due on unsecured loans	-	2.29
Unpaid dividend on Equity shares*	0.59	0.09
	1,655.67	1,331.32
* It does not include any amounts due and outstanding to be credited to Investor Education & Protection Fund		
Notes:		
Due to Subsidiaries		
Educomp Learning Private Limited	4.49	18.23
Authorgen Technologies Ltd	0.63	-
Provisions		
(refer note 1(x), 2(xii), (xiv), schedule 18)		
Staff retirement benefits	29.59	18.01
Current income tax	1,323.21	161.45
[net of advance income tax/TDS Rs. 596.96 million (previous year Rs. 228.24 million)]		
Fringe benefit tax	-	13.95
[net of advance tax Rs. Nil (previous year Rs. 48.50 million)]		
Proposed dividend	167.03	43.28
Tax on proposed dividend	27.74	7.36
	1,547.57	244.05
	3,203.24	1,575.37

(Rupees in million)

	As at 31st March, 2010	As at 31st March, 2009
Schedule 9 : Miscellaneous Expenditure [to the extent not written off or adjusted] (refer note 1(xi), schedule 18)		
Others		
Opening balance	-	0.39
Less: amortised during the year	-	0.39
	-	-

(Rupees in million)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Schedule 10 : Sales & Services income (refer note 1(ii) & 2(xxi), schedule 18)		
Sale of education products and technology equipment - trading	2,153.38	1,268.23
Education and other services	6,168.83	3,743.47
	8,322.21	5,011.70

(Rupees in million)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Schedule 11 : Other income		
Interest income		
- Banks [Tax deducted at source Rs 4.49 million (previous year Rs. 0.48 million)]	154.31	61.10
- Others [Tax deducted at source Rs 0.30 million (previous year Rs. 1.31 million)]	4.73	5.98
Lease & Hire income	6.11	6.57
Profit on sale of business	181.43	-
Profit on sale of assets	2.44	-
Foreign exchange gain (net)	-	84.27
Dividend Received	2.70	-
Credit balances written back	6.86	-
Excess Provision Written back	11.85	-
Miscellaneous income	34.48	5.68
	404.91	163.60

(Rupees in million)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Schedule 12 : Cost of goods sold (refer note 2(xxi), schedule 18)		
Opening stock	288.38	14.10
Add: Purchases	1,484.10	1,307.70
Less: Closing stock	291.21	288.38
	1,481.27	1,033.42

(Rupees in million)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Schedule 13 : Personnel expenses (refer note 1(x), schedule 18)		
Salaries, allowances and bonus	857.02	482.31
Contribution to provident and other funds	48.26	26.14
ESOP amortisation cost	90.31	99.83
Staff welfare	3.66	3.03
	999.25	611.31

What Learning Can Be

(Rupees in million)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Schedule 14 : Administration and other expenses		
(refer note 1(ix), 2(xiii), schedule 18)		
Lease Rent	197.67	113.97
Rates and taxes	110.53	5.16
Traveling and conveyance	116.05	98.19
Recruitment and training	7.00	7.33
Legal and professional	128.11	102.06
Communication	48.50	29.80
Licence fee and Royalty	146.36	3.51
Printing and stationery	56.61	43.76
Repair and maintenance		
- Building	1.64	0.86
- Others	115.54	67.57
Water and electricity	15.97	6.83
Insurance	1.73	2.17
Advertisement, publicity and business promotion	144.61	85.46
Freight and forwarding	28.91	19.33
Bank charges	8.18	4.23
Bad debts and advances written off	1.31	2.31
Provision for doubtful debts/advances	3.38	13.69
Foreign exchange loss (net)	72.91	-
Miscellaneous expenses	17.40	15.77
	1,222.41	622.00

(Rupees in million)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Schedule 15 : Finance charges		
(refer 2(x), schedule 18)		
Interest -		
- Term loans	204.26	90.62
- others	127.14	31.16
Processing fees	39.19	15.61
	370.59	137.39

(Rupees in million)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Schedule 16 : Prior period items		
Sales & Service income	10.69	1.38
Other income	(0.22)	-
Repair & maintenance-others	(0.35)	9.74
Advertisement, publicity and business promotion	1.27	1.00
Interest-bank	(0.04)	0.01
Legal & professional	2.88	0.17
Travelling Expenses	0.49	0.14
Bank Charges	(0.24)	-
Freight	0.51	-
Communication	0.66	-
Misc expenses	0.41	-
Rates and taxes	11.88	1.44
	27.94	13.88

(Rupees in million)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Schedule 17 : Earning per share (EPS) (refer note 1(xv), schedule 18)		
Calculation of Profit for Basic EPS		
Net profit attributable to equity shareholders		
Net profit after tax and prior period items	2,218.66	1,315.88
Net profit available for calculation of basic EPS (A)	2,218.66	1,315.88
Calculation of Profit for Diluted EPS		
Net profit available for calculation of basic EPS	2,218.66	1,315.88
Add: Exchange loss on FCCB (Net of Tax)	48.69	
Net profit available for calculation of diluted EPS (B)	2,267.35	1,315.88
No. of Weighted average equity shares		
Basic (C)		
Effect of dilutive equity shares equivalent	92,490,895	86,402,645
-Foreign Currency Convertible Bonds	5,419,473	-
-ESOP	2,769,950	2,126,555
Diluted (D)	100,680,318	88,529,200
Nominal value of equity share [Rs.]	2	2
EARNING PER SHARE [Rs.]		
Basic (A/C)	23.99	15.23
Diluted (B/D)	22.52	14.86

18. Significant accounting policies and notes to the accounts

1. Significant accounting policies

(i) Basis for preparation of Financial Statements

The financial statements which have been prepared under the historical cost convention on the accrual basis of accounting, are in accordance with the applicable requirements of the Companies Act, 1956 (the 'Act') and comply in all material aspects with the Accounting Standards prescribed by the Central Government, in accordance with the Companies (Accounting Standards) Rules, 2006 as adopted consistently by the company, to the extent applicable.

The presentation of financial statements in conformity with GAAP requires management of the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's best knowledge of current events and actions the company may undertake in future, actual results ultimately may differ from the estimates.

(ii) Revenue recognition

The Company recognizes revenue on accrual basis in accordance with Accounting Standard 9. The Company derives its revenue from either supply or on installation of educational products and provision of educational services.

The revenue from sale of educational products/ technology equipments is recognized on transfer of property in goods which generally coincides with dispatch/ delivery to the customer.

Revenue from Edureach (ICT) under BOOT contract is recognized ratably over the period of the contract/contractual obligations. Revenue from professional development is recognized after the professional development services have been rendered to the customer. Revenue from online educational services (if charged) is recognized upon receipt of subscription fee in case non-refundable otherwise ratably over the subscription period.

Revenue from franchisee constituting one time franchisee fee (non-refundable) is recognized upon receipt of fee from the franchisee. The recurring revenue from franchisee is recognized on accrual basis. The revenue from tuition fee is recorded equally over the period of instruction.

Revenue for smart class projects is recognized under various heads, namely: BOOT Contracts / Out right sale basis contracts / Boot business "transferred under BOOT contracts"/ Exports. Revenue from smart class BOOT contracts is recognized ratably over the period of the Contract/ contractual obligations. Revenue from "Out right sale basis" contracts consisting of both hardware and knowledge Based content, wherein knowledge Based content is recognized on licensing /delivery / grant of the same for the contract period and technology Equipments on delivery/dispatch basis. Revenue from "transfer of existing BOOT Contracts" is recognized on grant of "right to use" of Knowledge based content.

However , a portion of the revenue earned on right to use/licensing of educational content/ Knowledge Based content under "Out right Sale basis" contracts and "BOOT Business" transferred under Boot Contracts is treated as unearned towards future cost of updates due to economic obligation of the company to provide the same . The unearned revenue will be recognized in subsequent period matching with the cost of future updates incurred in those period.

Revenue from overseas agreements / exports is recognized when the Educational knowledge Based content license is delivered & accepted. However in case

What Learning Can Be

where knowledge base content is licensed for a long term period, and is dependent on percent of revenue earned by the licensee, the revenue is recognized on establishment of right to receive.

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.

(iii) Expenditure

Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

License Fees for educational content

In respect of licensing contracts with fixed license fee for fixed period and a pre-defined number of sublicensing arrangements, license fee is expensed in such a manner that cumulative amount of fee expense at the end of each year is based on higher of the following two:

- (i) Number of sub –licensing arrangements for which content has been provided. This will be computed based on total license fee divided by predefined number of sub licensing arrangements.
- (ii) Number of years of license period already expired. This will be computed based on total license fee divided by fixed period of licensing contract.
- (iii) In respect of contracts where License fees is paid on the basis of period of usage, the license fees is charged in the respective periods.

In respect of contracts where license fee is paid on the basis of per year per sub licensing arrangement, the entire cost of license for each of the sub-licensing arrangement is expensed at the time the revenue from sub licensing arrangement is recognized.

(iv) Fixed assets/ Depreciation & 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 its intended use.

Fixed assets purchased for utilization and implementing the contractual obligations under the project undertaken under Edureach (ICT), Turnkey and Smart Class 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 at the written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on addition to fixed assets is provided on pro-rata basis from the date the assets are put 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.

Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase except in case of deployment as project assets (if any)

Capital work-in-progress comprises of capital assets which are not yet put to use and also include outstanding advances paid to acquire fixed assets.

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.

Intangible asset are stated at cost of acquisition less accumulated amortization. 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 including Smart class content. Licensed intangible assets are amortised over the period of license.

(v) Impairment of Assets

All assets other than inventories, financial assets including investments and deferred tax asset, are reviewed for impairment, to determine any events or changes in circumstances which might indicate that the carrying amount may not be recoverable as per the provisions of applicable Accounting standards. If such indication exists the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. 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 asset and its eventual disposal. An Impairment loss is charged to the profit & loss account in the year in which an asset is impaired.

Reversal of impairment loss is recognized immediately as income in the Profit & loss account.

(vi) Leases

Lease rentals in respect of operating lease arrangements including assets taken on operating lease are recognized as an expense in the profit and loss account on accrual basis.

Lease rentals under operating lease are recognized in the Profit and Loss on a straight –line basis/ agreed terms over the period of lease as the case may be

(vii) Inventories

Items of Inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, freight & other expenses incurred in bringing the inventories to their present location and condition. The cost is determined using the weighted average method.

(viii) Investments

Long term Investments are stated at cost, less provision for other than temporary diminution in value.

Short term investments are carried at lower of cost and quoted value/ fair value, computed category-wise.

(ix) Foreign exchange transactions

- a. Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Receivables and payables at the year end are translated at the exchange rate prevailing on the balance sheet date and differences coming there on are recognized in profit and loss account.
- b. Monetary items denominated in foreign currencies at the year-end are re-stated at year-end rates.
- c. Realized gains and losses on foreign exchange transactions during the year, other than those relating to fixed assets, are recognized in the profit and loss account.
- d. Foreign currency assets and liabilities are translated at the year-end rates and resultant gains/ losses on foreign exchange translations other than those relating to fixed assets are recognized in the profit and loss account.
- e. In translating the Financial statements of liaison offices which are treated as integral foreign operations, the monetary assets and liabilities are translated at the rate prevailing on the balance sheet date; non monetary assets and liabilities are translated at the exchange rate prevailing at the date of transaction and income and expenses items are translated at the respective monthly average rate.
- f. 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) Amendment Rules 2009 on Accounting Standard 11 as notified by the Central Government vide Notification F No. 17/33/2009/CL-V dated 31st March, 2009. 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 but not beyond March 31, 2011. Exchange differences recognized in the profit and loss account in the previous year ending 31 March, 2010 relating to said long term liabilities in foreign currency has been adjusted against opening general reserves as provided in the aforesaid notification.

(x) Employee benefits**(a) Short term employee benefits**

Short term employee benefits are recognized in the period during which the services have been rendered.

(b) Long term employee benefits**(i) Defined contribution plan**

Contributions to provident fund are deposited with the appropriate authorities and charged to the profit and loss account on accrual basis.

(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(Revised), "Employee benefits". All actuarial gains/losses are charged to the profit and loss account in the year these arise.

Gratuity- The Company provides for the Gratuity based on actuarial valuation at the end of the year as per the Projected Unit Credit method in accordance with Accounting Standard 15(Revised), "Employee benefits". All actuarial gains/losses are charged to the profit and loss account in the year these arise.

(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 profit and loss account 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) Miscellaneous expenditure

Miscellaneous expenditure is written off in the profit and loss account in the year of incurrence or commencement of business whichever is later.

(xii) Borrowing cost

Borrowing costs are determined in accordance with the provisions of AS 16. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

(xiii) 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 are 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 asset is recognized subject to principle of prudence and conservatism and carried forward only to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax asset will be realized.

(xiv) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is

What Learning Can Be

probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

(xv) 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 (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.

(xvi) 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.

2). Notes to accounts

(i) During the Financial year, the company has changed from "BOOT" to an "Out Right Sale" business in Smart_Class business segment. In the earlier scenario revenue from hardware, content & services were recognized ratably over the contract period, while via Out Right Sale, the Company sells the hardware & provides the license of educational content for the contract period on upfront basis. The change was done to make smart class self sustainable, capex light & also to ensure maximum penetration in the addressable market. In addition, Company has also signed an "Business Transfer Agreement (BTA)" and have transferred its "Boot Business" relating to existing all smart class contracts signed under "boot basis" to a third party vendor.

(ii) **Business Transfer Agreement executed for transfer of the existing smart class contracts under "BOOT Business"** The Board of Directors and Shareholders of the Company had, in terms of Section 192A and 293 (1) (a) of the Companies Act, 1956 approved the outsourcing or transfer, the Smart Class Contracts executed by the Company with various schools for implementation and conduct of the Smart Class Contracts as on date along with the implementation / operation and / or installation team etc as may be required as well as the assets and liabilities of the Smart Class Contracts under "BOOT Business" to a third party vendor, Delhi together with a license to use the Smart Class content and repository, at a value consistent with the value of Smart Class Contracts as on date, which is Rs 12.34 bn. The transfer was effective in tranches starting from 2nd quarter of financial year 2009-10 & was completed by 31st March 2010, whereby 2390 contracts under BOOT business were transferred to a third party vendor. The Board of Directors in their meeting held on 30th October, 2009 approved the above in relation to the Smart Class Contracts & shareholders have approved the above on December 23rd, 2009.

(iii) **Business Transfer Agreement executed for transfer of "Roots to Wings" business** The Board of Directors and Shareholders of the Company had in terms of Section 192A and 293 (1) (a) of the Companies Act, 1956 approved to sell and transfer, the Company's Undertaking comprising of 'Roots to Wings' (RTW Division) along with all the employees as well as assets and liabilities of the RTW Division including all licenses, permits, consents and approvals whatsoever, as a "going concern" to 'Educomp Child Care Pvt. Ltd.', Delhi, a Wholly-Owned subsidiary of the Company at Rs. 90.59 million, derived at cost basis as on September 30th, 2009. The Board of Directors in their meeting held on April 30th, 2009 approved the above in relation to the transfer of Roots to Wings business & shareholders have approved the above on 12th June, 2009

(iv) **Business Transfer Agreement executed for transfer of "Vocational" business** The Board of Directors and Shareholders of the Company had in terms of Section 192A and 293 (1) (a) of the companies Act, 1956 approved to sell and transfer, the Company's Undertaking comprising of 'Vocational Education' (VE Division) along with all the employees as well as assets and liabilities of the VE Division including all licenses, permits, consents and approvals whatsoever, as a "going concern" to 'IndiaCan Education Pvt. Ltd.', Delhi, at a valuation of Rs. 202.64 million by one of the leading Accounting firm at cost basis as on 06th March 2009 to be suitably adjusted at the actual date of transfer. The Valuation includes the Company's equity investment (56%) of Rs. 5.75 Crores in A-Plus Education Solutions Pvt Ltd which also has been transferred along with the whole business. The Board of Directors in their meeting held on April 30th, 2009 approved the above in relation to the transfer of its Vocational Business & shareholders have approved the above on 12th June, 2009.

(v) **Business Purchase Agreement executed for transfer of "StudyPlaces" business & Issuance of preferential allotment in lieu of part payment towards such acquisition** Board on 29th January, 2010 has approved through signing of the "Business Purchase Agreement" (BPA) for the acquisition of business of M/s Zaptive Internet Services Pvt Ltd., along with its registered domain name 'www.studyplaces.com', Business Information in relation thereto, its business contracts, its employees etc. for an aggregate consideration of Rs. 6,01,77,000 (Rupees Six Crore One Lac Seventy Seven Thousand Only), in line with the valuation done by an independent bank. The consideration for purchase of 'www.studyplaces.com' from M/s Zaptive Internet Services Pvt. Ltd., has been paid partly by issuing fully paid up 52,616 Equity shares of the Company of the face value of Rs. 2/- in accordance with Chapter VII of SEBI (ICDR) Regulations, 2009 on 19-03-2010, for Rs. 4,16,61,000/- (Rupees Four Crore Sixteen Lacs Sixty One Thousand Only) and partly by cash of amounting to Rs. 1,85,16,000 (Rupees One Crore Eighty Five Lacs Sixty One Thousand Only).

(vi) Pursuant to special resolution passed at Annual General Meeting of Shareholders of the company held on 26th September 2009, face value of the equity shares of the company has been sub-divided from Rs. 10/- to Rs. 2/- per share.

After sub-division, appropriate adjustments has been made to the number of Options and the Exercise price, in accordance with the provisions of the schemes read with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Appropriate adjustments had been made to the number of Foreign Currency Convertible Bonds and the conversion price, in accordance with the provisions of the Offer Circular read with applicable laws and regulations.

