Educomp™
What Learning Can Be

Building on Strengths to Reach Higher Potential



ANNUAL REPORT 2013-14

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Reaching Higher Potential

We aim to **reach higher potential** through our multiple business initiatives by **leveraging the latent potential** in every student - from the age of 2 to 25.

We have developed a holistic educational ecosystem that serves educational institutions, governments, teachers and students in a manner that will enable them to realize their inherent potential.

As we complete 20 years of our existence, we are geared to take the next big leap in our growth through what we call Educomp 2.0.

Through Educomp 2.0, we seek to expand our role in the country's education ecosystem. Our six-point agenda, under the umbrella of Educomp 2.0, will steer the next chapter of our growth through focus on two concurrent approaches. On the one hand, we shall move forward with a renewed focus towards digitization. On the other, we shall strive to address the access and capacity issues in education through greater thrust on asset backed offerings.

Our six-point Educomp 2.0 agenda encompasses focus on core competencies, cautious growth, cross selling of products and solutions using our existing sales and distribution network, correction of asset-liability mismatch, working towards being a leaner organization, and combining experience with freshness in our leadership.

During the year, our focus was on improving operational efficiencies and strengthening our balance sheet. We also worked consistently towards enhancing our cash flows and launching new products & services through our existing sales and distribution network.

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A key achievement of the year was the successful culmination of our Corporate Debt Restructuring (CDR) program for two of our companies that were carrying high levels of debt. These companies are Educomp Solutions Limited and Education Infrastructure & School Management Limited. Lenders agreed to restructure the debt of these two entities after making an incisive assessment of our fundamentals and taking into account prospects for the next 10-15 years.



Building on Strengths Across the Educational Value Chain

Educomp is India's premier comprehensive education services provider, with a presence that spans the entire education ecosystem. Our services reach 22.6 million students and educators across 33,000 schools worldwide.




Digital Content Solutions
Educomp smartclass™
Edureach
Enriching Education
K-12 Schools
The Millennium School
takshila SCHOOL
UNIVERSAL ACADEMY
High School Initiatives
JV Schools like
The PSBB Millennium School
The Shriram Millennium School
Pre-School Initiative
LITTLE Millennium
Pre-School initiative
Our Vision
Solve critical education problems by applying innovative solutions focused on 'Quality of Education' and 'Access to Education'
Our Reach
"Presence Across Entire Education Ecosystem"
Assessment and Counseling
Educomp INSIGHT
English Language
Educomp english mentor
E-Learning Platforms
Educomp smartclass tab
Online Supplemental Initiatives
Test Preparation
Vidyamandir classes
GATEFORUM Engineering Success
Learning Management Systems
EducompOnline
Wizlearn Technologies
Higher Education Initiatives
Higher Education
Raffles Millennium International

Chairman's Communiqué

Dear Shareholders

The year 2013-14 was an epochal year for the Company. I would like to call it a year of consolidation and restructuring, to take advantage of the new opportunities in the world of education and continue to grow our impact in a challenging environment. As you are aware, for over a decade and a half, Educomp has been a trailblazer in education content, elearning , school management and other education services, which we have successfully delivered to over 22.6 million students and impacted 33,000 schools in India and in several parts of the world. The last year presented a unique set of challenges both internal and external. One of the traits that Educomp has displayed over the years has been our entrepreneurial DNA to meet the challenges with agility and resilience. There can be no doubt that the past couple of years have been very challenging for education companies, not just in India, but also worldwide. The investment rush of 2008 to 2010 resulted in a plethora of start-ups, and new capital been deployed across a number of strategic and non-strategic participants in the education industry. The result of this was a confusing array of 'me too' products being available to consumers. For example, in our flagship smartclass business in India, we had as many as 12 active competitors in 2012. Today, that number of competitors stands at less than five. Similarly, in our Edureach business, from over 10 active competitors, the active competitor universe has now shrunk to 3 companies. Several economies across the world simultaneously went through a structural readjustment such as the US, and other South East Asian markets, resulting in a lack of budgetary and regulatory support, that shrunk the available dollars on education roll outs.

> "**Consumers** are voting to have the **Educomp smartclass** content inside their **classrooms**"

In 2012, we were the first company in India to have the foresight to understand the challenges that are going to come down the line and we embarked on a business transformation agenda, that, inter alia, involved pushing innovation within our research and development centers, focusing the Company to an internet/cloud based approach, reduction in operating costs and a business reengineering program that re-examined at our existing processes and finally an overhaul of our business model.

You will be happy to note that the business transformation agenda has yielded spectacular results, notwithstanding the costs and the charges of business restructuring which impact our balance sheet on a quarter-on-quarter basis. Our overall cost of operations in our smartclass business declined by 31% between FY13 and FY14. Our corporate overhead declined by 51% in the same period of time.



The Company launched several new products and initiatives, which should be looked upon as seeds that we are planting, which would grow and yield fruit in the years to come. Our path-breaking new products include League India, Educomp Smart School, Educomp Online and Uniclass. For many of these initiatives, we have partnered with best-in-class research and development organizations, to harness the collective potential for intellectual property, rather than developing everything in-house.

Post a Boston **Consulting Group study**, the Company also decided to focus its energies on a few **large core businesses** and decided to divest others. We also went through a corporate debt restructuring program with the active support from our bankers and our **CDR was approved in March 2014**.

With the support of our bankers, equity stakeholders, and employees; the Company has now embarked on a path of growth and shareholder value creation again. However, the contours of this path are fundamentally different from that of the product and portfolio mix, which Educomp had since 2007 to 2012. The focus now is on direct to consumer delivery of education content, leveraging the power of cloud-based computing, and the growing proliferation of 3G and 4G networks. Our sales team now focuses on pushing of our vast repository of content to schools on a 'content only' licensing mode while encouraging our customers to pay for the hardware on an upfront basis. Our collection processes and credit appraisal processes have been substantially revamped to ensure that we have a strong platform as we add new customers.

You will be happy to note that our consumer franchise and customer loyalty is strong. Consumers are voting to have the Educomp smartclass content inside their class rooms. This is evidenced by the high rate of renewal of customer accounts.

But, what is equally exciting is the demand for cheaper and better solutions, as educators realize that digital content is not a luxury but a must-have product. Over the coming months, the Company proposes to grow our portfolio in direct to consumer and content only solutions with more aggression.

The world of education is changing rapidly, and Educomp is in the right place, at the right time with the right mix of products to leverage the new education scenario unfolding in India. With agile management and our new product portfolio, we are well placed to ride the new phase of economic growth in India.

I want to thank our bankers, our employees, our clients, our equity shareholders and all our stakeholders, who have supported the Company, and who believe in our mission to provide best-in-class education solutions for improving quality and access to education.

Regards

Shantanu Prakash
Chairman and Managing Director

Leveraging Strengths Across our School Learning Systems

At Educomp, we are continuously building on our strengths in digital content and computer-based training to achieve higher learning outcomes. Our focus encompasses the expanding network of institutions that use our education solutions. Our aim is to leverage our School Learning Systems to positively impact millions of students.

Educomp smartclass™

Educomp smartclass is a market leader with presence in over 15,000 schools across the country. It is a teacher-led, content-based solution that has a dramatic impact on the learning outcomes of students.

Educomp smartclass is powered by India's largest digital content library of curriculum-mapped, multimedia rich, 3D content.



Since its launch 10 years ago, Educomp smartclass has impacted students across private schools through 80 million sessions. It is currently reaching out to over 16 million students and the number of Educomp smartclass enabled schools is growing at almost 10 schools a day.

In a major strategic shift, Educomp smartclass is now being offered under the BOOT model, as against the earlier EMI-based purchase combining hardware and software costs. The BOOT model helps us collect the cost of the hardware upfront, thus reducing our requirement of funding. During the year, we clocked 50% of the total sales in this business on the new upfront model.





The BOOT model also helps us forge long-standing transformational partnerships with schools without any vendor or third party intervention. We believe that these partnerships will be a key growth driver for us and also help educational institutes in improving their educational outcomes.

Leveraging R&D to deliver new products for cross-selling

We are continually improving our learning solutions through focused R&D efforts aimed at monetization of our existing customer base of more than 14,500 schools and over 6.9 million students. As part of these efforts, we have developed three new pioneering products – Smartclass Tab, English Mentor and Educomp Insight, which we are cross selling and upselling by leveraging our existing sales and distribution network.

> **Our aim** is to leverage our School Learning Systems to positively **impact millions of students**

English Mentor – This product is aimed at helping students imbibe English language skills to promote their academic performance. It uses sound pedagogy with smart technology and focuses on speaking, listening, reading and writing skills in English language. The tools under this program include: Read and Write Tutor, Vernacular Translator, Picture Dictionary, Tense Simulator, Read the Text Software, Listening Comprehension, Spoken English, Combination Sounds, and many more. Learning experience is further enhanced through a personal workbook for every learner for home activities and follow-up activity sessions.

Educomp Insight – This is a scientifically designed assessment system that enables students to identify their innate natural potential and guide their career choices accordingly. It works through built-in extensive psychometric tests, counseling, one-to-one sessions, interactive seminars, etc. These multiple tools help students, parents and schools make the right career choice, based on individual aptitude.

Educomp Smart School – A logical extension of the Smartclass model, this is a smart learning suite that delivers a portfolio of tools to schools. These tools include: Educomp smartclass content, Educomp smartclass 3D Lab, English Mentor, Educomp Insight and access to www.educompoline.com. The programme is focused on upselling of new products to schools using Smartclass.

League India – It helps new entrants in the educational domain to get advice on various industry practices. Inputs are provided by industry veterans, thereby setting benchmarks of industry best practices in schools.

Building on our Edureach Strength

Edureach
Enriching Education

During the phase of consolidation that began last year, we realigned our Edureach program towards more content services, training and skill development approach. This was in sharp contrast to our earlier focus on asset-based ICT implementation.

As a result of this realignment, we reduced our working capital exposure in the ICT related business. It also helped us sharpen our focus on efficient execution of existing projects.

The approach we have adopted in this business segment is one of **cautious growth**. This enables us to be careful in selection of government orders for implementation and we are able to **focus on more beneficial programs.**

Our efforts in this domain are concentrated on content, training and skill development, which are the core competencies of our organization.

Edureach today is one of the largest players in this domain. The model involves partnering with governments under PPP mode. Edureach helps them set up computer labs in schools, access to multimedia content in regional languages, faculty, IT curriculum and trains teachers in the use of technology-aided teaching and learning. Under the program, EDUSAT / internet facilities are also utilized effectively to deliver subject specific content.

> A **market leader** reaching out to more than **8,000** government schools across **11 states, Edureach** offers content in as many as **10 regional** languages

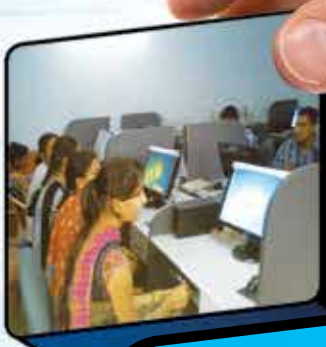
Edureach is also working with governments to set up schools under the PPP model. In Punjab, Edureach has set up a model school with over 1,000 students enrolled.

Edureach provides 360 degree solutions for computer aided learning in government schools through localized content. A market leader reaching out to more than 8,000 government schools across 11 states, Edureach offers content in as many as 10 regional languages.

So far, government initiated projects across India have reached out to 100,000 schools. Edureach alone has cumulatively, over the years, worked with 35,000 government schools, many of them in remote areas of the country. The impact on more than 17.5 million students has been remarkable.

Our main focus during FY2014-15 will be on ICT, PPP and Skill Development. With greater focus on skill development programs under various government initiatives, we shall strive to build a network of centers across the country to take the programs forward. Edureach shall endeavor to contribute to the realization of the goal of the Government of India of skilling 500 million people by 2022.





With our enhanced focus, we are working towards greater value addition and reduced exposure to working capital intensive aspects of the Edureach business.





Leveraging Strengths to Grow in K-12 School Domain

In the K-12 school sector, Educomp currently has 47 schools under operation, through our management and vendor contracts. This covers Greenfield and acquired schools, as well as dry management schools.

Our brand portfolio includes K-12 schools in Tier I & II cities, three co-branded schools, K-12 schools in Tier III & IV cities and budget schools.

Our aim in the K-12 stream is to reach a higher level of penetration and presence by leveraging the asset light Joint Venture model of implementation. Our goal is to create a portfolio of 100 schools in the country.

The Joint Venture model enables us to add value without having to invest in physical assets and infrastructure. The latter are brought in by the partner organization. Educomp Infrastructure School Management Ltd. (EISML) performed well during the year under its new leadership. Our ongoing initiatives for cost rationalization have yielded results, leading to a significant cut in our corporate expenses. Our thrust on pushing student enrollments also continued aggressively during the year. This led to a marked growth in the K-12 student portfolio.

"Our K-12 business will continue to drive our **growth in the future** through the Asset light JV model. We shall continue to add new **partners while driving enrollments** and increasing capacity utilization across existing schools"



Strengthening our Pre-School Portfolio

After exiting from Euro Kids at a good valuation in the previous year, our focus has been exclusively devoted to expanding our Pre-School franchisee network. Currently, we have 241 Little Millennium Pre-Schools in operation through our franchisee network.

With an increasing middle class desiring nothing but the best for their children, the scope for expansion of this zero capital business is large. The business, in fact, has the potential to deliver long-term cash annuities.

Little Millennium Apps – a new frontier in Pre-School Learning

We are also expanding our involvement beyond the brick and mortar Pre-Schools. To this end, our R&D division has recently developed an innovative set of apps for toddlers under the aegis of the Little Millennium App Project. These apps will raise the level of learning for children. They will also help parents to use interactivity to help children learn. These apps incorporate elements of visual appeal and fantasy. They incite the child's inherent curiosity, even as they assist in concept and skill development. Educomp's repertoire includes over 200 apps that feature rhymes, stories, themes, English speaking modules, parenting tips and concepts.



Our aim is to go for a higher number of Pre-Schools across territories through franchisee expansion.

Capitalizing on Strengths in Higher Learning Solutions

We are witnessing a trend of healthy revenue growth across our asset backed Higher Learning Solutions businesses. Higher education is of major importance to us as it enables us to help train and enable the young generation of Indians to acquire marketable skills. This will eventually help the youngsters reach their full potential. Our Joint Venture with Raffles seeks to fill the demand-supply gap in higher education.

Raffles Millennium International Colleges

During the year, Educomp's JV with Raffles Corporation of Singapore continued to yield good revenues.

The four Raffles Millennium International Colleges (in Delhi, Bengaluru, Hyderabad, Chennai) witnessed increasing enrollments, thanks to aggressive marketing and promotional efforts. We also continued to raise the bar in terms of enrollments during the year across our courses - Fashion Design, Interior Design, Fashion Marketing & Management, Product Design, Jewelry Design, Visual Communication and Multimedia Design.

Our Design Colleges witnessed significant traction, paving the way for further growth in the business.

> **We experienced high level** of placements for our Colleges. We are currently focused on increasing this benchmark for the **next batch**



With highly qualified faculty, industry exposure and a good placement network, the JV with Raffles continues to expand and grow.







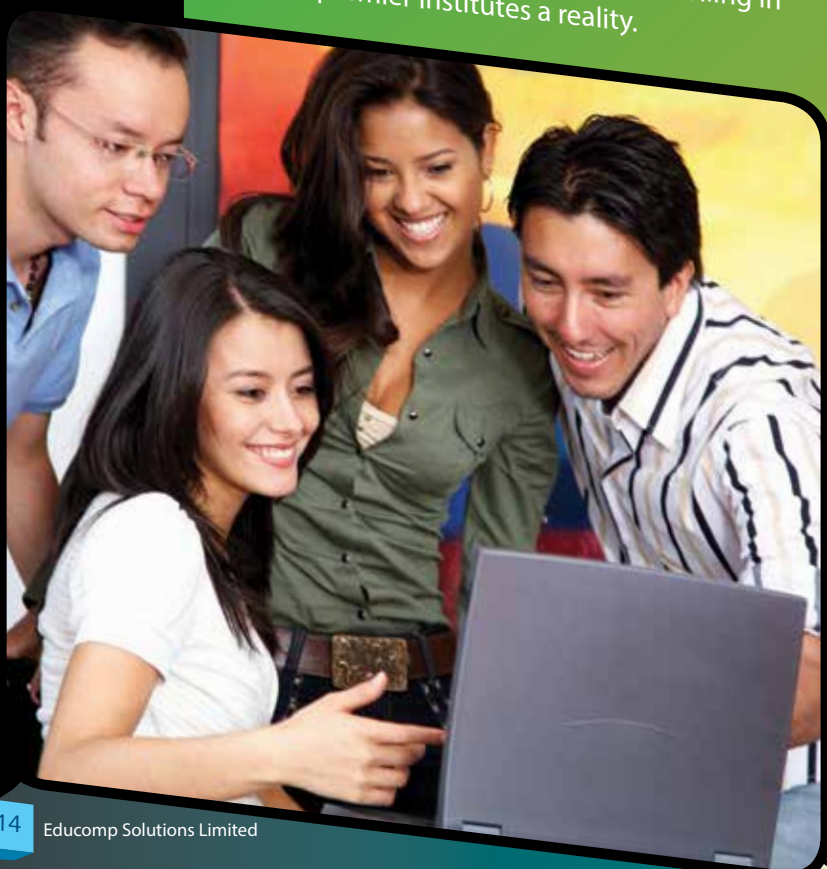
Taking Online & Supplemental Business to the Next Level

We enjoy a leadership position in the online and supplemental education domain. Our presence in this business extends across our initiatives in India as well as two international subsidiaries.

