HARIBHAKTI & CO.
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of Educomp Solutions Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

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

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

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



Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

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

For Haribhakti & Co.

Chartered Accountants

Firm Registration No.103523W





Raj Kumar Agarwal

Partner

Membership No.074715

Place: Gurgaon

Date: May 30, 2013

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

(Amount in Rs. million)

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

*Including penal interest

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

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

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

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

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

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

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

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

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

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

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

Raj Kumar Agarwal
Partner
Membership No.: 074715

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Place: Gurgaon
Date: May 30, 2013