Consequent to the sub-division of equity shares, Authorized share capital of the company had been altered to the effect that Authorized share Capital of Rs. 25,00,00,000 (Rupees Twenty Five Crore) divided into 2,50,00,000 (Two Crore Fifty Lacs) equity shares of Rs. 10/- (Ten) each altered to the present Authorised Share Capital Rs. 25,00,00,000 (Rupees Twenty Five Crore) divided into 12,50,00,000 (Twelve Crore Fifty Lakh) equity shares of Rs. 2/- (Two) each

(vii) Contingent Liabilities

a. (Rupees in million)

Sl. No.	Particulars	As at 31 st March 2010
a.	Claims against the company not acknowledged as debt	- (2.02)
b.	Guarantees issued by banks on behalf of the company	743.27 (525.13)
c.	Corporate guarantee given to bank for secured loan to third party (related party)	- (170.00)
d.	Corporate guarantee given to bank for secured loan to third party	6640.00 (-)
e.	Corporate guarantee given to bank for secured loan to Subsidiary (related party)	7197.94 (3722.80)
f.	Premium on redemption of 'US\$ 80 million Zero Coupon Foreign Currency Convertible Bonds Due 2012'	1455.91 (1643.31)

(Previous year figures are given in parenthesis.)

Notes:

- The loan outstanding to banks against the corporate guarantee in point no. (c) above as on 31st March 2010 is Rs. Nil million (previous year 42.59 million).
 - The loan outstanding to banks against the corporate guarantee in point no. (d) above as on 31st March 2010 is Rs. 6640.00 million (previous year Rs. Nil).
 - The loan outstanding to banks against the corporate guarantee in point no. (e) above as on 31st March 2010 is Rs. 4485.65 million (previous year Rs. 3593.80 million).
 - Future outflows in respect of (a) above are determinable on settlement of claims with the party, in respect of (b) on crystallization and demand made by bank, and in respect of (f) on redemption of the bonds on the maturity date, if not converted before the maturity date as per the terms of issue of FCCB.
 - The company does not expects any cash outflows in respect of (c) , (d) & (e).
- b.** 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.

(viii) Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. 4.39 million (Previous Year Rs. Nil).

(ix) Qualified Institutional Placement :

On 13th July , 2009 , the company had successfully raised 6066.90 million placed through Qualified Institutional Placement (QIP) ,in accordance with chapter XIII –A of the SEBI Guidelines , the issuance of 16,20,000 equity shares of Rs 10 each at a price of Rs 3,745 per equity share ("Issue Price") including a premium of Rs 3,735 per equity share, for making investment in its K-12 School Business ,making investments in and promoting its higher Education Initiatives , making Investment in its Vocational Education business , Pre-School Business, Smart class business & for other general corporate purpose . This was approved by a duly authorized Committee of Board of Directors (the Committee) in its meeting held on July 09, 2009. The Company had incurred an expenditure of Rs.132.87 million towards issue expenses of these shares. These expenses has been charged to Securities premium account as provided under section 78 of the Companies Act, 1956.

(x) Foreign Currency Convertible Bonds (FCCB)**US\$ 80 Million Zero Coupon Foreign Currency Convertible Bonds**

In 2007 , the company had issued at par 5-year, Zero Coupon Foreign Currency Convertible Bonds (FCCB) at an exercise price of Rs. 2949.83 per share aggregating to US \$ 80 million (Rs. 3,237.60 million as on the date of issue) for financing overseas acquisition, capital expenditure and other expenditure as per RBI regulation. Out of the US \$ 80 million Zero Coupon Foreign Currency Convertible Bonds (FCCB) aggregating to US \$ 1.5 million have been converted into equity shares leading to the capital base by 20,710 Equity Shares and all the proceeds out of US\$ 80 million bonds have been utilized as per the terms of the offering of FCCB and as on 31st March, 2010 USD 78.5 million were outstanding..

(xi) Employees Stock Option Scheme

- (a) Pursuant to shareholder resolution dated 24th August 2006, the Company introduced "Educomp Employees Stock Option Scheme 2006" which provides for the issue of 31,25,000 equity shares to employees of the company and its subsidiaries. The option vesting period was initially for five years from the date of award of option to employees at an exercise price approved by the remuneration committee. However the vesting period was increased to seven years as per the shareholders approval dated 13th September, 2007. Till date 29,93,420 Stock options have been granted under this scheme.

All the above options are planned to be settled in equity at the time of exercise and have maximum period of 7 years from the date of respective grants.

What Learning Can Be

- (b) Pursuant to shareholder resolution dated 13th September 2007, the Company introduced "Educomp Employees Stock Option Scheme 2007" which provides for the issue of 10,00,000 equity shares to employees of the company and its subsidiaries. The option vesting period was initially for seven years from the date of award of option to employees at an exercise price approved by the remuneration committee.. However the vesting period was increased to ten years as per the shareholders approval dated 11th February, 2009. Till date 8,92,675 Stock options have been granted.
- (c) Pursuant to shareholder resolution dated 25th November 2008, the Company introduced "Educomp Employees Stock Option Scheme 2008" which provides for the issue of 12,50,000 equity shares to employees of the company and its subsidiaries. The option vesting period is Ten Years from the date of award of option to employees at an exercise price approved by the remuneration committee. Till date 12,15,050 stock options have been granted.

All the above options are planned to be settled in equity at the time of exercise and have maximum period of 10 years from the date of respective grants.

- (d) Pursuant to shareholder resolution dated 18th March 2010, the Company introduced "Educomp Employees Stock Option Scheme 2010" which provides for the issue of 10,00,000 equity shares to employees of the company and its subsidiaries. The option vesting period is Ten Years from the date of award of option to employees at an exercise price approved by the remuneration committee. Till date 969,250 stock options (Nil upto 31st March, 2010) have been granted.

All the above options are planned to be settled in equity at the time of exercise and have maximum period of 10 years from the date of respective grants.

- (e) The information concerning stock options granted, exercised, forfeited and outstanding at the year end is as follows:

	As on 31 st March 2010		
	No. of stock options	Weighted average exercise price (Rs.)	Weighted average remaining contractual life (in Years)
Employee Stock Option Scheme 2006			
No. of shares under option			
Outstanding at the beginning of the year	28,67,200	42.6	4.41
Granted	3,55,000	257.04	
Exercised	3,68,550	27.88	
Forfeited during the year (Nos)	4,10,380	25.00	
Outstanding at the end of year	24,43,270	73.36	
Weighted average grant date fair value per option for options granted during the year at less than market value		N.A	
Payment received against share allotted during the year		Rs. 10.03 million	
Employee Stock Option Scheme 2007			
No. of shares under option			
Outstanding at the beginning of the year	9,30,375	476.2	5.87
Granted	1,72,500	832.55	
Exercised	62,060	259.05	
Forfeited during the year (Nos)	2,26,705	548.12	
Outstanding at the end of year	8,14,110	544.14	
Weighted average grant date fair value per option for options granted during the year at less than market value		315.89	
Payment received against share allotted during the year		Rs. 16.08 million	
Employee Stock Option Scheme 2008			
No. of shares under option			
Outstanding at the beginning of the year	Nil	-	7.14
Granted	1147390	515.62	
Exercised	-	-	
Forfeited during the year (Nos)	7,340	408.80	
Outstanding at the end of year	11,40,050	516.31	
Weighted average grant date fair value per option for options granted during the year at less than market value		N.A	
Payment received against share allotted during the year		Nil	

- (xii) Provision for Current tax includes provision for earlier years written back amounting to Rs 6.48 million (Previous year additional provision Rs. 33.52 million). Provision for Fringe benefit tax includes provision for earlier years amounting to Rs. Nil (Previous year Rs. 0.13 million).

- (xiii) Foreign exchange fluctuation amounting has been shown on net basis under the head other income. Break up of foreign exchange loss and gain are given below:

(Rupees in million)

Particular	Year Ended 31 st March, 2010	Year Ended 31 st March, 2009
Foreign exchange loss	91.56	99.43
Foreign exchange gain	18.66	183.70
Net Foreign Exchange Gain/(Loss)	(72.91)	84.27

(xiv) **Employee benefits**

- (a) During the year, the company has recognized the following amounts in the Profit and loss Account
Defined contribution Plan

(Rupees in million)

Particular	Year Ended 31 st March, 2010	Year Ended 31 st March, 2009
Employer's Contribution to provident fund	28.94	17.94

Defined Benefit Plan

(Rupees in million)

	Gratuity Unfunded	Leave encashment Unfunded	Gratuity Unfunded	Leave encashment Unfunded
	Year ended 31 st March 2010		Year ended 31 st March 2009	
Current service cost	6.70	4.29	4.78	3.76
Interest cost	0.99	0.45	0.50	0.03
Actuarial gain/(loss)	6.05	(0.17)	0.11	(1.83)
Total	13.74	4.57	5.39	1.96

- (b) Reconciliation of opening and closing balance of benefit obligation.

(Rupees in million)

	Gratuity Unfunded	Leave encashment Unfunded	Gratuity Unfunded	Leave encashment Unfunded
	Year ended 31 st March 2010		Year ended 31 st March 2009	
Present value of obligation as at the beginning of the year	12.39	5.62	7.08	3.68
Interest cost	0.99	0.45	0.50	0.03
Current service cost	6.70	4.29	4.78	3.76
Benefit paid	(4.59)	(2.15)	(0.08)	(0.03)
Actuarial gain/ (loss)	6.05	(0.17)	0.11	(1.83)
Present value of obligation as at the end of the year	21.54	8.04	12.39	5.61

- (c) **Amount for current period**

(Rupees in million)

	Gratuity Unfunded	Leave encashment Unfunded	Gratuity Unfunded	Leave encashment Unfunded
	Year ended 31 st March 2010		Year ended 31 st March 2009	
Present value of obligation as at the end of the year	21.54	8.04	12.39	5.61
Surplus/(Deficit)	(21.54)	(8.04)	(12.39)	(5.61)
Experience adjustment on plan liabilities	(8.40)	(0.50)	(0.04)	1.87

- (d) **Principal actuarial assumptions at the balance sheet date:**

Particular	Year Ended 31 st March, 2010	Year Ended 31 st March, 2009
Discounting Rate	8%	7%
Expected rate of increase in salary	7%	7%

What Learning Can Be

(xv) Operating lease

- a. General description of lease terms:
- Assets are taken on lease over a period of 2 to 10 years.
 - Lease rentals are charged on the basis of agreed terms.
- b. The Company has taken on leases office space and technology equipments under non-cancelable operating lease. The lease rental expense recognized in the profit and loss account for the year in respect of such leases is Rs.197.67 million (previous year Rs. 113.97 million). The future minimum lease payments and payment profile of non-cancelable operating leases are as follows:

(Rupees in million)

Particular	As on 31 st March, 2010	As on 31 st March, 2009
Not later than 1 year	110.91	194.34
Later than 1 year but not later than 5 years	126.40	443.70
Later than 5 years	-	6.22
Total	237.31	644.26

c. Assets given on lease:

- 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.
- The company has given office space on sub lease. The future minimum Sublease payment expected to be received as on March 31, 2010 Rs. 0.80 million (previous year Rs 7.62 million).
Other Income includes income from operating lease of Rs. 4.19 million (previous year Rs. 6.04 million) under lease and hire income.

(xvi) Particulars of securities charged against secured loans taken are as follows:

Particulars	Amount Outstanding (Rs. in Million)	Security Charges
Loan from Bank/ Financial institution	2367.82	<ul style="list-style-type: none"> 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. Assignment of all project related documents, contracts, rights, interests, insurance policies and all benefits incidental to the project. First charge on the Debt Service Reserve Account (DSRA) created for the project. Personal Guarantee of the Managing Director and Whole Time Director and first charge by way of mortgage on one of the personal property (land at gurgaon) of Managing Director. Cash credit facility is secured by first ranking pari passu charge on stocks and book debts of the company.
Vehicle Loan	2.90	<ul style="list-style-type: none"> Secured by Hypothecation of Vehicles

(xvii) Deferred tax liability

As per Accounting Standard (AS-22) on "Accounting for Taxes on Income", the Deferred Tax Liability (DTL) as at 31st March 2010 comprises of the following:

(Rupees in million)

Particular	31 st March, 2010	31 st March, 2009
a) Deferred Tax Liability		
- Depreciation net of difference in composition of actual cost of assets	16.50	464.38
- Expenses allowable under section 37	9.52	-
b) Deferred Tax Assets		
- Expenses allowable on payment basis	9.83	10.15
- Provisions for doubtful debts and advances	5.90	4.88
	-	
Deferred Tax Liability (Net)	10.29	449.34

(xviii) 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 & relationships:

S. No.	Name of Related Party	Relationship
1	Wheatstone Productions Private Limited	Subsidiary
2	Edumatics Corporation Inc., USA	Companies
3	Educomp Learning Private Limited	(Direct & Indirect Holding)
4	Educomp Infrastructure & School Management Limited	
5	Educomp School Management Limited	
6	Educomp Learning Hour Pvt. Ltd	
7	Educomp Asia Pacific Pte. Ltd., Singapore	
8	Ask N Learn Pte Ltd, Singapore	
9	Singapore Learning.com Pte Ltd, Singapore	
10	Pave Education Pte Ltd, Singapore	
11	Wiz Learn Pte Ltd., Singapore	
12	Authorgen Technologies Ltd.	
13	Shikhya Solutions Inc, USA	
14	Educomp Software Limited	
15	Educomp Infrastructure Services Pvt Ltd	
16	Educomp Professional Education Ltd.	
17	Learning Internet Inc., U.S.A.	
18	Educomp APAC Services Ltd., BVI	
19	Savvica Inc.Canada	
20	Euro Kids International Ltd	
21	Eurokids India Limited	
22	Educomp Child Care Pvt Ltd	
23	Educomp Online Supplemental Service Ltd.	
24	Educomp Intelprop Ventures Pte. Ltd, Singapore	
25	Falcate Builders Pvt. Ltd.	
26	Newzone Infrastructure Pvt. Ltd.	
27	Rockstrong Infratech Pvt. Ltd.	
28	Reverie Infratech Pvt. Ltd.	
29	Herold Infra Pvt. Ltd	
30	Growzone Infrastructure Pvt. Ltd.	
31	Hidream Constructions Pvt. Ltd.	
32	Leading Edge Infratech Pvt. Ltd.	
33	Strotech Infrastructure Pvt. Ltd.	
34	Markus Infrastructure Pvt. Ltd.	
35	Orlando Builders Pvt. Ltd.	
36	Crosshome Developers Pvt. Ltd.	
37	Good Luck Structure Pvt. Ltd.	
38	Evergreen Realtech Pvt. Ltd.	
39	Zeta Buildcon Pvt. Ltd.	
40	Onega Infrastructure Pvt. Ltd.	
41	Grider Infratech Pvt. Ltd.	
42	Boston Realtech Pvt. Ltd.	
43	Euro School International Ltd.	
44	Greycells18 Media Pvt. Ltd.	Associate
45	Educomp Raffles Higher Education Ltd.	Joint Venture of direct subsidiary
46	Educomp Higher Initiatives Pte Ltd, Singapore	
47	Mr. Shantanu Prakash	Key Managerial
48	Mr. Jagdish Prakash	Personal
49	Learning Links Foundation	Others having control
50	Learning Leadership Foundation	
51	Education Quality Foundation of India	
52	Richmond Educational society	
53	Eduloans Corporations Pvt. Ltd.	
54	Indiacan Education Pvt. Ltd.	
55	Millennium Infra developers Ltd.	
56	A Plus Education Solution Pvt. Ltd*	
57	Lakshya Digital Pvt. Ltd.	

* ceased to be subsidiary w.e.f from 30th June ,2009

What Learning Can Be

ii) Transactions during the year with related parties:

I. Details of Related Party Transactions for the year ended 31st March, 2010

(Rupees in million)

Particulars	Subsidiaries	Associates	Joint Venture of Subsidiary	Key Management Personnel	Others	Total
Revenues	60.40	-	37.28	-	137.20	234.89
(note1)	(98.61)	(-)	(24.23)	(-)	(286.39)	(409.23)
Other Income	1.56	-	0.70	-	5.53	7.79
(note2)	(0.48)	(-)	(-)	(-)	(9.34)	(9.89)
Reimbursement of expenses	7.26	-	-	-	24.49	31.75
(note 3)	(15.18)	(-)	(-)	(-)	(-)	(15.18)
Loans &Advances given	13.16	-	-	-	19.00	32.16
(note 4)	(917.13)	(-)	(-)	(-)	(15.70)	(932.83)
Advances from customers	-	-	-	-	-	-
(note 5)	(-)	(-)	(323.00)	(-)	(-)	(323.00)
Purchase of Intangible Assets	38.11	-	-	-	-	38.11
(note 6)	(31.81)	(-)	(-)	(-)	(29.67)	(61.48)
Purchased of Investments	5546.53	83.45	-	34.87	-	5664.74
(note 7)	(1353.41)	(-)	(-)	(-)	(3.98)	(1357.39)
Remuneration	-	-	-	32.29	-	32.29
(note 8)	(-)	(-)	(-)	(9.00)	(-)	(9.00)
Corporate Guarantees	7197.94	-	-	-	-	7197.94
(note 9)	(3569.95)	(-)	(-)	(-)	(-)	(3569.95)
Donation paid	-	-	-	-	-	-
(note 10)	(-)	(-)	(-)	(-)	(1.45)	(1.45)
Rent paid	0.29	-	-	0.76	-	1.04
(note 11)	(0.46)	(-)	(-)	(-)	(-)	(0.46)
Sale of Business	90.59	-	-	-	215.45	306.05
(Note 12)	(-)	(-)	(-)	(-)	(-)	(-)