Our offerings in this domain include:

Vidya Mandir Classes

Vidya Mandir has now become identified with success in the IIT JEE exam. Currently reaches over 11,000 students through 57 points of presence across the country. Vidya Mandir Classes are run by Ex IIT'ians who, over the years, have helped thousands of aspirants to make their dream of enrolling in these premier institutes a reality.



GATEFORUM Engineering Success

With 65 centers operational (five of them having started last year), GateForum is now the most sought after institute that helps students prepare for GATE.

Mathguru™

More than 10,000 solutions offered under math-help program for students from VI to XII standards.

Educomp INSIGHT

Educomp Insight is the "Assessments & Counseling" solution of the Company. It specializes in helping students to explore their personality, interests and aptitude. These are then given shape with expert career Counseling and mentoring.



+ x
%
< >

EducompOnline

Digital content and online school management resources currently used by 3,690 schools and more than 2,50,000 students with over 2.8 million ids.

The business continues to expand and grow through focused efforts across all the initiatives.

Scaling the Potential of our CSR Focus

As a responsible organization, we seek to empower communities through a strong CSR focus, aimed at building capacities, skill-sets, as well as human and social capital. Educomp Foundation, our CSR wing, strives to create measurable sustainable livelihood for youth through multiple initiatives based on the triple pillars of Core Competency, Community and Business Associates with a multi stakeholder approach.

Educomp Foundation's agenda encompasses social welfare and development programs – quality education, women empowerment and environmental education in Delhi-NCR and Haryana. We use a collaborative approach across various facets of our inclusive growth charter - primary teaching assistance, training teachers and, providing digital literacy. We are also strongly focused on empowerment of girls and women, promotion of alternative livelihood and environmental responsibility.

Among the various initiatives undertaken by the Foundation was the launch of a holistic development program, "Mera Gaon Meri Jimmedari" - a village development plan, along with "Shristi – Girl Child Education program". Supported by our director, Mr. Jagdish Patra, these programs are aimed at uplift of people in remove villages by creating awareness about issues relating to poverty and gender bias. Srishti encourages girls from poor communities in the remote villages to go to school, get training in soft and life skills, and gain access to employment opportunities.



We also regularly **organize village development** programs to promote rural sports by coaching and providing employability skills to underprivileged youth in the areas of IT, **Human Resources**, etc.

Through a strong voluntary network in association with our partner schools and colleges, we run programs for coaching of students from local government schools in subjects like English, Math and Science, promotion of health education and environment awareness, and taking care of children with special needs.

In an effort to bridge the gap between ISR and CSR, the Foundation also collaborated with JRE group of institutions to launch E & E (Enrich and Enable) Academy to tap young energy and provide them with a national level platform for understanding the real India and get ready to face the real world challenges on graduation.

Other key initiatives undertaken by the Foundation during the year included:

Health and Hygiene Care: Launch of a Primary Healthcare Center at Jaitpur village, Gautam Budh Nagar, Uttar Pradesh, to address the need of a primary first aid facility in the village and other surrounding areas in the vicinity of JRE, our academic partner.

Environmental Care: The Foundation collaborated with Environmental Projection Society – Arunachal Pradesh to support the campaign for banning exploitation of flora and fauna in the northeast region of the country.

Caring for Children with Special Needs: In collaboration with Very Special Art India, the Foundation helped special children of slum areas with promotion of business and IT skills by providing computers and required software along with the requisite training. In addition, Educomp Foundation supports Shri Radha Krishna Educational Trust in Nuh, Nagina and Jhirka, Shrinath Educational Society in Sillod and Vidyarthi Educational Trust in Kalmganj. These Trusts and Societies function in remote areas of Haryana for training teachers and for identifying vulnerable young girls from marginalized communities. Going forward, we plan to launch a pilot project in collaboration with Kusum Foundation and Jindal Foundation for training and skill enhancement at Jaitpur village women and adolescent girls to help them procure jobs in the local market.

Awards that Endorse our Strengths & Potential

Four Gold Medals at CBSE South Zone Swimming Competition

Madhav Kini of The PSBB Millennium School, Chennai won 4 gold medals in CBSE South Zone Swimming Competition in Sept 2013.

International School Award (Sept 2013)

The PSBB Millennium School, Gerugambakkam and GST Road Campus, Chennai was successfully accredited with the British Council International School Award for the period 2013-16 in Sept 2013.

Mentor school for 2013-14

The PSBB Millennium School, OMR, has been chosen as a Mentor school for 2013-14 with Microsoft Partners in Learning in November 2013. This follows the footsteps of The PSBB Millennium School, Gerugambakkam and GST Road Campus who was so far holding the distinction of being the only Microsoft Innovative Mentor School from India under the Partners in Learning Program.

Educomp in top 100 software vendors in the emerging markets (May 2013)

PricewaterhouseCoopers (PwC) report ranks Educomp at No. 85 among the top 100 software vendors in the emerging markets, commanding a combined revenue of $797 million, and among the 16 Indian companies that have made it to the list.

Educomp ranked No. 12 in Business World's India's fastest growing companies (May 2013)

Educomp ranked No. 12 in Business World's India's fastest growing companies (May 2013).

PSBB Millennium School wins a Gold Medal

The PSBB Millennium School wins a Gold Medal at 4 x 100 meter medley relay and sets a new meet record at Inter-State Swimming Championship organised by the Tamilnadu State Aquatic Assocaition between the 3rd and 5th of January 2014. Madhav Kini of the school set the standard by winning 5 Silver Medals.

Karman Singh, a student of The Millennium School, Patiala wins a Gold Medal at The Special Olympics 2013 Asia Pacific Games, Australia

Karman Singh, a student of Grade 7 of The Millennium School Patiala, won gold medal in 200 meters race in The Special Olympics 2013 Asia Pacific Games. He was part of the 527-member Indian contingent which took part in the games held at Newcastle, NSW, Australia, in December 2013.





Corporate Information

BOARD OF DIRECTORS

(As on 12th August, 2014)

Mr. Shantanu Prakash	Chairman & Managing Director
Mr. Vinod Kumar Dandona	Whole-Time Director
Mr. Vijay Kumar Choudhary	Independent Non-Executive Director
Mr. Shonu Chandra	Independent Non-Executive Director
Mr. Rajat Khare	Independent Non-Executive Director
Dr. Venkata Subbarao Valluri	Independent Non-Executive Director

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

Mr. Vijay Kumar Choudhary	Chairman, Independent & Non-Executive Director
Mr. Shonu Chandra	Member, Independent & Non-Executive Director
Mr. Rajat Khare	Member, Independent & Non-Executive Director
Mr. Shantanu Prakash	Member, Promoter & Executive Director

SHAREHOLDERS' INVESTOR GRIEVANCE COMMITTEE

Mr. Vijay Kumar Choudhary	Chairman, Independent & Non-Executive Director
Mr. Shonu Chandra	Member, Independent & Non-Executive Director
Mr. Shantanu Prakash	Member, Non-Independent & Executive Director

REMUNERATION COMMITTEE

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

FINANCE COMMITTEE

Mr. Shantanu Prakash	Chairman, Promoter & Executive Director
Mr. Vijay Kumar Choudhary	Member, Independent & Non-Executive Director
Mr. Shonu Chandra	Member, Independent & Non-Executive Director

COMPANY SECRETARY

Mr. Yogesh Saluja

STATUTORY AUDITORS

Haribhakti & Co. LLP, Chartered Accountants

BANKERS

State Bank of Patiala
State Bank of Bikaner & Jaipur
ICICI Bank Ltd.
Standard Chartered Bank
Canara Bank
Yes Bank
Syndicate Bank
HDFC Bank
IDBI Bank
Axis Bank Limited
IndusInd Bank
J & K Bank Limited

SHARE TRANSFER AGENT

Link Intime India Private Limited
44, Community Centre, Phase - I, Near PVR,
Naraina Industrial Area, New Delhi -110 028

LISTED AT

National Stock Exchange of India Limited
& Bombay Stock Exchange Limited

REGISTERED OFFICE

1211, Padma Tower I, 5, Rajendra Place
New Delhi - 110 008

CORPORATE OFFICE

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

Director's Report

Dear Shareholders,

The Directors of your Company have pleasure in presenting herewith the 20th Annual Report of your Company together with the audited accounts for the Financial Year ended 31st March 2014.

1. FINANCIAL PERFORMANCE:

The highlights of the consolidated and standalone audited financial results for the year ended 31st March 2014 are as follows:

(₹ in million)

Particulars	Consolidated Year Ended Audited		Standalone Year Ended Audited	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Sales and other Income	**7,246.97**	**13,264.29**	**3171.77**	**8,204.04**
Net profit/ (Loss) before tax	**(4,616.96)**	**(1,532.94)**	**(3319.28)**	**(489.76)**
Provision for Tax	(758.15)	(104.17)	(196.98)	(82.56)
Net profit/ (Loss) after tax	**(3,858.81)**	**(1,428.77)**	**(3122.30)**	**(407.20)**
Minority interest and equity in earnings/ (losses) in affiliates/ Pre acquisition Loss/(profit)	(251.24)	(100.40)	-	-
Net profit/ (Loss) after tax for the year	**(3,607.56)**	**(1,328.37)**	**(3122.30)**	**(407.20)**
Appropriations				
Interim Dividend	-	30.06	-	-
Proposed Dividend on equity shares	16.65	22.09	-	-
Corporate Tax on distributed dividend	-	5.99	-	-
Transfer to Debenture Redemption Reserve	-	89.00	-	-
Transfer to General Reserve	4.45	3.69	-	-

2. DIVIDEND AND TRANSFER TO RESERVE:

In view of the losses incurred by the Company, your Directors have not recommended any dividend for the financial year ended March 31, 2014.

In view of the losses incurred by the Company, no amount has been transferred to reserve for the financial year ended March 31, 2014.

3. OPERATING RESULTS AND BUSINESS:

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

In the Smart Class ™ segment, we have added 327 new customers taking the total number of schools to 15,126 as on March 31, 2014.

In Edureach (formerly ICT) business segment, we have an ongoing partnership with 14 State Governments and reaches to 10711 Government schools in various states and 7.9 million students as on March 31, 2014.

On Standalone basis Company's total revenue stands at ₹ 3,171.77 million as on March 31, 2014 as compared to ₹ 8,204.04 million as on March 31, 2013, a decline of 61.34%. The loss before taxes is ₹ 3,319.28 million as on March 31, 2014 as against loss before taxes of ₹ 489.76 million as on March 31, 2013.

On Consolidated basis Company's total revenue stands at ₹ 7,246.97 million as on March 31, 2014 as compared to ₹ 13,264.29 million as on March 31, 2013, registering a decline of 45.36%. The loss before tax and after prior period items/exceptional items stands at ₹ 4,616.96 million as on March 31, 2014 as against loss of ₹ 1,532.94 million As on March 31, 2013.

SEGMENTAL PERFORMANCE (STANDALONE):

The EBIT margins in the School learning solutions (SLS) Segment of the Company for the year amounted to ₹ (1,698.62) million or (83.53%) of SLS revenues as on March 31, 2014 as compared to ₹ 1,089.70 million or 17.37% of SLS revenues as on March 31, 2013.

The EBIT margins in the Higher learning solutions (HLS) segment of the Company for the year amounted to ₹ 38.73 million or 50.78% of HLS revenues as on March 31, 2014 as compared to ₹ 10.34 million or 11.11% of HLS revenues as on March 31, 2013.

The EBIT margins in the K-12 Schools Segment of the Company for the year amounted to ₹ 3.28 million or 46.33% of K-12 segment revenues as on March 31, 2014 as compared to ₹ 15.52 million or 93.38% of K-12 segment revenues as on March 31, 2013.

The EBIT margins in Online Supplemental and Global (OSG) segment of the Company for the year amounted to ₹ (15.89) million or (2.25%) of OSG segment revenues as on March 31, 2014 as compared to ₹ 15.23 million or 1.61% of OSG revenues as on March 31, 2013.

EXPENDITURE (STANDALONE):

Cost of Goods Sold (COGS) has decreased to 37.1% of our total revenue as on March 31, 2014 from 40.90% as on March 31, 2013. This decrease is on account of change in revenue and cost recognition method from upfront recognition to recognition our the period of rendering services.

Personnel expenses have increased to 44.90% of total revenue as on March 31, 2014 from 23.96% as on March 31, 2013. Other expenses have increased to 39.81% as on March 31, 2014 from 17.55% of total revenue as on March 31, 2013. This increase is essentially because of the fall in revenues and the absolute expanses have infact reduced.

DEBT RESTRUCTURING

One of the biggest accomplishments in addressing the cash flow issue has been successful completion of Corporate Debt Restructuring ("CDR") mechanism for two of the main companies where major debt resided, i.e., Educomp Solutions Limited and Educomp Infrastructure and School Management Limited. During the process of CDR, consortium of lenders performed a detailed assessment of company's business fundamentals keeping in mind next 10-15 years and restructured their debts accordingly. This is a big vote of confidence by the bankers of the business prospects of the company.

4. CHANGES IN CAPITAL STRUCTURE:

AUTHORIZED SHARE CAPITAL

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

ISSUED AND PAID-UP SHARE CAPITAL

During the year under review, the Company allotted 33575 Equity Shares of face value of ₹ 2/- each upon exercise of stock options under Employee Stock Option Scheme 2006.

In year 2012-13, on 26th July, 2012, the company had issued and allotted 11,479,096 warrants to M/s. A P Eduvision Pvt. Ltd, a promoter group entity, at an issue price of ₹ 193.74 per warrant, as per the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009, convertible into equal number of equity shares of the face value of ₹ 2/- each and convertible within a period of 18 months from the date of allotment. In 2012-13,

out of the total warrant issued, 2,979,939 equity shares of face value of ₹ 2 each at a premium of ₹ 191.74 were allotted to M/s A P Eduvision Pvt. Ltd. upon the conversion of warrants issued under provisions of Chapter VII of SEBI (ICDR) Regulations, 2009.

Further, as per the terms of issue, M/s A P Eduvision Pvt. Ltd was entitled to apply for and obtain one equity shares of par value of ₹ 2/- each against the remaining 8,499,157 warrants held as per the terms of issue of these warrants, upon payment of exercise price of ₹ 193.74 per warrant, as reduced by the 25% upfront money paid at the time of the allotment of warrants. The last date for the exercise of the conversion option/said right was January 25, 2014 i.e. 18 months from the date of their allotment.

However, the warrant holder has not exercised its option to convert the aforesaid 84,99,157 warrants into equity shares of the company. Accordingly, as per the term, the company during the financial year 2013-14 had forfeited 8,499,157 warrants, due to non receipt of balance 75% of the issue price in the stipulated period of 18 months from the date of issuance of these warrants.

Post 31st March, 2014 & till 12th August 2014, the Company has allotted 26100 Equity Shares of face value of ₹ 2/- each upon exercise of stock options by the eligible employees/Directors of the Company/subsidiaries under Employee Stock Option Scheme 2006.

The paid up capital after taking the effect of aforesaid changes, stood at ₹ 24,49,34,336/- consisting of 122467168 of the face value of ₹ 2/- each as on 12th August, 2014.

5. FOREIGN CURRENCY CONVERTIBLE BONDS

US$ 10 Million Zero Coupon Foreign Currency Convertible Bonds

In Year 2012-13, the Company had raised US$ 10 million, Zero Coupon Foreign Currency Convertible Bonds (FCCB) for redemption of outstanding Zero Coupon Foreign Currency Convertible Bonds. The Bond holders, as per the agreement, have the option to convert these bonds into Equity Shares, at a price of ₹188.62 per share with in 5 years and 1 day from the date of disbursement. The FCCB are redeemable at a premium of 33.15 % on principal after 5 years and 1 day. The FCCB were raised for the purposes of redemption of earlier FCCB of the Company. As on March, 31, 3014 US$ 10 million (previous year US$ 10 million) FCCB were outstanding for conversion into equity shares of ₹ 2 each.

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

Non-Convertible Debentures

As on 31st March 2014, the Company has outstanding Secured Non-Convertible Debentures for an aggregate value of ₹ 45 Crores comprising 350, 13.5% Secured Non-Convertible Debentures (Listed on Bombay Stock exchange) of the face value of ₹ 10,00,000/- each aggregating to ₹ 35 Crores and 100, 13.25% Secured Non-Convertible Debentures of the face value of ₹ 10,00,000/- each aggregating to ₹ 10 Crores.

