ANNUAL REPORT
2010 -2011

Educomp™
What Learning Can Be

METAMORPHOSIS - a change for the better

Education lifecycle

PRE SCHOOL INITIATIVES

(2-5 YEARS)

HIGH SCHOOL INITIATIVES

(5-18 YEARS)

- Digital content solutions
- High schools
- Professional Development

Contents

HIGHER & VOCATIONAL INITIATIVES
(18-21 YEARS)

Higher education

Raffles Millennium International

Vocational education

IndiaCan
A Pearson Educomp Company

ONLINE & SUPPLEMENTAL INITIATIVES
(5 - over 25 YEARS)

Assessment & counselling

EduIgnite

Tutoring services

Learning Hour   Mathguru

Test Preparation

GATEFORUM Engineering Success   Vidyamandir Classes

Educomp Leap

E-learning platforms

EducompOnline   WiZiQ

Admissions advisory services

StudyPlaces.com Education matters   learnhub

Corporate Information

BOARD OF DIRECTORS
(As on 04th August 2011)

Shantanu Prakash	Chairman & Managing Director
Jagdish Prakash	Whole-Time Director
Gopal Jain	Independent Non Executive Director
Sankalp Srivastava	Independent Non Executive Director
Shonu Chandra	Independent Non Executive Director
Rajiv Krishan Luthra	Independent Non Executive Director
Shyama Chona	Independent Non Executive Director

COMMITTEES OF THE BOARD

Audit Committee

Sankalp Srivastava	Chairman, Independent &, Non Executive Director
Shonu Chandra	Member, Independent & Non Executive Director
Gopal Jain	Member, Independent & Non Executive Director
Shantanu Prakash	Member, Promoter & Executive Director

Shareholder's Investor Grievance Committee

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

Remuneration Committee

Sankalp Srivastava	Chairman, Independent & Non Executive Director
Shonu Chandra	Member, Independent & Non Executive Director
Gopal Jain	Member, Independent & Non Executive Director

Finance Committee

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

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
- State Bank of India

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
- Mohit Maheshwari

FROM THE CEO'S DESK

Dear Shareholders

FY 2011 has been a remarkable year for us. This was the year in which we took bold new steps in innovation and created, re-created and reformed several of our market leading products and services, yet again. This was also the year which saw some fresh new thinking from the government to address some of the critical challenges of the Indian education system. Your company has been at the forefront of creating unique innovative solutions for the Indian education market. Our products and solutions reach out to over 16 million learners and close to 26000 schools, making us one of the largest Education companies in the world, in terms of customer reach. And yet, we are just getting started. The shortages in the Indian Education landscape are so large that the market offers an almost limitless expansion opportunity.

Your company is the only Education company worldwide which is present across the entire Education life-cycle of our customers, the students. Someday, we hope to create a seamless learning path for kids from 2 years to 25 years of age. Our presence in each of the Education verticals is marked with technology-enabled products, high quality people, structured processes and entrepreneurial leadership that come together to deliver unmatched value to our customers. It is because of our obsession with high quality in everything we do, that Educomp is fast becoming a single trusted brand that defines Education.

Over the course of the year ending March 2011, our business and our reach grew by leaps and bounds. Our multimedia content business SmartClass grew from strength to strength and we added more than 3,400 schools to the SmartClass list of schools in a single year. This number was more than the cumulative number of schools that we have added for SmartClass over the last 7 years. Apart from that, we spread our K12 schools presence and are now providing infrastructure and services to 56 schools countrywide. We also received the AICTE license to launch Engineering and PGDM programs. We became the largest company in India for CA training, by using our breakthrough VSAT model technology. We acquired Vidya Mandir Classes and Gateforum to become the leading Test Prep business in India and our Online Educational ventures continued to grow rapidly reaching close to 3 million registered users. In the International markets, we signed an exclusive agreement with China Distance Learning, a leading education company of China, to provide our SmartClass content in the Chinese market in the Mandarin language.

Still our market penetration, even in our biggest businesses, is in the low single digits in each of our businesses. There is a long runway of opportunity ahead of us. We have built a solid Educational platform and all we need to do now, is to continue building the business. The Indian middle class customer is hungry for quality education and is willing to invest a substantial amount of their income in the Education of their children. The regulatory environment is improving. The Education Boards like CBSE are encouraging schools to adopt multimedia content materials for teaching in schools. The government is increasingly looking at PPP models to address some of the critical challenges. The country is getting enabled by digital infrastructure like high speed broadband, wireless broadband and 3G. Clearly, the stage is set, for us to deliver continued high growth for years and years to come.

I am delighted to share with you that even after years of undisputed leadership in the Education sector, our innovation engine continues to churn revolutionary products to solve key classrooms problems and add value to the teaching experience where its most needed. Your company has recently launched a new, improved version of SmartClass which will raise the barriers to entry for our competition even higher. The SmartClass Class Transformation System (or CTS) and the SmartClass Digital Teaching System (or DTS) are the biggest and most innovative initiatives in the space of digital classroom content and digital classroom hardware respectively. The CTS is poised to introduce the next generation of SmartClass in schools and is a big leap forward in enabling excellence in schools. It will encompass any facet of teaching-learning process and become an inseparable tool in the hands of teachers. The DTS is the world's first fully integrated one-switch Digital Interactive Teaching system, designed with real classroom challenges and Indian classroom needs in mind. Armed with the SmartClass CTS and DTS, we plan to take this business to greater and greater heights in the years to come.

The performance in other parts of our business has been equally impressive. The no. of K12 schools under our reach has now grown to 56 schools making us one of the largest corporates to provide infrastructure and management services to private schools. Our businesses in higher education and vocational education have shown fantastic traction growing several times over, even though those businesses our in investment mode right now. Our ETEN students bagged 52 All India Ranks including 4 All India No. 1 Ranks in different CA exams over the year. In the supplemental education area, our VMC students bagged 5 of the 6 students from the Delhi Zone in Top 50 of All India Rank List of IITJEE. 21 Gateforum students got top 10 ranks and 141 students were among the Top 100 ranks across 7 streams of engineering in GATE 2011. Our online business WizIQ has now reached 1.2 million users growing 20% QoQ for the last 8 quarters in a row.

We feel privileged to be able to serve millions of customers in India through our products and services. When we acquire a customer, we think of ways in which we can retain that customer for his/her entire learning life. Being an Education Ecosystem company, we can easily do that. Being present across the entire educational lifecycle gives us an opportunity to acquire the customer once and monetize the same customer multiple times. Our margins therefore would remain high. As we grow our business, we have realized that the most important thing for us to deliver is high quality. We are obsessed about quality. We look at our customers not from the perspective of a single sale, but from the eyes of life-long relationships. Most of our businesses have annuity style business models and long term contracts. We work very closely with our customers to make sure our products add value where it is most needed.

The core DNA of your company revolves around (i) Entrepreneurship (ii) Leadership and (iii) Execution. I am grateful to have a highly entrepreneurial leadership team who have brought the Educomp enterprise to where it is today. Educomp reaches over 16 million students and 26,000 schools. We operate close to 800 preschools, we have enabled 56 high schools, 7 colleges, 1 higher education campus, close to 340 vocational training centres, trained over 2 million teachers, installed SmartClass in over 6500 schools, set up 10,550 ICT labs in govt. Schools and have close to 3 million students enrolled in our eLearning websites. We have leadership in most of the areas that we operate in.

FY12 and the years beyond will be an exciting phase of our growth as we move towards our vision of becoming one of the largest education companies in the world. I am deeply thankful and grateful to our team members, our investors, bankers, shareholders and partners who have supported us at each stage of our evolution and believed in us.

Warm Regards

Shantanu Prakash
Managing Director

Director's Report

Dear Shareholders,

The Directors of your Company have pleasure in presenting herewith the 17th Annual Report of your Company together with the audited accounts for the Financial Year ended 31st March 2011

1. **Financial Performance:**
The consolidated and standalone audited financial results for the year ended 31st March 2011 are as follows:

(₹ in million)

Particulars	Consolidated Year Ended		Standalone Year Ended	
	Audited		Audited	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
Sales and other Income	13970.24	11650.16	10617.73	8727.12
Profit (+)/Loss(-) Before tax	4083.07	4391.73	4363.05	3718.27
Provision for Tax	677.74	1584.19	474.37	1499.61
Net Profit (+)/Loss(-)after tax	3405.33	2807.54	3888.68	2218.66
Minority interest and equity in earnings/ (losses) in affiliates/ Pre acquisition Loss/(profit)	38.61	48.90	-	-
Net profit for the year	3366.72	2758.64	3888.68	2218.66
Appropriations				
Interim Dividend	13.20	103.24	-	94.93
Proposed Dividend on equity shares	57.59	187.67	57.59	171.72
Corporate Tax on distributed dividend	(0.29)	46.59	(0.29)	43.87
Transfer to Debenture Redemption Reserve	349.95	0.00		-
Transfer to General Reserve	389.11	239.48	388.87	221.87

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 ₹ 0.60 per Equity Share (30% on face value of ₹ 2/- each) for the Financial year ended as on 31st March, 2011, which on approval at the forthcoming Annual General Meeting, will be paid

(i) 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 16th September 2011 after giving effect to all valid transfers in physical form lodged with the Company or its Registrar and Share Transfer Agent till 16th September 2011

(ii) 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 16th September 2011

The final dividend on the Equity Shares, if approved by the members would involve a cash outflow of ₹ 66.92 million including dividend tax for the Financial Year 2010-11 as against total dividend payout of ₹ 305.83 million for the previous year

The register of members and share transfer books will remain closed from 17th September 2011 to 24th September 2011 (both days inclusive). The Annual General meeting of the Company will be held on 24th September 2011.

3. **Transfer to Reserves:**
The Company proposes to transfer ₹ 388.87 million (Previous year ₹ 221.87 million) to the General Reserve out of the amount available for appropriations. An amount of ₹ 7294.81 million (Previous year ₹ 3852.30 million) has been proposed to be retained in the Profit and Loss Account.

4. **Operating Results and Business:**
In year 2010-11 , Company's performance was quite satisfactory and has shown a CAGR over a period of 3 years of 28.5% on consolidated basis and 26.8% on standalone basis.

On Standalone basis Company's Total revenue increased to ₹ 10617.73 million as on March 31, 2011 from ₹ 8727.12 million as on March 31, 2010, registering a growth of 21.66%.The profit before tax and after prior period items increased to ₹ 4363.05. million (42.75% of Net Sales) as on March 31, 2011 from ₹ 3,718.27 million (44.68% of Net Sales) as on March 31, 2010.The profit after tax & prior period items increased to ₹3888.68 million (38.10% of Net Sales) as on March 31, 2011 from ₹ 2,218.66 million (26.66 % of Net Sales) as on March 31, 2010.

On Consolidated basis Company's Total revenue increased to ₹13970.24 million as on March 31, 2011 from ₹ 11,650.15 million as on March 31, 2010, registering a growth of 19.91%.The profit before tax and after prior period items increased to ₹4083.07 million (30.22% of Net Sales) as on March 31, 2011 from ₹ 4,391.73 million (42.25 % of Net Sales) as on March 31, 2010.The profit after tax, minority and pre-acquisition profits & prior period items increased to ₹3366.72 million (24.92% of Net Sales) as on March 31, 2011 from ₹ 2,758.64 million (26.54 % of Net Sales) as on March 31, 2010.

The Company's performance over the years has shown a consistent and upward trend. The Profit Before Depreciation, Tax & Interest & Misc. expenditure (operating profit) decreased by ₹ 212.91 million to ₹ 5903.00 million (42.25% of total revenues) as on March 31, 2011 from ₹ 6,115.91 million (52.50% of total revenues) as on March 31, 2010.

Segmental Performance (Standalone):

The EBIT margins in the School learning solutions (SLS) Segment of the Company for the year amounted to ₹ 5201.96 million or 52.08% of SLS revenues as on March 31, 2011 as compared to ₹ 4,517.74 million or 56.27% of SLS revenues as on March 31, 2010.

The EBIT margins in the K-12 Segment of the Company for the year amounted to ₹8.99 million or 34.37% of K-12 segment revenues as on March 31, 2011 as compared to ₹ 6.20 million or 7.11% as on March 31, 2010.

The EBIT margins in the Higher learning solutions (HLS) segment of the Company for the year amounted to ₹ 48.26 million or 28.57% of HLS revenues as on March 31, 2011 as compared to ₹ 55.93 million or 28% of professional development revenue as on March 31, 2010.

The EBIT margins in Online and Retail segment of the Company for the year amounted to ₹-59.48 million as on March 31, 2011 as compared to ₹-5.02 million of Online and Retail revenues as on March 31, 2010.

Expenditure(Standalone):
Personnel expenses have increased from 13.25% of our revenue as on March 31, 2011 from 11.45% as on March 31, 2010. This increase is due to the fact that our company is growing rapidly.

Administration & other expenses have decreased to 9.81% as on March 31, 2011 from 12.33% of our revenue as on March 31, 2010.

We have benefited due to economies of scale and our net profits after tax for the year has registered a growth of 75.27%. Our Profit after tax amounted to ₹3888.68 million or 36.62% of revenue as on March 31, 2011 as compared to ₹ 2,218.66 million or 25.42% of revenue as on March 31, 2010.

We enjoy long-term annuity relationships with both private schools as well as government customers, ranging from three to five years. Our revenues are predictable & locked in for three to five years on account of the contractual nature of our business. In the Smart Class™ segment, we have added 3461 new customers taking the total number of schools to 6538 as on March 31, 2011 as compared to 3077 as on March 31, 2010.

In Edureach (formerly ICT) business segment, we have an ongoing partnership with twelve state Governments & are catering to 10572 Government schools in various states as on March 31, 2011 as compared to 15426 Government schools in various states as on March 31, 2010.

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 as on 4th August 2011 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 4,74,102 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, 2007 & 2008.

On 29th September 2010, Company in accordance with Chapter VII of SEBI (ICDR) Regulations, 2009, has allotted 55,643 Equity Shares on Preferential Basis. The said shares are under Lock in for a period of one year from the date of allotment.

Post 31st March, 2011 & till 4th August 2011, Company has allotted 4,53,434 Equity Shares of ₹2/- each under Employee Stock Option Scheme 2006 & on Preferential Basis in accordance with Chapter VII of SEBI (ICDR) Regulations, 2009

The paid up capital after taking the effect of changes as above, stood at ₹19,19,95,660/- as on 4th August 2011.

6. Foreign Currency Convertible Bonds

US$ 80 Million Zero Coupon Foreign Currency Convertible Bonds
In year 2007-08, the company had issued at par 5-year, Zero Coupon Foreign Currency Convertible Bonds (FCCB) at an exercise price of ₹2949.83 per share aggregating to US $ 80 million (₹3,237.60 million as on the date of issue) for financing overseas acquisition, capital expenditure and other expenditure as per RBI regulation. As per terms and condition of the Offering Circular issued by the company for FCCB, the Bond are convertible by holders of the Bonds (the "Bondholders") into fully paid equity shares of the company with full voting rights with par value ₹2 per share of the Company (the "Shares") at any time on or after 4th September 2007 (or such earlier date as is notified to the Bondholders by the Company) and prior to the close of business on 19th July 2012, unless previously redeemed, converted or repurchased and cancelled.

The Bonds may be redeemed in cash in whole, but not in part, at their Early Redemption Amount, at the option of the Company at any time on or after 25th July 2009 and on and prior to 19th July 2012, subject to satisfaction of certain conditions. These bonds are redeemable at 141.087% of the principal amount on July 26, 2012 unless previously converted, redeemed or purchased and cancelled. As on date US$ 78.5 Million Zero Coupon Foreign Currency Convertible Bonds are outstanding. The Company intends raise fresh FCCB to utilize the proceeds to pay existing bondholders and will take necessary regulatory approvals, if applicable.

7. Subsidiaries/Joint Venture/Associates of the Company:
As on March 31, 2011, Company had 50 Subsidiaries, 2 Joint ventures & 2 Associates . Post March 31st, 2011 Company has acquired majority stake in Gateforum Education Services Pvt. Ltd. and it has become Subsidiary of the Company. Company has announced a new Joint Venture with Zeebo Inc., USA. by investing in Zeebo Interactive Studio Pvt Ltd which is an Associate Company.

8. Particulars required as per section 212 of the Companies Act, 1956:
Ministry of Corporate Affairs, pursuant to the provision of Section 212(8) of the Act, 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 2011 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, 2011 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.

9. Directors:

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

As per section 255 and 256 of the Companies Act, 1956 Mr. Sankalp Srivastava and Mr. Rajiv K Luthra are the Directors liable to retire by rotation and further being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting. Board recommends their re-appointment for your approval.

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

The Company also has Audit Committee which is constituted as per requirement of Section 292A of the Companies Act, 1956 and Clause 49 of Listing Agreement. Audit Committee has 4 members out of which 3 are Non-Executive Independent Directors and one is Executive Director. Chairman of Audit Committee is Independent Non-Executive Director.

10. 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.

11. Human Resource Management:

Educomp is an equal opportunity employer with total employee strength of 13,917 as on March 31, 2011 as compared to 12,101 as on March 31, 2010.

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.

12. 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 2011, 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 2011 and of the Profit and Loss Account for the financial year ending as on 31st March 2011

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 2011 have been prepared on the going concern basis.

13. 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 and being eligible have expressed their willingness for appointment as joint statutory auditors of the Company. They have confirmed that their appointment, if made, will be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

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

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

14. 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.

15. 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.

16. 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 2011-12 has already been paid to BSE and NSE.

17. **Strategic Acquisitions / Joint Ventures :**
The Company in order to maintain & strengthen its leadership position in the industry has mad e following acquisitions and strategic investments

(i) Vidya Mandir Classes
Company acquired a strategic majority stake in Vidya Mandir Classes, India's leading IITJEE Preparation Company. Vidya Mandir Classes has built an enviable reputation for providing high quality coaching to help students achieve success in their IITJEE and other engineering entrance examinations. Its teaching and learning methodologies are well recognized in the industry and proven by the high success rate of Vidya Mandir Classes students in their IITJEE and other engineering examinations.

(ii) Zeebo Inc
Company entered in to a joint venture with Zeebo Inc., a Qualcomm funded company to launch the first wireless educational platform for children in India

(iii) Gate Forum Educational Services Pvt. Ltd
Company acquired a majority stake in Gate Forum Educational Services Pvt. Ltd, India's leading GATE test preparation company.

(iv) India Education Fund
With a view to pick up strategic minority investments in high growth, innovative companies in the education and allied sectors, Company has entered into a contribution agreement in relation to the India Education Fund (a SEBI registered venture capital fund with a commitment to invest ₹500 million in the fund as an anchor contributor.

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

19. **Conservation of energy, technology absorption, adoption and Innovation, foreign exchange earnings and outgo:**
The particulars are prescribed under section 217(1) (e) of the companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Director s) Rules, 1988 are set out in an Annexure A attached to this report.

20. **Ratings, Awards, Achievements & Recognitions:**

Ratings
Credit Analysis & Research Ltd, or CARE, has revised/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 ₹339.76 Crore.

Short term facilities : Reaffirmed CARE A1 (A One) formerly PR1(PR One) to our short term facilities i.e. facilities having tenure of less than one year, aggregating to ₹327 Crore.

Commercial Paper : Reaffirmed CARE A1 (A One) for the CP Issue for ₹70 Crore.

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:
Franchise India presented the "Entrepreneur of the Year" award to Mr. Shantanu Prakash in the Indian Education Awards 2011, organized 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.

The April 2011 issue of Dare Magazine chose Shantanu Prakash in its list of "50 Inspiring 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. "Leap of Faith" Awards attempt to recognize the best and brightest of India's young entrepreneurs; men and women who have stood against all odds and emerged winners.

Sangeeta Gulati, our Chief Financial Officer, was presented with the ICAI Women CFO 2010 Award by the prestigious Institute of Chartered Accountants of India for exceptional performance and achievements as a chief financial officer and recently bagged best CFO award in Sustained Wealth Creation in mid-Size Category hosted by Yes Bank and Business Today.

Shantanu Prakash won the Dataquest "Pathbreaker of the Year Award" for 2010 in recognition of our business model, which aimed at making quality education available in schools across different parts of the country.

15 students trained by IndiaCan secured positions in the top 50 highest scores in the Chartered Accountancy Intermediate exam results in May 2010.

In September 2010, we were conferred the e-India 2010 "Citizen's Choice #1 Award for Teaching Learning Paradigm through ICT Intervention" in Digital Learning Magazine, in recognition of our achievement in ushering a whole new teaching learning paradigm in schools across India.

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

22. **Code of Conduct:**
As per Clause 49 (I) (D), the Board of the Company has laid down Code of Conduct for all the Board members of the Company and Senior Management as well and the same has been posted on Website of the Company. Annual Compliance Report for the year ended 31st March 2011 has been received from all the Board members and senior management of the Company regarding the compliance of all the provisions of Code of Conduct. Declaration regarding compliance by Board members and senior management personnel with the Company's Code of Conduct is hereby attached as annexure to this report.

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

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

25. **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.

26. **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.

27. **Employees Stock Option Schemes (ESOPs)**
The exponential growth of the Company has, in large measure, been possible owing to the wholehearted support, commitment and teamwork of its personnel. Accordingly, the Company has introduced Employees Stock Option Scheme 2006 (ESOP-2006), Employees Stock Option Scheme -2007 (ESOP-2007) , Employees Stock Option Scheme-2008 (ESOP-2008) and Employees Stock Option Scheme-2010 (ESOP-2010) for its employees and employees of its subsidiary companies.

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

Post 31st March 2011, the remuneration committee of Board of Directors of the Company has granted 1,11,385 Stock Options Employees / Director of the Company and its Subsidiaries under ESOP Scheme 2006 and ESOP Scheme 2007.

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.

28. **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, 2011 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 2010-11	0	0
3.	Number of shareholders to whom shares were transferred from suspense account during the year 2010-11	0	0
4.	aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2011	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.

29. **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.

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

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

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

For and on Behalf of the Board of Directors

Date : 04th August 2011 **(Shantanu Prakash)**
Place : Gurgaon 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)

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

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

2. Benefits derived as a result of the above R&D

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

3. Future plan of action

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

4. Expenditure on R&D

   a. Capital : NIL
   b. Recurring : NIL
   c. Total : NIL
   d. Total R&D expenditure as a Percentage of total turnover : NIL

Technology, absorption, adaptation and innovation

1. 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.

2. 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.

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

   a. Technology imported. : N.A.
   b. Year of import. : N.A.
   c. Has technology been fully absorbed : N.A.
   d. If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action. : N.A.

c) **Foreign Exchange Earnings and Outgo**

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

The Company has continued to maintain focus on and avail of export opportunities based on economic considerations. During the year the Company has exports (FOB value) worth ₹37.45 million.

Foreign Exchange Earning & Outgo details are as follows:

(₹ in million)

Foreign Exchange details *	**As on 31st March, 2011**
Foreign Exchange Earnings (A)	
(Including deemed exports & sales through export houses)	37.45
Foreign Exchange Outgo (B)	448.35
Net Foreign Exchange Earnings (A-B)	(410.90)

* The Figures are on receipt/payment basis.

For and on Behalf of the Board of Directors

Date : 4th August 2011
Place : Gurgaon

(Shantanu Prakash)
Chairman & Managing Director

Annexure B to Director's Report

Information regarding the Employees' Stock Option Scheme (As at 31st March 2011)

The details of Options granted under ESOP 2006, ESOP 2007, ESOP 2008 and ESOP 2010 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
1.	Total No. of Options under the Plan	31,25,000	10,00,000	12,50,000	10,00,000
2.	Total No. of Options Granted during the year	3,500	2,18,000	1,17,000	10,54,250
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.
4.	Options vested	4,55,390	1,26,965	2,23,072	Nil
5.	Options exercised	4,20,500	15,160	38,442	Nil
6.	Money realized by exercise of options during the Year (₹)	₹1,05,12,500/-	₹32,86,248/-	₹1,58,70,610/-	Nil
7.	Number of shares arising as a result of exercise of option	4,20,500	15,160	38,442	Nil
8.	No. of Options lapsed/ forfeited	64,800	1,43,335	29,050	72500
9.	Variation of terms of options	N.A	N.A.	N.A	N.A
10.	Total No. of Option in force	19,61,470	8,73,615	11,89,558	9,81,750
11.	Employee-wise details of options granted to				
i)	Senior Management Personnel during the year	Nil	Harpreet Singh - 1,58,000		Abhinav Dhar- 90,000 Sangeeta Gulati- 90,000 Bindu Rana- 30,000 Soumya Kanti- 50,000 Gaurav Bhatnagar- 10,000 M S Venkatesh- 15,000 Ratnesh Kumar Jha- 20,000 Raman Bajaj- 22,500 Rajesh Bhardwaj- 30,000 Mohit Maheshwari- 15,000 Shonu Chandra- 50,000 Sankalp Srivastava- 50,000 Radha Vallabh Lalji Saxena- 10,000 Sonjoy Mohanty- 30,000
ii)	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year under all plans;	Nil	Nil	T. Bagati - 75,000	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
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'	37.76	37.76	37.76	37.76

S. No.	Details	Employee Stock Option Plan 2006	Employee Stock Option Plan 2007	Employee Stock Option Plan 2008	Employee Stock Option Plan 2010
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.
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	66.73	458.36	524.92	503.28
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

For and on Behalf of the Board of Directors

Date : 4th August 2011
Place : Gurgaon

(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, 2011

S. No.	Name	Designation	Nature of Duties	Qualification	Joining date	Age	Experience (Yrs)	Remuneration Received (In ₹)	Previous Employment-designation
1)	Abhinav Dhar	Director-K-12 Business & Operations	School Learning Solutions (Smart Class)	M.B.A., B.Sc.,DITS	1-Apr-07	49	26	6,773,409	National Head-Shell India
2)	M S Venkatesh	President-Group HR & People Solutions	Human Resources	B.Sc.,PGDPM,M.A. (Social Works)	16-Apr-07	45	21	6,181,780	Director-HR & Admin Coca Cola India Inc
3)	Shantanu Prakash	Chairman & MD	General Management	PGDM(IIM-A)	7-Sep-94	46	17	13,800,000	N.A
4)	Soumya Kanti Purkayastha'	President EduRech	School Learning Solutions (EduRech)	PGDM(IIM-A)	1-Apr-07	46	21	7,344,138	Vice President-Ascomp Technology

Notes:

1. The remuneration received shown as above comprises of salary, bonus, allowances, cash incentives and monetary value of perquisites (excluding ESOP perquisttes) as per income tax rules, Provident Fund and professional tax.
2. None of the employees shown above is related to any Directors of The Company except Mr Shantanu Prakash.
3. None of employees mentioned above is holding more than 2% of outstanding equity shares of the Company as on 31st March 2011 except Mr. Shantanu Prakash, Chairman and Managing Director who holds 44,315,205 Equity Shares (46.38%) of the Company.
4. All the employees shown above are in full-time employment except Mr. Shantanu Prakash who is on Contractual employment.
5. In addition to the above remuneration, employees are entitled to gratuity in accordance with the Company's rules.

For and on Behalf of the Board of Directors

Date : 4th August 2011
Place : Gurgaon

(Shantanu Prakash)
Chairman & Managing Director

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

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

Corporate Governance

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 high targets for the growth, profitability, customer satisfaction, safety and environmental performance and continues its commitment to high standards of corporate governance practices.

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

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

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. As on 31st March 2011, The Board of Directors consists of 7 Directors, out of which 2 are Executive Directors and 5 are Non-Executive Independent Directors. Except the Managing Director and Whole-Time Director, all other Directors are liable to retire by rotation as per provisions of the Companies Act, 1956. In compliance with Clause 49 of the Listing Agreement, half of the Board comprises of independent directors since Mr. Shantanu Prakash is Executive Chairman of the Board.

The requisite information as per the requirements of Clause 49 of the Listing Agreement for the period ended 31st March 2011 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	6	Yes	14	1	Nil
Jagdish Prakash	00001115	Promoter & Executive Director	Whole-Time Director	6	Yes	12	1	1
Gopal Jain	00032308	Independent & Non-Executive Director	Director	3	No	7	3	Nil
Sankalp Srivastava	00126407	Independent & Non-Executive Director	Director	6	Yes	1	Nil	Nil
Shonu Chandra	01019974	Independent & Non-Executive Director	Director	6	No	2	Nil	Nil
Rajiv Krishan Luthra	00022285	Independent & Non-Executive Director	Director	1	No	11	2	1
Dr. Shayama Chona	02749576	Independent & Non-Executive Director	Director	5	No	Nil	Nil	Nil

Notes:

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

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

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

(iv) None of the Directors on the Board, are Members of more than ten Committees or Chairman of more than five Committees across all the companies in which they are Directors. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2011 have been made by the Directors.

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

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

Mr. 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 past Principal of Delhi Public School RK Puram, New Delhi - a world class institution. She serves as a member on 97 Advisory Boards and Committees and is Trustee of the Nehru Bal Samiti and Special Olympics, Patron of 'Concerned Action Now', Vice-Chairman of the Society for Human Development, besides being on the Managing Committee of 46 schools and other educational institutions.

She is the proud recipient of 54 awards, the most prestigious being the Padma Bhushan in 2008 and Padma Shri in 1999 and two National Awards in 1994 and 1997 and one State Award in 1993 for her work in the field of education and social welfare.

Details of Board Meetings held during the year

During the financial year ended 31st March 2011, 6 (Six) Board Meetings were held as per the schedule given below:

Date of the Board Meeting	Board Strength	No. of Directors Present
13-05-2010	7	6
10-08-2010	7	7
17-08-2010	7	5
12-11-2010	7	6
11-02-2011	7	5
01-03-2011	7	4

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 2010-11, 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 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. Audit Committee consists of four Directors, namely Mr. Sankalp Srivastava (having Financial and Accounting knowledge), Mr. Gopal Jain, Mr. Shonu Chandra, and Mr. Shantanu Prakash, out of which three are Independent, Non-Executive Directors, The Constitution of Audit Committee also meets the requirements under Section 292A of the Companies Act, 1956.

The Chairman of the Committee is Mr. Sankalp 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 5 times on 13-May-10, 10-Aug-10, 17-Aug-10, 12-Nov-10 and 11-Feb-11. The gap between two meetings did not exceed four months. Constitution of Audit Committee and other related information as on 31st March 2011 are as under:

Name of Director	Category	No of Meetings held	No of Meetings Attended
Mr. Sankalp Srivastava	Chairman, Independent &, Non Executive Director	5	5
Mr. Shonu Chandra	Member, Independent & Non Executive Director	5	5
Mr. Gopal Jain	Member, Independent & Non Executive Director	5	3
Mr. Shantanu Prakash	Member, Promoter & Executive Director	5	5

D. INTERNAL AUDITORS

The Company has appointed Walker, Chandiok & 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;
   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:

Remuneration Committee of the Company consists 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 3 times..

Name of Director	Category	No of Meetings held	No of Meetings Attended
Mr. Sankalp Srivastava	Chairman, Independent &, Non Executive Director	3	3
Mr. Shonu Chandra	Member, Independent & Non Executive Director	3	3
Mr. Gopal Jain	Member, Independent & Non Executive Director	3	1

REMUNERATION POLICY

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

a) Executive Director/(s)

Remuneration 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, 2011 is as follows:

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 (46.38%)
2	Mr. Jagdish Prakash	41,99,328	-	-	-	-

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

b) Non Executive Director/(s) :

Non- Executive Directors are entitled as follows:

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

(ii) Eligible for ESOP

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

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

Details of the remuneration paid to Non executive Director and there shareholding in the company for the year ended March 31, 2011 is as follows:

S. No.	Name of Directors	Sitting Fees	Commission (Amt in ₹)	Stock Options@	Shareholding in the Company
1	Mr. Sankalp Srivastava	-	15,00,000	75,000	15,000
2	Mr. Shonu Chandra	-	15,00,000	1,72,690	3,250
3	Mr. Gopal Jain	-	-	6,50,000	50,000
4	Dr. Shayama Chona	-	30,00,000	50,000	0
5	Shri Rajiv Krishan Luthra	-	30,00,000	50,000	10,000

@ (No. Stock options adjusted post split)

* During the F.Y 2010-2011 Mr. Sanakalp Srivastava and Mr. Shonu Chandra were granted 50,000 Stock options each on 01st June 2010 and 02nd June 2010 respectively under ESOP Scheme 2010 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 2011, 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 Shrivastava. Company Secretary acts as secretary to committee

During the year under review , Committee met Eighteen times

Attendance particulars of members is as follows:

S. No.	Name of Director	Category	No of meetings of held	No of meetings attended
1	Mr. Sankalp Srivastava	Chairman, Independent & Non-Executive Director	18	6
2	Mr. Shonu Chandra	Member, Independent & Non-Executive Director	18	18
3	Mr. Jagdish Prakash	Member, Whole Time Director	18	17

Mr. Gopal Jain, member of the committee resigned from the committee on 11th Feb 2011. During his tenure in the F.Y 2010-2011 he did not attend any Investor Grievance Committee meeting.

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 Two times..

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

Educomp Solutions Limited
Plot No 514, Udyog Vihar Phase III
Gurgaon, Haryana-122002
Tel: +91-124-4529000
Fax: +91-124-4529039
Email:, 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, 2010	Received during the Year	Disposed during the Year	Pending as on March 31, 2011
No of Complaints	8	48	56	0

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

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

Company has one 'material non-listed Indian subsidiary' i.e Educomp Infrastructure & School Management Limited during the accounting year under review.

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

Particulars	FY 2007-08	FY 2008-09	FY 2009-2010
Date and Time	07th July 2008, 12.00 P.M	26th September, 2009, 1 .00 PM	27th September, 2010, 11.00 A.M
Venue	Sri, Sathya Sai international Center, Pragati Vihar, Lodhi Road, New Delhi-110003	Kamani Auditorium, No.1, Copernicus Marg, New Delhi-110001	Sri, Sathya Sai international Center, Pragati Vihar, Lodhi Road, New Delhi-110003
Special Resolution	Yes*	Yes**	Yes***

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

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

1. Amendment in the end use of proceeds of proposed raising of Funds upto USD 500 million

Postal Ballot

During the year under review, we have conducted one postal ballot in pursuance of Section 192A of the Companies Act, 1956 and Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. The result of the postal ballot was declared on Thursday, 14th April, 2011.

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
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%)	1558 (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%)	56474 (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.
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(x), of the schedule 18 to the Accounts in the Annual Report. No transaction of a material nature has been entered into by the Company with the Directors or Managements and their relatives etc. which may have potential conflict with the interest of the Company.

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

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

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

Shareholders
Profile of Directors who are to be appointed/re-appointed

Profile of Directors along with the Directorship details who are retiring by rotation is provided in the Notice of the 17th Annual General Meeting of the Company.

Whistle Blower Policy
The Company does not have a formal whistle blower policy.

Details of non-compliance with regard to Capital Market

There were no instances of non-compliances by the Company on any matter related to capital markets. The Company has complied with the requirements of listing agreement as well as the regulations and guidelines prescribed by the Securities and Exchange Board of India (SEBI). There were no penalties imposed nor strictures passed on the Company by the Stock Exchanges, SEBI or any other statutory authority on any matter related to capital markets, during last three years except one show cause notice in relation to late filing of corporate announcement regarding investment in Educomp Infrastructure Private Limited (now Educomp Infrastructure & School Management Limited) & Educomp School Management Limited.

The Company has paid listing fees to the stock exchanges and annual custodial fees to the depositories for the financial year 2010-11 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 (English daily) and Jansatta (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
The revised Clause 49 defines a 'material non-listed Indian subsidiary' as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

In terms of clause 49 of the Listing agreement Company's subsidiary Educomp Infrastructure & School Management Limited falls under the definition of 'material non-listed Indian subsidiary'

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

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, the same are not sent to each household of the shareholders.

(iii) AUDIT QUALIFICATIONS
The statutory financial statements of the Company are unqualified.

For and on Behalf of the Board of Directors

Date : 4th August 2011
Place : Gurgaon

(Shantanu Prakash)
CHAIRMAN & MANAGING DIRECTOR

Certificate on Corporate Governance

To
The Members,
Educomp Solutions Limited,

We have examined the compliance of conditions of Corporate Governance by M/s. Educomp Solutions Limited, for the year ended 31st March, 2011 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 : 1st August, 2011
Place : New Delhi

Sanjay Grover
C.P No. 3850

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

Annexure A

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

(a) We have reviewed financial statements and the cash flow statements for the year ended 31st March 2011 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.

Shantanu Prakash
Chairman & Managing Director

Sangeeta Gulati
Designation : CFO

Date : 30th May, 2011
Place : Gurgaon

Declaration regarding compliance by Board Members and Senior Management Personnel with the Company's code of conduct

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director. The Code of Conduct as adopted is available on the Company's website. I confirm that the Company has in respect of the Financial Year ended March 31, 2011, received from the Senior Management team of the Company and the members of the Board, a declaration of Compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Company Secretary, Presidents, Sr. Vice Presidents and Vice President Cadre as on March 31, 2011.

