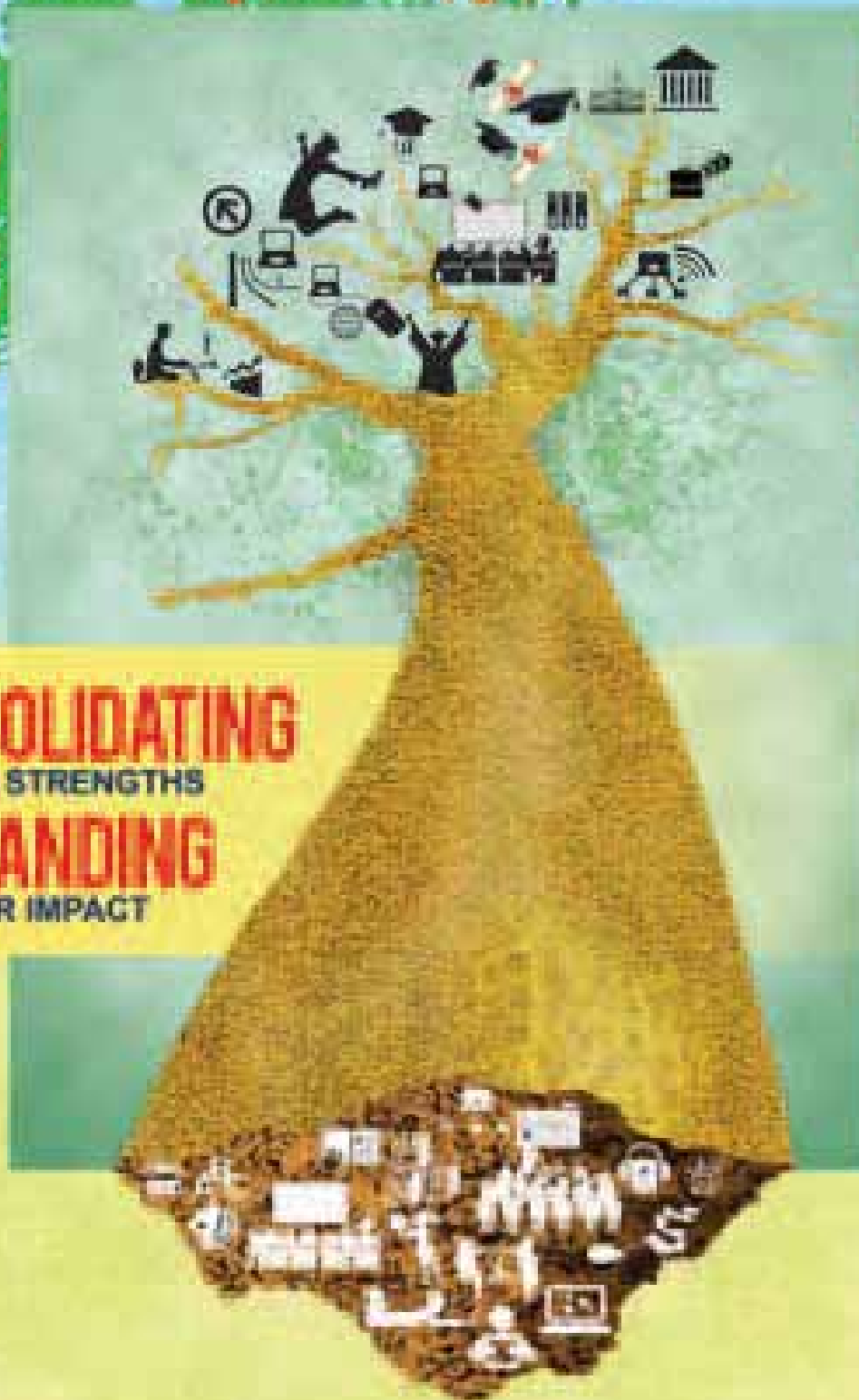


CONSOLIDATING
OUR STRENGTHS
EXPANDING
OUR IMPACT



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AN ORGANIZATION DESIGNED TO IMPACT

The organization was inceptioned with the objective of broadening the horizons of what learning can be. Today, that intent stands vindicated.

Over the years, Educomp has evolved as a globally diversified education solutions provider and the largest Education company in India. A pioneer in far-reaching initiatives in the education space, it is the only Education Ecosystem company in India positively impacting 32,201 schools and 20.9 million learners and educators across the world.

The company has exemplified thought innovation in its products & solutions and exceptional execution prowess, developed over the years under the leadership of a highly entrepreneurial and experienced management team. It delivers across diverse streams of the Education business, with all its businesses having a high component of intellectual property and branding.

The company works closely with schools to implement innovative models to create and deliver content aimed at enhancing student's learning experience. Educomp's long and undiluted focus on the K-12, curriculum design and teacher education space, in developing applications and products, has revolutionized leverage of information technology and Internet for education. Educomp has also embarked upon innovative IP-driven projects to set up pre-schools, high schools and professional and vocational education institutions.



**IN ITS ILLUSTRIOUS ODYSSEY IN THE WORLD OF EDUCATION, EDUCOMP OWNS INDIA'S LARGEST
K-12 CONTENT LIBRARY WITH:**

16,000+ modules of rich 3D
multimedia educational content

6.1 million students across 12,652
private schools and 6.3 million students
across 11,535 government schools



PRESENCE ACROSS EDUCATION LIFE CYCLE

Educomp benefits from huge cross-selling opportunities of monetizing students across the education life cycle from age 2 to age 25 years.

Pre-School Initiatives 2-5 years



High School Initiatives 5-18 years



Reaching
20.9
million learners

Working with
32201
Schools



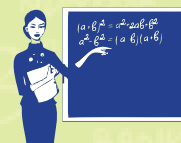
832
pre-schools



69
brick & mortar K-12 schools



Trained **1.6**
million teachers till date



Higher & Vocational Initiatives 18-21 years

Higher Education



Raffles
Millennium
International

Vocational Education

IndiaCan
A Pearson Educomp Company

Online & Supplemental Initiatives

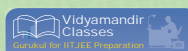
Assessments & Counseling



Tutoring Servicest



Test Preparation



E-learning Platforms



Admissions Advisory Services



85 

Test Prep
centers

7 

colleges

4.7 

million users of its various
online businesses



328

vocational training centers



1

higher-education campus

100



people in R&D for non-digital
learning materials

400



people in R&D for
content development



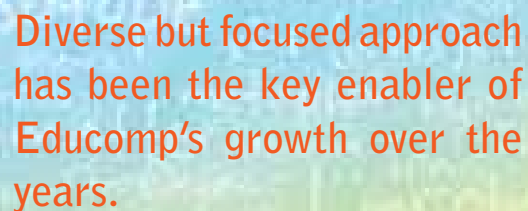
Consolidating

our strengths.

Expanding

our impact.





The initial phase of our growth was focused on establishing ourselves as the only Education company providing high quality technology and content solutions to schools, and concurrently ramping up our market reach and presence. This was followed by focused expansion of our footprint across pre-school, K-12 schools, Higher/vocational education and supplemental education; to become India's largest education company.

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CHAIRMAN'S COMMUNIQUÉ



Our investments in higher education and vocational education have shown meaningful traction and are gradually creating a strong presence in respective segments.

Dear Shareholders,

It is my pleasure to write to you about your company's performance in FY12. We continued our leadership position in the education sector in India and today our products and solutions reach out to over 32,000 schools and approximately 21 million learners. We are the only company with a presence across the entire education life-cycle. We are the no. 1 player in nearly all the segments in which we operate and yet our market penetration, even in our most mature businesses, is still in single digits. The Indian education market continues to provide large scale opportunities and your company is at the forefront of leveraging these opportunities to create value for its customers and for all its stakeholders.

When we started in 1994-5, we were just a company providing computer labs and training to schools. Over the years, we developed highly sophisticated intellectual property in the form of digital content and became the premier provider of digital content technology to schools in India through our product Smartclass. Our strong presence in schools and deep customer relationships helped us customize our offerings to the needs of teachers and students and last year we launched a highly improved and impactful Class Transformation System (CTS) and Digital Teaching System (DTS). I am happy to share that with the launch of CTS and DTS, smartclass had a record performance in FY12 adding 6114 schools and 40023 classrooms in a single year, compared to an addition of 3461 schools and 27154 classrooms in FY11. Smartclass reaches out to 6.1 million students across 12652 schools and we continue to maintain a dominant marketshare in the industry.

The performance in other parts of our business has been equally impressive.

Your company continues to be the largest corporate player providing infrastructure and management services to run K-12 schools. By the close of FY12, we had 69 schools operational in all parts of the country reaching out to over 33000 students. We have an additional 43 schools in the pipeline giving us a total visibility of 112 schools. Our school brands have already become among the most reputed brands of schools in India.

Your company is also the No. 1 player in the pre-schools business where we have 832 pre-schools operational under leading brands EuroKids and Little Millennium, reaching out to over 53,000 kids in the age bracket of 2-4 years.

Our investments in higher education and vocational education have shown meaningful traction and are gradually creating a strong presence in respective segments. Our higher education campus under the brand called JRE Group of Institutions is now in its 2nd year of operations and we have got close to 100% capacity utilization in the PGDM programs and close to 70% capacity utilization in Engineering programs. What is equally impressive is the quality of the students who have chosen to attend out programs, in many cases choosing us over the IIM's. In the supplemental education area, we are the premier Test Prep company in the country with country-leading brands like Vidya Mandir Classes and Gateforum that churned several top rank holders in competitive exams like IIT JEE and GATE. There is no other brand in the IIT JEE Test Prep and Gate Test Prep more aspirational than Vidya Mandir and Gate Forum respectively. In the Online learning area, we have the largest e-learning footprint in the country with 4.7 million registered users of all our online properties like WizIQ, Learnhub and StudyPlaces.

Your company is the pioneer in creating innovative education solutions and has shown remarkable speed in the creation of disruptive technology solutions to add value to customers. This year again, we have launched two new products, which are going to completely change the game once again. The first product is called English Mentor, and is an English Language Learning product. There is an acute demand in private schools in India to have a product that helps students learn and speak better English. Proficiency in English is becoming increasingly mandatory. Using our strong technology backbone, we have created a product that allows children to learn English at their own pace, in a step-by-step way, by using a highly interactive and intelligent software. The programme guides and mentors learners to acquire meaningful proficiency in English. It is designed as a self exploratory learning programme based on sound pedagogic design and a very innovative use of technology. Truly comprehensive and with a balanced focus on Speaking, Listening, Reading and Writing skills, English Mentor will empower learners to become competent and confident communicators.

The second product is our much awaited Tablet solution which will be a breakthrough product and the first of its kind in India. Smartclass TAB, a tablet meaningfully designed and packed with the largest repository of curriculum based digital content ever, and a host of differentiated features, is the result of thousands of man-hours of intensive research and development effort at Educomp. Smartclass TAB is all poised to transform the learning experience for school students and become a benchmark of what learning can be on Tabs. The 9.7 inch capacitive multi touch device with a 1.2 GHz strong processor and a 64 GB memory will offer students an extremely high quality experience in terms of touch, speed, access and storage. smartclass TAB will have the entire repository of Educomp's IP loaded on the tablet, so that children can access the digital content, assessments, e-books, apps, career guidance modules etc. anywhere, anytime and can interact with each other and with the teachers.

Given our strong reach and presence in schools in India, we have a unique opportunity to become long term partners with our school customers by providing all products, services and solutions that schools need. We aspire to be not just a solution provider but a digital technology partner for the schools. By selling additional products to our existing base of customers and through our existing sales and distribution network, we can target a greater share of customer wallet and thereby increase our margins. It is a privilege for us to serve millions of customers through their educational journeys in life.

Over the past 17 years since the founding of Educomp, we have

been able to build India's largest private sector company in the Education space across digital content, pre-schools, K-12 schools, higher & vocational education and supplemental education markets. Having built leadership position in home markets, we have been gradually expanding our foot print in international markets and have created a presence in North America and Singapore.

While we continue to focus on profitable growth and maximization of value for our stakeholders as the key agenda, it is imperative for us to consolidate what all we have created so far. We have very successfully created businesses across the large value chain of education. We now need to derive the benefits from possible synergies which should emanate from all these businesses functioning together. At the same time, we need to consolidate our operations and emerge stronger, leaner and more focused to address the opportunities ahead.

India remains a spectacular market for education products and services that is largely unpenetrated. With the largest number of young people in the world that are hungry for education , you can expect Educomp in the coming years to rapidly grow its network of consumers by providing services and products that are tailored to customer needs. Much of our intellectual property is as relevant outside the shores of India as it is in India. Our subsidiaries Learning.com in the US, Wizlearn Technologies in Singapore and our new operations in the Middle East , China and Africa are doing exemplary work powered by our strong IP in India. We are excited about our relationships and partnerships in these geographies.

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

Warm Regards

Shantanu Prakash
Chairman & Managing Director



CEO'S COMMUNIQUÉ



Dear Shareholders,

It is my pleasure to share the details of your company's performance for FY 2012.

FY12 has been an year in which we have strongly cemented our leadership position in the education sector in India. It was an year which saw (i) a tremendous leap forward for our smartclass business, (ii) evolution and establishment of our asset-light business model in our K12 Schools business, (iii) launch of our state-of-the-art higher education campus facility in Greater Noida with AICTE affiliation and (iv) continued leadership of our other ventures in PreSchools and Test Prep.

On a consolidated basis, our operational revenue was `14913 million, a growth of 41% on a yoy basis, excluding one-time exceptional items. Our EBITDA was `4574 million, a growth of 58% on a yoy basis, giving us a healthy EBITDA margin of 31%. On a standalone basis, our operational revenue was `10765 million, a growth of 48% on a yoy basis, excluding one-time exceptional items. The EBITDA on a standalone basis was `4119 million, with an EBITDA margin of 38%.

The Indian education market has acute shortages both in terms of 'quality of education' as well as 'access to education' is concerned. This market offers an almost limitless expansion opportunity and your company is best positioned to take advantage of some of those opportunities given our strong presence and reach of over 32,000 schools and close to 21 million learners.

Our flagship smartclass business has gone from strength to strength and now reaches 12,652 schools with an astounding 6.1 million students using the product on an everyday basis. Your company had record additions of classrooms in FY12 and we expect to continue the growth momentum into FY2013 as the market is still heavily under-penetrated. Your company's pioneering role in transforming the mind set of schools and students alike has resulted in digital content technology in schools, gradually moving from good-to-have to a must-have product. We believe that every school in the country has the

potential to consume digital content and we are well on our way to implementing that vision.

Educomp's leadership position has created new opportunities for us to re-direct our energies to leverage our relationships with customers in more ways than ever before. Educomp's role has evolved from being a provider of IT backbone and digital content to providing customized content and technology hardware to schools. Our new strategic direction is to gradually become an education technology partner to schools and target a greater share of customer wallet.

To build on the strengths of the smartclass model, your company is preparing to launch a slew of transformational products like the English Language Labs product and the much awaited Tablet Solution which will, once again, set industry benchmarks. Our Tablet solution will have Educomp's entire proprietary IP bundled with it and will be the only educational product of its kind, in the market. These products will be sold and serviced along with our smartclass product and will thereby increase the operating leverage in our business and improve our margins in the long term. This directional shift that I have touched upon above has resulted in, as you will notice, a move from a classroom-per-school mindset to a revenue-per-school mindset which is clearly our core focus area.

In the K12 space, your company has now fully established its asset-light strategy through JV partnerships and collaborations. This has helped us bring down the capital expenditure in this part of our business by approximately 40% in FY12 as compared to FY11. Educomp's school brands have already become signature quality schools and are consistently showing up in the top five in many cities and towns of India. This is a testament to the depth of planning and implementation undertaken by your company in promoting these schools. As a result of the strong proof-of-concept established, we are now getting significant interest from JV partners, to set up schools in a partnership model where we run the schools without owning the assets.



Future prospects for growth in the K12 sector look robust, fuelled by a significant demand-supply gap. While the CBSE has estimated a shortage of nearly 2,00,000 schools nationwide, we estimate at least 5000 new private schools to come up in the country every year for the next several years.

Future prospects for growth in the K12 sector look robust, fuelled by a significant demand-supply gap. While the CBSE has estimated a shortage of nearly 2,00,000 schools nationwide, we estimate at least 5000 new private schools to come up in the country every year for the next several years. Your company is well placed to take advantage of its pole position in the sector and is the only corporate player in the segment with a strategic growth plan in place.

Your company also has a rich portfolio of businesses in Preschools, Higher and Vocational education as well as Supplemental education. Some of these businesses are market leaders and have built significant value. Our Preschools business Eurokids is the largest preschools operator in the country. Vidya Mandir Classes is the premier brand for IIT JEE Test Prep education while Gateforum is the leading brand for GATE Test Prep. Our joint ventures with Raffles and Pearson in the field of Higher education and Vocational education are tracking well.

We are aware that while the opportunities available to us in the education sector are literally infinite, the resources available to us are finite. While it is important for us to continue our growth momentum, it is also important for us to become cashflow sufficient. I am pleased to share that the core focus of your company in its next phase of growth will be on free cashflow generation, improvement in working capital management, balance sheet strengthening measures and re-prioritization of our portfolio of businesses through asset monetization.

I look forward to your continued support.

Kind Regards

Sanjay Jain

Group CEO



Expanding impact across businesses

School Learning Solutions

Smartclass

It was through the Smartclass that Educomp changed the way classroom teaching was conducted in India. A solution that was designed to assist teachers and specifically geared to enhance academic performance was the first of its kind. Since its launch Smartclass has remained a market leader in this domain. Growing at an impressive 30 schools a day, more than 80 million Smartclass sessions have been held in India in the last eight years.

Digitization has been a natural evolution for the Smartclass platform. With an increasing number of schools seeing the benefit of Smartclass, the company has been working on providing digital content to students in all classrooms. Educomp's strategy in this segment involves taking advantage of the growth momentum, leveraging existing sales and distribution network with new products through continuing innovation and R&D, and harnessing technology to optimize cost structures.

The Smartclass is powered by India's largest Digital Content library of curriculum-mapped, multimedia rich, 3D content. The next generation of Smartclass comes with the revolutionary Class Transformation System (CTS) and the Digital Teaching System (DTS) – the biggest and the most innovative initiatives in digital classroom content and digital classroom hardware, respectively.

Driving innovation and improving existing offerings is essential to ensure market leadership. Some of the initiatives that have been carried out to achieve this are:

Educomp Smartclass 3D Lab - provides a unique and highly immersive experience to view curriculum concepts in life like format in 3D; first company in the world to launch a full suite of 3D Stereoscopic product for schools – 3D projection system, 3D electronic viewing glasses, specially designed 3D curriculum library created for the first time in the world; enables teachers to instantly assess and evaluate the learning achieved

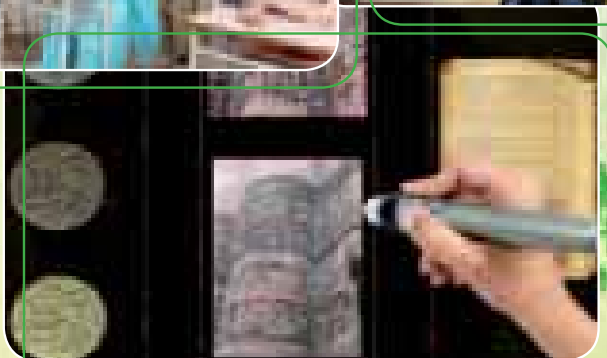
India's largest digital content library - over 16,000 modules of curriculum-mapped, multimedia rich 3D content

Digital Teaching System - world's first fully-integrated one-switch digital interactive teaching system, specially designed to work in high ambient temperatures and dusty conditions prevalent in most Indian classrooms. System can be locked with one key to ensure high security and safety of the equipment

Class Transformation System - broadens the choice of teaching tools available with the teacher beyond rich 3D Animations to bring abstract concepts to life.

Transforming classroom teaching – record performance in FY 12

The Smartclass concept has proved to be a revolutionary initiative that has transformed classroom teaching through innovative methodologies and processes. FY12 saw record addition of Smartclass in classrooms, adding significantly to the revenue growth of the company. Our total class room addition was 40,023 in FY12, almost 50% growth in terms of number of classrooms added in FY11.



Covering 12,652 schools and ~6.1 million students (schools covered until FY11 were 6,538)

Over 17% reach (by schools) and over 5% reach (by classrooms)

5-year CAGR growth of 107% in terms of schools signed

The company is now in the process of launching Language Labs and a Tablet Solution.



EduReach

This empowering, PPP programme has changed the lives of communities and millions of people across the country.

Partnering with the Government to bridge the digital divide, EduReach aims to bring a lasting transformation in education systems. To this end, it is working closely with various State and Central Government agencies, Ministries of IT and HRD, and Governments of other countries.

The initiative works through Computer Labs in Government Schools, Multimedia Content in regional language, testing and certification in computer education, full time assistants, as well as teacher training, monitoring and supervision. It involves comprehensive education infrastructure implementation,

teacher training and content development projects and has, overall, had an extremely positive impact on raising learning standards as well as in reducing drop-out rates among children in Government schools across the country.

Government's consistent endeavour is to bring ICT interventions to its one million schools. The current penetration is to the extent of 10%. Under this programme, Educomp participates in a 'Public Private Partnership' model.

Attracting and retaining students and ensuring that they do not drop out of school is a key objective of the Educomp teams working on this programme. The students learn computer skills and internalize difficult curriculum concepts through computer aided learning in schools to enable them to better their life, today and tomorrow.

TRANSFORMING LIVES

As the No. 1 player in India in this domain, Educomp has:



Track record of implementing large scale Public-Private-Partnership projects

Cumulatively worked with over 36,401 government schools across 15 states till date



Impacted lives of over 17.5 million students till date, in often hard to reach remote areas of the country

Currently covering 12,176 schools and ~6.7 million students across 10 states



More than 36% share in this market, and growing





Edureach
Enriching Education

Expanding scale

The year 2011-12 saw the Educreach programme scale new levels with key orders from the Governments of Assam (₹ 209.74 crores), Maharashtra (₹ 67.93 crores), Gujarat (₹ 24.67 crores) and Chhatisgarh (₹ 60.72 crores) under the GOI Revised ICT@Schools Scheme. In Assam, the project will be implemented for five years under the Build Operate Transfer (BOT) model and will reach out to 1,054 Government High and Higher Secondary schools, benefiting over 650,000

students every year. In Chhatisgarh, it will be implemented in 582 schools in Sarguja Zone, covering six districts to benefit 3.25 lakh learners every year, under the Build, Own, Operate and Transfer (BOOT) model for five years.

In addition Educomp has also bagged three orders for content development/training. Two are for state of Gujarat (₹ 3.42 crores) and one for Assam (₹ 68.69 Lakhs) for 5973 and 2199 Schools respectively.



K-12 Schools

The K-12 education stream has emerged as a strong contributor of the company's revenue as more and more K-12 schools enter the second, third or fourth year of their existence, thus completing their initial gestation period. As the No. 1 corporate player in this field, Educomp is playing a pivotal role in addressing the shortage of schools in the country.

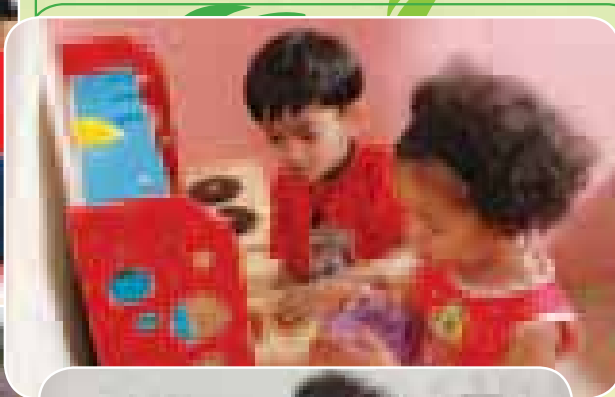
Pre-Schools

Educomp caters to this huge market through its own pre-school brand, Little Millennium, and through EuroKids, in which it has 50% stake.

The K-12 business provides the company with streams that have longer revenue visibility (14 years, 2 years in Pre-School and 12 years in High School). Additionally, the segment is considered recession proof given the supply – demand imbalance that currently exists.

Little Millennium

- First structured and process driven IP in the fragmented space for early childhood education (2 to 4 years)
- 242 pre-school sign-ups till date, catering to 9,800 kids
- Created pioneering IP of over 100,000 pages



EuroKids

- Largest pre-school chain in India with 600 pre-school franchisee sign-ups
- 600 pre-school franchisee sign-ups in India, catering to over 39,700 kids in 2-4 years category

Expanding reach

- Total of 832 pre-school franchisee sign-ups



K-12 SCHOOLS

(currently 69 schools operational, visibility of 112 schools)



Millennium Schools:
K-12 schools in Tier I
and Tier II cities



Takshila Schools:
K-12 schools in Tier
III and Tier IV cities



Universal Academy Schools:
Budget schools brand targeted
at semi-urban towns

Educomp's portfolio of brands in this domain, which offers a huge growth potential, includes:

- K-12 schools in Tier I & Tier II cities, under the brand Millennium
- Co-branded schools with Shriram Schools
- Co-branded schools with PSBB Group of Schools
- Partnership schools with Vasant Valley School
- K-12 schools in Tier III & Tier IV cities, under the brand Takshila
- Budget schools in semi-urban towns under the brand Universal Academy

The company has a strong R&D capability in this space, with:

- MLS, EDAC and Scaffolding Learning Systems
- Over 800 textbooks and workbooks
- Over 19,000 lesson plans
- Over 26,000 work sheets
- Over 11,000 activities and 3,000 projects
- Over 500 teaching manuals

Expanding reach

Leveraging its strengths in the education space to address the huge demand-supply gap in K-12 stream, Educomp has established an attractive portfolio in K-12 with:

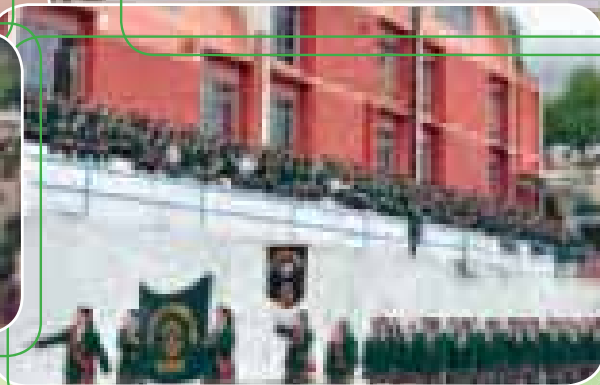
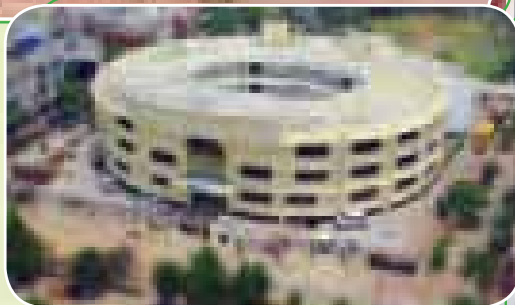
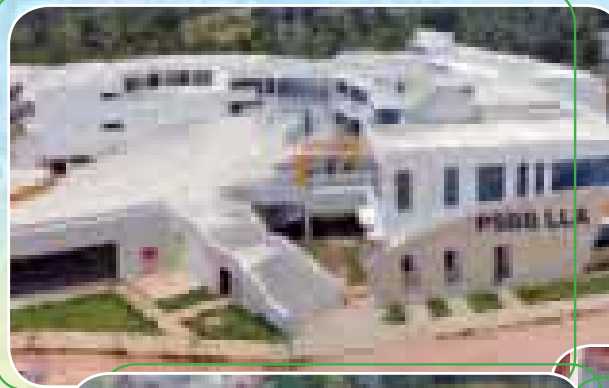
69 schools under
operation

Visibility of
112 schools

29 new JV schools
signed during FY12

Land bank of
21 schools





The Millennium Schools

The Millennium Schools, powered by the Millennium Learning System™ (MLS), aptly called the Science of Education. The Millennium Schools are known for their academic excellence, sports facilities and co-curricular activities. The MLS is based on the belief that locked within every child is the inherent potential for greatness. It identifies the specific skill set of every child and helps each one of them to derive motivation from within as well as from the environment. Using the most advanced audio, visual and kinaesthetic learning techniques, MLS makes education effortless and effective.

Takshila Schools

Takshila believes in the infinite capacity of the young minds to absorb knowledge from the surroundings they live in. So, the Schools are designed following the 'the walls speak', a concept developed by leading school architects, designers, educationist and psychologists. Spatial designs, simple toys based on theories of physics and chemistry, arithmetical and

geometrical puzzles embedded in walls and walk-ways, and mapped play areas help children understand concepts. Takshila Schools apply a unique system called the E-DAC approach to learning; a brainchild leading educationists and researchers at Educomp's R&D wing.

Universal Academy

Universal Academy Learning System, created with extensive research, is a guiding framework for the school's philosophy, culture, infrastructure, curriculum, lesson plans, workbooks, assessments and extra-curricular activities. Each stage of learning is systematically planned keeping the child in focus. The teaching approach uses instructional strategies and innovative resources, woven around the NCERT syllabus. The curriculum is enhanced with skill-based collaborative activities that enable the child to understand the world around and not merely rote learn. Continuous assessment offloads the child from the burden of examination.



Professional Development

Cognizant of the huge shortages in this market in India, Educomp has evolved into the country's largest Teacher Training company, with an expanding reach and impact.

Educomp operates in this space through interactive workshops for teachers on Brain-based Instruction, Art of Questioning, Effective Strategies, Assessment Toolkit and Group Learning.

The company is partnering with Microsoft, Michael & Susan Dell Foundation, etc. for education initiatives to enhance its role in this domain.

A leading player in Teacher Training, Educomp's caters to this growing market through:

- Ongoing partnerships with 15 state governments in India
- 200+ member team of trainers
- 1.6 million cumulative number of teachers trained so far

Higher Education

Strategic tie-ups have facilitated Educomp's growth in this segment, with a \$7 billion market potential driven by a huge demand-supply gap, triggering the need for establishment of 1500 colleges and universities to reach GER of 15%.

Raffles Millennium International

This Educomp Raffles Joint Venture addresses opportunities in Higher Education and is engaged in creating high quality programs for Design, Engineering, Business Administration and Business Studies in India.



Raffles
Millennium
International



Making a mark

Raffles Millennium International is making a mark in higher education through:

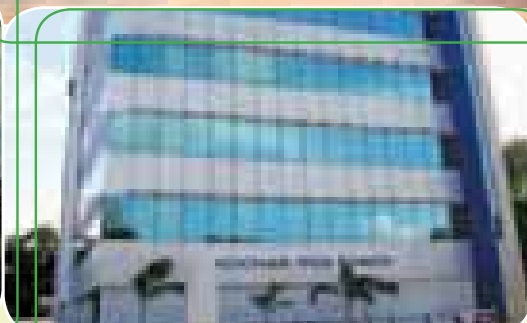
- 7 Raffles Millennium International Colleges in Hyderabad, Chennai, Delhi, Chandigarh, Bangalore, Kolkata and Ahmedabad
- Course offerings in Fashion Design, Interior Design, Fashion Marketing & Management, Product Design, Jewellery Design, Visual Communication and Multimedia Design
- International faculty from US, UK, Italy, Spain and Singapore

JRE Group of Institutions

The JRE Campus for Higher Education (Engineering & PGDM) is a state-of-the-art campus in Greater Noida (Uttar Pradesh), offering Engineering and MBA programs.

Partnership with Great Lakes Institute of Management

Educomp has a partnership with Great Lakes Institute of Management. Great Lakes has been ranked among the top 10 B-schools in India (Business Standard) in a short span of 7 years.



Vocational Education

Educomp is a growing player in Vocational Education, with a continuously expanding portfolio designed to address a \$1.4 billion opportunity, in a market where there is a requirement of skilled labour force of 500 million by 2022.

Educomp has a JV with Pearson to address the opportunities in Vocational Education. Branded as IndiaCan, the Educomp Pearson JV operates through:



ETEN - VSAT

based teaching/
learning model; 158
operational centres;
over 53,000 students
enrolled



PurpleLeap –
Network of 90
colleges; over
30,000 students
enrolled; Hybrid
learning (VSAT + in
person)

Retail Vocational
Channel – Retail
network of 95
Vocational Training
Centres; over
10,000 enrollments

Strong Impact –
Reaching 110,500
students across
328 centres

Online & Supplemental Education

With an unsurpassed leadership position in this \$7 billion market, Educomp's Online Supplemental and Global segment comprises all its Educomp investments in the online and supplemental space as well as two global subsidiaries.

Our offerings in this space include:

Tutoring services



Mathguru – 10,000 solutions under math-help
programme for students from classes VI to XII



Learning Hour – tutoring services in India
provided online to students across the world

E-learning platforms



WizIQ – web learning
platform with 2 million
users – students and
teachers; partnership with
Saudi Arabia's CityNet in
Gulf region



Educomp Online – edu-content
and online school management
resource currently used by 2693
schools and more than 1,74,876
students with over 2.5 million user
ids

Test preparation



Gateforum – institute for GATE preparation; 51 operational centers reaching 23,730 students



VMC – programme for teaching and guiding students for entrance exam for the IITs ; 44% of VMC students secured rank in IIT-JEE 2012



Leap – advanced, scientific and personalized coaching from acclaimed faculty for students in their home town

VMC and Leap have 34 points of presence across India, reaching over 8,000 students

Admissions advisory services



Learnhub – Social Learning Network for easy online learning and teaching



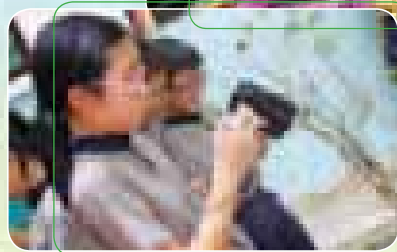
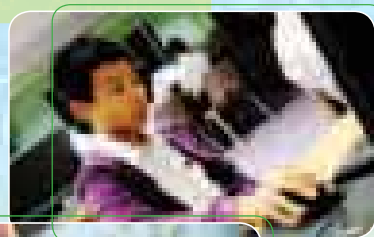
StudyPlaces – one-stop-shop for education search.

Over 2.4 million users registered on Learnhub and StudyPlaces; 60% increase in traffic y-o-y.

EduIgnite



EduIgnite – giving students career advice and direction on basis of personality, interests and aptitude



Thinking Global. Reaching out globally.

Educomp Solutions brings a portfolio of IP driven, core education products, services, content and best practices to our focus countries to avail cross-border opportunities in the international education markets. Our subsidiary, Wizlearn Technologies (formerly known as ASKnLearn) focused on Pan Asian market place is based out of Singapore. Our subsidiary in the US, Learning.com is the leading web based K-12 company in USA. The backbone of our expansion globally is a strong R&D dedicated to creating quality Content and IP to serve the entire education ecosystem.

Content Leadership in North America and South East Asia

Learning.com – premium provider of web-delivered K-12 curriculum and assessments; digital learning environment products; reach across 3.6 million students 1,25,000 teachers across US – the largest education market in the world.

Wizlearn – leading K-12 education company in Singapore; catering to over 230 educational institutions across Singapore, China, Thailand, Philippines, Vietnam, Japan and Brunei; started groundwork to launch Smartclass in China through China Distance Education Holdings (CDEL).



AWARDS & RECOGNITIONS

The impact of our business on the education horizon can be gauged by the accolades and awards that we continued to achieve during FY12.



Shantanu Prakash our Managing Director & CEO was conferred with the prestigious **Wisitex International Shiksha Ratna of the Decade Award 2011** (14-Sep-2011).

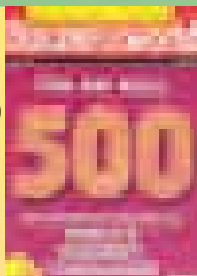


Educomp was conferred with Excellence Award by Institute of Economic Studies on 30th June 2011 and Soumya Kanti, President of EduReach (PPP & ICT Division of Educomp) was awarded the **"Udyog Rattan Award"**.

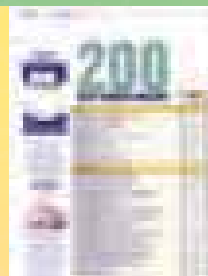


In March 2011 Shantanu Prakash, won the prestigious ET Now **'Leap of Faith'** Award in the category of Education.

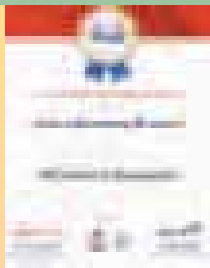
In its definitive Ranking of **India's Biggest Companies, Business World (October 24, 2011)**, chose Educomp in 2 of its lists of top 500 biggest companies in India. Educomp features in top 500 non financial companies with a rank of 217. We are also ranked 39th of the top 500 in the list of "The Biggest Employers".



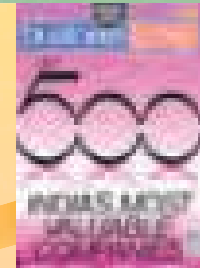
Educomp featured in Asia's **'Best under a Billion'** list released by Forbes Asia (15-Sep-2011). Educomp is among the 35 Indian companies who have made the mark.



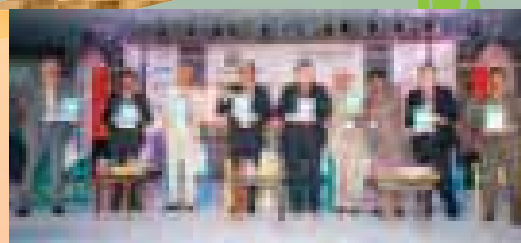
Our JRE Business School was selected as **'Asia's Promising Business Schools'** by World Brand Congress in Singapore from amongst B-schools of 29 countries on 22nd July 2011.



In March 2012 Business Today featured Educomp is one of the **"Top 10 best companies to work for in 2011"** in its - People Strong Best Companies to Work For, study.



Franchise India presented **"Entrepreneur of the Year"** award to Educomp CEO, Mr. Shantanu Prakash in April 2011. The awards were organized by: **"Indian Education Awards 2011"** to recognize and acknowledge the initiatives and achievements of certain individuals and institutions that have contributed significantly towards the growth of the education sector in India in the recent times.



CORPORATE SOCIAL RESPONSIBILITY

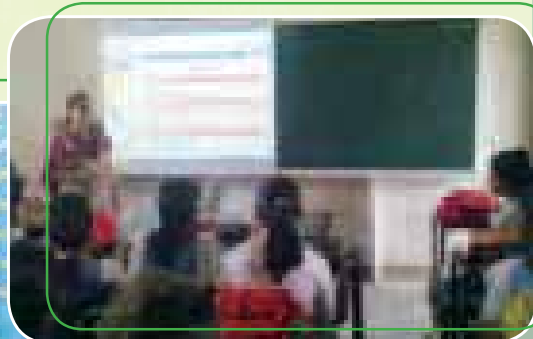
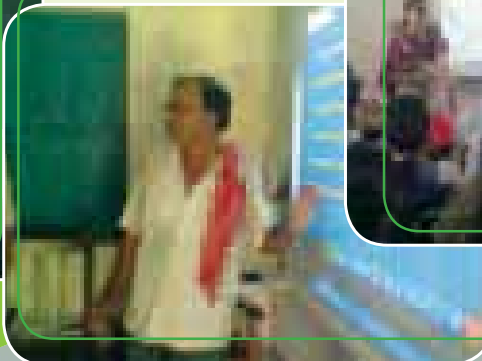
In the year 2012 the state of Bihar completes its 100 years of its formation. The Government of Bihar celebrated the 100th year of its formation with great fanfare and pride. Educomp Solutions Ltd along with the support of Microsoft through the proposed program "Window to the World" joined hands with the Govt. of Bihar in the Bihar Diwas celebration. ICT achievements of the schools in the State were celebrated through state-wide contests. The next big leap in use of technology for education was proposed through the "Window to the World" program. The project was conceived and implemented by Educomp. While organization of state level competition "Marching Ahead with ICT", awards and refreshments, for Bihar Diwas were funded by Educomp rest of the project was funded by Microsoft.

'Marching Ahead with ICT' was an initiative of Educomp to recognize students and teachers for their enthusiasm to use ICT in their day to day teaching learning process. Through this program Educomp conducted a state wide test on students' of all 600 schools in Bihar covered under ICT@School program and evaluated their knowledge and skills on computers. More than 3000 participants have been given a certificate of participation. There were 50 winners each from participating teachers and students from across 25 districts. There were 6 winners at state level; 2 students from high schools, 2 from senior secondary schools, and 2 teachers. All six were awarded with a laptop each besides a citation and certificate.

The 'Window to the World' project, being run jointly with

Education Department, Government of Bihar, and Microsoft in five schools in the rural areas of the state, is aimed at effectively reaching out to students, teachers and educational stakeholders to build capacity within limited budgets. The schools are in the interiors of Bihar including a girls only school. Using existing infrastructure within and beyond school hours, the project judiciously supplements this infrastructure with strategically placed education enabled ICT devices and digital content in the schools. The project has so far benefited 5411 students in the state from grades 5 to 12.

Under the project, computer labs have been used after school hours in separate shifts where students were able to work on projects and school teachers were able to learn ICT skills, soft skills, benefit from computer enabled learning, and got to imbibe other relevant educational packages. At any time of the day, the target group-teachers and students got opportunity to practice and learn from strategically placed ICT Tools in the schools as part of the project, striving to transform the education profile of the state. Intensive teacher training on computer aided teaching and IT tools, has been supplemented with detailed IT training manuals. A vast repository of multimedia content in English and Hindi languages has benefited the target schools and the students in peripheral areas who came to the school to gain from the 'Window to the World' program. Every student has finished an individual project. Meticulous reports have been generated to track and monitor usage.