External Commercial Borrowings

In Year 2012-13, the Company has raised US$ 70 million through External Commercial Borrowing (ECB) comprising US$ 30 million from International Financial Corporation (IFC) a member of the World Bank Group and US$ 40 million from Société De Promotion Et De Participation Pour La Coopération Économique (PROPARCO), a French development financial institution. The ECB has a term of 8.5 years with a 3 years moratorium and the coupon rate is LIBOR + 4.5%. The ECB has been raised for purposes of redemption of existing FCCB. The said ECB is outstanding at the Financial Year ending on March 31, 2014.

7. PUBLIC DEPOSITS:

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

8. SUBSIDIARIES/JOINT VENTURE/ASSOCIATES

As on March 31, 2014, the Company had 47 Subsidiaries, 1 Joint ventures having 1 subsidiaries and 1 Associates.

During the year under review, Company has sold its entire 50% stake in the loss making vocational training business (IndiaCan Education Private Limited), to its JV partner Pearson.

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

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

Board of Directors of the Company in its meeting held on 26th May 2014 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, 2014 is included in the Annual Report. The annual accounts of these subsidiaries and the related detailed information will be made available to any member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection by any member of the Company/its subsidiaries at the registered office of the Company. The annual accounts of the said subsidiaries will also be available for inspection, as above, at the head offices/registered offices of the respective subsidiary companies. The Company shall furnish a copy of details of annual accounts of subsidiaries to any member on demand.

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

10. DIRECTORS:

As on 31st March 2014, Board of Directors of Educomp Solutions Limited comprises of two Executive Directors namely Mr. Shantanu Prakash, Chairman & Managing Director and Mr. Vinod Kumar Dandona, Whole Time Director and Four Independent Non-Executive Directors, namely Mr. Shonu Chandra, Mr. Rajat Khare, Mr. Vijay Kumar Choudhary and Dr. Venkata Subbarao Valluri.

During the year Dr. Shyama Chona had resigned from the Board on 29th July, 2013 and Dr. Venkata Subbarao Valluri was appointed as an additional Director of the Company w.e.f 31st July 2013. Mr. Jagdish Prakash and Mr. Sankalp Srivastava had resigned from the Board with effect from 13th November 2013 and Mr. V K Dandona, Mr. Rajat Khare and Vijay K Choudhary were appointed as additional Director(s) of the Company w.e.f 13th November 2013. Mr. Rajiv Krishan Luthra and Mr. Roy Campbell II had resigned from the Board with effect from 22nd November 2013 and 15th January 2014, respectively.

The Board of Directors records its appreciation & recognition of the valuable contribution and services rendered by the director(s) resigned.

Mr. Vijay Kumar Choudhary; Mr. Rajat Khare; and Mr. Vinod Kumar Dandona will hold office of the Additional Director up to the date of the ensuing Annual General Meeting. The Company has received Notice under Section 160 of the Companies Act, 2013 from a member signifying his intention to propose the candidature of Mr. Vijay Kumar Choudhary; Mr. Rajat Khare; Mrs. Swati Sinha; Mr. Shonu Chandra; Dr. Venkata Subbarao Valluri and Mr. Vinod Kumar Dandona for the office of Director(s) at the ensuing Annual General Meeting.

The Company, pursuant to the applicable provisions of the Companies Act, 2013 and listing agreement, proposes the appointment of Mr. Vijay Kumar Choudhary; Mr. Rajat Khare; Mrs. Swati Sinha; Mr. Shonu Chandra and Dr. Venkata Subbarao Valluri as Independent Directors of the Company. The Company has received declarations from the said Independent Directors confirming that they meet the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under the said Clause 49. In accordance with the provisions of Section 149

and proviso to Section 152(5) of the Companies Act, 2013, these Directors are being appointed as Independent Directors to hold office as per their tenure of appointment mentioned in the Notice of the forthcoming AGM of the Company.

In terms of the Companies Act, 2013, directors other than independent directors shall only be considered for ascertaining the directors liable to retire by rotation. Further as per section 152 of the Companies Act, 2013 Mr. Shantanu Prakash is the Director liable to retire by rotation and further being eligible, offers themselves for re-appointment at the ensuing Annual General Meeting.

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

The Company also has Audit Committee which is constituted as per requirement of Section 292A of the Companies Act, 1956 and Section 177 of the Companies Act, 2013 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 an Independent Non-Executive Director.

11. STATUTORY DISCLOSURES:

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

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

12. HUMAN RESOURCE MANAGEMENT:

Educomp is an equal opportunity employer with total employee strength of 10927 as on 31st March, 2014 as compared to 16919 as on 31st March, 2013.

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

13. DIRECTORS RESPONSIBILITY STATEMENT:

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

1) That in the preparation of the Annual Accounts for the period ended as on 31st March 2014, 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 2014 and of the Profit and Loss Account for the financial year ending as on 31st March 2014

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 2014 have been prepared on the going concern basis.

14. AUDITORS & AUDITORS' REPORT:

Haribhakti & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 103523W), who are the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. It is proposed to re-appoint M/s Haribhakti & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 103523W) to examine and audit the accounts of the Company for Five years to hold office from the conclusion of this AGM till the conclusion of the Twenty Fifth AGM of the Company to be held in the year 2019 subject to ratification of their appointment at every AGM. M/s Haribhakti & Co. LLP have, under Section 139(1) of the Companies Act, 2013 and the Rules framed thereunder furnished a certificate of their eligibility and consent for re-appointment.

M/s Haribhakti & Co converted itself into a Limited Liability Partnership (LLP) under the provisions of the Limited Liability Partnership Act, 2008 and is now known as Haribhakti & Co LLP. In terms of the Ministry of Corporate Affairs, Government of India, General Circular No. 9/2013 dated April 30, 2013, if a firm of CAs, being an auditor in a company under the Companies Act, 1956, is converted into an LLP, then such an LLP would be deemed to be the auditor of the said company.

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

MANAGEMENT'S RESPONSE TO AUDITORS' QUALIFICATION, MATTER OF EMPHASIS AND AUDITORS' OBSERVATIONS –

Management Response to the Qualification in the consolidated audit report for the Financial Year ending 31st March 2014:

As per the terms of MRA and approved CDR scheme of Educomp Infrastructure & School Management Limited, a subsidiary of the company, there are certain assets which have been identified for sale in a time bound manner. The lead bank carried out a valuation of these assets which are indicative in nature. Market valuations have not been carried out by the Company as some of these assets are not ready for sale due to pending regulatory approvals/permissions.

Based on recent firm offers and latest valuation reports, the management believes that the market value of investments may be higher than as considered under the indicative valuation reports used for CDR Scheme. Differences, if any, will be adjusted at the time of sale of such assets.

Management Response to the Matter of Emphasis in the consolidated audit report for the Financial Year ending 31st March 2014:-

Response to point (a)
In this regard the management of the Company and Educomp Infrastructure & School Management Limited (EISML) are in the process of making necessary application to the Central Government to obtain its approval for the waiver/approval of the remuneration so paid, in due course.

Response to point (b)
The Company as part of its regular recoverability evaluation process, identified certain trade receivables amounting to ₹ 11,654 lacs as doubtful of recovery. Consequently, the management provided the said amount as doubtful debts, out of which ₹ 7,000 lacs has been provided for during the quarter end March 31, 2014 which has been disclosed as exceptional item. Further, the auditors have specifically provided that their opinion is not qualified in this regard.

Response to point (c)
Due to longer than expected gestation period of schools, recoverability of trade receivables from trusts, due to the subsidiary Company EISML has been slow. The management of EISML, is regularly monitoring the growth in schools and their future projections, based on which, the management believes that the trade receivables from the trusts are fully recoverable. Further, the auditors have specifically provided that their opinion is not qualified in this regard.

Response to point (d)
The Company assessed the business projections of its 2 subsidiaries Educomp Online Supplemental Services Limited and Educomp Child Care Private Limited and one of its associates Greycells18 Media Limited and concluded that their business is sustainable on a going concern basis.

The Company evaluated the recoverability of its share of net assets held through these Companies, using business valuations performed by independent experts. The said evaluation is based on the long term business plans of its subsidiaries/associates and concluded no adjustments to the carrying value of its share in net assets is required to be recorded in the Consolidated financial statements of the Company for the year ended March 31, 2014. Further, the auditors have specifically provided that their opinion is not qualified in this regard.

Response to point (e)
The management is continuously monitoring the settlement of these balances and is regularly following up with respective parties for recovery of the said capital advances. The management believes that other capital advances, which have not been provided for, although have been long outstanding but are fully recoverable and hence the management believes that existing provision recorded in books is sufficient to cover any possible future losses on account of non recovery of such capital advances. Further, the auditors have specifically provided that their opinion is not qualified in this regard.

Response to point (f)
The Company has evaluated the recoverability, using valuations performed by an independent valuation expert, of intangible assets in the form of Brand "Universal". The said evaluation is based on long term business plans and underlying assumptions used for the purpose of valuation, which in view of the management are realistic and achievable by the subsidiary. Accordingly, the management has concluded that no adjustments to the carrying value of the intangible assets aggregating to ₹ 9,268 lacs is required to be recorded in the financial statements for the year ended March 31, 2014. Further, the auditors have specifically provided that their opinion is not qualified in this regard.

Response to point (g)
As at year end, the joint venture of the Group, Educomp Raffles Higher Education Limited has foreign currency receivables of ₹ 164.70 lacs which are outstanding for a period greater than one year. As per the Reserve Bank of India's (RBI) Master Circular on Export of Goods and Services, foreign currency receivables should be realized, except with prior approval of RBI, within a period of one year. Further, as at year end the joint venture has netted off foreign currency payables of ₹ 122.55 lacs against its foreign currency receivables. As per the Reserve Bank of India's (RBI) Master Circular on Export of Goods and Services, foreign currency receivables cannot be set off against foreign currency payables except with prior approval of RBI. The management of the Company believes that the non compliance emphasized by the auditors of the joint venture is procedural in nature and it does not expect any significant penalties or fines to be levied on account of this matter. The joint venture is in the process of making application with the concerned authorities for regularization of this matter. Further, the auditors have specifically provided that their opinion is not qualified in this regard.

Response to point (h)
During the year, the Company has reviewed business plan of its joint venture, Educomp Raffles Higher Education Limited which has advanced loans to Jai Radha Raman Education Society (Society) and its subsidiary Millennium Infra Developers Limited which has receivable from same society under contractual obligation. The Company has considered the business plan of the society and estimated market value of its net assets based on which no adjustment is required in carrying value of its share of net assets in such joint venture. Further, the auditors have specifically provided that their opinion is not qualified in this regard.

Management response to the Matter of Emphasis in the standalone audit report for the Financial Year ending 31st March 2014:-

Response to point (a)
In this regard the management of the Company is in the process of making necessary application to the Central Government to obtain its approval for the waiver/approval of the remuneration so paid, in due course. Further, the auditors have specifically provided that their opinion is not qualified in this regard.

Response to point (b)
The Company as part of its regular recoverability evaluation process, identified certain trade receivables amounting to ₹ 11,654 lacs as doubtful of recovery. Consequently, the management provided the said amount as doubtful debts, out of which ₹ 7,000 lacs has been provided for during the quarter end March 31, 2014 which has been disclosed as exceptional item. Further, the auditors have specifically provided that their opinion is not qualified in this regard.

Response to point (c)
During the year, the Company assessed the business projections of its 2 subsidiaries Educomp Online Supplemental Services Limited and Educomp Child Care Private Limited and one of its associates Greycells18 Media Limited and concluded that their business is sustainable on a going concern basis. The Company evaluated the recoverability of its share of net assets held through these Companies, using business valuations performed by independent experts. The said evaluation is based on the long term business plans of its subsidiaries/associates and concluded no adjustments to the carrying value of its share in net assets is required to be recorded in the financial statements of the Company for the year ended March 31, 2014. Further, the auditors have specifically provided that their opinion is not qualified in this regard.

Explanation to the observations in the Annexure to Independent Auditors' Report, as required under the companies Act, explanation on the same as under:

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

In this regard it has been clarified that the delays arose on account of mismatches of cash inflow and outflows which were subsequently rectified.

(x) In respect of auditors' observation in standalone financial statements regarding cash losses incurred by the company during the Financial Year.

In this regard, it has been clarified that the cash losses were occurred due to higher finance cost. Further, management is continuously taking corrective steps to reduce the cash losses by way increasing revenue and along with minimizing cost.

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

It was clarified that the delay in payment of dues was from mismatches of cash inflows and outflows. Further management believes that, with improved business scenario, the company will be able to meet its obligation in time.

(xix) In respect of auditors' observation in standalone financial statements regarding creation of partial security on the Non Convertible Debentures (NCD).

It was clarified that the company is taking necessary steps to create security in respect of NCD of the company.

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

16. CONSOLIDATED FINANCIAL STATEMENTS:
As required under the Listing Agreements with the Stock Exchanges Consolidated Financial Statements of the Company and all its subsidiaries are attached. The consolidated Financial statements have been prepared in accordance with Accounting standard 21 ,Accounting standard 23 and

Accounting standard 27 issued by The Institute of Chartered Accountants of India and showing the financial resources, assets, liabilities, income, profits and other details of the Company and its subsidiaries as a single entity, after elimination of minority interest.

17. LISTING OF SHARES:

The Equity Shares of your Company are listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The Listing fee for the financial year 2014-15 has already been paid to BSE and NSE.

18. 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.

19. RATINGS, AWARDS, ACHIEVEMENTS & RECOGNITIONS:

Ratings

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

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

Short term facilities: 'CARE D' (Single D) to our short term facilities i.e. facilities having tenure of less than one year, aggregating to ₹ 410 Crore.

Receivable assignment facilities: 'CARE D' (Single D) to our Receivable Assignment facilities, aggregating to ₹ 404.08 Crore.

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

AWARDS, ACHIEVEMENTS & RECOGNITIONS:

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

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

- PricewaterhouseCoopers (PwC) report ranks Educomp at No. 85 among the top 100 software vendors in the emerging markets, commanding a combined revenue of $797 million, and among the 16 Indian companies that have made it to the list.
- Educomp ranked No. 12 in Business World's India's fastest growing companies (May 2013).
- Educomp Childcare Pvt. Ltd. received World Education Award in category "Best Tablet Providers in Education", for unique and innovative initiatives in the field of education globally, after rigorous screening by eminent jury members and by receiving substantial online public votes.
- JRE School of Management ranked 39th in India's Best B-Schools-Career Connect (December 2013)
- Karman Singh, a student of Grade 7 of The Millennium School Patiala, won gold medal in 200 meters race in The Special Olympics 2013 Asia Pacific Games. He was part of the 527-member Indian contingent which took part in the games held at Newcastle, NSW, Australia, in December 2013.

20. 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.

21. 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 2014 has been received from all the Board members and senior management of the Company regarding the compliance of all the provisions of Code of Conduct. Declaration regarding compliance by Board members and senior management personnel with the Company's Code of Conduct is hereby attached as Annexure B to this report.

22. NOTES TO ACCOUNTS:

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

23. PARTICULARS OF EMPLOYEES:

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

24. EMPLOYEES STOCK OPTION SCHEMES (ESOPS)

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

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

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.

25. 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, 2014 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 2013-14	0	0
3.	Number of shareholders to whom shares were transferred from suspense account during the year 2013-14	0	0
4.	Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2014	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.

26. CORPORATE GOVERNANCE:

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

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

27. 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

Sd/-
(Shantanu Prakash)
Chairman & Managing Director

Date : 12th August 2014
Place : Gurgaon, Haryana

Annexure A To Director's Report

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

A) ENERGY CONSERVATION

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

B) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

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

FORM B

RESEARCH AND DEVELOPMENT (R & D)

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

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

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

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

- Future plan of action

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

- Expenditure on R&D

- Capital : NIL

- Recurring : NIL

- Total : NIL

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

TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION

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

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

- Benefits derived as a result of the above efforts:

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

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

  Technology imported. : N.A.

  Year of import. : N.A.

  Has technology been fully absorbed : N.A.

  If not fully absorbed, areas where this : N.A.

  has not taken place, reasons there for and future plans of action.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

Foreign Exchange Earning & Outgo details are as follows:

(₹ in Million)

Foreign Exchange details *	As on 31st March, 2014
Foreign Exchange Earnings (A) (Including deemed exports & sales through export houses)	6.63
Foreign Exchange Outgo (B)	231.28
Net Foreign Exchange Earnings (A-B)	(224.65)

*** The Figures are on accrual basis.**

For and on Behalf of the Board of Directors

Sd/-
(Shantanu Prakash)
Chairman & Managing Director

Date : 12th August 2014
Place : Gurgaon, Haryana

Annexure B to Director's Report

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

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director. The Code of Conduct as adopted is available on the Company's website. I confirm that the Company has in respect of the Financial Year ended March 31, 2014, received from the Senior Management team of the Company and the members of the Board, a declaration of Compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the CEO, CFO, Company Secretary, Presidents, Sr. Vice Presidents and Vice President Cadre as on March 31, 2014.