For and on Behalf of the Board of Directors

Date : 19th May 2011
Place : Gurgaon

(Shantanu Prakash)
Chairman & Managing Director

Management Discussion and Analysis

Sources:

1. MHRD website
2. www.education.nic.in
3. Union Budget 2011-12
4. Census 2001
5. UNESCO Institute of Statistics
6. NUEPA - National University of Educational Planning and Administration
7. Planning Commission
8. The US Bureau of Economic Analysis
9. CLSA, Education Sector Report, 2008
10. India and China: New Tigers of Asia, Part III (Morgan Stanley Report, Aug'2010)
11. IDFC-SSKI, Education Sector Report 2009
12. FICCI report on Higher Education
13. Ernst & Young – EDGE 2011 report
14. http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/education.pdf
15. http://www.edu-talk.net/2010/10/financial-aid/scholarship/education-in-malaysia-budget-2011/
16. http://www.singaporebudget.gov.sg/budget_2011/download/FY2011_Budget_Highlights.pdf
17. http://www.moe.edu.cn/publicfiles/business/htmlfiles/moe/moe_2862/201010/109031.html.

Cautionary statement

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

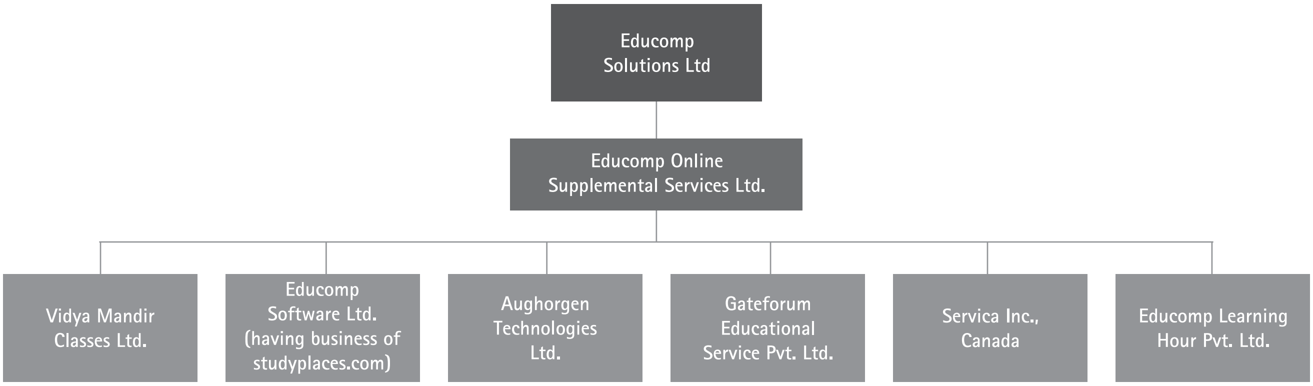
Educomp today reaches out to a total of ~15.5 million learners including 4.3 million in SmartClass, 5.8 million in ICT, 50,000 in pre-schools and 25,000 in the high school space. In addition, the Company has over 339 centers for vocational and test prep business, ~800 preschools, 56 operational high schools, 7 colleges and 2.9 million users of its various online businesses

Fiscal Year 2010-11 saw your company deliver an exceptional performance driven by strong growth in its offerings across the education value chain. The Smart Class business entered a new growth trajectory; quadrupling the number of school and classroom additions in the year. Being front-runners of innovation, your company continued to pioneer with new products and services in the Smart Class business further raising the barriers to entry for our competition. In line with the vision to provide 'quality' and 'access to' education, your company has increased both depth and range of presence across the Education Ecosystem - from pre-school, to K-12, to higher & vocational education and online & supplemental education specifically in the field of online & supplemental education.

The year saw your company achieve huge growth in the Smart Class Business with number of schools increasing from 3,077 to 6,538 with the addition of 3,461 schools. This strong growth was primarily driven by change of the business model from BOOT to Securitization led Sale. Smart Class is currently present in 600 districts and the company continues to increase its penetration in the tier-2 and tier 3 cities with the company having a presence within 5 kms from every school. Your company, being the largest education company in the country, retained its leadership position on the back of flawless execution by our teams. During the year, Educomp retained its position as the No.1 player in the Educational Multimedia Content business, reaching out to 4.3 million students; No.1 player in the PPP model-based Edureach business, reaching out to 5.8 million students.

The year also saw your company continue its transition towards becoming a core education infrastructure company, involved in running pre-schools, providing services to high schools, colleges and vocational education centers. This is an important step in our evolution given the scenario of shortages in learning centers capacity in India across verticals which may continue for several decades. Educomp is building a uniquely differentiated and extremely high value infrastructure that offers perpetual annuity. In the K-12 segment the company provides educational infrastructure to various non profit schools. Currently 56 operational schools are using varied services such as Content/IP services, Educational Infrastructure Services and Other Allied Services. The K-12 segment has also witnessed change in the business model from Capital Intensive to Joint Venture which is a capital light model.

With strong footholds in K-12 and higher education space, the year saw your company begin pushing rapid growth outside this space in all its business segments specifically vocational and supplemental segments. In order to consolidate its positioning in Supplemental space, a niche segment with huge addressable market space of $7 billion, Educomp has re–structured all its online initiatives including WiZiQ, Learnhub, Mathguru , VMC (Vidya Mandir Classes), Gateforum, EOL (Educomp Online), EduIgnite, Learning Hour and Studyplaces under one umbrella.



With over 339 points of presence in the vocational training space and e-learning footprint of over 2.9 million global users, Educomp is one of the largest vocational and supplemental education players in the country.

Segment –Wise Performance:

During the year, your company witnessed continuous growth across the entire education value chain. The total consolidated income of your company increased by 30% YoY and net profit after taxes increased by 22% YoY driven on the back of strong growth across all segments including School Learning Solutions (up by 25%), K-12 schools (up by 36%), Higher Learning Solutions (147%) and Online, Supplemental & Global (up by 32%).

Your company continued its concerted efforts to increase the penetration levels and broad-base the growth trajectory of its flagship project – SmartClass, which saw its reach increase to 6,538 schools in FY11 from +3,000 schools in FY10. Significant investments in sales & marketing including addition of 160 sales personnel taking total sales force to 380 people 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.

Also in a recent circular CBSE has advised all affiliated schools to setup at least 1 ICT enabled classroom for each grade from 1 through 12. Further, schools are encouraged to progressively increase the number of classrooms with digital content usage and move towards enabling every single classroom with such learning infrastructure. We believe that while CBSE has taken the lead to push digital content usage in schools, there is a strong likelihood that all other state (provincial) education boards will follow soon. This validates our thesis that SmartClass is poised to rapidly grow and eventually each classroom in India is target market opportunity for SmartClass.

In line with your company's focus on continuous innovation, your company developed and unleashed SmartClass 3-D, a unique three dimensional digital content for schools, developed using the 3D stereoscopic technology. This is the first time in the history of SmartClass and probably in the history of classroom teaching across the world that the students would engage in learning using 3D glasses. Further, your company launched the next generation SmartClass in schools called SmartClass "Class Transformation System" (CTS) and fully integrated SmartClass "Digital Teaching System" (DTS). SmartClass "Class Transformation System" (CTS) is the next generation SmartClass consisting of features like hundreds of thousands of multiple choice questions, real life applications, topic synopsis, simulations, diagram makers and step-by-step illustrations apart from teaching ideas and strategies. SmartClass "Digital Teaching System" (DTS) is the world's first fully integrated one switch digital interactive teaching system designed with real classroom challenges and Indian classroom conditions in mind. Its unique features consist of an integrated compact design where all the different hardware components have been seamlessly moulded into a single compact unit to enhance efficiency, convenience and durability along with reduction in the installation time.

Another fast growing and important growth engine for your company's business is the K-12 segment comprising pre-school business through "Roots-to-Wings" & "EuroKids" and core and strategic high school business structured under the subsidiary Educomp Infrastructure and School Management. Your company provides Educational Infrastructure Services, Content/IP services and Other Allied Services to various non profit organisations which run schools under multiple brands including Millennium schools, Takshila schools, Universal Academy, co-branded schools including Shriram schools, PSBB schools, and recently added Vasant Valley school facilitated by Universal Learn Today, an India Today group company.

With the rapid opening up of the higher education space, your company is now gearing up to become a mainstream higher education player with the presence across all disciplines like engineering, management, design and commerce. A major stride in this space was taken with your company receiving the AICTE approval to launch Engineering and PGDM programs starting from the current academic year in its Greater Noida campus under the brand of JRE Group of Institutions.

Your company's higher learning solutions segment comprises two exciting joint ventures with world leading organizations - Raffles and Pearson in the areas of higher education and vocational education, respectively. In joint venture with Raffles Education Corporation, your company has 7 premium Raffles Millenium colleges operational in cities of Delhi, Bangalore, Chandigarh, Kolkata, Hyderabad, Ahmedabad and Chennai.

Moving onto the vocational part of the business, IndiaCan, the joint venture with Pearson Plc, has been one of the phenomenal growth stories within Educomp. Within a year and a half of operations, IndiaCan has expanded its reach to over 339 points of presence operational across the country covering 63,000 students. 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).

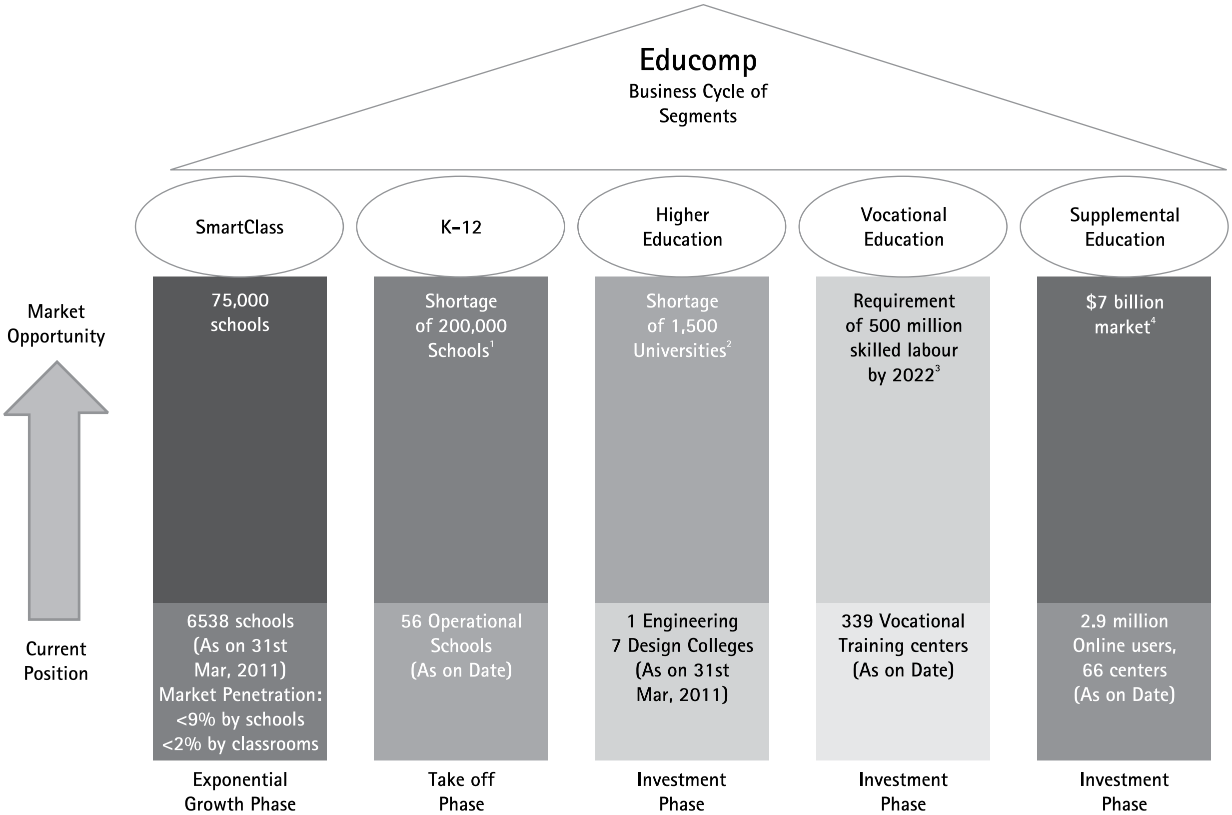
To consolidate its position in rapidly growing supplemental education space, your company took several inorganic growth initiatives including acquisition of Vidya Mandir Classes Private Limited and Gateforum Educational Services Private Limited in test-prep space and joint venture with Zeebo India in wireless education space. Your company acquired a strategic stake in Vidya Mandir Classes Private Limited and increased its presence from 3 to 6 centres catering to over 2,200 students during the year. The year saw your company take another leap forward with acquisition of majority stake in Gateforum, leading GATE (Graduate Aptitude Test in Engineering) prep company present in more than 40 cities across India through a mix of own and franchisee centres. Pioneering in the field of wireless education platform, your company entered into a JV with Zeebo Inc. to form Zeebo India for introducing 3-G connected education and entertainment system for Indian markets.

Your company also has a unique portfolio of online products including Educomp Online, MathGuru, Wiziq, Learnhub, Eduignite, Studyplaces, Learning.com and AsknLearn catering to domestic as well as international markets and which will lead to significant growth of its supplemental business.

Overall, during the year, your company consistently moved forward in building uniquely differentiated and extremely high value education infrastructure in a scenario where shortages are expected to continue for several decades.

You would be happy to know that various business segments the company operates in provide huge opportunities for growth. While Smart Class is in an Exponential growth phase and the other segments namely K-12, Higher education, Vocational Education and Supplemental Education are in Investment/Take Off phase and would provide strong opportunities to expand and grow.

Snapshot of Business Cycle of Various Segments

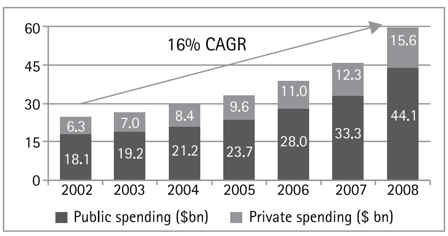


Source: 1 – Central Board of Secondary Education (CBSE); 2 – National Knowledge Commission (NKC); 3 – National Skills Development Corporation (NSDC); 4 – Equity Analysts (CLSA)

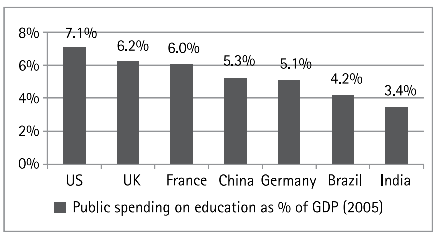
A. Industry Overview

Indian Education – One of the Largest Education Markets in the World

Indian Education Sector is one of the largest education markets (in terms of the potential number of students) in the world. The potential education market of India comprises of 464 million people (in the age group of 5-24 years in 2006), approximately 42% of the total population. India's $60bn education market is a large and underpenetrated industry with significant upside for future growth. While India spends close to 4.1% of its GDP on education, literacy rates remain low at 62-63% of the adult population, compared to 90-95% in other emerging markets such as China and Brazil.



Source: Centre for Monitoring Indian Economy (CMIE), Ministry of Human Resource Development



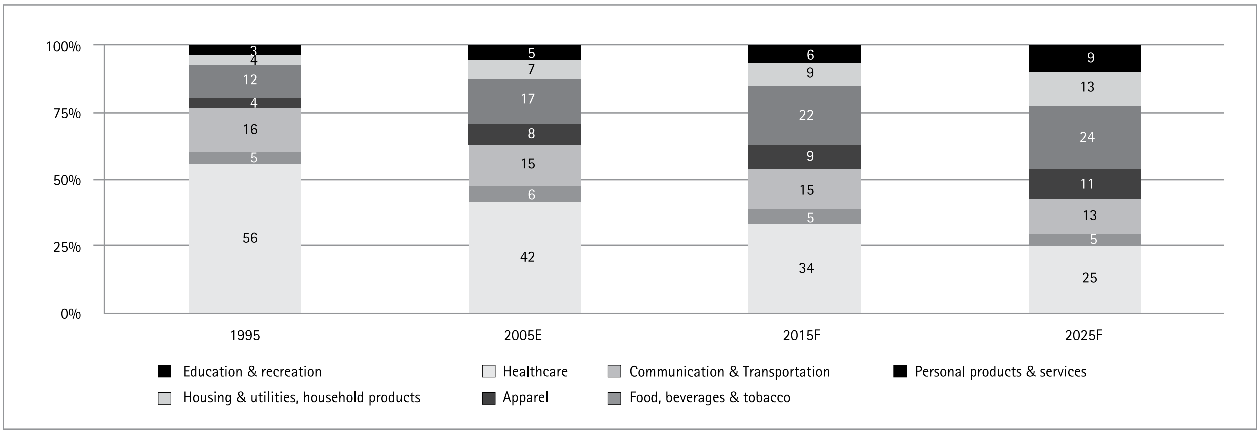
UNESCO Source:

Underpenetrated & Inefficient Market driving shift towards Private Institutions
Indian Education is characterized by low enrolment rates and inefficient public spend. In the school going bracket, only 212 million of the eligible 360 million are in school. The gap is due to a combination of reasons including children not enrolled in schools, high dropout ratios at different levels and the demand supply gap. The poor quality of education in public institutes is driving the demand towards private education institutes. The number of private K-12 schools grew at double-digit growth rates over the last decade. Also, the average enrolments per private schools stood at 288 as against 132 in public schools in 2009–10.

Favourable Demographics to drive growth
India is projected to have the world's largest population under 20 years - 468 million in 2015 which is 40% higher than China's population under 20 years at 318 million. Also, India is expected to grow at 8.5%-9.5% over 2011-12 and accelerate to a sustainable 9-10% by 2013-15 with improvement in demographics being the key growth factor. However favourable demographics need to be converted into a virtuous cycle of acceleration in growth and Education is one of the critical inputs to securing this demographic dividend.

Key Growth Drivers for Indian Education

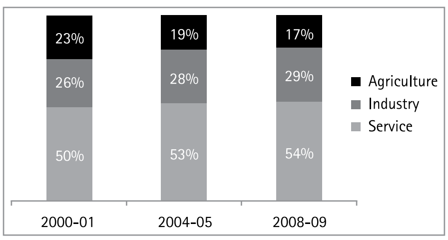
Structural Changes in Indian Economy
Structural changes in the Indian economy such as urbanisation and rising disposable income coupled with increasing emphasis on education by parents is expected to accelerate the household expenditure on education.



Source: McKinsey Global Institute
Households in India spend less than 5% of disposable income on education compared to 12% in the US, and 15% in China. However, household spending on education has grown rapidly, increasing at a CAGR of 16.3% in 2002-08 to US$15.6bn. We expect this segment to grow at a faster pace in FY10-25, driven by favourable demographics and rising income levels.

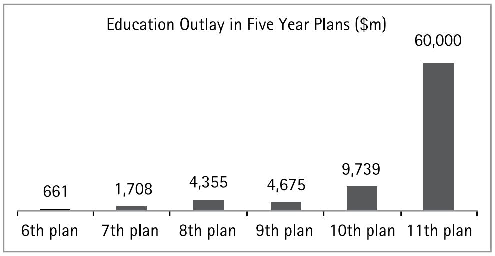
Migration to Knowledge Economy
India is migrating towards a services driven economy with the contribution of service and industry sectors to GDP increasing year on year. In such a knowledge-based environment, education has emerged as a key determinant of individual success and is driving increasing education spend.

Sector-wise Contribution to GDP

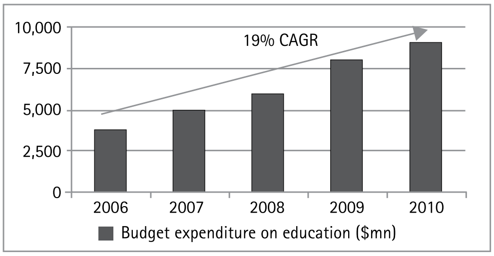


Source: Central Statistical Organisation

Strong Government Focus & Recent Developments in Education Sector
The Indian Government is focussed on improving and expanding the quality of education in the country. To this end, it has made significant budgetary allocation and has framed policies to serve the education sector in India. Government spending on education is set to increase from 7.7% of gross budgetary support in the 10th [Five Year] Plan, to more than 19% in the 11th Plan.



Source: Planning Commission of India



Source: Ministry of Finance, India

Recently, significant infrastructure and technological bottlenecks in the education system have led to increasing Public – Private Partnerships (PPPs) in this sector in India, similar to those in several other developed education markets outside India. The government has prepared a draft for setting up 2500 schools under PPP model with a contract of 10 years between the government and private schools.

There is an opportunity for both private sector stand-alone and PPP initiatives to fulfil the growing education needs in India.

- CBSE has advised all affiliated schools to setup at least 1 ICT enabled classroom for each grade from 1 through 12. Further, schools are encouraged to progressively increase the number of classrooms with digital content usage and move towards enabling every single classroom with such learning infrastructure. That means every school will have to implement digital content usage solutions in a minimum of 12 classrooms and CBSE will encourage them to proactively increase it to cover all classrooms.
- National Skill Development Council (NSDC) has sanctioned 26 projects with a total funding of ₹6.58 billion in FY'11. These projects alone are expected to create a skilled workforce of more than 40 million people over the next 10 years.

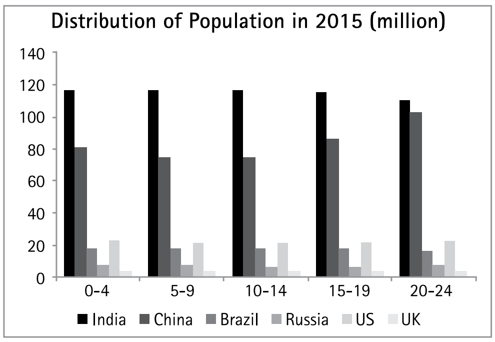
Key Market Segments

Pre-School Market

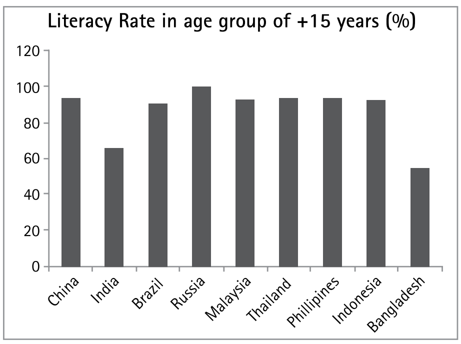
As a part of the non-formal Indian education system, the pre-school segment is expected to grow to $1 billion market by 2012 with organised segment to account for 25%-30% of the total market. The pre-school industry currently has a low penetration level, with only 10–15% of the urban population in the 2–4 years age bracket (about 58 million in 2006 as per the census 2001 projections) enrolled in pre-schools. However, with greater thrust on education and increasing awareness about the necessity of quality pre-school education, the penetration level is set to rise, thus resulting in growth of the pre-school industry. Driven by growth expectations & low barriers to entry, organized activity has gathered pace with there being 11 major chains and ~10 smaller players active in the space. With players planning aggressive rollouts, the organized pre-school segment is growing faster than the industry at a CAGR of 50% over the period 2008-12 compared to 36% growth for the overall market.

K-12 Market

K-12 education forms the core of the Indian education system and is the largest segment with an estimated size of $20 billion (for private K-12 market). India has one of world's largest networks of schools with over 1.2 million schools registering an addition of ~34,457 schools per year over the period 2001-02 to 2007-08. India has the highest population of school going children but low literacy rate is indicative of unmet demand. According to industry estimates, the total number of children eligible for K-12 education is approximately 360 million compared to 212 million students who are actually enrolled. Therefore, 40% of students (approximately 140 million students) are not enrolled in school.

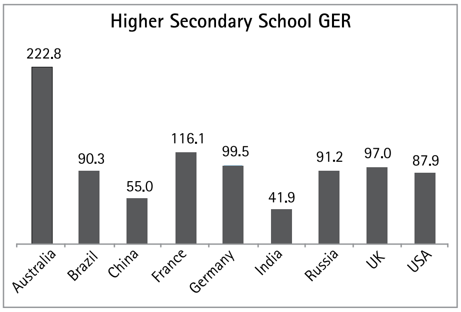


Source: US Census Bureau International Database

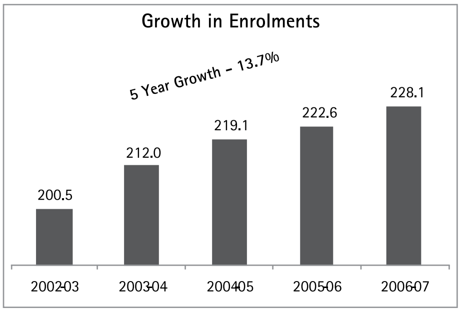


Source: United Nations Statistics

Despite the growth in number of schools and enrolment, gross enrolment levels (GER) continue to remain low at both primary and secondary levels. Indian school education is dominated by public schools with private schools constituting only 22% of the total number of schools. However, the poor state of infrastructure in public schools, coupled with increasing spending power is driving the shift to private schools.



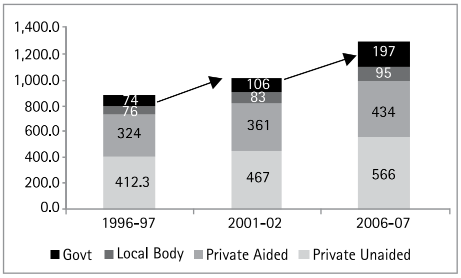
Source: HRD Ministry



Source: United Nations Statistics Division

Infrastructure facilities in Public Schools	(%)
Schools not having drinking water facilities	16
Schools not having common toilets	37
Schools not having a boundary wall	50
Schools without computer	86

Source: District Information System for Education



Source: MHRD

Government of India has taken various initiatives to increase the scalability and improve the infrastructure for primary education. It has implemented various programmes like Sarva Shiksha Abhiyan, Mid Day Meal Scheme and National Literacy Mission. To meet the growing demand for access to secondary education, some of the major initiatives taken by the Government during Eleventh Five Year Plan include launching the scheme of Rashtriya Madhyamik Shiksha Abhiyan, setting up of 6,000 model schools, National Means cum Merit Scholarship scheme, etc.

Higher Education

The Indian higher education sector is one of the largest in the world with a total of 26,455 institutes. Government's focus on higher education is of vital importance to India in reaping the demographic dividend and is reflected in 900% increase in the outlay on higher education in XIth Five Year Plan. The plan aims at aggressive expansion with the establishment of 30 new universities, 8 new IITs, 7 new IIMs, 20 new IIITs, 5 new Indian Institutes of Science, 2 Schools of Planning and Architecture, 10 NITs, 373 new degree colleges and 1000 new polytechnics.

Driven by increasing government focus and rising private spend, higher education sector has witnessed high growth in enrolments at a CAGR of 10% to reach 16 million over FY06-10. However, not only is India's gross enrolment ratio (GER) low at 12.4% but also growth in GER at 3% CAGR lags the growth registered by Brazil (13%) and China (19%). Government's target to achieve 30% GER by 2020 would translate to an enrolment of 40 million representing an incremental increase of 24 million from the current enrolment and would require an additional ~33,000 institutions.

Spends in the Indian Higher Education Sector are estimated to be ₹462 billion in 2010 with private sector accounting for almost 67% of the spends. Higher Education Spends are expected to grow at a CAGR of 18% till 2020 and provides a strong opportunity for growth.

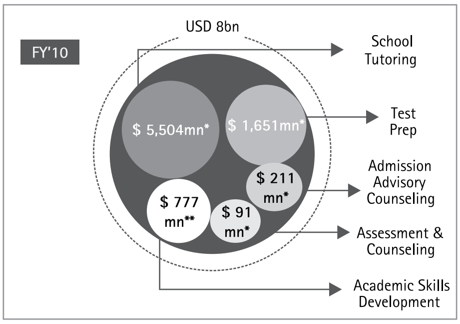
Vocational Training

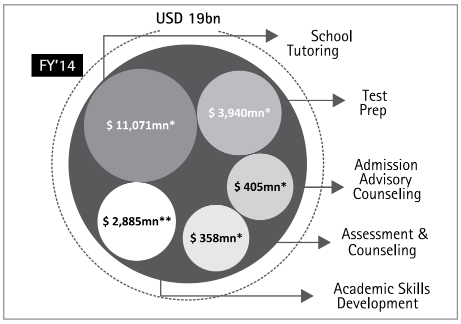
The private vocational education market is expected to grow at a strong CAGR of 25% from $1.5 billion in 2008 to $3.7 billion in 2012 on the back of India's unique demography, providing it an advantageous position to be the source for bulk of skilled and semi-skilled workforce to the world in near future. The Indian government is also increasing its focus on vocational education and has set a target to train 500 million people by 2022. Private and foreign participation is being actively encouraged by the government both through private entities and PPPs. National Skill Development Council has been set up in partnership with the private sector and the Government has announced fiscal incentives including financial assistance, for private participation in running ITIs, with a target to add 1,000 new polytechnics in Govt/ PPP & the private sector by 2012. It has sanctioned 26 projects with a total funding of ₹6.58 billion in FY'11. These projects alone are expected to create a skilled workforce of 40 million people over the next 10 years. In the current year, skill training has so far been provided to 20,000 persons. Of these, 75% have found placements.

India has only 5,100 ITIs and 1,745 polytechnics as compared to China, which has 500,000 VET institutes. There is strong growth potential as VET is at a nascent stage in India. Only 171 trades and skills programmes are available, as compared to the US where students can choose from 1,500 VET programmes.

Test Prep, Tutoring and Supplemental Education Market

Supplemental education market is currently estimated at $8bn and is expected to grow to $14bn by fiscal year 2014 as depicted below. The test prep & tutoring market in India is growing at ~15% YoY led by cut-throat competition for entry into professional colleges. Notably, over 75% of the market lies in subject-based tutoring in schools and colleges – and thus is highly dependent on local brand-teachers.





Source: *Current market (2009), Four-S Services, Potential Market (2014), Four-S Services, **CLSA

Global Scenario

Malaysia
The government aims at restructuring and strengthening of education with the sum of RM 29.3 billion allocated for Education Ministry, RM 10.2 billion for Higher Education Ministry and RM 627 million for Human Resource Ministry. For the Ministry of Education, a sum of RM 6.4 billion is allocated for development expenditure to build and upgrade schools, hostels, facilities and equipment. The Government will increase pre-school enrolment rate to a targeted 72% by end 2011 through additional 1,700 classes, strengthen the curriculum as well as appoint 800 pre-school graduate teachers.

Singapore
Education spending is expected to go up by $1.0 billion to $47.1 billion with increased funding to Institutions of Higher Learning (IHLs), and for development projects such as the 3rd Regional Campus for the Institute of Technical Education (ITE) and infrastructure enhancements of primary schools.

China
In July 2010, China announced its outline of China's National Plan for Medium and Long-term Education Reform and Development (2010-2020). It sets a series of concrete goals to be achieved by 2020 including universalizing preschool education, improving 9-year compulsory education, raising the senior high school GER to 90% and increasing the higher education GER to 40%.

USA
Highlights of the federal budget 2012 are as follows:

- Government continued its thrust on K-12 education with a budget allocation of $77.4 billion;
- Provide $1.4 billion for new competition, modelled on the successful Race to the Top initiative, to strengthen and reform early childhood education, improve district performance in elementary and secondary education and improve outcomes in higher education;
- Invest $26.8 billion, an increase of 6.9%, in a reformed Elementary and Secondary Education Act (ESEA) focused on raising standards, encouraging innovation, and rewarding success, while allowing states and districts more flexibility to invest resources in high impact areas;
- Strengthen the effectiveness of teachers with $975 million in competitive initiatives to recruit, prepare, reward, and retain great teachers; and
- Provide over 13 million students with low-cost loans to attend college and provide new rewards for colleges and universities that achieve outcomes for disadvantaged students.

B. Company Outlook & Strategy for 2010–11
Your company expects robust growth across all its business segments on the back of organic and inorganic initiatives in the domestic as well global market. In the current fiscal year, the Company will further strengthen its position as the only company catering to the full "Education Value Chain" through further IP consolidation, innovation and investment in R&D and focus on its current breadth of products and services with major emphasis on SmartClass business, K-12 business, and Higher Education & Supplemental businesses. We believe change in its business model from BOOT to the "Securitization led Sale" basis, consistent culture of product innovation and investments in sales force would drive rapid growth in the SmartClass segment.

To augment its future growth, the Company has following strategies:

Increase the penetration of our Smart_Class™ program – We seek to increase the penetration of our Smart_Class™ program in what is still a large, underpenetrated market in India. We intend to focus on two areas:

- we intend to deepen our marketing efforts by increasing our existing sales force.. By increasing our sales force and broadening our penetration, we aim to be in the best possible position to exploit these new opportunities to further expand our Smart_Class™ business; and
- we intend to introduce new products and consolidate and enhance our product offering by continual investments to develop new content and technological delivery platforms. For example, we recently launched our digital teaching system and class transformation system, and are also in the process of developing our content for provision in five regional languages.

Further investment in our higher learning solutions business – We intend to capitalize on the shortage of skill based higher education institutes in India by providing quality education through highly skilled faculty

Further investment in our online, supplementary and global solutions businesses – We have developed our online, supplementary and global solutions product portfolio to offer our content and solutions through new channels. We believe these markets provide a compelling growth opportunity due to growing penetration of internet/broadband in India, and the strong demand for high quality education technology solutions in developed and developing markets around the world. We also seek to develop products for the commercial market based on our institutional products, such as our EducompOnline.com product which offers complimentary content to the Smart_Class™ modules to home users.

To efficiently allocate capital and resources amongst our various businesses and potential opportunities – We allocate capital to our most profitable and scalable businesses that generate strong returns. Further, when we introduce new products and services to the market, we invest heavily in product development, marketing, and customer financing in order to penetrate the market. As our businesses become established, we seek outside partners to provide financing to our customers so that we can accelerate our growth while freeing up our capital to fund other growth initiatives. One example of this is our shift from the build-own-operate-transfer model to a securitization-led sale model in our Smart_Class™ business, whereby third party financing sources provide capital to our customers to purchase our products. We will continue to allocate capital and resources to areas of our business which are either presently profitable or highly scalable so as to maximize future profitability.

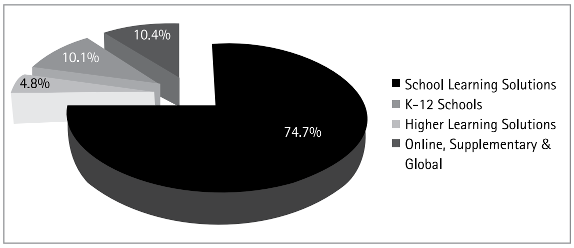
Focus on developing and expanding existing businesses organically – The focus of our overall growth strategy is to up-sell and cross-sell our products and services across our various business segments in order to retain customers throughout the education lifecycle. Our aim is to decrease the necessity to market our various products and services on their own and leverage on the synergies of our broad service offerings. Since we service the entire education value-chain, we are able to provide services to students throughout their entire education lifecycle, starting at the pre-school level, through grade 12 and higher education and, where needed, through their vocational and supplementary education.

To pursue strategic inorganic growth opportunities – We will continue to pursue selective strategic acquisitions, minority investments and joint venture opportunities to augment our capabilities, broaden our service offerings, enhance our cross-selling opportunities and increase our geographical presence. In relation to strategic acquisitions in particular, our strategy is to endeavor to retain the promoters of companies where we acquire an equity stake, with an expectation of these promoters continuing to promote these companies so as to prevent any drain on the resources of our own management team.

C. Segment Review (Consolidated)

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

Review by Business Segment

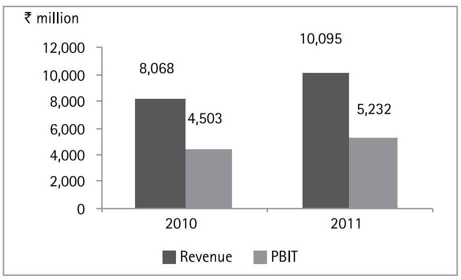


The business segments of your company are as follows:

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

School Learning Solutions

The School Learning Solutions segment contributed about 74.73% of consolidated revenues in FY11, compared to from 77.61% in the previous fiscal. The segment, comprising SmartClass and ICT businesses, witnessed robust YoY growth of 25.12% in revenues to reach ₹10,009.5 million during FY11.



1. SmartClass Business

SmartClass, the largest part of the School Learning Solutions segment of the business, reached out to a total of 6,538 schools covering 4.3 million students during the year, with revenues of ₹8,871.34 million in FY11. Your company added 27,154 classrooms and 3,461 schools during the year.

SmartClass is a comprehensive 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. Content library covers all subjects across kindergarten to Grade XII. Classrooms are equipped with Plasma screens or projectors and Interactive digi-boards allowing teachers to pull up relevant instructor-led multimedia content in real time. Further the company would launch Smart Class in 5 non English regional languages which would enable the company to expand its penetration and enhance its offerings to better serve the customers.

In order to expand at greater pace, your company adopted new capex-light business model for SmartClass in 2010 which is securitization led upfront sale model. We are pleased to share that the move helped your company achieve deeper penetration for SmartClass in private school markets across tier I, tier II, tier III and towns in the country.