Material related Party transactions

- Includes Sales and services to:
 - Learning Link Foundation Rs. 116.23 million (Previous year Rs. 264.66 million).
 - Educomp Raffles Higher Education Ltd Rs. 37.28 million (Previous year Rs. 24.23).
 - Educomp Infrastructure & School Management Ltd. Rs. 29.50 million (Previous year Rs. 14.98).
 - AsknLearn Pte Ltd. Rs. 30.90 million (Previous year Rs. 76.36 million)
 - Educomp School Management Ltd Rs. NIL (Previous year Rs. 7.27 million)
- includes other income from:
 - Learning Leadership Foundation Rs. 3.42 million (Previous year Rs. 3.44 million).
 - IndiaCan Education Pvt. Ltd. Rs. 1.99 million (Previous year Rs. Nil)
 - Authrogen Technologies Ltd. Rs. 1.06 million (Previous year Rs. Nil)
 - Richmond Educational Society Rs. NIL (Previous year Rs. 5.80 million)
- includes reimbursement of expenses:
 - Educomp School Management Ltd. Rs. Nil (Previous year Rs. 3.26 million).
 - Educomp Infrastructure & School Management Ltd. Rs. Nil (Previous year Rs. 3.15 million).
 - Educomp Professional Education Ltd. Rs. Nil (Previous year Rs. 5.59 million).
 - Savvica Inc. Canada Rs. 7.26 million (Previous year Rs. 3.18 million)
 - IndiaCan Education Pvt. Ltd. Rs. 23.27 million (Previous year Rs. Nil)
- loans and advances (includes share application money) given relates to:
 - Indiacan Education Pvt. Ltd. Rs. 19.00 million (Previous year Rs. Nil)
 - Educomp Child Care Pvt. Ltd. Rs. 12.72 million (Previous year Rs. Nil)
 - Educomp Infrastructure & School Management Ltd. Rs. NIL (Previous year Rs. 750.00 million).
- Advances from customer:
 - Educomp Raffles Higher Education Ltd Rs Nil (Previous year Rs. 323.00).
- Includes purchase of Intangible Assets from:
 - Educomp Learning Pvt. Ltd Rs. 32.14 million (Previous year Rs. 30.01 million).
 - Lakshya Digital Pvt. Ltd Rs. NIL (Previous year Rs. 29.67 million)
 - Authrogen Technologies Ltd. Rs. 3.32 million (Previous year Nil)

7. Represents investment made in:
- Educomp Infrastructure & School Management Ltd. Rs. 4897.50 million (Previous year Rs. Nil).
 - Educomp Asia Pacific Pte. Ltd. Rs. 51.15 million (Previous year Rs. 517.72 million).
 - Educomp Professional Education Ltd. Rs. 262.97 million (Previous year Rs. 324.82 million).
 - Eurokids International Ltd. Rs. Nil (Previous year Rs. 390.00 million).
8. Includes transaction for the year mainly with:
- Mr. Shantanu Prakash Rs. 31.10 million (Previous year Rs. 8.40 million).
 - Mr. Jagdish Prakash Rs. 1.19 million (Previous year Rs. 0.60 million).
9. Represents corporate Guarantee given to:
- Educomp Asia Pacific Pte. Limited Rs. 947.94 (previous year Rs. 1069.95 million). However, the loan outstanding against the guarantee of Rs. 947.94 million is Rs. 885.65 million (Previous Year Rs. 999.64 million).
 - Educomp Infrastructure & School Management Ltd. Rs. 6250 million (previous year Rs. 2500.00 million). However, the loan outstanding against the guarantee of Rs. 6250.00 million is Rs. 3600.00 million (Previous Year Rs. 2500.00 million).
10. Includes Donation given to:
- Education Quality Foundation of India Rs. Nil (Previous year Rs. 1.45 million).
11. Includes Rent paid to:
- Educomp Learning Pvt. Ltd Rs. 0.29 million (Previous year Rs. 0.29 million).
 - Mr. Shantanu Prakash Rs. 0.76 million (Previous year Rs. NIL).
 - Educomp Learning Hour Pvt. Ltd. Rs. Nil (Previous year Rs. 0.17 million).
12. Includes Sales of Business:
- Educomp Child Care Pvt. Ltd Rs. 90.59 million (Previous year Rs. Nil).
 - IndiaCan Education Pvt. Ltd Rs. 215.45 million (Previous year Rs. Nil).

II. Balances with related parties:

(Rupees in million)

Particulars	Subsidiaries	Associates	Joint Venture of Subsidiary	Key Management Personnel	Others	Total
Investment	7537.64 (2063.16)	118.21 (-)	- (-)	- (-)	3.98 (3.98)	7659.33 (2067.14)
Debtors & loans & Advances	21.67 (1009.38)	- (-)	- (-)	- (-)	59.40 (18.94)	81.07 (1028.32)
Creditors, Loans & Advances	5.12 (18.23)	- (-)	266.37 (298.77)	- (-)	- (-)	271.49 (317.00)

(xix) Segment Reporting

The Company has expanded in recent years beyond the core business to provide educational services for pre-schools, higher education, skill-based vocational and supplemental business space in India, a large part of the business is outside of the standalone entity. Hence, the Company has re-grouped its business segments to better reflect the contribution of its various businesses into four segments including 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, Supplementary & Global business.

In accordance with the provision of AS 17, the company has 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.

What Learning Can Be

A. Primary Segment Information:- Business Segments

(Rupees in million)

Particulars	HLS (Higher Learning Solution)	SLS (School Learning Solution)	K - 12 (Schools)	Online & Retail	Total
Segment Assets	69.74 (113.81)	6637.37 (6789.05)	20.00 (43.17)	86.48 (51.97)	6813.59 (6998.00)
Unallocated Corporate Assets					14554.59 (4493.79)
Total Assets					21368.18 (11491.79)
Segment Liabilities	271.59 (9.44)	1245.01 (980.77)	- (20.41)	3.20 (8.07)	1519.80 (1018.69)
Unallocated Corporate Liabilities					7607.94 (6233.13)
Total Liabilities					9127.74 (7251.82)
Capital Expenditure	2.10 (24.62)	1284.88 (2237.65)	0.23 (3.47)	55.71 (-)	1342.92 (2265.74)
Unallocated Corporate Expenditure					20.25 (364.49)
Total Capital Expenditure					1363.17 (2630.23)
Depreciation & Amortization	1.84 (1.73)	690.23 (579.52)	0.52 (0.93)	1.00 (0.11)	693.59 (582.29)
Unallocated Corporate Depreciation					213.80 (169.88)
Total Depreciation & Amortization					907.39 (752.17)
Non cash expenditure Other than Depreciation	5.30 (5.34)	17.58 (26.73)	- (-)	1.35 (6.54)	24.23 (38.61)
Unallocated Expenditure					95.08 (93.89)
Total Non cash expenditure Other than Depreciation					119.31 (132.50)
Revenue	199.75 (307.85)	8,029.35 (4309.38)	87.21 (126.09)	5.90 (268.38)	8322.21 (5011.70)
Expenses	143.82 (202.46)	3511.61 (2185.26)	81.01 (134.58)	10.92 (63.13)	3747.36 (2585.43)
Segment Results	55.93 (105.39)	4517.74 (2124.12)	6.20 8.49	(5.02) (205.25)	4574.85 (2426.27)
Un-allocable Expenditure					862.96 (433.86)
Finance cost					370.59 (137.39)
Operating profit					3341.30 (1855.02)
Other Income					404.91 (163.60)
Profit Before Tax					3746.21 (2018.62)
Less: Tax Expense					
-Current					1938.85 (440.68)
-Deferred Tax					(439.04) (236.65)
-Fringe Benefit Tax					- (11.53)
Profit After Tax					2246.60 (1329.76)
Prior period Items					27.94 (13.88)
Profit After Tax and Prior period items					2218.66 (1315.88)

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

* due to re- structuring the previous year figures are grouped / re-grouped for comparative reasons.

B. Secondary Segment Information –Geographical

(Rupees in million)

	Revenue	Segment Assets	Capital Expenditure
India	8286.06	21330.00	1363.17
	(4732.39)	(11324.46)	(2630.23)
Outside India	36.15	38.18	-
	(279.31)	(167.33)	(-)
	8322.21	21368.18	1363.17
	(5011.70)	(11491.79)	(2630.23)

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

(xx) The Company had no amounts payable to Micro, Small and Medium Enterprise Suppliers as defined under Section 7 of the Micro, Small and Medium Enterprises Development Act, 2006. The identification of Micro, Small and Medium Enterprise Suppliers is based on management's knowledge of their status.

(xxi) Particulars of purchases, sales and closing stock of trading goods (Rupees in million)

ITEMS	Opening stock		Purchases		Sales		Closing stock	
	Qty(Nos.)	Value(Rs.)	Qty(Nos.)	Value(Rs.)	Qty(Nos.)	Value(Rs.)	Qty(Nos.)	Value(Rs.)
Educational products								
Educational Aids	614663	10.12	1965093	19.42	2572085	31.84	7671	0.60
	(64591)	(4.31)	(2670763)	(43.76)	(2120691)	(194.08)	(614663)	(10.12)
Furniture								
Furniture	36367	26.39	7842	3.54	39,467	31.18	4742	0.93
	(-)	(-)	(116344)	(80.26)	(79977)	(60.42)	(36367)	(26.39)
Technology equipment								
Computers & related accessories, Networking Components, software and content etc	53197	251.87	1756942	1461.14	1445574	2090.36	364565	289.67
	(14002)	(9.79)	(303061)	(1183.68)	(263866)	(1013.73)	(53197)	(251.87)
Total		288.38		1484.10		2153.38		291.20
		(14.10)		(1307.70)		(1268.23)		(288.38)

Note: Previous year figures are given in parenthesis.

(xxii) Payments to auditors

(Included in legal and professional expenses)

(Rupees in million)

Particulars	As at 31st March, 2010	As at 31st March, 2009
Statutory auditor		
Statutory audit*	5.52	1.65
Limited Review Fee	2.20	-
Certification fee /Advisory Services	3.05	2.10
Out of pocket expenses	0.05	0.05
Total	10.82	3.80

(xxiii) Managerial remuneration

(Rupees in million)

Particulars	As at 31st March, 2010	As at 31st March, 2009
Executive directors		
Salaries and allowances	11.97	8.36
Perquisites	0.32	0.64
Gratuity	4.26	0.15
Leave encashment	0.46	0.13
Commission on profits	20.00	-
Total	37.01	9.28
Non-Executive directors		
Commission on profits	9.00	-
Total	9.00	-

What Learning Can Be

Computation of Net Profit in accordance with Section 309 (5) of the Companies Act, 1956

(Rupees in million)

	Year ended 31st March, 2010	Year ended 31st March, 2009
Profit before taxes and exceptional items	3,746.21	2018.62
Add :		
(a) Managerial Remuneration	46.01	9.28
(b) Provision for bad and doubtful debts and advances	3.38	13.69
Less:		
(a) Profit on sale of mutual funds and other current investments (net)	2.70	-
(b) Profit on sale of long-term investments		
(c) Capital profits on sale of fixed assets	2.44	-
Net profit as per Section 309 (5) of the Companies Act, 1956	3790.46	2041.59
Commission:		
(a) Whole-time Directors	20.00	-
(b) Non Whole-time Directors	9.00	-

(xxiv) C.I.F. value of imports

(Rupees in million)

Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
Capital goods	71.96	61.08
Trading goods	103.62	10.46
Total	175.58	71.54

(xxv) Expenditure in foreign currency

(On actual payment basis)

(Rupees in million)

Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
Traveling and conveyance	6.16	7.03
License fee	1.70	1.71
Overseas business expense	5.95	4.06
Legal & professional expenses	17.27	10.71
Bank charges & commission	-	0.36
Total	31.08	23.87

(xxvi) Earnings in foreign currency (on accrual basis)

(Rupees in million)

Particulars	Year ended 31st March, 2010	Year ended 31st March, 2009
Revenue from content licensing	30.90	279.31
Revenue from services	3.20	-
Interest	1.66	71.92
Sponsorship	2.05	-
Total	37.81	351.23

(xxvii) Current investment bought and sold during the year.

(Rupees in million)

Name	Purchase		Sale	
	No. of Units	Amount	No. of Units	Amount
ICICI Pru MF Flexi Income Plan	2.837	300.00	1.8915	200.00
ICICI Pru MF Flexi Income Plan			0.9534	100.81
LICMF Liquid Fund	30.00	300.00	30.0295	300.30

(xxvi) The company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of non-resident shareholders. The particulars of dividend declared and paid to non-resident shareholders for the year 2009-10 are as under:

(Rupees in million)

	No. of non resident shareholders	No. of equity shares held	Gross amount of dividend	
			Year ended 31st March 2010	Year ended 31st March 2009
Interim Dividend 2009-10	1019	3,69,75,946	36.98	-
Final Dividend 2008-09	427	81,77,928	20.44	-
Final Dividend 2007-08	361	57,23,406	-	14.31

(xxvi) The previous year figures have been regrouped, rearranged and reclassified wherever necessary to conform to current year classification.

For and on behalf of the Board

Shantanu Prakash
Chairman & Managing Director

Jagdish Prakash
Whole Time Director

Dr. Shayama Chona
Director

Shonu Chandra
Director

Sankalp Srivastava
Director

Mohit Maheshwari
Company secretary

Place: Gurgaon

Date: 17th August, 2010

What Learning Can Be

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

0

6

1

3

5

3

State Code

5

5

Balance Sheet Date

3

1

0

3

1

0

DD

MM

Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

N

I

L

Right Issue

N

I

L

Bonus Issue

N

I

L

Private Placement

1

6

3

0

5

FCCB Conversion

N

I

L

ESOP Allotment

1

2

5

8

III. Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

2

1

3

6

8

2

0

Total Assets

2

1

3

6

8

2

0

0

Sources of Funds

Paid-up Capital

1

9

0

0

2

9

Reserves & Surplus

1

1

9

0

3

1

3

8

ESOP Outstanding Account

1

4

7

2

8

9

Secured Loans

2

3

7

0

7

2

1

Unsecured Loans

3

5

4

3

4

9

0

Deferred tax liability

1

0

2

9

2

Application of Funds

Net Fixed Assets

1

3

2

8

0

5

2

Investments

7

8

6

6

4

8

5

Net Current Assets

8

9

7

3

8

4

4

Misc. Expenditure

N

I

L

Accumulated Losses

N

I

L

IV. Performance of Company (Amount in Rs. Thousands)

Turnover*

8

7

2

7

1

1

5

Total Expenditure

4

9

8

0

9

1

2

*includes other income

Profit before tax

3

7

4

6

2

0

3

Profit after tax

2

2

1

8

6

5

5

Earning per share (Rs.)

2

3

.

9

9

Dividend rate %

1

3

7

.

5

V. Generic Names of Three Principle Products/Services of Company (as per monetary terms)

Item Code. No.
(ITC Code)

Not Applicable

Product Description

EDUCATIONAL SERVICES AND TECHNOLOGY EQUIPMENT

AUDITORS' REPORT

To The Board of Directors

Educomp Solutions Limited on the Consolidated Financial Statements

1. We have audited the attached Consolidated Balance Sheet of **Educomp Solutions Limited** ("the Company"), its Subsidiaries (including their Joint Ventures) and associate (collectively referred to as "the group") as at 31st March, 2010 and also the consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries whose financial statements reflect total net assets of Rs. 6,123.11 Million as at 31st March, 2010, total net revenues of Rs. 1,512.44 Million and net cash outflows of Rs. 222.27 Million for the year then ended. We did not audit the financial statements of certain Joint Ventures of subsidiaries whose financial statements reflect total net assets of Rs. 194.18 Million as at 31st March, 2010, total net revenues of Rs. 55.10 Million and net cash outflows of Rs. 18.12 Million for the year then ended. We also did not audit the financial statements of an associate in whose financial statements the Group's share of loss is Rs. 0.07 Million for the year ended 31st March, 2010. 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.
4. 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 their Joint Ventures) and associate.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached 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 31st March 2010;
 - (b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the cash flows of the Group for the year ended on that date.

For **Anupam Bansal & Co.**

Chartered Accountants

Firm No: 009864N

Anupam Bansal

ProprietorM. No.: F-87699

Place: Gurgaon

Date: August 17, 2010

For **Haribhakti & Co.**

Chartered Accountants

FRN No.103523W

Raj Kumar Agarwal

PartnerM. No.:74715

What Learning Can Be

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

(Rupees in million)

	Schedule	As at 31st March, 2010	As at 31st March, 2009
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	190.03	172.86
ESOP Outstanding Account		147.29	144.56
Reserves and surplus	2	16,137.86	3,885.72
Minority interest		1,914.80	804.30
(refer note 1(ii), schedule 19)			
Loan funds			
Secured loans	3	6,927.80	4,688.89
Unsecured loans	4	3,550.47	4,206.26
Deferred tax liability (Net)		22.33	439.36
(refer note 1(xiv) & 2(xxi), schedule 19)			
Foreign Currency Monetary Items Translation Difference Account (FCMITDA)		3.42	-
(refer note 1(x), schedule 19)			
		28,894.00	14,341.95
Application of funds			
Goodwill (on Consolidation)	5	6,030.92	1,224.82
Fixed assets	6		
(refer note 1(v)(vi)(x)(xiii) & 2(ii)(iii)(ix), schedule 19)			
Gross Block		8,967.06	6,498.93
Less: Accumulated depreciation/amortisation		1,050.37	1,334.56
Net block		7,916.69	5,164.37
Capital work in progress		2,739.33	2,962.08
		10,656.02	8,126.45
Foreign Currency Monetary Items Translation Difference Account (FCMITDA)		-	346.39
(refer note 1(x), schedule 19)			
Investments	7	354.07	728.84
Current assets, loans and advances	8		
Inventories		367.79	316.12
Sundry debtors		5,529.75	2,765.10
Cash and bank balances		7,886.68	1,902.03
Loans and advances		1,810.46	1,138.23
Other current assets		220.98	31.94
		15,815.66	6,153.42
Less : Current liabilities and provisions	9		
Liabilities		2,289.98	1,995.00
Provisions		1,672.69	255.54
		3,962.67	2,250.54
Net current assets		11,852.99	3,902.88
Miscellaneous Expenditure	10	0.00	12.57
[to the extent not written off or adjusted]			
		28,894.00	14,341.95
Significant accounting policies & Notes to the accounts	19		

This is the Consolidated Balance Sheet referred to in our report of even date.

For **Anupam Bansal & Co.**
Firm Registration No:009864N
Chartered Accountants

Anupam Bansal
Proprietor
Membership No: 087699

For and On behalf of Board
Shantanu Prakash
Chairman & Managing Director

Place: Gurgaon
Date: 17th August, 2010

The above schedules form an integral part of the Consolidated Balance Sheet.