For and on Behalf of the Board of Directors

Sd/-
(Shantanu Prakash)
Chairman & Managing Director

Date : 12th August 2014
Place : Gurgaon, Haryana

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, 2014

(A) Employed through out the Financial Year

S. No	Name	Designation	Nature of Duties	Qualification	Joining date	Age	Experience (Yrs)	Remuneration Received (In ₹)	Previous Employment-designation
1.	Abhinav Dhar	Director-K-12 Business & Operations	School Learning Solutions (Smart Class)	M.B.A., B.Sc.,DITS	1-Apr-07	52	29	13,732,020	National Head-Shell India
2.	Harpreet Singh	President – Higher Education	Higher Education	B.Tech, PGDM(IIM-A)	19-Sep-09	49	21	10,376,001	Country Head – NRI Business, Wealth Advisory Services, HDFC Bank

(B) Employed for part of the Financial Year

1.	Anand Ekambaram**	President	School Learning Solutions (Smart Class)	M.A.,M.B.A	10-Jan-13	44	17	3,620,826	Sr. Vice President -HCL Info system
2.	Rakesh Sharma*	Director-Corporate Finance	Corporate Finance	CA	15-Apr-13	55	16	13,951,701	Director; Corporate Finance-Gems Education
3.	Sanjay Jain**	CEO	General Management	MFC(Delhi University), B.Sc.	12-Mar-12	44	20	7,795,104	CEO – Tulip Telecom
4.	Ratnesh Kumar Jha**	Senior Vice President	Procurement & Warehouse	MBA(Keloggs School of Management)	1-May-09	41	16	3,600,209	Director-Credits & Collection, Citibank, Gurgaon
5.	Soumya Kanti Purkayastha**	President-Edureach	School Learning Solutions (EduRech)	PGDM(IIM-A)	1-Apr-07	48	24	3,773,743	Vice President-Ascomp Technology

*Joined During the F.Y 2013-14

**Resigned from the company during the F.Y 2013-14

Notes:

1. The remuneration received shown as above comprises of salary, bonus, allowances, cash incentives and monetary value of perquisites (excluding ESOP Perquisites) as per income tax rules, Provident Fund and professional tax.
2. None of the employees shown above is related to any Directors of The Company.
   None of employees mentioned above is holding more than 2% of outstanding equity shares of the Company as on 31st March 2014
3. All the employees shown above are in full-time employment with the Company.
4. 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 : 12th August 2014

Place : Gurgaon, Haryana

Sd/-
(Shantanu Prakash)
Chairman & Managing Director

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Information regarding the Employees' Stock Option Scheme

(As at 31st March 2014)

The details of Options granted under ESOP 2006, ESOP 2007, ESOP 2008, ESOP 2010, ESOP 2011& ESOP 2012 are given in the table below. .

S. No.	Details	Employee Stock Option Plan 2006	Employee Stock Option Plan 2007	Employee Stock Option Plan 2008	Employee Stock Option Plan 2010	Employee Stock Option Plan 2011	Employee Stock Option Plan 2012
1.	Total No. of Options under the Plan	31,25,000	10,00,000	12,50,000	10,00,000	10,00,000	3500000
2.	Total No. of Options Granted during the year	2,10,000	3,20,000	5,90,000	484,375	573,000	2,843,000
3.	Pricing Formula	Exercise price being price at which share were offered to the public by the company in its IPO in December 2005 or differential pricing or Current Market Price.	Determined by the remuneration committee this is generally Current Market Price or differential pricing.	Determined by the remuneration committee this is generally Current Market Price or differential pricing.	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	2,24,790	79,344	29,691	59,950	52,000	1,12,995
5.	Options exercised	33575	Nil	Nil	Nil	Nil	Nil
6.	Money realized by exercise of options during the Year (₹)	839,375	Nil	Nil	Nil	Nil	Nil
7.	Number of shares arising as a result of exercise of option	33575	Nil	Nil	Nil	Nil	Nil
8.	No. of Options lapsed/ forfeited	281,002	289,500	353,270	322,500	235,000	2,238,375
9.	Variation of terms of options	Nil	Nil	Nil	Nil	Nil	Nil
10.	Total No. of Option in force	797,692	664,760	984,763	860,625	863,000	3,204,625
11.	Employee-wise details of options granted to i) Senior Management Personnel during the year	Harpreet Singh - 2,10,000	Gaurav Bhatnagar 1,00,000 Yogesh Saluja- 2,00,000	Bindu Rana - 2,68,000 Gaurav Bhatnagar 1,00,000 Harpreet Singh - 2,22,000	Harpreet Singh - 1,50,000 Manish Sharma- 25000 Sonia Handa- 55,000 Soumya Kanti Purkayashta -74,375	Bindu Rana - 1,00,000 Divya Lal - 1,00,000 Gaurav Bhatnagar- 1,50,000 Sumita Kumar Kaul- 55000	Ashok Mehta- 3,00,000 Bindu Rana - 1,00,000 Deepak Jain:-3,00,000 Ashish Gupta - 1,00,000 Divya Lal - 1,00,000 Ashish Mittal:- 7,00,000 Raman Bajaj - 50,000 Shonu Chandra- 50000 Subrata Biswas- 25,000 Tapesh Bagati- 1,50,000

S. No.	Details	Employee Stock Option Plan 2006	Employee Stock Option Plan 2007	Employee Stock Option Plan 2008	Employee Stock Option Plan 2010	Employee Stock Option Plan 2011	Employee Stock Option Plan 2012
	ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year under all plans;	Harpreet Singh - 2,10,000 -	Gaurav Bhatnagar 1,00,000 -	Bindu Rana - 2,68,000 Gaurav Bhatnagar 1,00,000 Harpreet Singh - 2,22,000 -	Harpreet Singh - 1,50,000 -	Bindu Rana - 1,00,000 Gaurav Bhatnagar- 1,50,000 _	Ashok Mehta- 3,00,000 Bindu Rana - 1,00,000 Ashish Mittal:- 7,00,000 -
	iii) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant						
12.	Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share'	(25.50)	(25.50)	(25.50)	(25.50)	(25.50)	(25.50)
13.	In case, the employees compensation cost is calculated on the basis of intrinsic value of stock option, the difference between the employees compensation of the stock option cost based on intrinsic value of the stock and the employees compensation of the stock option cost based fair value, and the impact of this difference on profits and on EPS of the Company.	Since these options are issued at fixed exercise price its intrinsic value approximates its fair value.	Options are issued at CMP(intrinsic value) which approximates the Fair market value.	Options are issued at CMP(intrinsic value) which approximates the Fair market value.	Options are issued at CMP(intrinsic value) which approximates the Fair market value.	Options are issued at CMP(intrinsic value) which approximates the Fair market value.	Options are issued at CMP(intrinsic value) which approximates the Fair market value.

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S. No.	Details	Employee Stock Option Plan 2006	Employee Stock Option Plan 2007	Employee Stock Option Plan 2008	Employee Stock Option Plan 2010	Employee Stock Option Plan 2011	Employee Stock Option Plan 2012
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	58.80	239.96	215.62	222.63	93.91	61.56
15	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information: i) risk-free interest rate; ii) expected life; iii) expected volatility; iv) expected dividends; and v) the price the underlying shares in the market at the time of option grant.	N.A	N.A	N.A	N.A	N.A	NA

For and on Behalf of the Board of Directors

Date : 12th August 2014

Place : Gurgaon, Haryana

Sd/-
(Shantanu Prakash)
Chairman & Managing Director

Report on Corporate Governance

Corporate Governance Philosophy

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

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

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

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

1. MANDATORY REQUIREMENTS

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

A. BOARD OF DIRECTORS

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

(i) Composition and Category

The composition of the Board is in conformity with Clause 49 of the Listing Agreement. As on 31st March 2014, Board comprised of 6 Directors, out of which 2 are Executive Directors, including the Chairman & Managing Director and Whole Time Director, and 4 are Independent Non Executive Directors. In compliance with Clause 49 of the Listing Agreement, half of the Board comprises of independent directors. Mr. Shantanu Prakash is Executive Chairman of the Board.

During the year Dr. Shyama Chona had resigned from the Board on 29th July, 2013 and Dr. Venkata Subbarao Valluri was appointed as an additional Director of the Company w.e.f 31st July 2013. Mr. Jagdish Prakash and Mr. Sankalp Srivastava had resigned from the Board with effect from 13th November 2013 and Mr. V K Dandona, Mr. Rajat Khare and Vijay K Choudhary were appointed as additional Director(s) of the Company w.e.f 13th November 2013. Mr. Rajiv Krishan Luthra and Mr. Roy Campbell II had resigned from the Board with effect from 22nd November 2013 and 15th January 2014, respectively.

The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other public companies as on 31st March 2014 are given herein below:

Name of Director	Category	Designation	Number of Board meetings during the year 2013-14		Whether attended last AGM held on September 26, 2013	Directorship of other Indian Public Companies	Committees Position Other Indian Companies	
			Held	Attended			Member	Chairman
Shantanu Prakash DIN 00983057	Promoter & Executive Director	Chairman & Managing Director	6	6	No	14	1	1
Jagdish Prakash DIN 00001115	Executive Director	Whole-Time Director	4#	3	Yes	-	-	-
Vinod Kumar Dandona DIN 06730804	Executive Director	Whole-Time Director	3##	2	No	14	-	-
Sankalp Srivastava DIN 00126407	Independent & Non-Executive Director	Director	4#	2	Yes	-	-	-
Shonu Chandra DIN 01019974	Independent & Non-Executive Director	Director	6	3	Yes	3	1	-
Rajiv Krishan Luthra DIN 00022285	Independent & Non-Executive Director	Director	4#	Nil	No	-	-	-
Dr. Shayama Chona DIN 02749576	Independent & Non-Executive Director	Director	2#	2	No	-	-	-
Roy Campbell II DIN 05210569	Non-Independent Non Executive	Director	4#	3	No	-	-	-
Rajat Khare DIN 00452419	Independent & Non-Executive Director	Director	3##	2	NA	-	-	-
Venkata Subbarao Valluri DIN 06645126	Independent & Non-Executive Director	Director	4##	2	NA	-	-	-
Vijay K Choudhary DIN 00203673	Independent & Non-Executive Director	Director	3##	3	NA	-	-	-

Details provided till the date of cessation.

Details provided from the date of appointment.

Notes:

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

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

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

(iv) None of the Directors on the Board, are Members of more than ten Committees or Chairman of more than five Committees across all the companies in which they are Directors. Necessary disclosures regarding Committee positions in other public companies as on 31st March 2014 have been made by the Directors.

Details of Board Meetings held during the year

During the financial year ended on March 31, 2014, 6 (Six) Board Meetings were held. The dates of the Board meeting are as follows:

April 22, 2013; May 30, 2013; August 13 2013; November 13, 2013; February 14, 2014 and March 25, 2014.

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

B. INFORMATION AVAILABLE TO THE BOARD

During the year 2013-14, information as mentioned in Annexure 1A to Clause 49 of the Listing Agreements has been placed before the Board for its consideration.

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

C. AUDIT COMMITTEE

BROAD TERMS OF REFERENCE

The composition of audit committee meets the requirements of Section 292A of the Companies Act, 1956 and also Section 177 of the Companies Act, 2013 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 and Section 177 of the Companies Act, 2013. 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;

14A the recommendation for appointment, remuneration and terms of appointment of auditors of the company;

14B review and monitor the auditor's independence and performance, and effectiveness of audit process;

14C examination of the financial statement and the auditors' report thereon;

14D approval or any subsequent modification of transactions of the company with related parties;

14E scrutiny of inter-corporate loans and investments;

14F valuation of undertakings or assets of the company, wherever it is necessary;

14G evaluation of internal financial controls and risk management systems;

14H monitoring the end use of funds raised through public offers and related matters.

14I Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

15 such other functions, 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 listing agreement and the companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force)

Composition, Meetings & Attendance of the Committee

The Audit Committee of the Company has been constituted as per the requirements of Clause 49 of the Listing Agreement. As on 31st March 2014 Audit Committee consist of four Directors, namely Mr. Vijay K Choudhary (having Financial and Accounting knowledge), Mr. Rajat Khare; Mr. Shonu Chandra and Mr. Shantanu Prakash. Of the four members three are Independent, Non-Executive Directors, The Constitution of Audit Committee also meets the requirements under Section 292A of the Companies Act, 1956 and Section 177 of the Companies Act, 2013.

The Chairman of the Committee is Mr. Vijay K Choudhary, an Independent Non Executive Director nominated by the Board. The Chairman of the Audit Committee, Mr. Sankalp Srivastava, was present at the last Annual General Meeting of the Company.

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

During the year under review, the Committee met 4 times on May 30, 2013; August 13, 2013; November 13, 2013 and February 14, 2014. The gap between two meetings did not exceed four months. Constitution of Audit Committee and other related information as on 31st March 2014 are as under:

Name of Director	Category	No of Meetings held	No of Meetings Attended
Mr. Sankalp Srivastava	Chairman, Independent &, Non Executive Director	3#	2
Mr. Shonu Chandra	Member, Independent & Non Executive Director	4	3
Mr. Shantanu Prakash	Member, Promoter & Executive Director	4	4
Mr. Vijay K Choudhary	Chairman, Independent & Non Executive Director	2##	2
Mr. Rajat Khare	Member, Independent & Non Executive Director	1##	1

Details provided till the date of cessation.

Details provided from the date of appointment.

D. INTERNAL AUDITORS

During the year the Company has two Internal Auditors viz. Rajnish & Associates and Grant Thornton, to review the internal controls system of the Company and to report thereon. Further, in the last quarter Rajnish & Associates is only the internal auditor of the company. 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. NOMINATION AND REMUNERATION COMMITTEE

Terms of Reference:
The Broad terms of reference includes the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
5. To review performance and recommend remuneration of Executive Directors' to the board;
6. To formulate ESOP plans and decide on future grants;
7. 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.
8. Such other functions, 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 listing agreement and the companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force)

Composition, Meetings and Attendance:
As on 31st March 2014 Nomination and Remuneration Committee of the Company consisted of 3 Independent, Non- Executive Directors namely Mr. Shonu Chandra, Mr. Rajat Khare and Dr. Venkata Subbrao Valluri. The Chairman of the Committee is Mr. Rajat Khare, an Independent Non Executive Director nominated by the Board.

During the year under review nomination and 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	1#	1
Mr. Shonu Chandra	Member, Independent & Non Executive Director	3	3
Mr. Rajat Khare	Chairman, Independent & Non Executive Director	2##	2
Dr. Shyama Chona	Member, Independent & Non Executive Director	-#	-
Dr. Venkata Subbrao Valluri	Member, Independent & Non Executive Director	3##	3

Details provided till the date of cessation.

Details provided from the date of appointment.

REMUNERATION POLICY
The Company has a credible and transparent policy in determining, identifying and recommending the criteria for the appointment and remuneration of Director's, Key Managerial Personnel and Senior Management. The remuneration policy is aimed at attracting and retaining high caliber professionals/individuals.

a) Executive Director/(s)

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

(i) Salary and commission not to exceed limits prescribed under the Companies Act, 1956 and the Companies Act, 2013

(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

During financial year 2013-14 the company has three Executive Directors Mr. Shantanu Prakash Chairman and Managing Director; Mr. Jagdish Prakash, Whole Time Director (resigned on 13th November 2013) and Mr. Vinod Kumar Dandona (appointed on 13th November 2013)

Details of the remuneration paid to Executive Directors and there shareholding in the company for the year ended March 31, 2014 is as follows:

(Amt in ₹ Million)

S. No.	Name of Directors	Gross Salary	Commission	Sitting Fees	Stock Options	Shareholding in the Company & %
1	Mr. Vinod Kumar Dandona#	0.84	-	-	-	NIL

Details provided from the date of appointment.

The above figures do not include provision for en-cashable leave and gratuity. Remuneration paid to Executive Director exceeded the limits specified under Companies Act, 1956. The company is seeking approval from Central Government for payment of managerial remuneration in excess of the limits specified under the Companies Act, 1956, for the financial year ended March 31, 2014.

b) Non Executive Director/(s) :

Non- Executive Directors are entitled as follows:

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

(ii) Commission not to exceed limits prescribed under the Companies Act

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

Details of the remuneration paid to Non executive Director for the F.Y 2013-14 and there shareholding in the company as at March 31, 2014 is as follows:

S. No.	Name of Directors	Sitting Fees (Amt in Rs.)	Commission (Amt in Rs.)	Stock Options as at 31st March 2013 @	Stock options exercised during the year	Stock options granted during the year	Balance as at 31st March 2014	Shareholding in the Company
1	Mr. Sankalp Srivastava #	-	-	1,00,000	-	50,000	-	15,000
2	Mr. Shonu Chandra	-	-	1,72,690	-	50,000	1,00,000	3,250
4	Dr. Shayama Chona#	-	-	1,50,000	-	-	-	-
5	Shri Rajiv Krishan Luthra#	-	-	1,50,000	-	50,000	-	1,25,000
6	Mr. Roy Campbell#	-	-	-	-	-	-	-
7	Mr. Vijay K. Choudhary##	1,60,000	-	-	-		-	-
8	Mr. Rajat Khare##	-	-	-	-	-	-	-
9	Mr. Venkata Subbarao Valluri##	-	-	-	-	-	-	-

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

Details provided till the date of cessation.