With continuous reinvention and innovation, your company has been constantly increasing the depth of its offerings which would help it to capture larger market share and raise the barriers to entry for competition. Towards this end, your company launched multiple new products within its SmartClass segment during the year. The new launches include –

a) SmartClass 3-D – a unique three dimensional digital content for schools, developed using the 3D stereoscopic technology;

b) SmartClass "Class Transformation System" (CTS) – next generation SmartClass consisting of features like hundreds of thousands of multiple choice questions, real life applications, topic synopsis, simulations, diagram makers and step-by-step illustrations apart from teaching ideas and strategies. It also includes assessments, mind-maps, worksheets, web links and access to a library of web resources for every grade in the country;

c) SmartClass "Digital Teaching System" (DTS) - world's first fully integrated one switch digital interactive teaching system designed with real classroom challenges and Indian classroom conditions in mind. Its unique features consist of an integrated compact design where all the different hardware components have been seamlessly molded into a single compact unit to enhance efficiency, convenience and durability along with reduction in the installation time; and

d) Educomp Live - a VSAT-based education delivery model to offer various remedial/ skill development and teaching programs to schools located across the country in a live mode. The product would be based on a five-year annuity based model.

Your company's strong confidence in its rapidly growing flagship product segment was further strengthened by the favourable policy development. During the year, Central Board of Secondary Education (CBSE) encouraged schools to use "Digital Content Materials" in classroom teaching. In a circular in March'2011, CBSE advised schools to set up at least one ICT-enabled classroom for each grade from I through XII. Further, schools are encouraged to progressively increase the number of classrooms with digital content. This shows the acceptance for SmartClass as a mainstream teaching tool by the highest regulatory body for schools in India. We believe that eventually all education boards would make it mandatory for schools to use digital content solutions in each classroom thus helping fulfil our vision: Every Class - SmartClass.

2. ICT (now Edureach)

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 & maintain IT Infrastructure. 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, provision of full-time faculty or training of existing faculty, amongst others. However, the deliverables are dependent upon the tender specifications. In this model, capital expenditure for setting up IT Infrastructure is borne upfront by your company, while the Government normally chooses the option on BOOT (Build, Own, Operate & Transfer) basis.

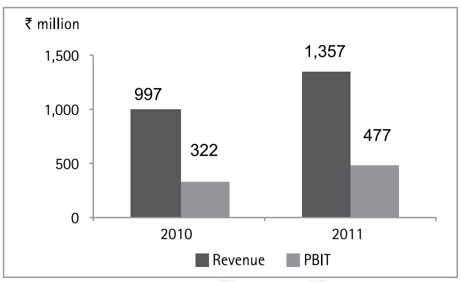
ICT program currently reaches 10,572 schools and 5.8 million students and your company continues to retain its number 1 ranking in this segment in India. During FY11, your company added 540 government schools under the ICT program in Maharashtra at a contract value of ₹679.3 million. It further bagged two multimedia content development projects from the Government of Gujarat and Assam covering 3,500 schools and 2,199 schools respectively for a total contract value of ₹68.1 million for installation and development of 2D, 3D-based multimedia content across schools of these two states and development of a web portal for learning management.

We are glad to share that your company recently won the "Excellence Award" by the Institute of Economic Studies (IES) for its outstanding contribution towards developing the education sector in India through excellence in productivity, quality, innovation & management of holistic range of educational products and services. IES also awarded Soumya Kanti, President of Edureach with the "Udyog Rattan Award".

Your company has strategically defocused its capital allocation to the ICT business due to lower margins and longer receivable cycle in the segment. Your company would continue to enter into selective contracts only which offer good margins.

K-12 Schools

K-12 schools segment comprises our pre-school businesses (i.e. Roots-to-Wings and EuroKids) and our High School chains (under our subsidiary Educomp Infrastructure and School Management Limited). The segment contributed about 10.1% of consolidated revenues in FY11 and witnessed robust growth of 36.1% YoY in revenues.



1. Pre-school Segment

In the preschool part of the segment, we remained the largest preschool company in the country with 799 preschools. These are divided as 220 schools under Roots-to-Wings and 579 schools under EuroKids reaching out to over 48,144 kids all over the country in ages 2-4yrs. Your company is well positioned as the largest organised player in the pre-school market to tap the growing demand in this space.

We are pleased to share with you that during the year, Eurokids was awarded with the Best Licensing Programme in Education at Indian Education Congress 2011 by Franchising India.

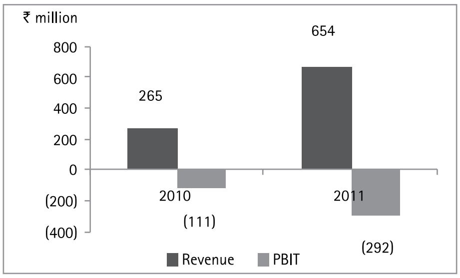
2. K-12 Segment

K-12 is a fast growing segment for your company, where it has rapidly become number one corporate player operating brick and mortar K-12 schools in the country under the umbrella of Educomp Infrastructure & School Management Ltd (EISML. Your company currently has a total of 56 operational schools and an additional 27 schools in the pipeline taking our total hard visibility to 83 schools including land sites, under construction sites and dry management as well as joint ventures.

Your company provides Educational Infrastructure Services, Content/IP services and Other Allied Services to various non profit organisations which run schools under multiple brands including Millennium schools, Takshila schools, Universal Academy, co-branded schools including Shriram schools, PSBB schools, and recently added Vasant Valley School facilitated by Universal Learn Today, an India Today group company. As a part of this partnership, your company will be providing services to 30 Vasant Valley Schools to be set up. Apart from this, your company has also launched an international curriculum school brand called "Le Mont High" School, the first of which has just been launched in Lavasa.

Higher Learning Solutions

The Higher Learning Solutions segment contributed about 4.8% of consolidated revenues in Fiscal 2011. The segment comprises Higher Education, Vocational Education and Professional Development businesses.



1. Higher Education

In the Higher Education space, your Company has entered into a joint venture with Raffles Education Corporation. The operational Raffles Millennium Colleges are now spread across seven metro cities in India including Delhi, Bangalore, Chandigarh, Kolkata, Hyderabad, Ahmedabad, and Chennai. RMI Colleges offer internationally recognized curriculum and international faculties from countries like the US, UK, Italy, Spain and Singapore. Our students are getting world-class education in programmes like Fashion Design, Interior Design, Fashion Marketing, Graphics Design, Product Design, etc.

Your company is also making rapid strides towards becoming a mainstream higher education player with presence across all disciplines like engineering, management, design and commerce.

Your company recently launched its first AICTE approved state-of-the-art engineering and PGDM program campus in Greater Noida by facilitating the brand of JRE Group of Institutions. The admissions for both engineering and PGDM programs have started and we expect the first batch of students to kick off from August 2011.

The higher education space in India is full of opportunities. With a shortage of 1,500 universities in India and about 100,000 students going abroad for higher education, we believe there is a huge demand for quality higher educational capacity in India from the growing middle class.

2. Vocational Education

Your company has transferred its Vocational Education business to Educomp Vocational Education Pvt. Ltd., an indirect wholly owned subsidiary (WOS) of the company (EVPL). This is jointly owned by Pearson Plc. UK and Educomp Higher Initiatives Pte. Ltd., Singapore, an indirect WOS of the Company. The Vocational business, 'India Can', a joint venture with Pearson, has been on a fast growth track and already has 339 points of presence across the country reaching 63,000 students through one of the three different models.

The first model ETEN, the Educomp Tele Education Network model, uses VSAT technology to broadcast live teacher lectures. ETEN has 130 operational centers and is the largest & leading trainer of students in the CA exam in the country. The ETEN students have bagged 52 all-India rankings including 4 All-India No. 1 Rankings in different CA exams till date. The second model is Purple Leap model which sets up training centers inside colleges for imparting soft skills to students. Purple Leap currently operates in 110 colleges and has an active pipeline of over 140 colleges. And third model is Consumer Vocational model which is based on a franchise network of 79 operational centers offering courses in English language training, sales, retail as well as Media course in partnership with NDTV.

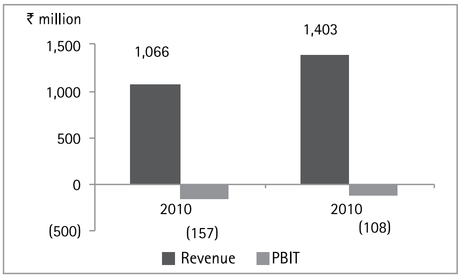
3. Professional Development

This segment comprises teacher training in the field of education for teachers in both Government-run and private-sector-run schools on behalf of Non-Profit Organisations & other parties. Your company entered the field of Professional Development as a partner to non-profit organisations, wherein the Company provides technological support, content and qualified teachers for various Professional Development programmes. These Professional Development programmes aim at empowering teachers by equipping them with a vast repertoire of latest tools and techniques. Your company conducts interactive workshops for teachers on Brain-based Instruction, Art of Questioning, Effective Strategies, and Assessment Toolkit & Group Learning. Professional Development helps teachers implement instructional strategies to help a diverse set of learners, learn better.

Your company has partnerships with Michael & Susan Dell Foundation, Learning Links Foundation and the Learning Leadership Foundation for education initiatives in this segment, in addition to ongoing partnerships with 15 State Governments in India. Your company has trained, on a cumulative basis, nearly 3 million+ teachers.

Online, Supplementary & Global

The Online, Supplementary & Global segment contributed about 10.4% of consolidated revenues in Fiscal 2011.



In order to consolidate its positioning in Supplemental space, a niche segment with huge addressable market space of around $7 billion, your company has re–structured all its online initiatives including WiZiQ, Learnhub, Mathguru, VMC (Vidya Mandir Classes), Gateforum, EOL (Educomp Online), EduIgnite, Learning Hour and Studyplaces under one umbrella - Educomp Online Supplemental Services Ltd.

During the year, your company strengthened its position in Supplemental business with the acquisition of strategic stakes in Vidya Mandir Classes (VMC) and GATE Forum. Vidya Mandir Classes Private Limited is a premier test preparation institute reaching out to 10,000 students for IIT-JEE (Joint Entrance Examination for Indian Institutes of Technology in India) and other engineering entrance examinations such as AIEEE, NSIT, DCE, BITS, etc. Along with VMC and LEAP programs, your company has established a strong foothold in the test prep space. In the recently announced IIT-JEE results, there are 6 students from the Delhi Zone in the Top 50 all-India rank list of IIT-JEE and 5 out of Top 6 are our VMC students. 13 other VMC students also secured top ranks in this prestigious exam.

Your company further acquired strategic stake in India's leading GATE test-prep company called "GATE Forum". GATE is an exam taken by over 400,000 students in the country. GATE Forum has trained more than 15,500 students in more than 40 cities through a mix of own and franchisee centers. Your company is proud to share that in the last GATE exam, 21 GATE Forum students got the Top 10 ranks and 141 students came in the Top 100 ranks across seven streams of engineering.

Your company also entered into a Joint Venture with Zeebo, a San Diego based Qualcomm funded company to introduce a version of Zeebo's 3G-connected education system specifically for the Indian market. This joint venture will launch India's first wireless education platform for kids in India. Connected to any TV, Zeebo will provide access to a wide variety of digital educational content including Educomp's rich multimedia educational content library straight into homes.

Our Online properties have been growing very rapidly. WiZiQ, a teacher-student marketplace and platform for online courses, has over 1.2 million students and over 100,000 teachers registered on the platform. The number of registered users on WiZiQ has been growing at approximately 20% on a Q-o-Q basis for the last eight quarters in a row. Further, LearnHub and StudyPlaces, our admissions advisory portals, witnessed over 1.5 million registered users by the end of March 2011. Your company has the largest e-learning footprint in India with a global scale of ~2.9 million users of its various online learning portals.

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

During the year, AsknLearn, our fully-owned subsidiary in Singapore, signed an exclusive licensing agreement with China Distance Education Holdings Limited, a leading provider of online education in China to distribute Educomp's SmartClass products in China - a large and growing market opportunity.

(₹ million, except percentages)

	Fiscal Year Ended 31 March (Audited)	
	2011	**2010**
School Learning Solutions		
Sales	10,094.62	8,067.64
% of total revenue	74.73%	77.61%
Gross Profit	5,232.29	4,502.54
Margin	51.83%	55.81%
High Learning Solutions		
Sales	654.01	264.54
% of total revenue	4.84%	2.54%
Gross Profit	(292.27)	(111.08)
Margin	-	-
K-12 Schools		
Sales	1357.32	997.12
% of total revenue	10.05%	9.59%
Gross Profit	476.56	322.10
Margin	35.11%	32.30%
Online, Supplementary & Global		
Sales	1,403.05	1,065.60
% of total revenue	10.39%	10.25%
Gross Profit	(108.10)	(156.61)
Margin	-	-

Revenue by Geography

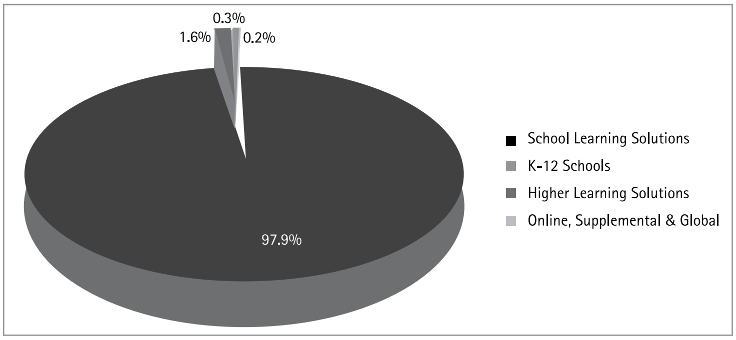
The Company's primary market currently is India, accounting for approximately 89.30% of its consolidated revenues in Fiscal 2011 through products and services supplied to more than 17,992 schools & offering other services across India. The Company has expanded its operations in the international market, including the United States of America, Singapore and Canada. The Company currently operates three offices in the US, two offices in Singapore and one office in Canada in addition to its 66 including subsidiaries offices in India (including those of its subsidiaries).

Fiscal Year Ended 31 March (Audited)

	2011		2010	
	Amount	**%**	**Amount**	**%**
Revenue by Geography				
India	12,063.49	89.30	9,315.12	89.61
Rest of the world	1,445.51	10.70	1,079.78	10.39
Total	**13,509.00**	**100.00**	**10,394.90**	**100.00**

D. Segment Review (Standalone)

Review by Business Segment



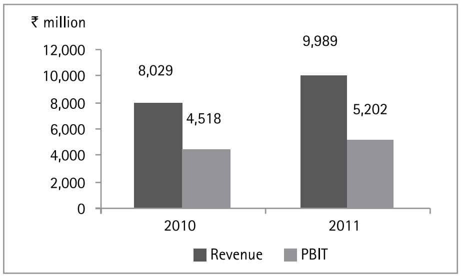
The Company operates in four segments as follows:

- School Learning Solutions: Comprising SmartClass & Edureach (ICT) business segments
- Higher Learning Solutions: Comprising Higher Education, Vocational Business and Professional Development

- K-12 Schools: Comprising Pre-Schools & High Schools
- Online, Supplementary & Global: Comprising Online, Supplementary & Global business segments

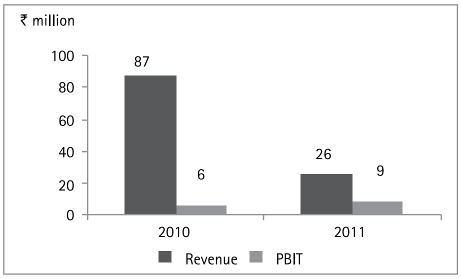
School Learning Solutions

The School Learning Solutions segment contributed about 97.9% of standalone revenues in Fiscal 2011 comprising of SmartClass and ICT business segments.



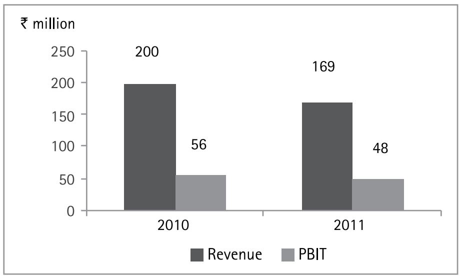
K-12 Schools

K-12 schools segment comprises our High School business under our subsidiary Educomp Infrastructure and Management Services. The segment contributed about 0.3% of standalone revenues in Fiscal 2011.



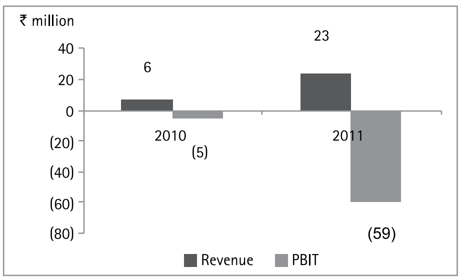
Higher Learning Solutions

The Higher Learning Solutions segment contributed about 1.6% of standalone revenues in Fiscal 2011. The segment comprises Professional Development in standalone space.



Online, Supplementary & Global

The Online, Supplementary & Global segment contributed about 0.2% of standalone revenues in Fiscal 2011. The segment comprises Online, Supplementary and Global business segments.



Revenue by Geography

The Company's primary market currently is India, which accounted for approximately 99.84% of its standalone revenues in the Fiscal 2011 through products and services supplied to more than 17,110 schools & offering other services across India. The Company has expanded its operations in the international market, including the United States of America, Singapore, and Canada where the Company provides its global content to its subsidiaries.

Fiscal Year Ended 31 March (Audited)

	2011		2010	
	Amount	%	Amount	%
Revenue by Geography				
India	10,190.50	99.84	8,286.06	99.57
Rest of the world	16.13	0.16	36.15	0.43
Total	**10,206.63**	**100.00**	**8,322.21**	**100.00**

E. Human Resource Development

With the expansion and growth in business, the requirement for human assets has also increased. Your company employs manpower at three different strata:

(i) The business development team and the Senior Management are responsible for managing growth; (ii) entry level staff is deployed at various schools with which we sign up contracts, and (iii) the Research & Development (R&D) team is involved in creating IP.

Your company recognises the importance of human resource development. Hence, several initiatives have been taken to ensure that people are well-trained and motivated. The Company also believes in nurturing young talent through management training programmes, which strive to develop business managers for tomorrow. Recently, the Company has been rated as the No. 1 company in India in the Education and Training sector by the Great Places to Work Institute. As at 31st March, 2011, the Company employed (on a consolidated basis) over 13,917 employees located in 66 offices including subsidiaries across India & abroad.

The Company believes that it has good relations with its employees.

F. Internal Control Systems and their Adequacy

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

G. Social Responsibility

INITIATIVES THROUGH EDUCOMP JV

Educomp has set up a 50:50 JV called India Can (ICan) with Pearson, which seeks to bridge the gap between employment opportunities and the skill and knowledge base of the unemployed youth in the country and help them to get suitable employment opportunities.

India Can is creating a talent pipeline for various industries by running educational courses customized to their skill and competency requirements to enable large numbers of youth to upgrade skills specific to various sectors and find assured employment.

INITIATIVES BY EDUCOMP SUPPORTED IMPLEMENTATION AGENCIES

The company has been an education partner with companies such as Microsoft and has participated in projects like CSC (Common Service Centers) which envision kiosks in rural India to provide "web-enabled Anytime, Anywhere access" to information and services. Under the CSC Scheme, a Public Private Partnership (PPP) model has been deployed for undertaking this challenging task and addressing the related issues.

NOTES:

*Industrial Training Institutes (ITI's) are training institutes which provide training in technical field in India. Normally a person who has passed 10 standard (SSLC) is eligible for admission to ITI. The objective of opening of ITIs is to provide technical manpower to industries

The objective was to train the rural IT Kiosk operators with the Rural IT and Computing Curriculum of partners Microsoft and implement the Curriculum to make it a revenue generation opportunity for CSCs so that they could sustain themselves beyond Government aid of 2 years. The Kiosk Owners (KOs) were also trained on how to 'go to market' with other products and skills to enhance their business post closure of government aid.

Around 1,000 such kiosk owners across Haryana and Delhi were trained under the program. The program was conducted for government approved agencies who own/run these kiosks.

Training for CSC Kiosk owners in Haryana

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

This is an ongoing initiative implemented with other partners who want to spend under their CSR activity. The implementation agency joins hands with the other partner for the program where the Government school teachers are empowered with IT skills to make the teaching learning more interactive and effective in their class-rooms. No money is charged from either the teacher or the government for this training.

1. The training is being conducted from over 50 locations at this point of time across India. The training over a period of last 6+ years has been imparted in remote locations like islands of Lakshadweep and Andamans where our humane and innovative methodologies have impacted the lives of the islanders in a great way along with the structured academic content supplied by the partners.
2. The training has impacted millions of teachers, thousands of principals and officials across the country.

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

An ongoing project, its objective is to empower Jawans (soldiers) with English communication and IT skills to facilitate better employability post retirement. It is a 14-day program with 8 hours a day. Of the total duration, 10 days are devoted to Spoken English and 4 days to basic IT skills.

Each Jawan is given courseware on English, practice book, practice CD for English and a CD on IT skills.

1. The program is being conducted in 48 locations across India

2. The training is being conducted since March 2010 and more than 800 Jawans have been trained so far under this program.
3. The program is being conducted in association with India Can and Microsoft

Training for Indian Army – spoken English and IT – skill empowerment towards employability post-retirement.

Program with IGNOU – reaching out no North-East rural belt:

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

Training for North East teachers to develop digital lesson plans at IGNOU

Project Gyana Shakti

With the goal of bringing long term change in the teaching process and improving the learning outcomes in poor urban children, the Michael & Susan Dell Foundation is funding "Project Gyana Shakti" as a pilot project which will implement various innovative teaching methodologies developed by Educomp Solutions Ltd for use in private schools in India serving low-income students. Educomp, will manage this project

The initial impetus for the development of Project Gyana Shakti was the finding , that 50-70% of children living in slums in Bangalore, Chennai and Hyderabad attended private schools, that educational outcomes in this fragmented population were poor, and that there was an absence of any educational improvement initiatives targeting this very large number of children. None of the schools used technology aided learning. Infrastructure was inadequate with dimly lit rooms and 45 to 50 students sitting on benches, 89 percent schools lacked laboratories and a library. Space for sports facilities was minimal. To help this population of students, Project Gyana Shakti was developed.

H. Financial Performance

Overview – Executive Summary

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

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

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

Overview of the Financial performance summary (Standalone)

The total revenues of Educomp aggregated ₹10,617.73 million in FY11 as compared to ₹8,727.12 million in FY10, registering a growth of 21.66%.

In fiscal 2011, the Company's profit before taxes aggregated ₹4,360.66 million (₹3,746.21 million in fiscal 2010).

In fiscal 2011, the Company's profit after taxes and prior period items aggregated ₹3,888.68 million as against ₹2,218.66 million in fiscal 2010, up by 75.27%.

In fiscal 2011, the Company's earnings per share (basic) were ₹40.74 (₹23.99 in fiscal 2010).

Overview of the Financial performance summary (Consolidated)

In fiscal 2011, the total consolidated revenues of Educomp Solutions Limited aggregated ₹13,970.24 million as compared to ₹11,650.16 million in fiscal 2010, registering a growth of 19.91%.

The consolidated profit before taxes aggregated ₹4,098.43 million in fiscal 2011 (₹4,421.03 million in fiscal 2010).

In fiscal 2011, the Company's consolidated profit after taxes, prior period and minority interest aggregated ₹3,366.72 million (₹2,758.64 million in fiscal 2010), up by 22.04%..

In fiscal 2011, the Company's consolidated earnings per share (basic) were ₹35.27 (₹29.83 in fiscal 2010).

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

Financial Review (Standalone)

Result of operations

Total revenues of the Company increased by 21.66% to ₹10,617.73 million from ₹8,727.12 million in the previous year, with 24.40% YoY increase in revenues of School Learning Solutions.

EBIDTA increased 6.81% to ₹4,904.03 million in FY11, from ₹4,591.34 million in FY10, with EBIDTA margins of 48.05% on net sales. EBIT has increased by 21.96% to ₹4,492.89 million from ₹3,683.95 in FY10, with EBIT margins of 44.02% on net sales.

Profit after tax and prior period items increased by 75.27% from ₹2,218.66 million to ₹3,888.68 million due to growth in revenues. The net profit margins on net sales increased from 26.66% in FY10 to 38.10% in FY11.

Particulars (₹million)	FY'11	FY'10
Net Sales	10,206.63	8,322.21
Other Income	411.10	404.91
Total Income	10,617.73	8,727.12
Expenditure	5,304.99	3,702.93
Interest	540.94	370.59
Depreciation	411.14	907.39
Profit before tax	4,360.66	3,746.21
Provision for Tax including Current tax, Deferred tax	474.37	1,499.61
Profit after taxation and prior period items	3,888.68	2,218.66
Basic Earnings per share	40.74	23.99

Key Ratios	FY'11	FY'10
EBIDTA/Net Sales	48.05%	55.17%
Profit after Tax and prior period items/ Net Sales	38.10%	26.66%
Total Expenditure/ Net Sales	61.30%	59.85%
Consumption of Raw material/ Net Sales	27.99%	19.56%
Staff Cost/Net Sales	13.78%	12.01%
Selling, Distribution & Administration expenses (including Miscellaneous Expenses)/ Net Sales	10.21%	12.93%

Segment Results

Revenues	FY'11	FY'10
School Learning Solutions	9988.59	8,029.35
Higher Learning Solutions	168.90	199.75
K-12 Schools	26.16	87.21
Online, Supplementary & Global	22.98	5.90
Total Net Sales	**10,206.63**	**8,322.21**

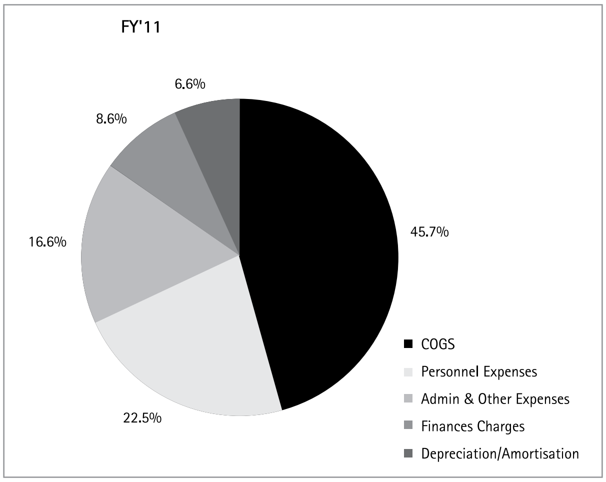
PBIT	FY'11	FY'10
School Learning Solutions	5,201.96	4,517.74
Higher Learning Solutions	48.26	55.93
K-12 Schools	8.99	6.20
Online, Supplementary & Global	(59.48)	(5.02)
	5,199.73	**4,574.85**
Less: Interest (Net)	540.94	370.59
Other un-allocable expenses (net of un- allocable income)	298.13	458.05
Total Profit before Tax	**4,360.66**	**3,746.21**

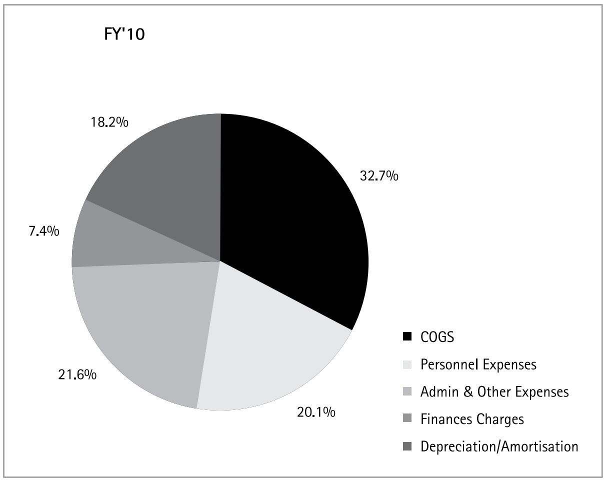
- Net Income from Operations up by 22.64% from ₹8,322.21 million to ₹10,206.63 million
- EBIDTA up by 6.81% from ₹ 4,591.34 million to ₹ 4,904.03 million
- PAT after prior period items up by 75.27% from ₹2,218.66 million to ₹3,888.68 million.

Other Income

The Company generated other income of ₹411.10 million in FY 2011, an increase of 1.53% over other income of ₹404.91 million generated in FY 2010. Major part of the other income includes interest on fixed deposits placed with scheduled banks, lease and hire income.

Expense Analysis:





*As a percentage of total expenditure

Cost of goods sold (COGS):

In absolute terms, COGS totalled ₹2,856.80 million during FY11, an increase of 75.52% from ₹1,627.63 million in FY10 mainly on account of increase in sales by 21.66%.

(₹ in million)

Particulars	March 31, 2011	March 31, 2010
Cost of Goods Sold	2,856.80	1,627.63
% of Net Sales	27.99	19.56

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 40.75% to ₹1406.41 million from ₹999.25 million during the year, with total staff strength going up on execution of Government contracts from states of UP, Gujarat, Rajasthan & Karnataka and hiring of personnel for quality assurance and marketing team in Smart Class segment

(₹ in million)

Particulars	March 31, 2011	March 31, 2010
Personnel Expenses	1406.41	999.25
% of Net Sales	13.78	12.01

Depreciation:
Depreciation has decreased by 54.69% to ₹411.14 million during FY11, compared to ₹907.39 million in FY10. The decrease in depreciation was primarily due to transfer of fixed assets in second half of FY10 - resulting from change in business from 'BOOT' to Securitization led Sale' in FY10, whereby the Company has also transferred all the existing BOOT contracts to a third party.

(₹ in million)

Particulars	March 31, 2011	March 31, 2010
Depreciation	411.14	907.39
% of Net Sales	4.03	10.90

Administration & Other expenses:
Administration and other expenses (including miscellaneous expenses) were ₹1,041.78 million during FY11, a decrease of 3.18% compared to ₹1,076.05 million during FY10. Administration & other expenses (including miscellaneous expenses) as a percentage of Net Sales was 10.21%, down from 12.93% in FY10, due to decrease in lease rentals, foreign currency fluctuation, repair maintenance and other miscellaneous expenses.

(₹ in million)

Particulars	March 31, 2011	March 31, 2010
Administration & other expenses (including Miscellaneous Expenses)	1,041.78	1076.05
% of Net Sales	10.21	12.93

Finance Charges:
Interest expenses increased from ₹370.59 million to ₹540.94 million during FY11 due to additional term loans amounting to ₹1,850 million availed for execution of ICT projects (Bihar - 600 schools) and general corporate purposes for increased operations. In terms of percentage of Net Sales, interest has gone up to 5.30% in FY11 from 4.45% last year.

(₹ in million)

Particulars	March 31, 2011	March 31, 2010
Finance charges	540.94	370.59
% of Net Sales	5.30	4.45

Total expenditure:
Total expenditure was ₹6,257.07 million during FY11, an increase of 25.62% from ₹4,980.91 million during FY10, due to an increase in the Company's operations.

(₹ in million)

Particulars	March 31, 2011	March 31, 2010
Total expenditure	6,257.07	4,980.91
% of Net Sales	61.30	59.85

Profit before tax:
Profit before taxation was ₹4360.66 million during FY11, an increase of 16.40% from ₹3,746.21 million during FY10. This increase was due to the operational efficiencies & increase in business operations.

(₹ in million)

Particulars	March 31, 2011	March 31, 2010
Profit before tax	4360.66	3,746.21
% of Net Sales	42.72	45.01

Income Tax Expense:
The Company's current tax expense in FY11 has decreased by 54.61% to ₹879.88 million from ₹1,938.65 million. Current tax expense represented 8.62% of the net sales in FY11 and 23.29% of the net sales in FY10. The decrease in tax expense is due to tax paid under BTA executed with third party for transfer of BOOT contracts.

(₹ in million)

Particulars	March 31, 2011	March 31, 2010
Current tax	879.88	1,938.65
Deferred Tax	(10.53)	(439.04)
MAT Credit Entitlement	(394.98)	-
Total	**474.37**	**1,499.61**

Profit after Tax:

Net profit after tax and prior period items was ₹3,888.68 million during FY11, an increase of 75.27% from ₹2,218.66 million in FY10. Net profit as a percentage of revenues in FY11 has increased to 38.10% as compared to 26.66% in FY 10 due to increase in operations of the company.

(₹ in million)

Particulars	March 31, 2011	March 31, 2010
Profit after tax	3,888.68	2,218.66
% of net sales	38.10	26.66

Financial Position (Standalone):

(₹ in million)

Particulars	As at March 31, 2011	As at March 31, 2010
I. Sources of funds		
1. Shareholders' Fund	**16,256.15**	**12,240.44**
(a) Share Capital	191.09	190.03
(b) Employee stock option outstanding	189.45	147.28
(c) Reserves & Surplus	15,875.61	11,903.13
2. Secured Debt	**3,208.67**	**2,370.72**
3. Unsecured Debt	**3,505.03**	**3,543.49**
4. Deferred Tax Liability (Net)	**-**	**10.29**
5. FCMITDA	**-**	**3.42**
TOTAL (1+2+3+4+5)	**22,969.85**	**18,168.36**
II. Application of Funds		
1. Net Fixed Assets	**1316.59**	**1,328.04**
Gross Block	2,446.88	2,009.41
Less Depreciation	1,166.33	756.48
Net Block	1,280.55	1,252.93
Add CWIP	36.04	75.11
2. Deferred Tax Asset (Net)	**0.24**	**-**
3. Investments	**13,743.47**	**7,866.48**
4. Net Current Assets (A-B)	**7,909.55**	**8,973.84**
A. Current Assets	10,732.53	12,177.08
(a) Inventories	361.43	291.20
(b) Receivables	5,066.26	5,018.03
(c) Cash & Bank Balances	2,946.34	6,199.08
(d) Loans & advances	2,314.73	490.94
(e) Other Current Assets	43.77	177.83
B. Current Liabilities	2,822.98	3,203.24
TOTAL (1+2+3+4)	**22,969.85**	**18,168.36**

Share Capital:

The total paid up Equity Share Capital stood at ₹191.09 million as on March 31, 2011, as compared to ₹190.03 million as on March 31, 2010. The change in share capital is attributed to issue of shares under ESOP exercised by the employees and preferential allotment to Vidya Mandir Classes Ltd. against purchase of equity shares during the year.

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

	March 31, 2011		March 31, 2010	
	No. of Equity shares	₹ in million	No. of Equity shares	₹ in million
Balance at the beginning of the year	9,50,14,651	190.03	8,64,31,425	172.86
Allotment of shares pursuant to conversion of FCCB	-	-	-	-
Exercise of ESOP by employees under ESOP 2006, ESOP 2007 and ESOP 2008	4,74,102	0.95	4,30,610	0.86
Allotment of Shares through QIP	-	-	81,00,000	16.20
Preferential Allotment to Vidya Mandir Classes Ltd. (FY10 to Zaptive Internet Services (P) Ltd.)	55,643	0.11	52,616	0.11
Balance at the closing of the year	9,55,44,396	191.09	9,50,14,651	190.03

Reserve & Surplus:
Movement in Share Premium Account is given as below:

(₹ in million)

Particulars	March 31, 2011	March 31, 2010
Share premium- opening balance	7,618.87	1,546.41
Add: On issue of shares under ESOP / QIP/ Preferential Allotment	141.09	6,205.32
Less: QIP issue expenses	-	132.87
Balance at the end of the year	7,759.96	7,618.86

The addition to the share premium account of ₹141.09 million during the year is due to premium received on issue of 4,74,102 equity shares under ESOP schemes 2006, 2007 and 2008 & preferential allotment of 55,643 equity shares.

General Reserve:
Out of the profits for the year ended March 31, 2011, ₹388.87million representing 10% of the profits have been transferred to the general reserve.

Profit and Loss Account:
Movement in Profit & Loss Account is shown as below:

(₹ in million)

	March 31, 2011	March 31, 2010
Profit & Loss Account-opening balance	**3,852.30**	**2,166.03**
Add: Addition during the year	3,888,68	2,218.66
Less: Proposed dividend	57.59	171.72
Less: Tax on Proposed Dividend	(0.29)	27.74
Less: Interim dividend	-	94.93
Less: Tax on Interim Dividend	-	16.13
Less: Transferred to General Reserve	388.87	221.87
Balance at the end of the year	**7,294.81**	**3,852.30**

The balance retained in the profit and loss account as of March 31, 2011, after providing dividend, is ₹7,294.81 million.

The total shareholder funds of the Company increased to 16,256.15 million as on March 31, 2011 from 12,240.44 million as on March 31, 2010.

Loan funds:

(₹ in million)

Particulars	March 31, 2011	March 31, 2010
Secured Loans	3,208.67	2,370.72
Unsecured Loans	3,505.03	3,543.49

Secured loans increased from ₹2,370.72 million to ₹3,208.67 million during FY11. This is mainly due to the availment of term loan from banks for the execution of Government contracts under Edureach and increase in operations of the company.

Unsecured loan: The unsecured loan, depicting FCCB & short term loans, decreased from ₹3,543.49 million to ₹3,505.03 million.

(₹ in million)

Particulars	March 31, 2011	March 31, 2010
Addition to Fixed assets	450.29	1,533.02
Increase in capital Work-in-progress	(39.07)	(169.85)
Deletions in Fixed assets	12.82	4,742.74

Capital Expenditure:
The Company has incurred an amount of ₹450.29 million (₹1,533.02 million in the previous year) as capital expenditure, comprising additions to gross block of assets excluding capital work-in-progress. Capital work-in-progress was ₹36.04 million as on March 31, 2011 as compared to ₹75.11 million as on March 31, 2010. Addition to fixed assets/ decrease in CWIP is attributed to implementation of projects under ICT (Edureach).