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

Raj Kumar Agarwal
Partner
Membership No: 074715

Shonu Chandra
Director

Jagdish Prakash
Whole Time Director

Sankalp Srivastava
Director

Mohit Maheshwari
Company secretary

Dr. Shayama Chona
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rupees in million)

	Schedule	Year Ended 31st March, 2010	Year Ended 31st March, 2009
INCOME			
Sales & Services income	11	10,394.90	6,370.63
Other income	12	1,255.25	227.37
		11,650.15	6,598.00
Expenditure			
Cost of goods sold	13	1,603.48	1,110.28
Personnel expenses	14	1,792.88	1,155.03
Administration and other expenses	15	2,137.88	1,042.26
Finance charges	16	538.66	288.68
Depreciation & Amortization	6	1,142.28	814.41
Preoperative expenses written off		11.99	-
Miscellaneous Expenditure written off	9	1.95	0.59
		7,229.12	4,411.25
Profit before tax		4,421.03	2,186.75
Provision for tax (refer note 1(xiv) & 2(xv), schedule 19)			
- Current tax		2,009.61	495.18
- MAT Credit Entitlement		(8.51)	(17.23)
- Deferred tax		(416.91)	277.86
- Fringe benefit tax		-	13.70
Profit after tax and before prior period items		2,836.84	1,417.24
Prior period Items	17	29.30	13.88
Profit after tax and before minority interest & pre-acquisition profits		2,807.54	1,403.36
Pre-acquisition profits/(loss)		(8.69)	(1.90)
Share of loss of associate		0.07	7.83
Minority interest		57.52	68.49
Profit after tax, minority interest & pre-acquisition profits		2,758.64	1,328.94
Balance brought forward from earlier years		2,084.64	1,031.80
Amount available for appropriations		4,843.28	2,360.74
Appropriations			
Proposed dividend		182.98	46.03
Interim Dividend		103.24	7.36
Tax on proposed dividend		30.45	7.36
Tax on interim dividend		16.13	-
Debenture Redemption Reserve		-	83.76
General Reserve		239.48	131.59
Balance carried to balance sheet		4,271.00	2,084.64
Earning per share (Rs.)	18		
Basic		29.83	15.38
Diluted		27.88	15.01
Significant accounting policies and notes to the accounts	19		

This is the Consolidated Profit & Loss Account referred to in our report of even date.

The above schedules form an integral part of the Consolidated Profit & Loss Account.

For **Anupam Bansal & Co.**
 Firm Registration No:009864N
 Chartered Accountants

Anupam Bansal
 Proprietor
 Membership No: 087699

For and On behalf of Board
Shantanu Prakash
 Chairman & Managing Director

Place: Gurgaon
Date: 17th August, 2010

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

Raj Kumar Agarwal
 Partner
 Membership No: 074715

Shonu Chandra
 Director

Jagdish Prakash
 Whole Time Director

Sankalp Srivastava
 Director

Mohit Maheshwari
 Company secretary

Dr. Shayama Chona
 Director

What Learning Can Be

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rupees in million)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash flows from operating activities		
Net profit before taxation and after prior period items as per Profit and Loss Account	4,391.94	2,107.80
Adjusted for:		
Net prior period adjustments	29.30	12.44
Provision for doubtful debts/ advances	7.73	-
Misc Expenses written off	13.95	0.59
Provision for Gratuity and leave encashment	2.23	-
Excess Provision written back	(18.91)	-
Depreciation & Amortization	1,142.27	814.41
ESOP Cost	90.31	99.84
Unrealised Foreign exchange effects	70.60	81.93
Dividend income	(72.67)	(1.29)
Interest / other income	(234.29)	(126.72)
Interest expense	411.01	288.68
Loss / (Profit) on Sale of Fixed Assets/ Investments/business	(789.56)	0.44
Operating profit before working capital changes	5,043.90	3,278.12
Adjusted for:		
Trade & other receivables	(1,680.20)	(1,602.55)
Inventory	(34.21)	(297.93)
Loans & Advances	(473.10)	(613.03)
Trade & Other Payables	277.19	1,490.84
Cash generated from operations	3,133.60	2,255.45
Net prior period adjustments	(29.30)	(12.44)
Taxes Paid	(908.90)	(328.56)
Net cash from operating activities	2,195.41	1,914.45
Cash flows from investing activities		
Purchase of fixed assets (including capital work-in-progress)	(6,854.72)	(5,785.57)
Proceeds from Sale of fixed assets	2,128.56	21.86
Investment in subsidiaries	-	(410.75)
Investment in associates/others	(318.21)	(325.32)
Purchase of Investments	(10.00)	(384.54)
Sale of Investments	1,154.86	17.43
Dividend income	72.67	1.29
Interest income	106.82	126.72
Payment of Preliminary expenses	(1.68)	(12.04)
Net cash used in investing activities	(3,721.70)	(6,750.92)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

(Rupees in million)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Cash flows from financing activities		
Proceeds from issue of Foreign Currency Convertible Bonds (FCCB)/ ESOP	6,134.91	7.93
Share capital issue expenses	(134.82)	(25.70)
Proceeds/ (Repayment) of long-term borrowings	1,854.10	4,000.03
Proceeds/ (Repayment) of short-term borrowings	(52.34)	-
Financing against stocks/book debts (working capital)	237.39	189.88
Payment of dividend (including dividend tax)	(165.89)	(57.86)
Interest on borrowings	(411.01)	(288.68)
Net cash from financing activities	7,462.33	3,825.60
Net increase/(decrease) in cash and cash equivalents	5,936.03	(1,010.89)
Opening cash and cash equivalents	1,902.03	2,911.76
Exchange difference on translation of foreign currency cash and cash equivalents	48.62	1.16
Closing cash and cash equivalents	7,886.68	1,902.03
Significant accounting policies and notes to the accounts(Refer schedule 19)		

Notes to the cash flow statement:

- Cash and cash equivalents consists of following;Cash/Cheques in hand & Balances with Banks Rs.3614.84 million (Previous year Rs 928.50 million) Fixed deposits with banks Rs. 4271.83 million (Previous Year Rs.973.53 million)
- Cash & Cash equivalent at the end of the period includes Fixed deposits with banks in the form restricted cash of Rs. 158.36 million (previous year Rs.69.17 million) available as margin money against bank guarantee and pledged against temporary over draft. which are not freely remissible to the company.

This is the Consolidated Cash Flow Statement referred to in our report of even date.

The above schedules form an integral part of the Consolidated Cash Flow Statement.

For **Anupam Bansal & Co.**
 Firm Registration No:009864N
 Chartered Accountants

Anupam Bansal
 Proprietor
 Membership No: 087699

For and On behalf of Board
Shantanu Prakash
 Chairman & Managing Director

Place: Gurgaon
Date: 17th August, 2010

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

Raj Kumar Agarwal
 Partner
 Membership No: 074715

Shonu Chandra
 Director

Jagdish Prakash
 Whole Time Director

Sankalp Srivastava
 Director

Mohit Maheshwari
 Company secretary

Dr. Shayama Chona
 Director

What Learning Can Be

SCHEDULES

(Rupees in million)		
	As at 31st March, 2010	As at 31st March, 2009
Schedule 1 : Share capital		
Authorised 12,50,00,000 equity shares of Rs. 2 each (12,50,00,000 equity shares of Rs. 2 each)	250.00	250.00
Issued, subscribed and paid up (refer note 2(xii)(xiii), schedule 19) 9,50,14,651 equity shares of Rs. 2 each, fully paid up (Previous year 8,64,31,425 equity shares of Rs. 2 each fully paid up)	190.03	172.86
	190.03	172.86

- Note:**
1. Out of above, 430,610 equity shares of Rs. 2 each were allotted under ESOP Schemes.
 2. Out of the above 81,00,000 equity shares (post split) of Rs. 2 each were allotted on 13.07.2009 through Qualified Institutional Placement.
 3. Out of the above 52,616 equity shares of Rs. 2 each were allotted on 19.03.2010 through Preferential allotment to Zaptive Internet Services Pvt. Ltd against Business Purchase agreement.

(Rupees in million)		
	As at 31st March, 2010	As at 31st March, 2009
Schedule 1A : Employee stock option outstanding (refer note 1(xi), 2(xiv) schedule 19)		
Employee stock option outstanding	495.79	581.50
Less: Deferred stock compensation expenses	348.51	436.94
	147.29	144.56

(Rupees in million)

	As at 31st March, 2010	As at 31st March, 2009
Schedule 2 : Reserves and surplus		
Securities premium account		
(refer note 2(xii)(xiii)(xviii), schedule 19)		
Opening Balance	1,518.78	1,483.44
Add: On issue of shares under QIP, ESOP Schemes/others	10,813.87	45.53
Less: transferred to goodwill on further investment	-	-
	12,332.65	1,528.97
Less: Bonus issue pertaining to Minority	35.22	3.20
Less: Issue expenses on Non convertible Debentures	-	25.70
Less: Adjustment of tax benefit taken on FCCB expenses in previous year	-	(18.71)
Less: QIP /fresh issuance of equity shares issue expenses	134.82	-
	12,162.61	1,518.78
Debenture Redemption Reserve		
Opening Balance	83.76	-
Add: Transferred from Profit and Loss Account	(83.76)	83.76
	-	83.76
General Reserve		
Opening Balance	202.72	98.45
Add: Transferred from Profit and Loss Account	239.48	131.59
	442.20	230.04
Less: Transferred to fixed assets/ FCMITD Account	-	27.32
	442.20	202.72
Profit and loss account		
Opening Balance	2,104.33	1,047.14
Less: transferred to goodwill on further investment	792.60	(4.35)
	1,311.73	1,051.49
Addition during the year (including transfer from foreign currency translation reserve)	2,186.36	1,052.85
Less: Payment of excess dividend	4.69	0.01
Add : Transferred from Debenture redemption reserve	83.76	-
Less: reserve arising due to dilution of equity in subsidiary company	(8.64)	-
	3,585.80	2,104.33
Foreign Currency translation reserve		
Opening Balance	(23.87)	-
Additions/ (Reductions) during the year	(28.88)	(23.87)
	(52.75)	(23.87)
	16,137.86	3,885.72

What Learning Can Be

(Rupees in million)

	As at 31st March, 2010	As at 31st March, 2009
Schedule 3 : Secured loans		
(Refer note 2(xix) of Schedule 19)		
From banks		
Cash credit	641.05	373.97
- Term loan	6,136.75	4,314.92
[Due within one year Rs. 833.03 million, (previous year Rs. 242.21 million)]		
From financial institution		
Term loan	150.00	-
[Due within one year Rs. 150.00 million, (previous year Nil)]		
	6,927.80	4,688.89

(Rupees in million)

	As at 31st March, 2010	As at 31st March, 2009
Schedule 4 : Unsecured Loan		
(refer note 2(xiii), schedule 19)		
From Banks	-	200.00
[Due within one year Nil, (previous year Rs. 200 million)]		
- Other than banks		
Foreign Currency Convertible Bonds		
- Zero Coupon Foreign Currency Convertible Bonds	3,543.49	3,999.58
From others	6.98	6.68
	3,550.47	4,206.26

(Rupees in million)

	As at 31st March, 2010	As at 31st March, 2009
Schedule 5 : Goodwill		
(refer note 1(ii) & 2 (vii) , schedule 19)		
Goodwill	6,034.35	1,228.25
Less: impairment of goodwill of Wheatstone Productions Private Limited	3.43	3.43
	6,030.92	1,224.82

Schedule 6 : Fixed assets

(Rupees in million)

	Gross block			Accumulated depreciation			Net block	
	As at 01.04.2009	Additions	Adjustments /Deletions	As at 31.03.2010	As at 01.04.2009	Depreciation for the year	As at 31.03.2010	As at 31.03.09
Tangible								
Land (freehold)	472.90	3,405.89	-	3,878.79	-	-	3,878.79	472.90
Land & Building	349.63	484.87	2.04	832.46	16.50	26.14	789.89	333.12
Leasehold improvements	28.67	51.26	16.35	63.58	3.69	9.64	55.27	24.99
Office equipment	181.56	643.01	452.82	371.75	19.09	83.44	315.08	162.47
Furniture and fixtures	631.39	228.18	691.23	168.34	113.38	106.63	130.84	518.01
Computers and accessories	3,399.79	555.51	3,447.09	508.21	781.67	522.15	377.03	2,618.12
Vehicles	31.27	5.73	1.51	35.49	9.12	8.36	19.43	22.15
Intangible								
Goodwill on Purchase	-	137.85	-	137.85	-	8.79	129.06	-
Software	347.24	42.19	22.86	366.57	132.30	4.30	233.73	214.93
Knowledge-based content	1,056.50	762.69	140.90	1,678.29	258.82	345.68	1,088.99	797.68
Trademark License	-	925.73	-	925.73	-	27.15	898.58	-
Previous year	6,498.94	7,242.91	4,774.79	8,967.06	1,334.57	1,142.28	7,916.69	5,164.37
Capital work in progress [includes capital advances of Rs.746.22 million (Previous Year Rs.322.94 million)]	2,889.96	3,659.46	50.48	6,498.93	548.33	814.41	5,164.37	2,341.63
Grand Total							10,656.02	8,126.44

Knowledge based content includes internally generated intangibles assets (net block) of Rs. 149.65 million and balance are acquired assets

CONSOLIDATED FINANCIALS

What Learning Can Be

(Rupees in million)

	As at 31st March, 2010	As at 31st March, 2009
Schedule 7 : Investments (refer note 1(ix), schedule 19)		
(A) Long Term, other than trade, Unquoted		
Associates		
19,40,083 equity shares (previous year NIL) of Rs 10 each, fully paid in Greycells 18 Media Pvt Ltd.	118.14	-
Others		
2,000,000 8% Cumulative Redeemable Non-convertible Preference shares (previous year Nil) of Rs 100 each, fully paid up, in Edu Smart Services Pvt. Ltd.	200.00	-
398,000 equity shares (previous year 398,000 equity shares) of Rs 10 each, fully paid up, in Eduloans Corporation Private Ltd.	3.98	3.98
Nil equity shares (previous year 500,000 equity shares) of Rs 10 each, fully paid up, in Educomp Raffles Higher Education Limited	-	325.32
	322.12	329.30
Associates		
% of Voting interest		
Cost of acquisition	118.21	
Share of post acquisition reserves and surplus	(0.07)	
Carrying cost of Investment	118.14	
(B) Current, other than trade, Quoted		
Birla Sun Life Liquid Plus		
Nil (previous year 440,731.418 units) of Rs. 10 each	-	4.50
Dsp Merrill Lynch Micro Cap Fund -G		
50,000 units(previous year 50,000 units) of Rs. 10 each	0.50	0.23
Dsp Merrill Lynch World Gold Fund		
68,459.658 units(previous year 68,459.658 units) of Rs. 10 each	0.70	0.84
Dws Global Thematic Offshore Fund		
97,323.601 units(previous year 97,323.601 units) of Rs. 10 each	0.77	0.58
Fidelity India Growth Fund - Dividend		
48,899.756 units(previous year 48,899.756 units) of Rs. 10 each	0.50	0.27
Franklin India High Growth Companies		
Nil (previous year 107,579.466 units) of Rs. 10 each	-	0.61
HDFC Cash Mgmt fund-Treasury Adv plan		
498,429.946 units(previous year 947,016.897 units) of Rs. 10 each	5.00	9.50
HDFC Mid - Cap Opportunities Fund		
Nil (previous year 10,000 units) of Rs. 10 each	-	0.06
J P Morgan India Equity Fund		
Nil (previous year 102,162.336 units) of Rs. 10 each	-	0.61
Kotak Twin Advantage Series Iii		
Nil (previous year 150,000 units) of Rs. 10 each	-	1.66
Reliance Equity Advantage Fund - Div		
Nil (previous year 48,899.76 units) of Rs. 10 each	-	0.34
Reliance Long Term Equity Fund		
100,000 units(previous year 100,000 units) of Rs. 10 each	1.00	0.71
IDFC (Standard Chartered Premier Equity Fund)-SIP		
Nil (previous year 55,862.13 units) of Rs. 10 each	-	0.72
Sundaram Bnp Paribas Equity Multiplier Fund		
47,975.30 units(previous year 47,975.30 units) of Rs. 10 each	0.48	0.28
Sundaram Bnp Paribas Global Advantage		
97,323.601 units(previous year 97,323.601 units) of Rs. 10 each	1.00	0.65
Reliance Medium Term Fund		
Nil (previous year 292,475 units) of Rs. 10 each	-	5.00
CIBC U.S.DOLLAR Money market fund		
Nil (previous year 18,220.2330 units) of \$ 10 each	-	9.59

(Rupees in million)

	As at 31st March, 2010	As at 31st March, 2009
Schedule 7 : Investments (refer note 1(ix), schedule 19)		
(C) Current, other than trade, Unquoted		
Benchmark AMC - PMS A/C - Series 8	-	2.50
HDFC AMC PMS - Real Estate Portfolio-I	3.09	1.78
India Reit Fund Scheme	2.50	2.50
25 units(previous year 25 units) of Rs.100,000 each		
Prudential ICICI AMC Ltd - PMS	2.22	3.00
Kotak Life Insurance(Advantage Plan)	3.16	3.16
(D) Other Investments		
Kotak Securities Ltd.		
(1 Unsecured Redeemable optionally convertible debenture of Rs 10,00,000 each)	1.03	1.03
SBI Magnum Contra Fund	10.00	-
399,680.25 units (previous year Nil) of Rs. 10 each		
(NAV Rs. 10.22 million as on 31st March, 2010)		
Certificate of Deposits*	-	349.42
	31.95	399.54
	354.07	728.84

* Placed with Comerica Bank, San Jose, CA.

(Rupees in million)

	As at 31st March, 2010	As at 31st March, 2009
Schedule 8 : Current assets, loans and advances		
Inventories (refer note 1(viii), schedule 19)		
Finished goods - distribution	53.98	34.69
Educational aids	290.60	281.43
Technology equipment & Furniture	344.58	316.12
Work-in-progress	23.20	-
	367.79	316.12
Sundry debtors		
(a) Debts outstanding for a period exceeding six months		
Unsecured, Considered good	1,275.94	800.76
Unsecured , Considered doubtful	18.36	18.79
	1,294.29	819.55
(b) Other debts		
Unsecured, Considered good	4,256.31	1,972.71
Unsecured, considered doubtful	12.60	-
	4,268.91	1,972.71
Less : Provision for doubtful debts	33.45	27.16
	5,529.75	2,765.10
Cash and bank balances (refer note 1(x) & 2(xii), schedule 19)		
Cash in hand	2.89	1.31
Cheques in hand	60.77	278.83
Bank Balance		
- with scheduled banks		
- in current account	3,258.24	627.86
- in cash credit account	175.26	-
- in fixed deposits*	3,432.95	309.39
- with Foreign Banks		
- in current account	117.68	20.50
- in fixed deposits	838.89	664.14
	7,886.68	1,902.03

* Including fixed deposits of Rs. 158.36 million (Previous Year Rs. 69.17 million) pledged with bank as security deposit against bank guarantees issued to various State Government / Authorities in India.