CORPORATE INFORMATION

BOARD OF DIRECTORS

(As on 13th August 2012)

Mr. Shantanu Prakash	Chairman & Managing Director
Mr. Jagdish Prakash	Whole-Time Director
Mr. Sankalp Srivastava	Independent Non Executive Director
Mr. Shonu Chandra	Independent Non Executive Director
Mr. Rajiv Krishan Luthra	Independent Non Executive Director
Dr. Shyama Chona	Independent Non Executive Director
Mr. Manav Saraf	Non-Independent Non Executive Director

COMMITTEES OF THE BOARD

Audit Committee

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

Shareholders' Investor Grievance Committee

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

Remuneration Committee

Mr. Sankalp Srivastava	Chairman, Independent & Non Executive Director
Mr. Shonu Chandra	Member, Independent & Non Executive Director
Dr. Shyama Chona	Member, Independent & Non Executive Director

Finance Committee

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

REGISTERED OFFICE

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

CORPORATE OFFICE

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

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
Syndicate Bank
HDFC Bank
Indian Overseas Bank
State Bank of India
Axis Bank 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 of India Limited & Bombay Stock Exchange Limited

COMPANY SECRETARY

Anil Sharma

DIRECTOR'S REPORT

Dear Shareholders,

The Directors of your Company have pleasure in presenting herewith the 18th Annual Report of your Company together with the audited accounts for the Financial Year ended 31st March 2012

1. Financial Performance :

The consolidated and standalone audited financial results for the year ended 31st March 2012 are as follows:

(` in million)

Particulars	Consolidated Year Ended Audited		Standalone Year Ended Audited	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Sales and other Income	15,224.36	13970.24	10920.37	10617.73
Profit (+)/Loss(-) Before tax	1945.30	4083.07	2444.80	4363.05
Provision for Tax	574.74	677.74	555.77	474.37
Net Profit (+)/Loss(-) after tax	1,370.56	3405.33	1889.03	3888.68
Minority interest and equity in earnings/ (losses) in affiliates/ Pre acquisition Loss/(profit)	15.2	38.61		
Net profit for the year	1,355.36	3366.72	1889.03	3888.68
Appropriations				
Interim Dividend	-	13.20	-	-
Proposed Dividend on equity shares	45.62	57.59	28.99	57.59
Corporate Tax on distributed dividend	5.57	(0.30)	4.70	(0.29)
Transfer to Debenture Redemption Reserve	209.39	349.95		
Transfer to General Reserve	99.45	389.11	94.45	388.87

2. Dividend:

Based on the Company's performance, and keeping in view future fund requirements of the Company, Your Directors have recommended a dividend of `0.30 per Equity Share (15% on face value of `2/-each) for the Financial year ended as on 31st March, 2012, 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 21st September 2012 after giving effect to all valid transfers in physical form lodged with the Company or its Registrar and Share Transfer Agent till 21st September 2012
- 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 21st September 2012

The final dividend on the Equity Shares, if approved by the members would involve a cash outflow of `41.63 million including dividend tax for the Financial Year 2011-12 as against total dividend payout of `66.92 million for the previous year

The register of members and share transfer books will remain closed from 22nd September 2012 to 26th September 2012 (both days inclusive). The Annual General meeting of the Company will be held on 26th September 2012.

3. Transfer to Reserves:

The Company proposes to transfer `94.45 million (Previous year `388.87 million) to the General Reserve out of the amount available for appropriations. An amount of `9,055.70 million (Previous year `7,294.81 million) has been proposed to be retained in the Profit and Loss Account.

4. Operating Results and Business:

In year 2011-12, Company's performance was quite satisfactory and has shown a CAGR over a period of 5 years of 39.1% on consolidated basis and 32.7% on standalone basis.

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

In the smartclass™ segment, we have added 6114 new customers taking the total number of schools to 12652 as on March 31, 2012 as compared to 6538 as on March 31, 2011.

In Edureach (formerly ICT) business segment, we have an ongoing partnership with twelve state Governments and are catering to 11535 Government schools in various states as on March 31, 2012 as compared to 10572 Government schools in various states as on March 31, 2011.

On Standalone basis Company's Total revenue increased to `10,920.37 million as on March 31, 2012 from `10,617.73 million as on March 31, 2011, registering a growth of 2.85%. The profit before tax and after prior period items stand at `2444.80 million as on March 31, 2012 as against `4,363.05 million as on March 31, 2011. The profit after tax stands at `1,889.03 million as on March 31, 2012 as against `3,888.68 million as on March 31, 2011.

On Consolidated basis Company's Total revenue increased to `15,224.36 million as on March 31, 2012 from `13,970.24 million as on March 31, 2011, registering a growth of 8.98%. The profit before tax and after prior period items stands at `1,945.30 million as on March 31, 2012 as against `4,083.07 million as on March 31, 2011. The profit after tax, minority and pre-acquisition profits stands at `1,355.36 million as on March 31, 2012 as against `3,366.72 million as on March 31, 2011.

Segmental Performance (Standalone):

The EBIT margins in the School learning solutions (SLS) Segment of the Company for the year amounted to `4,275.39 million or 40.81% of SLS revenues as on March 31, 2012 as compared to `5,201.96 million or 52.08% of SLS revenues as on March 31, 2011.

The EBIT margins in the Higher learning solutions (HLS) segment of the Company for the year amounted to `43.48 million or 32.03% of HLS revenues as on March 31, 2012 as compared to `48.26 million or 28.57% of professional development revenue as on March 31, 2011.

The EBIT margins in the K-12 Segment of the Company for the year amounted to `13.81 million or 97.85% of K-12 segment revenues as on March 31, 2012 as compared to `8.99 million or 34.37% as on March 31, 2011.

The EBIT margins in Online and Retail segment of the Company for the year amounted to ` -19.01 million as on March 31, 2012 as compared to ` -59.48 million of Online and Retail revenues as on March 31, 2011.

Expenditure(Standalone):

Cost of Goods Sold (COGS) has increased to 35.38% of our revenue as on March 31, 2012 from 26.91% as on March 31, 2011. This increase is on account of product upgradation and depreciation in rupee.





Personnel expenses have increased to 16.20% of our revenue as on March 31, 2012 from 13.34% as on March 31, 2011. This increase is due to the fact that our company is growing rapidly.

Administration & other expenses have increased to 13.73% as on March 31, 2012 from 8.61% of our revenue as on March 31, 2011.

Our Profit after tax amounted to ₹ 1,889.03 million or 17.30% of revenue as on March 31, 2012 as compared to ₹ 3,888.68 million or 36.62% of revenue as on March 31, 2011.

5. Changes in Capital Structure :

Authorized Share Capital

Shareholders of the company on 26th July, 2011 by passing special resolution through postal ballot approved increase in Authorised Share Capital of the Company.

Authorised Share Capital of the Company is ₹ 30,00,00,000/- (Rupees Thirty crore) divided into 15,00,00,000 (Fifteen crore) equity shares of ₹ 2/- (Rupees Two) each.

Issued and Paid-up Share Capital

During the year under review, the Company allotted 4,84,405 Equity Shares of face value of ₹ 2/- each upon exercise of stock options by the eligible employees/Directors of the Company/subsidiaries under Employee Stock Option Scheme 2006.

On 20th April 2011, the Company has allotted 35,129 Equity Shares of the face value of ₹ 2/- each at a premium of ₹ 536/- per share on Preferential Basis under Chapter VII of SEBI (ICDR) Regulations, 2009.

Post 31st March, 2012 & till 13th August 2012, the Company has allotted 5,33,894 Equity Shares of face value of ₹ 2/- each upon exercise of stock options by the eligible employees/Directors of the Company/subsidiaries under Employee Stock Option Scheme 2006.

Shareholders of the Company through Special Resolution passed in the Extra Ordinary General Meeting of the Company held on 16th July, 2012 approved Preferential Issue of Equity Shares and Warrants as per the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009 to Promoter and Non Promoter Group.

Further the Company has allotted following Equity Shares and Warrants as per the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009;

- (a) 43,04,661 Equity Shares of the face value of ₹ 2/- each at premium of ₹ 191.74 to Promoter Group Entity.
- (b) 1,85,03,419 Equity Shares of the face value of ₹ 2/- each at premium of ₹ 147.16 to Non Promoter Group.
- (c) 1,14,79,096 Warrants at Issue price of ₹ 193.74 convertible in to equal number of Equity Shares of the Face Value of ₹ 2/- each to Promoter Group Entity. 25% of the Warrant price have been received and the balance 75% of the Warrant Price will be payable within a period of 18 months from the date of allotment.

The paid up capital after taking the effect of changes as above, stood at ₹ 23,88,11,808/- consisting of 119,405,904 shares of the face value of ₹ 2/- each as on 13th August 2011.

6. Foreign Currency Convertible Bonds

US\$ 80 Million Zero Coupon Foreign Currency Convertible Bonds

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

US\$ 10 Million Zero Coupon Foreign Currency Convertible Bonds

Post Balance Sheet date the Company has raised US\$ 10 million, Zero Coupon Foreign Currency Convertible Bonds for redemption of outstanding FCCB. The Bond holders, as per the agreement, have the option to convert these bonds into equity shares, at a price of ₹ 188.62 per share with in 5 years and 1 day from the date of disbursement. The FCCB is redeemable at a premium of 34.07 % on principal after 5 year and 1 day. The FCCB has been raised for purposes of redemption of existing FCCB.

7. 13.5% Secured, Redeemable, Non-Convertible Debentures & External Commercial Borrowings.

Non-Convertible Debentures

The Company on 24th May, 2012 has allotted 350, 13.5% Secured Non-Convertible Debentures of the face value of ₹ 10,00,000/- each aggregating to ₹ 35 crore Above mentioned Debentures are issued in DEMAT form and are listed on Bombay Stock Exchange Limited.

Further Company on 20th July, 2012 has allotted 100, 13.25% Secured Non-Convertible Debentures of the face value of ₹ 10,00,000/- each aggregating to ₹ 10 crore.

External Commercial Borrowings

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

8. Subsidiaries/Joint Venture/Associates of the Company:

As on March 31, 2012, Company had 52 Subsidiaries, 2 Joint ventures having 3 Subsidiaries & 1 Associates. During the Year the Company has sold its stake in Zeebo Interactive Studio Pvt Ltd.

9. Particulars required as per section 212 of the Companies Act, 1956:

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

Board of Directors of the company in its meeting held on 30th May 2012 consented for not attaching the balance sheet of the subsidiary companies. A statement containing brief financial details of the Company's subsidiaries for the financial year ended March 31, 2012 is included in the Annual Report. The annual accounts of these subsidiaries and the related detailed information will be made available to any member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection by any member of the Company/its subsidiaries at the registered office of the Company. The annual accounts of the said subsidiaries will also be available for inspection, as above, at the head offices/registered offices of the respective subsidiary companies. The Company shall furnish a copy of details of annual accounts of subsidiaries to any member on demand.

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

10. Directors:

Board of Directors of Educomp Solutions Limited comprises of two Executive Promoter Directors namely Mr. Shantanu Prakash, Chairman cum Managing Director 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.

On 26th July, 2012 Mr. Manav Saraf was appointed as additional directors by the Board in the category of Non Independent Non-Executive. Mr. Gopal Jain has resigned from the Board with effect from 27th July, 2012.

Mr. Manav Saraf will hold office of the Additional Director up to the date of the ensuing Annual General Meeting. Board proposes to regularize him as Director in the forthcoming Annual General Meeting.

As per section 255 and 256 of the Companies Act, 1956 Dr. Shayama Chona, and Mr. Shonu Chandra are the Directors liable to retire by rotation and further 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.

After resignation of Mr. Gopal Jain w.e.f. 27-07-2012 he ceases to be the member of the Audit Committee.

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 16,609 as on March 31, 2012 as compared to 13,917 as on March 31, 2011.

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 2012, 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 2012 and of the Profit and Loss Account for the financial year ending as on 31st March 2012
- 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 2012 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, will retire at the conclusion of the ensuing Annual General Meeting of the Company. M/s Anupam Bansal & Co, Chartered Accountants has shown his unwillingness for reappointment as Statutory Auditor. M/s. Haribhakti & Co., Chartered Accountants being eligible have expressed their willingness for appointment as statutory auditors of the company and have confirmed that appointment, if made, will be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

The 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 2012-13 has already been paid to BSE and NSE.

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, Awards, Achievements & Recognitions: Ratings

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

Long term facilities: Revised 'CARE A' (Single A) rating to 'CARE A+' (Single A Plus) to our long term facilities i.e. facilities having tenure of more than one year, aggregating to ` 382.70 crore.

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

Commercial Paper : Reaffirmed CARE A1 (A One) for the CP Issue for ` 100 crore. Reaffirmed CARE A1+ (A One+) for the CP Issue for ` 80 crore (carved out of working capital issues).





In September 2010, Fitch, Inc. assigned us a long-term issuer rating of 'A (ind)' and an 'F1' rating for both our short-term debt and working capital facilities.

Dun & Bradstreet assigned a 5A1 rating to us. The rating comprises two parts, a rating of our financial strength (5A) and a rating based on a composite credit appraisal (1). The former is an indication of our tangible net worth whilst the latter is linked to the level of risk in our business and is an overall evaluation of creditworthiness. The 5A1 rating, in summary, reflects that we have a tangible net worth in excess of ₹ 645,950,000 and that the overall creditworthiness is high.

Awards, Achievements & Recognitions:

Educomp Solutions won three prestigious awards – "Best Education Company to work with," "Best Innovative K 12 School" and "Best Education Webinar Series" at the Indian Education Awards (IEA) 2012 at a glittering ceremony on 28th April 2012. In March 2012 Business Today featured Educomp is one of the "Top 10 best companies to work for in 2011" in its – People Strong Best Companies to Work For, study.

Educomp featured in Asia's 'Best under a billion' list released by Forbes Asia (15-Sep-2011). Educomp is among the 35 Indian companies who have made the mark. In its definitive Ranking of India's Biggest Companies, Business World (October 24, 2011), chose Educomp in 2 of its lists of top 500 biggest companies in India. Educomp features in top 500 non financial companies with a rank of 217. We are also ranked 39th of the top 500 in the list of "The Biggest Employers". Shantanu Prakash our Managing Director & CEO was conferred with the prestigious Wisitex International Shiksha Ratna of the Decade Award 2011 (14-Sep-2011). Malgosia Green who heads our Learnhub business was named one of the 20 Young Women in Power by Canadian Business Magazine (30-Aug-2011).

Our JRE Business School was selected as 'Asia's Promising Business Schools' by World Brand Congress in Singapore from amongst B-schools of 29 countries on 22nd July 2011. Educomp and its associate companies won the highest number of awards at the 2011 edition of the prestigious World Education Awards held on 14th July. Among the awards bagged by Educomp were Best Public Choice Award for Innovation in Teaching Pedagogy bagged by Educomp R&D for EFES (Empowering Facilitators with Effective Strategies); Best Public Choice Award for Learning Initiative of the Year bagged by Educonnect: Language Connects (Educomp-IndiaCan English Speaking Program), and AuthorGen Technologies (an Educomp subsidiary) won the Best Public Choice Award for Innovation in Open & Distance Learning. On 5th July 2011, Sangeeta Gulati, CFO of Educomp received the prestigious Business Today Best CFO award in the category 'Sustained Wealth Creation (mid size)' from Finance Minister, Mr. Pranab Mukherjee. Educomp was conferred with Excellence Award by Institute of Economic Studies on 30th June 2011 and Soumya Kanti, President of Edureach (PPP & ICT Division of Educomp) was awarded the "Udyog Rattan Award". Franchise India presented "Entrepreneur of the Year" award to Educomp CEO, Mr. Shantanu Prakash in April 2011. The awards were organized by: Indian Education Awards 2011" to recognize and acknowledge the initiatives and achievements of certain individuals and institutions that have contributed significantly towards the growth of the education sector in India in the recent times. Dare Magazine in its April 2011 issue chose Shantanu in its list of Inspiring 50 Entrepreneurs – 2011 because "Shantanu Prakash, founder of Educomp, is the man who is responsible for bringing the much-awaited change in the Indian education system". In March 2011 Shantanu Prakash, won the prestigious ET Now 'Leap of Faith' Award in the category of Education.

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.

23. 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 2012 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.

24. Notes to Accounts:
They are self-explanatory and do not require any explanations.

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

26. 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.

27. 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.

28. 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 ESOP-2006, ESOP-2007, ESOP-2008, ESOP-2010 and ESOP-2011 for its employees and employees of its subsidiary companies.

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

Post 31st March 2012, Pursuant to shareholders resolution dated 16th July 2012, Company has implemented ESOP Scheme 2012 and the remuneration committee of Board of Directors of the Company has granted 2600000 Stock Options Employees / Director of the Company and its Subsidiaries under ESOP Scheme 2012

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

29. Disclosure Pursuant To Clause 5A of Listing Agreement
 Pursuant to insertion of clause 5A in listing Agreement as per SEBI notification no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009 the details in respect of the shares lying in the suspense account till March 31, 2012 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 2011-12	0	0
3. Number of shareholders to whom shares were transferred from suspense account during the year 2011-12	0	0
aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2012	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.

30. 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. Your company is already by and large complying with the voluntary guidelines Corporate Governance various requirements, it has initiated appropriate action for compliance.

31. 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

Place : Gurgaon
 Date : 13th August, 2012

(Shantanu Prakash)
 Chairman & Managing Director





ANNEXURE A To DIRECTOR'S REPORT

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

- a) **Energy Conservation**
Though energy does not form a significant portion of the cost for the Company yet wherever possible and feasible, continuous efforts are being put for conservation of energy and minimize power cost.
- b) **Technology Absorption, Adoption and Innovation**
The information that is required to be disclosed under rule 2 of the aforesaid rules, is given hereunder in Form B:

FORM B

Form of Disclosure of particulars with respect to Absorption, Research and Development (R&D)

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

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

- Benefits derived as a result of the above R&D

We at Educomp were able to bring path breaking transformation in the education space and teaching methodology.

- Future plan of action

To add more technical skills to provide better educational solutions to clients.

- Expenditure on R&D
- Capital : NIL
- Recurring : NIL
- Total : NIL
- Total R&D expenditure as a : NIL
- Percentage of total turnover

Technology, absorption, adaptation and innovation

- Efforts, in brief, made towards technology absorption, adaptation and innovation.
We at Educomp Solutions Limited are well aware of latest technology being available in our field of operation. Necessary training is imparted to the relevant people from time to time to make them well acquainted with the latest technology.
- Benefits derived as a result of the above efforts:
We are able to provide educational services in more innovative form & maintain a high standard of quality.
- In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:
Technology imported : N.A.
Year of import : N.A.
Has technology been fully absorbed : N.A.
If not fully absorbed, areas where this : N.A.
has not taken place, reasons there for and future plans of action.

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 ₹ 37.45 million.

Foreign Exchange Earning & Outgo details are as follows:

Foreign Exchange details *		(₹ in million)
Foreign Exchange Earnings (A)		As on 31st March, 2012
(Including deemed exports & sales through export houses)		163.73
Foreign Exchange Outgo (B)		1097.72
Net Foreign Exchange Earnings (A-B)		(933.99)

* The Figures are on receipt/payment basis.

For and on Behalf of the Board of Directors

Place : Gurgaon
Date : 13th August, 2012

(Shantanu Prakash)
Chairman & Managing Director

ANNEXURE B TO DIRECTOR'S REPORT

Information regarding the Employees' Stock Option Scheme
(As at 31st March 2012)

The details of Options granted under ESOP 2006, ESOP 2007, ESOP 2008, ESOP 2010 and ESOP 2011 are given in the table below.

S. No.	Details	Employee Stock Option Plan 2006	Employee Stock Option Plan 2007	Employee Stock Option Plan 2008	Employee Stock Option Plan 2010	Employee Stock Option Plan 2011
1.	Total No. of Options under the Plan	31,25,000	10,00,000	12,50,000	10,00,000	10,00,000
2.	Total No. of Options Granted during the year	2,10,000	1,66,385	1,20,000	70,000	9,75,000
3.	Pricing Formula	Exercise price being price at which share were offered to the public by the company in its IPO in December 2005. or differential pricing.	Determined by the remuneration committee this is generally Current Market Price or differential pricing.	Determined by the remuneration committee this is generally Current Market Price or differential pricing.	Determined by the remuneration committee this is generally Current Market Price or differential pricing.	Determined by the remuneration committee this is generally Current Market Price or differential pricing.
4.	Options vested	5,64,620	1,40,475	2,32,337	1,43,810	Nil
5.	Options exercised	4,84,405	Nil	Nil	Nil	Nil
6.	Money realized by exercise of options during the Year (₹)	1,21,10,125/-	Nil	Nil	Nil	Nil
7.	Number of shares arising as a result of exercise of option	4,84,405	Nil	Nil	Nil	Nil
8.	No. of Options lapsed/ forfeited	18,250	1,71,580	1,02,325	90,500	Nil
9.	Variation of terms of options	N.A	N.A.	N.A	N.A	N.A
10.	Total No. of Option in force	16,68,815	8,68,420	12,07,233	9,61,250	9,75,000
11.	Employee-wise details of options granted to	Sangeeta Gulati- 1,60,000	Raman Bajaj- 61,385	Sangeeta Gulati-40,000	Ashish Gupta- 50,000	Rajiv K Luthra- 50,000 Shyama Chona-50,000 Sankalp Shrivastava-25,000 Bindu Rana-1,00,000 Harpreet Singh- 2,00,000 Raman Bajaj-1,00,000 Arun Duggal-4,50,000
	i) Senior Management Personnel during the year					
	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	Varinder Bansal- 75,000	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	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'	19.61	19.61	19.61	19.61	19.61
13.	In case, the employees compensation cost is calculated on the basis of intrinsic value of stock option, the difference between the employees compensation of the stock option cost based on intrinsic value of the stock and the employees compensation of the stock option cost based fair value, and the impact of this difference on profits and on EPS of the Company	Since these options are issued at fixed exercise price its intrinsic value approximates its fair value.	Options are issued at CMP(intrinsic value) which approximates the Fair market value.	Options are issued at CMP(intrinsic value) which approximates the Fair market value.	Options are issued at CMP(intrinsic value) which approximates the Fair market value.	Options are issued at CMP(intrinsic value) which approximates the Fair market value.



WHAT LEARNING CAN BE



S. No.	Details	Employee Stock Option Plan 2006	Employee Stock Option Plan 2007	Employee Stock Option Plan 2008	Employee Stock Option Plan 2010	Employee Stock Option Plan 2011
14.	For options whose exercise price either equals or exceeds or is less than the market price of the stock the following are disclosed separately: - Weighted average exercise price	111.42	439.58	499.58	478.95	238.94
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.	N.A	N.A	N.A	N.A	N.A

For and on Behalf of the Board of Directors

Place : Gurgaon
Date : 13th August, 2012

(Shantanu Prakash)
Chairman & Managing Director

ANNEXURE TO DIRECTOR'S REPORT

Information as per section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975 as amended and forming part of the Director's Report for the year ended March 31, 2012

S. No.	Name	Designation	Nature of Duties	Qualification	Joining Date	Age	Experience (Years)	Remuneration Received (In `)	Previous Employment-Designation
1.	Shantanu Prakash	Chairman & MD	General Management	PGDM (IIM-A)	7-Sep-94	47	18	13800000	N.A
2.	Abhinav Dhar	Director-K-12 Business & Operations	School Learning Solutions (smartclass)	M.B.A., B.Sc., DITS	1-Apr-07	50	27	7314732	National Head-Shell India
3.	Soumya Kanti Purkayastha'	President-Edureach	School Learning Solutions (EduRech)	PGDM (IIM-A)	1-Apr-07	47	22	7010016	Vice President-Ascomp Technology
4.	Harpreet Singh	President - Higher Education	Higher Education	B.Tech, PGDM (IIM-A)	19-Sep-09	47	19	7152912	Country Head - NRI Business, Wealth Advisory Services, HDFC Bank
5.	Sangeeta Gulati*	CFO	Finance & Accounts	C.A., M.Com., B.Sc. (Zoology)	4-Nov-00	44	17	6710508	Assistant Manager-Saw Pipes Ltd(Jindal Group)
6.	M S Venkatesh*	President-Group HR & People Solutions	Human Resources	B.Sc., PGDPM, M.A. (Social Works)	16-Apr-07	46	22	6710508	Director-HR & Admin Coca Cola India Inc

*resigned from the company after 31st March, 2012.

Notes:

- The remuneration received shown as above comprises of salary, bonus, allowances, cash incentives and monetary value of perquisites (excluding ESOP Perquisites) as per income tax rules, Provident Fund and professional tax.
- None of the employees shown above is related to any Directors of The Company except Mr. Shantanu Prakash.
- None of employees mentioned above is holding more than 2% of outstanding equity shares of the Company as on 31st March 2012 except Mr. Shantanu Prakash, Chairman and Managing Director who holds 44,315,205 Equity Shares (46.13%) of the Company.
- All the employees shown above are in full-time employment, Mr. Shantanu Prakash is on Contractual employment with the Company.
- In addition to the above remuneration, employees are entitled to gratuity in accordance with the Company's rules.

For and on Behalf of the Board of Directors

Place : Gurgaon
Date : 13th August 2012

(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 Securities 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 |
| 7. | A P Eduvision Private Limited |





REPORT ON CORPORATE GOVERNANCE

Corporate Governance Philosophy

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

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

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

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

1. MANDATORY REQUIREMENTS

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

A. BOARD OF DIRECTORS

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

(i) Composition and Category

In compliance with the Listing Agreement, The Company has a balanced mix of executive and non-executive Independent Directors. During the Financial Year ended 31st March 2012, 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. 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 2012 is provided in the following table:

Name of Director	Director Identification Number	Category	Designation	Attendance Particulars		Directorship of Other Indian Public Companies	Committees Position Other Indian Companies	
				Board Meetings	Last AGM		Member	Chairman
Shantanu Prakash	00983057	Promoter & Executive Director	Chairman & Managing Director	4	Yes	13	1	Nil
Jagdish Prakash	00001115	Promoter & Executive Director	Whole-Time Director	4	Yes	11	1	1
Gopal Jain*	00032308	Independent & Non-Executive Director	Director	1	No	5	4	Nil
Sankalp Srivastava	00126407	Independent & Non-Executive Director	Director	4	Yes	1	Nil	Nil
Shonu Chandra	01019974	Independent & Non-Executive Director	Director	4	Yes	2	Nil	Nil
Rajiv Krishan Luthra	00022285	Independent & Non-Executive Director	Director	3	No	10	2	1
Dr. Shayama Chona	02749576	Independent & Non-Executive Director	Director	4	No	Nil	Nil	Nil

Notes:

- The directorships held by the directors, as mentioned above do not include the directorships held in Pvt. Company, foreign companies and companies under Section-25 of the Companies Act, 1956.
- 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
- Except Mr. Shantanu Prakash and Mr. Jagdish Prakash, who are relatives (Mr. Jagdish Prakash is father of Mr. Shantanu Prakash) and promoter directors, none of the directors are relatives of any other director
- None of the Directors on the Board, are Members of more than ten Committees or Chairman of more than five Committees across all the companies in which they are Directors. Necessary disclosures regarding Committee positions in other public companies as on 31st March 2012 have been made by the Directors.

* Mr. Gopal Jain had resigned from the Board with effect from 27th July 2012. Mr. Manav Saraf was appointed as Additional Directors of the Company w.e.f 26th July 2012 and to be regularized in the ensuing Annual General Meeting.



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. He has been involved in the area of education management, multimedia content and instructional delivery for over a decade. Under his leadership Educomp has introduced several products in the education technology domain. He is well recognized in the education space as an expert in the area of instructional technology.

Mr. Jagdish Prakash, Whole Time Director is responsible for warehouse management, logistics and operational issues. He has over 50 years of experience in materials management and logistics in Steel Authority of India Limited as a Chief Materials Manager.

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 18 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. 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. 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. Rajiv krishan Luthra is the Founder & Managing Partner of Luthra & Luthra Law Offices, one of India's largest and premier law firms. He has over three decades of experience, involving complex commercial transactions on tax and a multitude of corporate and civil law issues. He has successfully concluded transactions on more than fifty infrastructure projects in Bangladesh, India, Nigeria, Nepal, Sri Lanka and the People's Republic of China. The Government of India has appointed Rajiv Luthra on the Advisory Board to the Competition Commission of India and on the 'Competition Advocacy Steering Committee.' The Ministry of Commerce has appointed him as Convener of the Committee formed to advise the Government of India on the liberalisation of legal services under the GATTS between India and the UK and the Ministry of Human Resource Development, Department of Higher Education, Government of India, has appointed him as a Member of the Round Table on Legal Education. Rajiv Luthra co-chairs and is a member of the Faculty of The Southwestern Institute for International and Comparative Law (SWIICL)–(a division of The Center for American and International Law, Texas, USA). He is also a member of the City of London Advisory Council for India. Rajiv Luthra serves on the Board of the Hong Kong

& Shanghai Banking Corporation's Corporate Governance and Audit committees. By invitation, he is a Member of the National Executive Committees of the Federation of Indian Chambers of Commerce and Industry (FICCI) and the Confederation of Indian Industries (CII). He is also on the Advisory Board to the National Law School, University of India, Bangalore. Rajiv Luthra has recently been honored by the Hon'ble Prime Minister of India, Mr. Manmohan Singh as the 'best Corporate lawyer of India.' Lawyer.com (a UK publication) included him amongst its top 40s to 'have been making the biggest waves outside the UK.' Rajiv Luthra is admitted to practice in India. He attended the University of Delhi, Harvard Law School and the George Washington University. He is a member of various professional bodies, including the Supreme Court Bar Association, the Delhi High Court Bar Association, the International Bar Association, the Inter-Pacific Bar Association, the International Union des Avocats, and the American Bar Association. He is also a Fellow of the British Commerce Society and of the Royal Geographical Society.

Dr. Shayama Chona

Dr Shayama Chona, Padma Shri and Padma Bhushan Awardee, is the Ex-Principal of Delhi Public School RK Puram, New Delhi – a world class educational 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.

Details of Board Meetings held during the year

During the financial year ended 31st March 2012, 4 (Four) Board Meetings were held as per the schedule given below:

Date of the Board Meeting	Board Strength	No. of Directors Present
30-05-2011	7	6
04-08-2011	7	7
11-11-2011	7	5
14-02-2012	7	6

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

During the year 2011-12, information as mentioned in Annexure 1A to Clause 49 of the Listing Agreements has been placed before the Board for its consideration.

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





C. AUDIT COMMITTEE

BROAD TERMS OF REFERENCE

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

Powers of Audit Committee

- i. To investigate any activity within its terms of reference.
- ii. To seek information from any employee.
- iii. To obtain outside legal or other professional advice.
- iv. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Key responsibilities of Audit Committee

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual/Quarterly financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
 - h. The quality and acceptability of:
 - i. the accounting policies and practices, including without limitation critical accounting policies and practices, all alternative accounting treatments within generally accepted accounting principles for policies and procedures related to material items that have been discussed with management, ramifications of the use of such alternative treatments and the treatment preferred by the external auditors; and
 - ii. financial reporting disclosures and changes thereto, including a review of any material items of correspondence between the Company and the external auditors;
 - i. The extent to which the financial statements are affected by any unusual transactions or any off-

balance sheet arrangements, including any disclosable guarantees, indemnification agreements or interests in unconsolidated special purpose entities, in the year and how they are disclosed;

- j. the policies and process for identifying and assessing business risks and the management of these risks;
- k. material misstatements detected by the auditors that individually or in aggregate have not been corrected and management's explanations as to why they have not been adjusted;
- l. possible impairments of the Group's assets;
- m. compliance with financial reporting standards and relevant financial and governance reporting requirements;
5. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Mandatory review the following information:
 - i. Management discussion and analysis of financial condition and results of operations;
 - ii. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - iii. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - iv. Internal audit reports relating to internal control weaknesses; and
 - v. The appointment, removal and terms of remuneration of the Chief internal auditor
14. overseeing the relationships with the external auditors as follows:

- i. To consider the appointment of the external auditors and provide the Board with its recommendation to the shareholders on the appointment, reappointment and removal of the external auditors, approve the audit engagement fees and terms and review annually their activities, findings, conclusions and recommendations. The external auditors shall report directly to the Audit Committee. The Audit Committee shall be responsible for ensuring the resolution of any disagreements between management and the external auditors regarding financial reporting;
 - ii. To discuss with the external auditors the nature and scope of the audit (including any significant ventures, investments or operations which are not subject to audit) and ensure co-ordination if more than one audit firm is involved;
 - iii. To review and monitor the independence of the external auditors and the objectivity and the effectiveness of the audit process including reviewing and monitoring the external auditors' quality control procedures and steps taken by the external auditors to respond to changes in regulatory and other requirements. This review will include a review of the experience and qualifications of the senior members of the audit team, including rotational procedures;
 - iv. To pre-approve the scope and extent of audit and non-audit services provided to the Group by any third party in the case of audit services and by the external auditors in the case of audit and permitted non-audit services. The Audit Committee may delegate to the Chairman of the Audit Committee (and in his absence another member) the authority to pre-approve any audit or permitted non-audit service to be provided by the external auditors provided such approvals are presented to the Audit Committee at its next scheduled meeting;
 - v. To consider communications from the external auditors on audit planning and findings and on material weaknesses in accounting and internal control systems that came to the auditors' attention, including a review of material items of correspondence between the Company and the external auditors; and
 - vi. To ensure that there are no restrictions on the scope of the statutory audit;
15. Such other function, as may be assigned by the Board of directors from time to time or as may be stipulated under any law, rule or regulation including the Listing Agreement and the Companies Act, 1956.

Composition, Meetings & Attendance of the Committee

The Audit Committee of the Company has been constituted as per the requirements of Clause 49 of the Listing Agreement. As on 31st March 2012 Audit Committee consist of four Directors, namely Mr. Sankalp Srivastava (having Financial and Accounting knowledge), Mr. Gopal Jain, Mr. Shonu Chandra, and Mr. Shantanu Prakash, out of this 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 Srivastava, 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 4 times on 30-May-11, 04-Aug-11, 11-Nov-11 and 14-Feb-12. The gap between two meetings did not exceed four months. Constitution of Audit Committee and other related information as on 31st March 2012 are as under:

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

*Mr. Gopal Jain had resigned from the Board with effect from 27th July, 2012 and ceases to be Member of the Audit Committee.

D. INTERNAL AUDITORS

The Company has three Internal Auditors 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 frame Company's Policy from time to time on
 - a. Compensation Policy to Directors
 - b. Role of Directors
 - c. Other matters relating to Directors and Employees
2. To recommend suitable candidates to Board for appointment as Executive/Non Executive Director.
3. To review performance and recommend remuneration of Executive Directors' to the Board.
4. To review the role and conduct of Director's other than Members of the committees and inform the Board.
5. To formulate ESOP plans and decide on future grants;
6. To formulate terms and conditions on followings under the present Employee Stock Option Schemes of the Company:
 - i. the quantum of options to be granted under ESOP scheme(s) per employee and in aggregate;
 - ii. the conditions under which options vested in employees may lapse in case of termination of employment for misconduct;



WHAT LEARNING CAN BE



- iii. the exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
- iv. the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
- v. the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
- vi. the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues and other corporate actions;
- vii. the grant, vest and exercise of option in case of employees who are on long leave; and
- viii. the procedure for cashless exercise of options.
- ix. Any other matter, which may be relevant for administration of ESOP schemes from time to time.

Composition, Meetings and Attendance:

As on 31st March 2012 Remuneration Committee of the Company consisted of 3 Independent, Non- Executive Directors namely Mr. Shonu Chandra, Mr. Sankalp Srivastava and Mr. Gopal Jain. During the year under review remuneration committee met 2 times.

Name of Director	Category	No of Meetings held	No of Meetings Attended
Mr. Sankalp Srivastava	Chairman, Independent &, Non Executive Director	2	2
Mr. Shonu Chandra	Member, Independent & Non Executive Director	2	2
Mr. Gopal Jain*	Member, Independent & Non Executive Director	2	0

*Mr. Gopal Jain had resigned from the Board with effect from 27th July, 2012 and ceases to be member of the Remuneration Committee. Dr. Shyama Chona has been inducted as Member of the Remuneration Committee w.e.f 13th August 2012

REMUNERATION POLICY

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

- a) Executive Director/(s)
Remuneration of Executive Directors is decided based upon their qualification, experience, contribution at the respective positions in the past and expected future benefits to the company and is consistent with the existing industry practice. Executive Directors are entitled for the remuneration as follows:
 - (i) Salary and commission not to exceed limits prescribed under the Companies Act, 1956
 - (ii) Revised from time to time depending upon the performance of the Company,
 - (iii) No Sitting Fees is being paid to them
 - (iv) Eligible for ESOP except Promoter Director

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

Details of the remuneration paid to Executive Directors and there shareholding in the company for the year ended March 31, 2012 is as follows:

(Amt in `)

S. No.	Name of Directors	Gross Salary	Commission	Sitting Fees	Stock Options	Shareholding in the Company & %
1	Mr. Shantanu Prakash	1,38,00,000	-	-	-	4,43,15,205 (46.13%)
2	Mr. Jagdish Prakash	48,55,776	-	-	-	-

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 during the F.Y 2011-12 and there shareholding in the company as at March 31,

2012 is as follows:

(Amt in `)

S. No.	Name of Directors	Sitting Fees	Commission	Stock Options@	Shareholding in the Company
1	Mr. Sankalp Srivastava	-	-	1,00,000	15,000
2	Mr. Shonu Chandra	-	-	1,72,690	3,250
3	Mr. Gopal Jain	-	-	3,50,000	2,50,000
4	Dr. Shayama Chona	-	-	50,000	0
5	Shri Rajiv Krishan Luthra	-	-	1,00,000	1,25,000

@ (Number of Stock options granted, outstanding and adjusted post split)

* Details of the stock options granted to Directors during the F.Y 2011-2012

S. No.	Name of Directors	Date of Grant of Stock Options	No. of Stock Options granted under ESOP Scheme 2011
1	Mr. Sankalp Srivastava	14-11-2011	25,000
2	Dr. Shayama Chona	14-11-2011	50,000
3	Shri Rajiv Krishan Luthra	14-11-2011	50,000

Stock options were granted 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 broad terms of reference includes the following:

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

Composition, meetings and attendance

In compliance with the Listing Agreement requirements and provisions of the Companies Act, 1956, the Company has constituted an Investor Grievance Committee consisting of majority of Non-Executive Independent Directors. As on 31st March 2012, Committee consists of Three members comprising of Mr. Sankalp Srivastava, Mr. Shonu Chandra,, Mr. Jagdish Prakash under the Chairmanship of a Independent & Non Executive Director viz Mr. Sankalp Srivastava. Company Secretary acts as secretary to committee

During the year under review, Committee met Nineteen times

Attendance particulars of members are as follows:

S. No.	Name of Director	Category	No of meetings of held	No of meetings attended
1	Mr. Sankalp Srivastava	Chairman, Independent & Non-Executive Director	19	7
2	Mr. Shonu Chandra	Member, Independent & Non-Executive Director	19	16
3	Mr. Jagdish Prakash	Member, Whole Time Director	19	17

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. During the year under review , Committee met Seven times.

Compliance Officer

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

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

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

Particulars	Pending as on April 1, 2011	Received during the Year	Disposed during the Year	Pending as on March 31, 2012*
No of Complaints	Nil	52	51	1

* Disposed subsequent to March 2012

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



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G. General Meeting

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

Particulars	FY 2008-09	FY 2009-2010	FY 2010-2011
Date and Time	26th September, 2009, 1.00 PM	27th September, 2010 11.00 A.M	24th September, 2011 04.30 P.M
Venue	Kamani Auditorium, No.1, Copernicus Marg, New Delhi-110001	Sri, Sathya Sai international Center, Pragati Vihar, Lodhi Road, New Delhi-110003	Sri, Sathya Sai international Center, Pragati Vihar, Lodhi Road, New Delhi-110003
Special Resolution	Yes***	Yes**	No

Special Resolution passed in the Last Three Annual General Meetings:

**2009-10 – Annual General Meeting held on 27th September 2010

1. Issue of Equity Shares on preferential basis as per the SEBI (ICDR) Regulations, 2009

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

1. Sub-division of equity shares of the nominal value of ₹ 10/- (Ten) each in the share capital of the Company fully paid-up, be sub-divided into 5 equity shares of ₹ 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

Postal Ballot

During the year under review, we have conducted two 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 Financial Express (English Daily) and, 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
26.06.2011	Special Resolution	Raising of funds under Sec. 81(1A) of the Companies Act, 1956 through issue of capital & restructuring of the outstanding USD 78.50 million Foreign Currency Convertible Bonds.	6,86,29,988	6,31,77,273 (92.055%)	54,52,715 (7.945%)
	Special Resolution	Increase in Authorised Share Capital	6,86,29,988	6,33,94,733 (92.372)	52,35,255 (7.628)
	Special Resolution	Approval of Educomp Employee Stock Option Scheme 2011	6,86,29,988	6,39,71,837 (93.213)	46,58,151 (6.787)
	Special Resolution	Approval of Educomp Employee Stock Option Scheme 2011 for directors /employees of Subsidiaries	6,86,29,988	6,39,71,837 (93.213)	46,58,151 (6.787)
14.04.2011	Ordinary Resolution	Transfer of Business under "studyplaces.com to company's Wholly Owned Subsidiary "Educomp Software Limited under Section 293(1)(a) of Companies Act 1956	7,46,80,364	7,46,78,806 (99.9979%)	1,558 (0.0021%)
	Special Resolution	Increase in the limit of Investment U/s 372A of the Companies Act, 1956 in Educomp Infrastructure & School Management Ltd	7,46,80,364	7,46,23,890 (99.9244%)	1,558 (0.0756%)
	Special Resolution	Issue of Equity Shares on preferential basis under Section 81(1A) of the Companies Act 1956 as per the SEBI (ICDR) Regulations, 2009:	7,46,80,364	7,46,21,121 (99.9207%)	59,243 (0.0793%)

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.



Serial No.	Procedure
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.
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(33) to the Accounts in the Annual Report. No transaction of a material nature has been entered into by the Company with the Directors or Managements and their relatives etc. which may have potential conflict with the interest of the Company.

Disclosure of accounting treatment

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

Risk Management

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

Management Discussion and Analysis Report

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

Shareholders

Profile of Directors who are to be appointed/re-appointed
 Profile of the Directors to be appointed/re-appointed along with the Directorship details is provided in the Notice of the 18th 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-compliance by the Company on any matter related to capital markets. The Company has complied with the requirements of listing agreement as well as the regulations and guidelines prescribed by the Securities and Exchange Board of India (SEBI). There were no penalties imposed nor strictures passed on the Company by the Stock Exchanges, SEBI or any other statutory authority on any matter related to capital markets, during last three years.

The Company has paid listing fees to the stock exchanges and annual custodial fees to the depositories for the financial year

2011-12 in terms of Clause 38 of listing agreement.

I. MEANS OF COMMUNICATION

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

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

J. GENERAL SHAREHOLDER INFORMATION

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

K. SUBSIDIARY COMPANIES

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

L. CEO/CFO Certificate

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

M. Compliance

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

2. NON-MANDATORY REQUIREMENTS

(i) REMUNERATION COMMITTEE

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

(ii) SHAREHOLDERS RIGHTS

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

(iii) AUDIT QUALIFICATIONS

The statutory financial statements of the Company are unqualified.