Additions to Gross Block:
During the year, your company has added ₹157.27 million for investment in computer equipment, ₹1.55 million for construction of office building, ₹1.77 million for renovation of leasehold assets & ₹162.72 million towards other office equipment & furniture and fixtures. An amount of ₹126.98 million was incurred, primarily on account of purchase of intangible assets comprising knowledge- based content and software.

(₹ in million)

Particulars	March 31, 2011	March 31, 2010
Deferred tax liability-opening balance	**10.29**	**449.34**
Deferred tax provision for the year	(10.53)	(439.04)
Deferred tax liability/ (Deferred tax asset)-closing balance	**(0.24)**	**10.29**

Deferred Tax:

The Company has recorded deferred tax asset of ₹0.24 million as of March 31, 2011 compared to deferred tax liability ₹10.29 million as of March 31, 2010. Deferred tax assets/ liability represent timing differences in the financial and tax books arising from Depreciation on assets, provision for doubtful debts, prepaid expenses and provision for retirement benefits.

Investments:

The Company has made strategic investments in subsidiaries/ associates/ Mutual funds/various companies, amounting to ₹13,743.47 million as at March 31, 2011 as against ₹7,866.48 million as of March 31, 2010.

(₹ in million)

	March 31, 2011	March 31, 2010
Trade investment (at cost)	13,743.47	7.866.48
Investment in subsidiaries	12,575.10	7,534.29
Investment in associates	273.53	118.21
Investment in other companies	875.00	203.98
Investment in Mutual fund	19.84	10.00
Net investment	13,743.47	7,866.48

Inventories:

The Company had inventories of ₹361.43 million as on March 31, 2011 as against ₹291.20 million as on March 31, 2010. Increase in inventories is due to increased operations of the Company.

(₹ in million)

	March 31, 2011	March 31, 2010
Educational Products	3.90	0.60
Technology Equipment	357.53	290.60
Total	**361.43**	**291.20**

Sundry debtors:

Sundry debtors amount to ₹5,066.26 million (net of provision for doubtful debts amounting to ₹29.75 million) as of March 31, 2011 as compared to ₹5,018.03 million (net of provision for doubtful debts amounting to ₹17.75 million).

Sundry debtors as a percentage of net sales have decreased to 49.64% in FY 11 as compared to 60.3% in FY 10. The Debtors days has reduced from 215 days in FY10 to 181 days in FY11 on account of change in business model from BOOT to Securitization led Sale Model.

(₹ in million)

	March 31, 2011	March 31, 2010
Sundry debtors	5,096.01	5,035.78
Less: Provision for doubtful debts	29.75	17.75
Sundry debtors(net) (₹Million)	5,066.26	5,018.03

Cash & Bank balances:

As on March 31, 2011, the Company had cash & bank balances of ₹2,946.34 million (₹6,199.08 million as on March 31, 2010). Cash & bank balances include fixed deposits of ₹847.87 million (previous year 158.21 million), pledged with bank as security deposit against non fund facilities availed by the Company. Further, balance amounting to ₹2,098.47 million is lying with scheduled and foreign banks as cash and bank balances.

(₹ in million)

	March 31, 2011	March 31, 2010
Cash & Bank balances	2,098.47	3,006.22
Fixed deposits	847.87*	3,192.86*
Total	**2,946.34**	**6,199.08**
Restricted	847.87	158.21

Loans and Advances:

Loans and advances as on March 31, 2011 were ₹2,314.73 million (₹490.94 million as on March 31, 2010). Loans and advances include loans and advances given to related and unrelated parties, EMD (refundable and non-refundable) to various State Governments, security deposits to various parties and advances to trade creditors.

(₹ in million)

	March 31, 2011	March 31, 2010
Unsecured, considered good	2,314.73	490.94
Unsecured, considered doubtful	-	-
Less: Provision for doubtful advances	-	-
Total	**2.314.73**	**490.94**

Other Current assets:

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

(₹ in million)

	March 31, 2011	March 31, 2010
Income accrued but not due	18.30	44.32
Interest accrued but not due	25.47	133.51
Total	**43.77**	**177.83**

Current liabilities:
Current liabilities as on March 31, 2011 stood at ₹2,481.78 million (₹1,655.67 million as on March 31, 2010). The increase is mainly due to increase in purchase of hardware & other related project accessories under "SmartClass Project" and due to major increase in implementation of SmartClass in various schools.

(₹ in million)

	March 31, 2011	March 31, 2010
Acceptances	698.00	296.69
Employee Payable	81.52	42.10
Sundry Creditors	1,229.22	699.19
Other Liabilities	226.00	255.86
Interest accrued but not due	5.03	2.24
Advance from customers	241.05	359.00
Unpaid dividend	0.96	0.59
Total	**2,481.78**	**1,655.67**

Provisions:
Provisions made towards taxes, employee retirement benefits, proposed dividend, and tax on dividend aggregated to ₹341.20 million as on March 31, 2011 (₹1,547.57 million as on March 31, 2010). Significant provisions include provision for income tax, provision for proposed dividend, and provision for staff benefits.

Income tax provision is higher in FY'10 due to transfer of all existing BOOT contracts under "BOOT business" by the company under BTA executed with the third party.

(₹ in million)

	March 31, 2011	March 31, 2010
Staff benefits	54.79	29.59
Income Tax (net of TDS/Adv. Tax)	219.49	1,323.21
Proposed dividend	57.58	167.03
Tax on Proposed dividend	9.34	27.74
Total	**341.20**	**1,547.57**

Final Dividend
A Final Dividend of 30% has been proposed, subject to the approval of shareholders.

(₹ in million)

	March 31, 2011	March 31, 2010
Proposed Dividend	57.59	171.72
Tax on Proposed dividend	(0.29)	27.74
Total	**57.30**	**199.46**

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 ₹40.74 and ₹37.76, respectively, as on March 31, 2011 against ₹23.99 and ₹22.52 as on March 31, 2010.

(₹ in million)

	March 31, 2011	March 31, 2010
Basic Earnings per share (Rs)	40.74	23.99
Diluted Earnings per share (Rs)	37.76	22.52

Cash Flows:
The cash generated from operations increased from

₹2,884.12 million as on March 31, 2010 to ₹3,271.20 million as on March 31, 2011, an increase of 13.42% on account higher profits before taxes, depreciation, increase in other income, etc. This was offset by increase in loans & advances & taxes paid.

The cash outflow from investing activities increased by ₹2,646.36 million from ₹4,022.24 as on March 31, 2010 to ₹6,668.60 million as on March 31, 2011. This increase in utilization is mainly on account of increased investments in subsidiaries, associates and other companies.

The net proceeds from financing activity was ₹144.66 million as on March 31, 2011 as compared to ₹6,608.76 as on March 31, 2010. The net proceeds in FY'10 was primarily on account of QIP proceeds, whereas in FY'11 proceeds are primarily on account of proceeds from ESOP & term loan borrowings

(₹ in million)

	March 31, 2011	March 31, 2010
Cash & cash equivalents from operating activities	3,271.20	2,884.12
Cash & cash equivalents from investing activities	(6,668.60)	(4,022.24)
Cash & cash equivalents from financing activities	144.66	6,608.76
Net increase in Cash & cash equivalents	(3,252.74)	5,470.64
Opening Cash & cash equivalents	6,199.08	728.44
Closing Cash & cash equivalents	2,946.34	6,199.08

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, 2011

(₹ in million)

	Year Ended	
	March 31, 2011	**March 31, 2010**
Income		
Sales & Services income	13,509.00	10,394.90
Other income	461.24	1,255.26
	13,970.24	**11,650.16**
Expenditure		
Cost of goods sold	3,327.92	1,749.84
Personnel expenses	2,560.15	1,792.88
Administration and other expenses	2,179.16	1,991.53
Finance charges	962.04	538.66
Depreciation & Amortization	840.80	1,142.28
Preoperative expenses written off	-	11.99
Miscellaneous Expenditure written off	1.74	1.95
	9,871.81	**7,229.13**
Profit before tax	**4,098.43**	**4,421.03**
Provision for tax		
(refer note 1(ix) & 2(xiv), schedule 19)		
- Current tax	1,036.64	2,009.61
- MAT Credit Entitlement	(413.79)	(8.51)
- MAT earlier years	(3.42)	-
- Deferred tax	58.31	(416.91)
Profit after tax and before prior period items	**3,420.69**	**2,836.84**
Prior period Items	15.36	29.30
Profit after tax and before minority interest & pre-acquisition profits	**3,405.33**	**2,807.54**
Pre-acquisition profits/(loss)	(32.53)	(8.69)
Share of loss of associate	22.31	0.07
Minority interest	48.83	57.52
Profit after tax, minority interest & pre-acquisition profits	**3,366.72**	**2,758.64**
Dilution of equity in subsidiary companies	(55.60)	8.64
Balance brought forward from earlier years	4,378.40	2,104.33
Amount available for appropriations	**7,689.52**	**4,871.61**
Appropriations		
Proposed Dividend	57.59	187.67
Interim Dividend	13.20	103.24
Tax on Proposed Dividend (Net)	(0.29)	30.45
Tax on Interim Dividend	-	16.13
Debenture Redemption Reserve	349.95	(83.76)
General Reserve	389.11	239.48
Balance Carried to Balance Sheet	**6,879.96**	**4,378.40**
Earnings per share (Rs)		
Basic	35.27	29.83
Diluted	32.66	27.88

Result of operations:
Total revenues increased by 19.91% to ₹13,970.24 million from ₹11,650.16 million in the previous year. This consisted of 25.12% YoY increase in School Learning Solutions revenues, 36.12% YoY increase in K-12 Schools revenues and 31.67% YOY increase in Online supplemental and global revenue.

EBIDTA increased 12.95% to ₹5,386.05 million in FY11 from ₹4,768.51 million in FY10 and EBIDTA margin on net sales decreased from 45.87% to 39.87%.

Profit after tax (PAT), prior period items, minority interest and pre-acquisition profits increased by 22.04% to ₹3,366.72 million in FY11 from ₹2,758.64 million in FY10 with overall improvement in operating profits and growth in revenues. The net profit margins on net sales decreased from 26.54% in FY10 to 24.92% in FY11.

(₹ in million)

Key Ratios	FY11	FY10
EBIDTA/Net Sales	39.87%	45.87%
Profit after Tax and, minority interest, pre-acquisition profit, prior period items/ Net Sales	24.92%	26.54%
Total Expenditure/ Net Sales	73.08%	69.54%
Consumption of Raw material/ Net Sales	24.63%	16.83%
Staff Cost/Net Sales	18.95%	17.25%
Selling, Distribution & Administration expenses (including pre-operative and miscellaneous expenses)/ Net Sales	16.14%	19.29%

Revenue

Sales
The Company generated sales of ₹13,509.00 million in FY 2011, an increase of 29.96% from the sales of ₹10,394.90 million generated in FY 2010. The increase is due to the overall growth of the business both organically and inorganically. The organic growth is attributable to the increased penetration levels of SmartClass due to change in business from BOOT to securitization led sale basis in private-sector-run schools within India, revenue consolidation on account of Eurokids, India Can & increased penetration in K-12 schools.

Other Income
The Company generated other income of ₹461.24 million in FY 2011, a decrease of 63.26% from other income of ₹1,255.26 million generated in FY 2010. The income in FY'10 was mainly on account of one time profit on stake sale to Pearson.

Expenditure

Cost of Goods Sold (COGS)
In absolute terms, COGS totaled ₹3,327.92 million during FY 2011, an increase of 90.18% from ₹1,749.84 million in FY 2010. However COGS as a percentage of net sales has increased to 24.63 % in FY11 from 16.83% in FY10 on account of upfront sale of hardware in Edureach and SmartClass (due to change of business from BOOT to securitization led sale).

Personnel Expenses
Salaries, allowances and benefits totaled ₹2,560.15 million during FY 2011, an increase of 42.80% from ₹1,792.88 million during FY 2010. Personnel expenses as a percentage of net sales increased from 17.25% of net sales (FY 2010) to 18.95% of net sales (FY 2011). The increase in personnel expenses was mainly due to increase in staff strength of contractual employees for the execution of Government contracts under Edureach/ smart class, increased salaries across the various companies, increased staff in K-12 due to increased operations in K-12 division. Further, employee salaries also increased in line with industry and economic trends.

Administration and Other expenses
Administration and other expenses including miscellaneous and pre-operative expenses were ₹2180.90 million during FY 2011, an increase of 8.75% compared to ₹2,005.47 million during FY 2010. This increase was attributable to various factors including increase in advertisement, publicity, sales and business promotion expenses, lease rentals and legal and professional expenses on a YoY basis, increased operations in K-12, addition of expenses on account of increased operations of India Can (JV) & Raffles (JV).

Financial Charges
Financial expenses were ₹962.04 million during FY 2011, an increase of 78.60% from ₹538.66 million during FY 2010 due to increase in term loan amounting to ₹1,850 million availed for increased operations of the company and ₹3,160 million for execution of K-12 projects under EISML. Interest cost has been expensed off in profit & loss account as assets were live during the year in comparison to the earlier capitalisation.

Depreciation and Amortization
Depreciation and Amortization was ₹840.80 million during FY 2011, a decrease of 26.39% from ₹1,142.28 million during FY 2010. Depreciation as a percentage of net sales was 6.22% in FY11 and 10.99% in FY10. The decrease is primarily due to the transfer of fixed assets along with BOOT contracts to a third party in FY10.

Total expenditure
Total expenditure(includes prior period items) was ₹9,887.17 million during FY 2011, an increase of 36.22% from ₹7,258.42 million during FY 2010, due to an increase in the Company's operations both on account of standalone and consolidated basis.

Profit before taxation
Profit before taxation was ₹4,098.43 million during FY 2011, a decrease of 7.30% from ₹4,421.03 million during FY 2010. In FY'10 there was an extraordinary gain on account of 50% stake sale in vocational business, also the decrease was due to increased expenditure for penetration in higher education and vocational business.

Income Tax expense

Income Tax expense was ₹677.73 million during FY 2011, a decrease of 57.22% from ₹1,584.19 million during FY 2010. This was mainly due to tax paid under slump sale in FY10.

Net profit

Net profit after minority & pre-acquisition profits was ₹3,366.72 million during FY 2011, an increase of 22.04% from ₹2,758.64 million in FY 2010. Net profit as a percentage of total income in FY 11 is 24.10% as compared to 23.68% in FY 10.

Financial Position:

Educomp Solutions Limited

Consolidated Balance Sheet as at March 31, 2011

(₹ in million)

	As at	
	March 31, 2011	March 31, 2010
Sources of funds		
Shareholders' funds		
Share capital	191.09	190.03
ESOP Outstanding Account	205.68	147.29
Reserves and surplus	21,387.58	16,137.86
Minority interest	2,365.21	1,914.80
Loan funds		
Secured loans	10,849.68	6,927.80
Unsecured loans		
	3,523.71	3,550.47
FCMITDA	-	3.42
Deferred tax liability (Net)	144.38	111.60
	38,667.33	**28,983.27**
Application of funds		
Goodwill (on Consolidation)	8,517.66	6,030.92
Fixed assets		
Gross Block	11,769.57	8,967.06
Less: Accumulated depreciation/amortization	1,862.15	1,050.37
Net block	9,907.42	7,916.69
Capital work in progress	7,879.79	2,739.33
	17,787.21	10,656.02
Deferred Tax Assets (Net)	63.62	89.27
Investments	1,234.77	354.07
Current assets, loans and advances		
Inventories	471.94	367.79
Sundry debtors	6,254.50	5,529.75
Cash and bank balances	4,488.90	7,886.68
Loans and advances	3,713.63	1,810.46
Other current assets	49.37	220.98
	14,978.34	15,815.66
Less : Current liabilities and provisions		
Current Liabilities	3,532.62	2,289.98
Provisions	381.65	1,672.69
	3,914.27	3,962.67
Net current assets	11,064.07	11,852.99
	38,667.33	**28,983.27**

Share Capital

a) The total paid-up Equity Share Capital stood at ₹191.09 million as on March 31, 2011 as compared to ₹190.03 million as on March 31, 2010. The change in share capital is attributed to issue of shares in lieu of ESOP exercised by the employees and preferential allotment to Vidya Mandir Classes Ltd against purchase of equity shares during the year.

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

	March 31, 2011		March 31, 2010	
	No. of Equity shares	₹ in million	No. of Equity shares	₹ in million
Balance at the beginning of the year	**9,50,14,651**	**190.03**	**8,64,31,425**	**172.86**
Allotment of shares pursuant to conversion of FCCB	-	-	-	-
Exercise of ESOP by employees under ESOP 2006, ESOP 2007 and ESOP 2008	4,74,102	0.95	4,30,610	0.86
Allotment of Shares through QIP	-	-	81,00,000	16.20
Preferential Allotment to Vidya Mandir Classes Ltd. (FY10 to Zaptive Internet Services (P) Ltd.)	55,643	0.11	52,616	0.11
Balance at the closing of the year	**9,55,44,396**	**191.09**	**9,50,14,651**	**190.03**

Reserves & Surplus:
Movement in Share Premium Account is given as below:

(₹ in million)

	March 31, 2011	March 31, 2010
Share premium - Opening balance	**11,370.01**	**1,518.78**
Add: On issue of shares under ESOP/QIP Schemes/Others*	2,027.02	10,813.87
Less: Transferred to goodwill on further investment	-	792.60
Less: Bonus issue pertaining to Minority	-	35.22
Less: Issue expenses on Non convertible Debentures/QIP	20.21	134.82
Less:- Premium paid on buy back of shares	36.05	-
Balance at the end of the year	**13,340.77**	**11,370.01**

The addition to the share premium account of ₹2,027.02 million during the year is due to the premium received on issue of 4,74,102 equity shares, as exercised by the employees under the ESOP schemes 2006, 2007 and 2008 & preferential allotment of 55,643 equity shares. Others include share premium arising from issuance of shares to holding company in various subsidiaries.

During the year, an amount of ₹20.21 million (previous year 134.82) was debited on account of expenses incurred for issue of Non convertible Debentures/QIP and in one of the subsidiaries premium of ₹36.05 million (previous year NIL) was paid on buy back of shares.

General Reserve:
Out of the profits for FY11, ₹389.11million representing 10% of the profits on standalone basis have been transferred to the general reserve.

Profit and Loss Account:
Movement in Profit & Loss Account is shown as below:

The balance retained in the profit and loss account as of March 31, 2011, after providing dividend and transfer to general reserve, is ₹6879.96 million.

The total shareholder funds of the Company increased to ₹21784.35 million as on March 31, 2011 from ₹16475.18 million as on March 31, 2010.

(₹ in million)

	March 31, 2011	March 31, 2010
Profit & Loss Account-opening balance	**4378.40**	**2,104.33**
Add: Addition during the year	3366.72	2758.64
Less Transfer to General Reserve	389.11	239.48
Less: Dividend paid (including tax)	70.50	337.49
Less: Reserve arising due to dilution of equity in subsidiary company	55.60	(8.64)
less : Transfer to debenture redemption reserve	349.95	(83.76)
Balance at the end of the year	**6879.96**	**4378.40**

Loan funds:
Secured loans increased from ₹6,927.80 million in FY10 to ₹10,849.68 million in FY11. This is mainly due to the availment of term loan from banks for the execution of Government contracts under Edureach, for general corporate purposes for increased operations and K-12 business.

Unsecured loan: The unsecured loan increased to ₹3,523.71 million in FY11 from ₹3,550.47 million in FY10 due to reinstatement gain of FCCB & repayment of short term loan.

(₹ in million)

Particulars	**March 31, 2011**	**March 31, 2010**
Secured Loans	10,849.68	6,927.80
Unsecured Loans	3,523.71	3,550.47

Capital Expenditure:

The Company has incurred a capital expenditure of ₹2,879.90 million in FY11 (₹7,242.91 million in FY10) as additions to gross block of assets excluding capital work-in-progress. Capital work-in-progress was ₹7,879.79 million as on March 31, 2011 as compared to ₹2,739.33 million as on March 31, 2010. There were additions to the gross block in K-12 segment amounting to ₹2,166 million on account of acquisition of fixed assets, primarily land and construction of building.

(₹ in million)

Particulars	March 31, 2011	March 31, 2010
Addition to Fixed assets	2,879.90	7,242.91
Increase in capital work-in-progress	5,140.46	(222.75)

Additions to gross block:

During the year, the Company added ₹221.67 million for investment in educational infrastructure i.e. computer and equipments installed in various private and government schools, ₹2,012.16 million for land and construction of building mainly schools, ₹81.72 million towards leasehold improvement, ₹17.06 million for purchase of vehicles & ₹328.68 million towards other office equipment & furniture and fixtures. An amount of ₹218.60 million was incurred on account of purchase of intangible assets (content and softwares).

Capital Commitments:

The Company has ₹640.09 million as capital commitment as on March 31, 2011, mainly towards educational infrastructure for usage by various non profit organisations, compared to ₹317.45 million as on March 31, 2010

(₹ in million)

Particulars	March 31, 2011	March 31, 2010
Capital commitment	640.09	317.45

Deferred Tax:

The Company has recorded deferred tax liability of ₹80.76 million as of March 31, 2011 compared to ₹22.33 million as of March 31, 2010. Deferred tax assets/ liability represent timing differences in the financial and tax books arising from depreciation on assets, provision for doubtful debts, provision for retirement benefits and unabsorbed depreciation and losses.

(₹ in million)

Particulars	March 31, 2011	March 31, 2010
Deferred tax liability -opening balance	22.33	439.36
Deferred tax provision for the year	58.43	(417.03)
Deferred tax liability-closing balance	80.76	22.33

Investments:

The Company has made strategic investments (trade and non trade) in associates / third party amounting to ₹1,234.77 million as of March 31, 2011 as against ₹354.07 million as of March 31, 2010.

(₹ in million)

	March 31, 2011	March 31, 2010
Total Investment	1,234.77	354.07
Provision for diminution in value of investment	-	-
Net investment	1,234.77	354.07

Inventories:

The Company had inventories of ₹471.94 million as on March 31, 2011 as against ₹367.79 million as on March 31, 2010. The increase in inventories is due to increased operations of the company.

(₹ in million)

	March 31, 2011	March 31, 2010
Educational Products	79.32	53.98
Technology Equipment	359.80	290.60
Work in progress	32.82	23.20
Total	**471.94**	**367.78**

Sundry debtors:

Sundry debtors amount to ₹6,254.50 million (net of provision for doubtful debts amounting to ₹46.45 million) as of March 31, 2011 as compared to ₹5,529.75 million (net of provision for doubtful debts amounting to ₹33.45 million) as at March 31, 2010.

Debtors are increased in absolute terms due to increased business operations, however debtor days has reduced from 194 days in FY10 to 169 days in FY11 on account of efficient collection management and adoption of securitization led sale model.

(₹ in million)

	March 31, 2011	March 31, 2010
Sundry debtors	6,300.95	5,563.20
Less: Provision for doubtful debts	46.45	33.45
Sundry debtors (net) (₹Million)	6,254.50	5,529.75

Cash & Bank balances:

As on March 31, 2011, the Company had cash & bank balances of ₹4,488.90 million (₹7,886.68 million million as on March 31, 2010). Cash & bank balances include fixed deposits lying with scheduled and international banks of ₹1,641.96 million. Further, balance amounting to ₹2,846.94 million is lying with scheduled and foreign banks as cash and bank balances.

(₹ in million)

	March 31, 2011	March 31, 2010
Cash & Bank balances	2,846.94	3,614.84
Fixed deposits	1,641.96	4,271.84
Total	**4,488.90**	**7,886.68**

Loans and Advances:

Loans and advances as on March 31, 2011 were ₹3,713.63 million (₹1,810.46 million as on March 31, 2010). Loans and advances include loans and advances given to related and unrelated parties, EMD (refundable and non-refundable) to various State Governments, security deposits to various parties, prepaid expenses and advances to trade creditors.

(₹ in million)

	March 31, 2011	March 31, 2010
Unsecured, considered good	3,693.24	1,810.46
Advance Tax (Net of Provision ₹38.86 million)	20.39	-
Total	**3,713.63**	**1,810.46**

Other Current assets:

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

(₹ in million)

	March 31, 2011	March 31, 2010
Income accrued but not due	18.30	44.32
Interest accrued but not due	31.07	176.66
Total	**49.37**	**220.98**

Current liabilities:

Current liabilities have increased to ₹3,532.62 million as on March 31, 2011 as compared to ₹2,289.98 million as of March 31, 2010 on account of increased operations and increased acceptances.

(₹ in million)

	March 31, 2011	March 31, 2010
Acceptances and Sundry Creditors	2,238.55	1,244.29
Employee Payable	109.95	90.05
Other Liabilities	417.10	391.89
Interest accrued but not due on loans	48.88	6.35
Advance from customers	717.17	556.81
Unpaid dividend	0.96	0.59
Total	**3,532.62**	**2,289.98**

Provisions:

Provisions made towards taxes, employee retirement benefits, proposed dividend and tax on dividend aggregated to ₹381.65 million as on March 31, 2011 (₹1,672.69 million as on March 31, 2010). Significant provisions include provision for proposed dividend, provision for income tax and provision for staff benefits.

(₹ in million)

	March 31, 2011	March 31, 2010
Staff retirement benefits	71.56	42.67
Income Tax / Fringe Benefit Tax (net of TDS/Adv. Tax)	223.77	1,320.31
Fringe benefit tax (net of Adv. Tax)	-	0.05
Proposed dividend	76.98	269.32
Tax on Proposed dividend	9.34	40.35
Total	**381.65**	**1,672.69**

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 ₹35.27 and ₹32.66, respectively, as on March 31, 2011 against ₹29.83 and ₹27.88 as on March 31, 2010.

(₹ in million)

	March 31, 2011	March 31, 2010
Basic Earnings per share (Rs)	35.27	29.83
Diluted Earnings per share (Rs)	32.66	27.88

Cash Flows:
The Cash generated from operations increased from ₹2,195.41 million as on March 31, 2010 to ₹2,840.88 million as on March 31, 2011 on account of higher profits before taxes & depreciation and increase in other income.

(₹ in million)

	March 31, 2011	March 31, 2010
Cash & cash equivalents from operating activities	2,840.88	2,195.41
Cash & cash equivalents from investing activities	(9,108.86)	(3,721.70)
Cash & cash equivalents from financing activities	2,879.67	7,462.33
Net increase in Cash & cash equivalents	(3,388.31)	5,936.03
Opening Cash & cash equivalents	7,886.68	1,902.03
Exchange difference on translation of foreign currency cash and cash equivalents	(9.46)	48.62
Closing Cash & cash equivalents	4,488.90	7,886.68

The cash outflow on account of investing activities is ₹9,108.86 million as on March 31, 2011 on account of investment in fixed assets in K-12 and HLS segments.

The net proceeds from financing activity was ₹2,879.67 million as on March 31, 2011 is attributed to increased term loan borrowings in K-12 and HLS segment.

I. Ratings/Recognition/ Liquidity / Resources
Selected key awards and recognition that the Company has received in recent times include the following:

- Educomp Solutions won the highest number of awards at the recently held 2011 edition of the prestigious World Education Awards. Among the three 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.
- In June 2011, Educomp Solutions was conferred with the prestigious "Excellence Award" by the Institute of Economic Studies (IES) for its outstanding contribution towards developing the education sector in India through excellence in productivity, quality, innovation & management of holistic range of educational products and services. IES also awarded Soumya Kanti, President of Edureach with the "Udyog Rattan Award" for his contribution to the industrial development of the country through transforming of teaching-learning processes by empowering teachers and encouraging students to acquire knowledge and gain conceptual clarity through use of ICT.
- Franchise India, presented "Entrepreneur of the Year" award to Shantanu Prakash in the Indian Education Awards 2011 organised 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.
- Eurokids was awarded with the Best Licensing Programme in Education at Indian Education Congress 2011 by Franchising India.
- April 2011 issue of Dare Magazine chose Shantanu Prakash in its list of Inspiring 50 Entrepreneurs – 2011, 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. 'Leap of Faith Awards' is an attempt to recognize the best and brightest of India's young entrepreneurs, men and women who have stood against all odds and emerged winners.
- Shantanu Prakash was chosen as the winner of Dataquest "Pathbreaker of the Year Award" for 2010 for making quality education available in schools across different parts of the country.
- Sangeeta Gulati, CFO of Educomp Solutions, was conferred with Best CFO award in the Sustained Wealth Creation (mid size) category by Business Today in July 2011 and the ICAI Women CFO 2010 Award by the prestigious Institute of Chartered Accountants of India for exceptional performance and achievements as a CFO.
- Educomp Solutions won Citizen's Choice #1 Award for Teaching Learning Paradigm through ICT Intervention awarded by Digital Learning Magazine in 2010.
- The students from VidyaMandir Classes secured 5 positions in the top 6 in IIT-JEE Delhi Zone.
- 21 Gateforum students secured top 10 ranks in GATE 2011 and 141 in Top 100 across 7 streams of engineering.
- ETEN students bagged 52 All India Ranks including 4 All India No. 1 Ranks in different CA exams.

- PSBB Millennium School teacher Mrs. Mallika Sundaresan, with over 28 years experience in Science and Science Laboratory Techniques, won CBSE Cluster "Best Teacher"
- The PSBB Millennium School, Gerugambakkam, was selected as the only school from INDIA to be a Pathfinder School under the Microsoft Partners in Learning –Worldwide Innovative Education Forum. Out of 118 applications from 48 countries, The PSBB Millennium School was among the top 58 selected schools in the world and the only one from India.

Ratings

CARE Ratings has 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 ₹3397.6 milllion. Facilities with this rating are considered to have adequate degree of safety for timely servicing of financial obligation. Such facilities carry low credit risk

In January 2011, CARE awarded 'CARE A' ratings to long term bank facilities, i.e. facilities having tenure of more than one year, aggregating to ₹3,723.8 million and 'PR1' ratings to short term bank facilities i.e. facilities having tenure of up to one year, aggregating to ₹3,270 million.

The Company also received PR1+ rating for commercial paper of ₹800 million by CARE ratings.

In September 2010, Fitch Ratings assigned/re-affirmed the following ratings to the Company: national long term rating: A (ind) / "stable" outlook; long term debt programme of ₹200 million: 'A(ind)'; outstanding term-loan of ₹5,244.5 million: ''A(ind)'; short term debt of ₹150 million: 'F1(ind)'; and working capital facilities of ₹4,070 million: 'A(ind)' / 'F1(ind)'.

The Company's long-term debt (both secured & unsecured) as on March 31, 2011 stood at ₹14,373.39 million (consolidated) & ₹6,713.70 million (unconsolidated).

The Company's debt equity ratio, including the long-term & short-term debt, as on March 31, 2011 is 0.66 on consolidated basis and 0.41 (unconsolidated) including the FCCB.

Educomp has a consortium of 6 banks, with State Bank of Patiala as a lead bank, to fund its Fund-based & Non-Fund-based requirements amounting to ₹4,070 million in FY11. These credit lines are generally fixed & renewed annually. Similarly, for Educomp Infrastructure & School Management Services Limited, the Company has formed a consortium of 6 banks, with Axis Bank to fund its school project requirements amounting to ₹6,250 million through a 13-year term loan.

J. Threats & Risks:

Part I: External Risks relating to the Business of the Company:

a) Changes in Government policies could adversely affect the Company's business, results of operations and financial condition

b) A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could have an adverse impact on the Company. A rapid decrease in reserves would also create a risk of higher interest rates and a consequent slowdown in growth

c) If inflation were to rise in India, the Company might not be able to increase the prices of its services and products in order to pass costs on to its customers and the Company's profits might decline

d) A significant change in the Central and State Governments' economic liberalisation and deregulation policies could disrupt the Company's business

e) If regional hostilities, terrorist attacks or social unrest in India increase, the Company's business could be adversely affected and the price of the shares could decrease

f) A slowdown in economic growth in India could cause the Company's business to suffer

g) Natural calamities could have a negative impact on the Indian economy and could cause the Company's business to suffer and the price of the shares to decrease

h) The Company is dependent on third parties for procurement of equipment and certain performance obligations that are critical to the success of its business in the Private sector-run schools and Government-run schools businesses

Part II: Risks Relating to the Regulatory Requirements, Contractual Obligations:

a) Delay in payments from Government of India (including state Governments) contracts may affect business cash flow.

b) Any changes in Central Government or State Government education policies or legislation may adversely impact Company's business and financial prospects.

Part III: Risks Associated with the expansion of the Company's Business

a) The Company faces risks and uncertainties associated with the implementation of its expansion projects.

The Company plans to continue to expand its brand and product portfolios and its service and distribution networks in India and abroad in the near future, both organically and inorganically via strategic acquisitions. In taking these and any other such expansion initiatives, the Company faces risks and uncertainties, including that:

- Funding anticipated to be deployed towards the cost of the project will not become available in a timely manner or at all;
- Strategic acquisitions may not initially return profits or may incur losses in the future;
- The Company may not be able to manage their increasing contractual commitments with private and government schools in a timely fashion;
- The Company may not be able to implement / execute the Tripartite models under contracts on time or to its clients' satisfaction due to unforeseen and

unavoidable circumstances;

- The Company may face difficulties in recruiting, training and retaining sufficient skilled technical, marketing and management personnel;
- The Company may be unable to manage client and customer expectations in India and internationally; and
- The Company may be unable to develop adequate internal administrative functions and systems and controls, particularly the financial, operational, communications and other internal systems.

However, the Company has successfully implemented expansion projects in the past and is confident in executing the future projects on time & with greater efficiency, through suitable procedures & MIS developed in these regards. However in the year under review, company has signed an approximate equivalent number of schools, which the company has signed over a period of 5 years, depicting the acceptability of the company's product, namely SmartClass.

b) Some of the Company's new initiatives might be adversely affected due to its limited prior experience in those businesses. Company has acquired VMC and Gateforum, which might not give results as expected & envisaged by the Company

c) The Company's joint venture partners may not perform their obligations satisfactorily.

The Company undertakes certain projects through joint ventures with third parties and may in the future undertake further projects through additional joint ventures. The success of such joint ventures depends significantly on the satisfactory performance by the joint venture partners and the fulfillment of their obligations. If a joint venture partner fails to perform its obligations satisfactorily, the joint venture may be unable to perform adequately or deliver its contracted services. However, till date, all the Joint ventures have been successfully managed by Company. Company has made adequate control procedures to map the success of its joint ventures with the business plan as envisaged. If any variations are found, same are being dealt with adequately

d) The Company may not be able to adequately protect its products from infringement of copyright

The Company has not obtained copyright registration for any of its products or materials. While copyright registration is not mandatory in India for protection of copyright in any material, the registration is prima facie evidence for the subsistence of copyright in such material.

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

The information technology market is characterized by rapid technological change, evolving industry standards, changing customer preference and new product and service introductions. The Company's future success will depend on its ability to develop products and services that keep pace with changes in these markets, to enhance its existing products and services and to develop new products and services to meet the changing requirements of its customers. To date, the Company has successfully developed products and provided services to meet customer demand. The past experience of the Company has been to identify new opportunities and develop and bring new products and services to market in a timely manner.

f) The Company has signed non-BOOT contracts with various State Governments, leading to higher debtors. In Non- boot contracts, the hardware and related infrastructure are provided to the State Governments up-front, in return for which the State Governments make an initial payment in partial satisfaction of the overall cost, with the remaining cost spread through deferred payments over the period of the respective contracts. This non-BOOT based business leads to a significant increase in the Company's debtors, which could in turn affect the amount of working capital available to the Company.

Part IV: Other Internal Risks Associated with the Company's Business

The Company's revenue is seasonal

a) The Company's revenue is seasonal, with approximately 40-47% of revenues booked in the last Fiscal quarter, which precedes the beginning of the new academic year and is the quarter in which the budget of various state Government departments lapses. The Company expects such seasonality to continue in the near future as well. This seasonality coupled with quarterly billing model of the company also leads to the high debtor days.

b) The Company's sustained growth depends upon its ability to attract and retain skilled manpower. The Company's ability to attract and retain customers is heavily dependent upon its reputation, which in turn relies on its maintaining a high level of service quality.

Company has already implemented ESOPs 2006, ESOPs 2007 & ESOPs 2008 as a step to retain its senior & key management team members including that of certain subsidiaries. Our present attrition rate is quite low. In addition, Company is also in the process of implementing various Employee Friendly processes. In fact, in June 2009, the Company was ranked No. 1 for education and training in the "India's Best Companies to work for" study, conducted by the Great Place to Work® Institute, India, in partnership with the Economic Times.

The Company's success is dependent on a team of experienced senior professionals including its Chairman and Managing Director, Chief Financial Officer and other members of senior management. The loss of services of any of them would have adverse impact on Company's business

c) Delay in payments from Government

The payment system with the government is subject to delays due to bureaucratic process. As a proactive measure, at the tendering stage only, cost of payment delays are being built into the price of product/ services offered. Company does not make any provision for bad debts in respect of Government contracts.

i) Margin-pressures

Generally there are no margin-pressures in our core business, except in case of our business with the government. At the same time, the intensified competition for human resources in India is resulting in higher wage levels. Due to this, margins could be under pressure.