Details provided from the date of appointment.

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

F. Shareholders/Investor Grievance Committee

Terms of Reference

The broad terms of reference includes the following:

- Redressal of shareholder and investor complaints including, but not limiting itself to transfer of shares and issue of duplicate share certificates, non-receipt of balance sheet, non-receipt of declared dividends, etc., and
- Monitoring transfers, transmissions, dematerialization, re-materialization, 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 and also as per the Companies Act, 2013, the Company has constituted an Investor Grievance Committee consisting of majority of Non-Executive Independent Directors. As on 31st March 2014, Committee consists of three members comprising of Mr. Shonu Chandra, Mr. Shantanu Prakash under the Chairmanship of a Independent & Non Executive Director viz Mr. Vijay K Choudhary. Company Secretary acts as secretary to committee

During the year under review, Committee met Five times

Attendance particulars of members are as follows:

S. No.	Name of Director	Category	No of meetings of held	No of meetings attended
1	Mr. Sankalp Srivastava	Chairman, Independent & Non-Executive Director	2#	2
2	Mr. Shonu Chandra	Member, Independent & Non-Executive Director	5	2
3	Mr. Jagdish Prakash	Member, Whole Time Director	2#	2
4	Mr. Shantanu Prakash	Member, Promoter & Executive Director	3##	3
5	Mr. Vijay K Choudhary	Chairman, Independent & Non-Executive Director	3##	2

Details provided till the date of cessation.

Details provided from the date of appointment.

Apart from above mentioned committees, Company also have Finance Committee and Debenture Committee. Finance Committee consists of three Directors namely Mr. Shantanu Prakash, Mr. Vijay K. Choudhary, Mr. Shonu Chandra. Mr. Shantanu Prakash is the Chairman of Finance Committee. Debenture Committee consists of three Directors namely Mr. Shantanu Prakash, Mr. Vijay K. Choudhary, Mr. Shonu Chandra.

Compliance Officer

Mr. Yogesh Saluja, 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, 2013	Received during the Year	Disposed during the Year	Pending as on March 31, 2014
No of Complaints	0	13	13	0

G. General Meeting

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

Financial Year	Date and Time	Venue	Particulars of special resolution passed
2010-11 (AGM)	24-09-2011 04.30 P.M	Sri, Sathya Sai International Center, Pragati Vihar, Lodhi Road, New Delhi -110003	Nil
2011-12 (EGM)	16-07-2012 **11:00 A.M**	Sri, Sathya Sai International Center, Pragati Vihar, Lodhi Road, New Delhi-110003	1. Issuance of Equity Shares / Securities under Section 81 (1A) of the Companies Act, 1956 and SEBI (ICDR) Regulations, 2009 2. Issue of FCCBs 3. ESOP Scheme 2012 for the Company 4. ESOP Scheme 2012 for the subsidiaries.
2011-12 (AGM)	26-09-2012 04.30 P.M	Sri, Sathya Sai International Center, Pragati Vihar, Lodhi Road, New Delhi-110003	1. Adoption of new set of Articles of Association of the Company. 2. Change in terms of appointment of Whole Time Director. 3. Keeping of registers /Returns/ Documents at a place other than the Registered Office.
2011-12 (EGM)	15-11-2012 11.30 A.M	PHD chambers, Khelgaon, August Kranti Marg, New Delhi- 110003	1. Issuance of Equity Shares / Securities under Section 81 (1A) of the Companies Act, 1956 and SEBI (ICDR) Regulations, 2009
2012-13 (AGM)	26-09-2013 04.30 P.M.	Sri, Sathya Sai International Center, Pragati Vihar, Lodhi Road, New Delhi-110003	1. To approve the waiver of the recovery of remuneration of the managing director of the company 2. To approve the waiver of the recovery of remuneration of the whole time director of the company. 3. Approval of remuneration of managing director for the remaining tenure 4. Approval of remuneration of whole time director for the remaining tenure

Postal Ballot

During the year under review, we have conducted one postal ballots in pursuance of Section 192A of the Companies Act, 1956 and Companies (Passing of the Resolution by Postal Ballot) Rules, 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 Mint (English Daily) and Rashtriya Sahara (Hindi Daily). The gist of the results is as follows:

Date of Declaration of Results	Type of Resolution	Particulars of Resolutions passed	Total Valid Votes	Votes in favour	Votes Against
26.03.2014	Special Resolution	Re-appointment and payment of Remuneration to Mr. Shantanu Prakash as Managing Director of the Company.	**69420280**	**66655488 (96.0173%)**	**2764792 (3.9827%)**
	Special Resolution	Increase in the limit of Investment under section 372A of the Companies Act, 1956 in M/s Educomp Infrastructure & School Management Limited.	**69415886**	**69393162 (99.9673%)**	**22724 (0.0327)**
	Special Resolution	Appointment and payment of remuneration to Mr. V.K. Dandona as Whole Time Director of the Company.	**69418939**	**69358228 (99.9125%)**	**60711 (0.0875)**

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.

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

H. DISCLOSURES

Related Party Transactions

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

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

Transactions with the related parties are disclosed in note no. 13 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 the Directors to be appointed/re-appointed along with the Directorship details is provided in the Notice of the 20th Annual General Meeting of the Company.

Whistle Blower Policy

The Company has established and adopted a Vigil Mechanism/Whistle-Blower Policy, which provides a formal mechanism for all stakeholders, including employees and their representative bodies, to approach the Management of the Company (Audit Committee in case where the concern involves the Senior Management) and make protective disclosures to the Management about unethical behaviour, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority. The disclosures reported are addressed in the manner and within the time frames prescribed in the Policy. The Company affirms that no director or employee of the Company has been denied access to the Audit Committee.

Details of non-compliance with regard to Capital Market

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

The Company has paid listing fees to the stock exchanges and annual custodial fees to the depositories for the financial year 2014-15 in terms of Clause 38 of listing agreement.

I. MEANS OF COMMUNICATION

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

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

J. GENERAL SHAREHOLDER INFORMATION

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

K. SUBSIDIARY COMPANIES

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

L CEO/CFO Certificate

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

M Compliance

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

2. NON-MANDATORY REQUIREMENTS

(i) NOMINATION AND REMUNERATION COMMITTEE

The Company has constituted a Nomination and 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.

For and on Behalf of the Board of Directors

Sd/-
(Shantanu Prakash)
Chairman & Managing Director

Date : 12th August 2014
Place : Gurgaon, Haryana

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, 2014 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 examination has been limited to review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of 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 : August 11, 2014
Place : New Delhi

S/d
Sanjay Grover
C.P No. 3850

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

Annexure A

We, Shantanu Prakash, Chairman and Managing Director and Ashish Mittal, 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 2014 and that to the best of our knowledge and belief:

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

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

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

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

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

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

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

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

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

Sd/-
Signature:
Name: **Ashish Mittal**
Designation: **CFO**

Date : 26th May, 2014
Place : Gurgaon

Management Discussion and Analysis

FINANCIAL YEAR 2013-14

Overview. The financial year started with the aim of consolidation of the company and enormous efforts being put towards focusing the energies on operational efficiencies, strengthening the balance sheet, focusing on cash flows and launching new products and services through existing sales and distribution network. With this aim in mind, the company has firmly moved into the direction of implementing these strategies. Following were the biggest accomplishments of the company in the financial year:

(a) **Corporate Debt Restructuring.** One of the biggest accomplishments in addressing the cash flow issue has been successful completion of Corporate Debt Restructuring ("CDR") mechanism for two of the main companies where major debt resided, i.e., Educomp Solutions Limited and Educomp Infrastructure and School Management Limited. During the process of CDR, consortium of lenders performed a detailed assessment of company's business fundamentals keeping in mind next 10-15 years and restructured their debts accordingly. This is a big vote of confidence by the bankers of the business prospects of the company.

(b) **New Products.** Another important development in year 2013-14 has been launching of new products. These primarily include higher order value added B2B products that gave the company a head start against competition when the sales were re-commenced with complete focus, two of these products are:

(i) **Educomp Smart School.** Educomp Smart School (ESS) is a package comprising of multiple ICT tools and is sold to schools that were just using digital classrooms. Other tools in ESS include: English Mentor (English improvement tool), 3D Lab and Skill assessment tests in addition to SmartClass.

(ii) **League India.** League India helps new schools/ schools without a heritage and reputation to get advice on various industry best practices through the proprietary material that has been developed by industry veterans. Educomp is marketing the league India best practices.

(c) **Change in business model.** SmartClass, being need of the hour, was originally launched as a product that schools could get and pay over next 5 years in EMIs, which resulted into substantial cash getting blocked in hardware and hence requiring a strong funding line. In financial 2013-14, the company took a conscious decision to change this model and recover hardware portion of the contract value upfront while the content is paid in EMIs. One of the most encouraging operational events has been that this change of strategy got a very encouraging response from the customers. Now, it is the top most priorities to get maximum number of sales on upfront hardware model and through this approach so far company has been successful in selling ~50% of the total incremental SmartClass sales (along with hardware) on upfront model.

(d) **Educomp 2.0.** In 20 years of its existence, the company has completed one full circle from being a startup to expansion to diversification and to consolidation. On its 20th anniversary, the company takes a leap forward in the direction of what has been named as "Educomp 2.0". On one hand, Educomp 2.0 is focused on digital content and the intellectual property based offerings where the company plans to take its innovative IP-based products across its presence in 14,500 schools and migrate from being a products (hardware) company to a solutions (content) company, on the other hand, Educomp 2.0 is focused on the asset backed offerings that solve the access and capacity problems for India. This is the segment where the annuity style long-term cash flows with highly stable customer lock-ins are existing. Educomp 2.0, is the new operating bible which includes our six-point agenda to transform the company and take it to the next level. Following are the six-points of the agenda:

(i) **Focus.** First of the six point agenda is about Focus. The company is the leader in almost all segments in which it operates but the focus shall continue to be on the core competences. In continuation to the process of exiting non-core business, the company successfully divested its stake in Gate Forum (test preparation business). As a constant Endeavour, the company's management is taking very strict view of operations of existing business and taking all the measures to develop and clear road map in making them accomplish desired scale and profitability.

(ii) **Growth.** Secondly, Educomp 2.0 is about cautious growth. While the company is constantly looking towards monetizing its existing customer base through cross sell and up sell , the company is taking all the initiatives to ensure that the foundation of this growth is rock solid. Launching hardware upfront model and focus on selling new products that do not require much hardware and primarily are a zero investment and high return products are measures on these lines

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

(iv) **Correction.** The fourth focus area for us is balance sheet strengthening including correction of asset liability mismatch. Educomp has over the years, built high quality infrastructure in K-12 and Higher education segments, which involves significant capital investments. These businesses "generally" become cash flow positive in 5-7 years. Of late, there has been a mismatch in the cash flow profile and liabilities on accounts of loans taken for either for SmartClass hardware procurement or building K-12 or higher education campuses. The deteriorating credit environment added to the stress given limited availability of long term debt and hardening interest rates. Further to various operational measures taken to rectify this situation such as increasing collections, Capex rationalization, the company accomplishment a major milestone in this direction by being able to successfully close CDR mechanism for two of its major entities where maximum debt resided. The company would like to thank the lenders who have been extremely supportive of Educomp during this time.

(v) **Leaner Organization.** In terms of the fifth focused item – Educomp 2.0 will be a leaner organization. The company is working on streamlining the operations, integrating technology into the supply chain and servicing components to replace and optimize the existing cost structure. During the year, the company took specific measures in K-12 business to further streamline the cost structure in line with the business requirements. Within SmartClass business, KRA realignment exercise was undertaken to positively impact the collections. The Company has been aggressively working on reducing response time and generating consumer delight.

(vi) **New Leadership.** As a last and very important priority Educomp 2.0 is a mix of experienced and new leadership. We thus have the advantage of youth and experience at the same time.

OUTLOOK AND STRATEGY FOR FINANCIAL YEAR 2015

The theme for FY15 remains Educomp 2.0 and driving the six point agenda which was initiated during FY13 and followed in FY14. The company believes that the near term outlook in FY15 is towards being positive, considering liquidity easing on account of CDR and the company chasing aggressive sales. By leveraging (a) the extremely valuable IP based smart learning solutions and (b) an enviable customer reach of 34,500 schools and ~23 million learners, over the mid-term, the company remains confident of returning the business to a position of strength. Following will be the focus on different business:

(a) **SmartClass Revamp.** During FY14, the company aggressively moved in this direction and started signing new contracts on this format. Two significant changes done in this regard are:

(i) The decision to migrate to BOOT model for SmartClass revenue recognition. As a consequence; now the revenue is booked in 20 quarterly instalments in five year contracts or in 12 quarterly instalments in three year contracts.

(ii) Smartclass as a bilateral business. It will be a business directly between Educomp and the customer that excludes any vendor as a third-party into this relationship.

(b) **Edureach.** In the government business, the focus will be on cautious growth by cherry picking government orders. The focus will be on content, training and skill development related to government orders, which are the core competencies of the company. Further, the focus will be on maximizing the realization and margins for the existing projects in the Edureach business.

(c) **K-12.** The focus in K12 will be to drive the entire future growth through the asset light joint venture ("JV") model. Given the large number of the Greenfield schools now operational and becoming cash positive, the company has established a successful proof-of-concept. There is a significant traction in the JV model and several JV partners are committing themselves to tie-ups where-in they will bring the physical assets (land & building) or capital, while the company will provide management services to run the schools. The company shall enter into brand development contracts with experienced players to maximise the number of schools in its various brands formats. Additionally, the focus will also be on driving enrolments and increasing capacity utilization of exiting schools.

(d) **Higher Education.** In the higher education business, our four 'Raffles Millennium International' colleges are operational in Delhi, Bangalore, Hyderabad, and Chennai. Courses are offered in Fashion Design, Interior Design, Fashion Marketing & Management, Product Design, Jewellery Design, Visual Communication and Multimedia Design. Catering to the huge demand supply gap and need for creation of 1500 colleges and Universities, Raffles Millennium International colleges have been established by the company in partnership with the Raffles Group.

(e) **Effect of CDR.** CDR has improved liquidity position of the company that has given time for catching up of operations and match restructured debt repayments. The company shall continue to focus on deriving maximum leverage of this opportunity and also focus on creating another opportunity of value creation for its esteemed and indispensable shareholders.

(f) **Monetization of Assets.** The company is exploring monetization of non-core assets across the portfolios in order to unlock the value in the business while at the same time prioritizing the portfolio so that management time and bandwidth is clearly provided to those businesses that create greater value.

(g) **Launch of New Products.** The business profile while being robust is dynamic leading to change in the product mix. The company is getting into newer and exciting areas. Few of such products are:

(i) **English Mentor.** English Mentor is a tool to build proficiency in English language by creating a seamless lesson plan that runs across the classrooms and the lab; and

(ii) **Eduignite.** Eduignite is an assessment system for students, teachers and schools.

INDUSTRY STRUCTURE AND DEVELOPMENT

(a) **Market Overview.** Late Nelson Mandela once said, "No country can really develop unless its citizens are educated." Education plays an important part in the building of a nation. This has even more relevance in case of India given its young population which has a significant portion of school going children. India, today, is considered as a talent pool of the world, having qualified and educated human resources in abundance. India has the world's largest population in the age bracket 5 to 24 years of about 450 million[1]. It also has around 500 million[2] in the 25 to 59 age bracket which constitutes the working population and is expected to continuously increase even as the world's working population ages and diminishes. This has been one of the primary reasons for transformation of India into one of the fastest growing economies in the world since liberalization in the 1990s. Education is the key to unlocking and building lasting value in a robust economy. In order to meet this existing and emergent demand, there is huge need of investments in the Indian education sector. There have been encouraging signals already received from FY 2014-15 Union Budget and various government announcements done pertaining to education. A lot more enabling environment is expected to get developed that should take care of various growth inhibitors that continue to exist for certain segments.

(b) Opportunities, Threats, Risks and Concerns.

Opportunities	Threats
Government's impetus on skill development	Rising competition in all segments
Existing shortage of K12 schools in the country	(however, Educomp has un matched scale across segments
Growing aspirations of middle class people Large un tapped opportunity in the digital classroom space	providing it the competitive advantage)
Risks	**Concerns**
High interest rates	Educational services brought under purview of service tax
Delay in project allocation process by Govt.	Prohibitive costs in tier-1 & 2 cities in setting up new schools

KEY MARKET SEGMENTS

(a) Smartclass Market. Digital teaching system has become a norm for schools today. Every school, as per its requirements and affordability is deploying ICT tools in classrooms, LABs and other creative facilities. The industry has moved a lot ahead in the recent years with more players coming with similar solutions and newer players coming with new type of solutions. Digital learning has moved ahead from learning mere lessons in the class to doing science practices in the labs and learning languages using interactive application. What is really exciting to see is the pace at which all this is happening. This is a clear evidence of the fact that digital learning has now become a natural part of everyday lives and hence, this opens all the more opportunities in this space. Technology in education has played a significant role in educating and connecting students to existing and future learning opportunities. Smart classrooms have been enhanced with advanced technological learning aids, thereby revolutionizing the whole teaching and learning process. In many impoverished districts and states, technology has allowed students to experience world-class education.