What Learning Can Be

(Rupees in million)

	As at 31st March, 2010	As at 31st March, 2009
Schedule 8 : Current assets, loans and advances		
Loans and advances (Unsecured, considered good unless otherwise stated)		
Loans recoverable	20.79	
Advances recoverable in cash or in kind or for value to be received		
- Unsecured, Considered good	1,789.67	1,138.23
- Unsecured, Considered doubtful	-	-
	1,789.67	1,138.23
Less: provision for doubtful advances	-	-
	1,810.46	1,138.23
Other current assets		
Income accrued but not due	44.32	22.48
Interest accrued but not due	176.66	9.46
	220.98	31.94

(Rupees in million)

	As at 31st March, 2010	As at 31st March, 2009
Schedule 9 : Current liabilities and provisions		
Current liabilities		
Acceptances	296.69	436.36
Sundry creditors	947.60	599.99
Employee payables	90.05	95.55
Other liabilities	391.89	194.91
Advance from customers	556.81	632.06
Interest accrued but not due on secured loans	6.35	33.75
Interest accrued but not due on unsecured loans	-	2.29
Unpaid dividend on Equity shares	0.59	0.09
	2,289.98	1,995.00
Provisions (refer note 1(xi),(xiv) & (xv) , schedule 19)		
Staff retirement benefits	42.67	24.44
Current income tax	1,320.31	162.90
[net of advance income tax/TDS Rs 841.58 million (previous year Rs.253.94 million)]		
Fringe benefit tax	0.05	14.81
[net of advance tax Rs. 3.18 million (previous year Rs.47.41 million)]		
Proposed dividend	269.32	46.03
Tax on proposed dividend	40.35	7.36
	1,672.69	255.54
	3,962.67	2,250.54

(Rupees in million)

	As at 31st March, 2010	As at 31st March, 2009
Schedule 10 : Miscellaneous Expenditure [to the extent not written off or adjusted] (refer note 1(xii), schedule 19)		
Preliminary expenses		
Opening balance	0.38	0.56
Addition during the year	1.58	0.02
Less: amortized during the year	1.95	0.20
	0.00	0.38
Others		
Opening balance	12.19	0.56
Addition during the year	0.00	12.14
Less: amortized during the year	12.19	0.51
	0.00	12.19
	0.00	12.57

(Rupees in million)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Schedule 11: Sales & Service income		
(refer note1(iii), schedule 19)		
Sale of educational aid and technology equipment - distribution	3,214.39	1,250.92
Education and other services	7,180.51	5,119.71
	10,394.90	6,370.63

(Rupees in million)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Schedule 12 : Other income		
(refer note1(x), schedule 19)		
Interest income (net of Tax deducted at source)		
- banks	211.91	90.12
- others	56.70	36.60
lease & hire charges	5.94	7.00
Provisions no longer required, written back	13.76	1.51
Profit on sale of business/ investments	906.96	-
Credit balance written back	7.49	-
Dividend Income (Non trade investment)	2.87	1.29
Foreign exchange Gain (net)	-	79.29
Miscellaneous income	49.62	11.56
	1,255.25	227.37

(Rupees in million)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Schedule 13 : Cost of goods sold		
(refer note 1(viii), schedule 19)		
Opening stock	330.07	36.00
Add: Purchases	1,641.20	1,404.35
Less: Closing stock	367.79	330.07
	1,603.48	1,110.28

(Rupees in million)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Schedule 14 : Personnel expenses		
(refer note 1(xi), 2(xiv) schedule 19)		
Salaries, allowances and bonus	1,568.62	1,000.19
Contribution to provident and other funds	100.95	47.58
ESOP amortisation cost	90.31	99.83
Staff welfare	33.00	7.43
	1,792.88	1,155.03

What Learning Can Be

(Rupees in million)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Schedule 15 : Administration and other expenses		
(refer 1(ii), schedule 19)		
Rent	283.40	165.66
Rates and taxes	123.73	6.10
Outside contract services	112.67	6.30
Traveling and conveyance	205.64	148.67
Recruitment and training	12.51	13.73
Legal and professional	321.69	227.11
Communication	73.84	47.69
Printing and stationery	78.24	47.38
Licence fee and Royalty	181.68	11.25
Repair and maintenance	-	-
- Building	2.94	1.22
- Others	145.66	87.63
Water and electricity	26.87	13.62
Insurance	8.44	5.23
Commission on sales	42.73	9.02
Advertisement, publicity and business promotion	311.23	173.82
Freight and forwarding	30.41	19.42
Bank charges	51.12	13.11
Bad debts and advances written off	4.73	2.34
Provision for doubtful debts	7.73	13.31
Foreign exchange loss (net)	33.87	-
Impairment loss	-	3.37
Software development charge	38.46	4.84
Loss on sale of fixed assets	1.82	0.44
Miscellaneous expenses	38.47	21.00
	2,137.88	1,042.26

(Rupees in million)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Schedule 16 : Finance charges		
(refer 1(xiii),2(ix), schedule 19)		
Interest on-		
- Term loans	327.04	240.93
- Debentures	37.86	-
- others	131.13	32.14
Processing fees	42.63	15.61
	538.66	288.68

(Rupees in million)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Schedule 17 : Prior period items		
Sales & Service income	10.48	1.38
Other income	(0.22)	9.74
Repair & maintenance-others	(0.35)	-
Advertisement, publicity and business promotion	1.27	-
Interest-bank	(0.04)	-
Legal & professional	2.88	1.32
Travelling Expenses	0.49	-
Bank Charges	(0.24)	-
Freight	0.51	-
Communication	0.66	-
Rates and Taxes	11.88	1.44
Misc expenses	1.98	-
	29.30	13.88

(Rupees in million)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Schedule 18 : Earning per share (EPS) (refer note 1(xvi), schedule 19)		
Calculation of Profit for Basic EPS		
Net profit attributable to equity shareholders		
Net profit after tax and prior period items	2,758.64	1,328.94
Net profit available for calculation of basic EPS (A)	2,758.64	1,328.94
Calculation of Profit for Diluted EPS		
Net profit available for calculation of basic EPS	2,758.64	1,328.94
Add: interest accrued on FCCB during the year (Net of Tax)	-	-
Add: Exchange loss on FCCB (Net of Taxes)	48.69	-
Net profit available for calculation of diluted EPS (B)	2,807.33	1,328.94
No. of Weighted average equity shares		
Basic (C)		
Effect of dilutive equity shares equivalent		
-Foreign Currency Convertible Bonds	5,419,473	-
ESOP	2,769,950	2,126,555
Diluted (D)	100,680,319	88,529,200
Nominal value of equity share [Rs.]	2	2
EARNING PER SHARE [Rs.]		
Basic (A/C)	29.83	15.38
Diluted (B/D)	27.88	15.01

19. Significant accounting policies and notes to consolidated accounts

1. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis for preparation of Financial Statements

The financial statements which have been prepared under the historical cost convention on the accrual basis of accounting, are in accordance with the applicable requirements of the Companies Act, 1956 (the 'Act') and comply in all material aspects with the Accounting Standards prescribed by the Central Government, in accordance with the Companies (Accounting Standards) Rules, 2006 as adopted consistently by the company, to the extent applicable.

The presentation of financial statements in conformity with GAAP requires management of the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's best knowledge of current events and actions the company may undertake in future, actual results ultimately may differ from the estimates.

(ii) Principles of consolidation

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the company.

The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and resulting unrealized profits or losses unless the cost cannot be recovered in full in accordance with Accounting Standard (AS) 21- "Consolidated Financial Statements".
- The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be. Goodwill is tested for impairment on annual basis. If two or more investments are made over a period of time, the equity of the subsidiary on the date of investment is determined on step by step basis.
- Minority Interest's share in the net income of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company. In case the losses applicable to consolidated minority are in excess of minority interest in the equity of the subsidiary, the excess, and any further losses applicable to the minority are adjusted against majority interest except to the extent minority has a binding obligation to, and is able to, make good losses. If the subsidiary subsequently reports profit, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.
- Minority Interest's in the net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- The consolidated financial statements include the share of profit/(loss) of associate companies, which are accounted under the "equity method" in accordance with Accounting Standard 23- "Accounting for investments in associates in consolidated financials statements. An associate is an enterprise in which the company holds directly or indirectly more than 20% of equity and which is neither a subsidiary nor a joint venture.
- 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 in the same manner as the Company's separate financial statements.

What Learning Can Be

- (g) The Group's interests in jointly controlled entities are accounted for by proportionate consolidation in accordance with Accounting Standard 27-"Financial Reporting of Interests in Joint Ventures". The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements.

(iii) Revenue recognition

The Company recognizes revenue on accrual basis in accordance with Accounting Standard 9. The Company derives its revenue from either supply or on installation of educational products and provision of educational services.

The revenue from sale of educational products/ technology equipments is recognized on transfer of property in goods which generally coincides with dispatch/ delivery to the customer.

Revenue from Edureach under BOOT contract is recognized ratably over the period of the contract/contractual obligations. Revenue from professional development is recognized after the professional development services have been rendered to the customer. Revenue from online educational services (if charged) is recognized upon receipt of subscription fee in case non-refundable otherwise ratably over the subscription period.

Revenue from franchisee constituting one time franchisee fee (non-refundable) is recognized upon receipt of fee from the franchisee. The recurring revenue from franchisee is recognized on accrual basis. The revenue from tuition fee is recorded equally over the period of instruction.

Revenue for smart class projects is recognized under various heads, namely : BOOT Contracts / Out right sale basis contracts / Boot business "transferred under BOOT contracts " / Exports . Revenue from smart class BOOT contracts is recognized ratably over the period of the Contract/ contractual obligations. Revenue from "Out right sale basis" contracts consisting of both hardware and knowledge Based content, wherein knowledge Based content is recognized on licensing /delivery / grant of the same for the contract period and technology Equipments on delivery/dispatch basis. Revenue from "transfer of existing BOOT Contracts "is recognized on grant of "right to use "of Knowledge based content.

However , a portion of the revenue earned on right to use/licensing of educational content/ Knowledge Based content under "Out right Sale basis" contracts and "BOOT Business "transferred under Boot Contracts is treated as unearned towards future cost of updates due to economic obligation of the company to provide the same . The unearned revenue will be recognized in subsequent period matching with the cost of future updates incurred in those period.

Revenue from overseas agreements / exports is recognized when the Educational knowledge Based content license is delivered & accepted. However in case where knowledge base content is licensed for a long term period, and is dependent on percent of revenue earned by the licensee, the revenue is recognized on establishment of right to receive.

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 income statement 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.

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) Expenditure

Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

In respect of licensing contracts with fixed license fee for fixed period and a pre-defined number of sublicensing arrangements, license fee is expensed in such a manner that cumulative amount of fee expense at the end of each year is based on higher of the following two:

- (i) Number of sub -licensing arrangements for which content has been provided. This will be computed based on total license fee divided by predefined number of sub licensing arrangements.
- (ii) Number of years of license period already expired. This will be computed based on total license fee divided by fixed period of licensing contract.
- (iii) In respect of contracts where License fees is paid on the basis of period of usage, the license fees is charged in the respective periods.

In respect of contracts where license fee is paid on the basis of per year per sub licensing arrangement, the entire cost of license for each of the sub-licensing arrangement is expensed at the time the revenue from sub licensing arrangement is recognized.

(v) Fixed assets/ Depreciation & 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.

Fixed assets purchased for utilization and implementing the contractual obligations under the project undertaken under ICT, Turnkey and Smart Class 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 at the written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Leasehold improvements are amortized on the straight-line basis over the primary period of lease.

Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase except in case of deployment as project assets (if any)

Capital work-in-progress comprises capital assets which are not yet put to use and also include outstanding advances paid to acquire fixed assets.

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.

Intangible asset are stated at cost of acquisition less accumulated amortization. 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 including Smart class content. Licensed intangible assets are amortised 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.

Factors that assume the estimated useful life over 10 years are:

- Management estimate of receiving royalty payments over a period of license.
- Estimated usage of trademark to be substantial.

(vi) Impairment of Assets

All assets other than inventories, financial assets including investments and deferred tax asset, are reviewed for impairment, to determine any events or changes in circumstances which might indicate that the carrying amount may not be recoverable as per the provisions of applicable Accounting standards. If such indication exists the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. 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 asset and its eventual disposal. An impairment loss is charged to the profit & loss account in the year in which an asset is impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Company's 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 Profit & loss account.

(vii) Leases

Lease rentals in respect of operating lease arrangements including assets taken on operating lease are recognized as an expense in the profit and loss account on accrual basis.

(viii) Inventories

Items of Inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, freight & other expenses incurred in bringing the inventories to their present location and condition. The cost is determined using the weighted average method.

(ix) Investments

Long term Investments are stated at cost, less provision for other than temporary diminution in value.

Short term investments are carried at lower of cost and quoted value/ fair value, computed category-wise.

(x) Foreign exchange transactions

- (a) Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Receivables and payables at the year end are translated at the exchange rate prevailing on the balance sheet date and differences coming there on are recognized in profit and loss account.
- (b) Monetary items denominated in foreign currencies at the year-end are re-stated at year-end rates.
- (c) Realized gains and losses on foreign exchange transactions during the year, other than those relating to fixed assets, are recognized in the profit and loss account.
- (d) Foreign currency assets and liabilities are translated at the year-end rates and resultant gains/ losses on foreign exchange translations other than those relating to fixed assets are recognized in the profit and loss account.
- (e) In translating the Financial statements of liaison offices which are treated as integral foreign operations, the monetary assets and liabilities are translated at the rate prevailing on the balance sheet date; non monetary assets and liabilities are translated at the exchange rate prevailing at the date of transaction and income and expenses items are translated at the respective monthly average rate. 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.
- (f) 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) Amendment Rules 2009 on Accounting Standard 11 as notified by the Central Government vide Notification F No.

What Learning Can Be

17/33/2009/CL-V dated 31st March, 2009. 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 but not beyond March 31, 2011. Exchange differences recognized in the profit and loss account in the previous year ending 31 March, 2010 relating to said long term liabilities in foreign currency has been adjusted against opening general reserves as provided in the aforesaid notification.

(xi) Employee benefits

(a) Short term employee benefits

Short term employee benefits are recognized in the period during which the services have been rendered.

(b) Long term employee benefits

(i) Defined contribution plan

Contributions to provident fund are deposited with the appropriate authorities and charged to the profit and loss account on accrual basis.

(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 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 profit and loss account in the year these arise.

Gratuity

The Company provides for the Gratuity based on 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 profit and loss account in the year these arise.

(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 profit and loss account 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.

(xii) Miscellaneous expenditure

Miscellaneous expenditure is written off in the profit and loss account in the year of incurrence or commencement of business which ever is later.

(xiii) Borrowing cost

Borrowing costs are determined in accordance with the provisions of AS 16. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

(xiv) 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 are 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 asset is recognized subject to principle of prudence and conservatism and carried forward only to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax asset will be realized.

Minimum Alternative tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement.

(xv) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

(xvi) 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.

(xvii) 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.

2. NOTES TO ACCOUNTS

(i) During the Financial year, the company has changed from "BOOT" to an "Out right sale" business in Smart_Class business segment. In the earlier scenario revenue from hardware, content & services were recognized ratably over the contract period, while via Out Right Sale, the Company sells the hardware & provides the license of educational content for the contract period on upfront basis. The change was done to make smart class self sustainable, capex light & also to ensure maximum penetration in the addressable market. In addition, Company has also signed an " Business Transfer Agreement (BTA) " and have transferred its " Boot Business" relating to existing all smart class contracts signed under " boot basis" to a third party vendor.

(ii) Business Transfer Agreement executed for transfer of the existing smart class contracts under " BOOT Business "

The Board of Directors and Shareholders of the Company had, in terms of Section 192A and 293 (1) (a) of the Companies Act , 1956 approved the outsourcing or transfer, the Smart Class Contracts executed by the Company with various schools for implementation and conduct of the Smart Class Contracts as on date along with the implementation / operation and / or installation team etc as may be required as well as the assets and liabilities of the Smart Class Contracts under " BOOT Business" to a third party vendor, Delhi together with a license to use the Smart Class content and repository, at a value consistent with the value of Smart Class Contracts as on date, which is Rs 12.34 bn. The transfer was effective in tranches starting from 2nd quarter of financial year 2009-10 & was completed by 31st March 2010, whereby 2390 contracts under BOOT business were transferred to a third party vendor. The Board of Directors in their meeting held on 30th October, 2009 approved the above in relation to the Smart Class Contracts & shareholders have approved the above on December 23rd, 2009.

(iii) Business Transfer Agreement executed for transfer of " Vocational " business

The Board of Directors and Shareholders of the Company had in terms of Section 192A and 293 (1) (a) of the companies Act , 1956 approved to sell and transfer, the Company's Undertaking comprising of 'Vocational Education' (VE Division) along with all the employees as well as assets and liabilities of the VE Division including all licenses, permits, consents and approvals whatsoever, as a "going concern" to 'IndiaCan Education Pvt. Ltd.', Delhi, at a valuation of 202.64 million by one of the leading Accounting firm at cost basis as on 06th March 2009 to be suitably adjusted at the actual date of transfer. The Valuation includes the Company's equity investment (56%) of Rs. 5.75 Crores in A-Plus Education Solutions Pvt Ltd which also has been transferred along with the whole business. The Board of Directors in their meeting held on April 30th, 2009 approved the above in relation to the transfer of its Vocational Business & shareholders have approved the above on 12th June, 2009.

(iv) Business Purchase Agreement executed for purchase of " StudyPlaces " business & Issuance of preferential allotment in lieu of part payment towards such acquisition.