For and on Behalf of the Board of Directors

Date : 13th August, 2012
 Place : Gurgaon, Haryana

(Shantanu Prakash)
 CHAIRMAN & MANAGING DIRECTOR





CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
Educomp Solutions Limited

We have examined the compliance of conditions of Corporate Governance by M/s. Educomp Solutions Limited, for the year ended 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For Sanjay Grover & Associates
Company Secretaries

Date : 25th July, 2012
Place : New Delhi

S/d
Sanjay Grover
C.P No. 3850

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

ANNEXURE A

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

- (a) We have reviewed financial statements and the cash flow statements for the year ended 31st March 2012 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's Code of Conduct;
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design and operations of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
 - (i) Significant changes in the internal control over financial reporting during the year under reference;
 - (ii) Significant changes in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

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

Sd/-
Signature:
Name : Ashish Gupta
Designation : CFO

Date : 30th May, 2012
Place : Gurgaon





DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

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, 2012, received from the Senior Management team of the Company and the members of the Board, a declaration of Compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the CEO, CFO, Company Secretary, Presidents, Sr. Vice Presidents and Vice President Cadre as on March 31, 2012.

For and on Behalf of the Board of Directors

Date : 30th May, 2012
Place : Gurgaon

(Shantanu Prakash)
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

2012 At a Glance

Fiscal Year 2011-2012 saw your company deliver an exceptional performance driven by strong growth in its offerings across the entire education value chain. Educomp continues to be the largest education company in India focused on delivering technology enabled education solutions and creating high quality education infrastructure. Our strategy of creating a portfolio of education products and solutions across the entire education life cycle of our customers is bearing fruits as we focus our energies on targeting a larger share of customer wallet spend on education.

There is clearly an increasing demand for technology products and digital educational content in schools and we see more and more schools adopting technology every passing year. The year saw your company achieve high growth in the Smartclass Business with number of schools increasing from 6,538 to 12,652 with the addition of 6,114 new schools. The number of new classrooms that were digitally enabled by smartclass was a record 40,023 classrooms in FY12 compared to 27,154 classrooms in FY11. smartclass is currently present in 600 districts in India resulting in a large reach across the private schools of the country. The company continues to increase its penetration in the tier-2 and tier 3 cities having a presence within 10 kms from every school. Given attractive economies in the digital content business and a large untapped market opportunity, the year saw a few new players competing with the smartclass product. The average pricing in smartclass in FY12 was approximately 4% lower than FY11. During the year, Educomp retained its position as the No.1 player in the Educational Multimedia Content business, reaching out to 6.1 million students

On ICT business, called EduReach continues to be the leading business in the ICT@School PPP space. Your company added 963 schools to its portfolio of ICT schools and ended the year reaching 6.3 million students across 11,535 schools.

In the K-12 segment your company provides educational infrastructure, management services and contract your schools. We ended the year with 69 operational schools and an additional 43 more in the pipeline in various stages of development. The K-12 segment witnessed a strategic change in the business model from the earlier 'Asset-heavy' model where the company owns the physical assets of the schools, to an 'Asset-light' model where the company runs the operations and management of the schools, without owning the physical assets. The future strategy of your company is to focus only on the 'Asset-light' model as it is significantly more scalable and as it is not strategic for the company to own real estate assets. As a result of this change in strategic focus the consolidated Capital Expenditure for FY'12 came in at ` 4798 million down almost 40% from ` 7940 million last year. With 69 schools in operation and a significant 'proof-of-concept' established, your company is witnessing a high demand from JV partners willing to partner with Educomp to set up schools in the 'Asset-light' JV model.

In the Higher and Vocational Education parts of our business, our Joint Ventures with leading international companies Raffles Corp. and Pearson plc. continue to grow and attract marketshare. Our joint venture with Raffles Corp. currently operates 7 colleges focused on Design based programs and 1 higher education campus focused on Engineering and PGDM programs. Our joint venture with Pearson plc. ended the year with over 328 points of presence in the vocational training space, across the country, and has already become the largest trainer of accounting based programs for CA coaching through the pioneering ETEN initiative, where we use VSAT technology to broadcast faculty lectures across the country.

Your company's e-learning footprint continues to be the largest in the country with over 4.7 million registered users, using one or more of Educomp's online education properties. In Test-Prep, your company owns the leading brand Vidya Mandir Classes (VMC), India's leading IIT JEE Test-Prep company as well as Gateforum, India's premier GATE Test-Prep company. Both VMC and Gateforum delivered exceptional results in the year producing several rank holders in competitive exams like IIT JEE and GATE.

Overall, your company maintains leadership position in almost each business

segment it operates in, while at the same time, our market penetration in all the segments remains low thereby highlighting the fragmented nature of the education sector as well as a significant opportunity of growth in the years to come.

Educomp reaches to 20.9 million students, 32,120 schools daily in FY12

Educomp reaches to 20.9 million students

Total number of students in smartclass: 6.1 mn	Total number of students in ICT: 6.3 mn	Total number of online students: 4.7 mn	Total number of Learning. com: 3.6 mn	K-12 & Pre-School: 86,137
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Educomp reaches to 32,120 school

Total number of smartclass schools: 12,652	Total number of ICT schools: 11,535	Total number of Learning. com centres: 6,819	Total number of pre-school: 832	Total number of K-12 schools: 112
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FY12 Balance Sheet, P&L Split across Segments

Educomp					
Direct Operations			Operations via Subsidiaries		
FY 2012	Smartclass	ICT	HLS	K-12	OSG
Revenue	71%		4%	12%	13%
Capital Employed	27%		11%	57%	5%

As you can see that bulk of revenue for the company is currently coming from a smartclass and our ICT businesses while the bulk of the capital is employed in our subsidiaries, notably the K-12 subsidiary. Hence, the company has chosen to focus on strategic investments for long term value creation for stakeholders notably K-12.

Fund Raising of \$155 million in July 2012:

Educomp Solutions received USD 155 million from International Finance Corporation, Proparco, Mount Kellett and the Promoter Group.

The long-term nature of the debt improves the asset-liability profile of Educomp's balance sheet and will help Educomp realize significant value from its investments in its core businesses such as K12 among others. Using these funds Educomp has since paid off its outstanding FCCB's in full (including outstanding principal of USD 78.5 million and redemption premium of approx. USD 32.25 million) on the due date.

FY12 Financial Performance – Consolidated basis

On a consolidated basis the operational revenue for the FY' 2011-12 financial year is ` 14913 million, an increase of 41% over the last year. We had an exceptional one time revenue due to the business transfer agreement signed in FY10 due to the transfer of old contracts from BOOT model to the Securitization led Sales model. Post exclusion of the one-time exceptional BTA revenue, on a like-to-like basis, your company recorded a 41% growth in operating revenue. The one-time exceptional BTA revenue in FY11 was ` 2940 mn.

The growth in revenue is driven by the record addition of classrooms in the smartclass segment and continued growth in other segments.

The EBITDA for FY' 2011-12 is ` 4574 million, which represents an increase of 58% over the same figure last year. As a result the EBITDA margin for the company excluding BTA is at 31% this year versus 27% last year, indicating 4%

WHAT LEARNING CAN BE



improvement in margin on a yoy basis. As a result of the higher volumes, we have cost getting amortized over a larger base leading to 4% improvement in the operating margins.

` mn	FY12	FY11	YoY (%)
Operational Revenue	14,913	10,569	41%
EBITDA	4,574	2,887	58%
EBITDA Margin (%)	31%	27%	
PAT	1,355	868	56%
PAT Margin (%)	9%	8%	

Notes: Above numbers exclude the impact of Business Transfer Agreement (BTA) signed in FY10 when smartclass model was changed to Securitization model leading to a one-time renewal of ` 2940 mn in FY11

Net profits after tax during FY' 2011-12 is ` 1355, an increase of 56% over the same figure last year. As a result the operational PAT margin for the full year came in at 9% as compared to 8% last year. This PAT is after an exceptional foreign exchange loss of ` 453 million in FY'12 compared to a foreign exchange gain of 46 million last year. Notwithstanding the unfavourable forex movement, the PAT margin has gone up from 8% last year to 9% this year, highlighting the resilience in your company's ability to cope with unfavourable and difficult macro-economic environments.

Effect of BTA:

The EBITDA for FY' 2011-12 including BTA is ` 4574 million compared to ` 5,386 million last year. As a result the EBITDA margin for the company including BTA is at 31% this year versus 40% last year. Profit after Tax fell to ` 1,355 million

compared to ` 3,367 million last year.

FY12 Consolidated Balance Sheet:

As on 31st March 2012, your company's balance sheet remained very strong with the total size of balance sheet at ` 52,821 millions with total gross debt at ` 19,438 million and cash & bank balance of ` 3,371 millions.

FY12 Financial Performance – Standalone basis

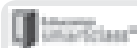
The financial performance for financial year 2011-12 on a standalone basis is as follows: the operational revenue for the year is at ` 10765 million, an increase of 48% over last year. This growth has been calculated after excluding the one-time BTA impact from the FY'11 numbers. Similarly, standalone EBITDA for this year witnessed a 75% growth over FY'11. The EBITDA margin was a healthy 38% for FY'12 as compared to 32% in FY'11. The net profit after tax is ` 1889 million compared to a PAT of ` 1390 million last year excluding the one-time BTA impact. This gives us a PAT margin of 17% as compared to 18% last year. Important to mention here that the standalone PAT includes exceptional foreign exchange loss of ` 453 million for this year compared to a ` 48 million foreign exchange gain for last year. The PAT margin would have seen a healthy improvement in FY12 had it not been for the unfavourable foreign exchange movement.

` mn	FY12	FY11	YoY (%)
Operational Revenue	10,765	7,267	48%
EBITDA	4,119	2,360	75%
EBITDA Margin (%)	38%	32%	
PAT	1,889	1,390	36%
PAT Margin (%)	17%	18%	

Segmental Performance

The business segments of your company are divided as follows:

School Learning Solutions



- Smartclass: Teacher-led educational content solution that dramatically improves learning outcomes in Private Schools. Market leader with presence in 12652 schools



- EduReach (formerly ICT): Turnkey solutions for computer aided learning in government schools; Only company to have content in 10 regional languages. Market leader with presence in 11535 schools across 12 states

K12 Schools



Pre-Schools (832 franchisee sign-ups)

- Little Millennium: Educomp's own pre-school brand; currently 232 pre-schools franchisee sign-ups
- EuroKids: 50% stake in Eurokids, the largest pre-school chain in India with 600 pre-schools franchisee sign-ups

Vendor to Schools owned & run by independent trusts

(currently 69 schools operational, visibility of 112 schools)

- Millennium Schools: K12 schools in Tier I and Tier II cities
- Takshila Schools: K12 schools in Tier III and Tier IV cities
- Universal Academy Schools: Budget schools brand targeted at semi-urban towns with a tuition fee of ` 800 per month

Higher Learning Solutions

- Professional Development: Teacher Training in technology integration, pedagogy and best classroom practices. Trained 1.6million teachers till date



- JV with Raffles Education: 7 Design colleges operational; 1 higher education Engineering & PGDM campus



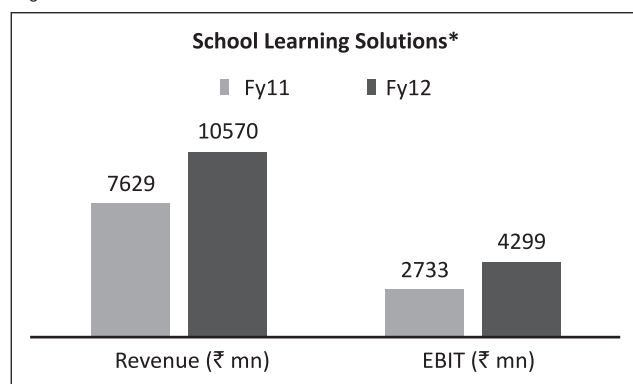
- JV with Pearson: Vocational Training programs in English Language Accounting, IT, Media, Retail across 328 centers

Online, Supplemental & Global Initiatives

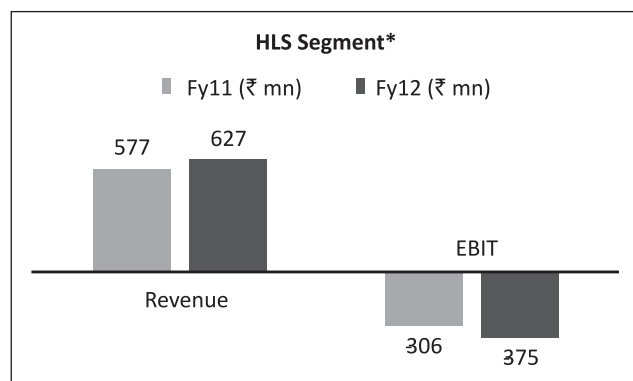
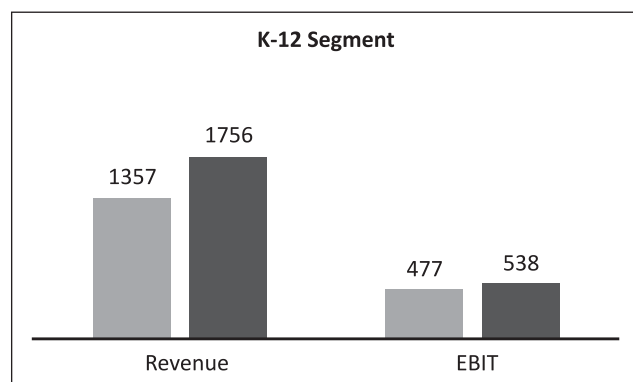


- LearningHour: Premium tutoring centers
- Mathguru: India's first & largest online math & content portal
- WizIQ: Internet Learning Platform
- Learnhub: Social Learning Network
- Studyplaces: Education portal for admission advisory services
- EducompOnline: Online Learning & Testing platform
- Vidya Mandir Classes: India's premier IITJEE Test Prep
- Gateforum: India's premier GATE Test Prep organization
- Learning.com: Leading web based K12 Company in US
- Wizlearn Tech: Singapore's largest K12 co (formerly AsknLearn)

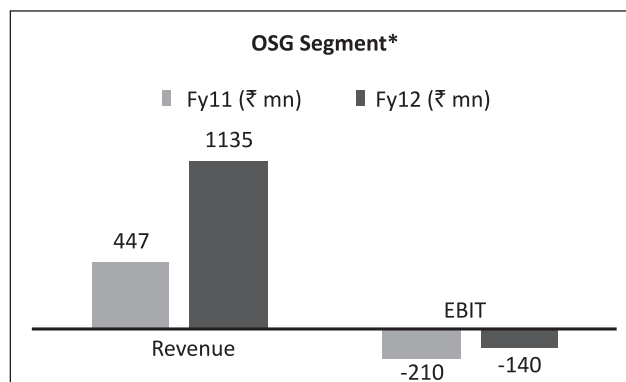
Segmental Performance



* Excluding one time exceptional item due to Business Transfer Agreement (BTA) signed in 2010 when smartclass model was changed to the securitization model. The one-time exceptional revenue as a result of BTA was ₹ 2940 mn in FY11

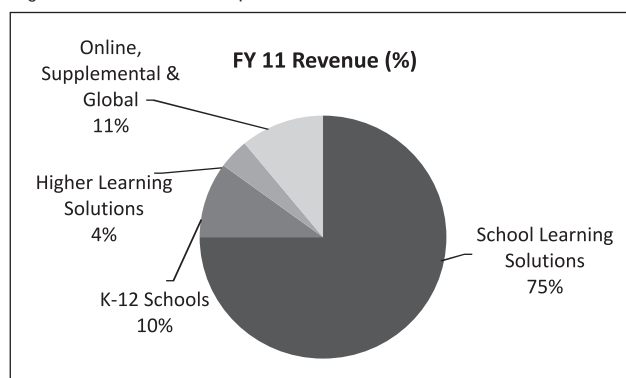


*Losses in this segment increased due to the launch of engineering and MBA programs in our new higher education JRE campus. In its 1st year of operation while the entire set of expenses (faculty, admin etc.) were incurred, the enrolments consisted of only the 1st year students as yet



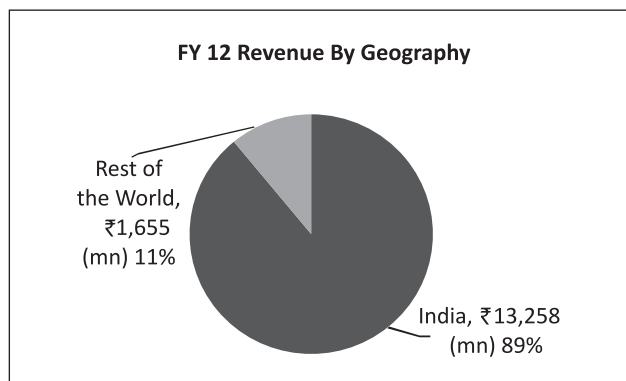
* Excluding Learning.com, our US Subsidiary which got impacted due to change in regulations in the state of Texas, US

Segmental Revenue Break-Up



Revenue by Geography

The Company's primary market currently is India, accounting for approximately 89% of its consolidated revenues in Financial Year 2012. The Company has expanded its operations in the international market, including the North America and South East Asia.



North American Operations: Learning.com, Educomp's subsidiary in USA is the premier provider of web-delivered K12 curriculum and assessments. It serves nearly 125,000 teachers and over 3.2 million students in 47 states in USA and 10 countries. In USA alone, its reach spans over 7700 schools, 1550 school districts and 3.2 million students and 125,000 teachers.



WHAT LEARNING CAN BE



South East Asia: Wizlearn Technologies (formerly known as ASKLearn) is Educomp's subsidiary in Singapore. WizLearn is a world-class education technology services provider commanding a leading share of the Singapore schools market for web based Learning Management Systems (AskLearn) and multimedia content (Educomp's Smartclass). As a Pan-Asian provider of Education solutions and services, Wizlearn also caters to institutions of higher learning and corporate clients in Singapore, the Philippines, Indonesia and Brunei. We are currently expanding our operations into China through a partnership with CDEL (China Distance Education Holdings), China's leading online education company to provide our smartclass content in the Chinese market in the Mandarin language.

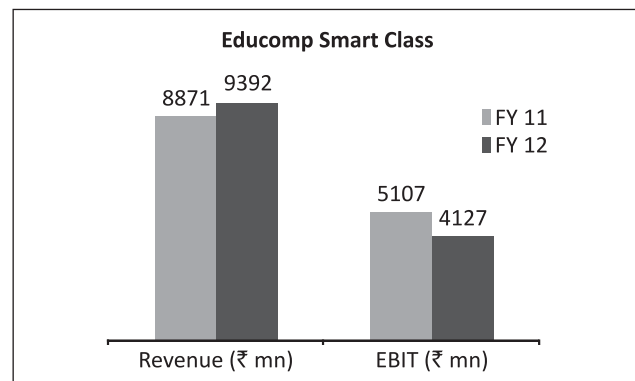
School Learning Solutions

School Learning Solutions contributed about 71% of consolidated revenues in FY12. The segment, comprising smartclass and ICT businesses, witnessed YoY growth of 5% in revenues to reach ₹ 10570 million during FY12.



Smartclass reaching 12,652 schools and ~6.1 million students

Educomp Smartclass is a revolutionary education content and technology solution designed to assist teachers in meeting day-to-day classroom challenges & enhancing students' academic performance with simple, practical & meaningful use of technology. It enables teachers to instantly assess and evaluate the learning achieved by their students in class. Smartclass comprises India's largest Digital Content library of curriculum-mapped, multimedia-rich, 3D content. The content library covers all subjects from kindergarten to Grade XII. Classrooms are equipped with smartclass DTS, the world's first fully integrated digital interactive board system with a built in shot-throw projector system, audio speakers, document cameras and highly versatile interactive white board, all of which helps to allow teachers to pull up relevant instructor-led multimedia content in real time. Further, Smartclass comes in 5 non English regional languages such as Hindi, Tamil, Gujarati, Marathi and Kannada reaching out to vernacular medium private schools as well.



During the year FY12, your company launched smartclass Class Transformation System (CTS). Smartclass CTS is the world's first comprehensive education content solution of its kind that features an exhaustive library of various life transforming tools such as:

Here are the Life Transforming tools of CTS that will forever revolutionize the way you learn:



Animations: with rich graphic like 2D & 3D that helps explain abstract concepts.



Multiple Choice Questions: with varying difficulty levels including higher order thinking.



Real Life Applications: that shall help students to appreciate the relevance of academic concepts and then apply in real life situations.



Topic Synopsis: for multiple concepts across a chapter for every subject and grade, helping teachers to summarize the concepts taught at the end of the class.



Simulations: to help teachers bring the virtual lab right next to the blackboard and demonstrate experiments while teaching.



Diagram Maker: a never before, step by step illustration of complex diagrams that helps teachers to explain how to make diagrams from the exams point of view, click-by-click.



Teaching Ideas: these are innovative teaching strategies that can be easily implemented inside the classrooms to make learning enjoyable, engaging and effective.



Mind Maps CTS: also provides an organized graphic presentation of concepts in a chapter covering all its aspects.



Worksheets CTS: will have ready worksheets for all chapters containing various types of elements like fill in the blanks, true or false etc.



Access to smartclass Teacher Fraternity Resources: teachers will get access to resources recommended/created by over half a million teachers that exist in the smartclass fraternity today across the globe.

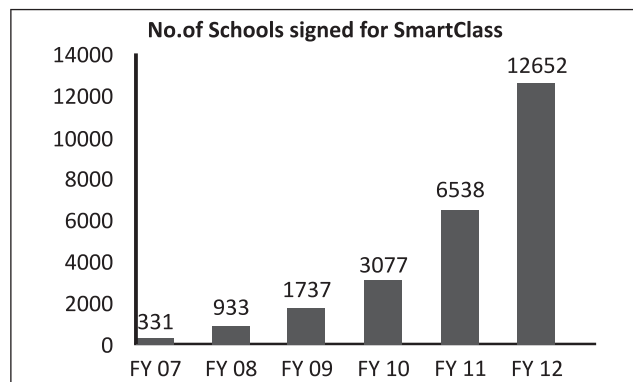


Weblinks: teachers will have ready access to a library of relevant web resources for every chapter.

Smartclass reached out to a total of 12,652 schools covering 6.1 million students during FY12, with revenues of ₹ 9,392 million in FY12 compared to ₹ 8,871 million in FY11. Your company added 6,114 schools and 1.8 million students during the

year. There has been investment in sales & marketing which has led to increase in sales force to nearly 500 in FY12 from 380 in FY11, and a successful media advertising campaign helped your company create unprecedented awareness and penetrate deeper in private school markets of tier I, tier II, tier III cities and towns across the country.

Number of smartclass schools added in just last two quarters is more than the total number of schools that the company added in the entire previous financial year FY11

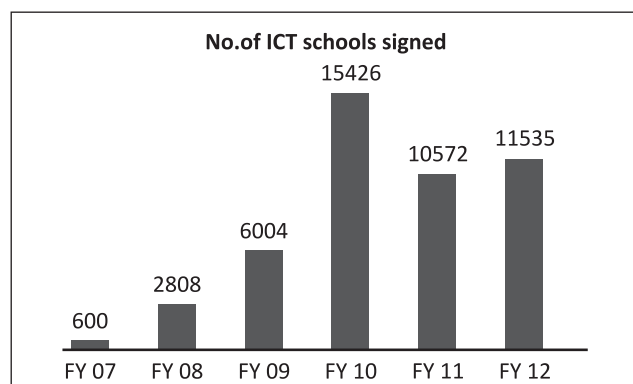


The market size for smartclass is estimated to be nearly 80,000 private schools, and Educomp's Smartclass penetration is <13% by schools and <5% by classrooms, which gives us a huge head room for growth in the years ahead. There have been several new products launched by competitors during the year but your company's maintains its leadership position with a marketshare of close to 80%.



Reaching 11,535 schools, ~6.3 million students

EduReach business covers ICT Government and computer-aided learning projects and the provision of technology enabled 3D multimedia content to Government schools for students from Kindergarten to Grade 12. Under EduReach, your company partners with various state governments on the BOOT model to set up & run IT labs in government schools. It incurs an upfront expenditure and receives quarterly payments from the government for services rendered. Your company has built a unique core competence in handling logistics to manage projects that are distributed across large and diverse geographies & also provides content to Government schools currently available in 10 regional languages. The scope of EduReach contract covers supply of IT infrastructure, multimedia curriculum content, supply of consumables, and provision of full-time faculty or training of existing faculty, amongst others. However, the deliverables are dependent upon the tender specifications.



Your company's ICT program currently reaches 11,535 schools and 6.1 million students and your company continues to retain its number 1 ranking in this segment in India. During FY12, your company bagged ~ 2090 million order from Assam government for the implementation of Rajiv Gandhi Computer Education Programme (RGCEP) in 1,054 schools that would help nearly 3.5 lakh students.

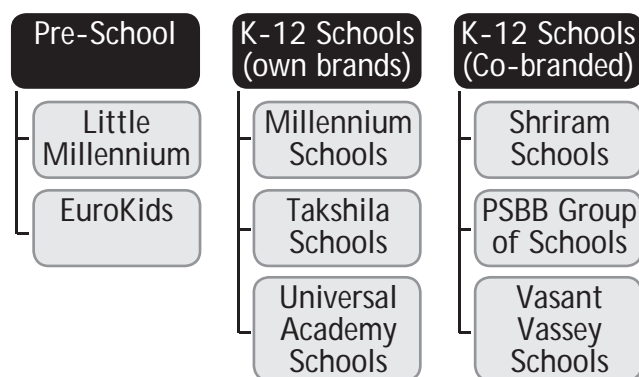
Given the change in strategic focus, your company has only allocated a measured amount of capital towards the ICT business, given the long receivable cycle and lower margins in this segment. Your company would continue to enter into selective contracts only which offer good margins.

K-12 Segment



The K12 segment is a fast growing and important growth engine for your company's business. This segment comprises of:

- Pre-school business:** Your Company has the largest network of pre-schools operational in over 250 cities, serving 53,000 students. The company operates 2 brands of pre-school i) Eurokids, India's largest chain of pre-school with 600 operational schools reaching 43,286 students ii) Little Millennium, Educomp's own brand of pre-schools with 232 operational schools reaching 9,720 students
- High school business:** Your Company provides Educational Infrastructure Services, Content/IP services and Other Allied Services to schools. This business is structured under subsidiary "Educomp Infrastructure and School Management" where the total number of K-12 schools operational at the end of FY12 was 69. An additional 43 schools are in the pipeline at various stages of development, taking the total visibility to 112 schools.

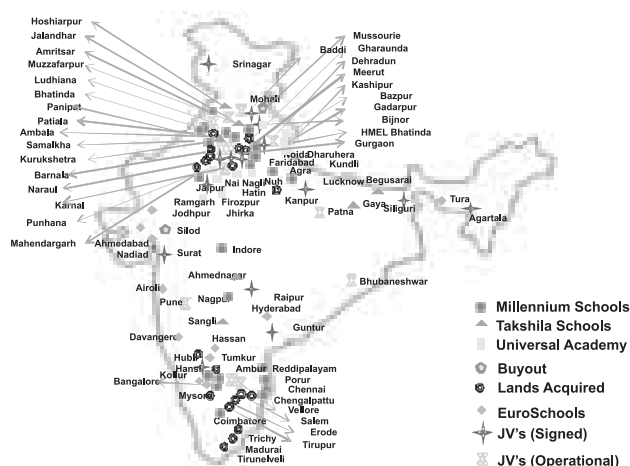


Your company has fast become the number 1 corporate player in the K12 segment in the country having a pan India presence.



WHAT LEARNING CAN BE

K-12: 112 schools visibility, 69 operational, 43 in pipeline



K12- Change in Business Model Strategy

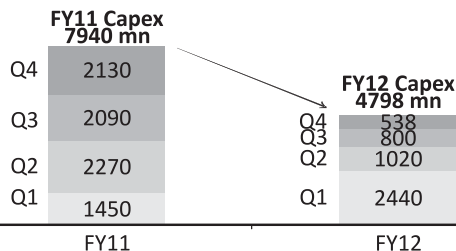
Your company have been pursuing a two pronged strategy in K12 business. On the one hand we have invested our capital in setting up our Greenfield schools and on the other hand we have been looking to sign partnerships for the asset-light joint venture model. You will be happy to know that after almost 4 years of setting up a large number of our own schools, we have now become the top reputable school brand in almost every location in which we operate schools. What makes our K12 schools operation unique is the fact that even though we are only a four year old player in the space

we have been able to do an impressive roll out of 69 live schools and 112 visible schools and also able to forge exclusive strategic relationships with country leading school brands that have been in existence for 30 to 50 years such as the Shriram School rated number one school of the country, the PSBB School, which is the number one school brand in South India, and Vasant Valley Schools in Delhi, one of the top five school brands in the country rated by the Education World Magazine

Using this brand equity and leadership position we have now shifted completely to the asset-light joint venture model for the future growth of this business. We are seeing an unprecedented interest from partners across all tiers and all strata who now know of our brands and the educational quality they depict, that they want to partner with us, for a business which will provide annuity streams of revenue, non-volatile cash streams to the partners till perpetuity. We expect to grow the business entirely on an asset-light model henceforth and believe that all the necessary CapEx is behind us.

40% reduction in capex: Total consolidated CapEx for FY'12 is ` 4798 million down almost 40% from ` 7940 million rupees last year. This is because of our clear strategy of shifting to asset-light in K-12 schools where we do not own the hard assets but rather own key assets which in terms of IT, the curriculum and expertise in operating the schools. While the land and building is brought by the partner, all the key intangibles which are very essential in running a school is the value that Educomp is bringing in on the table.

Reduction in Capital Expenditure (Consolidated)



FY12 capex down by ~40% on back of asset-light strategy adopted in K-12

Higher Learning Solutions



Your company's higher learning solutions segment comprises two exciting joint ventures with world leading organizations

- 1) Raffles JV: 50:50 JV with Raffles Education Corporation of Singapore in the areas of higher education
- 2) Pearson JV: JV with Pearson Plc of UK in the area of vocational education

Raffles JV: This Company runs 7 premium Raffles Millennium International (RMI) colleges operational in cities of Delhi, Bangalore, Chandigarh, Kolkata, Hyderabad, Ahmadabad and Chennai and 1 higher education campus under the brand of JRE Group of Institutions in Greater Noida. Raffles Millennium International (RMI) is a design training institute offering world class professional courses in creative arts, design, lifestyle and business management.

In addition, we aim to introduce courses on business management, tourism and hospitality management in the time to come. JRE Group of Institutions offers AICTE approved 4 years full time B.TECH and PGDM program.

The JV is gradually increasing its presence in the higher education market in India with its focus on high quality/ faculty, international curriculum and highest international standards with state-of-the-art infrastructure.

Pearson JV: In the vocational part of the business, IndiaCan, the joint venture with Pearson Plc, has been growing its presence and is among the top vocational education players in the country in term of the size of network. IndiaCan now reaches over 328 points of presence across the country. Total number of students served by IndiaCan has increased to 1,10,499 in FY12 compared to 63,000 students in FY11. The JV includes unique programs like ETEN CA (VSAT technology based CA coaching program), PurpleLeap (programs for engineering and MBA students to make them workplace ready), and retail vocational centres (courses in English language training, sales, retail, IT and media) and is operated on a franchisee based model.

Online, Supplement & Global

Total registered online users jumped to 4.7 million in FY12 from 2.9 million in FY11



The online supplemental and global segment comprises of all our investments in the online in supplemental space as well as two global subsidiaries. The total

number of registered online users increased to 4.7 million in FY12 from 2.9 million in FY11. Educomp Supplemental business is moving towards self-sustainable businesses and estimated to break even by FY14.

Educomp Online is an edu-content and online school management resource for new age schools that connects students, parents, teachers and schools on a single platform. Educomp Online provides smartclass content, calibrated assessments, online learning management and edutainment learning. It allows the school, students and the parent to interact with each other seamlessly in a secure environment and facilitates handshakes between all key stakeholders. *Educomp Online currently being used by 2,963 schools with over 2.5 million user id's distributed*

Vidyamandir Classes (VMC) has become synonymous with success in IIT JEE. Vidyamandir has over the years designed, delivered, perfected and innovated the art and science of teaching and guiding students for entrance exam for the IITs, which are recognized as the Premier Technology Institutions across the world. VMC & Leap Centres have trained nearly 8000 students across 34 touch points across the country. *It has one of the highest selection rate in the country with 44% of VMC students securing rank in IIT JEE 2012*

Gateforum: Gateforum provides preparatory tools for the Graduate Aptitude Test in Engineering (GATE), an entrance test for admission to post-graduate courses in technical institutes such as the Indian Institutes of Technology and National Institutes of Technology.

It has trained nearly 23,730 students across 51 operational centres across India.

StudyPlaces.com is one of the first education portals in India that serves as a comprehensive one-stop-shop for education search. Born out of a need to bridge the gap between education sources and the student seeking information, StudyPlaces.com follows a vision of being the complete solution for all education search related queries for studies in India.

LearnHub is a Social Learning Network. It is for people who love learning and sharing knowledge with others. It is a set of tools that make learning online fun and engaging, and teaching online easy and effective. *There are over 2.4 million registered users on Learnhub and StudyPlaces, registered 60% increase in traffic (YoY)*

WiziQ is an web learning platform that connects students and teachers all around the world regardless of their age, nationality or school/ college. It has crossed 2 million registered users in Feb 2012 and partnered with Saudi Arabian e-Learning co CityNet for reselling of WiziQ Virtual Classroom in Gulf region

Learning Hour is the largest provider of tutoring services in India. It has a chain of Tutoring Centers, and also provides online tutoring through learninghour.com The main services offered are Academic Assistance to school students, Test Preparation and Application Assistance

MathguruTM is an innovative math-help program designed to provide solutions to the student's problems, in a step by step fashion, using a pen and virtual notebook.

EduIgnite is the "Assessment and Counselling" division of Educomp Solutions Limited

Learning.com, Educomp's subsidiary in USA is the premier provider of web-delivered K12 curriculum and assessments. It serves nearly 125,000 teachers and over 3.2 million students in 47 states in USA and 10 countries. In USA alone, its reach spans over 7700 schools, 1550 school districts and 3.2 million students and 125,000 teachers.

Wizlearn Technologies (formerly known as ASKLearn) is Educomp's subsidiary in Singapore. WizLearn is a world-class education technology services provider commanding a leading share of the Singapore schools market for web based Learning Management Systems (AskLearn) and multimedia content (Educomp's Smartclass). As a Pan-Asian provider of Education solutions and services, Wizlearn also caters to institutions of higher learning and corporate clients in Singapore, the Philippines, Indonesia and Brunei. We are currently expanding our operations into China through a partnership with CDEL (China Distance Education Holdings), China's leading online education company to provide our smartclass content in

the Chinese market in the Mandarin language.

Company Outlook & Strategy for FY 2013

Over the years 2008 to 2010, your company was pursuing a strategy of expansion and growth. We were the only Education Company providing high quality technology and content solutions to school and we ramped up our market presence rapidly. Over 2010 to 2012 we focused on diversification and created a platform for businesses across the entire education lifecycle and extended our footprint to become India's largest education company. In the process we took advantages of cross selling, cross business synergies and we were able to provide a seamless transition to the parent right from pre-schools up to higher education. While we continue to focus on profitable growth and maximization of value for our stakeholders as our key agenda it is imperative for us to consolidate what all we have created so far. We have very successfully created businesses across the large value chain of Education. Educomp now needs to drive the benefits of possible synergies which will emanate from all these business functioning together. At the same time resources are always finite. It is important to prioritize our portfolio of businesses and look for opportunities of monetization of assets wherever possible. Thus we believe that the theme for the year 2013 for us will be a "growth with consolidation".

Balance Sheet Strengthening: As you are aware, the bulk of the capital employed by the company is in the K12 business where we have built a large nation-wide chain of schools. This business is a long gestation business that promises to generate significant cash flows. In the years ahead, however, as schools take several years to ramp-up to full capacity utilization, the path to high cash-flow generation from this business will take a few years. Once the schools reach maturity, each of them will be generating high annuity of cash flows on an annuity basis till perpetuity. For this long term value creation objective, the bulk of the company's capital has been deployed in the K12 business. Your company's endeavour is to continue its efforts to enhance the asset-liability profile of its balance sheet.

On June 19, 2012, your company had announced a financial package of \$155 million from International Finance Corporation, Proparco, Mount Kellett and the Promoter Group. Out of the above \$155 million, while approximately \$110 million is proposed to be used for existing FCCB repayment (principal of \$78.5 million and balance as redemption premium), the balance would be utilized towards capex, and strengthening the balance sheet of the company.

Details of the \$155 million financial package

1. An amount of USD 70 million as External Commercial Borrowing (ECB) comprising USD 30 million from IFC a member of the World Bank Group and USD 40 million from Société De Promotion Et De Participation Pour La Coopération Économique (Proparco), a French development financial institution. The ECB has a term of 8.5 years with a 3 years moratorium;
2. An amount of USD 10 million as Foreign Currency Convertible Bond (FCCB) from IFC, convertible into equity shares of the company at a premium of 40% to the floor price as per SEBI formula;
3. An amount of about USD 50 million as equity comprising about USD 15 million from IFC, USD 5 million from Proparco and USD 30 million from funds managed by Mount Kellett Capital Management LP (Mount Kellett) at the price of ` 149.16 per share (a premium of 10% to the floor price as per SEBI formula); and;
4. An amount of USD 25 million from the Promoter group comprising USD 15 million of equity and USD 10 million of equity warrants, at a price of ` 193.74 per share, representing a premium of approximately 44% to the closing price of the equity shares as on June 18, 2012

Smartclass Strategy: In smartclass our strategy is to work on multiple fronts. A) We continued to take advantage of the growth momentum and we are very confident that our vision of "every class in India being a smartclass" is going to come true very shortly. B) We are also readying through our research and development a series of new products to tap the huge base of 12,652 school customers and thereby leveraging on existing sales and distribution network. We want to bring newer products, higher margin products in the hands of our existing



WHAT LEARNING CAN BE



customers who already know and trust us. C) We are doing significant work on improving the working capital management cycle of this business by exploring vendor financing and much better securitization terms. D) Finally, across the organization we are looking to optimize our cost structure by leveraging technology in our on the ground operations as well as working with our suppliers on volume based discounts.

We believe that all our businesses are now ready to move in to an all together different orbit of growth and value creation, so millions of customers will start using our product on a retail consumer basis.

K-12 Strategy: Our focus in K12 will be to drive the entire future growth through the Asset light JV model. Given the large number of our Greenfield schools now operational, we have established a proof-of-concept and are now seeing significant traction in the JV model. Several JV partners are committing themselves to tie-up with invest in the physical assets (land & building) or capital. While we will provide management services to run the schools.

Our focus will also be on driving enrolments and increasing capacity utilization of exiting schools.

Monetization of Assets: We will also explore monetization of assets across our portfolios in order to unlock the value in the business while at the same time prioritizing our portfolio so that management time and bandwidth is clearly provided to those businesses that create greater value.

Our business profile while being robust it is also changing, our product mix is changing, we are getting into newer and exciting areas. We have plans to launch a revolutionary tablet product in FY2013. Our tablet solution will provide our large base of millions of students a content loaded, curriculum mapped, applications enriched, educational solutions, which will be the first of its kind of a product in the market.

Industry Structure & Development

Indian education market is a \$40 billion market estimated to grow to \$86 billion by FY16e

This market has grown at ~20% CAGR over the past three years, led by both public and private expenditure on education. With favourable demographics, rising incomes and the government's increased thrust on improving the reach/quality of education; it is expected that the Indian education sector will continue seeing strong growth. Education in India is largely driven through government initiatives, with the government accounting for ~66% of the total spends and operating ~77% of the total schools, and such schools having 70% of the total enrolled students. Private spends on education have been growing at a 20% CAGR over the past three years.

Over 10% of wallet: 10.4% of total consumer spend of the urban affluent (top 10% by spend) funds private education. The rural poorest (bottom 10%) spends just 1.4% of wallet on education. With median income elasticity of demand for education at nearly 2, a 1% rise in per capita income leads to 2% rise in spend, especially in private education. This is the key driver for the sector.

Age-wise distribution of population

Age Group (mn)	Rural	Urban	Total
5	12.7	3.7	16.4
6 - 13	141.9	40.2	182.1
14 - 17	59.8	20.4	80.2
18 - 24	87.4	36.7	124.1
25 - 29	50.8	21.4	72.2
Total	352.6	122.4	475.0

As per the latest NSSO (National Sample Survey Office) survey, India has ~47% of its population in the 5-29 year age group, which implies an addressable population of 475mn for education. Of this, rural areas contribute 75% and urban areas the remaining. Although only 53% of this population is enrolled in some form of education, it is important to note that as per latest government data, gross enrolment ratios (GERs) for classes I-VIII is 100%; however, GERs for secondary/higher secondary remains low at 58%/33%.

Key Market Segments

Smartclass market: estimated to be around \$1.3 bn by FY16e

According to a report published by Religare Institutional Research, the multimedia based education in classrooms is a fundamental shift in the Indian education space that addresses the need for delivery of quality educational content. Based on the report, the total market opportunity in this segment is worth ~US\$ 1.3bn (1.5mn classrooms) at 100% penetration within addressable private unaided schools in urban areas. Based on their estimates, current penetration in such schools is only 17% and classroom reach is still low at 6%. While urban private schools remain the key market, the adoption in government schools (70% of total), albeit at lower ASP, is a possibility and could expand the opportunity manifold.

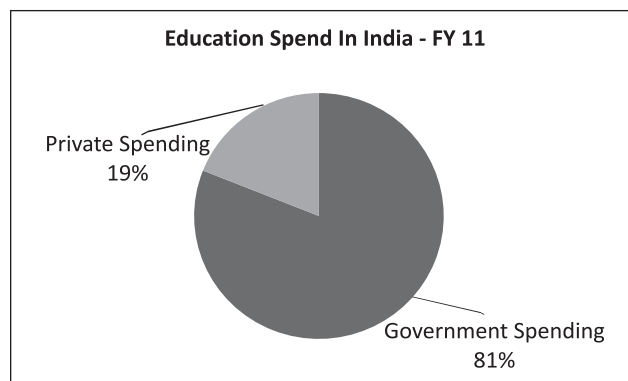
Nascent market: set to grow at 25% CAGR over the next five years

According to the Religare report, the market for multimedia classroom teaching would grow at a CAGR of 25% over the next five years. The penetration is still low at ~17% in terms of schools and ~7-8 classrooms per school, but given that most of these are private urban secondary/higher secondary institutions; the penetration within schools could be much higher (20+ on average). As such, the addressable classroom penetration stands at only ~6% in FY11. According to the report, it is expected that the classroom penetration could rise to 28% by FY16.

Source: RCML Research

Multimedia offers good scalability and once penetrated will emerge as an annuity business. Further, the margin profile is attractive driven by product/content IP.

K-12: Largest education segment in India



A US\$ 48bn market addressing 48% of population in 5-29yr age group
Religare Institutional Research estimates that K-12 (kindergarten to 12th grade) is a US\$ 48bn revenue market in India, forming the largest segment in the domestic education sector. K-12 caters to ~225mn students in India who are enrolled in schools. The market is largely rural in nature (~77% of total enrolments). Currently enrolments in the elementary segment are ~100% while that in the secondary section are lower.