In order to mitigate the risk, parallel the Company is moving into higher value added services, effectively managing costs, entering into global markets and creating more IP driven products.

j) **Competition**

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

Competitive Strengths:

We have a number of competitive strengths, including the following:

India's largest education company – Our position as the market leader in India's education industry as well as our breadth of service offerings enables us to cross-sell and up-sell our products and services across our wide customer base. We believe our leadership position also allows us to attract high quality partners such as Pearson (Singapore) Pte. Limited, Raffles Education Corporation Limited, Microsoft Licensing, GP and China Distance Education Holdings to expand our business and to attract and retain talented personnel by providing them with career development and advancement opportunities.

Strong brand recognition – We believe our portfolio of widely recognized brands and long standing reputation in the Indian education market bring a number of advantages:

- we are able to introduce and promote new products and services efficiently;
- we can attract customers and students effectively;
- we are able to secure strategic partnerships with internationally renowned companies such as Pearson (Singapore) Pte. Limited, Raffles Education Corporation Limited and Microsoft Licensing, GP; and
- we are able to maintain our pricing levels and healthy profit margins as our customers recognize the value provided in our schools and underlying products (for example, our Smart_Class™ offering).

Large and extensive library of proprietary education content supplemented by strong research and development capabilities - Over the past 18 years, our research and development team, which currently comprises over 300 employees, has developed a large and extensive library of proprietary educational content covering the entire education lifecycle. This library consists of:

- more than 17,000 digitized multimedia standards-based content/modules for our Smart_Class™ program, all of which are continuously being aligned with the changing curriculum standards set by the Central Board of Secondary Education, the Counsel for the Indian School Certificate Examinations and the International General Certificate of Secondary Education in India, various other Indian state education boards as well as the International Baccalaureate;
- more than 15,000 modules for our MathGuru™ program; and
- more than 798 textbooks, which we use for our Roots to Wings program, Millennium Learning System™, EDAC curriculum and Universal Academy curriculum.

In addition, our education content is available in ten regional Indian languages under our EduReach brand, with content in five regional Indian languages currently in development under our Smart_Class™ brand. Our dedicated content development team has experience in developing customized standards-based content specifically designed for the unique characteristic of the Indian market. We believe our portfolio of content across categories combined with our extensive development capabilities creates a high barrier to entry.

Track record of pioneering and developing innovative products and services – The technology-enabled education industry is characterized by rapid change and development. We continuously invest in research and development to expand and enhance our portfolio and content, in order to ensure that we remain at the forefront of technological developments in our industry. Our efforts and successes include:

- pioneering and continually developing new learning methods, such as the very small aperture terminal, or VSAT, -enabled facilities employed in our IndiaCan and LEAP centers, the Educomp O3 one-on-one learning system, WizIQ.com, the state-of-the-art virtual classroom and Educomp Live, through which we will able to provide students in tier 3 and 4 Indian cities with digital and live streaming of teacher-led audio/video classes and teacher integrated educational content through very small aperture terminals, or VSATs;
- improving the delivery of educational content through continuous development of hardware and software platforms, as seen in the enhancement of our existing Smart_Class™ technology through the introduction of the Digital Teaching System and Class Transformation System; and
- creating asset-light business models to improve our debt capacity, which can be utilized in funding our growth plans.

Demonstrated ability in identifying new business opportunities and markets, and addressing them through organic business expansion, through acquisitions or partnerships. We have successfully developed our business through the identification of opportunities across the education lifecycle, including market-leading products such as Smart_Class™, award-winning pre-schools such as Roots to Wings and K-12 schools such as the Millennium brand schools and a number of online and supplementary education products.

Auditor's 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, 2011 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the paragraph 3 above, we report that:

   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

   iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

   iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

   v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 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, 2011;

      b) in the case of the profit and loss account, of the profit for the year ended on that date; and

      c) in the case of cash flow statement, of the cash flows for the year ended on that date.

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

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Anupam Bansal
Proprietor
M. No.: F-87699

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

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Raj Kumar Agarwal
Partner
Membership No.74715

Place: Gurgaon
Date: May 30, 2011

Annexure to Auditor's 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 2011]

(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) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clauses (iii)(b), (iii)(c) and (iii)(d) of paragraph 4 of the Order are not applicable to the Company.

(b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clauses (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable to the Company.

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

(v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

(b) 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 Lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time 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) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

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

(c) According to the information and explanation given to us, there are no dues of wealth tax, service 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, disputed sales tax and income tax that have not been deposited are as follows:

Name of Statue	Nature of Dues	Amount Disputed (₹)	Amount paid (₹)	Period to which relates	Forum where the dispute is pending
Uttar Pradesh Value Added Tax	VAT	21,64,000	9,73,800	2009-10	Commissioner, Uttar Pradesh
Income Tax Act, 1961	Income Tax	5,85,91,285	1,24,00,000	2007-08	CIT(A)
Total		**6,07,55,285**	**1,33,73,800**		

(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 and banks.

(xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(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 No: 009864N

Anupam Bansal
Proprietor
M. No.: F-87699

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

Raj Kumar Agarwal
Partner
Membership No.74715

Place: Gurgaon
Date: May 30, 2011

Balance Sheet as at 31st March, 2011

(₹ in million)

	Schedule	As at 31st March, 2011	As at 31st March, 2010
Sources of Funds			
Shareholder's Funds			
Share Capital	1	191.09	190.03
Employee Stock Option Outstanding	2	189.45	147.28
Reserves and Surplus	3	15,875.61	11,903.13
Loan Funds			
Secured Loans	4	3,208.67	2,370.72
Unsecured Loans	5	3,505.03	3,543.49
Deferred Tax Liability (Net)		-	10.29
(refer note 2(ix), schedule 18)			
Foreign Currency Monetary Items			
Translation Difference Account (FCMITDA)		-	3.42
(refer note 1(ix), schedule 18)			
		22,969.85	18,168.36
Application of Funds			
Fixed Assets	6		
Gross Block		2,446.88	2,009.41
Less: Accumulated Depreciation/Amortisation		1,166.33	756.48
Net Block		1,280.55	1,252.93
Capital Work in Progress		36.04	75.11
		1,316.59	1,328.04
Deferred Tax Asset (Net)		0.24	-
(refer note 2(ix), schedule 18)			
Investments	7	13,743.47	7,866.48
Current Assets, Loans and Advances	8		
Inventories		361.43	291.20
Sundry Debtors		5,066.26	5,018.03
Cash and Bank Balances		2,946.34	6,199.08
Loans and Advances		2,314.73	490.94
Other Current Assets		43.77	177.83
		10,732.53	12,177.08
Less : Current Liabilities and Provisions	9		
Current Liabilities		2,481.78	1,655.67
Provisions		341.20	1,547.57
		2,822.98	3,203.24
Net Current Assets		7,909.55	8,973.84
		22,969.85	18,168.36
Significant Accounting Policies & Notes to Accounts	18		

The above schedules form an integral part of the Balance Sheet
As per our report of even date attached

For and on behalf of Board of Directors

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

Anupam Bansal
Proprietor
Membership No: 087699

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

Raj Kumar Agarwal
Partner
Membership No: 074715

Place : Gurgaon
Date : 30th May, 2011

Shantanu Prakash
Chairman & Managing Director

Sankalp Srivastava
Director

Jagdish Prakash
Whole Time Director

Dr. Shayama Chona
Director

Shonu Chandra
Director

Mohit Maheshwari
Company Secretary

Profit and Loss Account for the year ended 31st March, 2011

(₹ in million)

	Schedule	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Income			
Sales & Service income	10	10,206.63	8,322.21
Other income	11	411.10	404.91
		10,617.73	8,727.12
Expenditure			
Cost of Goods Sold	12	2,856.80	1,627.63
Personnel Expenses	13	1,406.41	999.25
Administration and Other Expenses	14	1,041.78	1,076.05
Finance Charges	15	540.94	370.59
Depreciation/Amortisation	6	411.14	907.39
		6,257.07	**4,980.91**
Profit Before Tax		**4,360.66**	**3,746.21**
Provision for Income Tax			
(refer note 1(xiii), 2(ix), schedule 18)			
- Current Tax		879.88	1,938.65
- Deferred Tax		(10.53)	(439.04)
- MAT Credit Entitlement		(394.98)	-
Profit After Tax and Before Prior Period Items		**3,886.29**	**2,246.60**
Prior Period Items	16	(2.39)	27.94
Profit After Tax & Prior Period Items		**3,888.68**	**2,218.66**
Add: Balance brought forward from previous year		**3,852.30**	**2,166.03**
Profit Available for Appropriations		**7,740.98**	**4,384.69**
Appropriations			
Interim Dividend		-	94.93
Proposed Dividend Final		57.59	171.72
Tax on Interim Dividend		**-**	**16.13**
Tax on Proposed Dividend (Net)		(0.29)	27.74
Transfer to General Reserve		388.87	221.87
Balance carried to Balance Sheet		**7,294.81**	**3,852.30**
Earning Per Share (₹)	17		
Basic		40.74	23.99
Diluted		37.76	22.52
Significant Accounting Policies and Notes to Accounts	18		

The above schedules form an integral
part of the Profit and Loss account
As per our report of even date attached

For and on behalf of Board of Directors

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

Anupam Bansal
Proprietor
Membership No: 087699

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

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Whole Time Director

Dr. Shayama Chona
Director

Shonu Chandra
Director

Mohit Maheshwari
Company Secretary

Place : Gurgaon
Date : 30th May, 2011

CASH FLOWS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011
(refer note I (xvi), Schedule 18)

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Cash flows from operating activities		
Net profit before taxation and after prior period items/adjustments as per Profit and Loss Account	4,363.05	3,718.27
Adjusted for:		
Net prior period adjustments	(2.39)	27.94
Provision for doubtful debts/advances	12.00	3.38
Provisions/credit balances written back	(82.18)	(18.71)
Depreciation/amortisation	411.14	907.39
Unrealised Foreign exchange effects	(44.71)	70.43
Dividend income	(58.00)	(2.70)
Interest/other income	(203.26)	(159.04)
Interest expense	540.94	370.59
Esop Amortisation cost	119.65	90.31
Loss/(Profit) on Sale of Fixed Assets	0.17	-
Loss/(Profit) on Sale of investments	2.98	(65.84)
Operating profit before working capital changes	**5,059.39**	**4,942.02**
Adjusted for:		
Trade & other receivables	(60.23)	(1,425.61)
Inventory	(70.23)	(18.41)
Loans & Advances	(577.47)	(156.90)
Trade & Other Payables	900.94	361.80
Cash generated from operations	**5,252.40**	**3,702.90**
Net prior period adjustments	2.39	(27.94)
Taxes Paid	(1,983.59)	(790.84)
Net cash from operating activities	**3,271.20**	**2,884.12**
Cash flows from investing activities		
Purchase of fixed assets (including capital work-in-progress)	(402.96)	(1,363.18)
Proceeds from Sale of fixed assets	0.34	2,128.17
Investment in subsidiaries (including share application money)	(5,526.77)	(4,550.79)
Investment in Associates	(208.59)	(118.21)
Investment-others	(675.00)	(200.00)
Purchase of Investments (Un-quoted, Non trade)	(19.84)	(10.00)
Sale of Investments (Un-quoted, Non trade)	10.33	-
Sale of investment in subsidiaries	-	57.50
Sale of investment in other companies	0.67	-
Dividend income	58.00	2.70
Interest income	95.22	31.57
Net cash used in investing activities	**(6,668.60)**	**(4,022.24)**
Cash flows from financing activities		
Proceeds from issue of QIP/ESOP	29.67	6,134.91
QIP issue expenses	-	(132.87)
Proceeds/(Repayment) of long-term borrowings	1,322.49	955.81
Proceeds/(Repayment) of Short-term borrowings	(150.00)	(50.00)

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Cash Credit	(334.55)	237.39
Payment of dividend (including dividend tax)	(184.79)	(165.89)
Interest on borrowings	(538.16)	(370.59)
Net cash from financing activities	144.66	6,608.76
Net increase in cash and cash equivalents	(3,252.74)	5,470.64
Opening cash and cash equivalents	6,199.08	728.44
Closing cash and cash equivalents	2,946.34	6,199.08
Significant Accounting Policies and Notes to Accounts (refer schedule 18)		

Notes to the cash flow statement:

1. Cash and cash equivalents consists of following: Cash/Cheques in hand & Balances with Banks ₹2,098.47 million (Previous year ₹3,006.22 millions), Fixed deposits with banks ₹847.87 millions (Previous Year ₹3,192.86 millions)

2. Cash & cash equivalent at the end of the year includes:

   - ₹7.08 million (Previous Year ₹ Nil) lying as Cash Margin Account against Receivable Buyout.

   - Fixed deposits with banks in the form restricted cash of ₹847.87 millions (Previous year ₹158.21 millions) available as margin money against bank guarantee, letter of credit and receivable buyouts which are not freely remissible to the company.

The above schedules form an integral part of the Cash Flow Statement
As per our report of even date attached

For and on behalf of Board of Directors

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

Anupam Bansal
Proprietor
Membership No: 087699

For **Haribhakti & Co.**
Firm Registration No:103523W
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Raj Kumar Agarwal
Partner
Membership No: 074715

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Director

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Whole Time Director

Dr. Shayama Chona
Director

Shonu Chandra
Director

Mohit Maheshwari
Company Secretary

Place : Gurgaon
Date : 30th May, 2011

Schedules

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
Schedule 1 : Share Capital		
Authorised		
12,50,00,000 equity shares of ₹2 each (Previous year 12,50,00,000 equity shares of ₹2 each)	250.00	250.00
Issued, Subscribed and Paid up		
(refer note 2 (iii) & (iv), schedule 18)		
9,55,44,396 equity shares of ₹2 each, fully paid up	191.09	190.03
(Previous year 9,50,14,651 equity shares of ₹2 each fully paid up)		
	191.09	**190.03**

Note:

1. Out of the above 5,27,65,560 equity shares of ₹2 each were alloted as bonus shares by capitalisation of General Reserve.
2. Out of the above 1,08,259 equity shares of ₹2 each were alloted pursuant to a contract without payments being received in cash.

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
Schedule 2 : Employee Stock Option Outstanding		
(refer note 2(iv), schedule 18)		
Employee Stock Option Outstanding	516.62	495.79
Less: Deferred Stock Compensation Expenses	327.17	348.51
	189.45	**147.28**

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
Schedule 3 : Reserves and Surplus		
Securities Premium Account		
Opening Balance	7,618.87	1,546.41
Add: On issue of shares under ESOP/QIP/Preferencial Allotment	141.09	6,205.32
	7,759.96	7,751.73
Less: QIP issue expenses	-	132.87
	7,759.96	7,618.86
General Reserve		
Opening Balance	431.97	210.10
Add: Transferred from Profit and Loss Account	388.87	221.87
	820.84	431.97
Profit and Loss Account		
As per Profit and Loss Account	7,294.81	3,852.30
	15,875.61	**11,903.13**

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
Schedule 4 : Secured Loans		
(refer note 2(viii), schedule 18)		
From Banks		
- Cash Credit	238.80	573.34
- Term Loan	2,969.87	1,647.38
[Due within one year ₹1,727.57 million, (Previous year ₹520.50 million)]		
From Financial Instituitions/Others		
- Term Loan	-	150.00
[Due within one year ₹ Nil, (Previous year ₹150.00 million)]		
	3,208.67	2,370.72

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
Schedule 5 : Unsecured Loan		
- Other Loans (other than bank)		
(refer note 2(iii), schedule 18)		
- Zero Coupon Foreign Currency Convertible Bonds	3,505.03	3,543.49
	3,505.03	**3,543.49**

Schedule 6 : Fixed Assets (refer note 1(iv), schedule 18)

(₹ in million)

	Gross Block				Accumulated Depreciation				Net Block	
	As at 01.04.2010	Additions during the year	Deductions during the year	As at 31.03.2011	As at 01.04.2010	Depreciation for the year	Adjustment on Deductions	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Tangible										
Land (freehold)	8.23	-	-	8.23	-	-	-	-	8.23	8.23
Building	74.47	1.55	-	76.02	8.64	3.33	-	11.97	64.05	65.83
Leasehold improvements	9.28	1.77	-	11.05	6.49	0.96	-	7.45	3.60	2.79
Office equipment	313.51	123.31	0.04	436.78	44.47	71.51	0.01	115.97	320.81	269.04
Furniture and fixtures	111.27	39.41	-	150.68	26.22	22.85	-	49.07	101.61	85.05
Computers and accessories	436.72	157.27	1.02	592.97	107.14	98.63	0.69	205.08	387.89	329.58
Vehicles	9.95	-	0.73	9.22	5.13	1.23	0.59	5.77	3.45	4.82
Intangible*										
Software	133.06	25.50	-	158.56	99.73	21.68	-	121.41	37.15	33.33
Knowledge-based content	912.92	101.48	11.03	1,003.37	458.66	190.95	-	649.61	353.76	454.26
								-	-	-
Total	**2,009.41**	**450.29**	**12.82**	**2,446.88**	**756.48**	**411.14**	**1.29**	**1,166.33**	**1,280.55**	**1,252.93**
Previous year	**5,219.13**	**1,533.02**	**4,742.74**	**2,009.41**	**1,264.93**	**907.39**	**1,415.84**	**756.48**	**1,252.93**	
Capital work in progress [includes capital advances of ₹ Nil (Previous Year ₹ Nil)]									36.04	75.11
Grand Total									**1,316.59**	**1,328.04**

* It does not include any internally generated intangible assets.

(₹ in million)

		As at 31st March, 2011	As at 31st March, 2010
Schedule 7 : Investments			
(refer note 1(viii) & 2(xix), schedule 18)			
A)	**Long Term, Unquoted, Trade, at Cost**		
a)	**Investment in Subsidiaries**		
	85,899 equity shares (Previous year 85,899) of ₹10 each, fully paid up,		
	in Wheitstone Productions Private Limited	3.35	3.35
	Less: Provision for diminution in the value of investment	(3.35)	(3.35)
	13,64,977 equity shares (Previous year 13,64,977) 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
	2,26,19,816 equity shares (Previous Year 1,93,34,831) of ₹10 each, fully paid up,		
	in Educomp Infrastructure & School Mangement Ltd.	7,650.99	5,397.49
	34,000 equity shares (Previous year 34,000) of ₹10 each, fully paid up,		
	in Educomp School Management Ltd.	50.00	50.00
	Nil equity shares (Previous year 71,488) of ₹10 each, fully paid up,		
	in Educomp Learning Hour Pvt. Ltd.	-	105.01
	Nil equity shares (Previous year 22,20,999) of ₹10 each, fully paid up,		
	in Authorgen Technologies Ltd.	-	93.52
	1,56,95,351 equity shares (Previous year 1,23,80,651) of USD 1 each, fully paid up,		
	in Educomp Asia pacific Pte Ltd. Singapore	760.07	609.36
	50,000 equity shares (Previous year 50,000) of ₹10 each, fully paid up,		
	in Educomp Software Limited	0.50	0.50
	42,84,095 equity shares (Previous year 8,86,101) of ₹10 each, fully paid up,		
	in Educomp Professional Education Limited	2,960.09	588.29
	32,09,838 equity shares (Previous year 23,89,474) of C$ 1 each, fully paid up,		
	in Savicca Inc., Canada	137.07	101.47
	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 94,80,239) of ₹10 each, fully paid		
	in Educomp Child Care Private Limited	161.10	94.80
	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 50,000) of ₹10 each, fully paid		
	in Educomp Online Supplemental Service Ltd.	14.56	0.50
	48,776 equity shares (Previous year Nil) of ₹10 each, fully paid		
	in Vidya Mandir Classes Ltd.	346.87	-
	50,000 equity shares (Previous year Nil) of ₹10 each, fully paid	0.50	-
	in Educomp Investment Management Limited	12,575.10	7534.29
b)	**Investment in Associates**		
	19,40,083 equity shares (Previous year 19,40,083) of ₹10 each, fully paid		
	in Greycells 18 Media Ltd.	118.21	118.21
	15,077 equity shares (Previous year Nil) of ₹10 each, fully paid		
	in Gateforum Educational Services Private Ltd.	155.32	-
		273.53	118.21

(₹ in million)

		As at 31st March, 2011	As at 31st March, 2010
c)	**Investment - other**		
	Nil equity shares (Previous year 3,98,000) of ₹10 each, fully paid up,		
	in Eduloans Corporation Private Ltd.	-	3.98
	45,00,000 8% Cummulative Redeemable Non-convertible Preference shares		
	(Previous year 20,00,000) of ₹100 each, fully paid up, in Edu Smart Services Pvt. Ltd.	450.00	200.00
	4,25,000 units (Previous year Nil) of ₹1000 each, fully paid up, in India Education Fund	425.00	-
		875.00	203.98
B)	**Short Term, Quoted, Non Trade, at cost**		
	SBI PSU Mutual Fund-Growth	10.00	-
	10,00,000 units (Previous year Nil) of ₹10 each		
	(NAV ₹9.84 as on 31st March, 2011)		
	Less: Provision for diminution in the value of investment	(0.16)	
	SBI-Magnum Sector Fund Umbrella Contra-Dividend Nil units (Previous year 399680.25 units of ₹10 each) NAV ₹10.22 as on 31st March, 2010	-	10.00
	Canara Robeco Mutual Fund	10.00	-
	10,00,000 units (Previous year Nil) of ₹10 each		
	(NAV ₹10.51 as on 31st March, 2011)		
		19.84	10.00
		13,743.47	7,866.48

Note:

Aggregate Market Value of Quoted Investments is ₹20.35 million (Previous year ₹10.22 million)

Aggregate Value of Non-Quoted Investments is ₹13,723.63 million (Previous year ₹7856.48 million)

(₹ in million)

		As at 31st March, 2011	As at 31st March, 2010
Schedule 8 : Current Assets, Loans and Advances			
Technology Equipment			
Inventories			
(refer note 1(vii), 2 (xiii), schedule 18)			
Finished goods - Trading			
Technology Equipment*		357.53	290.60
Education Products		3.90	0.60
* Includes stock-in-transit ₹13.74 million (Previous year Nil)		**361.43**	**291.20**
Sundry debtors			
a)	Debts outstanding for a period exceeding six months		
	Unsecured, Considered good	1,528.15	1,147.25
	Unsecured, Considered doubtful	29.75	17.75
		1557.90	1165.00
b)	Other debts		
	Unsecured, Considered good	3,538.11	3,870.78
	Unsecured, Considered doubtful	-	-
		3,538.11	3,870.78
Less : Provision for doubtful debts		29.75	17.75
		5,066.26	**5,018.03**
Note:			
Due from companies under the same management			
Educomp School Management Limited		-	0.15
AsknLearn Pte Ltd. Singapore		12.21	-
Educomp Software Limited		0.32	0.22

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
Savvica Inc. Canada	11.30	4.72
Educomp Learning Pvt. Ltd.	0.92	0.79
Educomp Infrastructure & School Management Ltd.	18.10	0.93
Educomp Online Supplemental Service Limited	0.47	-
Cash and Bank Balances		
(refer note 1(ix), schedule 18)		
Cash in hand	0.41	1.72
Cheques in hand	251.16	59.85
Bank Balance		
- with scheduled banks		
- in current account*	1,379.61	2,773.03
- in Cash Credit Account	467.29	171.62
- in fixed deposits**	847.87	3,192.86
- with other than Scheduled Banks		
- in current account		
- Sampath Bank, Colombo, Sri Lanka	-	-
[(maximum amount outstanding during the year ₹0.90 million (Previous year ₹0.78 million)]		
	2,946.34	**6,199.08**
* Including ₹7.08 million (Previous Year ₹ Nil) is lying as Cash Margin Account against Receivable Buyout.		
** Including fixed deposits of ₹847.87 million (Previous Year ₹158.21 million) pledged with Bank as Margin Money against Bank Guarantees, Letter of Credit and Receivable Buyout.		
Loans and Advances		
(Unsecured, considered good unless otherwise stated)		
Loans and Advances to Subsidiaries		
- Unsecured, Considered good	569.13	13.16
Loans recoverable in cash		
- Unsecured, Considered good	-	20.79
Advances recoverable in cash or in kind or for value to be received		
- Unsecured, Considered good	1,745.60	456.99
	2,314.73	**490.94**
Notes:		
Loans and Advances to subsidiaries includes		
Share Application Money		
Educomp Infrastructure & School Management Ltd.	250.00	-
Educomp Software Limited	-	1.70
Educomp Child Care Pvt. Ltd.	2.71	12.72
Educomp Investment Management Limited	3.50	-
Other Loans and Advances		
Educomp Child Care Pvt. Ltd.	0.98	-
Educomp Software Limited	2.20	-
Educomp Investment Management Limited	0.68	-
Educomp Learning Hour Pvt. Ltd.	54.65	-
(Maximum amount outstanding during the year 54.65 million)		
Authorgen Technologies Limited	42.44	-
(Maximum amount outstanding during the year 42.44 million)		
Educomp Online Supplemental Service Limited	213.63	0.44
Other Current Assets		
Income accrued but not due	18.30	44.32
Interest accrued but not due	25.47	133.51
	43.77	177.83

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
Schedule 9 : Current Liabilities and Provisions		
Current Liabilities		
(refer note 2(xii), schedule 18)		
Acceptances	698.00	296.69
Sundry creditors		
- Due to MSME	-	-
- Others	1,229.22	699.19
Employee payables	81.52	42.10
Other liabilities	226.00	255.86
Advance from customers	241.05	359.00
Interest accrued but not due on secured loans	5.03	2.24
Unpaid dividend on Equity shares*	0.96	0.59
	2,481.78	**1,655.67**
* No amounts due to be credited to Investor Education & Protection Fund		
Notes:		
Due to Subsidiaries includes		
Educomp Learning Private Limited	5.14	4.49
Authorgen Technologies Ltd.	-	0.63
Educomp Software Limited	1.10	-
Provisions		
Employee benefits (refer note1(x), 2(vi), schedule 18)	54.79	29.59
Income tax	219.49	1,323.21
[net of advance income tax/TDS ₹639.61 million (Previous year ₹596.96 million)]		
Proposed dividend	57.58	167.03
Tax on proposed dividend	9.34	27.74
	341.20	**1,547.57**
	2,822.98	**3,203.24**

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Schedule 10 : Sales & Services Income		
(refer note1(ii) & 2(xiii), schedule 18)		
Sale of education products and technology equipment - trading	6,039.85	2,153.38
Education and other services	4,166.78	6,168.83
	10,206.63	8,322.21

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Schedule 11 : Other Income		
Interest Income		
- Banks [Tax deducted at source ₹17.07 millions (Previous year ₹4.49 millions)]	167.56	154.31
- Others [Tax deducted at source ₹3.57 millions (Previous year ₹0.30 million)]	35.70	4.73
Lease & Hire income	5.10	5.10
Profit on sale of business	-	181.43
Profit on sale of assets (net)	-	2.44
Foreign exchange gain (net)	47.86	-
Dividend Received from subsidiaries	58.00	-
Dividend Received-others	-	2.70
Credit balances Written back	82.18	6.86
Excess Provision Written back	-	11.85
Miscellaneous income	14.70	35.49
	411.10	**404.91**

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Schedule 12 : Cost of Goods Sold		
(refer note 2(xiii), schedule 18)		
Opening Stock	291.21	288.38
Add: Purchases/Licensing Fees	2,927.02	1,630.46
Less: Closing Stock	361.43	291.21
	2,856.80	**1,627.63**

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Schedule 13 : Personnel Expenses		
(refer note 1(x), 2 (xv) schedule 18)		
Salaries, allowances and bonus	1,235.54	857.02
Contribution to provident and other funds	46.01	48.26
ESOP amortisation cost	119.65	90.31
Staff welfare	5.21	3.66
	1,406.41	**999.25**

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Schedule 14 : Administration and Other Expenses		
(refer note 1(ix), 2(xiv), 2(xvii), schedule 18)		
Lease Rent	130.93	197.67
Rates and Taxes	113.49	110.53
Traveling and Conveyance	151.98	116.05
Recruitment and Training	9.61	7.00
Legal and Professional	162.07	128.11
Communication	46.08	48.50
Printing and Stationery	107.08	56.61
Repair and Maintenance		
- Building	1.74	1.64
- Others	63.52	115.54
Water and Electricity	20.92	15.97
Insurance	3.75	1.73
Advertisement, Publicity and Business Promotion	162.83	144.61
Freight and Forwarding	17.17	28.91
Bank Charges	15.31	8.18
Bad Debts and Advances Written Off	5.10	1.31
Provision for doubtful debts/advances	12.00	3.38
Foreign Exchange Loss (net)	-	72.91
Loss on Sale of Investment (net)	2.82	-
Loss on Sale of fixed Assets (net)	0.17	-
Diminution of Short Term Investment	0.16	-
Miscellaneous Expenses	15.05	17.40
	1,041.78	**1,076.05**

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Schedule 15 : Finance Charges		
Interest		
- Term Loans	302.67	204.26
- Others	207.63	127.14
Processing Fees	30.64	39.19
	540.94	**370.59**

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Schedule 16 : Prior Period Items		
Income		
Sales & Service Income	(1.56)	10.69
Other Income	-	(0.22)
	(1.56)	10.47
Expenditure		
Repair & Maintenance-Others	-	(0.35)
Advertisement, Publicity and Business Promotion	-	1.27
Interest-Bank	-	(0.04)
Legal & Professional	0.49	2.88
Travelling Expenses	0.36	0.49
Bank Charges	-	(0.24)
Freight	0.04	0.51
Communication	0.17	0.66
Misc Expenses	(0.27)	0.41
Rates and Taxes	0.31	11.88
Lease Rent	(1.93)	-
	(0.83)	17.47
	(2.39)	**27.94**

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Schedule 17 : Earning Per Share (EPS)		
(refer note 1(xv), schedule 18)		
Calculation of Profit for Basic EPS		
Net profit attributable to equity shareholders		
Net profit after tax and prior period items	3,888.68	2,218.66
Net profit available for calculation of basic EPS (A)	**3,888.68**	**2,218.66**
Calculation of Profit for Diluted EPS		
Net profit available for calculation of basic EPS	**3,888.68**	**2,218.66**
Add: Exchange (Gain)/Loss on FCCB (Net of Tax)	(26.12)	48.69
Net profit available for calculation of diluted EPS (B)	**3,862.56**	**2,267.35**
No. of Weighted average equity shares		
Basic (C)	95,444,330	92,490,895
Effect of dilutive equity shares equivalent		
- Foreign Currency Convertible Bonds	5,419,473	5,419,473
- ESOP	1,415,722	2,769,950
Diluted (D)	**102,279,525**	**100,680,319**
Nominal value of equity share [₹]	2	2
Earning Per Share [₹]		
Basic (A/C)	**40.74**	**23.99**
Diluted (B/D)	**37.76**	**22.52**

18. Significant Accounting Policies and Notes to the Accounts

1. Significant Accounting Policies

(i) Basis for preparation of Financial Statements

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

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

(ii) Revenue recognition

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

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

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

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

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

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

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

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

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

(iii) Expenditure

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

License Fees for educational content

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

(i) Number of sub-licensing arrangements for which content has been provided. This will be computed based on total license fee divided by predefined number of sub licensing arrangements.

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

In respect of contracts where license fees is paid on the basis of period of usage, the license fees is charged in the respective periods.

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

(iv) Fixed assets/Depreciation & Amortization

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

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

Depreciation on other tangible fixed assets is provided at the written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on addition to fixed assets is provided on pro-rata basis from the date the assets are ready to use. Depreciation on sale/ deduction from fixed assets is provided for upto the date of sale, deduction, discardment as the case may be.

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

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 Smart class content. Licensed intangible assets are amortised over the period of license.

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

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

(vi) Leases
As Lessee:
Lease rentals in respect of operating lease arrangements including assets taken on operating lease are recognized as an expense in the Profit and Loss Account on accrual basis.

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 .

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

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

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

(ix) Foreign Exchange Transactions

a. Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. 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 are recognised as income or as expenses in the year in which they arise.

b. In translating the Financial statements of liaison offices which are treated as integral foreign operations, the monetary assets and liabilities are translated at the rate prevailing on the balance sheet date; non monetary assets and liabilities are translated at the exchange rate prevailing at the date of transaction and income and expenses items are translated at the respective monthly average rate.

c. The Company has opted for accounting the exchange differences arising on the reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard 11 as notified by the Central Government vide Notification F No. 17/33/2009/CL-V dated 31st March, 2009. Accordingly, the effect of exchange difference on foreign currency loan (including FCCB) is accounted for by addition or deduction to the cost of the assets so far it relates to depreciable capital asset and in other cases by transfer to "Foreign Currency Monetary Items Translation Difference Account"(FCMITDA) to be amortized as provided in the aforesaid notification but not beyond March 31, 2011.

(x) Employee benefits

(a) Short Term Employee Benefits
Short term employee benefits are recognized in the period during which the services have been rendered.

(b) Long Term Employee Benefits

(i) Defined Contribution Plan
Contributions to provident fund and ESI are deposited with the appropriate authorities and charged to the profit and loss account on accrual basis.

(ii) Defined Benefit Plan
Leave Encashment-The Company has provided for the liability at the year end on account of unavailed earned leave as per the actuarial valuation as per the Projected Unit Credit method in accordance with Accounting Standard 15, "Employee benefits". All actuarial gains/losses are charged to the profit and loss account 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 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 profit and loss account on straight line basis over the vesting period of the option. The balance in employee stock option outstanding account net of any unamortized deferred employee compensation is shown separately as part of shareholders fund.

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

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

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

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

Deferred Tax expense or benefit is recognized on timing difference between accounting and taxable income that originates in one year and 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.

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

(xv) Earning Per Share
Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders after tax 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.

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

2. Notes to accounts

(i) Contingent Liabilities

(₹in million)

(a)

Sl. No.	Particulars	As at 31st March 2011
a.	Guarantees issued by banks on behalf of the Company	691.59 (743.27)
b.	Corporate guarantee given to bank for secured loan to third party	9,150.00 (6,650.00)
c.	Corporate guarantee given to bank for secured loan & debenture to Subsidiaries	8,187.65 (7,197.94)
d.	Premium on redemption of "US$ 80 million Zero Coupon Foreign Currency Convertible Bonds Due 2012"	1,440.11 (1,455.91)
e.	Taxes under adjudication/appeal	64.27 (-)
f.	Assignment of debtors with Limited Recourse Option	600.00 (-)

(Previous year figures are given in parenthesis.)

Notes:

1. The loan outstanding to banks against the corporate guarantee in point no. (b) above as on 31st March, 2011 is ₹8,062.60 million (Previous year ₹6,640.00 million).

2. The loan & Debenture outstanding against the corporate guarantee in point no. (c) above as on 31st March, 2011 is ₹7,483.53 million (Previous year ₹4,485.65 million).

3. Future outflows in respect of (b) will arise on crystallization and demand made by bank, and in respect of (d) 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. Future outflow in respect of point (e) will arise on adjudication of the cases. The Company has paid ₹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) & (f).

b. The Company has given comfort letter to Pearson Singapore Pte Limited, Singapore to indemnify, against any loss suffered by it due to failure to comply factually and punctually its obligations under Share Purchase Agreement. The amount pertaining to comfort letter has not been included in above.

(ii) Capital Commitments

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

(iii) US$ 80 Million Zero Coupon Foreign Currency Convertible Bonds

In 2007, the Company had issued at par 5-year, Zero Coupon Foreign Currency Convertible Bonds (FCCB) at an exercise price of ₹2,949.83 per share aggregating to US $ 80 million (₹3,237.60 million as on the date of issue) for financing overseas acquisition, capital expenditure and other expenditure as per RBI regulation. Out of the US $ 80 million Zero Coupon Foreign Currency Convertible Bonds (FCCB) aggregating to US $ 1.5 million have been converted into equity shares leading to increase in the capital base by 20,710 Equity Shares and all the proceeds out of US$ 80 million bonds have been utilized as per the terms of the offering of FCCB and as on 31st March, 2011 USD 78.5 million were outstanding.

(iv) Employees Stock Option Scheme

(a) Pursuant to shareholder resolution dated 24th August, 2006, the Company introduced "Educomp Employees Stock Option Scheme 2006" which provides for the issue of 31,25,000 equity shares to employees of the Company and its subsidiaries. The option vesting period was initially for five years from the date of award of option to employees at an exercise price approved by the remuneration committee. However the vesting period was increased to seven years as per the shareholders approval dated 13th September, 2007. Till date 29,79,420 Stock options have been granted under this scheme.

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

(b) Pursuant to shareholder resolution dated 13th September, 2007, the Company introduced "Educomp Employees Stock Option Scheme 2007" which provides for the issue of 10,00,000 equity shares to employees of the Company and its subsidiaries. The option vesting period was initially for seven years from the date of award of option to employees at an exercise price approved by the remuneration committee. However, the vesting period was increased to ten years as per the shareholders approval dated 11th February, 2008. Till date 9,67,340 Stock options have been granted.

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

(c) Pursuant to shareholder resolution dated 25th November, 2008, the Company introduced "Educomp Employees Stock Option Scheme 2008" which provides for the issue of 12,50,000 equity shares to employees of the Company and its subsidiaries. The option vesting period is Ten Years from the date of award of option to employees at an exercise price approved by the remuneration committee. Till date 12,17,600 stock options have been granted.