As per Boston Consulting Group, out of approx 1.4 million schools in India, the addressable market for Smartclass is approx 200,000 private

[1] Technopark report, July 2012

[2] Technopark report, July 2012

unaided schools. These private unaided schools will convert to approx 2 million classrooms. According to BCG, out of addressable 200,000 schools, 33% are English medium and account for 58% of classrooms. The same translates to approx. 1.2 million classrooms with a total market size of USD 7 billion. As per BCG, only 20% of private unaided English medium schools and 10% of classrooms currently have Smartclass which provides significant headroom for growth both in terms of school and classroom penetration. Smartclass products for vernacular medium schools will further add to addressable market.

Newer solutions shall come in market customized as per the requirements of schools that are currently not able to afford existing solutions and this shall further create newer product categories in the market

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

(b) **K-12 Market.** The current K-12 school system in India is one of the largest in the world with more than 1.4 million schools with 250+ million students enrolled. Schools have grown at a CAGR of 2.5% from 1.2 million in 2005 to 1.4 million in 2011 and enrolment has grown at a CAGR of 2.2% to reach 253 million students in 2011. The present total government spending (Centre and states combined) on education accounts for about 3.7 % of GDP. Out of this, the government spends a large percentage of its budget on school education and literacy.

In the K12 market, one of the key trends very clearly visible has been the growing share of private schools. Currently, there are estimated 3 lac private schools with 40% of the total student enrolment. Private enrolment in elementary schools is approximately 35% and over 50% at the secondary level. This trend holds true in rural India as well. The Annual Status of Education Report (ASER) shows that enrolment in private schools at the elementary in rural India has increased from 19% to 29% in the seven year period from 2006 to 2013.

With the population increasing along with number of schools, the earlier gap of nearly 200,000 schools still continue to exist and provides major opportunity in the short and long run. However, it will be important to understand that these schools are required on all price points and not just targeted at a specific social stratum. Hence, innovation in delivery will be a key aspect in accomplishing this objective; especially when setting up costs of a K12 school are prohibitive in nature.

The sector's attraction for private participation remains intact due to the annuity style of income that it provides and un-happiness of parents with the education delivered in Government schools. There exists a natural preference in parents for private schools provided it fits into their means.

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

(i) Population in the age group 5-19 years (K-12 target population age) comprising approximately 30% of the Indian population represents huge target market both in the immediate as well as long run.

(ii) Growing proportion of country's middle class population implying higher propensity to spend on child's education. The per capita public expenditure on secondary education has increased from ₹ 315 in FY08 to ₹ 784 in FY12.

(iii) Lower enrolment rates especially at the upper primary level as compared to other developed nations of the world (with enrolment rates > 90%) owing to the drop-out rate post the primary education remaining high especially in rural India

Key issues currently faced by the segment include:

(i) **Prohibitive infrastructure costs.** This has emerged as one of the major road blocks in setting up of new private k12 schools especially in tier 1 and 2 cities. Sky rocketing land prices make the entire school economics difficult to manage at lower price point and hence make education out of reach of masses. There is a concerted effort required from all stake holders to find a solution that enables creation of large number of private schools that are affordable to middle class.

(ii) **Public School Infrastructure.** Poor infrastructure in Govt. schools and shortage of good teachers have forced the Indian middle class to withdraw their children from Government schools and enroll them in private schools. The increasing demand for quality education is also backed by their increasing affordability and willingness to pay for it.

(iii) **Shortage of Trained Teachers.** The education system in India suffers from severe shortage of trained teachers and this has become a big concern for the education sector. As per estimates of Technopak, India will require 6.0mn more teachers by 2020 to attain the world average in terms of student teacher ratio. This would mean a requirement to train 0.75mn teachers p.a., as against this the total capacity of all B.Ed. Colleges currently is only 0.25mn p.a. Thus in order to improve the quality of education it is imperative to address the shortage of teachers as well as the quality of teachers and teacher training courses. As a result of this, leading chains of schools are setting up in-house teacher training facilities.

(iv) **Quality of Education.** Most schools still follow the rote learning practices, which hamper the quality of education severely. This is further supplemented by ineffective assessment of students. The overwhelming acceptance of international boards like the IB and the Cambridge, indicate that people are looking at alternative curriculums and pedagogies that lean towards practical and applied learning rather than rote learning.

(c) **Higher Education Market.** According to the E&Y – Higher Education in India: Vision 2030 report, The Indian higher education system has undergone rapid expansion. In less than 20 years, the country has created additional capacity for a mammoth 40 million students. Most notably, this sector has undergone massive expansion to become the largest in the world enrolling over 70 million students. Today, India has more than 26,000 higher education institutes in the company which are more than any other country in the world.

Another encouraging development in the sector has been the increasing role of technology. Online platforms and ICT tools have helped take higher education to millions of deserving students in far-flung areas who would otherwise have no access to university education. Here are some facts about India:

India is currently the single largest provider of global talent. One in every four graduates in the world is a product of the Indian system. This scenario is expected to continue as its population, aged between 18-23 years is expected to reach 142 million by 2030, accounting for nearly 10% of the total population. Consequently, India will have the largest population in the world, in the higher education age bracket by 2030.

India's economy is expected to grow at a fast pace with industry and services sectors continue to have the dominating share in it. Industry and services sectors are expected to contribute ~92% of India's GDP by 2030. The sectors, in India alone, would require a gross incremental workforce of ~250 million by 2030.

There is also a high priority being given by the government to this area owing to the low Gross Enrolment Ratio that currently exist and the given demand for skilled people. India's GER still lags at 12%, which is also significantly less than the global average. The Government has set itself a highly aggressive target of achieving 30% GER by 2020, which translates into an enrolment of 40 million students in the higher education system.

As per the E&Y EDGE 2011 report, the higher education sector in India is expected to witness a growth of 18.0 per cent CAGR till 2020. At present, the sector witnesses spends of more than ₹ 46,200 crore (US$ 8.38 billion), which is estimated to grow at an average rate of more than 18.0 per cent to over ₹ 232,500 crore (US$ 42.17 billion) in 10 years.

There are several problems that continue to act as growth hurdles:

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

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

(iii) Wide variation in teaching quality. Despite of large number of HEIs in the country, there have been constant debates on the skill set quality and employability of these people. With increase in demand for skilled people, opportunity for institutions delivering high quality education shall further increase and become lucrative.

Acknowledging the complexity of the existing regulatory framework and the need to reform Higher Education policies, the MHRD has proposed introduction of number of Bills, enactment of which would bring about fundamental and structural changes to the higher education regulatory environment, thus making the environment encouraging and enabling for more investment

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 ₹ 3,172 million in FY14 as compared to ₹ 8,204 million in FY13.

In fiscal 2014, the Company's profit/(loss) before taxes aggregated ₹ (2,614) million as against ₹ (473) million in fiscal 2013.

In fiscal 2014, the Company's profit/(loss) after taxes, prior period and exceptional items aggregated ₹ (3,122) million as against ₹ (407) million in fiscal 2013.

In fiscal 2014, the Company's earnings/(loss) per share (basic) is ₹ (25.5) as against ₹ (3.6) in fiscal 2013.

Overview of the Financial performance summary (Consolidated)

In fiscal 2014, the total consolidated revenues of Educomp group aggregated ₹ 7,247 million as compared to ₹ 13,264 million in fiscal 2013.

The consolidated profit/(loss) before taxes aggregated ₹ (3,013) million in fiscal 2014 as against ₹ (1,036) million In fiscal 2013.

In fiscal 2014, the Company's consolidated profit after taxes, prior period and minority interest aggregated ₹ (3,608) million as against ₹ (1,328) million in fiscal 2013.

In fiscal 2014, the Company's consolidated earnings/(loss) per share (basic) is ₹ (29.5) as against ₹ (11.8) in fiscal 2013.

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 from operations of the Company aggregated to at ₹ 2,823 million as against ₹ 7,331 million in fiscal 2013.

EBIDTA stands at ₹ (1,040) million in FY14 ₹ 570 million in FY13. EBIT stands at ₹ (1,581) million in FY14 ₹ 43 million in FY13. Profit/(loss) after tax stands at ₹ (3,122) million in FY14 (₹ (407) million in FY13).

Particulars (₹ million)	FY'14	FY'13
Net Sales	2823	7331
Other Income	349	873
Total Income	3172	8204
Expenditure	3863	6761
Interest	1382	1389
Depreciation	541	528

Segment results

Revenues	FY'14	FY'13
School Learning Solutions	2034	6274
Higher Learning Solutions	76	93
K-12 Schools	7	17
Online, Supplementary & Global	706	947
Total Net Sales	**2823**	**7331**

Key Ratios	FY'14	FY'13
EBIDTA/Net Sales	-36.9%	7.8%
Profit after Tax and prior period items/ Net Sales	-110.6%	-5.6%
Total Expenditure/ Net Sales	205.0%	118.4%
Consumption of Raw material/ Net Sales	41.7%	45.8%
Staff Cost/Net Sales	50.4%	26.8%
Selling, Distribution & Administration expenses (including Miscellaneous Expenses)/ Net Sales	44.7%	19.6%

PBIT	FY'14	FY'13
School Learning Solutions	-1699	1090
Higher Learning Solutions	39	10
K-12 Schools	3	16
Online, Supplementary & Global	-16	15
	-1673	**1131**
Less: Interest (Net)	1382	1389
Other un-allocable expenses (net of un- allocable income)	265	232
Total Profit before Tax	**-3319**	**-490**

Other Income

The Company generated other income of ₹ 349 million in FY 2014, a decrease of 60.0% over other income of ₹ 873 million generated in FY 2013. Decrease is mainly due to onetime increase in FY13 on account of sale of Investment in Eurokids International Limited.

Expense Analysis:

Cost of goods sold (COGS):

(Rupees in million)

Particulars	March 31, 2014	March 31, 2013
Cost of Goods Sold	1177	3356
% of Net Sales	42%	46%

COGS totaled ₹ 1,177 million during FY14, a decrease of 64.9% from ₹ 3,356 million in FY13.

Personnel Expenses:

(Rupees in million)

Particulars	March 31, 2014	March 31, 2013
Personnel Expenses	1424	1965
% of Net Sales	50%	27%

Personnel expenses consist of compensation to all employees. It includes salaries, contribution to provident fund, bonus & retirement benefits, staff welfare and ESOP amortization. It also includes expenses incurred on staff welfare. The total personnel cost decreased by 27.5% to ₹ 1,424 million from ₹ 1,965 million during the year, with total staff strength going down due to ICT manpower reduction and rationalizations across business.

Depreciation:

(Rupees in million)

Particulars	March 31, 2014	March 31, 2013
Depreciation	541	528
% of Net Sales	19%	7 %

Depreciation has increased by 2.5% to ₹ 541 million during FY14, compared to ₹ 528 million in FY13. The increase in depreciation was primarily due to increased depreciation on knowledge based content.

Other expenses:

(Rupees in million)

Particulars	March 31, 2014	March 31, 2013
Other expenses	1263	1440
% of Net Sales	45%	20%

Other expenses were ₹ 1263 million during FY14, a decrease of 12.3% compared to ₹ 1440 million during FY13. Administration & other expenses (as a percentage of Net Sales was 44.7%, up from 19.6% in FY13.

Finance Charges:

(Rupees in million)

Particulars	March 31, 2014	March 31, 2013
Finance charges	1382	1389
% of Net Sales	49%	19%

Interest expenses decreased from ₹ 1,389 million to ₹ 1,382 million during FY14.

Income Tax Expense:

(Rupees in million)

Particulars	March 31, 2014	March 31, 2013
Current tax	-	-
Deferred Tax	132	-83
Tax earlier year's	-329	-
Total	**-197**	**-83**

The Company's current tax expense in FY14 is ₹ NIL.

Profit after Tax:

(Rupees in million)

Particulars	March 31, 2014	March 31, 2013
Profit after tax	-3122	-407
% of net sales	-111%	-6%

Net (loss)/profit after tax was ₹ (3,122) million during FY14, an increase of 666.8% from ₹ (407) million in FY13. Net profit as a percentage of revenues in FY14 has decreased to (110.6%) as compared to (-5.6%) in FY 13. This decrease was due to change in revenue recognition model from upfront recognition to BOO.

Financial Position (Standalone):

Equity and Liabilities

Shareholder's Fund

Share Capital:

The total paid up Equity Share Capital stood at ₹ 244.88 million as on March 31, 2014, as compared to ₹ 244.81 million as on March 31, 2013. The change in share capital is attributed to issue of shares under ESOP exercised by the employees during the year.

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

	March 31, 2014		March 31, 2013	
	No. of Equity shares	₹ in million	No. of Equity shares	₹ in million
Balance at the beginning of the year	**12,24,07,493**	**244.81**	**9,60,63,930**	**192.13**
Shares issued during the year	33,575	0.07	2,63,43,563	52.68
Balance at the closing of the year	**12,24,41,068**	**244.88**	**12,24,07,493**	**244.81**

Reserve & Surplus:

Securities premium:

(Rupees in million)

	March 31, 2014	March 31, 2013
Securities premium- opening balance	10229	7873
Add: On issue of shares (including shares under ESOP)	6	4229
Less: Issue expense/redemption premium	-	1873
Balance at the end of the year	10235	10229

The addition to the share premium account of ₹ 6 million during the year.

General Reserve:

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

Profit and Loss Account:

(Rupees in million)

	March 31, 2014	March 31, 2013
Profit & Loss Account-Opening balance	8641	9056
Add: Deletion/Addition during the year	-3,122	-407
Less: Proposed dividend	-	7
Less: Corporate Dividend Tax	-	1
Less: Transferred to General Reserve	-	-
Balance at the end of the year	5518	8641

The balance retained in the profit and loss account as of March 31, 2014, is ₹ 5,518 million.

Borrowings

(Rupees in million)

Particulars	March 31, 2014	March 31, 2013
Long-term borrowings		
Foreign Currency Convertible Bonds	601	544
Non convertible debentures	450	450
Term Loans-Secured/Unsecured & Finance Lease Obligations	16265	5269
Total (Long-term borrowings)	**17316**	**6263**
Short-term borrowings		
Loans repayable on demand/ Commercial papers	1966	3390
Total (Short-term borrowings)	**1966**	**3390**

Long term borrowing stands at ₹ 17316 million as on 31st March, 2014 as against ₹ 6263 million as on 31st March, FY13.

Short term borrowing stands at ₹ 1,966 million as on 31st March, 2014 as against ₹ 3,390 million as on 31st March, 2013.

Capital Expenditure:

(Rupees in million)

Particulars	March 31, 2014	March 31, 2013
Addition to Fixed assets	266	477
Increase in capital Work-in-progress	47	38
Deletions in Fixed assets	2	4

The Company has incurred an amount of ₹ 266 million (₹ 477 million in the FY13) as capital expenditure, comprising additions to gross block of assets. Addition to fixed assets is mainly on account of addition to knowledge based content repository.

Investments:

(Rupees in million)

	March 31, 2014	March 31, 2014	March 31, 2013	March 31, 2013
	Non current	Current	Non current	Current
Investment in subsidiaries/ associates	16063	-	15622	-
Investment in other companies	875	-	875	-
Investment in Mutual fund/ subsidiaries	-	-	-	347
Net investment	16938	-	16497	347

The Company has made strategic investments in subsidiaries/ associates/ Mutual funds/various companies, amounting to ₹ 16,938 million as at March 31, 2014 as against ₹ 16,844 million as of March 31, 2013.

Inventories:

(Rupees in million)

	March 31, 2014	March 31, 2013
Educational Products	-	-
Technology Equipment	566	492
Total	**566**	**492**

The Company had inventories of ₹ 566 million as on March 31, 2014 as against ₹ 492 million as on March 31, 2013.

Trade Receivable:

(Rupees in million)

	March 31, 2014	March 31, 2013
Trade Receivable	19709	13112
Less: Provision for doubtful debts	1241	76
Trade Receivable (net) (₹ Million)	18468	13036

Trade Receivable amounts to ₹ 18,468 million as of March 31, 2014 as compared to ₹ 13,036 million. The increase is due to acquisition of trade receivable of EduSmart Services Private Limited (ESSPL).

Cash & Bank balances:

(Rupees in million)

	March 31, 2014	March 31, 2013
Cash & Bank balances	167	168
Other bank balances (restricted)	22	145
Total	**189**	**313**

As on March 31, 2014, the Company had cash & bank balances of ₹ 189 million (₹ 313 million as on March 31, 2013) including Margin money deposit given against borrowings, letter of credit and bank guarantees including to revenue authorities.

Loans and Advances:

(Rupees in million)

	March 31, 2014	March 31, 2014	March 31, 2013	March 31, 2013
	Long term	Short term	Long term	Short term
Security deposits	360	14	183	238
Other loans & advances	279	714	78	1029
Loans & advances to related parties	102	1073	-	2018
Total	741	1802	262	3285

Loans and advances as on March 31, 2014 were ₹ 2,542 million (₹ 3,547 million as on March 31, 2013). Loans and advances include loans and advances given to related and unrelated parties, EMD (refundable and non-refundable) to various State Governments, security deposits to various parties and advances to trade creditors.