Board on 29th January , 2010 has approved through signing of the "Business Purchase Agreement" (BPA) for the acquisition of business of M/s Zaptive Internet Services Pvt Ltd., along with its registered domain name 'www.studyplaces.com', Business Information in relation thereto, its business contracts, its employees etc. for an aggregate consideration of Rs. 6,01,77,000 (Rupees Six Crore One Lac Seventy Seven Thousand Only) , in line with the valuation done by an independent bank. The consideration for purchase of 'www.studyplaces.com' from M/s Zaptive Internet Services Pvt. Ltd., has been paid partly by issuing fully paid up 52,616 Equity shares of the Company of the face value of Rs. 2/- in accordance with Chapter VII of SEBI (ICDR) Regulations, 2009 on 19-03-2010, for Rs. 4,16,61,000/- (Rupees Four Crore Sixteen Lacs Sixty One Thousand Only) and partly by cash of amounting to Rs. 1,85,16,000 (Rupees One Crore Eighty Five Lacs Sixty One Thousand Only).

(v) Pursuant to special resolution passed at Annual General Meeting of Shareholders of the company held on 26th September 2009, face value of the equity shares of the company has been sub-divided from Rs. 10/- to Rs. 2/- per share.

After sub-division, appropriate adjustments has been made to the number of Options and the Exercise price, in accordance with the provisions of the schemes read with SEBI(Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

Appropriate adjustments had been made to the number of Foreign Currency Convertible Bonds and the conversion price, in accordance with the provisions of the Offer Circular read with applicable laws and regulations.

Consequent to the sub-division of equity shares, Authorized share capital of the company had been altered to the effect that Authorized share Capital of Rs. 25,00,00,000 (Rupees Twenty Five Crore) divided into 2,50,00,000 (Two crore Fifty Lacs) equity shares of Rs. 10/- (Ten) each altered to the present Authorised Share Capital Rs. 25,00,00,000 (Rupees Twenty Five Crore) divided into 12,50,00,000 (Twelve Crore Fifty Lakh) equity shares of Rs. 2/- (Two) each"

What Learning Can Be

(vi) Particulars of Subsidiaries and Associates considered in the Consolidated financial statement are:

Particulars	Country of incorporation	Proportion of ownership interest	% of voting power
Subsidiaries			
Directly Held			
Eduomatics Corporation Inc.	USA	100.00%	100.00%
Wheistone Productions Private Limited	India	51.00%	51.00%
Educomp Learning Private Limited	India	51.00%	51.00%
Educomp Infrastructure & School Management Limited	India	78.21%	78.21%
Educomp School Management Limited	India	68.00%	68.00%
Educomp Professional Education Limited	India	100.00%	100.00%
Educomp Software Limited	India	100.00%	100.00%
Educomp Asia Pacific Pte Ltd.	Singapore	100.00%	100.00%
Educomp Learning Hour Private Limited	India	76.27%	76.27%
Authorgen Technologies Ltd.	India	71.99%	71.99%
Eurokids International Limited*	India	50.00%	50.00%
Savvica Inc.	Canada	72.63%	72.63%
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	100.00%	100.00%
Indirectly Held			
Educomp Infrastructure Services Pvt. Ltd.	India	78.21%	78.21%
Educomp APAC Services Limited	British Virgin Island	78.21%	78.21%
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%
Shikhya Solutions Inc.	USA	71.99%	71.99%
Eurokids India Limited	India	50.00%	50.00%
Euro Schools International Limited	India	50.00%	50.00%
The Learning Internet Inc	USA	54.74%	54.74%
Falcate Builders Private Limited	India	78.04%	78.04%
Newzone Infrastructure Private Limited	India	77.93%	77.93%
Rockstrong Infratech Private Limited	India	77.99%	77.99%
Reverie Infratech Private Limited	India	78.04%	78.04%
Herold Infra Private Limited	India	78.05%	78.05%
Growzone Infrastructure Private Limited	India	78.03%	78.03%
Hidream Constructions Private Limited	India	78.05%	78.05%
Leading Edge Infratech Private Limited	India	77.96%	77.96%
Strotech Infrastructure Private Limited	India	78.00%	78.00%
Markus Infrastructure Private Limited	India	78.02%	78.02%
Orlando Builders Private Limited	India	78.03%	78.03%
Crosshome Developers Private Limited	India	77.95%	77.95%
Good Luck Structure Private Limited	India	77.87%	77.87%
Evergreen Realtech Pvt Ltd	India	77.91%	77.91%
Zeta Buildcon Pvt Ltd	India	78.05%	78.05%
Onega Infrastructure Pvt Ltd	India	77.98%	77.98%
Grider Infratech Pvt Ltd	India	78.03%	78.03%
Boston Realtech Pvt Ltd	India	77.93%	77.93%
Joint Ventures			
Educomp Higher Initiatives Pte Limited	Singapore	50.00%	50.00%
Educomp - Raffles Higher Education limited	India	50.00%	50.00%
Subsidiary of Joint Ventures**			
India Can Education Private Limited	India	100.00%	100.00%
A Plus Education Solutions Private Limited	India	79.12%	79.12%
Millenium Infra Developers Limited	India	100.00%	100.00%
Associates			
Greycells18 Media Pvt. limited	India	26.00%	26.00%

* Parent company has controls the composition of board of directors.

** Represents the holding of JV companies.

(vii) Goodwill on consolidation as on the balance sheet date comprises of the following:

(Rupees in million)

Particulars	Year ended 31 March 2010	Year ended 31 March 2009
Educomp Learning Private Limited	0.66	0.66
Edumatics Corporation Inc.	25.95	25.95
Wheatstone Productions Private Limited	3.43	3.43
Educomp Infrastructure & School Management Limited	4754.63	152.36
Educomp School Management Limited	9.99	9.99
Educomp Learning Hour Private Limited	85.04	5.15
Authrogen Technologies Pvt. Ltd.	73.04	12.00
Educomp Asia Pacific Pte Ltd.	727.38	727.38
A Plus Education Solutions Private Limited*	0.00	26.63
Savvica Inc	75.85	41.70
Educomp Higher Initiative Pte Ltd.	33.66	0.00
Educomp Professional Education limited	21.69	0.00
Eurokids International Limited	223.03	223.03
	6034.35	1228.28

* Disposed off during the year.

(viii) 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	% of interest as on 31.03.2010	% of interest as on 31.03.2009
Educomp-Raffles Higher Education Limited	Equity Shareholding	India	50%	50%
Educomp Higher Initiatives Pte Limited	Equity Shareholding	India	50%	100%

(ix) Borrowing Cost Capitalized during the year

As per Accounting Standard - 16 on Accounting for Borrowing Cost, the company has capitalized Rs. 361.41 million (previous year Rs.289.38 million) to various fixed assets including capital work in process in the year ended 31st March 2010.

(x) Contingent Liabilities

- (a) In respect of Joint Ventures: NIL
In respect of others;

Sl. No.	Particulars	As at 31st March 2010
(a)	Claims against the company not acknowledged as debt	90.55 (2.02)
(b)	Guarantees issued by banks on behalf of the company	743.27 (525.13)
(c)	Corporate guarantee given to bank for secured loan to third party (related party)	- (170.00)
(d)	Corporate guarantee given to bank for secured loan to third party	6650.00 (-)
(e)	Premium on redemption of 'US\$ 80 million Zero Coupon Foreign Currency Convertible Bonds Due 2012'	1455.91 (1643.31)

(Previous year figures are given in parenthesis.)

Notes:

- The loan outstanding to bank against the corporate guarantee in point no. (c) above as on 31st March 2010 is Rs. Nil (previous year 42.59 million).
- The loan outstanding to bank against the corporate guarantee in point no. (d) above as on 31st March 2010 is Rs. 6640.00 million (previous year Rs. Nil).
- Future outflows in respect of (a) above are determinable on settlement of claims with the party, in respect of (b) on crystallization and demand made by bank and in respect of (e) on redemption of the bonds on the maturity date, if not converted before the maturity date as per the terms of issue of FCCB.
- In respect of the claim lodged by learn.com in earlier years with relation to trade name, the company entered into settlement on April 27, 2010 in which both the parties agreed to dismiss all claims.

What Learning Can Be

5. The company does not expect any cash outflows in respect of (c) & (d).
- (b). 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.

(xi) Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).

In respect of Joint Ventures	Rs.16.06 million (previous year Rs. 57.31 million)
In respect of others	Rs. 301.39 million (previous year Rs. 326.42 million)

(xii) Qualified Institutional Placement:

On 13th July, 2009, the company had successfully raised 6066.90 million placed through Qualified Institutional Placement (QIP), in accordance with chapter XIII -A of the SEBI Guidelines, the issuance of 16,20,000 equity shares of Rs 10 each at a price of Rs 3,745 per equity share ("Issue Price") including a premium of Rs 3,735 per equity share, for making investment in its K-12 School Business, making investments in and promoting its higher Education Initiatives, making Investment in its Vocational Education business, Pre-School Business, Smart class business & for other general corporate purpose. This was approved by a duly authorized Committee of Board of Directors (the Committee) in its meeting held on July 09, 2009. The Company had incurred an expenditure of Rs.132.87 million towards issue expenses of these shares. These expenses have been charged to Securities premium account as provided under section 78 of the Companies Act, 1956. As on 31st March 2010 Rs. 3030 million was parked with various Fixed deposits schemes of Punjab National Bank (PNB), Bank of India, Andhra Bank, Canara Bank and HDFC Bank.

(xiii) Foreign Currency Convertible Bonds (FCCB)

US\$ 80 Million Zero Coupon Foreign Currency Convertible Bonds

In 2007, the company had issued at par 5-year, Zero Coupon Foreign Currency Convertible Bonds (FCCB) at an exercise price of Rs. 2949.83 per share aggregating to US \$ 80 million (Rs. 3,237.60 million as on the date of issue) for financing overseas acquisition, capital expenditure and other expenditure as per RBI regulation. Out of the US \$ 80 million Zero Coupon Foreign Currency Convertible Bonds (FCCB) aggregating to US \$ 1.5 million have been converted into equity shares leading to the capital base by 20,710 Equity Shares and all the proceeds out of US\$ 80 million bonds have been utilized as per the terms of the offering of FCCB and as on 31st March, 2010 USD 78.5 million were outstanding.

(xiv) Employees Stock Option Scheme

- (a) Pursuant to shareholder resolution dated 24th August 2006, the Company introduced "Educomp Employees Stock Option Scheme 2006" which provides for the issue of 31,25,000 equity shares to employees of the company and its subsidiaries. The option vesting period was initially for five years from the date of award of option to employees at an exercise price approved by the remuneration committee. However the vesting period was increased to seven years as per the shareholders approval dated 13th September, 2007. Till date 29,93,420 Stock options have been granted under this scheme.

All the above options are planned to be settled in equity at the time of exercise and have maximum period of 7 years from the date of respective grants.

- (b) Pursuant to shareholder resolution dated 13th September 2007, the Company introduced "Educomp Employees Stock Option Scheme 2007" which provides for the issue of 10,00,000 equity shares to employees of the company and its subsidiaries. The option vesting period was initially for seven years from the date of award of option to employees at an exercise price approved by the remuneration committee. However the vesting period was increased to ten years as per the shareholders approval dated 11th February, 2009. Till date 8,92,675 Stock options have been granted.

- (c) Pursuant to shareholder resolution dated 25th November 2008, the Company introduced "Educomp Employees Stock Option Scheme 2008" which provides for the issue of 12,50,000 equity shares to employees of the company and its subsidiaries. The option vesting period is Ten Years from the date of award of option to employees at an exercise price approved by the remuneration committee. Till date 12,15,050 stock options (11,40,450 upto 31st March, 2010) have been granted.

All the above options are planned to be settled in equity at the time of exercise and have maximum period of 10 years from the date of respective grants.

- (d) Pursuant to shareholder resolution dated 18th March 2010, the Company introduced "Educomp Employees Stock Option Scheme 2010" which provides for the issue of 10,00,000 equity shares to employees of the company and its subsidiaries. The option vesting period is Ten Years from the date of award of option to employees at an exercise price approved by the remuneration committee. Till date 969,250 stock options (Nil upto 31st March, 2010) have been granted.

All the above options are planned to be settled in equity at the time of exercise and have maximum period of 10 years from the date of respective grants.

(e) The information concerning stock options granted, exercised, forfeited and outstanding at the year end is as follows:

	As on 31st March 2010		
	No. of stock options	Weighted average exercise price (Rs.)	Weighted average remaining contractual life (in Years)
Employee Stock Option Scheme 2006			
No. of shares under option			
Outstanding at the beginning of the year	28,67,200	42.60	4.41
Granted	3,55,000	257.04	
Exercised	3,68,550	27.88	
Forfeited during the year (Nos)	4,10,380	25.00	
Outstanding at the end of year	24,43,270	73.36	
Weighted average grant date fair value per option for options granted during the year at less than market value		N.A	
Payment received against share allotted during the year		Rs. 10.03 million	
Employee Stock Option Scheme 2007			
No. of shares under option			
Outstanding at the beginning of the year	9,30,375	476.20	5.87
Granted	1,72,500	832.55	
Exercised	62,060	259.05	
Forfeited during the year (Nos)	2,26,705	548.12	
Outstanding at the end of year	8,14,110	544.14	
Weighted average grant date fair value per option for options granted during the year at less than market value		315.89	
Payment received against share allotted during the year		Rs. 16.08 million	
Employee Stock Option Scheme 2008			
No. of shares under option			
Outstanding at the beginning of the year	Nil	-	7.14
Granted	11,47,390	515.62	
Exercised	-	-	
Forfeited during the year (Nos)	7,340	408.80	
Outstanding at the end of year	11,40,050	516.31	
Weighted average grant date fair value per option for options granted during the year at less than market value		N.A	
Payment received against share allotted during the year		Nil	
Learning Internet Inc			
Outstanding at April 1,2009	1,405,611	15.80	6.3
Granted During the Year	250,000	60.94	
Exercised During the Year	(279,166)	6.77	
Expired or cancelled	(340,229)	11.29	
Outstanding at March 31,2010	1,036,216	30.70	
Payment received against share allotted during the year		Rs. 2.05 million	

(xv) Provision for Current tax includes provision for earlier years written back amounting to Rs 6.48 million (Previous year additional provision Rs. 33.52 million). Provision for Fringe benefit tax includes provision for earlier years amounting to Rs. Nil (Previous year Rs. 0.13 million). Provision for Minimum Alternative tax includes provision for earlier years amounting to Rs. 2.12 million (Previous year Nil)

(xvi) Employee benefits

(a) During the year, the company has recognized the following amounts in the Profit and loss Account

Defined contribution Plan

(Rupees in million)

	Year ended 31st March 2010	Year ended 31st March 2009
Employer's Contribution to provident fund	53.11	19.69

What Learning Can Be

Defined Benefit Plan

(Rupees in million)

	Gratuity Unfunded	Leave encashment Unfunded	Gratuity Unfunded	Leave encashment Unfunded
	Year ended 31st March 2010		Year ended 31st March 2009	
Current service cost	9.12	5.68	5.70	4.57
Interest cost	1.13	0.53	0.56	0.07
Actuarial gain/(loss)	6.25	(0.38)	0.28	(2.10)
Total	16.50	5.83	6.54	2.54

- (b) Reconciliation of opening and closing balance of benefit obligation.

(Rupees in million)

	Gratuity Unfunded	Leave encashment Unfunded	Gratuity Unfunded	Leave encashment Unfunded
	Year ended 31st March 2010		Year ended 31st March 2009	
Present value of obligation as at the beginning of the year	14.39	6.69	7.94	4.19
Interest cost	1.13	0.53	0.56	0.07
Current service cost	8.88	5.40	5.70	4.57
Benefit paid	(4.98)	(2.34)	(0.08)	(0.02)
Actuarial gain/(loss)	6.25	(0.38)	0.28	(2.10)
Present value of obligation as at the end of the year	25.67	9.90	14.40	6.71

- (c) Amount for current period.

(Rupees in million)

	Gratuity Unfunded	Leave encashment Unfunded	Gratuity Unfunded	Leave encashment Unfunded
	Year ended 31st March 2010		Year ended 31st March 2009	
Present value of obligation as at the end of the year	25.67	9.90	14.40	6.71
Surplus/(Deficit)	(25.67)	(9.90)	(14.40)	(6.71)
Experience adjustment on plan liabilities	(8.64)	(0.34)	(0.04)	1.87

- (d) Principal actuarial assumptions at the balance sheet date:

(Rupees in million)

	Year ended 31st March 2010	Year ended 31st March 2009
Discounting Rate	7.00%-8.00%	7.00%
Expected rate of increase in salary	5.00%-7.00%	7.00%

(xvii) Operating lease

- (a) General description of lease terms:

- Assets are taken on lease over a period of 2 to 10 years.
- Lease rentals are charged on the basis of agreed terms.

- (b) The Company has taken on leases office space and technology equipments under non-cancelable operating lease. The lease rental expense recognized in the profit and loss account for the year in respect of such leases is Rs.283.40 million (previous year Rs.165.65 million). The future minimum lease payments and payment profile of non-cancelable operating leases are as follows:

(Rupees in million)

Particulars	As on 31st March 2010	As on 31st March 2009
Not later than 1 year	182.22	218.13
Later than 1 year but not later than 5 years	385.18	482.07
Later than 5 years	51.53	6.22
Total	618.93	706.42

(c) Assets given on lease:

(i) General description of lease terms:

(a) Assets are given on lease over a period of 2 to 30 years

(b) Lease rentals are charged on the basis of agreed terms.

(ii) The company has given office space on sub lease & school building to non profit organizations. The future minimum Sublease payment expected to be received as on March 31, 2010 Rs.6,270.63 million (previous year Rs 2695.16 million).

Other income includes income from operating lease Rs.3.42 million (previous year Rs. 6.04 million) in lease and hire income.

(xviii) 12% Non Convertible Debentures

During the year, one of the subsidiaries has repaid 12% Non Convertible Debentures and Debenture Redemption Reserve is transferred back to Profit & Loss account.(created out of profit and loss account of previous year 2008-09).