Source: MHRD, RCML Research

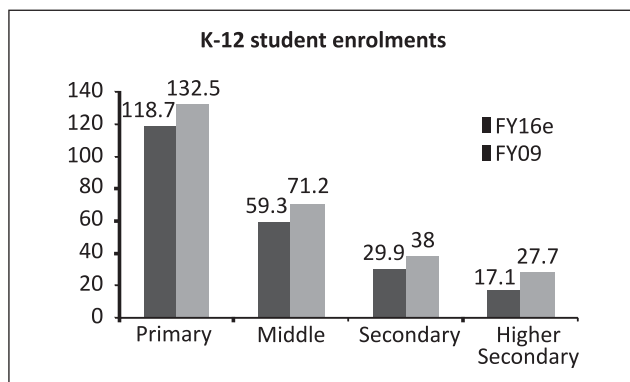
Private K-12 Market Size				
	FY09	FY11	FY16e	CAGR (FY11-16)
Number of students in the system (mn)	225	235	265	2.6%
% of students in private schools	0	0	0.35	
Students in Private School	68.2	74.2	94.3	5.0%
Fees in private schools (₹)	4000	5500	8000	8.0%
Private Market (₹ mn)	272690	408361	754214	13.0%
Private Market (US \$ mn)	6060	9075	16760	13.0%

The government accounts for the dominant share (US\$ 39bn), while private contribution is only 19%. Although the government accounts for 81% of the



total spend, it caters to ~70% of students. Despite the higher spend per student, the quality of education has been an issue with public schools, which should help drive up enrolments in private institutions.

The private K-12 market is expected to grow at a 13% CAGR over the next five years to US\$ 17bn by FY16. The private school enrolment is expected to rise to 35% of total K-12 enrolments by FY16, from ~33% currently driven by a pick-up in the secondary segment, demand for quality education backed by rising income levels and increasing private participation in education.



Source: MHRD, RCML Research

Vocational Training Education

Vocational Training market is estimated to be around \$20bn by FY22e, compared to around \$1.4 bn at present, requirement of skilled labor force of 475 million by 2022

According to a report published by Kotak Institutional Research, the vocational training education market is estimated to be a \$20 bn opportunity by FY22e as millions of India's labor force have no employable skills. According to the report there will be 11-13 million people looking for employment opportunities every year over the next 15 years. There will be large number of people required to be trained over that period and also at the requirement of re-training some of the current work-force as they upgrade their skills.

Vocation education business is divided into 1) Skill levels 1 or 2 where estimated 81% of market contribute only 24% to the top line of potential of the business 2) Skill Levels 3 or 4 where estimated 19% of market contribute only 76% to the top line of potential of the business. The private players are targeting the 19% of higher skill-levels based vocational education, where the industry is willing to pay high salaries for skilled or qualified workers.

Higher Education

The Indian higher education system has emerged as one of the largest in the world, in terms of number of institutions as well as student enrolment. India enrolls nearly 10mn students annually in its colleges and institutes of higher education, thus making it a very attractive market. As per FICCI, India's public expenditure on higher education is 0.60% as a percentage of GDP and comparable to other countries it is extremely low, especially when assessed on a per student basis.

The private sector has played a key role in the growth of the higher education system, especially in professional higher education. India has more than 400 universities and over 20,000 colleges, of which almost half were set up in the last decade. Student enrolment has crossed 12.9 million in 2007-08, clocking a compounded annual growth rate of 6.2% since 1985-86. The private sector has enthusiastically participated in the growth of the higher education system with about 63% of the total higher education institutions being private unaided institutions. But the Gross Enrolment Ratios (GER) in higher education in India at approximately 12% is still very low compared to other developed and developing countries. There is a huge opportunity for private players to create quality higher education capacity to improve the demand-supply scenario and improve the enrolment ratio.

Financial Performance

Overview - Executive Summary

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

- Educomp (Standalone), which excludes the performance of subsidiaries of Educomp.
- 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 ` 10,920.37 million in FY12 as compared to ` 10,617.73 million in FY11, registering a growth of 2.85%.

In fiscal 2012, the Company's profit before taxes aggregated ` 2,412.82 million (` 4,360.66 million in fiscal 2011).

In fiscal 2012, the Company's profit after taxes aggregated ` 1,889.03 million as against ` 3,888.68 million in fiscal 2011.

In fiscal 2012, the Company's earnings per share (basic) is ` 19.68 (` 40.74 in fiscal 2011).

Overview of the Financial performance summary (Consolidated)

In fiscal 2012, the total consolidated revenues of Educomp group aggregated ` 15,224.36 million as compared to ` 13,970.24 million in fiscal 2011, registering a growth of 8.97%.

The consolidated profit before taxes aggregated ` 1,941.07 million in fiscal 2012 (` 4,098.43 million in fiscal 2011).

In fiscal 2012, the Company's consolidated profit after taxes, prior period and minority interest aggregated ` 1,355.36 million (` 3,366.72 million in fiscal 2011).

In fiscal 2012, the Company's consolidated earnings per share (basic) is ` 14.12 (` 35.27 in fiscal 2011).

Financial Review (Standalone)

Result of operations

Total revenues of the Company increased by 2.85% to ` 10,765.12 million from ` 10,617.73 million in the previous year, with 4.88% YoY increase in revenues of School Learning Solutions.

Revenues (` million)	FY'12	FY'11
Net Sales	10,765	10,207
Other Income	155	411
Total Income	10,920	10,618
Expenditure	7,132	5,187
Interest	902	659
Depreciation	474	411
Profit before tax	2,413	4,361
Provision for Tax including Current tax, Deferred tax	556	474
Profit after taxation and prior period items	1,889	3,889
Basic Earnings per share	19.7	40.7

EBIDTA stands at ` 3633.45 million in FY12 (` 5019.87 million in FY11). EBIT stands at ` 3159.95 million (` 4608.73 in FY11). Profit after tax stands at ` 1,889.03 million in FY12 (` 3,888.68 million in FY11). Decrease is due to onetime BTA revenue amounting to ` 2940 million in FY11 and mark to market losses on account of depreciation of rupee amounting to of 453 million.



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Key Ratios	FY'12	FY'11
EBIDTA/Net Sales	33.8%	49.2%
Profit after Tax and prior period items/ Net Sales	17.6%	38.1%
Total Expenditure/ Net Sales	79.0%	61.3%
Consumption of Raw material/ Net Sales	35.9%	28.0%
Staff Cost/Net Sales	16.4%	13.9%
Selling, Distribution & Administration expenses (including Miscellaneous Expenses)/ Net Sales	13.9%	9.0%

Standalone Segment results

Revenues	FY'12	FY'11
School Learning Solutions	10476	9989
Higher Learning Solutions	136	169
K-12 Schools	14	26
Online, Supplementary & Global	139	23
Total Net Sales	10765	10207

PBIT	FY'12	FY'11
School Learning Solutions	4275	5202
Higher Learning Solutions	43	48
K-12 Schools	14	9
Online, Supplementary & Global	-19	-59
	4314	5200
Less: Interest (Net)	902.38	659.17
Other un-allocable expenses (net of un- allocable income)	998	180
Total Profit before Tax and prior period	2413	4361

Other Income

The Company generated other income of ₹ 155.25 million in FY 2012, a decrease of 62.24% over other income of ₹ 411.10 million generated in FY 2011. Decrease is mainly due to foreign exchange gain and dividend received from subsidiary company in FY11. Major part of the other income includes interest on fixed deposits placed with scheduled banks, foreign exchange gain, dividend income and gain on Business transfer.

Expense Analysis:

Cost of goods sold (COGS)

In absolute terms, COGS totalled ₹ 3,863.26 million during FY12, an increase of 35.23% from ₹ 2,856.80 million in FY11 mainly on account of technology up gradation and moving to "Digital Teaching System" (DTS) of products in Smartclass and on account of depreciation of rupee.

Particulars	March 31, 2012	March 31, 2011
Cost of Goods Sold (₹ mn)	3863	2857
% of Net Sales	36%	28%

Personnel Expenses

Personnel expenses consist of compensation to all employees. It includes salaries, contribution to provident fund, bonus & retirement benefits and ESOP amortization. It also includes expenses incurred on staff welfare. The total personnel cost increased by 24.94% to ₹ 1769.21 million from ₹ 1416.06 million during the year, with total staff strength going up on execution of Government contracts in states of Bihar and Maharashtra, and hiring of marketing personnel & quality assurers in Smartclass.

Particulars	March 31, 2012	March 31, 2011
Personnel Expenses (₹ mn)	1769	1416
% of Net Sales	16%	14%

Depreciation

Depreciation has increased by 15.17% to ₹ 473.50 million during FY12, compared to ₹ 411.14 million in FY11. The increase in depreciation was primarily due to implementation of Govt projects in the state of Bihar and Maharashtra.

Particulars	March 31, 2012	March 31, 2011
Depreciation (₹ mn)	474	411
% of Net Sales	4.4%	4.0%

Other expenses

Other expenses were ₹ 1,499.20 million during FY12, an increase of 64.04% compared to ₹ 913.90 million during FY11. Administration & other expenses (as a percentage of Net Sales was 13.93%, up from 8.95% in FY11, primarily due to increase in, foreign currency fluctuation loss, travelling and advertisement expenses due to increased penetration in Smartclass segment.

Particulars	March 31, 2012	March 31, 2011
Other expenses (₹ mn)	1499	914
% of Net Sales	13.9%	9.0%

Finance Charges

Interest expenses increased from ₹ 659.17 million to ₹ 902.38 million during FY12 due to additional borrowings for general corporate purposes for increased operations.

Particulars	March 31, 2012	March 31, 2011
Finance charges (₹ mn)	902	659
% of Net Sales	8.4%	6.5%

Income Tax Expense:

The Company's current tax expense in FY12 has decreased by 31.29% to ₹ 604.59 million from ₹ 879.88 million from. Current tax expense represented 5.62% of the net sales in FY12 and 8.62% of the net sales in FY11.

Particulars (₹ mn)	March 31, 2012	March 31, 2011
Current tax	605	880
Deferred Tax	-49	-11
MAT Credit Entitlement	-	-395
Total	556	474

Profit after Tax

Net profit after tax was ₹ 1,889.03 million during FY12, a decrease of 51.42% from ₹ 3,888.68 million in FY11. Net profit as a percentage of revenues in FY12 has decreased to 17.55% as compared to 38.10% in FY 11 This decrease was due to the one time BTA revenue of ₹ 2940 million in FY11 and mark to market losses on account of depreciation of rupee amounting to of 453 million.

Particulars	March 31, 2012	March 31, 2011
Profit after tax (₹ mn)	1889	3889
% of net sales	17.6%	38.1%

Equity and Liabilities

Shareholder's Fund

Share Capital:

The total paid up Equity Share Capital stood at ₹ 192.13 million as on March 31, 2012, as compared to ₹ 191.09 million as on March 31, 2011. The change in share capital is attributed to issue of shares under ESOP exercised by the employees and preferential allotment to Shareholders' of Gateforum Educational Services Pvt. Ltd during the year.

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

Share Capital	March 31, 2012		March 31, 2011	
	No. of Equity shares	₹ in million	No. of Equity shares	₹ in million
Balance at the beginning of the year	95544396	191	95014651	190
Exercise of ESOP by employees under ESOP 2006, ESOP 2007 and ESOP 2008	484405	1	474102	1.0
Preferential Allotment to shareholders of Gateforum Educational Services Pvt. Ltd (FY11 to Vidya Mandir Classes Ltd.)	35129	0	55643	0
Balance at the closing of the year	96063930	192.13	95544396	191.09

Reserve & Surplus:
Securities premium

The addition to the share premium account of ₹ 141.09 million during the year is due to premium received on issue of 4,84,405 equity shares under ESOP schemes & preferential allotment of 35,129 equity shares.

Securities Premium Account (₹ mn)	March 31, 2012	March 31, 2011
Securities premium- opening balance	7760	7619
Add: On issue of shares under ESOP / Preferential Allotment	113	141
Balance at the end of the year	7873	7760

General Reserve

Out of the profits for the year ended March 31, 2012, ₹ 94.45 million representing 5% of the profits have been transferred to the general reserve.

Profit and Loss Account:

The balance retained in the profit and loss account as of March 31, 2012, after providing dividend, is ₹ 9,056 million.

General Reserves (₹ mn)	March 31, 2012	March 31, 2011
Profit & Loss Account-Opening balance	7295	3852
Add: Addition during the year	1889	3,888.68
Less: Proposed dividend	29.0	57.6
Less: Tax on Proposed Dividend	4.7	-0.3
Less: Transferred to General Reserve	94.5	388.9
Balance at the end of the year	9056	7295

The total shareholder funds of the Company increased to 18,234.64 million as on March 31, 2012 from 16,256.15 million as on March 31, 2011.

Borrowings

Long term borrowing stands at ₹ 489.58 million as on 31st March, 2012 as against ₹ 4,746.24 million as on 31st March, FY11.

Borrowings (₹ mn)	March 31, 2012	March 31, 2011
Long-term borrowings		
Foreign Currency Convertible Bonds	-	3505.0
Term Loans-Secured/Unsecured & Finance Lease Obligations	489.6	1241.2
Total	489.6	4746.2
Short-term borrowings		
Loans repayable on demand/Commercial papers	2889.0	238.8
Total	2889.0	238.8

Short term borrowing stands at ₹ 2,888.99 million as on 31st March, 2012 as against ₹ 238.80 million as on 31st March, FY11.

The company has repaid its outstanding Foreign Currency convertible Bonds (FCCB) post March 31, 2012 of ₹ 4,015.28 out of funds raised through External commercial borrowings (ECB)/ preferential equity/FCCB.

Capital Expenditure:

The Company has incurred an amount of ₹ 639.45 million (₹ 450.29 million in the FY11) as capital expenditure, comprising additions to gross block of assets. Addition to fixed assets is attributed to implementation of new projects under ICT (Edureach), Adarsh School with Punjab Govt. and addition to knowledge based content repository.

Capital Expenditure (₹ mn)	March 31, 2012	March 31, 2011
Addition to Fixed assets	639.5	450.3
Increase in capital Work-in-progress	-35.7	-39.1
Deletions in Fixed assets	173.3	12.8

Investments:

The Company has made strategic investments in subsidiaries/ associates/ Mutual funds/various companies, amounting to ₹ 16,222.60 million as at March 31, 2012 as against ₹ 13,743.47 million as of March 31, 2011.

Investments (₹ mn)	March 31, 2012		March 31, 2011	
	Non current	Current	Non current	Current
Investment in subsidiaries/ associates	15346.1	-	12848.63	-
Investment in other companies	875.0	-	875	-
Investment in Mutual fund	-	1.5	-	19.84
Net investment	16221.1	1.5	13723.63	19.8

Inventories

The Company had inventories of ₹ 771.46 million as on March 31, 2012 as against ₹ 361.43 million as on March 31, 2011. Increase in inventories is due to increased operations of the Company.

Inventories (₹ mn)	March 31, 2012	March 31, 2011
Educational Products	-	3.9
Technology Equipment	771	358
Total	771	361

Trade Receivable:

Trade Receivable amount to ₹ 8,650.47 million (net of provision for doubtful debts amounting to ₹ 50.05 million) as of March 31, 2012 as compared to ₹ 5,069.92 million (net of provision for doubtful debts amounting to ₹ 29.75 million).

Trade Receivables (₹ mn)	March 31, 2012	March 31, 2011
Trade Receivable	8700.5	5099.7
Less: Provision for doubtful debts	50	30
Trade Receivable (net) (₹ million)	8650	5070

Cash & Bank balances

As on March 31, 2012, the Company had cash & bank balances of ₹ 1,156.14 million (₹ 2,160.71 million as on March 31, 2011) including Margin money deposit given against LC/BG and balances lying with unpaid dividend account amounting to ₹ 317.79 million as on 31st March, 2012 (₹ 63.20 million as on 31st March, 2011).

Cash & Bank balances (₹ mn)	March 31, 2012	March 31, 2011
Cash & Bank balances	838.4	2097.5
Other bank balances (restricted)	317.79	63.20
Total	1156	2161

Loans and Advances

Loans and advances as on March 31, 2012 were ₹ 2,269.69 million (₹ 2,312.16 million as on March 31, 2011). Loans and advances include loans and advances



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given to related and unrelated parties, EMD (refundable and non-refundable) to various State Governments, security deposits to various parties and advances to trade creditors.

Loans & Advances (₹ mn)	March 31, 2012		March 31, 2011	
	Long term	Short term	Long term	Short term
Security deposits	21	-	7	-
Other loans & advances	17	676	767	951.9
Loans & advances to related parties	-	1556.6	-	586.0
Total	37.4	2232.3	774.3	1537.9

Other assets

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

Other Assets (₹ mn)	March 31, 2012		March 31, 2011	
	Non current	Current	Non current	Current
Non current bank balances	789	-	786	-
Interest accrued on deposits	79	2	23	2.1
Unbilled receivables	-	58.0	-	18.3
Total	868.1	59.7	809.0	20.4

Other liabilities

Other liabilities as on March 31, 2012 stood at ₹ 6,900.21 million (₹ 2,342.05 million as on March 31, 2011). The increase is mainly due to increase in the value of current maturities of long term debt due to categorisation of FCCB outstanding value in current maturities.

Other Liabilities (₹ mn)	March 31, 2012		March 31, 2011	
	Long term	Short term	Long term	Short term
Advance from customers	169.6	68.1	201.9	39.2
Current Maturities of debt/ Finance lease & Interest accrued but not due	-	6129.7	-	1733.7
Others	-	532.8	-	367.3
Total	169.6	6730.6	201.9	2140.2

The company has repaid its outstanding Foreign Currency convertible Bonds (FCCB) post March 31, 2012 of ₹ 4,015.28 out of funds raised through External commercial borrowings (ECB)/ preferential equity/FCCB.

Trade Payable

Trade payable amount to ₹ 2603.39 million as of March 31, 2012 as compared to ₹ 1,842.64 million as of March 31, 2012

Provisions

Provisions made towards taxes, employee retirement benefits, proposed dividend, and tax on dividend aggregated to ₹ 460.24 million as on March 31, 2012 (₹ 368.05 million as on March 31, 2011). Significant provisions include provision for income tax, provision for proposed dividend, and provision for staff benefits.

Provisions (₹ mn)	March 31, 2012		March 31, 2011	
Staff benefits	80.4	8.0	52.03	2.8
Income Tax (net of TDS/ Adv. Tax)	-	333.2	-	241.3
Warranties	-	5.0	-	5.0
Proposed dividend	-	29.0	-	57.6
Tax on Proposed dividend	-	4.7	-	9.3
Total	80.4	379.9	52.0	316.0

Earnings per Share:

Basic and Diluted Earnings per share (EPS) as per computation based on AS 20 issued by The Institute of Chartered Accountants of India (ICAI) was ₹ 19.68 and ₹ 19.59, respectively, as on March 31, 2012 against 40.74 and ₹ 37.76 as on March 31, 2011.

EPS	March 31, 2012	March 31, 2011
Basic Earnings per share (₹)	19.68	40.74
Diluted Earnings per share (₹)	19.59	37.76

Cash Flows

The cash generated from operations stands at ₹ 1,580.88 million as on March 31, 2012 to ₹ 3,271.20 million as on March 31, 2011.

The cash outflow on account of investing activities stands at by ₹ 3,926.71 million as on March 31, 2012 as against ₹ 7,454.23 as on March 31, 2011.

The net proceeds from financing activity was ₹ 1,341.26 million as on March 31, 2012 as against ₹ 144.66 as on March 31, 2011.

Financial Review (Consolidated)

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

Educomp Solutions Limited		
Consolidated Profit and Loss Account for the year ended March 31, 2012		
₹ million	March 31, 2012	March 31, 2011
Income	14912.8	13509.0
Other income	311.6	461.2
Total Income	15224.4	13970.2
Expenditure		
Cost of goods sold	4410.9	3327.9
Personnel expenses	3280.9	2572.4
Administration and other expenses	3089.4	2040.8
Finance charges	1432.5	1089.9
Depreciation & Amortization	1069.7	840.8
Total Expenditure	13283.3	9871.8
Profit before tax	1941.1	4098.4
Provision for tax		
- Current tax	761.7	1036.6
- MAT Credit Entitlement	-42.3	-413.8
- MAT earlier years	-	-3.4
- Deferred tax	-144.6	58.3
Profit after tax and before prior period items	1366.3	3420.7
Prior period Items	-4.2	15.4
Profit after tax and before minority interest & pre-acquisition profits	1370.6	3405.3
Pre-acquisition profits/(loss)	-16.4	-32.5
Share of loss of associate	16.0	22.3
Minority interest	15.6	48.8
Profit after tax, minority interest & pre-acquisition profits	1355.4	3366.7

Consolidated Key Ratios	FY12	FY11
EBIDTA/Net Sales	27.6%	40.9%
Profit after Tax and, minority interest, pre-acquisition profit, prior period items/ Net Sales	9.1%	24.9%
Total Expenditure/ Net Sales	89.1%	73.1%
Consumption of Raw material/ Net Sales	29.6%	24.6%
Staff Cost/Net Sales	22.0%	19.0%
Selling, Distribution & Administration expenses (including pre-operative and miscellaneous expenses)/ Net Sales	20.7%	15.1%

Result of operations:

Total revenues increased by 8.98% to ` 15,224.36 million from ` 13,970.24 million in the previous year.

EBIDTA stands at ` 4,116.50 million in FY12 as against ` 5,529.28 million in FY11.

Profit after tax (PAT), prior period items, minority interest and pre-acquisition profits stands at ` 1,355.36 million in FY12 as against ` 3,366.72 million in FY11.

Revenue

Sales

The Company generated sales of ` 14,912.79 million in FY 2012, an increase of 10.39% from the sales of ` 13,509.00 million generated in FY 2011. The increase is due to the overall growth of the business. The organic growth is attributable to the increased penetration levels of smartclass, increased penetration in K-12 business and increased Growth in online supplemental business.

Other Income

The other income stands at ` 311.57 million in FY 2012, as against ` 461.24 million generated in FY 2011.

Expenditure

Cost of Goods Sold (COGS)

In absolute terms, COGS incurred ` 4,410.86 million during FY 2012, an increase of 32.54% from ` 3,327.92 million in FY 2011. However COGS as a percentage of net sales have increased to 29.58 % in FY12 from 24.63% in FY11 on account of technology upgradation and moving to "Digital Teaching System" (DTS) of products in Smartclass.

Personnel Expenses

Salaries, allowances and staff benefits expenses were ` 3,280.87 million during FY 2012, an increase of 27.54% from ` 2,572.39 million during FY 2011. Personnel expenses as a percentage of net sales increased to 22.00% of net sales in FY 2012 from 19.04% of net sales in FY 2011. The increase in personnel expenses was mainly due to increase in staff strength under SLS segment, increased salaries across the various companies, increased staff in K-12 and online supplemental due to increased operations. Further, employee salaries also increased in line with industry and economic trends.

Other expenses

Other expenses were ` 3,089.36 million during FY 2012, an increase of 51.38% compared to ` 2,040.80 million during FY 2011. This increase was attributable to various factors including increase in foreign currency fluctuation loss, traveling, advertisement, publicity and business promotion expenses, lease rentals and legal and professional expenses on a YoY basis, increased operations across all business segments.

Financial Charges

Financial expenses were ` 1,432.53 million during FY 2012, an increase of 31.44% from ` 1,089.90 million during FY 2011 due to increase in borrowings availed for increased operations of the company.

Depreciation and Amortization

Depreciation and Amortization was ` 1,069.67 million during FY 2012, a decrease of 27.22% from ` 840.80 million during FY 2011. Depreciation as a percentage of net sales was 7.17% in FY12 and 6.22% in FY11. The increase in depreciation was primarily due to implementation of Govt projects in the state of Bihar and Maharashtra and increase in operational school assets in K-12.

Income Tax expense

Income Tax expense was ` 574.74 million during FY 2012, a decrease of 15.20% from ` 677.73 million during FY 2011. This was mainly due to tax benefit availed under section 80(IC) of the Income Tax Act.

Profit after Tax (PAT)

Net profit after minority & pre-acquisition profits was ` 1,355.36 million during FY 2012, an decrease of 59.74% from ` 3,366.72 million in FY 2011. Net profit as a percentage of total income in FY 12 is 8.90% as compared to 24.10% in FY

11. This decrease was due to the onetime BTA revenue of ` 2940 million in FY11 and mark to market losses on account of depreciation of rupee amounting to of 453 million.

FINANCIAL POSITION:

Equity and Liabilities

Shareholder's Fund

Share Capital:

The total paid up Equity Share Capital stood at ` 192.13 million as on March 31, 2012, as compared to ` 191.09 million as on March 31, 2011. The change in share capital is attributed to issue of shares under ESOP exercised by the employees and preferential allotment to Shareholders' of Gateforum Educational Services Pvt. Ltd during the year.

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

	March 31, 2012		March 31, 2011	
	No. of Equity shares	million	No. of Equity shares	million
Balance at the beginning of the year	95544396	191	95014651	190
Exercise of ESOP by employees under ESOP 2006, ESOP 2007 and ESOP 2008	484405	1	474102	1.0
Preferential Allotment to shareholders of Gateforum Educational Services Pvt. Ltd (FY11 to Vidya Mandir Classes Ltd.)	35129	0	55643	0
Balance at the closing of the year	96063930	192.13	95544396	191.09

Reserve & Surplus

Securities Premium Account:

The addition to the share premium account of ` 1,792.66 million during the year is due to the premium received on issue of 4,84,405 equity shares, as exercised by the employees under the ESOP schemes & preferential allotment of 35,129 equity shares. Others include share premium arising from issuance of shares to holding company in various subsidiaries.

Securities Premium Account (` mn)	March 31, 2012	March 31, 2011
Securities Premium - opening balance	13341	11370
Add: On issue of shares under ESOP / Others	1793	2027
Less: issue expenses on NCD/equity shares	58	20
Less: premium paid on buy back of shares	-	36
Balance at the end of the year	15075	13341

During the year, an amount of ` 58.08 million (previous year 20.21) was debited on account of expenses incurred for issue of Non convertible Debentures/QIP.

General Reserve

Out of the profits for the year ended March 31, 2012, ` 99.45 million representing 5% of the profits have been transferred to the general reserve.

Capital Reserve:

During the year there is no movement in capital reserve.

Profit and Loss Account

The balance retained in the profit and loss account as of March 31, 2012, after providing dividend and transfer to general reserve, is ` 7,875.29 million.



WHAT LEARNING CAN BE



Profit & Loss Account (₹ mn)	March 31, 2012	March 31, 2011
Profit & Loss Account-opening balance	6880	4378
Add: Addition during the year	1355	3311
Less Transfer to General Reserve	99	389
Less: Dividend paid (including tax)	51	71
Less: Reserve arising due to dilution of equity in subsidiary company		
Less : Transfer to debenture redemption reserve	209	350
Balance at the end of the year	7875	6880

The total shareholder funds of the Company increased to ₹ 25,045.41 million as on March 31, 2012 from ₹ 21,784.35 million as on March 31, 2011.

Capital Reserve:

During the year ₹ 209.89 million transferred to Foreign currency translation reserve on consolidation of foreign subsidiaries.

Borrowings

Long term borrowing stands at ₹ 9,582.34 million as on 31st March, 2012 as against ₹ 11,070.36 million as on 31st March, FY11.

Short term borrowing stands at ₹ 2,913.65 million as on 31st March, 2012 as against ₹ 263.57 million as on 31st March, FY11.

Borrowings (₹ mn)	March 31, 2012	March 31, 2011
Long-term borrowings		
Foreign Currency Convertible Bonds	-	3505
Non convertible debentures	1050	-
Term Loans-Secured/Unsecured & Finance Lease obligations	8532	7565
Total Long Term Borrowings	9582	11070
Short-term borrowings		
Loans repayable on demand/Commercial papers	2914	264
Total Short Term Borrowings	2914	264

The company has repaid its outstanding Foreign Currency convertible Bonds (FCCB) post March 31, 2012 of ₹ 4,015.28 out of funds raised through External commercial borrowings (ECB)/ preferential equity/FCCB.

Capital Expenditure

The Company has incurred a capital expenditure of ₹ 3,705.12 million in FY12 (₹ 2,879.90 million in FY11) as additions to gross block of assets additions to the gross block in K-12 segment amounting to ₹ 1894 million and 1011 million in HLS on account of acquisition of fixed assets, primarily land and construction of building and addition to knowledge based content repository

Capital Expenditure (₹ mn)	March 31, 2012	March 31, 2011
Addition to Fixed assets	3705	2880
	1276	5140

Investments

The Company has made strategic investments (trade and non trade) in associates / third party amounting to ₹ 989.36 million as of March 31, 2012 as against ₹ 1,234.75 million as of March 31, 2011.

Investments (₹ mn)	March 31, 2012		March 31, 2011	
	Long term	Short term	Long term	Short term
Total Investment	982	8	1126	109

Inventories

The Company had inventories of ₹ 909.43 million as on March 31, 2012 as against ₹ 471.94 million as on March 31, 2011. The increase in inventories is due to increased operations of the company.

Inventories (₹ mn)	March 31, 2012	March 31, 2011
Educational Products	134	110
Technology Equipment	776	362
Total	909	472

Trade Receivable

Trade Receivable amount to ₹ 10,288.55 million (net of provision for doubtful debts amounting to ₹ 89.26 million) as of March 31, 2012 as compared to ₹ 6090.30 million (net of provision for doubtful debts amounting to ₹ 45.85 million) mainly on account of Smartclass, EduReach and K-12.

Trade Receivables (₹ mn)	March 31, 2012	March 31, 2011
Trade receivable	10378	6136
Less: Provision for doubtful debts	89	46
Trade receivable (net)	10289	6090

Cash & Bank balances

As on March 31, 2012, the Company had cash & bank balances of ₹ 2,205.33 million (₹ 3,465.61 million as on March 31, 2011) including Margin money deposit given against LC/BG and balances lying with unpaid dividend account amounting to ₹ 320.6 million as on 31st March, 2012 (₹ 65.77 million as on 31st March, 2011).

Cash & Bank balances (₹ mn)	March 31, 2012	March 31, 2011
Cash & Bank balances	1885	3400
Other bank balances (restricted)	320.6	65.77
Total	2205.33	3465.61

Loans and Advances:

Loans and advances as on March 31, 2012 were ₹ 8,789.35 million (₹ 8,560.58 million as on March 31, 2011). Loans and advances include capital advances, loans and advances given to related and unrelated parties, EMD (refundable and non-refundable) to various State Governments, security deposits to various parties and advances to trade creditors.

Loans & Advances (₹ mn)	March 31, 2012		March 31, 2011	
	Long term	Short term	Long term	Short term
Capital advances	4731	-	4915	-
Security deposits	411	-	282	-
Other loans & advances	2494	1131	1937	1430
Loans & advances to related parties	-	22.06	-	-3
Total	7636	1154	7133	1427

Other assets

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

Other Assets (₹ mn)	March 31, 2012		March 31, 2011	
	Non current	Current	Non current	Current
Non current bank balances	1165.41	-	1023	-
Interest accrued on deposits	81	3	23	2
Unbilled receivables		342		188
Stamp in hand	-	1	-	-
Total	1247	346	1047	191

Other liabilities

Other liabilities as on March 31, 2012 stood at ₹ 8,940.17 million (₹ 4,612.48 million as on March 31, 2011). The increase is mainly due to increase in the value of current maturities of long term debt due to categorisation of FCCB outstanding value in current maturities.

The company has repaid its outstanding Foreign Currency convertible Bonds (FCCB) post March 31, 2012 of ₹ 4,015.28 out of funds raised through External commercial borrowings (ECB)/ preferential equity/FCCB.

Other Liabilities (` mn)	March 31, 2012		March 31, 2011	
	Long term	Short term	Long term	Short term
Advance from customers	170	642	202	526
Current Maturities of debt/ Finance lease & Interest accrued but not due	-	7015	-	3094
Others	-	1	-	1
Others	146	968	152	638
Total	315	8625	354	4258

Trade Payable

Trade payable amount to ` 2,844.77 million as of March 31, 2012 as compared to ` 1,948.95 million as of March 31, 2011. The increase is on account of higher purchases for Smartclass business on account of increase in classrooms sold in the FY12 as against FY11.

Provisions

Provisions made towards taxes, employee retirement benefits, proposed dividend, and tax on dividend aggregated to ` 535.26 million as on March 31, 2012 (` 405.91 million as on March 31, 2011). Significant provisions include provision for income tax, provision for proposed dividend, and provision for staff benefits.

Provisions (` mn)	March 31, 2012		March 31, 2011	
Staff benefits	106	12	61	9
Income Tax (net of TDS/ Adv. Tax)	-	377	-	245
Warranties	-	5	-	5
Proposed dividend	-	29	-	77
Tax on Proposed dividend	-	6	-	9
Total	106	429	61	345

Earnings per Share:

Basic and Diluted Earnings per share (EPS) as per computation based on AS 20 issued by The Institute of Chartered Accountants of India (ICAI) was ` 14.12 and ` 14.06, respectively, as on March 31, 2012 against ` 35.27 and ` 32.66 as on March 31, 2011.

EPS	March 31, 2012	March 31, 2011
Basic Earnings per share (`)	14.12	35.27
Diluted Earnings per share (`)	14.06	32.66

Cash Flows

The Cash generated from operations stands at ` 1,450.91 million as on March 31, 2012 as against ` 2,840.88 million as on March 31, 2011.

The cash outflow on account of investing activities is ` 4,927.82 million as on March 31, 2012 on account of investment in fixed assets in K-12 and HLS segments.

The net proceeds from financing activity was ` 2,132.66 million as on March 31, 2012 is attributed to increased term loan borrowings in K-12 and HLS segment.





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, 2012 and also the Statement of Profit and Loss 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, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;

- iv. In our opinion, the balance sheet, statement of profit and loss 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, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 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, 2012;
 - b) in the case of the statement of profit and loss, 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 Registration No: 009864N

(Anupam Bansal)
Proprietor
Membership No. 87699

Place : Gurgaon
Date : 30th May, 2012

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

(Raj Kumar Agarwal)
Partner
Membership No.74715

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 2012]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The company has a phased program of physical verification to cover all its assets over a period of 3 years, which in our opinion is reasonable having regard to the size of the company and nature of its assets. Some of the fixed assets of the company were physically verified by the management during the year and as informed no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the company during the year.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) 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)(a), (iii)(b), (iii)(c) and (iii)(d) of paragraph 4 of the Order are not applicable to the Company.
- 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)(e), (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) We are unable to comment if the transactions made with the parties listed in section 301 of the Companies Act, 1956, in pursuance of such contracts or arrangements exceeding value of Rupees Five lakh have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time as there are no market prices comparable to those transactions, however are considered to be proprietary in nature as explained by the management of the company.
- (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/business activities of the company.
- (ix) (a) According to information and explanation given to us, the Company is *generally* regular in depositing with appropriate authorities undisputed statutory dues including income tax, provident fund, investor education and protection fund, employees' state insurance, sales tax, service tax, customs duty, and other material statutory dues applicable to it. *However, there have been delays in depositing undisputed statutory dues related to advance income tax.*
- As informed statutory dues in respect of wealth-tax, excise duty and cess are not applicable to the company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, provident fund, investor education and protection fund, employees' state insurance, service tax, sales-tax, customs duty, 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.
- As informed statutory dues in respect of wealth-tax, excise duty and cess are not applicable to the company.
- (c) According to the information and explanation given to us, there are no dues of service tax and customs duty which have not been deposited on account of any dispute. According to the information and explanation given to us, disputed amount on account of sales tax and income tax that have not been deposited are as follows:

Name of Statute	Nature of Dues	Amount Disputed (₹ In millions)	Amount paid (₹)	Period to which relates	Forum where the dispute is pending.
Uttar Pradesh Value Added Tax	VAT	2.16	0.97	2009-10	Tribunal, Commercial Tax, Uttar Pradesh
Income Tax Act, 1961	Income Tax	28.12	28.12 (adjusted against refund due)	2007-08	Income Tax Appellate Tribunal
Total		30.28	29.09		

As informed statutory dues in respect of wealth-tax, excise duty and cess are not applicable to the company.



WHAT LEARNING CAN BE



- (x) In our opinion and according to the information and explanations given to us, the company does not have accumulated losses. 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 or a bank. The company has not issued any debenture.
- (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.
- (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.
- (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 Registration No: 009864N

(Anupam Bansal)
Proprietor
Membership No. 87699

Place : Gurgaon
Date : 30th May, 2012

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

(Raj Kumar Agarwal)
Partner
Membership No.74715

BALANCE SHEET AS AT 31ST MARCH, 2012

(₹ in million)

	Note	As at 31st March, 2012	As at 31st March, 2011
Equity and Liabilities			
Shareholders' funds			
Share Capital	2.1	192.13	191.09
Reserves and Surplus	2.2	18,042.51	16,065.06
Non-current liabilities			
Long-term borrowings	2.3	489.58	4,746.24
Other long term liabilities	2.4	169.57	201.87
Long-term provisions	2.5	80.39	52.03
Current liabilities			
Short-term borrowings	2.6	2,888.99	238.80
Trade payables	2.7	2,603.39	1,842.64
Other current liabilities	2.8	6,730.64	2,140.18
Short-term provisions	2.9	379.85	316.02
		31,577.05	25,793.93
Assets			
Non-current assets			
Fixed assets	2.10		
Tangible assets		918.41	889.65
Intangible assets		479.83	390.90
Capital work-in-progress		0.39	36.04
Non-current investments	2.11	16,221.10	13,723.63
Deferred tax assets (net)	2.12	49.05	0.24
Long-term loans and advances	2.13	37.36	774.26
Other non-current assets	2.14	868.07	808.98
Current assets			
Current investments	2.11	1.50	19.84
Inventories	2.15	771.46	361.43
Trade receivables	2.16	8,650.47	5,069.92
Cash and bank balances	2.17	1,156.14	2,160.71
Short-term loans and advances	2.18	2,232.33	1,537.90
Other current assets	2.19	59.67	20.43
Foreign Currency Monetary Items Translation Difference Account (FCMITDA)	2.20	131.27	-
		31,577.05	25,793.93
Significant accounting policies & notes to the financial statements	1 & 2		

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

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

Anupam Bansal
Proprietor
Membership No: 087699

Place : Gurgaon
Date : 30th May, 2012

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

Raj Kumar Agarwal
Partner
Membership No: 074715

For and on behalf of Board of Directors
Educomp Solutions Limited

Shantanu Prakash
Chairman & Managing Director

Jagdish Prakash
Whole Time Director

Shonu Chandra
Director

Sankalp Srivastava
Director

Dr. Shayama Chona
Director

Mohit Maheshwari
Company Secretary





STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in million)

	Note	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Income:			
Revenue from operations	2.21	10,765.12	10,206.63
Other income	2.22	155.25	411.10
Total revenue		10,920.37	10,617.73
Expenses:			
Purchase of stock-in-trade	2.23	4,273.29	2,927.02
Changes in inventories of stock-in-trade	2.24	(410.03)	(70.22)
Employee benefits expense	2.25	1,769.21	1,416.06
Finance cost	2.26	902.38	659.17
Depreciation and amortization expense	2.10	473.50	411.14
Other expenses	2.27	1,499.20	913.90
Total expenses		8,507.55	6,257.07
Profit before prior period items and tax		2,412.82	4,360.66
Prior period items	2.28	(31.98)	(2.39)
Profit after prior period items and before tax		2,444.80	4,363.05
Tax expense:			
Current Tax		604.59	879.88
Less: MAT Credit Entitlement		-	394.98
Net Current Tax		604.59	484.90
- Deferred tax		(48.82)	(10.53)
Profit after tax		1,889.03	3,888.68
Earnings per share (₹)	2.29		
- Basic earning per share		19.68	40.74
- Diluted earning per share		19.59	37.76
Significant accounting policies & notes to the financial statements	1 & 2		

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

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

Anupam Bansal
Proprietor
Membership No: 087699

Place : Gurgaon
Date : 30th May, 2012

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

Raj Kumar Agarwal
Partner
Membership No: 074715

For and on behalf of Board of Directors
Educomp Solutions Limited

Shantanu Prakash
Chairman & Managing Director

Jagdish Prakash
Whole Time Director

Shonu Chandra
Director

Sankalp Srivastava
Director

Dr. Shayama Chona
Director

Mohit Maheshwari
Company Secretary

CASH FLOWS STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in million)

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Cash flows from operating activities		
Net profit before taxation and after prior period as per Profit and Loss Account	2,440.80	4,363.05
Adjusted for:		
Net prior period adjustments	(31.98)	(2.39)
Provision for doubtful debts/ advances	21.96	12.00
Provisions/credit balances written back	(3.74)	(82.18)
Depreciation	473.50	411.14
Unrealised Foreign exchange effects	354.49	(44.71)
Dividend income	-	(58.00)
Interest income	(89.26)	(203.26)
BTA consideration	(45.87)	-
Interest expense	902.38	540.94
Esop Amortisation cost	92.14	119.65
Loss / (Profit) on Sale of Fixed Assets	(0.14)	0.17
Loss / (Profit) on Sale of investments	15.13	2.98
Operating profit before working capital changes	4,133.41	5,059.39
Adjusted for:		
Trade & other receivables	(3,626.03)	(60.23)
Inventory	(410.04)	(70.23)
Loans & Advances	607.22	(577.47)
Trade & Other Payables	962.46	900.94
Cash generated from operations	1,667.02	5,252.40
Net prior period adjustments	31.98	2.39
Taxes Paid	(118.12)	(1,983.59)
Net cash generated from operating activities	1,580.88	3,271.20
Cash flows from investing activities		
Purchase of fixed assets (including capital work-in-progress)	(579.31)	(402.96)
Proceeds from Sale of fixed assets	0.27	0.34
Investment in subsidiaries (including share application money)	(3,642.68)	(5,526.77)
Investment in Associates	(49.70)	(208.59)
Investment-others	-	(675.00)
Purchase of Investments (Un-quoted, Non trade)	(1.50)	(19.84)
Sale of Investments (Un-quoted, Non trade)	19.79	10.33
Sale of investment in Subsidiaries	289.15	-
Sale of investment in associates	6.67	-
Sale of investment in other companies	-	0.67
Proceeds/(Investment) of fixed deposits	(3.00)	(785.63)
Dividend income	-	58.00
Interest income	33.60	95.22
Net cash used in investing activities	(3,926.71)	(7,454.23)
Cash flows from financing activities		
Proceeds from issue of shares	31.01	29.67
Proceeds/ (Repayment) of long-term borrowings	620.24	1,322.49
Proceeds/ (Repayment) of Short-term borrowings	1,050.00	(150.00)





Financing against stocks/book debts (working capital)	600.19	(334.55)
Payment of dividend (including dividend tax of ` 9.34 million)	(66.65)	(184.79)
Interest on borrowings	(893.53)	(538.16)
Net cash generated from financing activities	1,341.26	144.66
Net decrease in cash and cash equivalents	(1,004.57)	(4,038.37)
Opening cash and cash equivalents	2,097.51	6,199.08
Restricted bank balances /fixed deposits with maturity period within twelve months	254.59	63.20
Closing cash and cash equivalents	838.35	2,097.51
Significant accounting policies and notes to the financial statements (refer note 1)		

1. Cash and cash equivalents consists of following;
Cash/Cheques in hand & Balances with Banks ` 838.35 millions (Previous year ` 2,097.51 millions)

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

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

Anupam Bansal
Proprietor
Membership No: 087699

Place : Gurgaon
Date : 30th May, 2012

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

Raj Kumar Agarwal
Partner
Membership No: 074715

For and on behalf of Board of Directors
Educomp Solutions Limited

Shantanu Prakash
Chairman & Managing Director

Jagdish Prakash
Whole Time Director

Shonu Chandra
Director

Sankalp Srivastava
Director

Dr. Shayama Chona
Director

Mohit Maheshwari
Company Secretary

NOTES TO ACCOUNT

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.