Other assets:

(Rupees in million)

	March 31, 2014	March 31, 2014	March 31, 2013	March 31, 2013
	Non current	Current	Non current	Current
Non current bank balances	15		46	-
Interest accrued on deposits	3	1	9	44
Unbilled receivables		6	-	66
Recoverable from Banks		17		
Total	**18**	**24**	**55**	**110**

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

Other liabilities:

(Rupees in million)

	March 31, 2014	March 31, 2014	March 31, 2013	March 31, 2013
	Long Term	Short term	Long Term	Short term
Advance from customers	105	537	137	335
Current Maturities of debt/Finance lease & Interest accrued		958	-	1805
Others	24	566	38	986
Total	**129**	**2061**	**175**	**3126**

Other liabilities as on March 31, 2014 stood at ₹ 2,190 million (₹ 3,301 million as on March 31, 2013). Reduction in short term liabilities is mainly due to impact of restructuring on account of CDR.

Trade Payable:

(Rupees in million)

	March 31, 2014	March 31, 2013
Trade Payable	1565	2251

Trade payable amount to ₹ 1,565 million as of March 31, 2014 as compared to ₹ 2,251 million as of March 31, 2013.

Provisions:

(Rupees in million)

	March 31, 2014	March 31, 2014	March 31, 2013	March 31, 2013
	Long Term	Short term	Long Term	Short term
Staff benefits	72	8	94	16
Income Tax (net of TDS/Adv. Tax)	-	-	-	308
Warranties		5	-	5
Proposed dividend	-	-		-
Tax on Proposed dividend	-	-	-	6
Total	72	13	94	335

Provisions made towards taxes, employee retirement benefits, proposed dividend, and tax on dividend aggregated to ₹ 85 million as on March 31, 2014 (₹ 429 million as on March 31, 2013). Significant provisions include provision for income tax, provision for proposed dividend, and provision for staff benefits.

Earnings per Share:

	March 31, 2014	March 31, 2013
Basic Earnings per share (₹)	-25.5	-3.6
Diluted Earnings per share (₹)	-25.5	-3.6

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 ₹ (25.5) and ₹ (25.5), respectively, as on March 31, 2014 against (3.6) and ₹ (3.6) for basic and diluted EPS respectively.

Cash Flows:

The cash (used)/generated from operations stands at ₹ (7,563) million as on March 31, 2014 as against ₹ (2,896) million as on March 31, 2013.

The cash generated/ (used in) on account of investing activities stands at by ₹ 584 million as on March 31, 2014 as against ₹ (757) million as on March 31, 2013.

The net proceeds from financing activity were ₹ 6,979 million as on March 31, 2014 as against ₹ 2,983 as on March 31, 2013.

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, 2014

(Rupees in million)

	Year Ended	
	March 31, 2014	March 31, 2013
Income		
Sales & Services income	6,348	12,109
Other income	899	1,155
	7,247	**13,264**
Expenditure		
Cost of goods sold	1,243	3,897
Personnel expenses	2,718	3,544
Administration and other expenses	2,691	3,152
Finance charges	2,524	2,490
Depreciation & Amortization	1,084	1,218
	10,260	**14,301**
Profit before tax	**(3,013)**	**(1,036)**
Provision for tax		
- Current tax	59	129
- MAT Credit Entitlement	(83)	(40)
- Deferred tax	(406)	(193)
- Excess provision written back of earlier years	(329)	-
Profit after tax and before prior period items	**(2,255)**	**(932)**
Prior period and exceptional items	1,604	497
Profit after tax and before minority interest & pre-acquisition profits	**(3,859)**	**(1,429)**
Pre-acquisition profits/(loss)	-	-
Share of loss of associate	3	3
Minority interest	(254)	(104)
Profit after tax, minority interest & pre-acquisition profits	**(3,608)**	**(1,328)**
Earnings per share (₹)		
Basic	(29.5)	(11.8)
Diluted	(29.5)	(11.8)

Result of operations:

Key Ratios	FY14	FY13
EBIDTA/Net Sales	-4.78%	12.52%
Profit after Tax and, minority interest, pre-acquisition profit, prior period items/ Net Sales	-56.83%	-10.97%
Total Expenditure/ Net Sales	161.62%	118.10%
Consumption of Raw material/ Net Sales	19.59%	32.18%
Staff Cost/Net Sales	42.81%	29.27%

Total revenues from operations stands at ₹ 6,348 million in FY14 as against ₹ 12,109 million in FY13.

EBIDTA stands at ₹ (304) million in FY14 as against ₹ 1,517 million in FY13.

Profit after tax (PAT), prior period items, minority interest and pre-acquisition profits stands at ₹ (3,608) million in FY14 as against ₹ (1,328) million in FY13.

REVENUE

Sales

The Company generated sales of ₹ 6,348 million in FY 2014, as against the sales of ₹ 12,109 million generated in FY 2013.The decrease is due to change in business model from upfront revenue recognition in Fy13 to BOO in Fy14.

Other Income

The other income stands at ₹ 899 million in FY 2014, as against ₹ 1,155 million generated in FY 2013. Decrease is mainly due to onetime increase in FY13 on account of sale of Investment in Eurokids International Limited.

EXPENDITURE

Cost of Goods Sold (COGS)

In absolute terms, COGS incurred ₹ 1,243 million during FY 2014, a decrease of 68.1% from ₹ 3,897 million in FY 2013 on account of change in revenue recognition model and lower requirement of hardware in the ICT business. However COGS as a percentage of net sales have decreased to 19.6% in FY14 from 32.2% in FY13.

Personnel Expenses

Salaries, allowances and staff benefits expenses were ₹ 2,718 million during FY 2014, a decrease of 23.3% from ₹ 3,544 million during FY 2013. Personnel expenses as a percentage of net sales increased to 42.8% of net sales in FY 2014 from 29.3% of net sales in FY 2013. The decrease in personnel expenses was mainly due to decrease in staff strength under ICT Manpower reduction on account of closure of projects and rationalization.

Other expenses

Other expenses were ₹ 2,691 million during FY 2014, a decrease of 14.6% compared to ₹ 3,152 million during FY 2013.

Financial Charges

Financial expenses were ₹ 2,524 million during FY 2014, an increase of 1.4% from ₹ 2,490 million during FY 2013 due to additional borrowings for general corporate purpose and increase in cost of borrowings.

Depreciation and Amortization

Depreciation and Amortization was ₹ 1,084 million during FY 2014, a decrease of 11.0% from ₹ 1,218 million during FY 2013. Depreciation as a percentage of net sales was 17.1% in FY14 and 10.1% in FY13.

Income Tax expense

Income Tax expense was ₹ (758) million during FY 2014 as against ₹ (104) million during FY 2013. This was mainly due to losses during the year.

Profit after Tax (PAT)

Net profit/(loss) after minority & pre-acquisition profits was ₹ (3608) million during FY 2014 as against ₹ (1328) million in FY 2013. This decrease was due to consolidation of smart class business and higher interest cost.

Financial Position:

Equity and Liabilities

Shareholder's Fund

Share Capital:

The total paid up Equity Share Capital stood at ₹ 244.88 million as on March 31, 2014, as compared to ₹ 244.81 million as on March 31, 2013. The change in share capital is attributed to issue of shares under ESOP exercised by the employees during the year.

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

Key Ratios	March 31, 2014		March 31, 2013	
	No. of Equity shares	₹ in million	No. of Equity shares	₹ in million
Balance at the beginning of the year	**12,24,07,493**	**244.81**	**9,60,63,930**	**192.13**
Shares issued during the year	33,575	0.07	2,63,43,563	52.68
Balance at the closing of the year	**12,24,41,068**	**244.88**	**12,24,07,493**	**244.81**

Reserve & Surplus:

Securities Premium Account:

(Rupees in million)

	March 31, 2014	March 31, 2013
Securities Premium - opening balance	**18132**	**15075**
Add: On issue of shares under ESOP / Others	6	5051
Less: issue expenses /redemption premium on FCCB.	-	2102
Add: Effect of change in share holding of JV Company/Subsidiaries	-	108
Balance at the end of the year	**18138**	**18132**

The addition to the share premium account of ₹ 6 million during the year is due to premium received on issue of equity shares under ESOP schemes.

During the year, no amount (previous year 2,102 million) was debited on account of expenses incurred for issue expenses on NCD/equity shares/redemption premium on FCCB.

General Reserve:

Out of the profits for the year ended March 31, 2014, ₹ 4 million has been transferred to the general reserve.

Capital Reserve:

During the year no amount was transferred to capital reserve.

Profit and Loss Account:

(Rupees in million)

	March 31, 2014	March 31, 2013
Profit & Loss Account-opening balance	**6506**	**7875**
Add: Addition during in the year	(3608)	(1,328)
Less Transfer to General Reserve	**4**	**4**
Less: Dividend paid (including tax)	**17**	**58**
Add: Effect of change in share holding of Joint Venture Company/Subsidiaries	(915)	(68)
Add: Transfer to debenture redemption reserve	-	89
Balance at the end of the year	**1963**	**6506**

The balance retained in the profit and loss account as of March 31, 2014, after providing dividend and transfer to general reserve, is ₹ 1,963 million.

Foreign currency translation reserve:

During the year ₹ 322 million transferred to foreign currency translation reserve on consolidation of foreign subsidiaries.

Foreign Currency Monetary Item Translation Difference Account (FCMITDA):

During the year (₹ 457) were added to FCMITDA and (₹ 122) million were amortized from FCMITDA.

Borrowings:

(Rupees in million)

Particulars	March 31, 2014	March 31, 2013
Long-term borrowings		
Foreign Currency Convertible Bonds	601	544
Non convertible debentures	1460	1500
Term Loans-Secured/Unsecured & Finance Lease obligations	27433	12391
	29494	**14435**
Short-term borrowings		
Loans repayable on demand/ Commercial papers	1931	3390
	1931	**3390**

Long term borrowing stands at ₹ 29,494 million as on 31st March, 2014 as against ₹ 14,435 million as on 31st March, FY13.

Short term borrowing stands at ₹ 1,931 million as on 31st March, 2014 as against ₹ 3,390 million as on 31st March, FY13.

Capital Expenditure:

(Rupees in million)

Particulars	March 31, 2014	March 31, 2013
Addition to Fixed assets	701	5596
Increase in capital work-in-progress/ Intangible under development	141	(3869)

The Company has incurred a capital expenditure of ₹ 701 million in FY14 (₹ 5,596 million in FY13). Additions to gross block is primarily due to Increase knowledge based content repository

Investments:

(Rupees in million)

	March 31, 2014	March 31, 2014	March 31, 2013	March 31, 2013
	Long Term	Short Term	Long Term	Short Term
Total Investment	1079	-	978	-

The Company has made strategic investments (trade and non trade) in associates / third party amounting to ₹ 1079 million as of March 31, 2014 as against ₹ 978 million as of March 31, 2013.

Inventories:

(Rupees in million)

Particulars	March 31, 2014	March 31, 2013
Educational Products	92	92
Technology Equipment	566	493
Total	**658**	**585**

The Company had inventories of ₹ 658 million as on March 31, 2014 as against ₹ 585 million as on March 31, 2013. The decrease in inventories is due to reduction in inventory holding period.

Trade Receivable:

(Rupees in million)

Particulars	March 31, 2014	March 31, 2013
Trade receivable	23177	15524
Less: Provision for doubtful debts	1287	161
Trade receivable (net) (₹ Million)	21890	15363

Trade Receivable amount to ₹ 21,890 million as on March 31, 2014 as against ₹ 15,363 million as on March 31, 2013. The increase is due to acquisition of trade receivable of Edu Smart Services Private Limited (ESSPL).

Cash & Bank balances:

(Rupees in million)

Particulars	March 31, 2014	March 31, 2013
Cash & Bank balances	1025	922
Other bank balances (restricted)	22	146
Total	**1047**	**1068**

As on March 31, 2014, the Company had cash & bank balances of ₹ 1,047 million (₹ 1,068 million as on March 31, 2013) including Margin money deposit given against LC/BG, unpaid dividend account.

Loans and Advances:

(Rupees in million)

	March 31, 2014	March 31, 2014	March 31, 2013	March 31, 2013
	Long term	Short term	Long term	Short term
Capital advances	4988	-	4345	-
Security deposits	573	17	398	245
Other loans & advances	1130	1589	1846	1256
Loans & advances to related parties	1114	-	1246	20
Total	**7805**	**1606**	**7835**	**1521**

Loans and advances as on March 31, 2014 were ₹ 9,411 million (₹ 9,356 million as on March 31, 2013). Loans and advances include capital advances, loans and advances given to related and unrelated parties, EMD (refundable and non-refundable) to various State Governments, security deposits to various parties and advances to trade creditors.

Other assets:

(Rupees in million)

	March 31, 2014	March 31, 2014	March 31, 2013	March 31, 2013
	Non current	Current	Non current	Current
Non current bank balances	17	-	141	-
Interest accrued on deposits	3	5	10	38
Unbilled receivables		14		86
Stamp in hand	-	1	-	1
Others advances	-	170	-	19
Total	**20**	**190**	**151**	**144**

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

Other liabilities:

(Rupees in million)

	March 31, 2014	March 31, 2014	March 31, 2013	March 31, 2013
	Long Term	Short term	Long Term	Short term
Advance from customers	100	962	95	734
Current Maturities of debt/Finance lease & Interest accrued	-	1257	-	3284
Security Deposits	3	-	3	-
Others	18	1092	5	1650
Total	**121**	**3311**	**103**	**5668**

Other liabilities as on March 31, 2014 stood at ₹ 3,432 million (₹ 5,771 million as on March 31 2013). The decrease is mainly on account of CDR.

Trade Payable:

(Rupees in million)

	March 31, 2014	March 31, 2013
Trade Payable	1627	2400

Trade payable amount to ₹ 1,627 million as of March 31, 2014 as compared to ₹ 2,400 million as of March 31, 2013.

Provisions:

(Rupees in million)

	March 31, 2014	March 31, 2014	March 31, 2013	March 31, 2013
Staff benefits	87	9	123	28
Income Tax (net of TDS/Adv. Tax)	-	0.4	-	305
Warranties/others	-	9	-	8
Proposed dividend		-		-
Tax on Proposed dividend	-	-	-	6
Total	87	18.4	123	347

Provisions made towards taxes, employee retirement benefits, proposed dividend, and tax on dividend aggregated to ₹ 106 million as on March 31, 2014 (₹ 471 million as on March 31, 2013). Significant provisions include provision for income tax, provision for proposed dividend, and provision for staff benefits.

Earnings per Share:

	March 31, 2014	March 31, 2013
Basic Earnings per share (₹)	(29.5)	(11.8)
Diluted Earnings per share (₹)	(29.5)	(11.8)

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 ₹ (29.5) as on March 31, 2014 against ₹ (11.8) as on March 31, 2013 for both basic & diluted EPS.

Cash Flows:

(Rupees in million)

The Cash used in operations stands at ₹ 8845.00 million as on March 31, 2014 as against generated from operations ₹ 2226.98 million as on March 31, 2013.

The cash inflow on account of investing activities is ₹ 460.87 million as on March 31, 2014 as against cash outflow of ₹ 110.35 million as on as on March 31, 2013.

The net proceeds from financing activity was ₹ 8532.78 million as on March 31, 2014 as against ₹ 1,122.60 million as on as on March 31, 2013.

Independent Auditors' Report

To the Members of Educomp Solutions Limited
Report on the Financial Statements

We have audited the accompanying financial statements of Educomp Solutions Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

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

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

Emphasis of Matter

a) We draw attention to Note no. 35 to the Financial Statements regarding managerial remuneration paid/provided to managing director/whole time director of the Company during the current financial year, in non-compliance with the requirements of Section 198 and Section 269 read with Schedule XIII to the Act, for which Central Government's approval has not been obtained. Our opinion is not qualified in respect of this matter.

b) We draw attention to Note no. 36 to the Financial Statements wherein the Management of the Company has considered its long outstanding Trade Receivables including dues from Government Companies/Agencies, which are due for more than one year as good and fully recoverable. These receivables may require adjustments including those for doubtful receivables after reconciliations, which are not ascertainable at this stage. Our opinion is not qualified in respect of this matter.

c) We draw attention to Note no. 2.12 (a) to the Financial Statements with respect to Management's assessment of recoverability of investment in 2 of its subsidiary companies namely, Educomp Online Supplemental Service Limited and Educomp Child Care Private Limited and in one of its associates, Greycells18 Media Limited, based on valuations performed by independent experts, according to which the decline in the value of these long term investments has been considered to be temporary. The recoverability of these amounts is significantly dependent on these companies' ability to achieve futuristic growth plan envisaged in the related assumptions used for the purpose of their respective valuation. Our report is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

   e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Sd/-
Raj Kumar Agarwal
Partner
Membership No. 74715

Place: Gurgaon
Date: May 26, 2014

Annexure To Independent Auditors' Report

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Educomp Solutions Limited on the financial statements for the year ended March 31, 2014.