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

(d) Pursuant to shareholder resolution dated 18th March, 2010, the Company introduced "Educomp Employees Stock Option Scheme 2010" which provides for the issue of 10,00,000 equity shares to employees of the Company and its subsidiaries. The option vesting period is Ten Years from the date of award of option to employees at an exercise price approved by the remuneration committee. Till date 9,71,750 stock options have been granted.

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

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

	As on 31st March, 2011		
	No. of stock options	Weighted average exercise price (₹)	Weighted average remaining contractual life (in Years)
Employee Stock Option Scheme 2006			
No. of shares under option			
Outstanding at the beginning of the year	24,43,270	73.36	
Granted	3,500	25.00	
Exercised	4,20,500	25.00	3.34
Forfeited during the year (Nos.)	64,800	25.00	
Outstanding at the end of year	19,61,470	85.24	
Weighted average grant date fair value per option for options granted during the year at less than market value		N.A	
Payment received against share allotted during the year		₹10.51 million	
Employee Stock Option Scheme 2007			
No. of shares under option			
Outstanding at the beginning of the year	8,14,110	544.14	
Granted	2,18,000	447.06	
Exercised	15,160	216.77	5.26
Forfeited during the year (Nos.)	1,43,335	806.97	
Outstanding at the end of year	8,73,615	482.47	
Weighted average grant date fair value per option for options granted during the year at less than market value		N.A	
Payment received against share allotted during the year		₹3.29 million	
Employee Stock Option Scheme 2008			
No. of shares under option			
Outstanding at the beginning of the year	11,40,050	516.31	
Granted	1,17,000	576.56	
Exercised	38,442	412.85	5.08
Forfeited during the year (Nos.)	29,050	408.80	
Outstanding at the end of year	11,89,558	528.21	
Weighted average grant date fair value per option for options granted during the year at less than market value		N.A	
Payment received against share allotted during the year		₹15.87 million	
Employee Stock Option Scheme 2010			
No. of shares under option			
Outstanding at the beginning of the year	Nil	-	
Granted	10,54,250	500.48	
Exercised	-	-	6.58
Forfeited during the year (Nos.)	72,500	484.31	
Outstanding at the end of year	9,81,750	501.68	
Weighted average grant date fair value per option for options granted during the year at less than market value		N.A	
Payment received against share allotted during the year	Nil		

(v) Foreign exchange fluctuation (net) under the head other income comprises of:

(₹ in million)

Particular	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Foreign Exchange Loss	76.61	91.56
Foreign Exchange Gain	124.47	18.66
Net Foreign Exchange Gain/(Loss)	47.86	(72.91)

(vi) Employee benefits

(a) During the year, the Company has recognized the following amounts in the Profit and Loss Account

Defined Contribution Plan

(₹ in million)

Particular	For the year ended 31st March, 2011	For the year ended 31st March, 2010
Employer's Contribution to provident fund	44.63	28.94

Defined Benefit Plan

(₹ in million)

	Gratuity Unfunded	Leave encashment Unfunded	Gratuity Unfunded	Leave encashment Unfunded
	Year ended 31st March, 2011		Year ended 31st March, 2010	
Current service cost	13.84	9.05	6.70	4.29
Interest cost	1.72	0.64	0.99	0.45
Actuarial (gain)/Loss	5.51	(0.06)	6.05	(0.17)
Total	**21.07**	**9.63**	**13.74**	**4.57**

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

(₹ in million)

	Gratuity Unfunded	Leave encashment Unfunded	Gratuity Unfunded	Leave encashment Unfunded
	Year ended 31st March, 2011		Year ended 31st March, 2010	
Present value of obligation as at the beginning of the year	21.54	8.05	12.39	5.62
Interest cost	1.72	0.64	0.99	0.45
Current service cost	13.84	9.05	6.70	4.29
Benefit paid	(3.78)	(1.72)	(4.59)	(2.15)
Actuarial gain	5.51	(0.06)	6.05	(0.17)
Present value of obligation as at the end of the year	38.83	15.96	21.54	8.05

(c) **Amount for current period**
Gratuity unfunded

(₹ in million)

	Year ended 31st March, 2011	Year ended 31st March, 2010	Year ended 31st March, 2009	Year ended 31st March, 2008
Present value of obligation as at the end of the year	38.83	21.54	12.39	7.08
Surplus/(Deficit)	(38.83)	(21.54)	(12.39)	(7.08)
Experience adjustment on plan liabilities	(2.24)	(8.40)	(0.04)	-

Leave encashment Unfunded

(₹ in million)

	Year ended 31st March, 2011	Year ended 31st March, 2010	Year ended 31st March, 2009	Year ended 31st March, 2008
Present value of obligation as at the end of the year	15.96	8.04	5.61	3.68
Surplus/(Deficit)	(15.96)	(8.04)	(5.61)	(3.68)
Experience adjustment on plan liabilities	1.06	(0.50)	1.87	-

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

(₹ in million)

Particular	Year ended 31st March, 2011	Year ended 31st March, 2010
Discounting Rate	8%	8%
Expected rate of increase in salary	8%	7%

(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 on long term basis.

(g) Estimated amounts of benefits payable within next year are:

- For gratuity ₹22.26 milion (Previous year ₹10.60 million)

- For leave encashment ₹3.81 million (Previous year ₹1.79 million)

(vii) Operating lease

(a) General description of lease terms:

i) Assets are taken on lease over a period of 2 to 10 years.

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

(b) The Company has taken on leases office space and technology equipments under non-cancelable operating lease. The lease rental expense recognized in the profit and loss account for the year in respect of such leases is ₹130.93 million (Previous year ₹197.67 million). The future minimum lease payments and payment profile of non-cancelable operating leases are as follows:

(₹ in million)

Particular	As on 31st March, 2011	As on 31st March, 2010
Not later than 1 year	29.85	110.91
Later than 1 year but not later than 5 years	18.27	126.40
Later than 5 years	-	-
Total	**48.12**	**237.31**

c. Assets given on lease:

i) General description of lease terms:

a) Assets are given on lease over a period of 2 to 3 years

b) 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 ₹4.23 million (Previous year ₹4.19 million) under lease and hire income. The future minimum Sublease payment expected to be received as on March 31, 2011 ₹0.62 million (Previous year ₹0.80 million).

(₹ in million)

Particular	As on 31st March, 2011	As on 31st March, 2010
Not later than 1 year	0.62	0.80
Later than 1 year but not later than 5 years	-	-
Later than 5 years	-	-
Total	**0.62**	**0.80**

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

Particulars	Amount Outstanding (₹ in million)	Security
Loan from Bank		
Term Loan (a)	1,118.32	• First pari-passu charge by way of mortgage of all immovable properties and assets of the Company. • First pari-passu charge by way of hypothecation of all the movable assets including, but not limited to computer hardware, furniture and fixtures. • Assignment of all project related documents, contracts, rights, interests, insurance policies and all benefits incidental to the designated project. • First charge on the Debt Service Reserve Account (DSRA) created for the project. • Personal Guarantee of the Managing Director and Whole Time Director and first charge by way of mortgage on one of the personal property of Managing Director.
Term Loan (b)	1,500.00	• Sub-servient charge on the current assets of the Company. • Personal Guarantee of the Managing Director and Whole Time Director.
Term Loan (c)	350.00	• Sub-servient charge over the movable fixed assets and current assets of the Company. • Pledge of 30% shares of Vidyamandir Classes Ltd. held by the company. • Personal Guarantee of the Managing Director.
Term Loan (d)	1.55	• Secured by Hypothecation of Vehicles.
Cash Credit	238.80	• 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.

(ix) **Deferred Tax**

As per Accounting Standard (AS-22) on "Accounting for Taxes on Income ", the Deferred Tax Liability (DTL)/Deferred Tax Assets (DTA) as at 31st March, 2011 comprises of the following:

(₹ in million)

Particular		31st March, 2011	31st March, 2010
a)	Deferred Tax Liability		
	- Depreciation net of difference in composition of actual cost of assets	26.98	16.50
	-Expenses allowable under section 37	0.22	9.52
b)	**Deferred Tax Assets**		
	-Expenses allowable on payment basis	17.78	9.83
	-Provisions for doubtful debts and advances	9.65	5.90
	Deferred Tax Liability/(Deferred Tax Assets) (Net)	**(0.24)**	**10.29**

(x) **Related Party Disclosures:**

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

i) List of Related Parties & Relationships:

S. No.	Name of Related Party	Relationship
1	Wheitstone Productions Pvt. Ltd.	Subsidiary
2	Edumatics Corporation Inc., USA	Companies
3	Educomp Learning Pvt. Ltd.	(Direct & Indirect
4	Educomp Infrastructure & School Management Limited	Holding)
5	Educomp School Management Ltd.	
6	Educomp Learning Hour Pvt. Ltd.	
7	Educomp Asia Pacific Pte Ltd., Singapore	
8	Ask N Learn Pte Ltd., Singapore	
9	Singapore Learning.com Pte Ltd., Singapore	
10	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	Euro Kids 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.	
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	Greycells18 Media Ltd.	Associate
52	Gateforum Educational Services Pvt. Ltd.	
53	Educomp Raffles Higher Education Ltd.	Joint Venture of Direct Subsidiary
54	Educomp Higher Initiatives Pte Ltd., Singapore	
55	Mr. Shantanu Prakash	Key Managerial
56	Mr. Jagdish Prakash	Personal
57	Learning Links Foundation	Others having control
58	Learning Leadership Foundation	(including subsidiary
59	Education Quality Foundation of India	Of Joint Venture
60	Richmond Educational society	of Subsidiary)
61	Eduloans Corporations Pvt. Ltd.*	
62	Indiacan Education Pvt. Ltd.	
63	Millennium Infra developers Ltd.	
64	A Plus Education Solutions Pvt. Ltd.	
65	Lakshya Digital Pvt. Ltd.	

*ceased to exist as Related Party w.e.f 14th December, 2010

ii) Transactions during the year with Related Parties:

I. Details of Related Party Transactions for the year ended 31st March, 2011

(₹ in million)

Particulars	Subsidiaries	Associates	Joint Venture of Subsidiary	Key Management Personnel	Others	Total
Revenues	39.68	-	32.31	-	120.18	**192.16**
(note1)	(60.40)	-	(37.28)	-	(137.20)	**(234.89)**
Other Income	70.13	-	0.22	-	4.17	**74.52**
(note2)	(1.56)	-	(0.70)	(-)	(5.53)	**(7.79)**
Reimbursement of Expenses	-	-	-	-	-	**-**
(note 3)	(7.26)	(-)	(-)	(-)	(24.49)	**(31.75)**
Expenses	-	-	-	-	21.95	**21.95**
(note 4)	(-)	(-)	(-)	(-)	(-)	**(-)**
Loans &Advances given	349.74	16.10	-	-	-	**365.20**
(note 5)	(13.16)	(-)	(-)	(-)	(19.00)	**(32.16)**
Purchase of Intangible Assets	38.94	-	-	-	-	**38.94**
(note 6)	(38.11)	(-)	(-)	(-)	(-)	**(38.11)**
Purchase of Investments	5,254.45	155.32	-	-	-	**5,409.77**
(note 7)	(5,546.53)	(83.45)	(-)	(34.87)	(-)	**(5,664.74)**
Remuneration	-	-	-	18.00	-	**18.00**
(note 8)	(-)	(-)	(-)	(32.29)	(-)	**(32.29)**
Corporate Guarantees	8,187.65	-	-	-	-	**8,187.65**
(note 9)	(7,197.94)	(-)	(-)	(-)	(-)	**(7,197.94)**
Rent paid	0.29	-	-	0.83	-	**1.12**
(note 10)	(0.29)	(-)	(-)	(0.76)	(-)	**(1.04)**
Sale of Business	-	-	-	-	-	**-**
(Note 11)	(90.59)	(-)	(-)	(-)	(215.45)	**(306.05)**
Sale of Investments	213.63	-	-	-	-	**213.63**
(Note 12)	(-)	(-)	(-)	(-)	(-)	**(-)**

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

Material Related Party Transactions

Notes:

1. **Includes Sales and services to:**
- Learning Link Foundation ₹83.78 million (Previous year ₹116.23 million)
- Learning Leadership Foundation ₹35.52 million (Previous year ₹19.90 million)
- Educomp Raffles Higher Education Ltd ₹32.31 million (Previous year ₹37.28 million)
- Educomp Infrastructure & School Management Ltd. ₹27.47 million (Previous year ₹29.50 million)
- AsknLearn Pte Ltd. ₹12.21 million (Previous year ₹30.90 million)

2. **Includes Other Income From:**
- Educomp Infrastructure & School Management Ltd. ₹58.10 million (Previous year ₹ Nil)
- Learning Leadership Foundation ₹3.43 million (Previous year ₹3.42 million).
- IndiaCan Education Pvt. Ltd. ₹0.60 million (Previous year ₹1.99 million)
- Authrogen Technologies Ltd. ₹2.48 million (Previous year ₹1.06 million)

3. **Includes Reimbursement of Expenses:**
- Savvica Inc. Canada ₹ Nil (Previous year ₹7.26 million)
- IndiaCan Education Pvt. Ltd. ₹ Nil (Previous year ₹23.27 million)

4. **Includes Expenses:**
- IndiaCan Education Pvt. Ltd. ₹20.03 million (Previous year ₹ Nil)

5. **Loans and Advances (includes share application money) given relates to:**
- Indiacan Education Pvt. Ltd. ₹0.13 million (Previous year ₹19.00 million)
- Educomp Child Care Pvt. Ltd. ₹2.71 million (Previous year ₹12.72 million)
- Educomp Infrastructure & School Management Ltd. ₹250.00 million (Previous year ₹ Nil)
- Educomp Learning Hour Pvt. Ltd. ₹52.18 million (Previous year ₹ Nil)
- Authorgen Technologies Ltd. ₹40.31 million (Previous year ₹ Nil)

6. **Includes purchase of Intangible Assets from:**
- Educomp Learning Pvt. Ltd ₹30.90 million (Previous year ₹32.14 million)
- Authorgen Technologies Ltd. ₹5.14 million (Previous year 3.32 million)

7. **Represents investment made in:**
- Educomp Infrastructure & School Management Ltd. ₹2,253.50 million (Previous year ₹4,897.50 million).
- Educomp Professional Education Ltd. ₹2,371.80 million (Previous year ₹262.97 million)

8. **Includes transaction for the year mainly with:**
- Mr. Shantanu Prakash ₹13.80 million (Previous year ₹31.10 million)
- Mr. Jagdish Prakash ₹4.20 million (Previous year ₹1.19 million)

9. **Represents corporate Guarantee given to:**
- Educomp Asia Pacific Pte. Limited ₹937.65 million (Previous year ₹947.94 million). However, the loan outstanding against the guarantee of ₹937.65 million is ₹876.03 million (Previous year ₹885.65 million)
- Educomp Infrastructure & School Management Ltd. ₹7,250 million (Previous year ₹6,250.00 million). However, the loan and debentures outstanding against the guarantee of ₹7,250.00 million is ₹6,607.50 million (Previous Year ₹3,600.00 million)

10. **Includes Rent paid to:**
- Educomp Learning Pvt. Ltd ₹0.29 million (Previous year ₹0.29 million)
- Mr. Shantanu Prakash ₹0.83 million (Previous year ₹0.76 million)

11. **Includes Sales of Business:**
- Educomp Child Care Pvt. Ltd. ₹ Nil (Previous year ₹90.59)
- IndiaCan Education Pvt. Ltd. ₹ Nil (Previous year ₹215.45 million)

12. **Includes Sales of Investments:**
- Educomp Online Supplemental Service Ltd. ₹213.63 million (Previous year ₹ Nil)

II. **Balances with Related Parties:**

(₹ in million)

Particulars	Subsidiaries	Associates	Joint Venture of Subsidiary	Key Management Personnel	Others	Total
Investment	12,578.46	273.53	-	-	-	**12,851.99**
	(7,537.64)	(118.21)	(-)	(-)	(3.98)	**(7,659.33)**
Debtors & loans & Advances	614.12	16.19	0.31	-	44.94	**675.56**
	(21.67)	(-)	(-)	(-)	(59.40)	**(81.07)**
Creditors, Loans & Advances	6.24	-	234.17	1.09	-	**241.50**
	(5.12)	(-)	(266.37)	(-)	(-)	**(271.49)**

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

(xi) Segment Reporting

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

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

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

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

A. **Primary Segment Information:– Business Segments**

(₹ in million)

Particulars	HLS (Higher Lerning Solution)	SLS (School Learning Solution)	K – 12 (Schools)	Online, Supplemental & Global	Total
Segment Assets	47.89	8,413.35	15.88	83.05	**8,560.17**
	(69.74)	(6,637.37)	(20.00)	(86.48)	**(6,813.59)**
Unallocated Corporate Assets					**17,232.66**
					(14,554.59)
Total Assets					**25,792.83**
					(21,368.18)
Segment Liabilities	238.06	2,956.33	-	4.41	**3,198.80**
	(271.59)	(1,245.01)	(-)	(3.20)	**(1,519.80)**
Unallocated Corporate Liabilities					**6,337.88**
					(7,607.94)
Total Liabilities					**9,536.68**
					(9,127.74)
Capital Expenditure	0.71	379.87	-	1.01	**381.59**
	(2.10)	(1,284.88)	(0.23)	(55.71)	**(1,342.92)**
Unallocated Corporate Capital Expenditure					**29.63**
					(20.25)
Total Capital Expenditure					**411.22**
					(1,363.17)
Depreciation & Amortization	1.31	375.37	-	6.41	**383.09**
	(1.84)	(690.23)	(0.52)	(1.00)	**(693.59)**
Unallocated Corporate Depreciation					**28.05**
					(213.80)
Total Depreciation & Amortization					**411.14**
					(907.39)
Non cash expenditure Other than Depreciation	6.04	36.10	14.16	8.26	**64.56**
	(5.30)	(17.58)	(-)	(1.35)	**(24.23)**
Unallocated Expenditure					**113.34**
					(95.08)
					177.90
Total Non cash expenditure Other than Depreciation					**(119.31)**
Revenue	168.90	9,988.59	26.16	22.98	**10,206.63**
	(199.75)	(8,029.35)	(87.21)	(5.90)	**(8,322.21)**
Expenses	120.64	4,786.63	17.17	82.46	**5,006.90**
	(143.82)	(3,511.61)	(81.01)	(10.92)	**(3,747.36)**
Segment Results	48.26	5,201.96	8.99	(59.48)	**5,199.73**
	(55.93)	(4,517.74)	(6.20)	(5.02)	**(4,574.85)**

Un-allocable Expenditure					709.23 (862.96)
Finance cost					540.94 (370.59)
Operating profit					3,949.56 (3,341.30)
Other Income					411.10 (404.91)
Profit Before Tax					4,360.66 (3,746.21)
Less: Tax Expense					
-Current					879.88 (1,938.85)
-Deferred Tax					(10.53) (439.04)
-MAT Credit Entitlement					(394.98) (-)
Profit After Tax					3,886.29 (2,246.60)
Prior period Items					(2.39) (27.94)
Profit After Tax and Prior period items					3,888.68 (2,218.66)

Notes:

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

B. Secondary Segment Information–Geographical

(₹ in million)

	Revenue	Segment Assets	Capital Expenditure
India	10,190.50 (8,286.06)	25,766.12 (21,330.00)	411.22 (1,363.17)
Outside India	16.13 (36.15)	26.71 (38.18)	- (-)
	10,206.63 **(8,322.21)**	**25,792.83** **(21,368.18)**	**411.22** **(1,363.17)**

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

(xii) In accordance with Micro, Small and Medium Enterprises Development 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 written letters to all its vendors. However, in absence of written response from all the vendors, the liability of interest, if any cannot be reliably estimated. Management is of opinion that there will be no liability in view of supplier profile of the Company.

(xiii) Particulars of purchases, sales and closing stock of trading goods

(₹ in million)

Items	Opening Stock		Purchases		Sales		Closing Stock	
	Qty (Nos.)	Value (₹)	Qty (Nos.)	Value (₹)	Qty (Nos.)	Value (₹)	Qty (Nos.)	Value (₹)
Technology Equipment								
Computers & Related Accessories, Networking Components, Software and Content Licenses etc.	364565 (53197)	289.67 (251.87)	6608052 (1756942)	2,919.41 (1,461.14)	5657962 (1445574)	6,032.00 (2,090.36)	1314655 (364565)	357.53 (289.67)
Furniture	4742 (36367)	0.93 (26.39)	6,015 (7842)	3.79 (3.54)	10,757 (39,467)	7.73 (31.18)	- (4742)	- (0.93)
Educational Products								
Educational Aids	7671 (614663)	0.60 (10.12)	116506 (1965093)	3.82 (19.42)	3227 (2572085)	0.12 (31.84)	120950 (7671)	3.90 (0.60)
Total		**291.20** **(288.38)**		**2,927.02** **(1,484.10)**		**6,039.85** **(2,153.38)**		**361.43** **(291.20)**

Notes:

1. Closing Stock includes stock-in-transit ₹13.74 million (Previous Year Nil)
2. Previous year figures are given in parenthesis.
3. Networking Components includes items like, cable, switches, panels, mounting hardware etc.

(xiv) Payments to Auditors

(Included in Legal and Professional expenses)

(₹ in million)

Particular	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Statutory Auditor(s)*		
Statutory Audit	6.18	5.52
Limited Review Fee	3.09	2.20
Certification Fee/Advisory Services	0.98	3.05
Out of pocket expenses	0.24	0.05
Total	**10.49**	**10.82**

*Including Service Tax

(xv) Managerial remuneration

(₹ in million)

Particular	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Executive Directors		
Salaries and Allowances	18.00	11.97
Perquisites	-	0.32
Gratuity	5.56	4.26
Leave Encashment	0.64	0.46
Commission on Profits	-	20.00
Total	**24.20**	**37.01**

Non-Executive Directors		
Commission on Profits	9.00	9.00
Total	**9.00**	**9.00**

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

(₹ in million)

Particular	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Profit before taxes and exceptional items	4,360.66	3,746.21
Add :		
(a) Managerial Remuneration	33.20	46.01
(b) Provision for bad and doubtful debts and advances	12.00	3.38
Less:		
(a) Profit/(loss)on sale of mutual funds and other current investments (net)	0.16	2.70
(b) Profit/(loss) on sale of long-term investments	(3.14)	-
(c) Capital profits/(loss) on sale of fixed assets	(0.17)	2.44
Net profit as per Section 309 (5) of the Companies Act, 1956	4,409.01	3,790.46
Commission:		
(a) Whole-time Directors	-	20.00
(b) Non Whole-time Directors	9.00	9.00

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

(₹ in million)

Particular	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Capital goods	-	71.96
Trading goods	483.15	103.62
Total	**483.15**	**175.58**

(xvii) Expenditure in Foreign Currency

(On payment basis)

(₹ in million)

Particular	**Year Ended 31st March, 2011**	**Year Ended 31st March, 2010**
Traveling and Conveyance	4.91	6.16
License Fee	3.95	1.70
Overseas Business Expenses	4.75	5.95
Legal & Professional Expenses	1.92	17.27
Total	**15.53**	**31.08**

(xviii) Earnings in Foreign Currency (on accrual basis)

(₹ in million)

Particular	**Year Ended 31st March, 2011**	**Year Ended 31st March, 2010**
Revenue from Content Licensing	29.19	30.90
Revenue from Services	8.27	3.20
Interest	-	1.66
Sponsorship	-	2.05
Total	**37.45**	**37.81**

(xix) Current Investment bought and sold during the year.

(₹ in million)

Name	**Purchase**		**Sale**	
	No. of Units/Equity Shares	**Amount**	**No. of Units/Equity Shares**	**Amount**
Authorgen Technologies Ltd.	1,76,728	10.10	1,76,728	10.10
Educomp Learning Hour Pvt. Ltd.	1,343	5.00	1,343	5.00
SBI Magnum Contra Fund	-	-	39,96,80.25	10.00
SBI PSU Fund Growth	10,00,000	10.00	-	-
Canara Robeco Large Cap-Growth Fund	10,00,000	10.00	-	-

(xx) 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:

(₹ in million)

	No. of non resident shareholders	No. of equity shares held	Gross amount of dividend	
			Year Ended 31st March, 2011	Year Ended 31st March, 2010
Final Dividend 2009-10	1,315	3,58,92,788	62.81	-
Interim Dividend 2009-10	1,019	3,69,75,946	-	36.98
Final Dividend 2008-09	427	81,77,928	-	20.44

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

For and on behalf of the Board

Shantanu Prakash
Chairman and Managing Director

Dr. Shayama Chona
Director

Jagdish Prakash
Whole Time Director

Sankalp Srivastava
Director

Shonu Chandra
Director

Mohit Maheshwari
Company Secretary

Place : Gurgaon
Date : 30th May, 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	0 6 1 3 5 3	State Code	5 5
Balance Sheet Date	3 1 0 3 1 1 (DD MM Year)		

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

Public Issue	N I L	Right Issue	N I L
Bonus Issue	N I L	Private Placement	1 1 1
FCCB Conversion	N I L	ESOP Allotment	9 4 8

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

Total Liabilities	2 5 7 9 2 8 4 0	Total Assets	2 5 7 9 2 8 4 0
Sources of Funds			
Paid-up Capital	1 9 1 0 8 9	Reserves & Surplus	1 5 8 7 5 6 3 2
Secured Loans	3 2 0 8 6 6 9	Unsecured Loans	3 5 0 5 0 2 5
Application of Funds			
Net Fixed Assets	1 3 1 6 5 9 7	Investments	1 3 7 4 3 4 8 1
Net Current Assets	7 9 0 9 5 5 1	Misc. Expenditure	N I L
Deferred tax assets	2 3 6	Accumulated Losses	N I L

IV. Performance of Company (Amount in ₹ Thousands)

Turnover*	1 0 6 1 7 7 2 2	Total Expenditure	6 2 5 4 6 4 9
*includes other income			
Profit before tax	4 3 6 3 0 7 3	Profit after tax	3 8 8 8 7 0 5
Earning per share (₹)	4 0 . 7 4	Dividend rate %	3 0

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

Item Code. No. (ITC Code)	Not Applicable
Product Description	EDUCATIONAL SERVICES AND TECHNOLOGY EQUIPMENT

Auditor's 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, 2011 and also the consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of certain subsidiaries whose financial statements reflect total net assets of Rs. 6,956.67 Million as at 31st March, 2011 and total net revenues of Rs. 2,222.17 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 Rs. 652.18 Million as at 31st March, 2011 and total net revenues of Rs. 425.90 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 Rs. 22.31 Million for the year ended 31st March, 2011. 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 a Joint Venture of subsidiary whose financial statements reflect total net assets of Rs. 542.38 Million as at 31st March, 2011 and total net revenues of Rs. 398.34 Million 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 2011;

   (b) in the case of the Consolidated Profit and Loss Account, 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
FRNo: 009864N

Anupam Bansal
Proprietor
M. No.: F-87699

For Haribhakti & Co.
Chartered Accountants
FRNo.103523W

Raj Kumar Agarwal
Partner
M. No.:74715

Place : Gurgaon
Date : 30 May, 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

(₹ in million)

	Schedule	As at 31st March, 2011	As at 31st March, 2010
Sources of Funds			
Shareholders' funds			
Share Capital	1	191.09	190.03
ESOP Outstanding Account		205.68	147.29
Reserves and Surplus	2	21,387.58	16,137.86
Minority Interest		2,365.21	1,914.80
(refer note 1(ii), schedule 19)			
Loan Funds			
Secured Loans	3	10,849.68	6,927.80
Unsecured Loans	4	3,523.71	3,550.47
Deferred Tax Liability (Net)		144.38	111.60
(refer note 1(xiv) & 2(xiv), schedule 19)			
"Foreign Currency Monetary Items Translation Difference Account (FCMITDA)"		-	3.42
(refer note 1(x), schedule 19)			
		38,667.33	**28,983.27**
Application of Funds			
Goodwill (on Consolidation)	5	8,517.66	6,030.92
Fixed Assets	6		
(refer note 1(v)(vi)(x)(xiii) & 2(iv), schedule 19)			
Gross Block		11,769.57	8,967.06
Less: Accumulated Depreciation/Amortisation		1,862.15	1,050.37
Net Block		**9,907.42**	**7,916.69**
Capital work in progress		7,879.79	2,739.33
		17,787.21	**10,656.02**
Deferred Tax Assets (Net)			
Investments	7	63.62	89.27
Current Assets, Loans and Advances	8	1,234.77	354.07
Inventories		471.94	367.79
Sundry Debtors		6,254.50	5,529.75
Cash and Bank Balances		4,488.90	7,886.68
Loans and Advances		3,713.63	1,810.46
Other Current Assets		49.37	220.98
		14,978.34	**15,815.66**
Less : Current Liabilities and Provisions	9		
Current Liabilities		3,532.62	2,289.98
Provisions		381.65	1,672.69
		3,914.27	**3,962.67**
Net Current Assets		11,064.07	11,852.99
Miscellaneous Expenditure	10	-	-
[to the extent not written off or adjusted]			
		38,667.33	**28,983.27**
"Significant Accounting Policies & Notes to Accounts"	19		

The above schedules form an integral
part of the Consolidated Balance Sheet
As per our report of even date attached

For and on behalf of Board of Directors

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

Anupam Bansal
Proprietor
Membership No: 087699

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

Raj Kumar Agarwal
Partner
Membership No: 074715

Shantanu Prakash
Chairman & Managing Director

Sankalp Srivastava
Director

Jagdish Prakash
Whole Time Director

Dr. Shayama Chona
Director

Shonu Chandra
Director

Mohit Maheshwari
Company Secretary

Place : Gurgaon
Date : 30th May, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(₹ in million)

	Schedule	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Income			
Sales & Services income	11	13,509.00	10,394.90
Other income	12	461.24	1,255.26
		13,970.24	**11,650.16**
Expenditure			
Cost of goods sold	13	3,327.92	1,749.84
Personnel expenses	14	2,560.15	1,792.88
Administration and other expenses	15	2,179.16	1,991.53
Finance charges	16	962.04	538.66
Depreciation & Amortization	6	840.80	1,142.28
Preoperative expenses written off		-	11.99
Miscellaneous Expenditure written off	10	1.74	1.95
		9,871.81	**7,229.13**
Profit Before Tax		**4,098.43**	**4,421.03**
Provision for Tax (refer note 1(xiv) schedule 19)			
- Current Tax		1,036.64	2,009.61
- MAT Credit Entitlement		(18.81)	(8.51)
- MAT Earlier years		(3.42)	-
- Deferred Tax		58.31	(416.91)
- MAT Reversal		(394.98)	-
Profit After Tax and Before Prior Period Items		**3,420.69**	**2,836.84**
Prior Period Items	17	15.36	29.30
Profit After Tax and Before Minority Interest & Pre-acquisition Profits		**3,405.33**	**2,807.54**
Pre-acquisition Profits/(Loss)		(32.53)	(8.69)
Share of Loss of Associate		22.31	0.07
Minority Interest		48.83	57.52
Profit After Tax, Minority Interest & Pre-acquisition Profits		**3,366.72**	**2,758.64**
Dilution of equity in subsidiary companies		(55.60)	8.64
Balance Brought Forward from Earlier Years		4,378.40	2,104.33
Amount Available for Appropriations		**7,689.52**	**4,871.61**
Appropriations			
Proposed Dividend		57.59	187.67
Interim Dividend		13.20	103.24
Tax on Proposed Dividend (Net)		(0.29)	30.45
Tax on Interim Dividend		-	16.13
Debenture Redemption Reserve		349.95	(83.76)
General Reserve		389.11	239.48
Balance Carried to Balance Sheet		**6,879.96**	**4,378.40**
Earning Per Share (₹)	18		
Basic		35.27	29.83
Diluted		32.66	27.88
"Significant Accounting Policies and Notes to Accounts"	19		

The above schedules form an integral part of the Consolidated Profit and Loss account
As per our report of even date attached

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

Shantanu Prakash
Chairman & Managing Director

Sankalp Srivastava
Director

Anupam Bansal
Proprietor
Membership No: 087699

Raj Kumar Agarwal
Partner
Membership No: 074715

Jagdish Prakash
Whole Time Director

Dr. Shayama Chona
Director

Place : Gurgaon
Date : 30th May, 2011

Shonu Chandra
Director

Mohit Maheshwari
Company Secretary

Consolidated Cash Flows Statement for the year ended 31st March, 2011

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Cash Flows from operating activities		
Net profit before taxation and after prior period items as per Profit and Loss Account	**4,083.08**	**4,391.94**
Adjusted for:		
Net prior period adjustments	15.37	29.30
Provision for doubtful debts/advances	13.62	7.73
Misc Expenses written off	1.74	13.95
Provision for Gratuity and leave encashment	4.61	2.23
Excess Provision written back	(81.82)	(18.91)
Depreciation & Amortization	840.78	1,142.27
ESOP Cost	119.65	90.31
Unrealised Foreign exchange effects	(44.61)	70.60
Dividend income	(0.92)	(72.67)
Interest/other income	(311.13)	(234.29)
Interest expense	957.51	411.01
Loss/(Profit) on Sale of Fixed Assets/Investments/Business	4.04	(789.56)
Operating profit before working capital changes	**5,601.91**	**5,043.90**
Adjusted for:		
Trade & other receivables	(597.53)	(1,680.20)
Inventory	(104.32)	(34.21)
Loans & Advances	(1,080.30)	(473.10)
Trade & Other Payables	1,240.34	277.19
Cash generated from operations	**5,060.10**	**3,133.60**
Net prior period adjustments	(15.37)	(29.30)
Taxes Paid	(2,203.85)	(908.90)
Net cash from operating activities	**2,840.88**	**2,195.41**
Cash flows from investing activities		
Purchase of fixed assets (including capital work-in-progress)	(8,167.16)	(6,854.72)
Proceeds from Sale of fixed assets	1.24	2,128.56
Adjustment of Purchase consideration for subsidiaries	(182.13)	-
Investment in associates/others	(883.60)	(318.21)
Purchase of Investments	(1,067.10)	(10.00)
Sale of Investments	992.00	1,154.86
Dividend received	0.92	72.67
Interest received	198.70	106.82
Payment of Preliminary expenses	(1.74)	(1.68)
Net cash used in investing activities	**(9,108.86)**	**(3,721.70)**
Cash Flows from financing activities		
Proceeds from issue of QIP/ESOP	29.67	6,134.91
Share capital issue expenses	(20.21)	(134.82)
Proceeds/(Repayment) of long-term borrowings	4,472.60	1,854.10
Proceeds/(Repayment) of short-term borrowings	(137.42)	(52.34)
Financing against stocks/book debts (working capital)	(402.91)	237.39
Payment of dividend (including dividend tax)	(148.29)	(165.89)
Interest paid	(913.76)	(411.01)
Net cash from financing activities	**2,879.67**	**7,462.33**

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Net increase/(decrease) in cash and cash equivalents	**(3,388.31)**	**5,936.03**
Opening cash and cash equivalents	7,886.68	1,902.03
Exchange difference on translation of foreign currency cash and cash equivalents	(9.46)	48.62
Closing cash and cash equivalents	**4,488.90**	**7,886.68**
Significant accounting policies and notes to the accounts (Refer schedule 19)		

Notes to the cash flow statement:

1. Cash and Cash equivalents consists of following;

   Cash/Cheques in hand & Balances with Banks ₹2,846.94 million (Previous year ₹3614.84 million) Fixed deposits with banks ₹1,641.96 million (Previous year ₹4271.83 million)

2. Cash and Cash equivalent at the end of the period includes Fixed deposits with banks in the form restricted cash of ₹848.45 million (Previous year ₹158.36 million) available as margin money against bank guarantee, letter of credit and receivable buyouts which are not freely remissible to the company.

The above schedules form an integral part of the Consolidated Cash Flow Statement
As per our report of even date attached

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

Anupam Bansal
Proprietor
Membership No: 087699

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

Raj Kumar Agarwal
Partner
Membership No: 074715

Place : Gurgaon
Date : 30th May, 2011

For and on behalf of Board of Directors

Shantanu Prakash
Chairman & Managing Director

Sankalp Srivastava
Director

Jagdish Prakash
Whole Time Director

Dr. Shayama Chona
Director

Shonu Chandra
Director

Mohit Maheshwari
Company Secretary

Schedules forming part of consolidated Balance Sheet

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
Schedule 1 : Share Capital		
Authorised		
12,50,00,000 equity shares of ₹2 each (12,50,00,000 equity shares of ₹2 each)	250.00	250.00
Issued, Subscribed and Paid up		
(refer note 2(vi) (vii), schedule 19)		
9,55,44,396 equity shares of ₹2 each, fully paid up	191.09	190.03
(Previous year 9,50,14,651 equity shares of ₹2 each fully paid up)		
	191.09	**190.03**

Note:

1. Out of the above 5,27,65,560 equity shares of ₹2 each were alloted pursuant to a contract without payments being received in cash.
2. Out of the above 1,08,259 equity shares of ₹2 each were alloted pursuant to a contract without payments being received in cash.
3. Out of above, 11,03,317 equity shares of ₹2 each were allotted under ESOP Schemes during the year.