(xix) Particulars of securities charged against secured loans taken by the Group are as follows:

Particulars	Amount Outstanding (Rs. in Million)	Security Charges
Loan from Bank/Financial institution	2367.82	<ul style="list-style-type: none"> 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. Assignment of all project related documents, contracts, rights, interests, insurance policies and all benefits incidental to the project. First charge on the Debt Service Reserve Account (DSRA) created for the project. Personal Guarantee of the Managing Director / Whole Time Director and first charge by way of mortgage on one of the the personal property (land at gurgaon) of Managing Director. Cash credit facility is secured by first ranking pari passu charge on stocks and book debts of the company.
Loan from Banks (Loan taken by Educomp Infrastructure and School Management Limited)	3600.00	<ul style="list-style-type: none"> Corporate Guarantee of Educomp Solutions Limited. By way of first mortgage charge on all moveable and immovable properties both present and future, all moveable properties including equipments, furniture and fittings, vehicles current assets, etc. First priority charge over all bank accounts, receivables, book debts, permitted investments and other securities. First charge on all intangible assets of the company , assignment of the rights, titles & interest of the company by way of first charge of the project documents, guarantees, other performance warranties, indemnities and securities. All rights, titles, interest, benefits, claim and demand of the company in any letter of credit, guarantee, performance, or bond provided by any party to the project document.
Vehicle Loan	4.50	<ul style="list-style-type: none"> Secured by Hypothecation of Vehicles of the related companies in the Group.
Loan from Banks (Loan taken by Educomp Asia Pacific Pte. Limited)	885.65	<ul style="list-style-type: none"> Corporate Guarantee of Educomp Solutions Limited. Bank's lien over the entire cash flow of the company including dividend receivables from the acquired company. Pledge of the shares of the target.
Loan from Banks (others)	69.88	<ul style="list-style-type: none"> Line of credit is secured by substantially all of the company's assets.

(xx) Joint Venture Entities

The following represent the Group's share of assets and liabilities, and income and results of the joint ventures before elimination of transactions between joint ventures and the Company and after consolidating its subsidiaries and to the extent of its proportionate share which are included in the balance sheet and Profit and loss account respectively.

What Learning Can Be

(Rupees in million)

Particulars	As at 31st March 2010
Reserves and surplus	(85.94)
Minority interest	6.44
Loan funds	
Secured loans	0.00
Unsecured loans	10.40
Deferred tax liability (Net)	(19.12)
Goodwill	55.35
Fixed assets (net)	340.47
Current assets	
Inventories	1.10
Sundry debtors	30.15
Cash and bank balances	39.57
Loans and advances	251.67
Current liabilities and provisions	76.29
Particulars	For the year ended March 31, 2010
Profit and loss account	
Sales & Service income	73.48
Other income	0.18
Expenditure	
Cost of goods sold	14.79
Personnel expenses	57.97
Administration and other expenses	128.33
Finance charges	1.00
Depreciation	15.95
Current and Deferred tax	(19.24)
Profit/ (Loss)	(125.13)

(xxi) Deferred tax liability

As per Accounting Standard (AS-22) on "Accounting for Taxes on Income" Issued by Institute of Chartered Accountants of India, (ICAI) the Deferred tax Liability (DTL) as at 31st March 2010 comprises of the following:

(Rupees in million)

Particulars	As on 31st March 2010	As on 31st March 2009
(a) Deferred Tax Liability		
- Depreciation on fixed assets	118.26	533.10
- Expenses allowable as per IT Act, 1961	93.16	33.86
(b) Deferred Tax Assets		
- Expenses allowable on payment basis u/s 43B of I.Tax Act	13.76	11.20
- Provisions for doubtful debts and advances	26.39	5.13
- Unabsorbed depreciation and losses	148.93	111.27
Deferred Tax Liability (Net)	22.33	439.36

(xxii) 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
2.	Mr. Jagdish Prakash	
3.	Anjlee Prakash	Relatives of Key Managerial Personnel
4.	Lalita Prakash	
5.	Greycells18 Media Pvt. Ltd.	Associates
6.	Learning leadership foundation	Others
7.	Learning Links foundation	
8.	Richmond Education society	
9.	Lakshya Digital Private Limited	

S. No.	Name of Related Party	Relationship
10.	SEI Technology Private Limited	
11.	Education Quality Foundation of India	
12.	EduLoans Corporation Pvt. Ltd.	
13.	MIS Society.	
14.	Shri Krishna Hare Educational Trust	
15.	Shri Radha Raman Educational Trust	
16.	Maurya Educational Trust	
17.	Bal Shiksha Educational Trust	
18.	Shri Radhe Educational Trust	
19.	Surya Prabhat Trust	
20.	Shri Radha Krishna Educational Trust	
21.	Vidya Prabhat School Trust	

(ii) Transactions during the year with related parties:

(a) Details of Related Party Transactions for the year ended 31st March 2010

(Rupees in million)

Particulars	Key Management Personnel	Associates	Others	Total
Revenues	-	-	568.86	568.86
(note1)	(-)	(24.23)	(603.89)	(628.12)
Other Income	-	-	55.29	55.29
(note2)	(-)	(-)	(39.98)	(39.98)
Loans & Advances	-	-	201.71	201.71
(note 3)	(-)	(-)	(111.06)	(111.06)
Purchase of Fixed Assets	-	-	-	-
(note 4)	(-)	(-)	(29.67)	(29.67)
Sale of Fixed Assets	-	-	-	-
(note 5)	(-)	(-)	(27.55)	(27.55)
Purchase of Investments	34.87	83.45	-	118.32
(note 6)	(-)	(-)	(3.98)	(3.98)
Remuneration	47.12	-	-	47.12
(note 7)	(62.37)	(-)	(-)	(62.37)
Donation	-	-	-	-
(note 8)	(-)	(-)	(1.45)	(1.45)
Advance from customer	-	-	-	-
(note 9)	(-)	(335.60)	(-)	(335.60)
Rent Paid	0.76	-	-	0.76
(note 10)	(-)	(-)	(-)	(-)

(b) Notes:

1. Includes Sales and services to:

- Learning Link Foundation Rs. 116.24 million (Previous year Rs. 264.66 million).
- Learning Leadership Foundation Rs. 182.98 million (Previous year Rs. 143.23 million).
- Educomp Raffles Higher Education Ltd. Rs NIL (Previous year Rs. 24.23 million).
- Richmond Education Society Rs. 24.20 million (Previous year Rs. 14.20 million).
- Shri Radha Raman Educational Trust Rs 5.62 million (Previous Year Rs. 5.62 million).
- Shri Krishna Hare Educational Trust Rs 27.34 million (Previous year Rs. 5.62 million).
- MIS Society Rs 167.25 million (Previous year Rs. 170.56 million)
- Maurya Educational Trust Rs. 32.22 million (Previous year Rs. NIL)
- Bal Shiksha Educational Trust Rs. 5.97 million (Previous year Rs. NIL)
- Shri Radhe Educational Trust Rs. 6.73 million (Previous year Rs. NIL)

2. Includes other income from:

- Learning Link Foundation Rs 3.42 million (Previous year Rs. 0.14 million).
- Learning Leadership Foundation Rs. 11.92 million (Previous year Rs. 9.24 million).
- Richmond Education Society Rs 34.89 million (Previous year Rs. 30.60 million).
- Shri Krishna Hare Educational Trust Rs 1.74 million (Previous year Rs. NIL).
- Shri Radha Raman Educational Trust Rs 1.48 million (Previous Year Nil).

What Learning Can Be

3. Loans and advances relates to:
 - Richmond Education Society Rs 74.15 million (Previous year Rs. 57.66 million).
 - Eduloans Corporation Pvt. Ltd. Rs NIL (Previous year Rs. 15.70 million).
 - Learning Leadership Foundation Rs 71.78 million (Previous year Rs. 37.70 million).
 - Shri Krishna Hare Educational Trust Rs 20.91 million (Previous year Rs. NIL).
 - Shri Radha Raman Educational Trust Rs 15.88 million (Previous Year Rs. NIL).
 - Maurya Educational Trust Rs. 8.46 million (Previous year Rs. NIL)
 - Bal Shiksha Educational Trust Rs. 1.87 million (Previous year Rs. NIL)
 - Shri Radhe Educational Trust Rs. 2.41 million (Previous year Rs. NIL)
 - Surya Prabhat Trust Rs. 1.55 million (Previous year Rs. NIL)
 - Vidya Prabhat School Trust Rs. 4.61 million (Previous year Rs. NIL)
4. Includes purchase of Fixed Assets from:
 - Lakshya Digital Pvt. Ltd. Rs NIL (Previous year Rs. 29.67 million).
5. Include sale of fixed assets to:
 - Learning Leadership Foundation Rs NIL (Previous year Rs. 27.55 million),
6. Represents investment made in:
 - Eduloans Corporation Pvt. Ltd. Rs NIL (Previous year Rs. 3.98 million).
 - Greycells18 Media Pvt. Ltd. Rs.83.45 million(Previous year Rs. NIL)
7. Includes transaction for the year mainly with:
 - Mr. Shantanu Prakash Rs 45.75 million (Previous year Rs.26.69 million).
 - Mr. Jagdish Prakash Rs 1.37 million (Previous year Rs. 0.90 million).
8. Includes Donation given to:
 - Education Quality Foundation of India Rs NIL (Previous year Rs. 1.45 million).
9. Includes advances
 - Educomp Raffles Higher Education Limited Rs NIL (Previous Year Rs. 335.60 million)
10. Includes Rent paid to:
 - Mr. Shantanu Prakash Rs. 0.76 million (Previous year Rs. NIL).

(iii) Balances with related parties:

(Rupees in million)

Particulars	Key Management Personnel	Associates	Others	Total
Investment	-	118.21	3.98	122.19
	(-)	(-)	(20.98)	(20.98)
Creditors and other Payables	-	-	1.89	1.89
	(-)	(311.38)	(-)	(311.80)
Debtors, Loans & Advances	-	-	832.72	832.72
	(-)	(-)	(308.36)	(308.36)

Note:

All transactions with related parties have been entered into in the normal course of business.

Previous year figures are given in parenthesis.

(xviii) Segment Reporting

During the Year, the Company has re-structured the Business segments. Till Financial year 2008-09, Company has various segments, namely "Smart Class", "ICT", "Professional Development" and "Retail & Others". The activities undertaken by the company has gone beyond the segments due to expansion and diversification thereby making the Company a complete solution for the entire "Education Value chain" from "Pre-school till Higher Education" directly through company & through Subsidiaries. This change has led to the re-structuring in the segments, to ensure that segments reflect the businesses in its entirety & on consolidated basis and henceforth the segments are now being named as " School learning Solutions " (SLS) comprising of Smart Class & Edureach (Formerly ICT , K-12 comprising of roots to wings business , euro -kids business & high Schools , Higher Learning Solutions (HLS) comprising of professional development, JV business with Raffles & JV business with Pearson and " On line supplemental & global " comprising of On line companies like Savvica, Learning hour, Authorgen & global companies like Learning.com , Asknlearn & others outside of India.

In accordance with the provision of AS 17, the company has 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

(Rupees in million)

Particulars	HLS (Higher Learning Solution)	SLS (School Learning Solution)	K - 12 (Schools)	Online & Retail	Total
Segment Assets	662.81 (575.13)	6,749.36 (6,737.07)	15,311.53 (5,073.17)	3,109.67 (2,712.17)	25,833.37 (15,097.54)
Unallocated Corporate Assets					7,023.30 (1,482.38)
Total Assets					32856.67 (16,579.92)
Segment Liabilities	205.01 (13.72)	1,262.54 (959.94)	3,997.56 (2,820.72)	1,354.39 (1,567.53)	6,819.50 (5,361.91)
Unallocated Corporate Liabilities					7,647.19 (6,223.15)
Total Liabilities					14,466.69 (11,585.06)
Capital Expenditure	224.40 (39.65)	1,357.64 (2,243.75)	4,794.23 (3,146.84)	623.65 (454.55)	6,999.92 (5,884.79)
Unallocated Corporate Capital Expenditure					20.24 (364.49)
Total Capital Expenditure					7,020.16 (6,249.28)
Depreciation & Amortisation	18.46 (3.02)	686.58 (574.74)	73.73 (18.53)	149.72 (48.23)	928.49 (644.52)
Unallocated Corporate Depreciation & Amortisation					213.79 (169.89)
Total Depreciation & Amortization					1,142.28 (814.41)
Non cash expenditure Other than Depreciation	18.03 (5.37)	20.82 (27.63)	6.59 (4.70)	8.22 (6.92)	53.66 (44.62)
Unallocated Corporate expenditure					95.08 (93.90)
Total Non cash expenditure Other than Depreciation					148.74 (138.52)

Particulars	HLS (Higher Learning Solution)	SLS (School Learning Solution)	K - 12 (Schools)	Online & Retail	Total
Revenue	264.54 (309.73)	8,067.64 (4,322.09)	997.12 (620.96)	1,065.60 (1,117.85)	10,394.90 (6370.63)
Expenses	375.62 (218.15)	3,565.10 (2,220.13)	675.02 (346.60)	1,222.21 (913.73)	5,837.95 (3,698.61)
Segment Results	(111.08) (91.58)	4,502.54 (2,101.96)	322.10 (274.36)	(156.61) (204.12)	4,556.95 (2,672.02)
Un-allocable Expenditure					852.52 (423.96)
Finance cost					538.66 (288.68)
Operating profit					3165.78 (1959.38)
Other Income					1255.25 (227.37)
Profit Before Tax and prior period items					4421.03 (2186.75)
Less: Tax Expense					
- Current					2009.61 (495.18)
- MAT Entitlement					(8.51) 17.23
- Deferred Tax					(416.91) (277.86)
- Fringe Benefit Tax					- (13.70)
Profit after tax & before prior period items					2836.84 (1417.24)

What Learning Can Be

Particulars	HLS (Higher Learning Solution)	SLS (School Learning Solution)	K - 12 (Schools)	Online & Retail	Total
Prior period items					
Prior period Items					29.30 (13.08)
Profit after tax before minority interest & pre-acquisition profits					2807.54 (1403.36)
Pre-acquisition profits					(8.69)
Minority Interest					1.90 57.52 (68.49)
Share of loss in associates					0.07 (7.83)
Profit after tax, minority interest & pre-acquisition profits					2758.64 (1328.94)

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

B. Secondary Segment Information - Geographical

(Rupees in million)

	Revenue	Segment Assets	Capital Expenditure
India	9315.12 (5266.44)	30771.13 (14759.70)	6397.23 (5839.92)
Outside India	1079.78 (1104.19)	2085.54 (1820.22)	622.93 (409.36)
Total	10394.90 (6370.63)	32856.67 (16579.92)	7020.16 (6249.28)

Note: Previous year figures are given in parenthesis.

(xxiv) The previous year figures have been regrouped, rearranged and reclassified wherever necessary to conform to current year classification.

(xxv) Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Group financial statements.

For and on behalf of the Board

Shantanu Prakash
Chairman and Managing Director

Dr. Shayama Chona
Director

Jagdish Prakash
Whole Time Director

Shonu Chandra
Director

Sankalp Srivastava
Director

Mohit Maheshwari
Company Secretary

Place: Gurgaon
Date : 17th August 2010

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 31.03.10	Capital	Reserves	Total Liabilities	Total assets*	Investment other than Investment 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	79.30	4.08	84.43	-	61.91	11.61	3.03	7.55	-	India
Wheatstone Productions Pvt Ltd.	INR	1.00	1.68	(3.55)	2.38	0.52	-	-	(0.05)	-	(0.04)	-	India
Edumatics Corporation Inc. USA	USD	45.14	62.09	(51.41)	10.09	20.77	-	48.41	(10.87)	0.04	(10.87)	-	USA
Educomp Infrastructure and School Management Ltd.	INR	1.00	247.21	5,401.76	4,005.55	6,717.52	-	563.99	267.62	92.74	176.13	74.16	India
Educomp Infrastructure Services Pvt Ltd.	INR	1.00	0.10	(0.30)	0.72	0.52	-	-	(0.30)	-	(0.30)	-	India
Educomp APAC Services Ltd. BVI	USD	45.14	925.73	(27.81)	1.05	898.97	-	-	(27.83)	-	(27.83)	-	BVI
Falcate Builders Private Ltd	INR	1.00	46.98	140.14	2.98	190.10	-	-	(0.49)	-	(0.49)	-	India
Newzone Infrastructure Pvt.Ltd.	INR	1.00	27.92	41.37	1.08	70.37	-	-	(0.35)	-	(0.35)	-	India
Rockstrong Infratech Private Ltd.	INR	1.00	35.12	52.11	1.25	88.48	-	-	(0.41)	-	(0.41)	-	India
Reverie Infratech Private Limited	INR	1.00	45.12	112.09	2.48	159.68	-	-	(0.45)	-	(0.45)	-	India
Herold Infra Private Limited	INR	1.00	49.11	122.03	2.66	173.80	-	-	(0.47)	-	(0.47)	-	India
Growzone Infrastructure Private Ltd.	INR	1.00	43.11	64.04	1.60	108.75	-	-	(0.46)	-	(0.46)	-	India
Hidream Constructions Private Ltd.	INR	1.00	47.98	214.97	4.53	267.48	-	-	(0.47)	-	(0.47)	-	India
Leading Edge Infratech Private Ltd.	INR	1.00	30.71	45.55	1.20	77.46	-	-	(0.36)	-	(0.36)	-	India
Strotech Infrastructure Private Ltd.	INR	1.00	38.13	56.59	1.16	95.88	-	-	(0.45)	-	(0.45)	-	India
Markus Infrastructure Private Ltd.	INR	1.00	41.99	62.39	1.68	106.06	-	-	(0.45)	-	(0.45)	-	India
Orlando Builders Private Ltd.	INR	1.00	44.04	65.44	1.60	111.08	-	-	(0.46)	-	(0.46)	-	India
Crosshome Developers Private Ltd.	INR	1.00	30.35	45.00	1.16	76.51	-	-	(0.37)	-	(0.37)	-	India
Good Luck Structure Private Ltd.	INR	1.00	22.83	33.78	0.91	57.52	-	-	(0.31)	-	(0.31)	-	India
Evergreen Realtech Pvt. Ltd.	INR	1.00	26.31	39.25	0.91	66.47	-	-	(0.06)	-	(0.06)	-	India
Zeta Buildcon Pvt. Ltd	INR	1.00	48.37	72.34	1.80	122.51	-	-	(0.06)	-	(0.06)	-	India
Omega Infrastructure Pvt. Ltd.	INR	1.00	34.35	51.31	1.27	86.94	-	-	(0.07)	-	(0.07)	-	India
Grider Infratech Pvt. Ltd.	INR	1.00	42.72	63.86	1.65	108.22	-	-	(0.07)	-	(0.07)	-	India
Boston Realtech Pvt. Ltd.	INR	1.00	27.51	41.05	1.07	69.64	-	-	(0.06)	-	(0.06)	-	India
Educomp School Management Ltd.	INR	1.00	0.50	107.94	0.32	36.20	72.55	5.14	(0.64)	(0.48)	(0.16)	-	India
Ask N Learn Pte. Ltd.	SGD	32.20	298.42	50.76	25.47	325.58	-	217.14	(6.24)	(3.19)	(3.05)	-	Singapore
Singapore Learning.com Pte. Ltd.	SGD	32.20	0.00	8.82	16.91	25.73	-	10.91	2.82	(0.20)	3.02	-	Singapore
Pave Education Pte. Ltd.	SGD	32.20	7.89	11.47	4.20	23.57	-	28.12	(3.05)	(0.19)	(2.86)	-	Singapore
Wiz Learn Pte Ltd.	SGD	32.20	41.18	(17.28)	1.84	25.74	-	6.05	(1.04)	0.18	(1.22)	-	Singapore
Educomp Asia Pacific Pte. Ltd	USD	45.14	609.36	546.24	891.04	559.80	190.59	-	696.73	-	696.73	-	Singapore
Authorgen Technologies Ltd.	INR	1.00	30.85	8.71	5.67	37.51	-	4.52	(36.33)	(11.05)	(25.28)	-	India
Sikhya Solutions Inc.	USD	45.14	7.72	(7.12)	0.00	0.60	-	11.44	(0.68)	-	(0.68)	-	USA
Educomp Learning Hour Pvt. Ltd.	INR	1.00	0.94	40.60	6.21	47.74	-	11.61	(32.94)	0.03	(32.98)	-	India
Educomp Software Ltd.	INR	1.00	0.50	(0.89)	2.06	1.67	-	2.58	(0.01)	(0.05)	0.05	-	India
Educomp Professional Education Ltd.	INR	1.00	8.86	567.18	0.04	47.92	-	-	(12.25)	-	(12.25)	-	India
Savvica Inc., Canada	CAD	44.20	101.47	(107.05)	14.34	8.76	-	10.15	(52.83)	(3.29)	(49.54)	-	CANADA
EuroKids International Ltd.	INR	1.00	269.07	243.50	128.12	468.65	21.95	292.51	55.39	16.90	38.34	-	India
EuroKids India Ltd.	INR	1.00	50.00	7.49	8.78	51.30	-	52.80	(3.62)	-	(3.62)	-	India