(ii) Use of estimates

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

(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 (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 smartclass projects is recognized under various heads, namely: BOOT Contracts / Out right sale basis contracts / Boot business "transferred under BOOT contracts"/ Exports. Revenue from smartclass 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 is 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.

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

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

(iv) 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.

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 its intended use.

Depreciation on 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 ready to use. Depreciation on sale / deduction from fixed assets is provided for upto the date of sale, deduction, discardment as the case may be.

Fixed assets purchased for utilization and implementing the contractual obligations under the project undertaken under Edureach (ICT), Turnkey and smartclass are depreciated on a straight-line basis over the period of contractual obligation generally ranging from 3-6 years depending upon the period of the contract.

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

Assets costing less than ` 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 smartclass content. Licensed intangible assets are amortised over the period of license.

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

(vi) Impairment of Assets

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

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

(vii) Leases

Operating lease

As Lessee:

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

As Lessor:

Lease rental income 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

Finance lease

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

(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

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

Long-term investments are stated at acquisition cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary. Current investments are

valued at lower of cost and market rate on individual investment basis.

Classification in the financial statements

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

(x) Foreign exchange transactions

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

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

(xi) Employee benefits

(a) Short term employee benefits

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

(a) Long term employee benefits

(i) Defined contribution plan

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

(ii) Defined benefit plan

Leave encashment- The Company has provided for the liability at the year end on account of unavailed earned leave as per the actuarial valuation as per the Projected Unit Credit method in accordance with Accounting Standard 15, "Employee benefits". All actuarial gains/losses are charged to the statement of profit & loss in the year these arise.

Gratuity- The Company provides for retirement benefits in the form of Gratuity. The Company's gratuity plan is a defined benefit plan. The present value of gratuity obligation under such defined plan

is determined based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under the defined benefit plans, is based on the market yields on Government securities as at the valuation date having maturity periods approximating to the terms of the related obligations. Actuarial gains and losses are recognized immediately in the statement of profit & loss.

(b) Employee stock option scheme

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

(ii) 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.

(iii) Provision for tax

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

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

Deferred Tax expense or benefit is recognized on timing difference between accounting and taxable income that originates in one year and is capable of reversal in one or more subsequent period. Deferred tax assets

and liabilities are measured using the tax rates and laws that have been substantively enacted by the balance sheet date.

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

Minimum Alternative Tax (MAT) credit assets is recognized in the balance sheet where it is likely that it will be adjusted against the discharge of tax liability in future under the Income Tax Act, 1961.

(iv) 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 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.

(iv) Earning per share

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

For the purpose of calculating diluted 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.

(v) 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.

(vi) Cash and cash equivalents

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

(vii) Material Events

Material Events occurring after the Balance Sheet date are taken into cognizance.



WHAT LEARNING CAN BE



2. Notes to the financial statements as at 31st March, 2012

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

2.1. Share capital

Particulars	As at 31st March, 2012	As at 31st March, 2011
Authorized shares 150,000,000 (previous year 125,000,000) equity shares of ` 2 each	300.00	250.00
Issued, subscribed and fully paid-up shares 9,60,63,930 (9,55,44,396) equity shares of ` 2 each fully paid-up	192.13	191.09
	192.13	191.09

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

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	95,544,396	191.09	95,014,651	190.03
Shares Issued during the year	519,534	1.04	529,745	1.06
Shares outstanding at the end of the year	96,063,930	192.13	95,544,396	191.09

b. Terms/rights attached to equity shares

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

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

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

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Mr. Shantanu Prakash	44,315,205	46.13%	44,315,205	46.38%
The Hartford Capital Appreciation Fund	-	-	7,960,503	8.33%
Citigroup Global Markets Mauritius Private Limited	6,493,350	6.76%	-	-

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

Particulars	As at 31st March, 2012	As at 31st March, 2011
Fully paid up pursuant to contract(s) without payment being received in cash	108,259	108,259

e. Foreign Currency Convertible Bond (FCCB) of \$ 1000 each

78 500 Zero coupon foreign currency convertible bonds of \$ 1000 each are convertible into equity shares in the ratio calculated in accordance with the terms of offering circular dated 25th July, 2007. The bonds are convertible latest by July 26, 2012 and earlier if the conditions under the agreement are achieved prior to December 31, 2011. These are to be converted at initial conversion price of ` 2949.83 for each equity shares at the fixed exchange rate of USD1=INR 40.73. As on 31st March, 2012 USD 78.5 million FCCB are outstanding for conversion into 54,19,473 equity shares of ` 2 each. Due date for redemption is July 26, 2012 and Redemption price at maturity is 141.087% of par value.

f. Employees Stock Option Schemes (ESOP)

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

Employees Stock Option Scheme 2006

Pursuant to shareholder resolution dated 24th August, 2006, the Company introduced "Educomp Employees Stock Option Scheme 2006" which provides for the issue of 31,25,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at 31st March, 2012 and 31st March, 2011 the company had 16,68,815 and 19,61,470 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2007

Pursuant to shareholder resolution dated 13th September, 2007, the Company introduced "Educomp Employees Stock Option Scheme 2007" which provides for the issue of 10,00,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at 31st March, 2012 and 31st March, 2011 the company had 8,68,420 and 8,73,615 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2008

Pursuant to shareholder resolution dated 25th November 2008, the Company introduced "Educomp Employees Stock Option Scheme 2008" which provides for the issue of 12,50,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at 31st March, 2012 and 31st March, 2011 the company had 12,07,233 and 11,89,558 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2010

Pursuant to shareholder resolution dated 18th March 2010, the Company introduced "Educomp Employees Stock Option Scheme 2010" which provides for the issue of 10,00,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at 31st March, 2012 and 31st March, 2011 the company had 9,61,250 and 9,81,750 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2011

Pursuant to shareholder resolution dated 26th July 2011, the Company introduced "Educomp Employees Stock Option Scheme 2011" which provides for the issue of 10,00,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at 31st March, 2012 and 31st March, 2011 the company had 9,75,000 and Nil number of shares reserved for issue under the scheme respectively.

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

	As at 31st March, 2012		As at 31st March, 2011	
	No. of stock options	Weighted average exercise price (₹)	No. of stock options	Weighted average exercise price (₹)
Employee Stock Option Scheme 2006				
No. of shares under option				
Outstanding at the beginning of the year	1,961,470	85.24	2,443,270	73.36
Granted	210,000	163.17	3,500	25
Exercised	484,405	25.00	420,500	25
Forfeited during the year	18,250	186.75	64,800	25
Outstanding at the end of year	1,668,815	111.42	1,961,470	85.24
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A.		N.A.	
Weighted average remaining contractual life (in Years)	2.83 years		3.34 years	
Payment received against share allotted during the year	12.11 million		10.05 million	
Employee Stock Option Scheme 2007				
No. of shares under option				
Outstanding at the beginning of the year	873,615	482.47	814,110	544.14
Granted	166,385	343.87	218,000	447.06
Exercised	-	-	15,160	216.77
Forfeited during the year	171,580	565.17	143,335	806.97
Outstanding at the end of year	868,420	439.58	873,615	482.47
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A.		N.A.	
Weighted average remaining contractual life (in Years)	4.38 years		5.26 years	
Payment received against share allotted during the year	Nil		₹ 3.29 million	
Employee Stock Option Scheme 2008				
No. of shares under option				
Outstanding at the beginning of the year	1,189,558	528.21	1,140,050	516.31
Granted	120,000	197.62	117,000	576.56
Exercised	-	-	38,442	412.85
Forfeited during the year	102,325	479.47	29,050	408.8
Outstanding at the end of year	1,207,233	499.48	1,189,558	528.21
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A.		N.A.	
Weighted average remaining contractual life (in Years)	4.29 years		5.08 years	
Payment received against share allotted during the year	Nil		₹ 15.87 million	





	As at 31st March, 2012		As at 31st March, 2011	
	No. of stock options	Weighted average exercise price (₹)	No. of stock options	Weighted average exercise price (₹)
Employee Stock Option Scheme 2010				
No. of shares under option				
Outstanding at the beginning of the year	981,750	501.68	Nil	-
Granted	70,000	216.48	1,054,250	500.48
Exercised	-	-	-	-
Forfeited during the year	90,500	522.44	72,500	484.31
Outstanding at the end of year	961,250	478.95	981,750	501.68
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		N.A	
Weighted average remaining contractual life (in Years)	5.68 years		6.58 years	
Payment received against share allotted during the year	Nil		Nil	
Employee Stock Option Scheme 2011				
No. of shares under option				
Outstanding at the beginning of the year	-	-	-	-
Granted	975,000	238.94	-	-
Exercised	-	-	-	-
Forfeited during the year	-	-	-	-
Outstanding at the end of year	975,000	238.94	-	-
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		-	
Weighted average remaining contractual life (in Years)	6.26 years		-	
Payment received against share allotted during the year	Nil		-	

- h. Share reserved for issue under options/contracts
For details of shares reserved for issue on conversion of Zero coupon foreign currency convertible bonds, please refer note 2.1 (e).
For details of shares reserved for issue on exercise of employee stock options, please refer note 2.1(f).

2.2. Reserve and surplus

Particulars	As at 31st March, 2012	As at 31st March, 2011
Securities premium account		
Opening balance	7,759.96	7,618.87
Add: On issue of shares	113.09	141.09
Closing balance	7,873.05	7,759.96
Share Options Outstanding Account		
Opening balance	189.45	147.28
Add: employee stock compensation (refer note 2.25)	92.14	119.65
Less: transfer to securities premium account on exercise of stock option	83.12	77.48
Closing Balance	198.47	189.45
General reserve		
Opening balance	820.84	431.97
Add: transferred from surplus in the statement of profit and loss	94.45	388.87
Closing balance	915.29	820.84
Surplus in the statement of profit and loss		
Opening balance	7,294.81	3,852.30
Add: Net profit after tax transferred from the statement of profit and loss	1,889.03	3,888.68
Less: Proposed Dividends	28.99	57.59
Less: Dividend Tax	4.70	(0.29)
Less: transferred to general reserve	94.45	388.87
Closing balance	9,055.70	7,294.81
	18,042.51	16,065.06

2.3. Long-term borrowings*

Particulars	As at 31st March, 2012	As at 31st March, 2011
Bonds		
78,500 Zero coupon foreign currency convertible bond of \$ 1000 each (Unsecured) (refer note 2.1 (e))	-	3,505.03
Term Loans (refer note 2.30)		
Secured		
from banks	270.62	1,241.21
Unsecured		
from others	121.91	-
Long term maturities of Finance Lease obligations (Unsecured)	97.05	-
	489.58	4,746.24

* refer note 2.8 for current maturities of long term debt

2.4. Other long term liabilities

Particulars	As at 31st March, 2012	As at 31st March, 2011
Others		
Advance from customers	169.57	201.87
	169.57	201.87

2.5. Long-term provisions

Particulars	As at 31st March, 2012	As at 31st March, 2011
Provision for employee benefits		
Gratuity (refer note 2.31)	56.56	36.89
Leave encashment (refer note 2.31)	23.83	15.14
	80.39	52.03

2.6. Short-term borrowings (refer note 2.30)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Loans repayable on demand		
from banks (secured)	1,838.99	238.80
Other loans and advances		
Commercial Paper-(unsecured)	1,050.00	-
	2,888.99	238.80

2.7. Trade payables

Particulars	As at 31st March, 2012	As at 31st March, 2011
Trade payables	2,603.39	1,842.64
	2,603.39	1,842.64

In accordance with Micro, Small and Medium Enterprises Development Act, 2006 (MSME Act, 2006) which comes into force with effect from October 2, 2006, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers. The Company has sent the communication to all its vendors. As on 31st March, 2012 `364,315 is payable to the vendor identified as Micro, Small and Medium suppliers. The same has been paid and no interest is due and payable to Micro, Small and Medium suppliers.

Amount payable to subsidiary			
Educomp Online supplemental Services Limited		0.96	-
Educomp learning Private Limited		-	5.14
Educomp Software Ltd		-	1.10
		0.96	6.24





2.8. Other current liabilities

Particulars	As at 31st March, 2012	As at 31st March, 2011
Current maturities of long-term debt (refer note 2.30)		
78,500 Zero coupon foreign currency convertible bond of \$ 1000 each (Unsecured)	4,015.28	-
Term loans -from banks (secured)	1,944.14	1,728.66
Term loans -from others (unsecured)	115.18	-
Current maturities of finance lease obligations		
Finance lease obligations (Unsecured)	41.22	-
Interest accrued but not due on borrowings	13.87	5.03
Advances from customers*	68.11	39.18
Unpaid dividends	1.25	0.96
Other payables		
Payable to employees	310.22	81.52
Statutory dues	177.05	223.74
Security Deposits	1.33	1.71
For supply of Fixed assets (refer note 2.7)	42.99	59.38
	6,730.64	2,140.18

* includes payables to related party

Educomp Global Holding WLL	33.54	-
Educomp Raffles Higher Education Limited	201.87	234.17

2.9. Short-term provisions

Particulars	As at 31st March, 2012	As at 31st March, 2011
Provision for employee benefits		
Gratuity (note 2.31)	2.68	1.94
Leave encashment (note 2.31)	5.29	0.82
Other provisions		
Provision for warranties	5.00	5.00
Provision for dividend	28.97	57.58
Provision for corporate dividend tax	4.70	9.34
Provision for taxation (net of advance tax/tds ` 102.23 million (Previous year ` 639.61 million)*)	333.21	241.34
	379.85	316.02

* includes interest for delay in deposit of advance tax ` 22.28 million (previous year ` 21.84 million)

2.10. Fixed assets

	Gross block				Accumulated depreciation/amortisation				Net block	
	As at 1st April, 2011	Additions	Disposals	Other adjustments	As at 31st March, 2012	As at 1st April, 2011	for the year	On disposals	Other adjustments	As at 31st March, 2012
Tangible assets										
Land (freehold)	8.23	-	-	-	8.23	-	-	-	-	8.23
Building	76.03	30.63	-	-	106.66	11.98	4.16	-	-	90.52
Leasehold improvements	11.05	2.07	0.31	-	12.81	7.45	1.42	0.21	-	4.15
Office equipment	436.78	40.60	6.29	-	471.09	115.96	101.37	5.42	-	259.18
Office equipment-finance lease	-	68.74	-	-	68.74	-	6.48	-	-	62.26
Furniture and fixtures	150.69	34.85	3.80	-	181.74	49.08	33.48	3.72	-	102.90
Computers and accessories	592.96	57.80	18.98	-	631.78	205.08	137.50	17.76	-	306.96
Computers and accessories- finance lease	-	90.32	-	-	90.32	-	8.68	-	-	81.64
Vehicles	9.22	-	-	-	9.22	5.76	0.89	-	-	2.57
Sub total	1,284.96	325.01	29.38	-	1,580.59	395.31	293.98	27.11	-	918.41
Previous year	963.44	323.31	1.79	-	1,284.96	198.07	198.51	1.28	-	889.65
Intangible assets										
Software	158.56	16.87	91.22	-	84.21	121.41	24.44	90.97	-	29.33
Knowledge-based content*	1,003.36	297.57	52.74	-	1,248.19	649.61	155.08	7.00	-	450.50
Sub total	1,161.92	314.44	143.96	-	1,332.40	771.02	179.52	97.97	-	479.83
Previous year	1,045.97	126.98	11.03	-	1,161.92	558.39	212.63	-	-	390.90
Grand total	2,446.88	639.45	173.34	-	2,912.99	1,166.33	473.50	125.08	-	1,398.24
Previous year	2,009.41	450.29	12.82	-	2,446.88	756.46	411.14	1.28	-	1,280.55
Capital work in progress										
										0.39
Grand Total										1,398.63
										1,316.59

* Knowledge based content includes :

(i) it includes internally generate asset:

	As at 31st March, 2012	As at 31st March, 2011
Gross block	229.94	-
Depreciation charge for the year	0.15	-
Accumulated depreciation	0.15	-
Net book value	229.79	-

(ii) it includes `24.48 million of foreign exchange fluctuation capitalised during the year and related depreciation of `3.15 million. During the previous year `2.77 million of foreign exchange fluctuation decapitalised from the assets and related depreciation adjustment of `1.23 million.





2.11. Investments

Non-current Investments

Particulars	As at 31st March, 2012	As at 31st March, 2011
Long Term, Unquoted, Trade, at Cost		
a) Investment in Subsidiaries		
85,899 equity shares (previous year 85,899) of ` 10 each, fully paid up, in Wheatstone Productions Private Limited.	3.35	3.35
13,66,092 equity shares (previous year 13,66,092) of USD 1 each, fully paid up, in Edumatics Corporation, USA.	62.09	62.09
53,550 equity shares (previous year 53,550) of ` 10 each, fully paid up, in Educomp Learning Pvt. Ltd	1.96	1.96
2,55,44,995 equity shares (previous year 2,26,19,816) of ` 10 each, fully paid up, in Educomp Infrastructure & School Management Ltd	9,657.67	7,650.99
34,000 equity shares (previous year 34,000) of ` 10 each, fully paid up, in Educomp School Management Ltd	50.00	50.00
1,72,46,548 equity shares (previous year 1,56,95,351) of USD 1 each, fully paid up, in Educomp Asia pacific Pte Ltd. Singapore	830.28	760.07
Nil equity shares (previous year 50,000) of ` 10 each, fully paid up, in Educomp Software limited	-	0.50
42,84,095 equity shares (previous year 42,84,095) of ` 10 each, fully paid up, in Educomp Professional Education Limited	2,960.09	2,960.09
34,62,469 equity shares (previous year 32,09,838) of C\$ 1 each, fully paid up, in Savvicca Inc., Canada	148.54	137.07
1,34,53,600 equity shares (previous year 1,34,53,600) of ` 10 each, fully paid up, Eurokids International Ltd	390.00	390.00
1,61,10,239 equity shares (previous year 1,61,10,239) of ` 10 each, fully paid in Educomp Child care Private Limited	161.10	161.10
11,98,755 equity shares (previous year 11,98,755) of SGD 1 each, fully paid in Educomp Intelprop Ventures Pte Ltd.	39.30	39.30
9,04,056 equity shares (previous year 9,04,056) of ` 10 each, fully paid in Educomp Online Supplemental Services Ltd	14.56	14.56
43,51,675 equity shares (previous year Nil) of ` 10 each, ` 5 paid up in Educomp Online Supplemental Services Ltd	502.62	-
48,776 equity shares (previous year 48,776) of ` 10 each, fully paid in Vidya Mandir Classes Pvt Limited	346.87	346.87
6,00,000 equity shares (previous year 50,000) of ` 10 each, fully paid in Educomp Investment Management Limited	6.00	0.50
2,475 equity shares (previous year Nil) in Educomp Global of ` 10 each, fully paid Educomp Global Holding W.L.L	29.61	-
	15,204.04	12,578.45
b) Investment in Associates		
23,85,141 equity shares (previous year 19,40,083) of ` 10 each, fully paid in Greycells 18 Media Ltd	145.41	118.21
Nil equity shares (previous year 15,077) of ` 10 each, fully paid in Gateforum Educational Services Private Ltd	-	155.32
	145.41	273.53
c) Others		
45,00,000 8% Cumulative Redeemable Non-convertible Preference shares (previous year 45,00,000) of ` 100 each, fully paid up, in Edu Smart services Pvt. Ltd.	450.00	450.00
4,25,000 units (previous year 4,25,000) of ` 1000 each, fully paid up, in India Education Fund	425.00	425.00
	875.00	875.00
	16,224.45	13,726.98
Less: Provision for diminution in the value of investment	3.35	3.35
	16,221.10	13,723.63
Current investments-at lower of cost and fair value		
Others, Non trade, quoted Investment in mutual fund		
SBI PSU Mutual Fund-Growth	-	10.00
Nil (previous year 10,00,000 units) of ` 10 each		
Canara Robeco Mutual Fund	-	10.00
Nil (previous year 10,00,000 units) of ` 10 each		
SBI Gold Fund	1.50	-
1,50,000 units (previous year Nil) of ` 10 each		
	1.50	20.00
Less: Provision for diminution in the value of investment	-	0.16
Total	1.50	19.84
Aggregate amount of quoted investments (Market value of ` 1.50 million (19.84 million))	1.50	19.84

2.12. Deferred tax (net)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Deferred tax assets on account of :-		
Expenses allowable on payment basis	25.97	17.57
Provision for doubtful debts and advances	16.78	9.65
Difference in depreciation as per books and income tax	6.30	-
	49.05	27.22
Deferred tax liability on account of :-		
Difference in depreciation as per books and income tax	-	26.98
	-	26.98
Deferred tax assets /(Deferred tax liability) [net]	49.05	0.24

2.13. Long term loans and advances

Particulars	As at 31st March, 2012	As at 31st March, 2011
Security deposits		
Unsecured, considered good	20.70	7.03
Other loans and advances		
Unsecured, Considered good		
Balance with statutory/government authorities	16.66	411.63
Prepaid expenses	-	355.60
Unsecured, Doubtful		
Advance for supply of goods and rendering of services	1.66	-
Less: Provision for doubtful advances	(1.66)	-
	37.36	774.26

2.14. Other non current assets

Particulars	As at 31st March, 2012	As at 31st March, 2011
Non-current bank balances		
Held as margin money/security	788.63	785.63
Others		
Interest accrued on deposits		
Held as margin money/security	79.44	23.35
	868.07	808.98

2.15. Inventories (valued at Lower of Cost and Net Realisable Value)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Technology equipment	771.46	357.53
Educational aid	-	3.90
	771.46	361.43





2.16. Trade receivables*

Particulars	As at 31st March, 2012	As at 31st March, 2011
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	2,484.62	859.24
Unsecured, considered doubtful	50.05	29.75
	2,534.67	888.99
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	6,165.85	4,210.68
Less: provision for doubtful debts	(50.05)	(29.75)
	8,650.47	5,069.92
*Includes due from:		
subsidiaries		
Wizlearn Pte.Ltd.	1.96	12.21
Educomp Child Care Private Limited	-	0.98
Educomp Infrastructure & School management Limited	6.25	18.10
Educomp School management Limited	0.25	-
Educomp learning Private Limited	1.02	0.92
Educomp Software Ltd		0.32
Educomp Online supplemental Services Limited	4.30	0.47
SAWICA Inc.	12.09	11.30
Associate		
Greycells18 Media Limited	-	0.09
Other Related Parties		
Learning Leadership Foundation	40.27	28.97
Learning Links Foundation	11.96	15.80
IndiaCan Education Pvt. Limited	3.75	0.03
Lakshya Digital Services Pvt. Limited	4.89	-

2.17. Cash and bank balances

Particulars	As at 31st March, 2012	As at 31st March, 2011
Cash and cash equivalent		
Balances with banks	712.33	1,845.94
Cash on hand	0.68	0.41
Cheques/draft on hand	125.34	251.16
	838.35	2,097.51
Other bank balances		
unpaid dividend account	1.25	0.96
Margin money deposit*	316.54	62.24
	1,156.14	2,160.71

* Margin money deposit given against Letter of credit and bank guarantees

2.18. Short term loans and advances

Particulars	As at 31st March, 2012	As at 31st March, 2011
Loans and advances to related parties*		
Unsecured, considered good	1,556.64	586.04
Others		
Unsecured, considered good		
For supply of goods and rendering of services	311.03	403.08
Loans and advances to employees	19.67	17.18
Balance with statutory/government authorities	69.07	22.41
Prepaid expenses	91.45	294.08
Earnest money deposits	46.13	129.76
Security Deposit	7.62	7.01
Others	130.72	78.34
	2,232.33	1,537.90
<i>* includes:</i>		
Share Application money		
Subsidiaries		
Educomp Childcare Private Limited	46.56	2.71
Educomp Infrastructure & School Management Limited	-	250.00
Educomp School Management Limited	4.50	-
Educomp Professional Education Limited	1,276.00	-
Educomp Online supplemental Services Limited	40.37	-
Educomp Investment Management Limited		3.50
EuroKids International Ltd	10.00	-
Associates		
Greycells18 Media Limited	1.17	16.10
Other advances and recoverables		
Authrogen Technologies Limited (maximum amount outstanding ` 71.06 million (previous Year 42.44 million)	71.06	42.44
Edu Learning Hour Private Limited (maximum amount outstanding ` 82.69 million (previous Year 54.65 million)	82.69	54.65
Educomp Online supplemental Services Limited	18.99	213.63
Educomp Software Ltd	1.17	2.20
Educomp Childcare Private Limited		
Educomp Investment Management Limited	0.91	0.68
Educomp Learning Private Limited	2.11	
Indiacan Education Private Ltd	1.11	0.13

2.19. Other current assets

Particulars	As at 31st March, 2012	As at 31st March, 2011
Unbilled receivables	57.97	18.30
Interest accrued on deposits		
Held as margin money	1.70	2.13
	59.67	20.43

2.20. FCMITDA

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





2.21. Revenue from operation

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Sale of education products and technology equipment	9,513.09	6,039.85
Education and other services	1,252.03	4,166.78
	10,765.12	10,206.63

2.22. Other Income

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Interest income	89.26	203.26
Dividend from subsidiary companies	-	58.00
Profit on sale of long term investment	0.75	-
Foreign exchange gain (net) (refer note 2.41)	-	47.86
Other non-operating income	65.24	101.98
	155.25	411.10

2.23. Purchase of stock-in-trade

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Hardware and components	4,184.32	2,759.01
Educational Aid	0.04	3.95
Others	1.59	0.69
Licenses	47.52	147.37
Freight inwards	39.82	16.00
	4,273.29	2,927.02

2.24. Changes in inventories of stock-in-trade

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Changes in inventories		
Opening -stock-in-trade		
Technology equipment	357.53	290.61
Educational aid	3.90	0.60
	361.43	291.21
Closing-stock-in-trade		
Technology equipment	771.46	357.53
Educational aid	-	3.90
	771.46	361.43
	(410.03)	(70.22)

2.25. Employee benefit expense

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Salaries wages and bonus	1,601.43	1,246.14
Contribution to provident and other funds	69.58	45.06
ESOP amortisation cost	92.14	119.65
Staff welfare expenses	6.06	5.21
	1,769.21	1,416.06

2.26. Finance cost

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Interest expense	764.84	487.24
Interest on delay in payment of taxes	24.10	104.33
Other Borrowing Charges	113.44	67.60
	902.38	659.17

2.27. Other Expenses

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Lease Rent	120.33	130.93
Rates and taxes, excluding taxes on income	9.74	9.70
Traveling and conveyance	194.81	142.34
Recruitment and training	5.94	9.61
Legal and professional	163.50	156.23
Communication	62.84	44.95
Printing and stationery	92.68	108.20
Repair and maintenance		
- Building	21.56	10.27
- Machinery	18.23	11.46
- Others	39.00	29.18
Power & Fuel	36.26	36.02
Insurance	5.72	3.75
Advertisement, publicity and business promotion	197.30	153.83
Freight and forwarding	20.41	17.17
Bank charges	7.31	6.71
Bad debts written off	-	5.10
Provision for doubtful debts/advances	21.96	12.00
Foreign exchange loss (net) (refer note 2.41)	453.12	-
Loss on sale of fixed assets (net)	-	2.82
Loss on sale of current investment	15.88	0.17
Diminution of Short Term Investment	-	0.16
Miscellaneous expenses	12.61	23.30
	1,499.20	913.90



WHAT LEARNING CAN BE



2.28. Prior period items

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Prior period income		
Sales & Service income	16.53	1.56
Personal expenses	16.53	1.56
Repair & maintenance-others	1.38	-
Legal & professional	0.33	-
Travelling Expenses	(0.44)	0.49
Bank Charges	-	0.36
Freight	1.91	-
Communication	-	0.04
Miscellaneous expenses	-	0.17
Rates and taxes	-	(0.27)
Lease Rent	(18.63)	0.31
	-	(1.93)
	(15.45)	(0.83)
	(31.98)	(2.39)

2.29. Earning per share (EPS)

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Calculation of Profit for Basic EPS		
Net profit attributable to equity shareholders		
Net profit after tax and prior period items	1,889.03	3,888.68
Net profit available for calculation of basic EPS (A)	1,889.03	3,888.68
Calculation of Profit for Diluted EPS		
Net profit available for calculation of basic EPS	1,889.03	3,888.68
Add: Exchange loss/(gain) on FCCB (Net of Tax)	-	(26.12)
Net profit available for calculation of diluted EPS (B)	1,889.03	3,862.56
No. of Weighted average equity shares		
Basic (C)	95,992,452	95,444,330
Effect of dilutive equity shares equivalent		
- Foreign Currency Convertible Bonds	-	5,419,473
- ESOP	413,142	1,415,722
Diluted (D)	96,405,594	102,279,526
Nominal value of equity share (₹)	2	2
Earning Per Share (₹)		
Basic (A/C)	19.68	40.74
Diluted (B/D)	19.59	37.76

2.30. Particulars of security, interest and terms of repayment of Loans

Particulars	Amount Outstanding		Terms of repayment	Security
	2012	2011		
Loan from Bank				
Term Loan (a)	375.19	760.54	`50 million on six half yearly instalments and `325.19 million in 18 quarterly installmemnts	<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. - First charge on the Debt Service Reserve Account (DSRA) created for the project. - Personal Guarantee of the Managing Director and first charge by way of mortgage on one of the personal property of Managing Director.
Term Loan (b)	215.55	357.78	Payable in 18 quarterly installmemnts	<ul style="list-style-type: none"> - Sub-servient charge on the movable and immovable assets of the company. - Personal Guarantee of the Managing Director.
Term Loan (c)	725.54	1,500.00	`500 million in three half yearly instalments and `225.44 million in half yearly installment	<ul style="list-style-type: none"> - Sub-servient charge on the current assets of the Company. - Personal Guarantee of the Managing Director.
Term Loan (d)	498.00	-	Five equated installments in one year	<ul style="list-style-type: none"> - Pari-passu charge on the current assets of the Company. - Personal Guarantee of the Managing Director.
Term Loan (e)	250.00	-	Single installments after one year	<ul style="list-style-type: none"> - Sub-servient charge on the current assets of the Company.
Term Loan (f)	150.00	350.00	7 Quarterly installments after one year moratorium	<ul style="list-style-type: none"> - Sub-servient charge over the movable fixed assets and current assets of the Company. - Pledge of 12.32 % shares of Educomp Online Supplemental Service Ltd - Personal Guarantee of the Managing Director.
Term Loan (g)	0.47	1.55	Monthly equated installments	<ul style="list-style-type: none"> - Secured by Hypothecation of Vehicles
Working capital Facility (a)*	1,338.99	238.8	payable on demand	<ul style="list-style-type: none"> - First ranking pari passu charge on the entire current assets of the Company. - Second pari-passu charge over the fixed assets of the Company - Personal Guarantee of the Managing Director and Whole Time Director and first charge by way of mortgage on one of the personal property of Managing Director.
Working capital Facility (b)	500.00	-	payable on demand	<ul style="list-style-type: none"> - Sub-servient charge on the stock and debtors of the Company. - Personal Guarantee of the Managing Director and Whole Time Director.
	4,053.74	3,208.67		

* Out of outstanding loan of ` 1338.99 million, loan amounting to :-

- ` 4.84 million is not secured by fixed assets
- ` 384.30 million is not guaranteed by managing director

Note : term loan (a) to (g) & working capital loan (a) & (b) are at varying rate rate of interest ranging from 13% to 14.75%.

2.31. Employee benefits employee benefits

- a. During the year, the Company has recognized the following amounts in the statement of Profit and loss

Defined contribution Plan

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Employer's Contribution to provident fund	69.13	44.69
ESI	0.42	0.33
Labour welfare fund	0.03	0.04

Defined Benefit Plan

The company operates two defined plans viz gratuity and leave encashment for its employees. Under its gratuity plan every employee who has completed at least one year of service get a gratuity on departure at 15 days of last drawn salary for each completed year of service.



WHAT LEARNING CAN BE



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

Particulars	Gratuity-Unfunded	Leave encashment -Unfunded	Gratuity-Unfunded	Leave encashment- Unfunded
	Year ended 31st March,		Year ended 31st March,	
	2012	2012	2011	2011
Current service cost	21.54	13.73	13.84	9.05
Interest cost	3.41	1.40	1.72	0.64
Actuarial (gain)/Loss	1.37	(3.44)	5.51	(0.06)
Total	26.32	11.69	21.07	9.63

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

Particulars	Gratuity-Unfunded	Leave encashment -Unfunded	Gratuity-Unfunded	Leave encashment- Unfunded
	Year ended 31st March,		Year ended 31st March,	
	2012	2012	2011	2011
Present value of obligation as at the beginning of the year	38.83	15.96	21.54	8.05
Interest cost	3.41	1.40	1.72	0.64
Current service cost	21.54	13.73	13.84	9.05
Benefit paid	(5.91)	(2.60)	(3.78)	(1.72)
Actuarial (gain)/loss	1.37	(3.44)	5.51	(0.06)
Present value of obligation as at the end of the year*	59.24	25.05	38.83	15.96
Current service cost	2.68	1.22	1.94	0.82
Non current	56.56	23.83	36.89	15.14

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

c. Amount for current period and previous four period
Gratuity Unfunded

Particulars	2012	2011	2010	2009	2008
Present value of obligation as at the end of the year	59.24	38.83	21.54	12.39	7.08
Surplus/(Deficit)	(59.24)	(38.83)	(21.54)	(12.39)	(7.08)
Experience adjustment on plan liabilities	(3.27)	(2.24)	(8.40)	(0.04)	-

Leave encashment Unfunded

Particulars	2012	2011	2010	2009	2008
Present value of obligation as at the end of the year	25.05	15.96	8.04	5.61	3.68
Surplus/(Deficit)	(25.05)	(15.96)	(8.04)	(5.61)	(3.68)
Experience adjustment on plan liabilities	2.77	1.06	(0.50)	1.87	-

d. Principal actuarial assumptions at the balance sheet date:

Particulars	2012	2011
Discounting Rate	8.78%	8%
Expected rate of increase in salary	8.50%	8%

Demographic Assumption

i) Retirement Age (Years)	58	58	58
ii) Mortality Table	LIC (1994 - 96)		
iii) Ages	Withdrawal Rate (%)	Withdrawal Rate (%)	Withdrawal Rate (%)
Up to 30 Years	3	3	3
From 31 to 44 years	2	2	2
Above 44 years	1	1	1

- (e) The discount rate is based upon the market yields available on government bonds at the accounting date.
- (f) The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market on long term basis.
- (g) Estimated amounts of contribution payable during the next year are:
- For gratuity ` 34.01 million (previous year ` 22.26 million).
 - For leave encashment ` 13.53 million (Previous year ` 3.81 million)

2.32 Segment Reporting

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

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

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

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

A. Primary Segment Information:- Business Segments

	HLS	SLS	K-12	OSG	Total
Segment Assets	49.45 (47.89)	12,241.84 (8,413.35)	6.25 (15.88)	45.96 (83.05)	12,343.50 (8,560.17)
Unallocated Corporate Assets					19,233.57 (17,233.76)
Total assets					31,577.07 (25,793.93)
Segment Liabilities	207.10 (238.06)	2,969.72 (2,956.33)	- -	2.89 (4.41)	3,179.71 (3,198.80)
Unallocated Corporate Liabilities					10,162.70 (6,338.98)
Total Liabilities					13,342.41 (9,537.78)
Capital Expenditure	0.35 (0.71)	565.51 (379.87)	- -	0.29 (1.01)	566.15 (381.59)
Unallocated Corporate Capital Expenditure					37.65 (29.63)
Total Capital Expenditure					603.80 (411.22)
Depreciation & Amortization	0.97 (1.31)	441.38 (375.37)	- -	1.12 (6.41)	443.47 (383.09)
Unallocated Corporate Depreciation					30.03 (28.05)
Total Depreciation & Amortization					473.50 (411.14)
Non cash expenditure Other than Depreciation	5.07 (6.04)	35.90 (36.10)	0.29 (14.16)	1.24 (8.26)	42.50 (64.56)
Unallocated Expenditure					130.05 (113.34)
Total Non cash expenditure Other than Depreciation					172.55 (177.90)





	HLS	SLS	K-12	OSG	Total
Revenue	135.74 (168.90)	10,476.39 (9,988.59)	14.11 (26.16)	138.88 (22.98)	10,765.12 (10,206.63)
Expenses	92.26 (120.64)	6,201.00 (4,786.63)	0.30 (17.17)	157.89 (82.46)	6,451.45 (5,006.90)
Segment Results	43.48 (48.26)	4,275.39 (5,201.96)	13.81 (8.99)	(19.01) 59.48	4,313.67 (5,199.73)
Un-allocable Expenditure					1,153.72 (591.01)
Finance cost					902.38 (659.16)
Operating profit					2,257.57 (3,949.56)
Other Income					155.25 (411.10)
Prior period Items					(31.98) (-2.39)
Profit Before Tax					2,444.80 (4,363.05)
Less: Tax Expense					
- Current					604.59 (879.88)
- Deferred Tax					(48.82) (-10.53)
- MAT Credit Entitlement					- (-394.98)
Profit After Tax and Prior period items					1,889.03 (3,888.68)

B. Secondary Segment Information –Geographical

	Revenue	Segment Assets	Capital Expenditure
India	10,748.21 (10,190.50)	31,561.82 (25,767.22)	603.80 (411.22)
Outside India	16.91 (16.13)	15.25 (26.71)	- -
Total	10,765.12 (10,206.63)	31,577.07 (25,793.93)	603.80 (411.22)

Notes:

- The accounting Policies used to derive reportable segment results are consistent with those described in "Significant Accounting Policies" note to the financial statements.
- Previous year's figures are given in parenthesis.

2.33 Related party Disclosures:

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

i) List of related parties & relationships:
 Subsidiary Companies (Direct & Indirect Holding)

S. No.	Name of Related Party
1	Wheatstone Productions Private Limited
2	Edumatics Corporation Inc., USA
3	Educomp Learning Pvt. Ltd.
4	Educomp Infrastructure & School Management Limited
5	Educomp School Management Ltd.
6	Educomp Learning Hour Pvt. Ltd.
7	Educomp Asia Pacific Pte. Ltd., Singapore
8	Wiz Learn Pte Ltd, Singapore (formerly Asknlearn pte Ltd.)
9	Singapore Learning.com Pte Ltd, Singapore
10	Vidya Mandir Classes Ltd
11	Pave Education Pte Ltd, Singapore
12	Wiz Learn Pte Ltd., Singapore
13	Authorgen Technologies Ltd.
14	Shikhya Solutions Inc, USA
15	Educomp Software Ltd.
16	Educomp Infrastructure Services Pvt Ltd.
17	Educomp Professional Education Ltd.
18	Learning Internet Inc., U.S.A.
19	Educomp APAC Services Ltd., BVI
20	Savvica Inc.Canada
21	EuroKids International Ltd.
22	EuroKids India Ltd.
23	Educomp Child Care Pvt Ltd.
24	Educomp Online Supplemental Service Ltd.
25	Educomp Intelprop Ventures Pte. Ltd, Singapore
26	Educomp Investment Management Ltd.
27	Falcate Builders Pvt. Ltd.
28	Newzone Infrastructure Pvt. Ltd.
29	Rockstrong Infratech Pvt. Ltd.
30	Reverie Infratech Pvt. Ltd.
31	Herold Infra Pvt. Ltd
32	Growzone Infrastructure Pvt. Ltd.
33	Hidream Constructions Pvt. Ltd.
34	Leading Edge Infratech Pvt. Ltd.
35	Strotech Infrastruture Pvt. Ltd.
36	Markus Infrastructure Pvt. Ltd.
37	Orlando Builders Pvt. Ltd.
38	Crosshome Developers Pvt. Ltd.
39	Good Luck Structure Pvt. Ltd.

S. No.	Name of Related Party
40	Evergreen Realtech Pvt. Ltd.
41	Zeta Buildcon Pvt. Ltd.
42	Onega Infrastructure Pvt. Ltd.
43	Grider Infratech Pvt. Ltd.
44	Boston Realtech Pvt. Ltd.
45	Modzex Infrastructure Pvt. Ltd.
46	Virtual Buildtech Pvt. Ltd.
47	Laservision Estates Pvt. Ltd.
48	Euro School International Ltd.
49	Euro School Properties & Infrastructure Ltd.
50	Knowledge Vistas Ltd.
51	Gateforum Educational Services Pvt. Ltd
52	Educomp Global Holding WLL (w.e.f. July 25, 2011)

Associates

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

Joint Venture of Direct Subsidiary

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

Key Managerial Personal

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

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

S. No.	Name of Related Party
1	Learning Links Foundation
2	Learning Leadership Foundation
3	Education Quality Foundation of India
4	Richmond Educational society
5	Indiacan Education Pvt. Ltd.
6	Millennium Infra developers Ltd.
7	A Plus Education Solution Pvt. Ltd
8	Lakshya Digital Pvt. Ltd.