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
Schedule 1A : Employee Stock Option Outstanding		
(refer note 1(xi), 2(viii) schedule 19)		
Employee Stock Option Outstanding (ESOP)	532.85	495.79
Less: Deferred Stock Compensation Expenses	327.17	348.51
	205.68	**147.29**

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
Schedule 2 : Reserves and Surplus		
Securities Premium Account		
(refer note 2(vi)(vii), schedule 19)		
Opening Balance	11,370.01	1,518.78
Add: On issue of shares under QIP, ESOP Schemes/others	2,027.02	10,813.87
Less: Transferred to goodwill on further investment	-	792.60
	13,397.03	11,540.05
Less: Bonus issue pertaining to Minority	-	35.22
Less: Issue expenses on Non convertible Debentures/QIP	20.21	134.82
Less: Premium paid on buy back of shares*	36.05	-
	13,340.77	11,370.01
Debenture Redemption Reserve		
Opening Balance	-	83.76
Add: Transferred from Profit and Loss Account	349.95	(83.76)
	349.95	
General Reserve		
Opening Balance	442.20	**202.72**
Add :Transferred from Profit and Loss Account	389.11	239.48
	831.31	442.20
Capital Reserve (On Consolidation)		
Opening Balance	-	-
Add: Transferred from Profit and Loss Account	35.74	-
	35.74	-

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
Profit and Loss Account		
As per Profit & Loss Account	6,879.96	4,378.40
Foreign Currency Translation Reserve		
Opening Balance	(52.75)	(23.87)
Additions/(Reductions) during the year	2.60	(28.88)
	(50.15)	(52.75)
	21,387.58	16,137.86

* One of the subsidiary "The Learning Internet Inc., USA" has buy back these stocks at premium as compared to the amount received at the time of issue of these stocks. It has identified the total premium amount paid on tender of these stocks as $ 807,429 (converted @ 44.65 ₹ per USD) and adjusted against the Securities premium account.

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
Schedule 3 : Secured Loans		
(Refer note 2(xii) of Schedule 19)		
From Banks		
- Cash Credit	238.80	641.05
- Term Loan	9,610.07	6,136.75
[Due within one year ₹2,041.90 million (Previous year ₹833.03 million)]		
From financial Institution/Others		
- 11% Non Convertible Debentures	1,000	-
- Term Loan	0.81	150.00
[Due within one year ₹0.75 million, (Previous year ₹150 million)]		
	10,849.68	6,927.80

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
Schedule 4 : Unsecured Loan		
(refer note 2(vii), schedule 19)		
- From Banks		
Overdraft facility	12.58	-
- Other than Banks		
Foreign Currency Convertible Bonds	3,505.03	3,543.49
From Others	6.10	6.98
	3,523.71	3,550.47

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
Schedule 5 : Goodwill (On Consolidation)		
(refer note 1(ii) & 2 (ii), schedule 19)		
Goodwill	8,521.09	6,034.35
Less: Provision for impairment of goodwill of Wheitstone Productions Private Limited	3.43	3.43
	8,517.66	6,030.92

Schedule 6 : Fixed Assets

(₹ in million)

	Gross Block				Accumulated Depreciation				Net Block	
	As at 01.04.2010	Additions	Adjustment /Deductions	As at 31.03.2011	As at 01.04.2010	Depreciation for the year	Adjustment /Deductions	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Tangible										
Land (freehold)	3,878.79	607.28	0.07	4,486.00	-	-	-	-	4,486.00	3,878.79
Land & Building	832.46	1,404.88	-	2,237.34	42.57	76.94	-	119.51	2,117.83	789.88
Leasehold improvements	63.58	81.72	1.02	144.28	8.31	21.97	0.52	29.76	114.52	55.28
Office equipment	371.75	200.00	7.26	564.49	56.67	84.51	2.66	138.52	425.97	315.08
Furniture and fixtures	168.34	128.68	24.39	272.63	37.50	44.78	3.87	78.41	194.22	130.84
Computers and accessories	508.21	221.67	17.26	712.62	131.18	134.22	13.90	251.50	461.12	377.03
Vehicles	35.49	17.06	4.36	48.19	16.06	8.93	3.40	21.61	26.60	19.43
Intangible										
Goodwill on Purchase	137.85	-	-	137.85	8.79	13.79	-	22.58	115.27	129.06
Software	366.57	73.94	18.50	422.01	132.84	93.57	3.39	223.02	198.99	233.73
Knowledge-based content	1,678.29	144.66	4.52	1,818.43	589.30	328.46	1.28	916.47	901.96	1,088.99
Trademark License	925.73	-	-	925.73	27.15	33.63	-	60.78	864.95	898.58
	8,967.06	2,879.90	77.38	11,769.57	1,050.37	840.80	29.02	1,862.15	9,907.42	7,916.69
Previous year	6,498.94	7,242.91	4,774.79	8,967.06	1,334.57	1,142.28	1,426.48	1,050.37	7,916.69	5,164.37
Capital work in progress [includes capital advances of ₹2,791.92 million (Previous year ₹746.22 million)]									7,879.79	2,739.33
Grand Total									17,787.21	10,656.02

Knowledge based content includes internally generated intangibles assets (net block) of ₹151.49 million (Previous year ₹149.65 million) and balance are acquired assets

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
Schedule 7 : Investments		
(refer note 1(ix), schedule 19)		
A) Long Term, Other Than Trade, Unquoted		
Associates		
1,940,083 equity shares (Previous year 1,940,083) of ₹10 each, fully paid in Greycells 18 Media Limited*	95.30	118.14
15,077 equity shares (Previous year Nil) of ₹ 10 each, fully paid in Gateforum Educational Services Private Limited**	155.85	-
Others		
4,500,000 8% Cummulative Redeemable Non-convertivle Preference shares (Previous year 2,000,000) of ₹100 each, fully paid up, in Edu Smart Services Pvt. Ltd.	450.00	200.00
Nil equity shares (Previous year 398,000 equity shares) of ₹10 each, fully paid up, in Eduloans Corporation Private Ltd.	-	3.98
	701.15	**322.12**
***Greycells 18 Media Limited**		
% of Voting interest	26%	26%
Cost of Acquisition	118.14	118.21
Share of post acquisition Reserves and Surplus	(22.84)	(0.07)
Carrying cost of Investment^	**95.30**	**118.14**
^It includes Goodwill (net of losses till date) on acquisition amounting to ₹76.31 million (Previous year ₹ 96.45 million)		
****Gateforum Educational Services Private Limited**		
% of Voting interest	37.6%	0%
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 ₹146.53 million (Previous year Nil)		
B) Current, other than trade, Quoted		
Dsp Merrill Lynch Micro Cap Fund - G		
50,000 units (Previous year 50,000 units) of ₹10 each	0.50	0.50
Dsp Merrill Lynch World Gold Fund		
68,459.658 units (Previous year 68,459.658 units) of ₹10 each	0.70	0.70
Dws Global Thematic Offshore Fund		
97,323.601 units (Previous year 97,323.601 units) of ₹10 each	0.85	0.77
Fidelity India Growth Fund - Dividend		
48,899.756 units (Previous year 48,899.756 units) of ₹10 each	0.50	0.50
HDFC Cash Mgmt fund-Treasury Adv plan		
Nil units (Previous year 498,429.946 units) of ₹10 each	-	5.00
Reliance Long Term Equity Fund		
100,000 units (Previous year 100,000 units) of ₹10 each	1.00	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	0.48
Sundaram Bnp Paribas Global Advantage		
97,323.601 units (Previous year 97,323.601 units) of ₹10 each	1.00	1.00
SBI PSU Mutual Fund-Growth		
10,00,000 units (Previous year Nil) of ₹10 each	9.84	-
SBI- Magnum Sector Fund Umbrella Contra-Dividend Nil units (Previous year 399680.25 units of ₹10 each)	-	10.00
Canara Robeco Mutual fund		
10,00,000 units (Previous year Nil) of ₹10 each	10.00	-
Sundaram select Debt Short term Asset Dividend		
4,143,090.679 units (Previous year Nil) of ₹12.0707 each	50.01	-

(₹ in million)

		As at 31st March, 2011	As at 31st March, 2010
C)	Current, Other Than Trade, Unquoted		
	HDFC AMC PMS - Real Estate Portfolio-I	3.89	3.09
	India Reit Fund Scheme	2.23	2.50
	25 units (Previous year 25 units) of ₹100,000 each		
	Prudential ICICI AMC Ltd - PMS	2.22	2.22
	Kotak Life Insurance (Advantage Plan)	3.16	3.16
D)	Other Investments		
	India Education Fund	425.01	-
	4,25,000 units (Previous year Nil) of ₹1000 each		
	Kotak Securities Ltd.		
	(1 Unsecured Redeemable optionally convertible debenture of ₹10,00,000 each)	-	1.03
		533.62	31.95
		1,234.77	354.07
	Net Asset Value of Current, other than trade, Quoted investments ₹98.37 million (Previous year ₹20.73 million)		
	Net Asset Value of Current, other than trade, Unquoted investments ₹11.50 million (Previous year ₹10.98 million)		

(₹ in million)

		As at 31st March, 2011	As at 31st March, 2010
Schedule 8 : Current Assets, Loans and Advances			
Inventories			
(refer note 1(viii), schedule 19)			
Finished Goods – Distribution			
Educational Aids		79.32	53.98
Technology Equipment & Furniture*		359.80	290.60
		439.12	**344.58**
Work-in-progress		32.82	23.20
		471.94	**367.79**
* Includes stock-in-transit ₹13.74 million (Previous year Nil)			
Sundry Debtors			
a)	**Debts outstanding for a period exceeding six months**		
	Unsecured, Considered good	1,957.67	1,275.69
	Unsecured, Considered doubtful	45.85	18.61
		2,003.52	1,294.29
b)	**Other Debts**		
	Unsecured, Considered good	**4,296.83**	**4,256.31**
	Unsecured, considered doubtful	0.60	12.60
		4,297.43	4,268.91
Less : Provision for doubtful debts		46.45	33.45
		6,254.50	**5,529.75**
Cash and Bank Balances			
(refer note 1(x), schedule 19)			
Cash in hand		4.71	2.89
Cheques in hand		252.77	60.77
Bank Balance			
	- with scheduled banks		
	- in current account*	1,934.04	3,258.24
	- in cash credit account	480.23	175.26

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
- in fixed deposits**	938.53	3,432.95
- with non-scheduled banks		
- in current account	0.25	-
- with Foreign Banks (Outside India)		
- in current account	174.94	117.68
- in fixed deposits	703.43	838.89
	4,488.90	7,886.68
*Including ₹7.08 million (Previous year ₹ Nil) is lying as Cash Margin Account against Receivable Buyout.		
*Including ₹232.50 million (Previous year ₹ Nil) as Debt Service Reserve Account maintained against Term Loan.		
**Including fixed deposits of ₹848.45 million (Previous year ₹158.36 million) pledged with bank as Margin Money against Bank Guarantees, Letter of Credit and Receivable Buyout.		
Loans and Advances		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Advance Tax (Net of Provision ₹38.86 million)	20.39	-
- Unsecured, Considered good	3,693.24	1,810.46
- Unsecured, Considered doubtful	-	-
	3,713.63	1,810.46
Less: provision for doubtful advances	-	-
	3,713.63	1,810.46
Other Current Assets		
Income accrued but not due	18.30	44.32
Interest accrued but not due	31.07	176.66
	49.37	**220.98**

(₹ in million)

	As at 31st March, 2011	As at 31st March, 2010
Schedule 9 : Current Liabilities and Provisions		
Current Liabilities		
Acceptances	698.00	296.69
Sundry Creditors	1,540.55	947.60
Employee Payables	109.95	90.05
Other Liabilities	417.10	391.89
Advance from Customers	717.17	556.81
Interest accrued but not due on Secured Loans	44.17	6.35
Interest accrued but not due on Unsecured Loans	4.72	-
Unpaid Dividend on Equity shares	0.96	0.59
	3,532.62	**2,289.98**
Provisions		
(refer note1(xi),(xiv) & (xv), schedule 19)		
Staff Retirement Benefits	71.56	42.67
Provision for Income Tax	223.77	1,320.31
[Net of Advance Income Tax/TDS ₹684.22 million (Previous year ₹841.58 million)]		
Provision for Fringe Benefit Tax	-	0.05
[Net of Advance Tax Nil (Previous year ₹3.18 million)]		
Proposed Dividend	76.98	269.32
Tax on Proposed Dividend	9.34	40.35
	381.65	**1,672.69**
	3,914.27	**3,962.67**

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Schedule 10 : Miscellaneous Expenditure		
[to the extent not written off or adjusted]		
(refer note 1(xii), schedule 19)		
Preliminary Expenses		
Opening Balance	-	0.38
Addition during the year	1.74	1.58
Less:amortized during the year	1.74	1.95
	-	-
Others		
Opening Balance	-	12.19
Addition during the year	-	-
Less: amortized during the year	-	12.19
	-	-
	-	-

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Schedule 11 : Sales & Service Income		
(refer note1(iii), schedule 19)		
Sale of Educational Aid and Technology Equipment - Trading	7,395.06	3,214.39
Education and Other Services	6,113.94	7,180.51
	13,509.00	10,394.90

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Schedule 12 : Other Income		
(refer note1(x), schedule 19)		
Interest Income		
- Banks	196.65	211.91
- Others	113.42	56.70
Lease & Hire Charges	4.27	4.93
Provisions no longer required, written back	1.05	13.76
Profit on sale of business/investments	0.30	906.96
Credit balance written back	83.48	7.49
Dividend Income (Non trade Investment)	0.92	2.87
Foreign Exchange Gain (net)	45.71	-
Miscellaneous Income	15.44	50.63
	461.24	**1,255.26**

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Schedule 13 : Cost of Goods Sold		
(refer note 1(viii), schedule 19)		
Opening Stock	367.79	330.07
Add: Purchases	3,432.07	1,787.56
Less: Closing Stock	471.94	367.79
	3,327.92	**1,749.84**

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Schedule 14 : Personnel Expenses		
(refer note 1(xi), 2(ix) schedule 19)		
Salaries, allowances and bonus	2,280.38	1,568.62
Contribution to provident and other funds	115.03	100.95
ESOP amortisation cost	119.65	90.31
Staff welfare	45.09	33.00
	2,560.15	**1,792.88**

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Schedule 15 : Administration and Other Expenses		
(refer 1(ii), schedule 19)		
Rent	270.50	283.40
Rates and Taxes	126.11	123.73
Outside Contract Services	154.06	112.67
Traveling and Conveyance	286.79	205.64
Recruitment and Training	25.61	12.51
Legal and Professional	302.13	321.69
Communication	87.30	73.84
Printing and Stationery	130.56	78.24
Licence fee and Royalty	43.60	35.32
Repair and Maintenance		-
- Building	8.23	2.94
- Others	101.71	145.66
Water and Electricity	38.87	26.87
Insurance	10.99	8.44
Commission on Sales	38.35	42.73
Advertisement, Publicity and Business Promotion	437.41	311.23
Freight and Forwarding	24.10	30.41
Bank Charges	18.10	51.12
Bad debts and advances written off	7.55	4.73
Provision for Doubtful Debts	13.15	7.73
Foreign Exchange Loss (net)	-	33.87
Dimunition in Short/Long Term Investments	0.40	-
Software Development Charge	11.26	38.46
Loss on sale of Fixed Assets	4.18	1.82
Miscellaneous Expenses	38.20	38.47
	2,179.16	**1,991.53**

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Schedule 16 : Finance Charges		
(refer 1(xiii),2(iv), schedule 19)		
Interest on-		
- Term Loans	712.89	327.04
- Debentures	5.37	37.86
- Others	213.05	131.13
Processing Fees	30.73	42.63
	962.04	**538.66**

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Schedule 17 : Prior Period Items		
Sales & Service Income	(1.56)	10.48
Other Income	0.69	(0.22)
Repair & Maintenance-Others	-	(0.35)
Advertisement, Publicity and Business Promotion	-	1.27
Interest-Bank	-	(0.04)
Legal & Professional	0.48	2.88
Travelling Expenses	0.36	0.49
Bank Charges	-	(0.24)
Freight	0.04	0.51
Communication	0.17	0.66
Rates and Taxes	0.31	11.88
Lease Rent	(1.93)	-
Misc Expenses	16.81	1.98
	15.36	29.30

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Schedule 18 : Earning Per Share (EPS)		
(refer note 1(xvi), schedule 19)		
Calculation of Profit for Basic EPS		
Net profit attributable to equity shareholders		
Net profit after tax and prior period items	3,366.72	2,758.64
Net profit available for calculation of basic EPS (A)	**3,366.72**	**2,758.64**
Calculation of Profit for Diluted EPS		
Net profit available for calculation of basic EPS	**3,366.72**	**2,758.64**
Add: interest accrued on FCCB during the year (Net of Tax)	-	-
Add: Exchange loss on FCCB (Net of Taxes)	(26.12)	48.69
Net profit available for calculation of diluted EPS (B)	**3,340.60**	**2,807.33**
No. of Weighted Average Equity Shares		
Basic (C)	95,444,330	92,490,895
Effect of dilutive equity shares equivalent		
-Foreign Currency Convertible Bonds	5,419,473	5,419,473
ESOP	1,415,722	2,769,950
Diluted (D)	102,279,526	100,680,319
Nominal value of equity share [₹]	2	2
Earning Per Share [₹]		
Basic (A/C)	35.27	29.83
Diluted (B/D)	**32.66**	**27.88**

19. Significant Accounting Policies and notes to Consolidated Accounts

1. Significant Accounting Policies

(i) Basis for Preparation of Financial Statements

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

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

(ii) Principles of Consolidation

The consolidated financial statements include the financial statements of Educomp Solutions Limited, ("Parent Company"), its subsidiaries, joint venture 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 unrealised 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 recognised 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.

(iii) Revenue Recognition

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

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

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

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

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

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

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

The revenue from the sale of user license for software applications is recognized on transfer of the title in the user license.

The revenue from education or other services are recognized ratably over the period of service.

Revenue from software development on fixed-price, fixed-time frame contracts, where there is no uncertainty as to measurement or collect ability of consideration is recognized as per the percentage of completion method.

Government grant is recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense, it is recognized in the income statement over the periods necessary to match them on a systematic basis, to the costs, which it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual installments.

Subscription revenue from the web based learning software is recognized ratably over the subscription period.

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

(iv) Expenditure

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

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 intended use.

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

Depreciation on other tangible fixed assets is provided at the written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

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

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

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

Intangible Assets

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

Intangible Asset are stated at cost of acquisition less accumulated amortization. Amortization on the Intangible assets is provided on pro-rata basis on the straight-line method based on management's estimate of useful life, i.e. 3 years for software, 4 years for Knowledge-based content including Smart class content. Licensed intangible assets are 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.

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

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

(vi) Impairment of Assets

All assets other than inventories, financial assets including investments and deferred tax asset, are reviewed for impairment, to determine any events or changes in circumstances which might indicate that the carrying amount may not be recoverable as per the provisions of applicable Accounting standards. If such indication exists the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of asset's net selling price and value in use which means the present value of future cash flows expected to arise form the continuing use of the asset and its eventual disposal. An Impairment loss is charged to the profit & loss account in the year in which an asset is impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Company's cash- generating units expected to benefit from the synergies of the acquisition. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in the subsequent period.

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

(vii) Leases

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

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 Company. The lease income is recognized in the Consolidated Profit and Loss Account on a straight-line basis over the lease period.

Finance Leases

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.

(viii) Inventories

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

(ix) Investments

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

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

(x) Foreign Exchange Transactions

a. Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. 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 are recognized as income or as expenses in the year in which they arise.

b. In translating the Financial statements of liaison offices which are treated as integral foreign operations, the monetary assets and liabilities are translated at the rate prevailing on the balance sheet date; non monetary assets and liabilities are translated at the exchange rate prevailing at the date of transaction and income and expenses items are translated at the respective monthly average rate. Exchange difference arising on 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.

c. The Company has opted for accounting the exchange differences arising on the reporting of long term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard 11 as notified by the Central Government vide Notification F No. 17/33/2009/CL-V dated 31st March, 2009. Accordingly, the effect of exchange difference on foreign currency loan (including FCCB) is accounted for by addition or deduction to the cost of the assets so far it relates to depreciable capital asset and in other cases by transfer to "Foreign Currency Monetary Items Translation Difference Account"(FCMITDA) to be amortized as provided in the aforesaid notification but not beyond March 31, 2011.

(xi) Employee Benefits

(a) Short Term Employee Benefits

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

(b) Long Term Employee Benefits

(i) Defined Contribution Plan

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

(ii) Defined Benefit Plan

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

Gratuity – The Company provides for 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 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 profit and loss account on straight line basis over the vesting period of the option. The balance in employee stock option outstanding account net of any unamortized deferred employee compensation is shown separately as part of shareholders fund.

(xii) Miscellaneous Expenditure

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

(xiii) Borrowing Cost

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

(xiv) Provision for Tax

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

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

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

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

(xv) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation 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.

(xvi) Earnings Per Share

Basic Earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders after tax (and including post tax effect of any extra-ordinary item) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period, are adjusted for events of bonus issue to existing shareholders.

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

(xvii) Cash Flow Statement

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

2. Notes to accounts

(i) 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			
Edumatics Corporation Inc.	USA	100.00%	100.00%
Wheitstone Productions Private Limited	India	51.00%	51.00%
Educomp Learning Private Limited	India	51.00%	51.00%
Educomp Infrastructure & School Management Limited (Note –b)	India	80.77%	80.77%
Educomp School Management Limited	India	68.00%	68.00%
Educomp Professional Education Limited	India	100.00%	100.00%
Educomp Software Limited	India	100.00%	100.00%
Educomp Asia Pacific Pte Ltd.	Singapore	100.00%	100.00%
Eurokids International Limited*	India	50.00%	50.00%
Savvica Inc. (Note - a)	Canada	78.09%	78.09%

Particulars	Country of incorporation	Proportion of ownership interest	% of voting power
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 – e)	India	61.01%	61.01%
Vidya Mandir Classes Limited (w.e.f. 10th August, 2010)	India	67.00%	67.00%
Educomp Investment Management Limited (w.e.f. 29th July, 2010)	India	100.00%	100.00%
Indirectly Held			
Educomp Infrastructure Services Pvt. Ltd.	India	80.77%	80.77%
Educomp APAC Services Limited	British Virgin Island	80.77%	80.77%
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	55.70%	55.70%
Falcate Builders Private Limited	India	80.60%	80.60%
Newzone Infrastructure Private Limited	India	80.48%	80.48%
Rockstrong Infratech Private Limited	India	80.54%	80.54%
Reverie Infratech Private Limited	India	80.59%	80.59%
Herold Infra Private Limited	India	80.61%	80.61%
Growzone Infrastructure Private Limited	India	80.58%	80.58%
Hidream Constructions Private Limited	India	80.60%	80.60%
Leading Edge Infratech Private Limited	India	80.51%	80.51%
Strotech Infrastructure Private Limited	India	80.56%	80.56%
Markus Infrastructure Private Limited	India	80.58%	80.58%
Orlando Builders Private Limited	India	80.59%	80.59%
Crosshome Developers Private Limited	India	80.50%	80.50%
Good Luck Structure Private Limited	India	80.42%	80.42%
Evergreen Realtech Pvt. Ltd.	India	80.46%	80.46%
Zeta Buildcon Pvt. Ltd.	India	80.60%	80.60%
Onega Infrastructure Pvt. Ltd.	India	80.53%	80.53%
Grider Infratech Pvt. Ltd.	India	80.58%	80.58%
Boston Realtech Pvt. Ltd.	India	80.48%	80.48%
Modzex Infrastructure Pvt. Limited (w.e.f. 11th February, 2011)	India	80.44%	80.44%
Virtual Buildtech Pvt. Limited (w.e.f. 11th February, 2011)	India	80.38%	80.38%
Laservision Estates Pvt. Limited (w.e.f. 11th February, 2011)	India	80.43%	80.43%
Educomp Learning hour private limited (Note – d)	India	61.01%	61.01%
Authorgen Technologies Ltd. (Note – c)	India	60.32%	60.32%
Shikhya Solutions Inc. (Note – c)	USA	60.32%	60.32%
Knowledge Vistas Limited (w.e.f. 23rd April 2010)	India	41.19%	41.19%
EuroSchool Properties & Infrastructure Limited (w.e.f. 10th March, 2011)	India	50.00%	50.00%
Joint Ventures			
Educomp Higher Initiatives Pte Limited	Singapore	50.00%	50.00%
Educomp - Raffles Higher Education limited	India	50.00%	50.00%
Subsidiary of Joint Ventures**			
India Can Education Private Limited	India	100.00%	100.00%
A Plus Education Solutions Private Limited	India	79.12%	79.12%
Millenium Infra Developers Limited	India	100.00%	100.00%
Associates			
Greycells18 Media Limited	India	25.97%	25.97%
Gateforum Educational Services Pvt, Limited (w.e.f.22nd February, 2011)	India	37.61%	37.61%

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

** Represents the holding of JV companies.

Note (a):

Up to 21st April, 2010 – 72.63 %

From 22nd April, 2010 to 8th June, 2010 – 73.48%

From 9th June, 2010 to 13th July, 2010 – 74.28%

From 14th July, 2010 to 29th July, 2010 – 74.66%

From 30th July, 2010 to 16th August, 2010 – 75.03%

From 17th August, 2010 to 9th September, 2010 – 75.39%

From 10th September, 2010 to 4th October, 2010 – 75.98%

From 5th October, 2010 to 31st October, 2010 – 76.57%

From 1st November, 2010 to 5th December, 2010 – 77.13%

From 6th December, 2010 to 24th February, 2011 – 77.66%

From 25th February, 2011 - 78.09%

Note (b):

Up to 23rd November, 2010 – 78.21 %

From 24th November, 2010 to 21st February, 2011 – 80.47%

From 22nd February, 2011 - 80.77%

Note (c):

These companies have been made the indirect subsidiaries for the parent company w.e.f. from 29th May, 2010.

Note (d):

This company has been made the indirect subsidiary for the parent company w.e.f. from 26th May, 2010.

Note (e):

Up to 10th February, 2011 - 100%

From 11th February, 2011 to 7th March, 2011 – 62.7%

From 8th March, 2011 – 61.01%

ii. Goodwill on consolidation as on the balance sheet date comprises of the following:

(₹ in million)

Particulars	Year ended 31st March 2011	Year ended 31st March 2010
Educomp Learning Private Limited	0.66	0.66
Edumatics Corporation Inc.	25.95	25.95
Wheitstone Productions Private Limited	3.43	3.43
Educomp Infrastructure & School Management Limited	6,810.63	4,754.63
Educomp School Management Limited	9.99	9.99
Educomp Learning Hour Private Limited	0.00	85.04
Authrorgen Technologies Pvt. Ltd.	0.00	73.04
Educomp Asia Pacific Pte Ltd.	727.38	727.38
Savvica Inc.	111.46	75.85
Educomp Higher Initiative Pte Ltd.	33.66	33.66
Educomp Professional Education limited	96.75	21.69
Eurokids International Limited	223.03	223.03
Educomp Online Supplemental Service Limited	140.20	0.00
Vidya Mandir Classes Lmited	337.95	0.00
	8521.09	6034.35

iii. 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 31st March 2011	%age of interest as on 31st March 2010
Educomp-Raffles Higher Education Limited	Equity Shareholding	India	50%	50%
Educomp Higher Initiatives Pte Limited	Equity Shareholding	India	50%	50%

iv. Borrowing Cost Capitalized during the year

As per AS - 16 on Accounting for "Borrowing Cost", the company has capitalized ₹387.09 million (Previous year ₹361.41 million) to various fixed assets including capital work in process in the year ended 31st March, 2011.

v. **Contingent Liabilities**

a) In respect of Joint Ventures : NIL

In respect of others;

(₹ in million)

Sl. No.	Particulars	As at 31st March, 2011
a.	Claims against the company not acknowledged as debt	90.55 (90.55)
b.	Guarantees issued by banks on behalf of the company	692.45 (743.27)
c.	Corporate guarantee given to bank for secured loan to third party	9150.00 (6650.00)
d.	Premium on redemption of 'US$ 80 million Zero Coupon Foreign Currency Convertible Bonds Due 2012"	1440.11 (1455.91)
e.	Taxes under adjudication/appeal/dispute	64.27 (-)
f.	Assignment of debtors with Limited Recourse Option	600.00 (-)

(Previous year figures are given in parenthesis.)

Notes:

1. The loan outstanding to bank against the corporate guarantee in point no. (c) above as on 31st March, 2011 is ₹8062.60 million (Previous year ₹6650 million).
2. Future outflows in respect of (a) above are determinable on settlement of claims with the party, in respect of (b) on crystallization and demand made by bank and in respect of (d) on redemption of the bonds on the maturity date, if not converted before the maturity date as per the terms of issue of FCCB.
3. The company does not expect any cash outflows in respect of (b), (c) & (f).
4. Future outflow in respect of point (e) will arise on adjudication of the cases. The Company has paid ₹16.88 million under protest against demands raised by tax authorities.

b) The company has given comfort letter to Pearson Singapore Pte Limited, Singapore to indemnify, against any loss suffered by it due to failure to comply factually and punctually its obligations under Share Purchase Agreement. The amount pertaining to comfort letter has not been included in above.

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

In respect of Joint Ventures ₹1.89 million (Previous year ₹16.06 million)

In respect of others ₹638.20 million (Previous year ₹301.39 million)

vii. **US$ 80 Million Zero Coupon Foreign Currency Convertible Bonds**
In 2007, the company had issued at par 5-year, Zero Coupon Foreign Currency Convertible Bonds (FCCB) at an exercise price of ₹2949.83 per share aggregating to US $ 80 million (₹3,237.60 million as on the date of issue) for financing overseas acquisition, capital expenditure and other expenditure as per RBI regulation. Out of the US $ 80 million Zero Coupon Foreign Currency Convertible Bonds (FCCB) aggregating to US $ 1.5 million have been converted into equity shares leading to the capital base by 20,710 Equity Shares and all the proceeds out of US$ 80 million bonds have been utilized as per the terms of the offering of FCCB and as on 31st March, 2011 USD 78.5 million were outstanding.

viii. **Employees Stock Option Scheme**

(a) Pursuant to shareholder resolution dated 24th August, 2006, the Group introduced "Educomp Employees Stock Option Scheme 2006" which provides for the issue of 31,25,000 equity shares to employees of the company and its subsidiaries. The option vesting period was initially for five years from the date of award of option to employees at an exercise price approved by the remuneration committee. However the vesting period was increased to seven years as per the shareholders approval dated 13th September, 2007. Till date 29,79,420 Stock options have been granted under this scheme.

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

(b) Pursuant to shareholder resolution dated 13th September, 2007, the Group introduced "Educomp Employees Stock Option Scheme 2007" which provides for the issue of 10,00,000 equity shares to employees of the company and its subsidiaries. The option vesting period was initially for seven years from the date of award of option to employees at an exercise price approved by the remuneration committee.. However the vesting period was increased to ten years as per the shareholders approval dated 11th February, 2008. Till date 9,67,340 Stock options have been granted.

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

(c) Pursuant to shareholder resolution dated 25th November, 2008, the Group introduced "Educomp Employees Stock Option Scheme 2008" which provides for the issue of 12,50,000 equity shares to employees of the company and its subsidiaries. The option vesting period is Ten Years from the date of award of option to employees at an exercise price approved by the remuneration committee. Till date 12,17,600 stock options have been granted.

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

(d) Pursuant to shareholder resolution dated 18th March, 2010, the Group introduced "Educomp Employees Stock Option Scheme 2010" which provides for the issue of 10,00,000 equity shares to employees of the company and its subsidiaries. The option vesting period is Ten Years from the date of award of option to employees at an exercise price approved by the remuneration committee. Till date 971,750 stock options have been granted.

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

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

(i) Educomp Solutions Limited

	As on 31st March, 2011		
	No. of stock options	Weighted average exercise price (₹)	Weighted average remaining contractual life (in Years)
Employee Stock Option Scheme 2006			
No. of shares under option			
Outstanding at the beginning of the year	24,43,270	73.36	3.34
Granted	3,500	25.00	
Exercised	4,20,500	25.00	
Forfeited during the year (Nos.)	64,800	25.00	
Outstanding at the end of year	19,61,470	85.24	
Weighted average grant date fair value per option for options granted during the year at less than market value		N.A	
Payment received against share allotted during the year	₹ 10.51 million		
Employee Stock Option Scheme 2007			
No. of shares under option			
Outstanding at the beginning of the year	8,14,110	544.14	5.26
Granted	2,18,000	447.06	
Exercised	15,160	216.77	
Forfeited during the year (Nos.)	1,43,335	806.97	
Outstanding at the end of year	8,73,615	482.47	
Weighted average grant date fair value per option for options granted during the year at less than market value		N.A	
Payment received against share allotted during the year	₹ 3.29 million		
Employee Stock Option Scheme 2008			
No. of shares under option			
Outstanding at the beginning of the year	11,40,050	516.31	5.08
Granted	1,17,000	576.56	
Exercised	38,442	412.85	
Forfeited during the year (Nos.)	29,050	408.80	
Outstanding at the end of year	11,89,558	528.21	
Weighted average grant date fair value per option for options granted during the year at less than market value		N.A	
Payment received against share allotted during the year	₹ 15.87 million		
Employee Stock Option Scheme 2010			
No. of shares under option			6.58
Outstanding at the beginning of the year	Nil	-	
Granted	10,54,250	500.48	
Exercised	-	-	
Forfeited during the year (Nos.)	72,500	484.31	
Outstanding at the end of year	9,81,750	501.68	
Weighted average grant date fair value per option for options granted during the year at less than market value		N.A	
Payment received against share allotted during the year		Nil	

(ii) **Learning Internet Inc.**

	As on 31st March, 2011		
	No. of stock options	Weighted average exercise price (₹)	Weighted average remaining contractual life (in Years)
Outstanding at April 1, 2010	1,036,216	30.70	7.08
Granted During the Year	774,000	68.37	
Exercised During the Year	329,200	12.76	
Expired or cancelled	70,500	21.88	
Outstanding at March 31, 2011	1,410,516	62.51	
Payment received against share allotted during the year		₹4.2 million	

(iii) **Edumatics Corporation Inc.**

	As on 31st March, 2011		
	No. of stock options	Weighted average exercise price (₹)	Weighted average remaining contractual life (in Years)
Outstanding at April 1, 2010	357,143	0.45	7.0
Granted During the Year	-	-	
Exercised During the Year	-	-	
Expired or cancelled	-	-	
Outstanding at March 31, 2011	357,143	0.45	

(iv) **Savvica Inc.**

	As on 31st March, 2011		
	No. of stock options	Weighted average exercise price (₹)	Weighted average remaining contractual life (in Years)
Outstanding at April 1, 2010	144,648	42.87	7.27
Granted During the Year	9,000	-	
Exercised During the Year	-	-	
Expired or cancelled	29,500	-	
Outstanding at March 31, 2011	124,148	42.87	

(v) **Educomp Infrastructure & School Management Limited**

	As on 31st March, 2011		
	No. of stock options	Weighted average exercise price (₹)	Weighted average remaining contractual life (in Years)
Employees Stock Option Plan 2010			3.5 years
Outstanding at the beginning of the year	NA		
Granted	215,485	686	
Exercised	Nil		
Forfeited	Nil		
Outstanding at the end of year	215,485		
Weighted average grant date fair value per option for option granted during the year at less than market value		N.A	

ix. **Employee benefits**

a. During the year, the company has recognized the following amounts in the Profit and Loss Account

Defined contribution Plan

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Employer's Contribution to provident fund	77.27	53.11
Employer's Contribution to ESI	0.33	-

Defined Benefit Plan

(₹ in million)

	Gratuity Unfunded	Leave Encashment Unfunded	Gratuity Unfunded	Leave Encashment Unfunded
	Year Ended 31st March, 2011		Year Ended 31st March, 2010	
Current service cost	21.33	13.04	9.12	5.68
Interest cost	3.80	0.82	1.13	0.53
Actuarial gain/(loss)	4.29	(0.74)	6.25	(0.38)
Total	**29.42**	**13.12**	**16.50**	**5.83**

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

(₹ in million)

	Gratuity Unfunded	Leave Encashment Unfunded	Gratuity Unfunded	Leave Encashment Unfunded
	Year Ended 31st March, 2011		Year Ended 31st March, 2010	
Present value of obligation as at the beginning of the year	25.67	9.90	14.39	6.69
Interest cost	3.80	0.82	1.13	0.53
Current service cost	21.33	13.04	8.88	5.40
Benefit paid	(4.45)	(2.09)	(4.98)	(2.34)
Actuarial gain/(loss)	4.29	(0.74)	6.25	(0.38)
Present value of obligation as at the end of the year	50.64	20.93	25.67	9.90

c. Amount for current period.