What Learning Can Be

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 31.03.10	Capital	Reserves	Total Liabilities	Total assets*	Investment other than Investment in Subsidiary	Turnover	Profit/ loss before taxation	Provision for taxation	Profit/ (Loss) after taxation	Proposed dividend	Country
Euroschool International Limited	INR	1.00	0.50	0.19	0.19	0.50	-	-	(0.18)	-	(0.04)	-	India
Learning Internet Inc. USA**	USD	45.14	1,395.32	(532.86)	470.27	1,332.72	-	722.37	70.67	13.16	57.51	78.11	USA
Educomp Child Care Pvt. Ltd.	INR	1.00	94.80	(15.79)	33.60	112.61	-	29.77	(19.61)	(3.81)	(15.79)	-	India
Educomp Online Supplemental Services Ltd.	INR	1.00	0.50	(0.57)	0.57	0.50	-	-	(0.57)	-	(0.57)	-	India
Educomp IntelProp Ventures Pte Ltd	EURO	60.56	39.30	0.84	18.37	58.50	-	-	(0.26)	-	(0.26)	-	Singapore

- * This doesn't include investment in subsidiaries of the respective company
- ** The financial year ends on September 30. However, the results given are as of 31st March, 2010

For and on behalf of the Board

Shantanu Prakash
Chairman and Managing Director

Dr. Shayama Chona
Director

Jagdish Prakash
Whole Time Director

Shonu Chandra
Director

Sankalp Srivastava
Director

Mohit Maheshwari
Company Secretary

Place: Gurgaon
Date : 17th August 2010

SHAREHOLDERS INFORMATION (AS ON 31ST MARCH 2010)

ANNUAL GENERAL MEETING

Day, Date, Venue and Time are as follows:

Registered office	1211, Padma Tower-I, 5, Rajendra Place, New Delhi-08
Day	Monday
Date	27 September, 2010
Time	11.00 A.M
Venue	Sri, Sathya Sai international Center, Pragati Vihar, Lodhi Road, New Delhi- 110003

FINANCIAL CALENDAR

(Tentative)

- * Financial Reporting for Quarter ending June 30, 2010 End of July, 2010
- * Financial Reporting for Quarter ending September 30, 2010 End of October, 2010
- * Financial Reporting for Quarter ending December 31, 2010 End of January, 2011
- * Financial Reporting for Quarter ending March 31, 2011 End of April, 2011
- * Annual General Meeting End of September, 2011

BOOK CLOSURE DATES	: 18th September 2010 to 27th September 2010 (both days inclusive)
DIVIDEND PAYMENT DATE	: On or after 11th October 2010 onwards

LISTING ON STOCK EXCHANGES

Name of Exchange and Address	Contact details	Scrip Code / ID
National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai-400051	Telephone: 022- 26598100 Email: cmlist@nse.co.in Website: www.nse-india.com	"EDUCOMP"
Bombay Stock Exchange Limited, PJ Towers, Dalal Street, Fort, Mumbai-01	Telephone: 022-22721233/4 Email: listing@bseindia.com Website: www.bseindia.com	532696

Listing Fees: Annual Listing fees for the year 2010-11, as applicable have been paid to above Stock Exchanges.

DEMAT ISIN NO.

IN NSDL and CDSL INE216H01027

Stock Code:

BSE: '532696'

NSE: 'EDUCOMP'

The Company's USD 80 million Foreign Currency Convertible Bonds (FCCBs) are listed on Singapore Exchange Securities Trading Limited.

ISIN code of Educomp' USD 80 million FCCB : XS0307667096

Stock Market Data

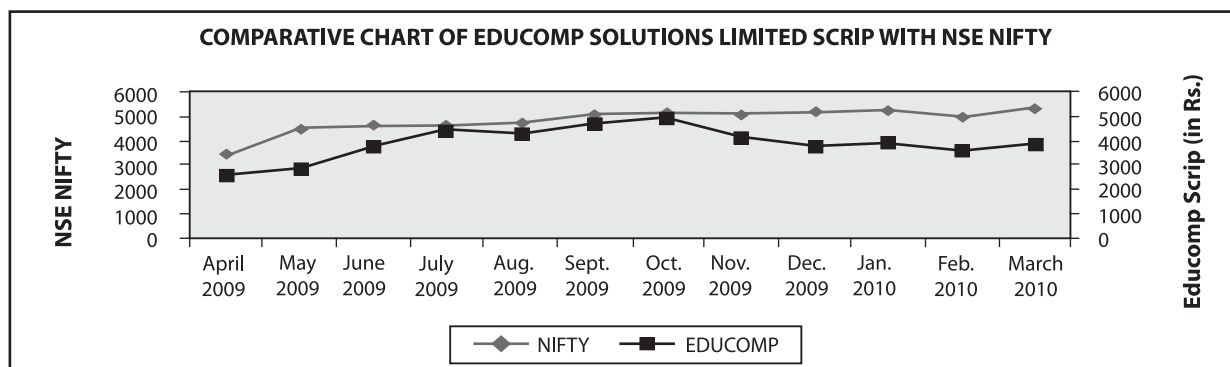
The Monthly High and Low quotation of equity shares traded on NSE and BSE are as under:-

Month	National Stock Exchange		Bombay Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April'09	2692.90	1943.00	2692.20	1970.00
May'09	2932.00	2238.00	2950.00	2238.00
June'09	3875.00	2788.00	3867.00	2780.10
July'09	4590.00	3405.10	4590.00	3404.00
August'09	4374.70	3455.20	4375.65	3461.00
September'09	4748.80	4019.20	4755.25	4015.00
October'09	5098.70	792.00	5085.00	790.00
November'09	859.00	691.10	858.90	691.25
December'09	769.80	697.20	769.70	695.00
January'10	801.75	623.15	876.05	625.10
February'10	733.00	636.00	734.40	636.50
March'10	790.70	671.00	789.80	671.10

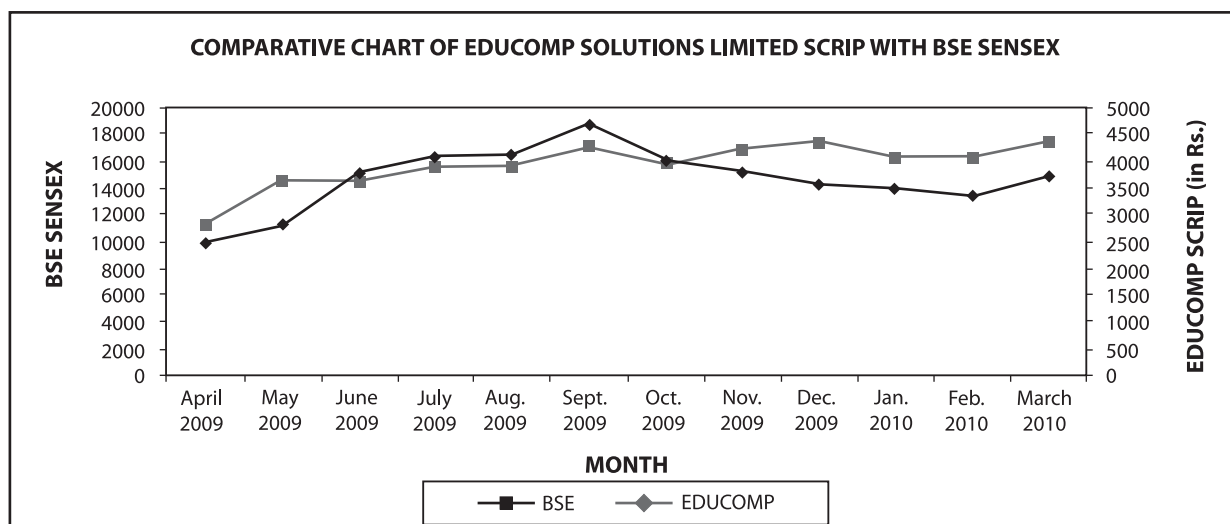
* Price from October 27, 2009 is Ex-Split

What Learning Can Be

Share Performance Chart on NSE



Share Performance Chart on BSE



Price before October 27, 2009 is on basis of face value of Rs 10/- per share & Price from October 27, 2009 is Ex-Split of face value of Rs 2/- per share.

Registrar and Share Transfer Agents

The Company has appointed Link Intime India Private Limited having its office at A-40, 02nd Floor, Naraina Industrial Area Phase II, Near Batra Banquet Hall, Naraina, New Delhi as Registrar and Transfer Agent for physical transfer and demat segment.

Share Transfer System

Share Transfer request received in physical form are registered within 30 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 2010:

(a) Distribution of Shareholding as on 31st March 2010

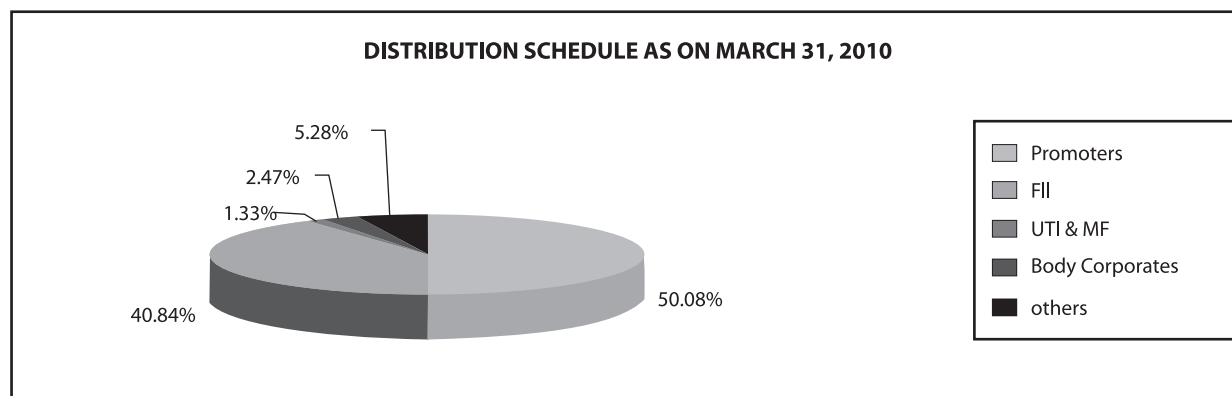
Shareholding of nominal value Rs.	Share Holders		Share Amount	
	Number	% to total	Amount in Rs.	% to total
Upto 2,500	80874	99.259	7958176	4.190
2,501 - 5,000	233	0.286	854554	0.450
5,001 - 10,000	120	0.147	872498	0.459
10,001 - 20,000	71	0.087	991338	0.522
20,001 - 30,000	24	0.029	606296	0.319
30,001 - 40,000	18	0.022	662750	0.349
40,001 - 50,000	10	0.012	432040	0.227
50,001 - 1,00,000	41	0.050	2991908	1.575
1,00,001 & Above	87	0.107	174554510	91.908
Total	81478	100.00	189924070	100.00

(b) Categories of Equity Shareholding as on 31st March, 2010

Category	Number of Shares Held	Percentage of Shareholding
Promoters	47,553,645	50.08
FII	38,781,706	5.28
UTI & MF	1,265,440	1.33
Body Corporates	2,343,110	2.47
Others	5,018,134	40.84
Total	94,962,035	100.00

Note* : Company has allotted 52616 Equity Shares to Zaptive Internet Services Pvt. Ltd. on Preferential Basis on 19-03-2010, However the same were not credited in depository account till 31st March 2010 and thus not considered in the shareholding pattern as on 31st March 2010. The said shares are under Lock in for a period of one year from the date of allotment.

Shareholding Pattern as on 31st March, 2010 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 2010. 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, 2009 till 31st March, 2010 are as follows:

What Learning Can Be

Period	The Stock exchange, Mumbai (BSE)		National Stock Exchange (NSE)		BSE + NSE Volume /Value	
	Volume (Lacs)	Value (Rs. Lacs)	Volume (Lacs)	Value (Rs. Lacs)	Volume (Lacs)	(Rs. Lacs)
End of April, 2009	85.97	202219.04	186.58	438236.19	272.55	640455.23
End of May, 2009	58.56	147489.60	143.87	363759.26	202.43	511248.86
End of June, 2009	55.94	182280.72	144.92	469523.97	200.86	651804.69
End of July, 2009	113.67	455845.15	250.53	1004405.83	364.20	1460250.98
End of August, 2009	47.61	185283.16	119.49	466587.31	167.10	651870.47
End of September, 2009	40.12	172996.31	105.47	453508.76	145.59	626505.07
End of October, 2009	58.00	187063.95	162.84	484171.51	220.84	671235.46
End of November, 2009	251.75	194309.30	756.07	583648.30	1007.82	777957.60
End of December, 2009	79.70	58725.62	291.26	214637.85	370.96	273363.47
End of January , 2010	98.66	72470.82	337.10	247870.61	435.76	320341.43
End of February, 2010	104.61	72008.28	398.96	273802.68	503.57	345810.96
End of March, 2010	79.82	58895.40	281.86	207405.81	361.67	266301.21
Total	1074.41	1989587.35	3178.95	5207558.08	4253.35	7197145.43

Outstanding GDRs/ ADRs/ Warrants or Convertible Bonds: No GDRs/ ADRs/ Warrants has been issued by the Company. On 25th July 2007, Company raised USD 80 million vide its Second FCCB issue

On 25th July 2007, we issued USD 80 million Zero coupon Foreign Currency convertible bonds ("Bonds") due in 2012. The bonds are convertible into fully paid equity shares of Rs. 2/- per share, at an initial conversion price of Rs. 589.966 per share. Outstanding FCCBs as at 31st March 2010 are USD 78.50 million

Details have been provided under schedule 18 forming part of annual accounts.

Offices: New Delhi, Gurgaon(Haryana) , Noida (U.P), Lucknow (U.P), Mumbai (Maharashtra), Kolkata (West Bengal), Bangalore (Karnataka), Hyderabad (A.P), Secunderabad (A.P), Annatpur (A.P), Jaipur (Rajasthan), Bharatpur (Rajasthan), Bhopal (M.P), Ranchi, (Jharkhand) Gandhinagar (Gujarat), Chandigarh, Chennai, Solan (H.P), Cochin (Kerala), Agartala (Tripura), Guwahati (Assam).

Plant Locations

1. Khasra No. 701, Sec-2, Parwanoo, Tehsil-Kasauli, District-Solan, H.P.
2. Plot no 85, Special Economic Zone, Phase II, Sector 82, Noida, U.P.
3. 16, 80 Feet Road, 4th Block, Koramanagala, Bangalore, Karnataka
4. Plot No 514, Udyog Vihar, Phase III, Gurgaon, Haryana

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: mohit.maheshwari@educomp.com	Link Intime India Private limited A-40, 2nd Floor, Naraina Industrial Area Phase II, Naraina, New Delhi -110028 Telephone: 011-41410592-94 Fax: 011-41410591 Email : delhi@linkintime.co.in

A collage of eight photographs showcasing school activities and the school building. The top section features a solid green background. The collage includes: a group of smiling boys in school uniforms; a group of students in a hall with a 'Raffles' sign; a teacher interacting with students at a table; a teacher working on a laptop with a 'Raffles' sign; a line of students in uniform holding blue bags; three children playing with colorful blocks; and a large, modern school building with a glass facade.