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ii) Transactions during the year with related parties:

I. Details of Related Party Transactions for the year ended 31st March, 2012

Particulars	Subsidiaries	Associates	Joint Venture of Subsidiary	Key Managerial Personnel	Others	Total
Revenues	33.37	-	32.30	-	95.30	160.97
(note1)	(39.68)	-	(32.31)	-	(120.18)	(192.16)
Other Income	17.29	-	-	-	0.54	17.83
(note2)	(70.13)	-	(0.22)	-	(4.17)	(74.52)
Reimbursement of expenses paid by related party	1.08	-	-	-	-	1.08
(note 3)	-	-	-	-	-	-
Reimbursement expenses paid on behalf related party	3.48	0.25	-	-	-	3.73
(note 4)	-	-	-	-	-	-
Expenses	0.76	1.10	-	-	-	1.87
(note 5)	-	-	-	-	(21.95)	(21.95)
Loans & Advances given	1,418.29	1.17	-	-	-	1,419.46
(note 6)	(349.74)	(16.10)	-	-	-	(365.84)
Advance from Customers	32.11	-	-	-	-	32.11
(note 7)	-	-	-	-	-	-
Purchase of Assets	84.88	-	-	-	12.48	97.36
(note 8)	(38.94)	-	-	-	-	(38.94)
Purchased of Investments	2,777.49	49.70	-	-	-	2,827.19
(note 9)	(5,254.45)	(155.32)	-	-	-	(5,409.77)
Remuneration	-	-	-	19.09	-	19.09
(note 10)	-	-	-	(18.00)	-	(18.00)
Corporate Guarantees	11,374.15	-	-	-	-	11,374.15
(note 11)	(8,187.65)	-	-	-	-	(8,187.65)
Rent paid	0.46	-	-	0.83	-	1.29
(Note 12)	(0.29)	-	-	(0.83)	-	(1.11)
Sale of Business	98.02	-	-	-	-	98.02
(Note 13)	-	-	-	-	-	-
Sale of Investment	307.98	-	-	-	6.67	314.65
(Note 14)	(213.63)	-	-	-	-	(213.63)

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

Notes:

- 1 Includes Sales and services to:
Learning Link Foundation `55.16 million (Previous year `83.78 million).
Learning Leadership Foundation `36.42 million (Previous year `35.52 million).
Educomp Raffles Higher Education Ltd `32.30 million (Previous year `32.31 million).
Educomp Infrastructure & School Management Ltd. `14.82 million (Previous year `27.47 million).
- 2 Includes other income from:
Authrogen Technologies Ltd. `7.80 million (Previous year `2.48 million)
Educomp Learning Hour Pvt. Ltd. `9.35 million (Previous year `2.73 million)
Educomp Infrastructure & School Management Ltd. `Nil (Previous year `58.10)
- 3 Includes expenses paid by:
Educomp Child Care Pvt Ltd. `1.08 million (Previous year ` Nil)
- 4 Includes expenses paid on behalf of:
Educomp Software Ltd. `3.15 million (Previous year ` Nil)
IndiaCan Education Pvt. Ltd. `0.25 million (Previous year ` Nil)
- 5 Includes expenses:
Educomp Online Supplemental Services Ltd. `0.76 million (Previous year ` Nil)
IndiaCan Education Pvt. Ltd. ` Nil (Previous year `20.03 million)
Education Quality Foundation of India `1.10 million (Previous year ` Nil)
- 6 loans and advances (includes share application money) given relates to:
Educomp Professional Education Ltd. `1276 million (Previous year ` Nil)
Educomp Infrastructure & School Management Ltd. ` Nil (Previous year `250.00)
Authrogen Technologies Ltd. `21.60 million (Previous year `40.31 million)
Educomp Learning Hour Pvt. Ltd. `19.63 million (Previous year `52.18 million)

- 7 Includes advance from customers:
Educomp Global Holding W.L.L. ` 32.11 million (Previous year ` Nil)
- 8 Includes purchase of assets from:
Educomp Learning Pvt. Ltd. ` 30.66 million (Previous year ` 30.90 million).
Educomp Infrastructure & School Management Ltd. ` 54.12 million (Previous year ` Nil)
Learning Link Foundation ` 12.48 million (Previous year ` Nil).
Authrogen Technologies Ltd. ` Nil (Previous year ` 5.14 million)
- 9 Represents investment made in:
Educomp Infrastructure & School Management Ltd. ` 2,006.67 million (Previous year ` 2,253.50 million).
Educomp Online Supplemental Services Ltd. ` 502.62 million (Previous year ` 14.06 million)
Educomp Professional Education Ltd. ` Nil (Previous year ` 2,371.80 million)
- 10 Includes transaction for the year mainly with:
Mr. Shantanu Prakash ` 14.09 million (Previous year ` 13.80 million).
Mr. Jagdish Prakash ` 5.00 million (Previous year ` 4.20 million).
- 11 Represents Corporate Guarantee given for:
- Educomp Asia Pacific Pte. Limited ` 1074.15 million (previous year ` 937.65 million). However, the loan outstanding against the guarantee of ` 1074.15 million is ` 1003.56 million (Previous Year ` 876.03 million).
Educomp Infrastructure & School Management Ltd. ` 10,300 million (previous year ` 7,250 million). However, the loan and debentures outstanding against the guarantee of ` 10,300 million is ` 8,764 million (Previous Year ` 6,607.50 million).
- 12 Includes rent paid to:
Educomp Learning Pvt. Ltd. ` 0.29 million (Previous year ` 0.29 million).
Mr. Shantanu Prakash ` 0.83 million (Previous year ` 0.83 million).
Educomp Online Supplemental Service Ltd. ` 0.17 million (Previous year ` Nil).
- 13 Includes Sales of Business:
Educomp Software Ltd. ` 98.02 million (Previous year ` Nil)
- 14 Includes Sales of Investments:
Educomp Online Supplemental Service Ltd. ` 307.98 million (Previous year ` 213.63 million).

II. Balances with related parties:

Particulars	Subsidiary	Associates	Joint Venture of Subsidiary	Key Managerial Personnel	Others	Total
Investment	15,204.03 (12,578.46)	145.41 (273.53)	-	-	-	15,349.45 (12,851.99)
Share Application money	1,377.43 (256.21)	1.17 (16.10)	-	-	-	1,378.59 (272.31)
Trade receivable	25.87 (44.30)	- (0.09)	- (0.31)	-	60.87 (44.81)	86.74 (89.51)
Loan and advances / recoverables	176.93 (313.61)	-	-	-	1.12 (0.13)	178.04 (313.74)
trade and other payables	0.96 (6.24)	-	-	1.09 (1.09)	-	2.05 (7.33)
Advances received from customer	33.54 -	-	201.87 (234.17)	-	-	235.42 (234.17)

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

2.34 Contingent Liabilities

	2012	2011
Contingent Liabilities		
a. Guarantees issued by banks on behalf of the Company	753.77	691.59
b. Corporate guarantee given to bank for secured loan to third party	12,179.13	9,150.00
c. Corporate guarantee given to bank for secured loan & debenture to Subsidiaries	11,374.15	8,187.65
d. Assignment of debtors with Limited Recourse Option	437.76	600.00
e. Other money for which the company is contingently liable		
i. Taxes under adjudication/appeal*	41.59	64.27
ii. Premium on redemption of 'US\$ 80 million Zero Coupon Foreign Currency Convertible Bonds Due 2012"	1,649.76	1,440.11
	26,436.15	20,133.62
Commitments		
Uncalled liability on shares and other investments partly paid up	502.62	-
	502.62	-

Notes:

1. The loan outstanding to banks against the corporate guarantee in point no. (b) above as on 31st March 2012 is ` 10,188.71 million (previous year ` 8,062.60 million).



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2. The loan & Debenture outstanding against the corporate guarantee in point no. (c) above as on 31st March 2012 is `9767.56 million (previous year `7,483.53 million).
3. Future outflows in respect of (b) & (c) will arise on crystallization and demand made by bank, and in respect of (e)(ii) on redemption of the bonds on the maturity date, if not converted before the maturity date as per the terms of issue of FCCB.
4. Taxes under adjudication/appeal represents `28.12 million under appeal under Income Tax Act, `11.31 million under appeal under service tax and `2.16 million under Value added taxes (VAT). Future outflow in respect of point (e)(i) that may arise on adjudication of the cases. The Company has paid 31.92 million (previous year `16.88 million) under protest against demands raised by tax authorities.
5. The Company does not expect any cash outflows in respect of (a), (b), (c), (d) & (e)(i).
6. 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.
7. There are no other capital commitment or other material commitment

2.35 Payments to Auditors (Included in Legal and Professional expenses)

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Statutory Auditor(s)*		
Statutory Audit	6.18	6.18
Limited Review Fee	2.65	3.09
Certification Fee /Advisory Services	5.74	0.98
Out of pocket expenses	0.38	0.24
Total	14.95	10.49

*including service tax

2.36. Leases

Operating lease

Assets taken on lease

(i) General description of lease terms:

- Assets are taken on lease over a period of 1 to 5 years.
- Lease rentals are charged on the basis of agreed terms.

- (ii) The Company has taken on leases office space and technology equipments under operating lease. The lease rental expense recognized in the profit and loss account for the year in respect of such leases is `120.33 million (previous year `130.93 million). The future minimum lease payments and payment profile of operating leases are as follows:

Particulars	As at 31st March, 2012	As at 31st March, 2011
Not later than 1 year	88.18	29.85
Later than 1 year but not later than 5 years	80.84	18.27
Later than 5 years	-	-
Total	169.03	48.12

Assets given on lease:

i) General description of lease terms:

- Assets are given on lease over a period of 2 to 3 years
- Lease rentals are charged on the basis of agreed terms.

- ii) The Company has given office space on sub lease. Other Income includes income from operating lease of `1.23 million (previous year `4.23 million) under lease and hire income. The future minimum Sublease payment expected to be received are as follows:

Particulars	As at 31st March, 2012	As at 31st March, 2011
Not later than 1 year	1.47	0.62
Later than 1 year but not later than 5 years	2.47	-
Later than 5 years	-	-
Total	3.94	0.62

Finance lease

Assets taken on lease

(i) General description of lease terms:

- Assets are taken on lease over a period of 3 to 5 years.
- Lease rentals are charged on the basis of agreed terms.
- The assets taken under finance lease are in the nature of technology equipments.

Finance lease obligation of the company as at 31st March, 2012:

	Future Minimum Lease Payments	Interest	Present Value Minimum Lease Payments
Not later than 1 year	59.52	18.30	41.22
Later than 1 year but not later than 5 years	117.43	20.37	97.05
Later than 5 years	-	-	-
	176.94	38.67	138.27

Finance lease obligation as at 31st March, 2011 are Nil

2.37. C.I.F. value of imports

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Capital goods		-
Trading goods	2,063.46	483.15
Total	2,063.46	483.15

2.38. Expenditure in Foreign Currency

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Travelling and conveyance	4.84	4.91
Content purchase	25.19	3.95
Legal & Professional expenses	8.33	1.92
Interest	5.01	-
Overseas business expense	2.74	4.75
Repair & Maintenance - Others	0.33	-
Total	46.44	15.53

2.39. Earnings in foreign currency

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Revenue from content licencing	14.75	29.19
Revenue from Sponsorship	1.36	-
Revenue from hardware sale	0.77	-
Revenue from other services	0.05	8.27
Total	16.93	37.45



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- 2.40 The Company has not remitted any amount in foreign currencies on account of dividend during the year and does not have information as to the extent to which remittances if any in foreign currencies on account of dividend have been made by/on behalf of non-resident shareholders. The particulars of dividend declared and paid to non-resident shareholders are as under:

Particulars	No. of non resident shareholders	No. of equity shares held	Gross amount of dividend	
			Year Ended 31st March, 2012	Year Ended 31st March, 2011
Final Dividend 2010-11	1,586	29,521,858	17.71	–
Final Dividend 2009-10	1,315	35,892,788	–	62.81

- 2.41 Foreign exchange fluctuation (net) under the head other income/other expenses comprises of:

Particulars	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Foreign exchange loss	489.82	76.61
Foreign exchange gain	36.70	124.47
Net Foreign Exchange Gain/(Loss)	(453.12)	47.86

- 2.42 The financial statements for the year ended March 31, 2011 had been prepared as per the applicable, prerevised Schedule VI to the Companies Act, 1956 ('the Act'). During the year, the revised Schedule VI notified under the Act has become applicable to the Company. Accordingly, the Company has reclassified previous year figures to conform to the current year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principle followed for preparation of financial statements. However, it has a significant impact on presentation and disclosures made in the financial statements.

- 2.43 The previous year figures have been regrouped, rearranged and reclassified wherever necessary to conform to current year classification.

As per our report of even date attached

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

Anupam Bansal
Proprietor
Membership No: 087699

Place : Gurgaon
Date : 30th May, 2012

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

Raj Kumar Agarwal
Partner
Membership No: 074715

For and on behalf of Board of Directors
Educomp Solutions Limited

Shantanu Prakash
Chairman & Managing Director

Jagdish Prakash
Whole Time Director

Shonu Chandra
Director

Sankalp Srivastava
Director

Dr. Shayama Chona
Director

Mohit Maheshwari
Company Secretary

CONSOLIDATED AUDITORS' REPORT

Auditors' Report to The Board of Directors of Educomp Solutions Limited on the Consolidated Financial Statements of Educomp Solutions Limited, its Subsidiaries (including their Joint Ventures) and Associates

1. We have audited the attached Consolidated Balance Sheet of Educomp Solutions Limited ("the Company"), its Subsidiaries (including their Joint Ventures) and Associates (collectively referred to as "the group") as at 31st March, 2012 and also the consolidated Statement of Profit and Loss 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 ₹ 7,720.45 million as at 31st March, 2012 and total net revenues of ₹ 2,880.64 million for the year then ended. We did not audit the financial statements of certain joint ventures of subsidiary whose financial statements reflect total net assets of ₹ 1,155.89 million as at 31st March, 2012 and total net revenues of ₹ 611.24 million and 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 ₹ 16.03 million for the year ended 31st March, 2012. 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 except for financial statements of two subsidiaries of a Joint Venture and a subsidiary whose financial statements reflect total net assets of ₹ 1,155.46 million

and ₹ 33.54 million respectively as at 31st March, 2012 and total net revenues of ₹ 611.24 million and Nil respectively for the year then ended, which has not been subjected to audit.

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 Associates.
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 2012;
 - (b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the Group 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 Registration No: 009864N

(Anupam Bansal)
Proprietor
Membership No. 87699

Place : Gurgaon
Date : 30th May, 2012

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

(Raj Kumar Agarwal)
Partner
Membership No.74715





CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

(₹ in million)

	Note	As at 31st March, 2012	As at 31st March, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share Capital	2.1	192.13	191.09
Reserves and Surplus	2.2	24,853.28	21,593.26
Minority Interest		2,761.95	2,365.21
Non-current liabilities			
Deferred tax liabilities (net)	2.12	197.37	144.38
Long-term borrowings	2.3	9,582.34	11,070.36
Other long term liabilities	2.4	315.22	354.06
Long-term provisions	2.5	106.03	61.03
Current liabilities			
Short-term borrowings	2.6	2,913.65	263.57
Trade payables	2.7	2,844.77	1,948.95
Other current liabilities	2.8	8,624.95	4,258.42
Short-term provisions	2.9	429.23	344.88
		52,820.92	42,595.21
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	2.10	10,275.71	7,826.26
Intangible assets	2.10	2,360.39	2,081.16
Capital work-in-progress		4,322.35	3,046.02
Goodwill on Consolidation	2.32	10,693.81	8,517.66
Non-current investments	2.11	981.68	1,126.15
Deferred tax assets (net)	2.12	262.76	63.62
Long-term loans and advances	2.13	7,635.84	7,133.26
Other non-current assets	2.14	1,246.69	1,046.76
Current assets			
Current investments	2.15	7.68	108.60
Inventories	2.16	909.43	471.94
Trade receivables	2.17	10,288.55	6,090.30
Cash and bank balances	2.18	2,205.33	3,465.61
Short-term loans and advances	2.19	1,153.51	1,427.32
Other Current Assets	2.20	345.92	190.54
Foreign Currency Monetary Items Translation Difference Account (FCMITDA)	2.21	131.27	-
		52,820.92	42,595.21
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	1 & 2		

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

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

Anupam Bansal
Proprietor
Membership No: 087699

Place : Gurgaon
Date : 30th May, 2012

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

Raj Kumar Agarwal
Partner
Membership No: 074715

For and on behalf of Board of Directors
Educomp Solutions Limited

Shantanu Prakash
Chairman & Managing Director

Jagdish Prakash
Whole Time Director

Shonu Chandra
Director

Sankalp Srivastava
Director

Dr. Shayama Chona
Director

Mohit Maheshwari
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in million)

	Note	Year Ended 31st March, 2012	Year Ended 31st March, 2011
Income:			
Revenue from operations	2.22	14,912.79	13,509.00
Other income	2.23	311.57	461.24
Total revenue		15,224.36	13,970.24
Expenses:			
Purchase of stock-in-trade	2.24	4,744.48	3,264.20
Changes in inventories of stock-in-trade	2.25	(437.49)	(104.15)
Cost of construction services		103.87	167.87
Employee benefit expenses	2.26	3,280.87	2,572.39
Finance cost	2.27	1,432.53	1,089.90
Depreciation and amortization expense	2.10	1,069.67	840.80
Other expenses	2.28	3,089.36	2,040.80
Total expenses		13,283.29	9,871.80
Profit before prior period items and tax		1,941.07	4,098.44
Prior period items	2.29	(4.23)	15.37
Profit before tax		1,945.30	4,083.07
Tax expense:			
Current Tax		761.65	1,036.64
Less: MAT Credit Entitlement		(42.34)	(417.22)
Net current tax		719.31	619.42
Deferred tax		(144.57)	58.31
Profit After Tax and Before Minority Interest & Pre-acquisition Profits		1,370.56	3,405.33
Pre-acquisition Profits/(Loss)		(16.40)	(32.53)
Share of Loss of Associate		16.03	22.31
Minority Interest		15.57	48.83
Profit for the period		1,355.36	3,366.72
Earnings per share (₹)	2.30		
- Basic earning per share		14.12	35.27
- Diluted earning per share		14.06	32.66
Significant Accounting Policies And Notes To Accounts	1 & 2		

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

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

Anupam Bansal
Proprietor
Membership No: 087699

Place : Gurgaon
Date : 30th May, 2012

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

Raj Kumar Agarwal
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For and on behalf of Board of Directors
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Sankalp Srivastava
Director

Dr. Shayama Chona
Director

Mohit Maheshwari
Company Secretary





CONSOLIDATED CASH FLOWS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in million)

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before tax	1,945.30	4,083.08
Adjustments to reconcile profit before tax to cash provided by operating activities		
Net prior period adjustments	(4.23)	15.37
Provision for doubtful debts/ advances	40.15	13.62
Misc Expenses written off	-	6.35
Excess Provision written back	(8.64)	(81.82)
Depreciation & Amortization	1,069.67	840.78
ESOP Cost	92.14	119.65
Unrealised Foreign exchange effects	353.96	(44.61)
Dividend income	(0.32)	(0.92)
Interest / other income	(289.55)	(311.13)
Interest expense	1,432.53	957.51
Loss / (Profit) on Sale of Fixed Assets/ Investments/business	45.84	4.04
	4,676.84	5,601.91
Changes to assets and liabilities		
Trade receivables	(4,378.16)	(597.53)
Inventory	(441.60)	(104.32)
Loans & Advances and other assets	448.17	(1,080.30)
Liabilities and provisions	1,414.88	1,240.34
	1,720.14	5,060.10
Net prior period adjustments	8.64	(15.37)
Income taxes paid	(277.87)	(2,203.85)
NET CASH GENERATED FROM OPERATING ACTIVITIES	1,450.91	2,840.88
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment towards capital expenditure	(3,732.19)	(8,167.16)
Proceeds from Sale of fixed assets	79.89	1.33
Payment for acquisition of business net of cash acquired	(110.80)	(182.13)
Investment in associates/others	(49.70)	(883.60)
Purchase of Investments	(382.75)	(1,067.10)
Disposal of Investments in associates	6.67	-
Disposal of Investments	238.37	992.00
Loan given (net)	(1,042.73)	-
Dividend received	2.28	0.92
Interest received	63.14	198.70
Payment of Preliminary expenses	-	(1.74)
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	(4,927.82)	(9,108.77)

(₹ in million)

	Year Ended 31st March, 2012	Year Ended 31st March, 2011
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital on exercise of stock options	31.01	29.67
Share capital issue expenses	(58.08)	(20.21)
Proceeds/ (Repayment) of long-term borrowings	2,752.95	4,472.60
Proceeds/ (Repayment) of short-term borrowings	1,047.42	(137.42)
Financing against stocks/book debts (working capital)	600.19	(402.91)
Dividends paid (inc dividend tax) net of intercompany dividends	(80.59)	(148.29)
Interest paid	(2,160.24)	(913.76)
NET CASH FROM FINANCING ACTIVITIES	2,132.66	2,879.67
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,344.25)	(3,388.22)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR*	3,399.84	7,886.68
Investment in Restricted bank balances /fixed deposits with maturity period within twelve months	254.83	65.77
Effect of exchange differences on translation of foreign currency cash and cash equivalents	83.97	(9.46)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	1,884.73	4,423.22
Restricted bank balances /fixed deposits with maturity period within twelve months	320.60	65.77
CASH AND BANK BALANCES AT THE END OF THE YEAR	2,205.33	4,488.99
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS		

As per our report attached

Note:

* Reconciliation of cash and bank balance as at previous year end with cash and cash equivalents	
Cash and bank balance as at March 31, 2011	4,488.99
Less: Deposits disclosed under non current assets (refer note 2.14)	1,023.38
Less: Restricted bank balances /fixed deposits with maturity period within twelve months (refer note 2.18)	65.77
Cash and cash equivalents as at March 31, 2011	3,399.84

The above Cash flow statement has been prepared under the indirect method set out in AS-3 notified under section 211(3C) of the Companies Act, 1956.

As per our report of even date attached

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

 Anupam Bansal
 Proprietor
 Membership No: 087699

 Place : Gurgaon
 Date : 30th May, 2012

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

 Raj Kumar Agarwal
 Partner
 Membership No: 074715

 For and on behalf of Board of Directors
 Educomp Solutions Limited

 Shantanu Prakash
 Chairman & Managing Director

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 Whole Time Director

 Shonu Chandra
 Director

 Sankalp Srivastava
 Director

 Dr. Shayama Chona
 Director

 Mohit Maheshwari
 Company Secretary




CONSOLIDATED NOTES TO ACCOUNT

1. Significant accounting policies

a. 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 and guidelines issued by Securities and Exchange Board of India as adopted consistently by the Company, to the extent applicable.

b. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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.

c. Principles of consolidation

The consolidated financial statements include the financial statements of Educomp Solutions Limited, ("Parent Company"), its subsidiaries, joint ventures and associates (collectively known as "the Group").

The consolidated financial statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/ transactions and unrealized profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the Balance Sheet of the Parent Company and its share in the post-acquisition increase/decrease in the reserves of the consolidated entities.

Proportionate share of interest in joint venture was accounted for by the proportionate consolidation method in accordance with Accounting Standard – 27 "Financial reporting of Interest in Joint Ventures".

An investment in an associate has been accounted for by the equity method of consolidation from the date on which it falls within the definition of associates in accordance with Accounting Standard-23 "Accounting for investments in Associates in Consolidated Financial Statements". The Goodwill arising on acquisition is not recognized in the books but a disclosure regarding the same is made in the respective schedule.

The excess/deficit of cost to the Parent Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which investment in such entities was made is recognized in the consolidated financial statements as goodwill/ capital reserve. The Parent Company's portion of net worth in such entities is determined on the basis of book values of assets and liabilities as per the financial statements of the entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant changes.

Entities acquired/ sold during the year have been consolidated from/ upto the respective date of their acquisition/ disposal. The consolidated financial statements are presented, to the extent possible and required, in the same format as that adopted by the Parent Company for its separate financial statements.

d. Revenue recognition

The group recognizes revenue on accrual basis in accordance with Accounting Standard 9. The group 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 smartclass projects is recognized under various heads, namely : BOOT Contracts / Out right sale basis contracts / Boot business "transferred under BOOT contracts" / Exports. Revenue from smartclass 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 that 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.

Revenue in respect of construction contracts is recognized on "percentage of completion method", measured by proportion that contract costs incurred for work performed up to the reporting date bears to the estimated total contract costs.

Interest on fixed deposits is recognized using the time proportion method, based on interest rates implicit in the transaction. Dividends income is recognized when the right to receive payment is established.

e. **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:

- 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.
- Number of years of license period already expired. This will be computed based on total license fee divided by fixed period of licensing contract.

In respect of contracts where license fees are 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.

f. **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 smartclass 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 ₹ 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.

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 Smartclass content. Licensed intangible assets are amortized over the period of license. Goodwill on purchase is being amortized over a period of 10 years. License rights taken by the subsidiaries for a long period of time are amortized over the life of license.

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

g. **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.

h. **Leases**

Operating leases

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vest with the lesser, are recognized as an operating lease.

As lessee:

Lease payments under operating lease are recognized as an expense in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease period.

As lessor:

The assets given under operating lease are shown in the Consolidated Balance Sheet under fixed assets and depreciated on a basis consistent with the depreciation policy of the Group. Lease income are recognized on a straight line basis/ agreed terms over the period of lease as the case may be.





Finance leases

Leases where the lessor effectively transfers substantially all the risks and benefits of ownership over the lease term are classified as finance lease. Assets taken on a finance lease are capitalized at an amount equal to the fair value of the leased assets or the present value of minimum lease payments at the inception of the lease, whichever is lower. Such leased assets are depreciated over the lease tenure or the useful life, whichever is shorter. The lease payment is apportioned between the finance charges and reduction of outstanding liability. The finance charge is allocated to the periods over the lease tenure to produce a constant periodic rate of interest on the remaining liability.

i. 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.

j. Investments

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

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

Classification in the financial statements

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

k. Foreign exchange transactions

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

In translating the Financial statements of company which are treated as non-integral foreign operations, all the assets and liabilities, both monetary and non-monetary, are translated at the rate prevailing on the balance sheet date and income and expenses items are translated at the respective monthly average rate. All resulting exchange differences should be accumulated in a foreign currency translation reserve until the disposal of the net investment. Exchange difference arising on arising on the monetary item that, in substance, forms part of enterprise's net investment in a non integral foreign operations are accumulated in a foreign currency translation reserve account.

l. Employee benefits

Short term employee benefits

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

Long term employee benefits

(a) Defined contribution plan

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

(b) Defined benefit plan

Leave encashment

The Group has provided for the liability at the year end on account of unavailed earned leave as per the actuarial valuation as at the year end as per the Projected Unit Credit method in accordance with Accounting Standard 15(revised), "Employee benefits". All actuarial gains/losses are charged to the profit and loss account in the year these arise.

Gratuity

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

(c) Employee stock option scheme

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

m. 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.

n. Provision for tax

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

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

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

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

Minimum Alternative tax (MAT) credit assets is recognized in the balance sheet where it is likely that it will be adjusted against the discharge of tax liability in future under the Income Tax Act, 1961..

- o. **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 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.

- p. **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.

- q. **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.
- r. **Cash and cash equivalents**
Cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.
- s. **Material Events**
Material Events occurring after the Balance Sheet date are taken into cognizance.



WHAT LEARNING CAN BE



2. Notes to the financial statements as at 31st March, 2012

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

2.1. Share capital

Particulars	As at 31st March, 2012	As at 31st March, 2011
Authorized shares 150,000,000 (previous year 125,000,000) equity shares of ` 2 each	300.00	250.00
Issued, subscribed and fully paid-up shares 9,60,63,930 (9,55,44,396) equity shares of ` 2 each fully paid-up	192.13	191.09
	192.13	191.09

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

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	95,544,396	191.09	95,014,651	190.03
Shares Issued during the year	519,534	1.04	529,745	1.06
Shares outstanding at the end of the year	96,063,930	192.13	95,544,396	191.09

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ` 2 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the board of directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

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

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

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Mr. Shantanu Prakash	44,315,205	46.13%	44,315,205	46.38%
The Hartford Capital Appreciation Fund	-	-	7,960,503	8.33%
Citigroup Global Markets Mauritius Private Limited	6,493,350	6.76%	-	-

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

Particulars	As at 31st March, 2012	As at 31st March, 2011
Fully paid up pursuant to contract(s) without payment being received in cash	108,259	108,259

2.2. Reserve and surplus

Particulars	As at 31st March, 2012	As at 31st March, 2011
Securities premium account		
Opening balance	13,340.76	11,370.01
Add: On issue of shares under ESOP/others	1,792.66	2,027.02
Less: Issue expenses on NCD/equity shares	58.08	20.21
Less: Premium paid on buy back of shares	-	36.05
	15,075.34	13,340.76
Other reserves		
Share Options Outstanding Account		
Opening balance	205.68	147.29
(+) Current Year Transfer	94.50	135.88
(-) Written Back in Current Year	83.12	77.48
	217.06	205.68
Debenture Redemption reserve		
Opening Balance	349.95	-
Add :Transferred from Profit and Loss Account	559.34	-
Less :Transferred to Profit and Loss Account	349.95	349.95
	559.34	349.95
General reserve		
Opening balance	831.31	442.20
Add: transferred from surplus in the statement of profit and loss	99.45	389.11
	930.76	831.31
Capital reserve (On consolidation)		
Opening Balance	35.74	-
Add :Transferred from Profit and Loss Account	-	35.74
	35.74	35.74
Surplus/ (deficit) in the statement of profit and loss		
Opening balance	6,879.96	4,378.40
Add: profit for the year	1,355.36	3,311.12
(-) Proposed Dividends	45.62	57.59
(-) Interim Dividends	-	13.20
(-) Dividend Tax	5.57	(0.30)
(-) Transfer to General Reserves	99.45	389.11
(+) Transfer to Debenture redemption reserve	349.95	-
(-) Transfer to Debenture redemption reserve	559.34	349.95
	7,875.29	6,879.96
Foreign currency translation reserve		
Opening Balance	(50.15)	(52.75)
Addition/(reduction) during the year	209.89	2.60
	159.74	(50.15)
	24,853.28	21,593.26





2.3. Long-term borrowings (refer note 2.43 & 2.44)

Particulars	As at March 31, 2012	As at March 31, 2011
Secured		
13.4% Non convertible debentures	1,050.00	0.00
Term loan from banks	8,309.85	7,559.75
Vehicle loans	3.53	5.58
Unsecured		
78,500 Zero coupon foreign currency convertible bond of \$ 1000 each	–	3,505.03
From other parties	121.91	–
Finance Lease Liabilities	97.05	–
	9,582.34	11,070.36

- a. The terms for US\$ 80 million bonds due 2012 ("Bonds") are as follows:
- initial conversion price is ` 2949.83 per share,
 - the yield to maturity has been set at 7 per cent (semi annual basis);
 - the Bonds will be zero coupon per cent,
 - due date for redemption is July 26, 2012;
 - Redemption price, at maturity is 141.087%

2.4. Other long term liabilities

Particulars	As at March 31, 2012	As at March 31, 2011
Advance from customers	169.57	201.87
Security deposits	49.24	102.80
Payable for purchase/ construction of fixed assets	56.96	–
Others	39.45	49.39
	315.22	354.06

2.5. Long-term provisions

Particulars	As at March 31, 2012	As at March 31, 2011
Provision for employee benefits		
Gratuity (note 2.31)	72.86	42.67
Leave encashment (note 2.31)	33.17	18.36
Other provisions		
Provision for contingencies	–	–
	106.03	61.03

2.6. Short-term borrowings (refer note 2.43 & 2.44)

Particulars	As at March 31, 2012	As at March 31, 2011
Loans repayable on demand		
from banks -secured	1,838.99	251.37
from other parties-unsecured	1,074.66	6.56
Other loans and advances	–	5.64
	2,913.65	263.57

2.7 Trade payables

Particulars	As at March 31, 2012	As at March 31, 2011
Trade payables	2,844.77	1,948.95
	2,844.77	1,948.95

In accordance with Micro, Small and Medium Enterprises Development Act, 2006 (MSME Act, 2006) which comes into force with effect from October 2, 2006, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers. The Company has sent the communication to all its vendors. As on 31st March, 2012 ` 364,315 is payable to the vendor identified as Micro, Small and Medium suppliers. The same has been paid and no interest is due and payable to Micro, Small and Medium suppliers.

2.8. Other current liabilities (refer note 2.43 & 2.44)

Particulars	As at March 31, 2012	As at March 31, 2011
Current maturities of long-term debt (refer below)	6,942.34	3,043.72
Interest accrued but not due on borrowings	72.23	50.71
Advances from customers	642.37	525.89
Payable to employees	399.99	127.13
Statutory dues	271.71	269.76
Expense payable	144.17	61.93
Payable for purchase/ construction of fixed assets (refer note 2.7)	97.66	139.88
Unpaid dividends	1.25	0.96
Other payables	53.23	38.44
	8,624.95	4,258.42

Current maturities

Particulars	As at March 31, 2012	As at March 31, 2011
Secured		
11% Non convertible debentures	89.00	1,000.00
Term loans from banks	2,679.59	2,041.15
Vehicle loans	2.07	2.57
Unsecured		
78,500 Zero coupon foreign currency convertible bond of \$ 1000 each	4,015.28	–
Term loans from other parties	115.18	–
Finance Lease Liabilities	41.22	–
	6,942.34	3,043.72

2.9. Short-term provisions

Particulars	As at March 31, 2012	As at March 31, 2011
Provision for employee benefits		
Gratuity (note 2.31)	3.40	4.27
Leave encashment (note 2.31)	8.55	4.32
Other provisions		
Provision for estimated cost to be incurred	5.00	5.00
Provision for dividend	28.97	76.98
Provision for corporate dividend tax	5.57	9.34
Provision for income tax (net of advance tax/tds ` 122.30 million (` 639.61 million)*	377.74	244.97
	429.23	344.88

* includes interest for delay in deposit of advance tax ` 22.28 million (previous year ` 21.84 million)





2.10. Fixed Assets

Name of the subsidiary company	Gross block			Depreciation and amortization			Net block	
	As at April 1, 2011	Additions during the year	Disposals	Adjustments	As at March 31, 2012	For the year****	Disposals	Adjustments
Tangible assets								
Land (freehold)	4,459.28	1,094.53	109.40	-	5,444.41	-	-	-
Land (leasehold)	26.73	79.41	-	-	106.14	0.03	-	0.06
Building*	2,237.34	1,270.75	-	-	3,508.09	116.77	-	236.26
Leasehold improvements	160.96	125.44	3.15	0.71	283.96	47.93	2.26	0.26
Office equipment	559.18	133.45	8.58	2.14	686.19	135.11	6.83	(0.30)
Office equipment-finance lease	-	68.74	-	-	68.74	6.48	-	6.48
Furniture and fixtures	262.08	188.21	4.00	2.14	448.43	81.36	3.86	1.14
Computers and accessories	708.43	91.14	19.94	4.38	784.01	178.66	19.70	1.87
Computers and accessories- finance lease	-	90.32	-	-	90.32	8.68	-	-
Vehicles	51.56	-	5.99	0.79	46.36	10.45	4.55	0.40
Sub total	8,465.56	3,141.99	151.06	10.16	11,466.65	585.47	37.20	3.37
Intangible assets								
Goodwill on Purchase	5,858.61	2,661.30	54.35	-	8,465.56	371.34	24.34	-
Software	137.85	-	-	-	137.85	13.81	-	-
Knowledge-based content**	546.68	43.84	91.86	91.58	590.24	110.06	91.28	33.34
Trade mark license	1,693.75	519.23	52.54	87.20	2,247.64	329.36	7.70	56.25
	925.73	0.06	-	169.56	1,095.35	35.38	-	8.63
Sub total	3,304.01	563.13	144.40	348.34	4,071.08	488.61	98.98	98.22
Previous year	3,108.45	218.61	23.03	-	3,304.03	469.45	4.68	-
Grand total	11,769.57	3,705.12	295.46	358.50	15,537.73	1,074.08	136.18	101.59
Previous year	8,967.06	2,879.90	77.38	-	11,769.57	840.80	29.02	-

* includes ` 443.22 million (previous year ` 276.52 million) being buildings constructed on leased lands, lease rents whereof is being charged to statement of profit and loss. The book value of such assets as at year end is ` 416.36 million (previous year ` 264.77 million).

** Knowledge based content includes internally generated intangibles assets (net block) of ` 506.61 million (Previous Year ` 151.49 million) and balance are acquired assets.

*** including prior period depreciation.

2.11. Investments

Non-current Investments

Particulars	As at March 31, 2012	As at March 31, 2011
A) Long Term, Unquoted , Trade , at Cost		
a) Investment in Associates		
23,85,141 equity shares (previous year 19,40,083) of ` 10 each, fully paid in Greycells 18 Media Ltd*	106.47	95.30
Nil equity shares (previous year 15,077) of ` 10 each, fully paid in Gateforum Educational Services Private Ltd**	–	155.85
	106.47	251.14
b) Others		
45,00,000 8% Cumulative Redeemable Non-convertible Preference shares (previous year 45,00,000) of ` 100 each, fully paid up, in Edu Smart services Pvt. Ltd.	450.00	450.00
India Education Fund	425.01	425.01
4,25,000 units (previous year Nil) of ` 1000 each	0.20	–
Euroschool foundation	875.21	875.01
	981.68	1,126.15
*Greycells 18 Media Limited		
% of Voting interest	26.0%	26.0%
Cost of Acquisition	95.30	118.14
Add: further investment during the year	27.20	0.00
Share of post acquisition Reserves and Surplus	–16.03	–22.84
Carrying cost of Investment^	106.47	95.30
^ It includes Goodwill (net of losses till date) on acquisition amounting to ` 87.48 million (Previous year ` 76.31 million)		
**Gateforum Educational Services Private Limited		
% of Voting interest	–	37.6%
Cost of acquisition	–	155.32
Share of post acquisition Reserves and Surplus	–	0.53
Carrying cost of Investment^^	–	155.85

^^ It includes Goodwill on acquisition amounting to NIL (Previous year ` 146.53 million)

2.12. Deferred tax

Particulars	As at March 31, 2012	As at March 31, 2011
Deferred tax assets (net)		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	(50.28)	(86.06)
Unabsorbed losses and depreciation	229.20	90.02
Expenses allowable on payment basis	29.57	15.85
Provision for doubtful debts and advances	54.27	43.81
	262.76	63.62
Deferred tax liability (net)		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	116.46	71.54
Unabsorbed losses and depreciation	–	(3.20)
Effect of expenditure allowable on payment basis u/s 37	80.91	76.04
	197.37	144.38





2.13. Long term loans and advances

Particulars	As at March 31, 2012	As at March 31, 2011
Capital advances		
Unsecured, considered good	4,730.92	4,914.62
Security deposits		
Unsecured, considered good	410.64	281.84
Advance Income Tax	133.26	108.60
MAT recoverable	90.31	442.96
Balance with statutory/government authorities	16.66	16.66
Advance to related parties	879.83	633.74
Prepaid expenses	49.38	387.91
Advance recoverable in cash or in kind		
Unsecured, considered good	1,324.46	346.93
Unsecured, considered doubtful	1.66	–
Less: Provision for doubtful advances	(1.28)	–
	7,635.84	7,133.26

2.14. Other non current assets

Particulars	As at March 31, 2012	As at March 31, 2011
Non-current bank balances (note 17)	1,165.41	1,023.38
Interest accrued on deposits		
– Held as margin money	81.28	23.38
	1,246.69	1,046.76

2.15. Current investments

Particulars	As at March 31, 2012	As at March 31, 2011
A) Current, other than trade, Quoted		
Investment in mutual fund		
Dsp Merrill Lynch Micro Cap Fund -G		
50,000 units(previous year 50,000 units) of ` 10 each	–	0.50
Dsp Merrill Lynch World Gold Fund		
68,459.658 units (previous year 68,459.658 units) of ` 10 each	–	0.70
Dws Global Thematic Offshore Fund		
97,323.601 units(previous year 97,323.601 units) of ` 10 each	–	0.85
Fidelity India Growth Fund – Dividend		
48,899.756 units(previous year 48,899.756 units) of ` 10 each	–	0.50
Reliance Long Term Equity Fund		
100,000 units(previous year 100,000 units) of ` 10 each	–	1.00
Religare Ultra Short Term Fund- Institutional Daily Div		
2,218,978.336 units (previous year Nil) of ` 10.0171 each	–	22.23
Sundaram Bnp Paribas Equity Multiplier Fund		
47,975.30 units(previous year 47,975.30 units) of ` 10 each	–	0.48
Sundaram Bnp Paribas Global Advantage		
97,323.601 units(previous year 97,323.601 units) of ` 10 each	–	1.00
Sundaram select Debt Short term Asset Dividend		
4,143,090.679 units (previous year Nil) of ` 12.0707 each	–	50.01
SBI PSU Mutual Fund-Growth		
10,00,000 units (previous year Nil) of ` 10 each	–	10.00
Canara Robeco Mutual Fund		
	–	10.00

Particulars	As at March 31, 2012	As at March 31, 2011
10,00,000 units (previous year Nil) of ` 10 each		
HDFC Cash Management Fund	0.02	–
1,887.53 units (previous year Nil) of ` 10 each		
SBI GOLD FUND	1.50	–
1,50,000 units (previous year Nil) of ` 10 each		
Less: Provision for diminution in the value of investment	–	0.16
	1.52	97.11
B) Current, other than trade, Unquoted		
HDFC AMC PMS – Real Estate Portfolio-I	4.03	3.89
India Reit Fund Scheme	2.13	2.23
25 units(previous year 25 units) of ` 100,000 each		
Prudential ICICI AMC Ltd – PMS	–	2.22
Kotak Life Insurance(Advantage Plan)	–	3.16
	6.16	11.50
	7.68	108.60
Aggregare amount of quoted investments (Market value of ` 1.52 million (` 97.11 million)	1.52	97.11

2.16. Inventories (valued at Lower of Cost and Net Realisable Value)

Particulars	As at March 31, 2012	As at March 31, 2011
Computer & components	775.74	362.34
Educational aid	133.69	109.60
	909.43	471.94

2.17. Trade receivables

Particulars	As at March 31, 2012	As at March 31, 2011
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	3,384.41	1,369.80
Unsecured, considered doubtful	71.24	45.85
Less: Provision for doubtful debts	70.75	45.85
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	6,827.17	4,720.50
Unsecured, considered doubtful	94.99	–
Less: Provision for doubtful debts	18.51	–
	10,288.55	6,090.30

2.18. Cash and bank balances

Particulars	As at March 31, 2012	As at March 31, 2011
Cash and cash equivalent		
Balances with banks		
– on current accounts	1,362.96	2,353.44
– on fixed deposits	388.69	788.80
Cash on hand	7.17	4.70
Cheques/draft on hand	125.91	252.90
Other bank balances		
– unpaid dividend account	1.25	0.96
Margin money deposit*	319.35	64.81
	2,205.33	3,465.61

* Margin money deposit given against Letter of credit and bank guarantees





2.19. Short term loans and advances

Particulars	As at March 31, 2012	As at March 31, 2011
Loans and advances to related parties		
Unsecured, considered good	22.06	(2.57)
Others		
Advances to suppliers	352.03	513.79
Balance with statutory/government authorities	118.38	304.88
Security deposit	109.50	156.49
Advances to employees	20.72	39.23
Advances recoverable in cash or in kind or for value to be received	341.31	276.14
Prepaid expense	189.51	139.36
	1,153.51	1,427.32

2.20. Other current assets

Particulars	As at March 31, 2012	As at March 31, 2011
Unbilled receivables	342.32	188.41
Interest accrued on deposits		
Held as margin money	2.74	2.13
Stamp papers in hand	0.86	–
	345.92	190.54