Gratuity unfunded

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010	Year Ended 31st March, 2009	Year Ended 31st March, 2008
Present value of obligation as at the end of the year	50.54	24.87	14.39	7.94
Surplus/(Deficit)	(50.54)	(24.87)	(14.39)	(7.94)
Experience adjustment on plan liabilities	(1.47)	(0.82)	(0.16)	(0)

Leave Encashment Unfunded

(₹ in million)

	Year Ended 31st March, 2011	Year Ended 31st March, 2010	Year Ended 31st March, 2009	Year Ended 31st March, 2008
Present value of obligation as at the end of the year	20.93	9.65	6.69	4.19
Surplus/(Deficit)	(20.93)	(9.65)	(6.69)	(4.19)
Experience adjustment on plan liabilities	1.69	(0.70)	2.15	(0)

Principal actuarial assumptions at the balance sheet date:

	Year Ended 31st March, 2011	Year Ended 31st March, 2010
Discounting Rate	8.00%	7.00% -8.00%
Expected rate of increase in salary	5.5% - 8.00%	5.00% -7.00%

x. Operating lease

a General description of lease terms:

i) Assets are taken on lease over a period of 2 to 10 years.

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

b. The Company has taken on leases office space and technology equipments under non-cancelable operating lease. The lease rental expense recognized in the profit and loss account for the year in respect of such leases is ₹270.30 million (Previous year ₹283.40 million). The future minimum lease payments and payment profile of non-cancelable operating leases are as follows:

(₹ in million)

Particulars	As on 31st March, 2011	As on 31st March, 2010
Not later than 1 year	106.57	182.22
Later than 1 year but not later than 5 years	169.55	385.18
Later than 5 years	94.13	51.53
Total	**370.25**	**618.93**

c. Assets given on lease:

i) General description of lease terms:

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

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

c) The lease income recognized in the profit and loss account for the year in respect of lease from owned assets is ₹466.10 miilion (Previous year ₹207.04 million) and from Leasehold assets is ₹4.68 million (Previous year ₹7.10 million). This income is the part of Educations & other services in the consolidated books of accounts.

d) Other income includes income from operating lease ₹4.77 million (Previous year ₹3.42 million) in lease and hire income

ii) The company has given office space on sub lease & school building to non profit organizations. The future minimum Sublease payment expected to be received as on March 31, 2011 ₹15,029.23 million (Previous year ₹6270.63 million) details as mentioned below:

(₹ in million)

Particulars	As on 31st March, 2011 Owned Assets	As on 31st March, 2011 Leasehold Assets	As on 31st March, 2010 Owned Assets	As on 31st March, 2010 Leasehold Assets
Not later than 1 year	488.61	45.53	195.74	23.31
Later than 1 year but not later than 5 years	1,954.45	179.64	782.95	90.05
Later than 5 years	11,328.71	1,032.92	4,639.09	540.29
Total	**13,771.77**	**1,258.09**	**5,617.78**	**653.65**

xi. Non Convertible Debentures

During the year, one of the group company has issued 11%, 1000 Non Convertible Debentures of ₹1,000,000 each aggregating to ₹1,000,000,000/-. These are redeemable on the expiry of two years. The beneficial owners will have a put option and the company shall have a call option to redeem the debentures at the end of one year from the deemed date of allotment. In terms section 117-C of the Companies Act, 1956, the Group, has transferred the balance available as at balance sheet date for appropriation to Debenture Redemption Reserve [Previous year, Group had repaid 12% Non Convertible Debentures and accordingly Debenture Redemption Reserve created in earlier year of ₹117,105,409/- was transferred to Profit & Loss account.]

xii. Particulars of securities charged against secured loans taken by the Group are as follows:

Particulars	Amount Outstanding (₹ in million)	Security
Loan from Bank		
Term Loan (a)	1,118.32	• First pari-passu charge by way of mortgage of all immovable properties and assets of the Company. • First pari-passu charge by way of hypothecation of all the movable assets including, but not limited to computer hardware, furniture and fixtures. • Assignment of all project related documents, contracts, rights, interests, insurance policies and all benefits incidental to the designated project. • First charge on the Debt Service Reserve Account (DSRA) created for the project. • Personal Guarantee of the Managing Director and Whole Time Director and first charge by way of mortgage on one of the personal property of Managing Director.
Term Loan (b)	1,500.00	• Sub-servient charge on the current assets of the Company. • Personal Guarantee of the Managing Director and Whole Time Director.
Term Loan (c)	350.00	• Sub-servient charge over the movable fixed assets and current assets of the Company. • Pledge of 30% shares of Vidya mandir Classes Ltd held by the company. • Personal Guarantee of the Managing Director.
Cash Credit (d)	238.80	• 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.

Loan from Banks (Loan taken by Educomp Infrastructure and School Management Limited) (e)	5,755.33	• Corporate Guarantee of Educomp Solutions Limited. • Personal guarantee of two of the directors. • By way of first mortgage charge on all moveable and immovable properties both present and future, all moveable properties including equipments, furniture and fittings, vehicles current assets, etc. First priority charge over all bank accounts, receivables, book debts, permitted investments and other securities. • First charge on all intangible assets of the company, assignment of the rights, titles & interest of the company by way of first charge of the project documents, guarantees, other performance warranties, indemnities and securities. • All rights, titles, interest, benefits, claim and demand of the company in any letter of credit, guarantee, performance, or bond provided by any party to the project document.
11% Non convertible debentures (f)	1,000.00	• Subservient equitable mortgage charge over Specifically Mortgaged Premises. • 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. • Subservient hypothecation charge over all movable fixed assets (present and future) of the Issuer. • Corporate Guarantee of Educomp Solutions Limited.
Vehicle Loan (g)	11.19	• Secured by Hypothecation of Vehicles of the related companies in the Group.
Loan from Banks (Loan taken by Educomp Asia Pacific Pte. Limited) (h)	876.03	• Corporate Guarantee of Educomp Solutions Limited. • Bank's lien over the entire cash flow of the company including dividend receivables from the acquired company. • Pledge of the shares of the target.

xiii. Joint Venture Entities

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

(₹ in million)

Particulars	As at March 31, 2011	As at March 31, 2010
Reserves and surplus	-368.56	-85.94
Minority interest	0.00	6.44
Loan funds		
Secured loans	0.00	0.00
Unsecured loans	0.00	10.40
Deferred tax liability (Net)	0.00	-19.12
Goodwill	130.41	55.35
Fixed assets (net)	549.80	340.47
Current assets		
Inventories	4.81	1.10
Sundry debtors	44.26	30.15
Cash and bank balances	32.24	39.57
Loans and advances	293.00	251.67
Current liabilities and provisions	120.02	76.29

(₹ in million)

Particulars	For the year Ended March 31, 2011	For the year Ended March 31, 2010
Profit and loss account		
Sales & Service income	258.24	73.48
Other income	4.27	0.18
Expenditure		
Cost of goods sold	126.66	14.79
Personnel expenses	184.48	57.97
Administration and other expenses	245.43	128.33
Finance charges	0.33	1.00
Depreciation	47.41	15.95
Current and Deferred tax	19.12	-19.24
Profit/(Loss)	-360.91	-125.13

xiv. Deferred tax liability

As per Accounting Standard (As-22) on "Accounting for Taxes on Income" Issued by Institute of Chartered Accountants of India, (ICAI) the Deferred tax Liability (net) and Deferred tax assets (net) as at 31st March, 2011 comprises of the following:

(₹ in million)

Particulars		31st March, 2011	31st March, 2010
a)	**Deferred Tax Liability (net)**		
	- Depreciation on fixed assets	71.54	45.27
	– Expenses allowable	76.04	76.26
	- Provisions for doubtful debts and advances	-	(5.90)
	- Unabsorbed depreciation and losses	(3.20)	(4.03)
	Deferred tax liability (net)	144.38	111.60
b)	**Deferred Tax Assets (net)**		
	- Depreciation on fixed assets	(86.06)	(72.99)
	- Expenses allowable	15.85	(3.14)
	- Provisions for doubtful debts and advances	43.81	20.49
	- Unabsorbed depreciation and losses	90.02	144.91
	Deferred Tax Assets (net)	63.62	89.27

xv. Related party Disclosures:

The disclosures of transactions with related parties as defined in Accounting Standard 18, issued by the Institute of Chartered Accountants of India are given as below:

i) List of related parties with whom transactions have taken place & relationships:

S. No.	Name of Related Party	Relationship
1	Mr. Shantanu Prakash	Key Managerial Personnel
2	Mr. Jagdish Prakash	
3	Anjlee Prakash	Relatives of Key Managerial Personnel
4	Lalita Prakash	
5	Greycells18 Media Ltd.	Associates
6	Gateforum Educational Services Pvt. Ltd.	
7	Learning Leadership Foundation	Others
8	Learning Links Foundation	
9	Richmond Education Society	
10	Lakshya Digital Private Limited	
11	Education Quality Foundation of India	
12	Eduloans Corporation Pvt. Ltd.	
13	MIS Society.	
14	Shri Krishna Hare Educational Trust	
15	Shri Radha Raman Educational Trust	
16	Maurya Educational Trust	
17	Bal Shiksha Educational Trust	
18	Shri Radhe Educational Trust	
19	Surya Prabhat Trust	
20	Shri Radha Krishna Educational Trust	
21	Vidya Prabhat School Trust	
22	Unnati Educational Trust	
23	Surya Kiran Educational Trust	
24	Sri Satya Sai Educational Trust	
25	Sri Laxmi Ganesh Educational Trust	
26	Sri Vasudev Educational Trust	
27	Siya Ram Educational Trust	
28	Shyam Sunder Educational Trust	
29	Shri Hare Educational Trust	
30	Shiksha Bharti Educational Trust	
31	Radhey Shyam Educational Trust	
32	Gyan Kunj Educational Trust	
33	Bhakti Sagar School Trust	
34	Vidhya Sarovar Educational Trust	
35	Sukh Sagar School Trust	
36	Shri Ambey Educational Trust	
37	Sanskriti Educational Trust	
38	Samvridi Educational Trust	
39	Shri Laxmi Narain Educational Trust	

ii) Transactions during the year with related parties:

a) Details of Related Party Transactions for the year ended 31st March, 2011

(₹ in million)

Particulars	Key Management Personnel	Associates	Others	Total
Revenues	-	-	851.88	**851.88**
(note1)	(-)	(-)	(568.86)	**(568.86)**
Other Income	-	-	76.94	**76.94**
(note2)	(-)	(-)	(55.29)	**(55.29)**
Loans & Advances given	-	16.10	293.35	**309.45**
(note 3)	(-)	(-)	(201.71)	**(201.71)**
Purchase of Investments	-	155.32	-	**155.32**
(note 4)	(34.87)	(83.45)	(-)	**(118.32)**
Remuneration	32.65	-	-	**32.65**
(note 5)	(47.12)	(-)	(-)	**(47.12)**
Rent Paid	0.83	-	-	**0.83**
(note 6)	(0.76)	(-)	(-)	**(0.76)**

b) Notes:

1. Includes Sales and services to:
   - Learning Link Foundation ₹83.78 million (Previous year ₹116.24 million).
   - Learning Leadership Foundation ₹314.47 million (Previous year ₹182.98 million).
   - Richmond Education Society ₹67.89 million (Previous year ₹24.20 million).
   - Shri Radha Raman Educational Trust ₹40.24 million (Previous year ₹5.62 million).
   - Shri Krishna Hare Educational Trust ₹50.73 million (Previous year ₹27.34 million).
   - MIS Society ₹147.25 million (Previous year ₹167.25 million)
   - Maurya Educational Trust ₹60.83 million (Previous year ₹32.22 million)
   - Bal Shiksha Educational Trust ₹33.19 million (Previous year ₹5.97 million)
   - Shri Radhe Educational Trust ₹12.07 million (Previous year ₹6.73 million)
   - Shri Radha Krishna Educational Trust ₹2.50 million (Previous year ₹Nil)

2. Includes other income from:
   - Learning Link Foundation ₹ Nil (Previous year ₹3.42 million).
   - Learning Leadership Foundation ₹23.64 million (Previous year ₹11.92 million).
   - Richmond Education Society ₹37.68 million (Previous year ₹34.89 million).
   - Shri Krishna Hare Educational Trust ₹ 3.00 million (Previous year ₹1.74 million).
   - Shri Radha Raman Educational Trust ₹2.41 million (Previous year ₹1.48 million).
   - Maurya Educational Trust ₹1.76 million (Previous year ₹ Nil)

3. Loans and advances (includes share application money) given relates to:
   - Richmond Education Society ₹37.51 million (Previous year ₹74.15 million).
   - Learning Leadership Foundation ₹39.72 million (Previous year ₹71.78 million).
   - Shri Krishna Hare Educational Trust ₹7.50 million (Previous year ₹20.91 million).
   - Shri Radha Raman Educational Trust ₹7.47 million (Previous year ₹15.88 million).
   - Maurya Educational Trust ₹6.67 million (Previous year ₹8.46 million)
   - Bal Shiksha Educational Trust ₹7.92 million (Previous year ₹1.87 million)
   - Shri Radhe Educational Trust ₹5.78 million (Previous year ₹2.41 million)
   - Surya Prabhat Trust ₹1.02 million (Previous year ₹1.55 million)
   - Vidya Prabhat School Trust ₹3.67 million (Previous year ₹4.61 million)
   - MIS Society ₹139.16 million (Previous year ₹26.97 million)
   - Sri Satya Sai Educational Trust ₹6.57 million (Previous year ₹ Nil)
   - Greycells18 Media Pvt. Ltd. ₹16.10 million (Previous year ₹ Nil)

4. Represents investment made in:
   - Greycells18 Media Pvt. Ltd. ₹ Nil (Previous year ₹83.45 million)
   - GateForum Educational Services Pvt. Ltd. ₹155.32 million (Previous year ₹ Nil)

5. Includes transaction for the year mainly with:
   - Mr. Shantanu Prakash ₹28.27 million (Previous year ₹45.75 million).
   - Mr. Jagdish Prakash ₹4.38 million (Previous year ₹1.37 million).

6. Includes Rent paid to:
   Mr. Shantanu Prakash ₹0.83 million (Previous year ₹0.76 million).

iii) Balances with related parties:

(₹ in million)

Particulars	Key Management Personnel	Associates	Others	Total
Investment	-	273.53	-	**273.53**
	(-)	(118.21)	(3.98)	**(122.19)**
Creditors and other Payables	-	-	3.08	**3.08**
	(-)	(-)	(1.89)	**(1.89)**
Debtors, Loans & Advances	-	-	1,421.22	**1,421.22**
	(-)	(-)	(832.72)	**(832.72)**

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

Previous year figures are given in parenthesis.

xvi. 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 Smart Class & Edureach (ICT) business), K-12 Schools (comprising preschools & high schools), Higher Learning Solutions (comprising of vocational, higher education and professional development) and Online, Supplemental & Global business.

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

(₹ in million)

Particulars	HLS (Higher Lerning Solution)	SLS (School Learning Solution)	K - 12 (Schools)	Online, Supplemental & global	Total
Segment Assets	3,538.13	8,552.42	23,349.96	3,010.08	**3,8450.59**
	(662.81)	(6,749.36)	(15,311.53)	(3,109.67)	**(25,833.37)**
Unallocated Corporate Assets					4,131.01
					(7,023.30)
Total Assets					**42,581.60**
					(32,856.67)
Segment Liabilities	365.03	2,957.23	7,221.40	1,401.84	**11,945.50**
	(205.01)	(1,262.54)	(3,997.56)	(1,354.39)	(6,819.50)
Unallocated Corporate Liabilities					**6,486.54**
					(7,647.19)
Total Liabilities					**18,432.04**
					(14,466.69)
Capital Expenditure	2,276.38	313.70	5,266.14	134.48	**7,990.70**
	(224.40)	(1,357.64)	(4,794.23)	(623.65)	(6,999.92)
Unallocated Corporate Capital Expenditure					**29.66**
					(20.24)
Total Capital Expenditure					**8,020.36**
					(7,020.16)
Depreciation & Amortization	51.08	376.48	151.34	233.83	**812.73**
	(18.46)	(686.58)	(73.73)	(149.72)	(928.49)
Unallocated Corporate Depreciation & Amortization					28.07
					(213.79)
Total Depreciation & Amortization					**840.80**
					(1,142.28)

₹ in million

Particulars	HLS (Higher Lerning Solution)	SLS (School Learning Solution)	K – 12 (Schools)	Online, Supplemental & global	Total
Non Cash Expenditure Other than Depreciation	13.07 (18.03)	36.13 (20.82)	20.74 (6.59)	12.64 (8.22)	**82.58** (53.66)
Unallocated Corporate Expenditure					113.34 (95.08)
Total Non Cash Expenditure Other than Depreciation					195.92 (148.74)

₹ in million

Particulars	HLS (Higher Lerning Solution)	SLS (School Learning Solution)	K – 12 (Schools)	Online, Supplemental & Global	Total
Revenue	**654.01**	**10,094.62**	**1,357.32**	**1,403.05**	**13,509.00**
	(264.54)	(8,067.64)	(997.12)	(1,065.60)	(10,394.90)
Expenses	**946.28**	**4,862.33**	**880.76**	**1,511.15**	**8,200.52**
	(375.62)	(3,565.10)	(675.02)	(1,222.21)	(5,837.95)
Segment Results	**(292.27)**	**5,232.29**	**476.56**	**(108.10)**	**5,308.48**
	(-111.08)	(4,502.54)	(322.10)	156.61	(4,556.95)
Un-allocable Expenditure					709.25
					(852.52)
Finance Cost					962.04
					(538.66)
Operating Profit					**3,637.19**
					(3,165.78)
Other Income					461.24
					(1,255.25)
Profit Before Tax and Prior Period Items					**4,098.43**
					(4,421.03)
Less: Tax Expense					
- Current					1,036.64
					(2,009.61)
- Mat Entitlement					(18.81)
					(-8.51)
- Mat Earlier years					(3.42)
					(-)
- Deferred Tax					58.31
					(-416.91)
- Mat Reversal					(394.98)
					(-)
Profit After Tax & Before Prior Period Items					**3,420.69**
					(2,836.84)
Prior Period Items					
Prior Period Items					15.36
					(29.30)
Profit After Tax before Minority Interest & Pre-acquisition Profits					**3,405.33**
					(2,807.54)
Pre-acquisition Profits					(32.53)
					(-8.69)
Minority Interest					48.83
					(57.52)

Share of Loss in Associates	22.31
	(0.07)
Profit After Tax, Minority Interest & Pre-acquisition Profits	**3,366.72**
	(2,758.64)

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

B. Secondary Segment Information – Geographical

(₹ in million)

	Revenue	Segment Assets	Capital Expenditure
India	12,063.49	40,634.68	7,943.29
	(9,315.12)	(30,771.13)	(6,397.23)
Outside India	1,445.51	1,946.90	77.04
	(1,079.78)	(2,085.54)	(622.93)
Total	**13,509.00**	**42,581.58**	**8,020.33**
	(10,394.90)	(32,856.67)	(7,020.16)

Note: Previous year figures are given in parenthesis.

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

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

For and on behalf of Board of Directors

Shantanu Prakash
Chairman and Managing Director

Jagdish Prakash
Whole Time Director

Sankalp Srivastava
Director

Dr. Shayama Chona
Director

Place : Gurgaon
Date : 30th May, 2011

Shonu Chandra
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 31.03.11	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	89.07	4.42	94.54	-	60.19	13.70	3.93	9.77	-	INDIA
Wheitstone Productions Pvt Ltd.	INR	1.00	1.68	(3.29)	1.66	0.05	-	-	0.28	(0.01)	0.28	-	INDIA
Edumatics Corporation Inc. USA	USD	44.65	62.09	(55.80)	1.66	33.90	-	79.21	12.63	0.47	(5.86)	-	USA
Educomp Infrastructure and School Management Ltd.	INR	1.00	280.06	7,763.29	7,254.67	12,049.46	-	848.65	227.24	65.32	161.09	-	INDIA
Educomp Infrastructure Services Pvt Ltd.	INR	1.00	0.10	(0.34)	0.03	0.48	-	-	(0.04)	-	(0.04)	-	INDIA
Educomp APAC Services Ltd. BVI	USD	44.65	925.73	(61.49)	1.05	865.29	-	0.09	(33.68)	-	(33.68)	-	BVI
Knowledge Vistas Limited	INR	1.00	4.45	249.76	175.13	357.11	72.24	-	(15.87)	-	(15.87)	-	INDIA
Laservision Estates Private Limited	INR	1.00	23.72	35.06	0.02	58.80	-	-	(0.36)	-	(0.36)	-	INDIA
Virtual Buildtech Private Limited	INR	1.00	20.52	30.31	0.67	51.49	-	-	(0.30)	-	(0.30)	-	INDIA
Modzex Infrastructure Private Limited	INR	1.00	24.31	35.96	0.37	60.63	-	-	(0.33)	-	(0.33)	-	INDIA
Falcate Builders Private Ltd	INR	1.00	46.98	140.04	0.09	187.11	-	-	(0.10)	-	(0.10)	-	INDIA
Newzone Infrastructure Pvt.Ltd.	INR	1.00	27.92	41.15	0.55	72.02	-	-	(0.23)	-	(0.23)	-	INDIA
Rockstrong Infratech Private Ltd.	INR	1.00	35.12	51.94	1.70	88.76	-	-	(0.17)	-	(0.17)	-	INDIA
Reverie Infratech Private Limited	INR	1.00	45.12	111.82	0.13	159.57	-	-	(0.26)	-	(0.26)	-	INDIA
Herold Infra Private Limited	INR	1.00	49.11	121.80	0.11	171.62	-	-	(0.23)	-	(0.23)	-	INDIA
Growzone Infrastructure Private Ltd.	INR	1.00	43.11	63.87	0.06	107.04	-	-	(0.18)	-	(0.18)	-	INDIA
Hidream Constructions Private Ltd.	INR	1.00	47.98	214.69	1.03	263.70	-	-	(0.28)	-	(0.28)	-	INDIA
Leading Edge Infratech Private Ltd.	INR	1.00	30.71	45.36	0.05	76.13	-	-	(0.19)	-	(0.19)	-	INDIA
Strotech Infrastructure Private Ltd.	INR	1.00	48.13	86.40	0.12	134.65	-	-	(0.19)	-	(0.19)	-	INDIA
Markus Infrastructure Private Ltd.	INR	1.00	41.99	62.28	0.08	104.35	-	-	(0.11)	-	(0.11)	-	INDIA
Orlando Builders Private Ltd.	INR	1.00	44.04	65.25	0.12	109.41	-	-	(0.19)	-	(0.19)	-	INDIA
Crosshome Developers Private Ltd.	INR	1.00	30.35	44.84	0.11	75.71	-	-	(0.16)	-	(0.16)	-	INDIA
Good Luck Structure Private Ltd.	INR	1.00	22.83	33.65	0.03	56.51	-	-	(0.13)	-	(0.13)	-	INDIA
Evergreen Realtech Pvt. Ltd.	INR	1.00	26.31	38.85	0.06	65.22	-	-	(0.40)	-	(0.40)	-	INDIA
Zeta Buildcon Pvt. Ltd	INR	1.00	48.37	71.73	0.03	210.13	-	-	(0.61)	-	(0.61)	-	INDIA
Onega Infrastructure Pvt. Ltd.	INR	1.00	34.35	50.83	0.10	185.28	-	-	(0.49)	-	(0.49)	-	INDIA
Grider Infratech Pvt. Ltd.	INR	1.00	42.72	63.29	0.09	106.10	-	-	(0.57)	-	(0.57)	-	INDIA
Boston Realtech Pvt. Ltd.	INR	1.00	27.51	40.64	0.06	68.21	-	-	(0.41)	-	(0.41)	-	INDIA
Educomp School Management Ltd.	INR	1.00	0.50	106.98	3.84	38.76	72.55	-	(0.96)	-	(0.96)	-	INDIA
Ask N Learn Pte. Ltd.	SGD	35.88	298.42	64.84	(62.17)	259.48	-	263.63	6.63	(0.64)	7.28	-	SINGAPORE
Singapore Learning.com Pte. Limited	SGD	35.88	0.00	12.70	26.83	40.73	-	13.06	3.83	(0.05)	3.88	-	SINGAPORE
Pave Education Pte. Ltd.	SGD	35.88	7.89	(3.43)	50.66	56.63	-	10.58	(15.64)	(0.74)	(14.90)	-	SINGAPORE
Wiz Learn Pte Ltd.	SGD	35.88	41.18	(23.86)	15.79	35.54	-	2.03	(5.09)	1.48	(6.57)	-	SINGAPORE
Educomp Asia Pacific PTE. Ltd	USD	44.65	760.07	526.15	886.52	248.40	437.49	-	28.48	57.90	(29.42)	-	SINGAPORE
Authorgen Technologies Ltd.	INR	1.00	32.62	(17.59)	47.90	54.26	-	6.08	(55.47)	(16.99)	(38.48)	-	INDIA
Sikhya Solutions Inc.	USD	44.65	8.67	(7.20)	0.12	1.59	-	9.54	(0.03)	-	(0.03)	-	USA
Educomp Learning Hour Pvt. Ltd.	INR	1.00	0.95	(18.35)	91.93	74.53	-	23.42	(63.92)	0.22	(64.14)	-	INDIA
Educomp Software Ltd.	INR	1.00	0.50	(0.68)	1.58	1.40	-	2.62	0.19	(0.02)	0.21	-	INDIA

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the subsidiary company	Reporting Currency	Exchange Rate As at 31.03.11	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 Professional Education Ltd.	INR	1.00	42.84	2,917.25	0.04	2,081.74	-	-	(0.58)	-	(0.58)	-	INDIA
Savvica Inc., Canada	CAD	46.57	137.07	(144.05)	19.88	12.89	-	20.10	(36.58)	-	(36.58)	-	CANADA
EuroKids International Ltd.	INR	1.00	269.07	163.08	199.20	519.83	16.52	368.97	61.22	20.10	41.12	-	INDIA
EuroKids India Ltd.	INR	1.00	50.00	(9.38)	22.17	62.80	-	57.81	(1.89)	-	(1.89)	-	INDIA
Euroschool International Limited	INR	1.00	45.00	(8.55)	84.16	127.81	-	17.96	(0.81)	-	(0.81)	-	INDIA
Euroschool Properties & Infrastructure Limited	INR	1.00	0.50	(0.01)	69.63	68.96	-	-	(0.01)	-	(0.01)	-	INDIA
Learning Internet Inc. USA	USD	44.65	1,381.95	(592.53)	437.22	1,226.65	-	1,033.04	122.18	56.02	66.16	80.30	USA
Educomp Child Care Pvt. Ltd.	INR	1.00	161.10	(58.47)	69.05	171.69	-	65.24	(46.95)	(4.27)	(42.67)	-	INDIA
Educomp Online Supplemental Services Ltd.	INR	1.00	14.82	9.66	215.51	14.66	-	0.10	(2.95)	(1.09)	(1.87)	-	INDIA
Educomp IntelProp Ventures Pte Ltd	EURO	63.24	39.30	(0.98)	0.14	38.46	-	-	(0.04)	-	(0.04)	-	SINGAPORE
Vidya Mandir Classes Limited	INR	1.00	0.73	24.68	147.61	173.01	-	187.46	60.24	18.10	42.15	-	INDIA
Educomp Investment Management Limited	INR	1.00	0.50	(2.63)	6.14	4.00	0.01	1.04	(3.80)	(1.17)	(2.63)	-	INDIA

1. * This doesn't include investment in subsidiaries of the respective company
2. ** The financial year ends on September 30. However, the results given are as of March 31, 2011

For and on behalf of Board of Directors

Shantanu Prakash
Chairman & Managing Director

Sankalp Srivastava
Director

Jagdish Prakash
Whole Time Director

Dr. Shayama Chona
Director

Shonu Chandra
Director

Mohit Maheshwari
Company Secretary

SHAREHOLDERS INFORMATION (AS ON 31ST MARCH 2011)

ANNUAL GENERAL MEETING

Day, Date, Venue and Time are as follows:

Registered office	1211, Padma Tower-I, 5, Rajendra Place, New Delhi-08
Day	Saturday
Date	24 September, 2011
Time	04.30 P.M
Venue	Sri, Sathya Sai international Center, Pragati Vihar, Lodhi Road, New Delhi- 03

FINANCIAL CALENDAR

(Tentative)

* Financial Reporting for Quarter ending June 30, 2011 on or before August 14, 2011
* Financial Reporting for Quarter ending September 30, 2011 on or before November 14, 2011
* Financial Reporting for Quarter ending December 31, 2011 on or before February 14, 2012
* Financial Reporting for Quarter ending March 31, 2012 on or before May 15, 2012
* Annual General Meeting End of September, 2012

BOOK CLOSURE DATES	:	17th September 2011 to 24th September 2011 (both days inclusive)
DIVIDEND PAYMENT DATE	:	On and from 4th October 2011 onwards

LISTING ON STOCK EXCHANGES

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

Listing Fees: Annual Listing fees for the year 2011-12, as applicable have been paid to above Stock Exchanges.

DEMAT ISIN NO.
IN NSDL and CDSL INE216H01027

Stock Code:
BSE: '532696'
NSE: 'EDUCOMP'

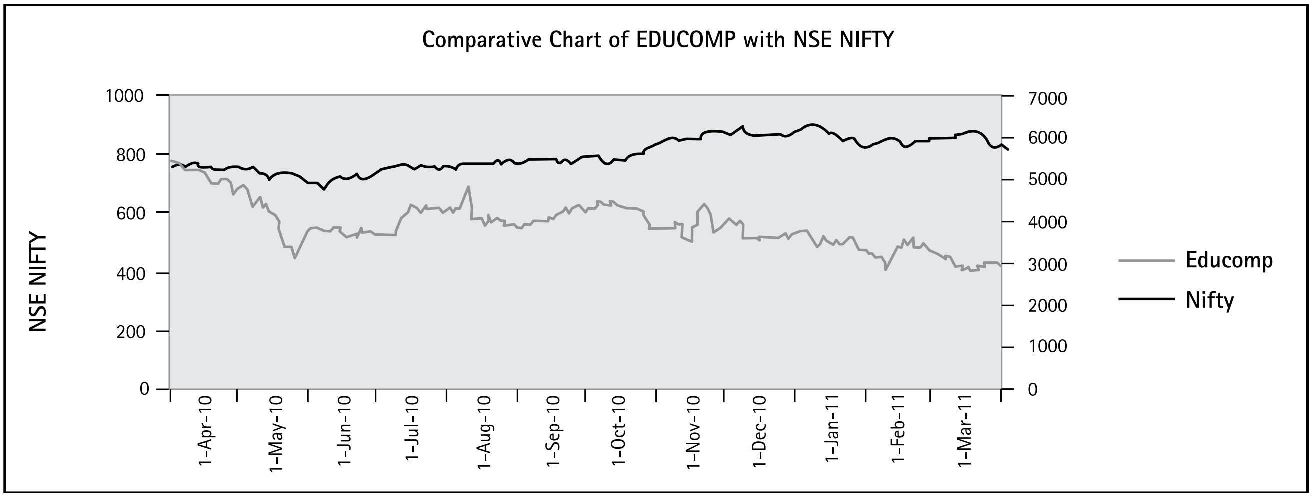
The Company's USD 80 million Foreign Currency Convertible Bonds (FCCBs) are listed on Singapore Exchange Securities Trading Limited.

ISIN code of Educomp' USD 80 million FCCB : XS0307667096

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

Month	National Stock Exchange		Bombay Stock Exchange	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April'10	784.60	666.20	784.00	666.20
May'10	706.90	440.30	702.70	441.80
June'10	565.00	503.50	565.00	497.80
July'10	634.95	500.10	634.95	515.00
August'10	702.00	538.45	695.00	525.00
September'10	632.00	543.00	630.55	544.10
October'10	648.80	545.80	648.00	546.10
November'10	634.40	488.00	634.80	488.00
December'10	595.00	496.00	595.00	499.05
January'11	555.55	452.80	555.00	459.00
February'11	519.40	386.00	519.30	387.00
March'11	480.60	399.95	479.95	399.50

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 Quaterly 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 2011:

a) Distribution of Shareholding as on 31st March 2011

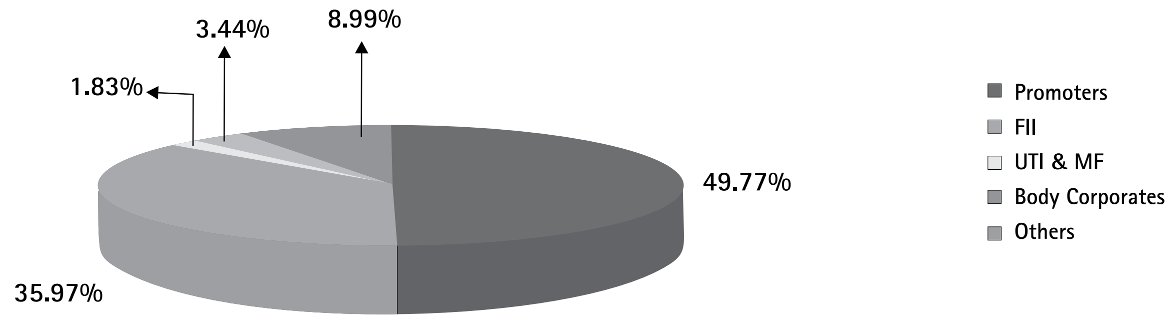
Shareholding of nominal value ₹	Share Holders		Share Amount	
	Number	% to total	Amount in ₹	% to total
Upto 2,500	127066	99.362	13809356	7.227
2,501 - 5,000	354	0.277	1281570	0.671
5,001 - 10,000	184	0.144	1356440	0.71
10,001 - 20,000	87	0.068	1219028	0.638
20,001 - 30,000	38	0.03	974154	0.51
30,001 - 40,000	24	0.019	823002	0.431
40,001 - 50,000	12	0.009	551942	0.289
50,001 - 1,00,000	33	0.026	2650168	1.387
1,00,001 & Above	84	0.066	168423132	88.139
Total	**127882**	**100**	**191088792**	**100**

b) Categories of Equity Shareholding as on 31st March, 2011

Category	Number of Shares Held	Percentage of Shareholding
Promoters	47,553,645	49.77
FII	34,368,985	35.97
UTI & MF	1,745,310	1.83
Body Corporates	3,286,401	3.44
Others	8,590,055	8.99
Total	**95544396**	**100.00**

Shareholding Pattern as on 31st March, 2011 depicted by way of pie chart as follows:

Distribution Schedule as on March 31, 2011



Dematerialization of Shares and Liquidity

About 99.99% of the Equity Shares of the Company have been dematerialized as on 31st March 2011. 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, 2010 till 31st March, 2011 are as follows:

Period	The Stock exchange, Mumbai (BSE)		National Stock Exchange (NSE)		BSE + NSE Volume / Value	
	Volume (Lacs)	Value (₹ Lacs)	Volume (Lacs)	Value (₹ Lacs)	Volume (Lacs)	(₹ Lacs)
End of April, 2010	33.79	24504.95	139.70	101325.28	173.49	125830.23
End of May, 2010	95.09	50599.10	368.69	196344.42	463.78	246943.52
End of June, 2010	126.70	68597.20	455.51	246670.66	582.21	315267.86
End of July, 2010	80.75	47779.06	295.50	175236.45	376.25	223015.51
End of August, 2010	81.96	50032.21	326.06	198098.19	408.02	248130.40
End of September, 2010	45.28	26773.99	193.83	114529.15	239.11	141303.14
End of October, 2010	25.79	15881.62	124.77	76707.64	150.56	92589.26
End of November, 2010	87.58	50225.62	352.12	200570.05	439.70	250795.67
End of December, 2010	41.58	22083.20	203.64	108041.95	245.22	130125.15
End of January , 2011	33.17	17040.03	150.90	77347.48	184.07	94387.51
End of February, 2011	52.51	24894.64	229.34	108752.36	281.85	133647.00
End of March, 2011	54.44	23467.84	265.33	114306.61	319.77	137774.45
Total	**758.64**	**421879.46**	**3105.39**	**1717930.24**	**3864.03**	**2139810.70**

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

On 25th July 2007, we issued USD 80 million Zero coupon Foreign Currency convertible bonds ("Bonds") due in 2012. The bonds are convertible into fully paid equity shares of ₹2/- per share, at an initial conversion price of ₹589.966 per share. Outstanding FCCBs as at 31st March 2011 are USD 78.50 million

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

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

Plant Locations

1. Khasra No. 701, Sec-2, Parwanoo, Tehsil-Kasauli, District-SOLAN
2. Plot no 85, Special Economic Zone, Phase II, Sector 82, Noida
3. 16, 80 Feet Road, 4th Block, Koramanagala, Bangaluru-560034.
4. Plot No 514, Udyog Vihar, Phase III, Gurgaon

Address for Correspondence:

(1) Investor Correspondence : For transfer/ Dematerialization of Shares, Payment of dividend on shares, change of address, transmissions, and any other query relating to shares of the Company.

- For securities held in physical form : Please contact Registrar & Transfer Agent at address given below .
- For securities held in Demat Form: To the Depository participant
- Any query on Annual report : To the Company address.

Company Address	**Registrar & transfer Agent Address**
Company Secretary Educomp Solutions Limited Plot No 514, Udyog Vihar Phase III Gurgaon-122001, (Haryana) Telephone: 0124-4529000 Fax: 0124 – 4529039 Email:investor.services@educomp.com	Link Intime India Private limited A-40, 2nd Floor, Nariana Industrial Area Phase II, Naraina, New Delhi -110028 Telephone: 011-41410592-94 Fax: 011-41410591 Email : delhi@linkintime.co.in

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