2.21. FCMITDA

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

2.22. Revenue from operation

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Sale of products		
Sale of education products and technology equipment	10,512.66	7,395.06
Education and other services	4,281.45	5,946.07
Revenue from construction and service contracts	118.68	167.87
	14,912.79	13,509.00

2.23. Other Income

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Interest income	289.55	310.07
Dividend Income	0.32	0.92
Liabilities written back	8.64	83.48
Profit on sale of fixed assets	–	–
Profit on sale of investment		
–Current	–	0.30
–Long term	–	–
Foreign exchange gain (net)	–	45.71
Other non-operating income	13.06	20.76
	311.57	461.24

2.24. Purchase of stock-in-trade

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Hardware and components	4,219.84	2,759.01
Educational Aid	241.01	210.77
Others	183.91	131.05
Licenses	59.90	147.37
Freight inwards	39.82	16.00
	4,744.48	3,264.20

2.25. Change in Inventory

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Changes in inventories		
Opening -stock-in-trade		
Computer & components	362.34	367.19
Educational aid	109.60	0.60
	471.94	367.79
Closing -stock-in-trade		
Computer & components	779.53	362.34
Educational aid	129.90	109.60
	909.43	471.94
	(437.49)	(104.15)

2.26. Employee benefit expense

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Salaries wages and bonus	2,975.32	2,292.62
Contribution to provident and other funds	154.77	115.03
ESOP amortisation cost	92.14	119.65
Staff welfare expenses	58.64	45.09
	3,280.87	2,572.39

2.27. Finance cost

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Interest expense	1,292.50	908.25
Interest on delay in payment of income taxes	26.59	104.33
Other Borrowing Charges	113.44	77.32
	1,432.53	1,089.90

2.28. Other Expenses

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Lease Rent	323.90	270.50
Rates and taxes, excluding taxes on income	23.28	22.32
Traveling and conveyance	345.89	266.00
Recruitment and training	23.68	25.61
Legal and professional	549.83	450.35
Communication	120.36	85.11
Printing and stationery	147.60	131.68
License fees and Royalty	50.68	43.60



WHAT LEARNING CAN BE



Repair and maintenance		
Building	34.83	16.76
Machinery	18.94	11.46
Others	103.25	66.61
Power & Fuel	62.90	53.98
Insurance	14.06	10.99
Commission on sales	36.55	38.35
Advertisement, publicity and business promotion	590.16	428.41
Freight and forwarding	26.91	24.10
Bank charges	12.27	9.51
Bad debts and advances written off	11.83	7.55
Provision for doubtful debts/advances	28.32	13.15
Foreign exchange loss (net)	453.43	-
Loss on sale of Investment (net)	12.86	0.57
Loss on sale of fixed assets (net)	32.98	4.01
Software development charges	24.06	11.26
Miscellaneous expenses	40.79	48.94
	3,089.36	2,040.80

2.29. Prior period items

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Prior period income		
Sales & Service income	16.53	1.56
	16.53	1.56
Personnel expenses	1.48	-
Repair & maintenance-others	0.33	-
Legal & professional	-	0.48
Travelling Expenses	-	0.36
Bank Charges	1.91	-
Freight	-	0.04
Communication	-	0.17
Depreciation	4.41	-
Misc expenses	4.27	15.57
Rates and taxes	-	0.31
	12.30	16.93
	(4.23)	15.37

2.30. Earning per share (EPS)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Calculation of Profit for Basic EPS		
Net profit attributable to equity shareholders		
Net profit after tax and prior period items	1,355.36	3,366.72
Net profit available for calculation of basic EPS (A)	1,355.36	3,366.72
Calculation of Profit for Diluted EPS		
Net profit available for calculation of basic EPS	1,355.36	3,366.72
Add: Exchange loss on FCCB (Net of Tax)	–	(26.12)
Less: Exchange gain on FCCB (Net of Tax)		
Net profit available for calculation of diluted EPS (B)	1,355.36	3,340.60
No. of Weighted average equity shares		
Basic (C)	95,992,452	95,444,330
Effect of dilutive equity shares equivalent		
–Foreign Currency Convertible Bonds	–	5,419,473
–ESOP	413,142	1,415,722
Diluted (D)	96,405,594	102,279,526
Nominal value of equity share [₹]	2	2
EARNING PER SHARE [₹]		
Basic (A/C)	14.12	35.27
Diluted (B/D)	14.06	32.66





2.31 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			
Eduomatic Corporation Inc.	USA	100.00%	100.00%
Wheatstone Productions Private Limited	India	51.00%	51.00%
Educomp Learning Private Limited	India	51.00%	51.00%
Educomp Infrastructure & School Management Limited (note - a)	India	82.93%	82.93%
Educomp School Management Limited	India	68.00%	68.00%
Educomp Professional Education Limited	India	100.00%	100.00%
Educomp Asia Pacific Pte Ltd.	Singapore	100.00%	100.00%
Eurokids International Limited *	India	50.00%	50.00%
Savica Inc. (note - b)	Canada	79.36%	79.36%
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 (note - c)	India	84.21%	84.21%
Vidya Mandir Classes Limited	India	67.00%	67.00%
Educomp Investment Management Limited	India	100.00%	100.00%
Educomp Global Holding WLL (w.e.f. July 25, 2011)	Bahrain	100.00%	100.00%
Indirectly Held			
Educomp Infrastructure Services Private Limited	India	82.93%	82.93%
Educomp APAC Services Limited	British Virgin Island	82.93%	82.93%
AsknLearn Pte Ltd.	Singapore	100.00%	100.00%
Wiz Learn Pte Ltd.	Singapore	100.00%	100.00%
Pave Education Pte Ltd.	Singapore	100.00%	100.00%
Singapore Learning.Com Pte Ltd.	Singapore	100.00%	100.00%
Eurokids India Limited *	India	50.00%	50.00%
Euro schools International Limited *	India	50.00%	50.00%
The Learning Internet Inc	USA	55.61%	55.61%
Falcate Builders Private Limited	India	82.75%	82.75%
Newzone Infrastructure Private Limited	India	82.63%	82.63%
Rockstrong Infratech Private Limited	India	82.69%	82.69%
Reverie Infratech Private Limited	India	82.75%	82.75%
Herold Infra Private Limited	India	82.76%	82.76%
Growzone Infrastructure Private Limited	India	82.74%	82.74%
Hidream Constructions Private Limited	India	82.76%	82.76%
Leading Edge Infratech Private Limited	India	82.66%	82.66%
Strotech Infrastructure Private Limited	India	82.71%	82.71%
Markus Infrastructure Private Limited	India	82.73%	82.73%
Orlando Builders Private Limited	India	82.74%	82.74%
Crosshome Developers Private Limited	India	82.66%	82.66%
Good Luck Structure Private Limited	India	82.57%	82.57%
Evergreen Realtech Private Limited	India	82.61%	82.61%
Zeta Buildcon Private Limited	India	82.76%	82.76%
Onega Infrastructure Private Limited	India	82.69%	82.69%
Grider Infratech Private Limited	India	82.74%	82.74%
Boston Realtech Private Limited	India	82.63%	82.63%
Modzex Infrastructure Private Limited (w. e. f. February 11, 2011)	India	82.59%	82.59%
Virtual Buildtech Private Limited	India	82.53%	82.53%

Particulars	Country of incorporation	Proportion of ownership interest	% of voting power
Laservision Estates Private Limited	India	82.58%	82.58%
Educomp Learning Hour Private Limited	India	84.21%	84.21%
Authorgen Technologies Limited	India	83.26%	83.26%
Wiz IQ Inc (Shikhya Solutions Inc. merged into Wiz IQ Inc)	USA	83.26%	83.26%
Knowledge Vistas Limited ***	India	42.29%	42.29%
EuroSchool Properties & Infrastructure Limited *	India	50.00%	50.00%
Educomp Software Limited (Note- d)	India	84.21%	84.21%
Gateforum Educational Services Private Limited (Note – e) ***	India	42.89%	42.89%
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	84.34%**	84.34%
Millennium InfraDevelopers Limited	India	100.00%**	100.00%
Associates			
Greycells18 Media Pvt. Limited	India	25.97%	25.97%
Zeebo Interatctive Studios India Pvt Limited (note – f)	India	Nil	Nil

* Parent company has control over the composition of board of directors.

** Represents the holding of JV companies.

*** Represents subsidiary of Company's direct subsidiaries.

Note

- a) Educomp Infrastructure & School Management Limited (including indirect holding)
Up to 30th March 2012 – 81.15 %
From 31st March 2012 – 82.93%
- b) Savvica Inc.
Up to 30th March 2012 – 78.09%
From 31st March 2012 – 79.36%
- c) Educomp Online Supplemental Service Limited
Up to 20th July 2011 – 61.01%
From 21st July 2011 – 84.21%
- d) Educomp Software Limited
Educomp Software Limited was a direct subsidiary till 18th July 2011 and became indirect subsidiary through Educomp Online Supplemental Service Limited w.e.f 19th July 2011.
- e) Gateforum Educational Services Private Limited
Gatefourm became a direct subsidiary w.e.f 29th April 2011 – 50.93% (previous year 37.61%).Direct subsidiary from 29th April 2011 to 28th July 2011.
Gateforum became indirect subsidiary through Educomp Online Supplemental Service Limited, w.e.f 29th July 2011.
- f) Zeebo Interatctive Studios India Pvt Limited
Zeebo (49%) was acquired as on 11th May 2011 and sold as on 17th February 2012.





2.32 Goodwill on consolidation as on the balance sheet date comprises of the following:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
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	8,630.44	6,810.63
Educomp School Management Limited	9.99	9.99
Educomp Asia Pacific Pte Ltd.	727.38	727.38
Savica Inc	122.93	111.46
Educomp Higher Initiative Pte Ltd.	45.02	33.66
Educomp Professional Education limited	149.96	96.75
Eurokids International Limited	223.03	223.03
Educomp Online Supplemental Services Limited	420.50	140.20
Vidya Mandir Classes Limited	337.95	337.95
Total Goodwill	10,697.24	8,521.09
Less: Impaired goodwill related to Wheatstone Productions Private Limited	3.43	3.43
Net Goodwill	10,693.81	8,517.66

2.33 Joint Venture information

Joint Venture, as required by AS-27 "Financial Reporting of Interest in Joint Venture" is given below:

Details of Joint Venture Interest

Name	Description of interest	Country of incorporation	%age of interest as on 31.03.2012	%age of interest as on 31.03.2011
Educomp-Raffles Higher Education Limited	Equity Shareholding	India	50%	50%
Educomp Higher Initiatives Pte Limited	Equity Shareholding	India	50%	50%

2.34 Borrowing Cost Capitalized during the year

As per Accounting Standard 16 on Accounting for Borrowing Cost, the Group has capitalized ` 765.61 million (Previous year ` 387.09 million) to various fixed assets including capital work in process in the year ended March 31, 2012.

2.35 Contingent Liabilities

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

S. No.	Particulars	As at March 31, 2012	As at March 31, 2011
a.	Claims against the Group not acknowledged as debt	127.67	90.55
b.	Guarantees issued by banks on behalf of the Group	753.77	692.45
c.	Corporate guarantee given to bank for secured loan to third party	12,179.13	9150.00
d.	Corporate guarantee given to bank for secured loan to third party	437.75	600.00
e.	Other money for which the Group is contingently liable		
i.	Taxes under adjudication/appeal	41.59	64.27
ii.	Premium on redemption of `US\$ 80 million Zero Coupon Foreign Currency Convertible Bonds Due	1,649.76	1440.11

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

Notes:

- The loan outstanding to banks against the corporate guarantee in point no. (c) above as on 31st March 2012 is ` 10,188.71 million (previous year ` 8,062.60 million).
- Future outflows in respect of (c) will arise on crystallization and demand made by bank, and in respect of (e)(ii) on redemption of the bonds on the maturity date, if not converted before the maturity date as per the terms of issue of FCCB.
- Taxes under adjudication / appeal represents ` 28.12 million under appeal under Income Tax Act, ` 11.31 million under appeal under service tax and ` 2.16 million under Value added taxes (VAT). Future outflow in respect of point (e)(i) that may arise on adjudication of the cases. The Company has paid ` 31.92 million (previous year ` 16.88 million) under protest against demands raised by tax authorities.
- The Group does not expect any cash outflows in respect of (a), (b), (c), (d), (e) (i).

- The Group has given comfort letter to Pearson Singapore Pte Limited, Singapore to indemnify, against any loss suffered by it due to failure to comply factually and punctually its obligations under Share Purchase Agreement. The amount pertaining to comfort letter has not been included in above.

2.36 Commitments

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

Capital Commitments

In respect of Joint Ventures

Estimated amount of contracts remaining to be executed on capital account and not provided for in respect of tangible assets - ₹ 5.54 million (previous year ₹ 1.89 million)

In respect of others

Estimated amount of contracts remaining to be executed on capital account and not provided for in respect of tangible assets - ₹ 330.82 million (previous year ₹ 638.20 million)

Other material commitments

In respect of Joint Ventures

Commitment for service contract - ₹ 22.18 million (previous year ₹ 64.93 million)

In respect of others

Uncalled liability on shares and other investments partly paid up - ₹ 502.62 million (previous year ₹ Nil)

Commitment for advertisement contract - ₹ 1,000.00 million (previous year ₹ Nil)

2.37 Zero Coupon Foreign Currency Convertible Bond (FCCB) of \$ 1000 each

78,500 Zero coupon foreign currency convertible bonds of \$ 1000 each are convertible into equity shares in the ratio calculated in accordance with the terms of offering circular dated July 25, 2007. The bonds are convertible latest by July 26, 2012 and earlier if the conditions under the agreement are achieved prior to December 31, 2011. These are to be converted at initial conversion price of ₹ 2949.83 for each equity shares at the fixed exchange rate of USD1=INR 40.73. As on 31st March, 2012 USD 78.5 million FCCB are outstanding for conversion into 54,19,473 equity shares of ₹ 2 each. Due date for redemption is July 26, 2012 and Redemption price at maturity is 141.087% of par value.

2.38 Employees Stock Option Scheme

Educomp Solutions Limited:

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

Employees Stock Option Scheme 2006

Pursuant to shareholder resolution dated 24th August 2006, the Company introduced "Educomp Employees Stock Option Scheme 2006" which provides for the issue of 31,25,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum period of 7 years from the date of respective grants. As at 31st March, 2012 and 31st March, 2011, the Company had 16,68,815 and 19,61,470 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2007

Pursuant to shareholder resolution dated 13th September 2007, the Company introduced "Educomp Employees Stock Option Scheme 2007" which provides for the issue of 10,00,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum period of 7 years from the date of respective grants. As at 31st March, 2012 and 31st March, 2011 the Company had 8,68,420 and 8,73,615 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2008

Pursuant to shareholder resolution dated 25th November 2008, the Company introduced "Educomp Employees Stock Option Scheme 2008" which provides for the issue of 12,50,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum period of 7 years from the date of respective grants. As at 31st March, 2012 and 31st March, 2011, the Company had 12,07,233 and 11,89,558 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2010

Pursuant to shareholder resolution dated 18th March 2010, the Company introduced "Educomp Employees Stock Option Scheme 2010" which provides for the issue of 10,00,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum period of 7 years from the date of respective grants. As at 31st March, 2012 and 31st March, 2011, the Company had 9,61,250 and 9,81,750 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2011

Pursuant to shareholder resolution dated 26th July 2011, the Company introduced "Educomp Employees Stock Option Scheme 2011" which provides for the issue of 10,00,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum period of 7 years from the date of respective grants. As at 31st March, 2012 and 31st March, 2011, the Company had 9,75,000 and Nil number of shares reserved for issue under the scheme respectively.





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

	As at March 31, 2012		As at March 31, 2011	
	No. of stock options	Weighted average exercise price (₹)	No. of stock options	Weighted average exercise price (₹)
Employee Stock Option Scheme 2006				
No. of shares under option				
Outstanding at the beginning of the year	1,961,470	85.24	2,443,270	73.36
Granted	210,000	163.17	3,500	25
Exercised	484,405	25.00	420,500	25
Forfeited during the year	18,250	186.75	64,800	25
Outstanding at the end of year	1,668,815	111.42	1,961,470	85.24
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		N.A	
Weighted average remaining contractual life	2.83 years		3.34 years	
Payment received against share allotted during the year	12.11 million		10.05 million	
Employee Stock Option Scheme 2007				
No. of shares under option				
Outstanding at the beginning of the year	873,615	482.47	814,110	544.14
Granted	166,385	343.87	218,000	447.06
Exercised	–	–	15,160	216.77
Forfeited during the year	171,580	565.17	143,335	806.97
Outstanding at the end of year	868,420	439.58	873,615	482.47
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		N.A	
Weighted average remaining contractual life	4.38 years		5.26 years	
Payment received against share allotted during the year	Nil		3.29 million	
Employee Stock Option Scheme 2008				
No. of shares under option				
Outstanding at the beginning of the year	1,189,558	528.21	1,140,050	516.31
Granted	120,000	197.62	117,000	576.56
Exercised	–	–	38,442	412.85
Forfeited during the year	102,325	479.47	29,050	408.8
Outstanding at the end of year	1,207,233	499.48	1,189,558	528.21
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		N.A	
Weighted average remaining contractual life (in Years)	4.29 years		5.08 years	
Payment received against share allotted during the year	Nil		15.87 million	
Employee Stock Option Scheme 2010				
No. of shares under option				
Outstanding at the beginning of the year	981,750	501.68	Nil	–
Granted	70,000	216.48	1054250	500.48
Exercised	–	–	–	–
Forfeited during the year	90,500	522.44	72,500	484.31
Outstanding at the end of year	961,250	478.95	981,750	501.68
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		N.A	
Weighted average remaining contractual life	5.68 years		6.58 years	
Payment received against share allotted during the year	Nil		Nil	

	As at March 31, 2012		As at March 31, 2011	
	No. of stock options	Weighted average exercise price (₹)	No. of stock options	Weighted average exercise price (₹)
Employee Stock Option Scheme 2011				
No. of shares under option				
Outstanding at the beginning of the year	–	–	–	–
Granted	975,000	238.94	–	–
Exercised	–	–	–	–
Forfeited during the year	–	–	–	–
Outstanding at the end of year	975,000	238.94	–	–
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		–	–
Weighted average remaining contractual life	6.26 years		–	–
Payment received against share allotted during the year	Nil		–	–

Educomp Infrastructure & School Management Limited:

Pursuant to shareholder resolution dated March 13, 2010, the Company introduced "Employee Stock Option Plan 2010 (EISML ESOP -2010)" which provides for the issue of 200,000 stock options to employees of the Company and its holding and subsidiaries companies. The option vesting period shall not be more than 10 years from date of grant of options at an exercise price approved by the compensation committee. 200,000 equity shares had been increased to 1,400,000 stock option by special resolution passed on June 15, 2010. During the year, Company has granted 36,445 (Previous year 215,485) stock options have been granted under this scheme and 15,000 stock option has been forfeited due to resignation of employees. The exercise price of all the options is ₹ 686 per share.

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

	As at March 31, 2012		As at March 31, 2011	
	No. of stock options	Weighted average exercise price (₹)	No. of stock options	Weighted average exercise price (₹)
Employee Stock Option Scheme 2010				
No. of shares under option				
Outstanding at the beginning of the year	215,485	686	NA	NA
Granted	36,445	686	215,485	686
Exercised	–	–	–	–
Forfeited during the year	15,000	686	–	–
Outstanding at the end of year	236,930	686	215,485	686
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		N.A	
Weighted average remaining contractual life	2.77 years		3.50 years	
Payment received against share allotted during the year	Nil		Nil	

Learning Internet Inc:

The Company has an Incentive Stock Option Plan (the "Plan"), which provides for the grant of options to purchase stocks of the Company's common stock to employees, directors and consultants within the meaning of Section 422 of the Internal Revenue Code. The Plan also provides for the direct award of non-statutory stock options and warrants (collectively "non-statutory options") to purchase stocks of the Company's common stock or direct grant of stocks of common stock.

As of March 31, 2012, the Company has reserved a total of 4,150,000 stocks of its common stock for issuance under the Plan. The information concerning stock options granted, exercised, forfeited and outstanding at the year end is as follows:

	As at March 31, 2012		As at March 31, 2011	
	No. of stock options	Weighted average exercise price (₹)	No. of stock options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	1,410,516	62.51	1,036,216	30.70
Granted	120,000	71.92	774,000	68.37
Exercised	43,016	10.55	329,200	12.76
Forfeited during the year	502,000	66.64	70,500	21.88
Outstanding at the end of year	985,500	67.12	1,410,516	62.51
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		N.A	
Weighted average remaining contractual life	7.20 years		7.08 years	
Payment received against share allotted during the year	₹ 0.45 million		₹ 4.2 million	



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Edumatics Corporation Inc:

As of March 31, 2012, the Company has reserved a total of 357,143 stocks of its common stock for issuance under the plan which were granted as on April 01, 2008 to two directors of the Company.

	As at March 31, 2012		As at March 31, 2011	
	No. of stock options	Weighted average exercise price (₹)	No. of stock options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	357,143	0.45	357,143	0.45
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited during the year	-	-	-	-
Outstanding at the end of year	357,143	0.45	357,143	0.45
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		N.A	
Weighted average remaining contractual life	6.0 years		7.0 years	
Payment received against share allotted during the year	Nil		Nil	

Savvica Inc:

The following tables summarize information about options issued, outstanding and exercisable under the Plan as of March 31, 2012.

	As at March 31, 2012		As at March 31, 2011	
	No. of stock options	Weighted average exercise price (₹)	No. of stock options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	124,148	42.87	144,648	42.87
Granted	14,750	42.87	9,000	42.87
Exercised	-	-	-	-
Forfeited during the year	55,449	42.87	29,500	42.87
Outstanding at the end of year	83,449	42.87	124,148	42.87
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		N.A	
Weighted average remaining contractual life	2.42 years		7.27 years	
Payment received against share allotted during the year	Nil		Nil	

2.39 Warrants

Pursuant to resolution passed in the meeting of board of directors held on March 31, 2012, the Company, Educomp Infrastructure & School Management Limited, has issued 5 warrants of ₹ 133.33 million each aggregating ₹ 666.67 million against which ₹ 66.67 million has been received. Warrants issued carries an option/entitlement to subscribe to such number of equity shares at such price as determined in terms of the share cum warrant subscription agreement dated March 29, 2012. The warrants may be exercised at any time within a period of five years from the closing date at the sole discretion of the party. In the event of non exercising of the option, the warrant subscription amount shall stand forfeited. Further, during the previous year, pursuant to shareholders resolution dated July 20, 2010, the Company had issued, on July 26, 2010, 800,000 share warrants of ₹ 10 each on preferential basis to be converted into 800,000 equity shares of ₹ 10 each at a premium of ₹ 676 per share at the option of the holder after a period of one year from the date of issue, subject to maximum period of ten year from the date of issuance and payment of the issue price (including premium) of the equity shares. After period of ten years the unissued share warrants shall stand forfeited.

2.40 Employee benefits

• Defined contribution Plan – Provident fund

During the year, the Group has recognized the following amounts in the statement of profit and loss:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Employer's Contribution to provident fund	154.21	114.70
Employer's Contribution to ESI	0.56	0.33
Total	154.77	115.03

- Defined Benefit Plan – Gratuity and leave encashment
During the year, the company has recognized the following amounts in the Statement of Profit and loss

Particulars	As at March 31, 2012		As at March 31, 2011	
	Gratuity Unfunded	Leave encashment Unfunded	Gratuity Unfunded	Leave encashment Unfunded
Current service cost	27.92	17.72	21.33	13.04
Interest cost	4.03	1.66	3.80	0.82
Actuarial gain/(loss)	2.12	(4.20)	4.29	(0.74)
Total	34.08	15.18	29.42	13.12

Reconciliation of opening and closing balance of benefit obligation.

Particulars	As at March 31, 2012		As at March 31, 2011	
	Gratuity Unfunded	Leave encashment Unfunded	Gratuity Unfunded	Leave encashment Unfunded
Present value of obligation as at the beginning of the year	46.94	22.68	25.67	9.90
Current service cost	28.08	23.79	3.80	0.82
Interest Cost	4.03	2.66	21.33	13.04
Benefit paid	(4.87)	(3.21)	(8.15)	(0.34)
Actuarial loss/ (gain)	2.08	(4.20)	4.29	(0.74)
Present value of obligation as at the end of the year	76.26	41.72	46.94	22.68

Experience adjustment

Particulars	Year ended March 31, 2012	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2009	Year ended March 31, 2008
Experience adjustment on plan liabilities – Gratuity	(4.33)	(1.47)	(0.82)	(0.16)	–
Experience adjustment on plan liabilities – Leave encashment	3.39	1.69	(0.70)	2.15	–

Amount recognized in the Balance Sheet:

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	Gratuity Unfunded	Leave encashment Unfunded	Gratuity Unfunded	Leave encashment Unfunded
Present value of obligation as at the end of the year	76.26	41.72	46.94	22.68
Funded status / Difference	(76.26)	(41.72)	(46.94)	(22.68)
Net liability recognized in balance Sheet	76.26	41.72	46.94	22.68
Amount classified as:				
Short term provision	3.40	4.48	4.27	4.32
Long term provision	72.86	37.24	42.67	18.36

Principal actuarial assumptions at the balance sheet date:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Discounting Rate	8.00% – 8.80%	8.00%
Expected rate of increase in salary	5.5% – 10.00%	5.5% – 8.00%

2.41 Operating lease

Assets taken on lease

(a) General description of lease terms:

- Assets are taken on lease over a period of 2 to 33 years.
- Lease rentals are charged on the basis of agreed terms.



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- (b) The Group has taken on leases office space, land, building 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 ` 323.90 million (previous year ` 270.50 million). The future minimum lease payments and payment profile of non-cancelable operating leases are as follows:

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Not later than 1 year	145.40	106.57
Later than 1 year but not later than 5 years	269.52	169.55
Later than 5 years	132.64	94.13
Total	547.56	370.25

Assets given on lease

- (a) General description of lease terms:

- Assets are given on lease over a period of 2 to 30 years
- Lease rentals are charged on the basis of agreed terms.

- (b) The Group has given school buildings on lease/license to educational Institutions. The cost of the land and building given on operating lease having is ` 3,968.80 million (previous year ` 2,861.40 million) and accumulated depreciation of ` 205.43 million (previous year ` 99.43 million). The lease rental income recognized in the statement of profit and loss for the year in respect of leases from buildings on lands taken on lease and other buildings is ` 129.19 million (previous year ` 46.76 million) and ` 568.18 million (previous year ` 466.09 million) respectively. The same includes ` 67.96 million (previous year ` 54.54 million) being contingent rents recognized as income in the statement of profit and loss. The future minimum lease payment expected to be received as on March 31, 2012 is as below:

Particulars	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
	Other buildings	Buildings on lands taken on lease	Other buildings	Buildings on lands taken on lease
Not later than 1 year	504.31	127.38	488.61	44.91
Later than 1 year but not later than 5 years	2,017.23	492.40	1,954.45	179.64
Later than 5 years	11,229.20	2,796.88	11,328.71	1,032.92
Total	13,750.74	3,416.66	13,771.77	1,257.47

- (c) The group has given office space on sub lease. Other Income includes income from operating lease of ` 2.28 million (previous year ` 4.10 million) under lease and hire income. The future minimum Sublease payment expected to be received are as follows:

Particulars	As at March 31, 2012	As at March 31, 2011
Not later than 1 year	1.40	0.62
Later than 1 year but not later than 5 years	2.48	-
Later than 5 years	-	-
Total	3.88	0.62

2.42 Finance Lease

Assets taken on lease

- (a) General description of lease terms:

- Assets are taken on lease over a period of 3 to 5 years.
- Lease rentals are charged on the basis of agreed terms.
- The assets taken under finance lease are in the nature of technology equipments.

Finance lease obligation of the Group is as follows:

Particulars	As at March 31, 2012			As at March 31, 2011		
	Future Minimum Lease Payments	Interest	Present Value	Future Minimum Lease Payments	Interest	Present Value
Not later than 1 year	60.26	18.35	41.90	0.97	0.06	0.91
Later than 1 year but not later than 5 years	117.43	20.37	97.05	0.64	0.05	0.60
Later than 5 years	-	-	-	-	-	-
Total	177.68	38.73	138.96	1.61	0.11	1.50

2.43 Non Convertible Debentures

- (i) During the year, the Company (Educomp Infrastructure and School Management Limited) has issued 1,050, 13.40% Non Convertible Debentures of ` 1,000,000 each, aggregating ` 1,050,000,000. These are redeemable in four half yearly installments starting from the end of three and a half year



from deemed date of allotment, i.e. December 20, 2011. Further, the beneficial owners shall have a put option to redeem the debentures at the end of three years from the deemed date of allotment.

- (ii) 1,000, 11% Non Convertible Debentures of ₹ 1,000,000 each, aggregating ₹ 1,000,000,000 were outstanding as at the beginning of the year (for Educomp Infrastructure and School Management Limited). These were redeemable on the expiry of two years from deemed date of allotment, i.e. December 21, 2010. The beneficial owners had a put option and the Company had a call option to redeem the debentures at the end of one year from the deemed date of allotment. During the year, the Company has redeemed 911, 11% Non Convertible Debentures on put option exercised by debenture holders.

Further, in terms of section 117- C of the Companies Act, 1956, the Company, has transferred the balance available of Debenture Redemption Reserve to statement of profit and loss for redemption of debentures and balance available in statement of profit and loss at at year end has been transferred back Debenture Redemption Reserve.

2.44 Particulars of securities charged against secured loans from banks taken by the Group are as follows:

Particulars	Amount Outstanding	Amount Outstanding	Security
	As at March 31, 2012	As at March 31, 2011	
Term Loan (note - a)	375.19	760.54	1. First pari-passu charge by way of mortgage of all immovable properties and assets of Educomp Solutions Ltd 2. First pari-passu charge by way of hypothecation of all the movable assets including, but not limited to computer hardware, furniture and fixtures. 3. First charge on the Debt Service Reserve Account (DSRA) created for the project. 4. Personal Guarantee of the Managing Director and Whole Time Director and first charge by way of mortgage on one of the personal property of Managing Director.
Term Loan (note - b)	215.55	357.78	5. Sub-servient charge on the current assets of Educomp Solutions Ltd 6. Personal Guarantee of the Managing Director and Whole Time Director.
Term Loan (c)	725.54	1,500.00	7. Sub-servient charge on the current assets of the Company. 8. Personal Guarantee of the Managing Director and Whole Time Director.
Term Loan (d)	498.00	-	9. Pari-passu charge on the current assets of the Company. 10. Personal Guarantee of the Managing Director and Whole Time Director.
Term Loan (note - e)	250.00	-	11. Sub-servient charge on the current asset of Educomp Solutions Ltd
Term Loan (note - f)	150.00	350.00	12. Sub-servient charge over the movable fixed assets and current assets of the Company. 13. Pledge of 12.02 % shares of Educomp Online Supplemental Service Ltd 14. Personal Guarantee of the Managing Director.
Working capital Facility repayable on demand	1,338.99	238.8	1. First ranking pari passu charge on the entire current assets 2. Second pari-passu charge over the fixed assets 3. Personal Guarantee of the Managing Director and Whole Time Director and first charge by way of mortgage on one of the personal property of Managing Director.
Working capital Facility repayable on demand	500.00	-	4. Sub-servient charge on the stock and debtors 5. Personal Guarantee of the Managing Director and Whole Time Director.
Loan from Banks (Loan taken by Educomp Infrastructure and School Management Limited) (note - g)	5,625.00	5,607.50	6. Corporate Guarantee of Educomp Solutions Limited. 7. Personal guarantee of two of the directors. 8. 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. 9. A first charge over all bank accounts including without limitation to the project account, escrow account, debt service reserve account (DSRA) and other bank accounts of the company. Further, a current account has also been kept as restricted, not available for free use of the Company, as a security for loan 10. First charge on all intangible assets, assignment of the rights, titles & interest by way of first charge of the project documents, guarantees, other performance warranties, indemnities and securities. 11. 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.



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Loan from Banks (Loan taken by Educomp Infrastructure and School Management Limited) (note – h)	2,000.00	–	12. A subservient charge on all the fixed asset; 13. Corporate Guarantee of Educomp Solutions Limited (Holding Company); 14. Corporate guarantee of the subsidiaries (land owing Company); and 15. Personal guarantee by one of the directors.
Loan from Banks (Loan taken by Educomp Infrastructure and School Management Limited) (note – i)	146.00	146.00	16. By way of mortgage of land and premises and building constructed thereon.
11% Non convertible debentures (Educomp Infrastructure and School Management Limited) (m)	89.00	1,000.00	17. Subservient equitable mortgage charge over Specifically Mortgaged Premises Specifically Mortgaged Premises. 18. Subservient equitable mortgage charge over Third Party Properties, of such area and location and from such Third Party Owners as may be agreed/ acceptable to the Trustee. 19. Subservient hypothecation charge over all movable fixed assets (present and future) of the Issuer. 20. Corporate Guarantee of Educomp Solutions Limited.
13.40% Non Convertible Debentures (Educomp Infrastructure and School Management Limited) (n)	1,050.00	–	21. Second charge over moveable and immoveable property. 22. Second charge over moveable and immoveable properties of the third party. 23. Second charge over all present and future current assets. 24. Corporate Guarantee of Educomp Solutions Limited (Holding Company). 25. Personal guarantee of one of the directors.
Vehicle Loan (j)	5.60	8.15	26. Secured by Hypothecation of Vehicles of the related companies in the Group.
Loan from Banks (Loan taken by Educomp Asia Pacific Pte. Limited) (k)	1,003.69	876.03	27. Corporate Guarantee of Educomp Solutions Limited. 28. Bank's lien over the entire cash flow of the Company including dividend receivables from the acquired Company. 29. Pledge of the shares of the target.
Loans repayable on demand from other parties (o)	1,074.66	6.56	Unsecured loan

Notes:

- Repayable ` 50 million on six half yearly installments and ` 325.19 million in 18 quarterly installments
- Payable in 18 quarterly installments
- Repayable ` 500 million in three half yearly installments and ` 225.44 million in half yearly installment
- Repayable in five equated installments in one year
- Repayable in single installments after one year
- Repayable in seven quarterly installments after one year moratorium
- It carries interest rate ranging from BPLR – 1.25% to BPLR + 2.5%. The loan is repayable in pre – scheduled quarterly installments till March 2021.
- It carries interest rate at BPLR – 1.5%. The loan is repayable in pre – scheduled quarterly installments starting from June 2013 till March 2016.
- It carries interest rate at BPLR – 1.75%. The loan is repayable in pre – scheduled half yearly installments till February 2017.
- Vehicle loans are repayable on equated monthly installments over different periods.
- It carries interest rate at LIBOR Rate + 3.5%. Term Loan is repayable in 4 equal yearly installments, after a moratorium of 3 years effective from May 2012.
- Term loan (a) to (f) & working capital loan are at varying rate of interest ranging from 13% to 14.75%.
- 11 % Debentures of ` 1,000,000 each are redeemable at par on December 31, 2012 with a put option after December 31, 2011
- 13.40 % Debentures of ` 1,000,000 each redeemable at par in four half yearly installments starting from June 20, 2015 and with a put option after December 20, 2014
- Loans repayable on demand from other parties carries interest rate ranging from 11% to 13%.

2.45 Contract disclosure as required by AS-7 ("construction contracts")

Contract disclosures related to joint venture Company Millennium Infradevelopers Limited to the extent of joint venture holding.

Particulars	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
Contract revenue recognized	118.68	167.87
Contract expenses recognized *	107.66	167.87
Recognized profits less recognized losses	11.02	-
Unbilled contract revenue for the year	118.68	167.87
Advances received	-	-
Retention money recoverable	-	-

* Includes ` 3.78 million of service tax recoverable written off during the year and claimed from the customer as contract expenditure.

2.46 Joint Venture Entities

The following represent the Group's share of assets and liabilities, and income and results of the joint ventures, Educomp Higher Initiatives Pte Limited and Educomp - Raffles Higher Education limited, 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.

Particulars	As at March 31, 2012	As at March 31, 2011
Reserves and surplus	(734.60)	(368.56)
Minority interest	-	-
Liabilities		
Non-current liabilities	14.28	8.73
Current liabilities	243.73	111.30
Non -Current assets		
Fixed assets (net)	275.27	549.80
Goodwill	194.99	130.41
Deferred tax Assets (Net)	0.01	-
Long Term Loans and advances	386.67	293.00
Current assets		
Current investments	0.02	-
Inventories	8.07	4.81
Trade receivables	101.24	44.26
Cash and bank balances	57.85	32.24
Short Term Loans and advances	49.28	-
Other current assets	280.82	-

Particulars	As at March 31, 2012	As at March 31, 2011
Statement of Profit and loss		
Sales & Service income	503.94	258.24
Other income	6.35	4.27
Total Revenue	510.29	262.51
Expenditure		
Purchase of stock-in-trade	326.19	126.65
Changes in inventories of work-in-progress	(3.26)	-
Employee benefits expense	250.88	184.48
Other expenses	286.19	245.43
Finance cost	2.55	0.33
Depreciation and amortization expense	50.03	47.41
Exceptional Items	22.31	-
Current and Deferred tax	2.89	19.12
Total Expenditure	937.78	623.42
Profit/ (Loss)	(427.48)	(360.91)



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2.47 Related party Disclosures

The disclosures of transactions with related parties as defined in Accounting Standard 18, issued by the Institute of Chartered Accountants of India are given as below:

i) List of related parties with whom transactions have taken place & relationships:

S. No.	Name of Related Party	Relationship
1	Mr. Shantanu Prakash	Key Managerial Personnel
2	Mr. Jagdish Prakash	
3	Greycells18 Media Ltd.	Associates
4	Zeebo Interactive Solutions India (P) Ltd (w.e.f. May 11, 2011 & sold out to Lakshiya Digital in Feb 17, 2012)	
5	Learning Leadership foundation	Others over which group has significant control
6	Learning Links foundation	
7	Richmond Education society	
8	Lakshya Digital Private Limited	
9	Education Quality Foundation of India	
10	Eduloans Corporation Pvt. Ltd.	
11	Mussoorie International School Society.	
12	Shri Krishna Hare Educational Trust	
13	Shri Radha Raman Educational Trust	
14	Maurya Educational Trust	
15	Bal Shiksha Educational Trust	
16	Shri Radhe Educational Trust	
17	Surya Prabhat Trust	
18	Shri Radha Krishna Educational Trust	
19	Vidya Prabhat School Trust	
20	Unnati Educational Trust	
21	Surya Kiran Educational Trust	
22	Sri Satya Sai Educational Trust	
23	Sri Laxmi Ganesh Educational Trust	
24	Sri Vasudev Educational Trust	
25	Siya Ram Educational Trust	
26	Shyam Sunder Educational Trust	
27	Shri Hare Educational Trust	
28	Shiksha Bharti Educational Trust	
29	Radhey Shyam Educational Trust	
30	Gyan Kunj Educational Trust	
31	Bhakti Sagar School Trust	
32	Vidhya Sarovar Educational Trust	
33	Sukh Sagar School Trust	
34	Shri Ambey Educational Trust	
35	Sanskriti Educational Trust	
36	Samvridi Educational Trust	
37	Shri Laxmi Narain Educational Trust	
38	Sankalp Educational Trust	
39	Shiv Shakti Educational Trust	
40	Vigyan Educational Trust	
41	Sushikshit Educational Trust	
42	Navnimit Educational Trust	
43	Naveen Shiksha Educational Trust	
44	Shri Nath Education Society	

S. No.	Name of Related Party	Relationship
45	IndiaCan Education Private Limited	
46	Education Quality Foundation of India	
47	Lakshya Digital Pvt. Ltd.	
48	Educomp Raffles Higher Education Ltd	Joint Venture of Direct Subsidiary (JV)
49	Educomp Higher Initiatives Pte Ltd, Singapore	

ii) Transactions during the year with related parties:

a) Details of Related Party Transactions for the year ended 31st March 2012

Particulars	Key Management Personnel	Associates	Joint Venture	Others	Total
Revenues	-	-	16.15	994.64	1,010.79
(note i)	(-)	(-)	(16.15)	(835.73)	(851.88)
Other Income	-	-	-	91.84	91.84
(note ii)	(-)	(-)	(-)	(76.94)	(76.94)
Loans & Advances given	-	1.17	-	194.00	195.17
(note iii)	(-)	(16.10)	(-)	(293.35)	(309.45)
Loans & Advances given - repayment	-	-	-	33.70	33.70
(note iv)	(-)	(-)	(-)	(-)	(-)
Purchase of Assets / investments	-	103.09	-	12.48	115.57
(note v)	(-)	(155.32)	(-)	(-)	(155.32)
Sale of Investments	-	-	-	6.67	6.67
(note vi)	(-)	(-)	(-)	(-)	(-)
Expense	-	-	-	1.10	1.10
(note vii)	(-)	(-)	(-)	(-)	(-)
Reimbursement expenses paid on behalf related party	-	-	-	0.13	0.13
(note viii)	(-)	(-)	(-)	(-)	(-)
Remuneration	19.27	-	-	-	19.27
(note ix)	(32.65)	(-)	(-)	(-)	(32.65)
Rent Paid	0.83	-	-	-	0.83
(note x)	(0.83)	(-)	(-)	(-)	(0.83)

Notes:

(i) Includes sales and services to:

Joint Venture of Direct Subsidiary

Educomp Raffles Higher Education Ltd - ` 16.15 (Previous year 16.15)

Others

- Learning Link Foundation ` 55.16 million (Previous year ` 83.78 million).
- Learning Leadership Foundation ` 363.68 million (Previous year ` 314.47 million).
- Richmond Education Society ` 96.51million (Previous year ` 67.89 million).
- Shri Radha Raman Educational Trust ` 42.08 million (Previous Year ` 40.24 million).
- Shri Krishna Hare Educational Trust ` 55.98 million (Previous year ` 50.73 million).
- Mussorie International School Society ` 147.25 million (Previous year ` 147.25 million)
- Maurya Educational Trust ` 65.85 million (Previous year ` 60.83 million)
- Bal Shiksha Educational Trust ` 43.12 million (Previous year ` 33.19 million)
- Shri Radhe Educational Trust ` 37.31million (Previous year ` 12.07 million)

(ii) Includes other income from:

Others

- Learning Leadership Foundation ` 21.42 million (Previous year ` 23.64 million).
- Richmond Education Society ` 43.63 million (Previous year ` 37.68 million).

(iii) Loans and advances (includes share application money) given relates to:

Associates

- Greycells18 Media Pvt. Ltd. ` 1.17 million (Previous year ` 16.10 million)

Others

- Richmond Education Society ` 51.15 million (Previous year ` 37.51 million).



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- Learning Leadership Foundation ` 12.53 million (Previous year ` 39.72 million).
 - Mussorie International School Society ` 27.50 million (Previous year ` 139.16 million)
 - Shyam Sunder Educational Trust ` 12.50 million (Previous Year ` Nil)
 - Surya Kiran Trust ` 10.20 million (Previous year ` Nil)
 - Shri Krishna Hare Educational Trust ` 4.16 million (Previous year ` 7.50 million).
 - Shri Radha Raman Educational Trust ` 3.09 million (Previous Year ` 7.47 million).
- (iv) Loans and advances repayment relates to:
Others
- Mussorie International School Society ` 29.17 million (Previous year ` Nil)
 - Unnati Educational Trust ` 3.02 million (Previous Year ` Nil)
- (v) Purchase of assets / investments relates to:
Associates
- Investment in Greycells18 Media Pvt. Ltd ` 27.20 million (Previous year ` Nil)
 - Investment in Zeebo Interactive Solutions India (P) Ltd ` 22.50 million (Previous year ` Nil)
 - Investment in GateForum Educational Services (P) Ltd ` 53.39 million (Previous year ` 155.32)
- Others
- Assets purchased Learning Link Foundation ` 12.48 million (Previous year ` Nil)
- (vi) Sale of Investments relates to:
- Zeebo Interactive Studios India Pvt Limited, associate investments purchased during the year for ` 22.50 million, sold to Lakshya Digital Private Limited 6.67 million (Previous Year Nil)
- (vii) Expenses relates to:
Others
- Education Quality Foundation of India ` 1.10 million (Previous Year Nil)
- (viii) Expenses done on behalf of related party relates to:
Others
- IndiaCan Education ` 0.13 million (Previous Year Nil)
- (ix) Includes transaction for the year mainly with:
- KMP
- Mr. Shantanu Prakash ` 14.09 million (Previous year ` 28.27million).
 - Mr. Jagdish Prakash ` 5.18 million (Previous year ` 4.38 million).
- (x) Includes Rent paid to:
KMP
- Mr.Shantanu Prakash ` 0.83 (Previous year ` 0.83 million)
- iii) Balances with related parties:

Particulars	Key Management Personnel	Associates	Joint Venture	Others	Total
Investment	-	145.41	-	-	145.41
	(-)	(273.53)	(-)	(-)	(273.53)
Share application money	-	1.17	-	-	1.17
	(-)	(16.10)	(-)	(-)	(16.10)
Trade receivables	-	-	-	1,198.45	1,198.45
	(-)	(0.09)	(0.31)	(787.08)	(787.48)
Loans and advances recoverable	-	-	-	880.39	880.39
	(-)	(-)	(-)	(633.74)	(633.74)
Trade and other payables	1.09	-	100.94	-	102.03
	(-)	(-)	(-)	(3.08)	(3.08)

Note: All transactions with related parties have been entered into in the normal course of business. Previous year figures are given in parenthesis.

2.48 Segment Reporting

The Group 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 and hence, the Group has re-assessed its business segments for better presentation of contribution of its various businesses into four segments including School Learning Solutions (comprising of smartclass & Edureach (ICT) business), K-12 Schools (comprising preschools & high schools), Higher Learning Solutions (comprising of vocational, higher education and professional development) and Online, Supplemental & Global business.

In accordance with the provision of AS 17, the Group has business segment as primary segment. As its Secondary Segment, the Group 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

Particulars	HLS (Higher Learning Solution)	SLS (School Learning Solution)	K - 12 (Schools)	Online, Supplemental & Global	Total
Segment Assets	4,442.82 (3,538.13)	12,416.82 (8,552.42)	29,621.08 (23,349.96)	3,616.26 (3,010.08)	50,096.98 (3,8450.59)
Unallocated Corporate Assets					2,723.96 (4,131.01)
Total Assets					52,820.94 (42,581.60)
Segment Liabilities	363.59 (365.03)	2,953.83 (2,957.23)	9,538.62 (7,221.40)	1,752.06 (1,401.84)	14,608.10 (11,945.50)
Unallocated Corporate Liabilities					10,405.46 (6,486.54)
Total Liabilities					25,013.56 (18,432.04)
Capital Expenditure	1,014.50 (2,276.38)	562.68 (313.70)	3,179.97 (5,266.14)	186.64 (134.48)	4,943.79 (7,990.70)
Unallocated Corporate Capital Expenditure					37.66 (29.66)
Total Capital Expenditure					4,981.45 (8,020.36)
Depreciation & Amortization	50.05 (51.08)	440.72 (376.48)	259.32 (151.34)	289.55 (233.83)	1,039.64 (812.73)
Unallocated Corporate Depreciation & Amortization					30.03 (28.07)
Total Depreciation & Amortization					1,069.67 (840.80)
Non cash expenditure Other than Depreciation	15.73 (13.07)	21.64 (36.13)	57.90 (20.74)	8.75 (12.64)	104.02 (82.58)
Unallocated Corporate expenditure					130.05 (113.34)
Total Non cash expenditure Other than Depreciation					234.07 (195.92)





Revenue	626.92 (654.01)	10,569.65 (10,094.62)	1,755.65 (1,357.32)	1,960.57 (1,403.05)	14,912.79 (13,509.00)
Expenses	1,001.68 (946.28)	6,271.09 (4,862.33)	1,217.50 (880.76)	2,207.65 (1,511.15)	10,697.92 (8,200.52)
Segment Results	(374.76) (-292.27)	4,298.56 (5,232.29)	538.15 (476.56)	(247.08) (-108.10)	4,214.87 (5,308.48)
Un-allocable Expenditure					1,152.85 (709.25)
Finance cost					1,432.53 (962.04)
Operating profit					1,629.49 (3,637.19)
Other Income					311.58 (461.24)
Prior period Items income/(expenses)					4.23 15.36
Profit Before Tax and prior period items					1,945.30 (4,098.43)
Less: Tax Expense					
- Current					761.65 (1,036.64)
- Mat Entitlement					(42.34) (-18.81)
- Mat Earlier years					- (-3.42)
- Deferred Tax					(144.57) (58.31)
- Mat Reversal					- (-394.98)
Profit after tax & before prior period items					1,370.56 (3,405.33)
Extraordinary Item					- (-)
Profit after tax before minority interest & pre-acquisition profits					1,370.56 (3,405.33)
Pre-acquisition profits					(16.40) (-32.53)
Minority Interest					15.57 (48.83)
Share of loss in associates					(16.03) (22.31)
Profit after tax, minority interest & pre-acquisition profits					1,355.36 (3,366.72)

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

B. Secondary Segment Information – Geographical

	Revenue	Segment Assets	Capital Expenditure
India	13,257.52 (12,063.49)	50,729.57 (40,634.68)	4,841.17 (7,943.29)
Outside India	1,655.27 (1,445.51)	2,091.37 (1,946.90)	140.28 (77.04)
Total	14,912.79 (13,509.00)	52,820.94 (42,581.58)	4,981.45 (8,020.33)

Note: Previous year figures are given in parenthesis.

2.49 As notified by Ministry of Corporate Affairs, Revised Schedule VI under the Companies Act, 1956 is applicable to the consolidated financial statements for the financial year commencing on or after 1st April, 2011. Accordingly, the consolidated financial statements for the year ended March 31, 2012 are prepared in accordance with the Revised Schedule VI. The amounts and disclosures included in the consolidated financial statements of the previous year have been reclassified to conform to the requirements of Revised Schedule VI. The adoption of revised Schedule VI does not impact recognition and measurement principle followed for preparation of consolidated financial statements. However, it has a significant impact on presentation and disclosures made in the consolidated financial statements.

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

As per our report of even date attached

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

Anupam Bansal
Proprietor
Membership No: 087699

Place : Gurgaon
Date : 30th May, 2012

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

Raj Kumar Agarwal
Partner
Membership No: 074715

For and on behalf of Board of Directors
Educomp Solutions Limited

Shantanu Prakash
Chairman & Managing Director

Jagdish Prakash
Whole Time Director

Shonu Chandra
Director

Sankalp Srivastava
Director

Dr. Shayama Chona
Director

Mohit Maheshwari
Company Secretary





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 31.03.12	Capital	Reserves	Total Liabilities	Total assets*	Investment other than in Subsidiary	Turnover	Profit/ loss before taxation	Provision for taxation	Profit/ (loss) after taxation	Proposed dividend	Country
Educomp Learning Pvt. Ltd.	INR	1.00	1.05	97.67	8.80	107.52	-	62.93	10.02	1.42	8.60	-	India
Wheatstone Productions Pvt Ltd.	INR	1.00	1.68	(3.35)	1.69	0.03	-	-	(0.05)	-	(0.05)	-	India
Eduomatics Corporation Inc. USA	USD	51.16	62.09	(26.07)	12.21	48.22	-	65.64	9.54	0.30	9.25	-	USA
Educomp Infrastructure and School Management Ltd.	INR	1.00	309.31	9,892.03	9,312.47	19,580.47	-	1,033.13	278.33	68.93	209.39	-	India
Educomp Infrastructure Services Pvt Ltd.	INR	1.00	0.10	(0.42)	0.72	0.40	-	-	(0.08)	-	(0.08)	-	India
Educomp APAC Services Ltd. BVI	USD	51.16	925.73	(96.85)	1.05	829.93	-	0.32	(35.28)	0.13	(35.41)	-	BVI
Knowledge Vista Limited	INR	1.00	4.45	209.85	200.99	415.29	-	-	(39.91)	-	(39.91)	-	India
Laservision Estates Private Limited	INR	1.00	23.72	34.92	0.07	58.71	-	-	(0.14)	-	(0.14)	-	India
Virtual Buildtech Private Limited	INR	1.00	20.52	30.19	0.93	51.64	-	-	(0.12)	-	(0.12)	-	India
Modzex Infrastructure Private Limited	INR	1.00	24.31	36.71	0.66	61.67	-	1.20	1.08	0.33	0.74	-	India
Falcate Builders Private Ltd	INR	1.00	46.98	139.95	0.05	186.97	-	-	(0.10)	-	(0.10)	-	India
Newzone Infrastructure Pvt.Ltd.	INR	1.00	27.92	41.86	3.05	72.83	-	1.20	1.04	0.32	0.72	-	India
Rockstrong Infriatech Private Ltd.	INR	1.00	35.12	51.83	8.78	95.73	-	-	(0.11)	-	(0.11)	-	India
Reverie Infriatech Private Limited	INR	1.00	45.12	111.69	2.55	159.35	-	-	(0.14)	-	(0.14)	-	India
Herold Infra Private Limited	INR	1.00	49.11	121.70	0.65	171.45	-	-	(0.10)	-	(0.10)	-	India
Growzone Infrastructure Private Ltd.	INR	1.00	43.11	63.77	0.05	106.92	-	-	(0.10)	-	(0.10)	-	India
Hidream Constructions Private Ltd.	INR	1.00	47.98	214.62	1.05	263.64	-	-	(0.08)	-	(0.08)	-	India
Leading Edge Infriatech Private Ltd.	INR	1.00	30.71	45.23	0.18	76.11	-	-	(0.13)	-	(0.13)	-	India
Strotech Infrastructure Private Ltd.	INR	1.00	48.13	87.10	0.26	135.49	-	1.20	1.00	0.31	0.69	-	India
Markus Infrastructure Private Ltd.	INR	1.00	41.99	62.18	0.07	104.24	-	-	(0.10)	-	(0.10)	-	India
Orlando Builders Private Ltd.	INR	1.00	44.04	15.02	0.25	59.31	-	-	(50.23)	-	(50.23)	-	India
Crosshome Developers Private Ltd.	INR	1.00	30.35	44.74	0.45	75.54	-	-	(0.10)	-	(0.10)	-	India
Good Luck Structure Private Ltd.	INR	1.00	22.83	33.56	0.15	56.54	-	-	(0.09)	-	(0.09)	-	India
Evergreen Realtech Pvt. Ltd.	INR	1.00	26.31	38.75	0.05	65.10	-	-	(0.10)	-	(0.10)	-	India
Zeta Buildcon Pvt. Ltd	INR	1.00	48.37	71.61	90.05	210.02	-	-	(0.12)	-	(0.12)	-	India
Omega Infrastructure Pvt. Ltd.	INR	1.00	34.35	51.57	100.26	186.19	-	1.20	1.08	0.33	0.75	-	India
Grider Infriatech Pvt. Ltd.	INR	1.00	42.72	63.17	0.05	105.93	-	-	(0.12)	-	(0.12)	-	India
Boston Realtech Pvt. Ltd.	INR	1.00	27.51	40.55	0.05	68.11	-	-	(0.09)	-	(0.09)	-	India
Educomp School Management Ltd.	INR	1.00	0.50	98.26	7.09	33.30	72.55	0.40	(8.72)	-	(8.72)	-	India
Ask N Learn Pte. Ltd.	SGD	41.24	298.42	48.22	205.93	481.36	-	395.17	(16.81)	0.19	(16.62)	-	Singapore
Singapore Learning.com Pte. Limited	SGD	41.24	0.00	89.01	17.86	113.59	-	28.76	23.91	0.26	24.17	-	Singapore
Pave Education Pte. Ltd.	SGD	41.24	7.89	65.06	10.13	36.13	-	25.97	0.03	0.19	0.22	-	Singapore
Wiz Learn Pte Ltd.	SGD	41.24	41.18	84.10	2.12	75.04	-	27.79	19.07	0.19	19.26	-	Singapore
Educomp Asia Pacific PTE. Ltd	USD	51.16	830.28	409.92	1,060.03	36.12	777.25	-	26.08	21.23	4.85	-	Singapore

Name of the subsidiary company	Reporting Currency	Exchange Rate As at 31.03.12	Capital	Reserves	Total Liabilities	Total assets*	Investment other than in Subsidiary	Turnover	Profit/ loss before taxation	Provision for taxation	Profit/ (Loss) after taxation	Proposed dividend	Country
Authorgen Technologies Ltd.	INR	1.00	32.62	(84.31)	143.58	83.18	-	12.20	(95.18)	28.46	(66.72)	-	India
Sikhya Solutions Inc.	USD	51.16	8.71	(6.92)	1.84	3.63	-	43.32	(0.77)	-	(0.77)	-	USA
Educomp Learning Hour Pvt. Ltd.	INR	1.00	0.95	(62.94)	199.95	137.97	-	117.13	(114.60)	(70.01)	(44.59)	-	India
Educomp Software Ltd.	INR	1.00	44.19	36.12	15.62	96.94	-	10.29	(28.71)	0.02	(28.73)	-	India
Educomp Professional Education Ltd.	INR	1.00	42.84	2,904.07	1,276.05	3,187.41	-	-	(0.35)	-	(0.35)	-	India
Savica Inc., Canada	CAD	51.99	148.54	(170.86)	35.40	13.08	-	35.47	(24.81)	-	(24.81)	-	CANADA
EuroKids International Ltd.	INR	1.00	269.07	203.78	239.03	501.12	6.36	415.12	70.50	(23.55)	46.95	-	India
EuroKids India Ltd.	INR	1.00	50.00	(8.55)	14.51	55.96	-	91.00	(2.99)	3.82	0.83	-	India
Euroschool International Limited	INR	1.00	45.00	23.05	124.77	192.12	0.70	97.13	35.38	(11.47)	23.90	-	India
Euroschool Properties & Infrastructure Limited	INR	1.00	110.10	(1.98)	196.53	304.65	-	40.16	-	(1.98)	(1.98)	-	India
Learning Internet Inc. USA	USD	51.16	1,382.40	(659.47)	347.82	1,070.75	-	825.08	(99.63)	(42.80)	(56.82)	84.71	USA
Educomp Child Care Pvt. Ltd.	INR	1.00	161.10	(77.68)	29.00	158.98	-	96.41	(20.57)	(1.36)	(19.21)	-	India
Educomp Online Supplemental Services Ltd.	INR	1.00	36.58	471.29	117.84	82.86	-	1.27	(18.80)	(2.00)	(16.80)	-	India
Educomp IntelProp Ventures Pte Ltd	EURO	68.34	39.30	2.08	0.19	41.57	-	-	(0.03)	-	(0.03)	-	Singapore
Vidya Mandir Classes Limited	INR	1.00	0.73	65.05	244.55	310.32	-	308.63	59.84	19.47	40.37	-	India
Educomp Investment Management Limited	INR	1.00	6.00	2.06	2.38	10.43	0.01	10.00	6.83	2.14	4.69	-	India
Gateforum Educational Services Limited	INR	1.00	0.40	57.29	61.38	119.07	-	176.05	52.42	16.71	35.71	-	India
Educomp Global Holding	USD	51.16	29.61	3.93	-	33.54	-	-	3.93	-	3.93	-	Baharin

1. * This doesn't include investment in subsidiaries of the respective company

For and on behalf of Board of Directors

For Anupam Bansal & Co. Chartered Accountants Firm Registration No: 009864N	For Haribhakti & Co. Chartered Accountants Firm Registration No:103523W	Sankalp Srivastava Director
Anupam Bansal Proprietor Membership No: 087699	Raj Kumar Agarwal Partner Membership No: 074715	Dr. Shayama Chona Director
Place : Gurgaon Date : 30th May, 2012		Mohit Maheshwari Company Secretary





SHAREHOLDERS INFORMATION (As On 31st MARCH 2012)

ANNUAL GENERAL MEETING

Day, Date, Venue and Time are as follows:

Registered office	1211, Padma Tower-I, 5, Rajendra Place, New Delhi-08
Day	Wednesday
Date	26 September, 2012
Time	04.30 P.M
Venue	Sri, Sathya Sai international Center, Pragati Vihar, Lodhi Road, New Delhi- 110003

FINANCIAL CALENDAR

(Tentative)

- * Financial Reporting for Quarter ending June 30, 2012 on or before August 14, 2012
- * Financial Reporting for Quarter ending September 30, 2012 on or before November 14, 2012
- * Financial Reporting for Quarter ending December 31, 2012 on or before February 14, 2013
- * Financial Reporting for Quarter ending March 31, 2013 on or before May 30, 2013
- * Annual General Meeting End of September, 2013

BOOK CLOSURE DATES : 22nd September 2012 to 26th September 2012 (both days inclusive)

DIVIDEND PAYMENT DATE : On and from 6th October 2012 onwards

LISTING ON STOCK EXCHANGES:

Name of Exchange and Address	Securities	DEMAT ISIN NO.	Stock/Scrip Code
National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai-400051	Equity	NSDL and CDSL INE216H01027	"EDUCOMP"
Bombay Stock Exchange Limited, PJ Towers, Dalal Street, Fort, Mumbai-01	Equity	NSDL and CDSL INE216H01027	532696
Bombay Stock Exchange Limited, PJ Towers, Dalal Street, Fort, Mumbai-01	Debentures	NSDL and CDSL INE216H07016	948029

Listing Fees: Annual Listing fees for the year 2012-13, as applicable have been paid to above Stock Exchanges.

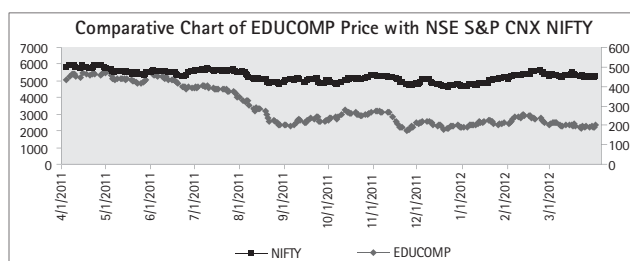
Stock Market Data

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

Month	National Stock Exchange		Bombay Stock Exchange	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April'11	483.25	415.00	483.80	421.25
May'11	492.50	408.15	492.00	408.20
June'11	469.15	380.00	469.80	380.00
July'11	413.90	327.00	465.50	341.10
August'11	351.00	192.45	351.40	190.00
September'11	251.90	192.45	253.10	192.45

Month	National Stock Exchange		Bombay Stock Exchange	
	High (₹)	Low (₹)	High (₹)	Low (₹)
October'11	287.75	230.00	285.20	229.85
November'11	277.80	162.00	277.90	168.00
December'11	228.00	172.70	228.00	173.00
January'12	230.30	185.00	230.40	185.60
February'12	262.70	198.00	262.50	195.05
March'12	216.25	180.00	216.05	184.30

Share Performance Chart on NSE



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 2012:

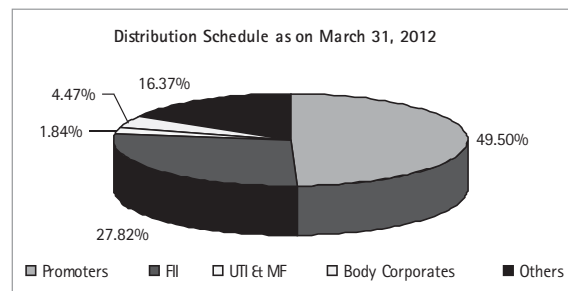
a) Distribution of Shareholding as on 31st March 2012

Shareholding of nominal value	Share Holders		Share Amount	
	Number	% to total	Amount in ₹	% to total
Upto 5000	156392	99.59	25130542	13.08
5,001 - 10,000	295	0.19	2132938	1.11
10,001 - 20,000	135	0.08	1934950	1.01
20,001 - 30,000	55	0.04	1364626	0.71
30,001 - 40,000	22	0.01	792790	0.41
40,001 - 50,000	26	0.02	1176230	0.61
50,001 - 1,00,000	43	0.03	3125248	1.63
1,00,001 & Above	65	0.04	156470536	81.44
Total	157033	100.00	192127860	100

b) Categories of Equity Shareholding as on 31st March, 2012

Category	Number of Shares Held	Percentage of Shareholding
Promoters	47553645	49.50
FII	26722226	27.82
UTI & MF	1765957	1.84
Body Corporates	4293823	4.47
Others	15728279	16.37
Total	96063930	100.00

Shareholding Pattern as on 31st March, 2012 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 2012. 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, 2011 till 31st March, 2012 are as follows:

Period	The Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)		BSE + NSE Volume / Value	
	Volume (lakh)	Value (₹ lakh)	Volume (lakh)	Value (₹ lakh)	Volume (lakh)	Value (₹ lakh)
End of April, 2011	29.55	13630.38	145.26	66944.51	174.81	80574.89
End of May, 2011	26.22	11803.70	140.52	62772.21	166.74	74575.91
End of June, 2011	31.97	13550.04	175.69	74284.85	207.66	87834.89
End of July, 2011	37.99	14645.03	221.77	84701.78	259.76	99346.81
End of August, 2011	136.78	33017.07	592.35	143216.29	729.13	176233.36
End of September, 2011	173.62	38850.92	641.94	144857.69	815.56	183708.61
End of October, 2011	92.49	23956.90	371.33	96413.95	463.82	120370.85
End of November, 2011	187.59	39536.09	677.16	142227.67	864.75	181763.76
End of December, 2011	122.93	24789.02	475.95	95486.83	598.88	120275.85
End of January, 2012	136.69	28945.55	513.50	108727.90	650.19	137673.45
End of February, 2012	139.12	32797.13	611.45	142664.55	750.57	175461.68
End of March, 2012	151.08	30129.41	591.57	117968.24	742.65	148097.65
Total	1266.03	305651.24	5158.49	1280266.47	6424.52	1585917.71

Outstanding GDRs/ ADRs/ Warrants or Convertible Bonds:

No GDRs/ ADRs has been issued by the Company. On 25th July 2007, we issued USD 80 million Zero coupon Foreign Currency convertible bonds ("Bonds") due in July 2012. The bonds are convertible into fully paid equity shares of ₹ 2/- per share, at an initial conversion price of ₹ 589.966 per share. Outstanding FCCBs as at 31st March 2012 are USD 78.50 million. Subsequent to March 2012, the Company has repaid its Outstanding FCCB in full.

On 26th July 2012, Company has raised US\$ 10 million, Zero Coupon Foreign Currency Convertible Bonds. The Bond holders, as per the agreement, have the option to convert these bonds into equity shares, at a price of ₹ 188.62 per share with in 5 years and 1 day from the date of disbursement. These FCCB are redeemable at a premium of 33.15% on maturity.

On 26th July 2012 Company has issued 1,14,79,096 Warrants at Issue price of ₹ 193.74 convertible in to equal number of Equity Shares of the Face Value of ₹ 2/- each within a period of 18 months from the date of allotment i.e 26th July 2012.

Offices: New Delhi, Ambala, Gurgaon (Haryana), Noida, Lucknow (U.P.), Mumbai, Thane (Maharashtra), Kolkatta (West Bengal), Bangalore (Karnataka), Sameerpet Mandal R.R District (A.P), Jaipur, Bharatpur (Rajasthan), Bhopal (M.P.), Ranchi, (Jharkhand) Gandhinagar (Gujarat), Chandigarh, Chennai (Tamil Nadu) Solan (H.P), Cochin (Kerala), Agartala (Tripura), Guwahati (Assam). Patna (Bihar), Dehradun (Uttarakhand), Cuttack (Orissa), Mohali (Punjab)



WHAT LEARNING CAN BE



Plant Locations

1. Khasra No. 701, Sec-2, Parwanoo, Tehsil-Kasauli, District-SOLAN
2. Plot no 85, Special Economic Zone, Phase II, Sector 82, Noida
3. 16, 80 Feet Road, 4th Block, Koramanagala, Bangalore-560034.
4. Plot No 514, Udyog Vihar, Phase III, Gurgaon

Address for Correspondence :

Investor Correspondence : For transfer/ Dematerialization of Shares, Payment of dividend on shares, change of address, transmissions, and any other query relating to shares of the Company.

- For securities held in physical form : Please contact Registrar & Transfer Agent at address given below.
- For securities held in Demat Form: To the Depository participant
- Any query on Annual report : To the Company address.

Company Address	Registrar & transfer Agent Address
Company Secretary Educomp Solutions Limited Plot No 514, Udyog Vihar Phase III Gurgaon-122001, (Haryana) Telephone: 0124-4529000 Fax: 0124 - 4529039 Email:investor.services@educomp.com	Link Intime India Private limited A-40, 2nd Floor, Naryana Industrial Area Phase II, Naraina, New Delhi -110028 Telephone: 011-41410592-94 Fax: 011-41410591 Email : delhi@linkintime.co.in

NOTICE

NOTICE is hereby given that Eighteenth Annual General Meeting of Educomp Solutions Limited will be held on Wednesday, 26th day of September 2012, at 04:30 P.M at Sri Sathya Sai International Center, Pragati Vihar, Lodhi Road, New Delhi- 110003 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012 and the Profit and Loss Account for the year ended on that date and Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for Financial Year ended on 31st March 2012.
3. To appoint a Director in place of Dr. Shyama Chona, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. Shonu Chandra, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors, fix their remuneration and in this regard to consider and if thought fit, to pass the following resolution, with or without modification(s), as an Ordinary Resolution:

"RESOLVED THAT M/s. Haribhakti & Co., Chartered Accountants (Firm Registration No. 103523W) be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, on such remuneration as may be determined by the Board of Directors of the Company."

SPECIAL BUSINESS:

6. To Consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

Adoption of new set of Articles of Association of the Company:

"RESOLVED THAT pursuant to provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") or any other law for the time being in force (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force), the new set of Articles of Association, as placed before the meeting and initiated by the Chairman for the purpose of identification, be and is hereby approved and adopted as new Articles of Association of the Company in place and exclusion of the existing Articles of Association of the Company;

RESOLVED FURTHER THAT the Board of Directors of the Company and the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds and take such steps as may be required to give effect to the above resolution."

7. To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

Change in terms of appointment of Whole Time Director

"RESOLVED THAT in terms of the provisions of the new Articles of Association of the Company, as proposed in Item no. 6 of this Notice and pursuant to applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government and/or such other Regulatory Bodies, as may be required, if any, and subject to such modifications as the Central Government and/or such other Regulatory Bodies may require while granting such approval, consent of the Members be and is hereby accorded that in partial modification

of the resolution passed by the member through postal ballot dated 29th January 2010 in this regard, office of the Whole Time Director of the Company i.e. Mr. Jagdish Prakash, shall be liable to retire by rotation;

RESOLVED FURTHER THAT any one of the Directors or the Company Secretary of the Company be and is hereby jointly and / or severally authorised, as the case may be, to do all such things and take all such actions as may be required from time to time for giving effect to the above resolution and matters related thereto."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Ordinary Resolution:

Appointment of Mr. Manav Saraf as a Director

"RESOLVED THAT Mr. Manav Saraf, who was appointed as Additional Director by the Board of Directors of the Company on 26th July 2012 pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company and who, being the Additional Director, holds the office upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member along with a deposit of ` 500/- as required under Section 257 of the Companies Act, 1956 proposing his candidature for office of Director, be and is hereby appointed as Director of the Company, not liable to retire by rotation."

9. To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

Keeping Of Registers/Returns/ Documents at a place other than the Registered Office

"RESOLVED THAT in furtherance of the resolution passed in this regard earlier and pursuant to the provisions of Section 163 and all other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves that register of members, index of members, the register and index of debenture holders, and copies of all annual returns prepared under Sections 159 and 160, together with the copies of certificates and documents required to be annexed there to under Section 160 and 161 and other related books be kept at the premises of the Company's Registrar and Transfer Agents viz. Link Intime India Pvt. Ltd. A-40, 2nd Floor, Naraina Industrial Area, Phase II, New Delhi -110028;

RESOLVED FURTHER that registers, indexes, returns and copies of certificates and documents referred above be kept open for inspection between 2.00 p.m. to 4.00 p.m., on any working day for the registrar and transfer agent during Monday to Friday, except when the registers are closed;

RESOLVED FURTHER THAT any one of the Directors or the Company Secretary of the Company be and is hereby jointly and / or severally authorised, as the case may be, to do all such things and take all such actions as may be required from time to time for giving effect to the above resolution and matters related thereto."

By Order of the Board
For Educomp Solutions Limited

Place: Gurgaon
Date: 13th August 2012

Sd/-
Anil Sharma
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item no. 6

Members of the Company at its duly called and convened Extra Ordinary General Meeting held on Monday, 16 day of July 2012 had approved Preferential Issue of Equity Shares and Warrants to Promoter and Non Promoter Group. Further Shareholders had also approved FCCB Issue up to USD 10 Million on private placement basis.

In relation to the said preferential issue company had entered into various agreements viz Share Subscription Agreement, Shareholders Agreement, FCCB Subscription Agreement & Loan agreement with the investors to the said preferential issue/FCCB Issue and ECB Issue.

In terms of the said agreements entered into by the Company, it was required to alter its Articles of Association to reflect the provisions of the Agreement. As this will entail numerous changes to the Articles of Association of the Company, it is considered desirable to adopt a comprehensive new set of Articles of Association in substitution of and exclusion of the present Articles of Association of the Company.

In terms of Section 31 of the Companies Act, 1956, the consent of the Members by way of Special Resolution is required for adoption of new set of Articles of Association of the Company.

A copy of the proposed set of new Articles of Association of the Company would be available for inspection at the Registered Office of the Company during the office hours on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting and during the Annual General Meeting.

The Board recommends the resolution as set out in item no.6 for members' approval by way of Special Resolution.

None of the Director except to the Extent of their Shareholding in the company is interested or concerned in this resolution.

Item No. 7 & 8

Shareholder of the Company by passing Special Resolution through postal ballot dated 29th January 2010 had re-appointed Mr. Jagdish Prakash as Whole Time Director not liable to retire by rotation, for a period of 5 years.

As per the Article No. 31(b) and Article 33 of the proposed new Articles of Associations of the Company, as referred in Item no. 6, Company requires to appoint a Non-Rotational Director nominated by the Investor as referred in the said Articles.

However, as per the provisions Sec. 255 of the Companies Act, 1956 not less than two-thirds of the total number of directors of a public company, or of a private company which is a subsidiary of a public company, shall be persons whose period of office is liable to determination by retirement of directors by rotation. In view of the provisions of Sec. 255 of the Companies Act, 1956 and the new Articles of Associations of the Company, the term of office of the Whole Time Director of the Company, required to be amended to the effect that office of the Whole Time Director of the Company shall be liable to determination by rotation.

Mr. Manav Saraf was appointed as additional directors pursuant to Section 260 of the Companies Act, 1956 of the Company w.e.f 26th July, 2012. He holds office of the Director up to date of the ensuing Annual General Meeting.

Further Company has received a notice in writing from a member of the Company along with deposit of `500/- proposing the candidature of Mr. Manav Saraf for office of Director under the provisions of Section 257 of the Companies Act, 1956.

For Item no. 7 the terms set out in the resolution and the explanatory statement may be treated as abstract of the terms of appointment pursuant to Sec. 302(2) of the Companies Act, 1956

None of the Directors of the Company other than Mr. Jagdish Prakash, Mr. Shantanu Prakash (being son of Mr. Jagdish Prakash) and Mr. Manav Saraf are interested or concerned in the respective resolution(s).

The Board recommends Resolution 7 & 8 for the approval of the members.

Item No. 9

Company has Issued 350, 13.5% Secured Non Convertible Debentures on 24th May, 2012 aggregating to 35 Cr. and the same have been listed on Bombay Stock Exchange. Further, the Company has also Issued 13.25% Secured Non Convertible Debenture, on 20th July 2012, aggregating to ` 10 Cr. Both 13.5% and 13.25% Debentures are held in DEMAT Form.

Under the provisions of section 163 the Companies Act, 1956, documents such as the Register of Members/Debenture Holder, Index of Members/ Debenture Holder and certain other registers, certificates, documents etc., are required to be kept at the registered office of the Company. However since 13.5% Debentures of the Company are listed and tradable, the Board considered and subject to approval of shareholder by the Company in the forthcoming general meeting, approved that these documents be kept at and authorize Link Intime India Pvt. Ltd. A-40, 2nd Floor, Naraina Industrial Area Phase II, New Delhi for keeping the Register of Members/Debenture Holder, Index of Members/Debenture Holder.

The Board recommends the resolution as set out in item no.9 for members' approval by way of Special Resolution.

None of the Director except to the Extent of their Shareholding in the company is interested or concerned in this resolution

NOTES:

1. THE MEMBERS ENTITLED TO VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT TO BE MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHALL BE DEPOSITED WITH THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING IN ORDER TO BE PROXY BEING EFFECTIVE.
2. Members/Proxies should bring duly filled Attendance Slip sent herewith to attend the meeting. No eatables, brief case or bag will be allowed to be taken inside the meeting hall for security reasons.

In case of Joint holders attending the meeting, only such Joint holder who is higher in the order of names will be entitled to vote. No gifts will be distributed at the meeting.
3. The Register of Members of the Company and the Share Transfer Books shall remain closed from 22nd September 2012 to 26th September 2012 (both days inclusive).
4. Members desiring any information with regard to Accounts/Reports are requested to submit their queries addressed to the Company Secretary at least 10 days in advance of the meeting so that the information called for can be made available at the meeting.

5. Any documents and papers as referred to in this notice and as required by the Companies Act, 1956 shall be available at the registered office of the Company for inspection between 11 A.M. to 1 P.M. for the period as required under the provisions of the Act.
6. The Final Dividend as recommended by the Board of Directors, if approved by shareholders at the Annual General Meeting will, subject to the provisions of Section 206A of the Companies Act, 1956, be credited/dispensed on/from 6th October 2012 to those members, whose names appear on the Register of Members/Statement of beneficial ownership maintained by the Depositories at the close of business hours on 21st September 2012.
7. Shareholders are advised to encash their dividend warrants pertaining to Dividend declared by the Company for the Financial Years 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 immediately as the dividend amount remaining unclaimed/ unpaid at the expiry of 7 years from the date that becomes due for payment are required to be transferred by the company to the Investor Education and Protection Fund established under section 205C in terms of section 205A of the Companies Act, 1956.

It may be noted that no claim will lie against the company or the investor education and protection fund in respect of the said unclaimed dividend amount transferred to the fund.
8. Members holding shares in electronic form are advised to notify the changes if any in their address/ bank details/ mandate to their respective depository participants and informed that their address and bank details, as furnished to the Company by respective Depositories, viz, NSDL and CDSL.
9. Electronic Clearing Service (ECS) Facility

With respect to payment of dividend, the Company provides the facility of ECS, wherever available, to all shareholders, holding shares in electronic and physical form. Shareholders holding shares in the physical form who wish to avail ECS Facility may authorize the Company with their ECS mandate in the prescribed form, which can be downloaded from the Company's Site (www.educomp.com) under the section " Investor Relations" or can be obtained from the Registrar & Transfer Agents , M/s Link Intime India Private limited. 2nd Floor, A-40 Naraina Industrial Area, Phase-II, New Delhi-1100028, Tel: 011-41410592-93-94, Fax: 011-41410591, E mail: delhi@linkintime.co.in

Requests for payment of dividend through ECS for the year 2011-12 should be lodged with M/s Link Intime India Private limited on or before 21st September 2012
10. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend & Vote at the annual General Meeting.
11. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect to their shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar & Transfer Agents , M/s Link Intime India Private limited. The form 2B can be downloaded from the Company's website www.educomp.com.
12. The Certificate from Auditors of the Company certifying that the Employee Stock Option Schemes of the Company is being

implemented in accordance with SEBI(Employees Stock Option Scheme and Employees' Stock Purchase Scheme) Guidelines 1999 and in accordance with the resolution of the general body will be available for inspection to members at the meeting.

13. The Company through Extra Ordinary General Meeting held on 26th July 2012 had approved Educomp ESOP Scheme 2012. In the Notice of Extra Ordinary General Meeting Appraisal Process for Determining the Eligibility of Employees was inadvertently missed out. In order to appraise the shareholder about the Appraisal Process following extract of the Appraisal Process is disclosed.

Appraisal Process for Determining the Eligibility of Employees

The appraisal process for determining the Employees to whom the option shall be granted, shall be based upon (i) performance of the Employee as indicated by the annual performance appraisal, (ii) minimum period of service, (iii) the status of the Employee in the Company, (iv) the present and potential contribution of the Employee to the success of the Company, (v) the criticality of the Employee, (vi) high market value/difficulty in replacing the Employee and (vii) high risk of losing the Employee to competition, decide on the Employees who are eligible for the Options under the Scheme and the terms and conditions thereof.

In case of Directors, the eligibility would depend on the period for which the office of Director is held by him and such other factors as the Remuneration Committee may think appropriate. The Remuneration Committee at its discretion may extend the benefits of the Scheme to a new entrant also.

14. Additional information, pursuant to clause 49 of the Listing Agreement with Stock Exchanges, in respect of directors recommended for appointment/re-appointment at the Annual General Meeting, and the Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 are annexed hereto.
15. The Ministry of Corporate Affairs (MCA), Govt. of India, has undertaken a 'Green Initiative in the Corporate Governance' by allowing paperless compliances by companies through electronic mode, vide its circulars dated April 21, 2011 and April 29, 2011. To take part in the above 'Green Initiative', soft copy of the Annual Report for the year ended March 31, 2012 has been sent to all the members whose email address is registered with the Company/Depository Participants(s) unless any members has requested for a hard copy of the same.

All those members, who have not yet registered their email address with the Company or Depository Participant are requested to do the same at the earliest as your Company proposes to send communications/ documents including Notices for General Meetings and Annual Reports from time to time in electronic mode to those members who have provided their e-mail addresses to their Depository Participants (DP) and in case you are holding share(s) in physical form you can send an email to investor.services@educomp.com giving details like Name and Folio No.

By Order of the Board
For Educomp Solutions Limited

Place: Gurgaon, Haryana
Date: 13th August 2012

Sd/-
Anil Sharma
Company Secretary

ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT OR SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING(In Pursuance of Clause 49 IV (G) of Listing Agreement)

1. 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 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.

Apart from Educomp, Dr. Shayama Chona is also holding directorship in Vibrant Services For Education Private Limited, however she is not holding Chairmanship/Membership of any Board committee in any other public company.

Dr. Shayama Chona is not holding any Equity Shares in the Company and is not related to any other Board Member of the Company.

2. Mr. Shonu Chandra

Mr. Shonu Chandra, is 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. 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'.

Apart from Educomp, Mr. Shonu Chandra is also holding directorship in Waves Communication Private Limited, Educomp Software Limited, EdTerra Adventures Private Limited and Educomp Professional Education Limited. He is the member of the Audit committee/Investors Grievances Committee and Remuneration Committee of the Company.

Mr. Shonu Chandra is holding 3,250 Equity Shares of the company and is not related to any other Board member of the company.

3. Mr. Manav Saraf

Mr. Manav Saraf is a CFA and MBA from London School of Business, U.K. He also holds MSc in Economics and Finance from Marwick Business School, U.K.

He has around 12 years of Experience in various private equity firms Like JP Morgan Partners, Helix Investments, Citadel Investment Group and Mount Kellett.

Apart from Educomp, Mr. Manav Saraf is not holding directorship and Membership/Chairmanship of any other Company.

Mr. Manav Saraf is not holding any Equity Shares of the company and is also not related to any other Board member of the company.



EDUCOMP SOLUTIONS LIMITED

Regd. Office: 1211, Padma Tower 1, 5, Rajendra Place, New Delhi-110008

ATTENDANCE SLIP

18th Annual General Meeting
Wednesday, September 26, 2012 at 4:30 P.M

Please fill in the attendance slip and hand it over at the entrance of meeting venue:

*DP ID	Master Folio No.
Client ID	Number of Shares held:

I certify that I am member/proxy for the member of the company.....

I/we hereby record my/our presence at the 18th Annual General Meeting of the Company at Sri, Sathya Sai international Center, Pragati Vihar, Lodhi Road, New Delhi-110003 on Wednesday, September 26, 2012 at 4:30 P.M and certify that i am a registered shareholder of the Company and hold..... shares.

Name of Member & Joint Holder(s)/Proxy

Shareholder's/proxy's Signature

Important:

1. Shareholder or proxy holder attending this meeting must bring this attendance slip to the meeting and hand over at the entrance duly filled and signed.
2. Shareholders and Proxy holders are requested to bring their copy of the Annual Report for reference at the meeting.

*Applicable for investors holding share(s) in electronic form.



PROXY FORM

EDUCOMP SOLUTIONS LIMITED

Regd. Office: 1211, Padma Tower 1, 5, Rajendra Place, New Delhi-110008

*DP ID	Master Folio No.
Client ID	Number of Shares held:

I/We _____ R/o _____ being member(s) of Educomp Solutions Limited hereby appoint Mr./Ms. _____ of _____ Or failing him/her Mr./Ms. _____ of _____ as my/our proxy to vote for me/us and on my/our behalf at the 18th Annual General Meeting to be held on Wednesday, September 26, 2012 at 4.30 P.M or at any adjournment thereof.

Signed this _____ day _____ of 2012

Affix
1/- Revenue
Stamp

* Applicable for investor holding shares in electronic form

Note: the Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered office of the Company not less than 48 hours before the schedule time of the aforesaid Annual General Meeting. A shareholder may vote either 'for' or 'against' the resolutions.

This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal grey lines across its entire width, typical of notebook or school paper. The background is white, and there are no margins, text, or other markings present.

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