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

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

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

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

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

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

(iii) (a) The Company has granted unsecured loan to two companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹594.33 million and the year-end balance of loans granted to such parties was ₹ Nil.

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

(c) The parties have repaid the principal amounts as stipulated and have also been regular in the payment of interest to the Company.

(d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

(e) The Company had taken unsecured interest free loan from the promoter director in the form of promoter contribution, as per approved Corporate Debt Restructuring (CDR) package. The maximum amount involved during the year and the year end balances is ₹ 226.05 million.

(f) According to the information and explanation given to us, the unsecured loan is interest free and other terms and conditions for such unsecured loan are not, prima facie, prejudicial to the interest of the Company.

(g) In respect of the aforesaid loans, as per the terms of the interest free unsecured loan, the principal amount is not due till the Balance Sheet date.

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

(vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under. Accordingly, the provisions stated in paragraph 4 (vi) of the Order are not applicable to the Company.

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

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

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including investor education and protection fund, wealth-tax, customs duty, cess and other material statutory dues applicable to it. *There are serious delays in a large number of cases in deposition of undisputed dues of provident fund, service tax, professional tax, sales tax, employee state insurance, labour welfare fund and income tax (tax deducted at source), with the appropriate authorities.*

(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 sales- tax, wealth tax, customs duty, excise duty and cess which have not been deposited on account of any dispute. According to the information and explanation given to us, dues of service tax which have not been deposited on account of any dispute is as under:

(Amount in ₹ Million)

Name of the statute	Nature of dues	Amount Disputed	Amount paid	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service Tax	25.46	16.98	2009-10	Customs, Excise & Service Tax Appellate Tribunal, New Delhi
Total		**25.46**	**16.98**		

(x) In our opinion and according to the information and explanation given to us, the Company does not have any accumulated losses as at March 31, 2014. *The Company has incurred cash losses during the financial year covered by our audit, however there were no cash losses in immediately preceding financial year.*

(xi) Based on our audit procedures and as per the information and explanations given by the management, *there have been defaults in repayment of dues to certain banks and financial institutions during the year, which have been subsequently rescheduled by way of Corporate Debt Restructuring (CDR) package as disclosed in the Note No. 2.3 to the Financial Statements. Further, during the year the Company has defaulted in repayments of dues to Banks, financial institutions and debentures holders, which did not participate in CDR, some of which have been made good during the year. The detail of such defaults is as below:*

(Amount in ₹ Million)

Nature of dues	Delay up to 3 months	Delay of 3 to 6 months	Delay of 6 to 12 months
Term loan			
Principal due	64.00	32.00	30.60
Interest	33.04	5.77	-
Non convertible debentures			
Interest	0.60	4.56	55.33
Total	**97.64**	**42.33**	**85.93**

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

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

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

(xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not 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 explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (xviii) of the Order are not applicable to the Company

(xix) According to the information and explanations given to us, during the previous year, *the Company had created partial security on assets having a book value of ₹ 1.08 million in respect of the debentures of ₹ 450 million issued by the Company during the previous year. As explained to us, the Company is taking necessary steps to create security in respect of these debentures.*

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

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

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

Sd/-
Raj Kumar Agarwal
Partner
Membership No. 74715

Place: Gurgaon
Date: May 26, 2014

BALANCE SHEET AS AT MARCH 31, 2014

(in ₹ million)

	Note	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	244.88	244.81
Reserves and surplus	2.2	16,520.39	19,608.91
Money received against share warrants	2.1	-	411.66
		16,765.27	**20,265.38**
Non-current liabilities			
Long-term borrowings	2.3	17,315.58	6,262.53
Trade payables	2.4	24.04	37.50
Other long term liabilities	2.5	104.97	137.28
Long-term provisions	2.6	71.90	93.63
		17,516.49	**6,530.94**
Current liabilities			
Short-term borrowings	2.7	1,965.83	3,389.88
Trade payables	2.8	1,565.16	2,250.62
Other current liabilities	2.9	2,060.77	3,126.15
Short-term provisions	2.10	13.35	334.83
		5,605.11	**9,101.48**
		39,886.87	**35,897.80**
ASSETS			
Non-current assets			
Fixed assets	2.11		
Tangible assets		414.59	626.14
Intangible assets		640.86	704.74
Capital work-in-progress		84.97	20.55
Intangible under development		0.65	17.70
Non-current investments	2.12	16,938.39	16,497.16
Deferred tax assets	2.13	-	131.62
Long-term loans and advances	2.14	740.52	261.74
Other non-current assets	2.15	17.60	55.04
		18,837.58	**18,314.69**
Current assets			
Current investments	2.12	-	346.87
Inventories	2.16	566.28	492.22
Trade receivables	2.17	18,468.31	13,035.88
Cash and bank balances	2.18	189.19	312.75
Short-term loans and advances	2.19	1,801.80	3,285.08
Other current assets	2.20	23.71	110.31
		21,049.29	**17,583.11**
		39,886.87	**35,897.80**
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date.
For **Haribhakti & Co.**
Firm Registration No.:103523W
Chartered Accountants

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715

Place: Gurgaon
Date: May 26, 2014

For and on behalf of Board of Directors of
Educomp Solutions Limited

Sd/-
Shantanu Prakash
Chairman and Managing Director

Sd/-
V. K. Dandona
Whole Time Director

Sd/-
Yogesh Saluja
Company secretary

Sd/-
Manish Jaiswal
Sr. Manager Account

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(in ₹ million)

	Note	For the year ended March 31, 2014	For the year ended March 31, 2013
Income:			
Revenue from operations	2.21	2,822.95	7,331.10
Other income	2.22	348.82	872.94
Total revenue		**3,171.77**	**8,204.04**
Expenses:			
Purchase of traded goods	2.23	1,076.92	3,273.58
Changes in inventories of stock-in-trade	2.24	99.65	82.18
Employee benefits expense	2.25	1,424.17	1,965.49
Finance costs	2.26	1,381.68	1,388.55
Depreciation and amortization expense	2.11	540.81	527.68
Other expenses	2.27	1,262.61	1,439.65
Total expenses		**5,785.84**	**8,677.13**
Loss before prior period items, exceptional items and tax		**(2,614.07)**	**(473.09)**
Prior period items	3	5.21	16.67
Loss before exceptional items and tax		**(2,619.28)**	**(489.76)**
Exceptional items	4	700.00	-
Loss before tax		**(3,319.28)**	**(489.76)**
Tax expense:			
Deferred tax charge/ (credit)	2.13	131.62	(82.56)
Tax earlier years' (Refer note 25)		(328.60)	-
Loss after tax		**(3,122.30)**	**(407.20)**
Loss per share (Basic and diluted) (₹)			
(nominal value of share ₹2 each)	5	(25.50)	(3.61)
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date.
For **Haribhakti & Co.**
Firm Registration No.:103523W
Chartered Accountants

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715

Place: Gurgaon
Date: May 26, 2014

For and on behalf of Board of Directors of
Educomp Solutions Limited

Sd/-
Shantanu Prakash
Chairman and Managing Director

Sd/-
V. K. Dandona
Whole Time Director

Sd/-
Yogesh Saluja
Company secretary

Sd/-
Manish Jaiswal
Sr. Manager Account

Cash Flows Statement for the year ended March 31, 2014

(in ₹ million)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Cash flows from operating activities		
Loss before tax as per Statement of Profit and Loss	**(3,319.28)**	**(489.76)**
Adjusted for:		
Net prior period adjustments	5.21	0.29
Exceptional items - provision for doubtful debts	700.00	-
Provision for doubtful debts/ advances	465.43	33.30
Provision for inventory obsolescence	2.24	22.92
Provisions/credit balances written back	(124.31)	-
Interest on income tax written back	(79.89)	-
Depreciation and amortisation expenses	540.81	544.07
Unrealised foreign exchange effects	172.59	67.31
Dividend income	-	(2.69)
Interest income	(57.86)	(136.41)
Interest expense	1,381.68	1,388.55
Employee stock option scheme amortisation cost	(43.95)	58.27
(Profit)/ Loss on sale of fixed assets	(0.18)	0.05
Impairment of investment	-	150.72
Profit on sale of investments	-	(704.00)
Operating (loss)/profit before working capital changes	**(357.51)**	**932.62**
Adjusted for:		
Trade receivables	(6,595.04)	(4,411.04)
Inventory	(76.31)	256.32
Loans, advances and other assets	318.83	(195.17)
Trade payables and other liabilities	(908.55)	373.86
Restricted bank balances /fixed deposits with maturity period within twelve months	123.16	172.86
Cash used in operations	**(7,495.42)**	**(2,870.55)**
Net prior period adjustments	(5.21)	(0.29)
Taxes paid	(62.81)	(25.12)
Net cash used in operating activities	**(7,563.44)**	**(2,895.96)**
Cash flows from investing activities		
Purchase of fixed assets (including capital work-in-progress)	(265.47)	(501.88)
Proceeds from sale of fixed assets	0.98	0.73
Investment in subsidiaries (including share application money)	(80.79)	(1,636.77)
Refund of share application money	843.28	-
Investment in associates	(14.50)	-
Sale of current investments (un-quoted, non trade)	-	1.58
Sale of investment in subsidiaries	-	1,199.92
Dividend income	-	2.69
Interest income	100.24	176.27
Net cash generated from/ (used in) investing activities	**583.74**	**(757.46)**

(in ₹ million)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Cash flows from financing activities		
Proceeds from issue of shares/warrants	0.84	4,596.83
Expenses on issue of shares and Foreign Currency Convertible Bonds	-	(40.92)
Premium on redemption of Foreign Currency Convertible Bonds	-	(1,832.06)
Promoter contribution received	226.05	-
Proceeds of long-term borrowings (Refer footnote 2)	10,491.50	5,879.62
Repayment of long-term borrowings	(1,193.19)	(4,857.37)
(Repayment)/ Proceeds of short-term borrowings (Refer footnote 2)	(1,424.05)	500.89
Payment of dividend (including dividend tax)	(5.81)	(35.52)
Interest on borrowings paid	(1,116.03)	(1,228.59)
Net cash generated from financing activities	**6,979.31**	**2,982.88**
Net decrease in cash and cash equivalents	(0.39)	(670.54)
Opening cash and cash equivalents	167.81	838.35
Closing cash and cash equivalents (Refer note 2.18)	**167.42**	**167.81**
Summary of significant accounting policies (refer note 1)		

Notes:

1. Reconciliation of components of cash and cash equivalents

(in ₹ million)

	As at March 31, 2014	As at March 31, 2013
Balances with banks-on current accounts	161.83	121.12
Cheques/draft on hand	5.05	46.14
Cash on hand	0.54	0.55
	167.42	**167.81**

2. The proceeds from long term borrowings comprise of working capital carved out from short term borrowing amounting to Rs. 2,296.95 million (reflected in net proceeds from short term borrowing above) and interest liability converted into funded interest term loan amounting to Rs.1,123.66 million due to implementation of corporate debt restructuring (Refer note 55).
3. Figures in brackets indicate cash outflow.
4. Corresponding figures for the previous year have been regrouped and recast wherever necessary to confirm the current year's classification.

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date.
For **Haribhakti & Co.**
Firm Registration No.:103523W
Chartered Accountants

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715

Place: Gurgaon
Date: May 26, 2014

For and on behalf of Board of Directors of
Educomp Solutions Limited

Sd/-
Shantanu Prakash
Chairman and Managing Director

Sd/-
V. K. Dandona
Whole Time Director

Sd/-
Yogesh Saluja
Company secretary

Sd/-
Manish Jaiswal
Sr. Manager Account

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

1. Significant Accounting Policies

(i) Basis for preparation of Financial Statements

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

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(ii) Current/Non-current classification of assets/liabilities

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. The Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

(iii) Use of estimates

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

(iv) Revenue recognition

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

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

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

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

Income from interest on fixed deposits is recognized using the time proportion method taking into account applicable rate of interest.

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

(v) Fixed assets/ depreciation and amortization

Tangible assets

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

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day to day repair and maintenance and cost of replacing parts, are charged to the Statement of Profit and Loss for the period in which such expenses are incurred.

Losses arising from the retirement of, and gain or losses arising from disposal of tangible asset are determined as the difference between the net disposal proceeds and the carrying amount of asset and recognised as income or expense in the Statement of Profit and Loss.

Depreciation on tangible fixed assets except those assets purchased for project implementation under BOOT model is provided on written down value method based on rates as 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.

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

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

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

Intangible assets

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

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

Losses arising from the retirement of, and gain or losses arising from disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of asset and recognised as income or expense in the Statement of Profit and Loss.

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

Capital work-in-progress/intangibles under development

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

Research and development costs

Research costs are expensed off as incurred. Development expenditure incurred on the individual project is recognized as an individual asset when the Company can demonstrate (i) the technical feasibility of completing the intangible asset so that it will

be available for use or sale, (ii) its intention to complete the asset, (iii) its ability to use or sell the asset, (iv)asset's ability to generate future economic benefits, (v) availability of adequate resources to complete the development and to use or sell the asset and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during development.

(vi) Impairment of assets

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

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

(vii) Leases

Operating lease

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

Where the Company is lessee

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

Where the Company is lessor

Lease income on an operating lease arrangement is recognized in the Statement of Profit and Loss on straight line basis over the lease term.

Finance lease

Leases where the lessor effectively transfers substantially all the risks and benefits of ownership over the lease term are classified as finance lease.

Assets taken on finance lease are capitalized at fair value or net present value of the minimum lease payments, whichever is lower. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to Statement of Profit and Loss.

(viii) Inventories

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

(ix) Investments

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

Long-term investments are stated at acquisition cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary. Any reduction in carrying amount and any reversal of such reductions are charged to or credit to or Statement of Profit and Loss. Current investments are valued at lower of cost and fair value on individual investment basis.

Classification in the Financial Statements

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

(x) Foreign exchange transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary item, which are measured in terms of historical cost denomination in a foreign currency, are reported using the exchange rate at the date of transaction.

Exchange difference

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

Monetary assets and liability outstanding as at balance sheet date are restated at the closing exchange rate on that date.

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

(xi) Employee benefits

(a) Short term employee benefits

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

(b) Long term employee benefits

(i) Defined contribution plan

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

(ii) Defined benefit plan

Leave encashment- The Company has provided for the liability at the year end on account of unavailed earned leave as per the actuarial valuation as per

the Projected Unit Credit method in accordance with Accounting Standard 15, "Employee benefits". All actuarial gains/losses are charged to the Statement of Profit and Loss in the year they arise.

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

(c) Employee stock option scheme

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

(xii) Borrowing cost

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

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

Minimum Alternative Tax (MAT)

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

(xiv) Contingent liabilities and provisions

Contingent liabilities

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

Provisions

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

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

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

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

(xvi) Segment reporting

Idenification of segment

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit

that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Intersegment transfer
The Company generally accounts for intersegment sales and transfers at cost plus appropriate margins.

Allocation of common cost
Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items
Unallocated items include general corporate income and expense items which are not allocated to any business segment and include interest expense and income tax is not allocated to the segments.

Segment accounting policy
The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

(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.

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

(xix) Material events
Material Events occurring after the Balance Sheet date upto the date of signing of the financials are taken into cognizance.

2 Notes to the financial statements for the year ended 31st March, 2014
Amounts in the financial statements are presented in ₹ million, except for share data and as otherwise stated.

2.1. Share capital

	As at March 31, 2014	As at March 31, 2013
Authorized shares		
200,000,000 (previous year 200,000,000) equity shares of ₹ 2 each	400.00	400.00
Issued, subscribed and fully paid-up shares		
122,441,068 (122,407,493) equity shares of ₹ 2 each fully paid-up	244.88	244.81
	244.88	**244.81**

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

	As at March 31, 2014		As at March 31, 2013	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	122,407,493	244.81	96,063,930	192.13
Shares issued during the year	33,575	0.07	26,343,563	52.68
Shares outstanding at the end of the year	**122,441,068**	**244.88**	**122,407,493**	**244.81**

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

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

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

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Equity shares of ₹ 2 each fully paid-up				
Mr. Shantanu Prakash	44,315,205	36.19%	35,135,205	28.70%
A.P Eduvision Private Limited	7,284,600	5.95%	7,284,600	5.95%
MKCP Institutional Investor (Mauritius) II Ltd	9,898,370	8.08%	9,898,370	8.09%
Macquarie Finance (India) Private Limited	-		9,180,000	7.50%
Citigroup Global Markets Mauritius Private Limited	6,791,634	5.55%	6,791,634	5.55%

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

	As at March 31, 2014	As at March 31, 2013
Equity shares fully paid up pursuant to contract(s) without payment being received in cash-bonus shares	108,259	108,259

e. Share reserved for issue under options/contracts
For details of shares reserved for issue on conversion of Zero Coupon Foreign Currency Convertible Bonds, please refer note 28.
For details of shares reserved for issue on conversion of share warrants, please refer note 29.
For details of shares reserved for issue on exercise of employee stock options, please refer note 30.

2.2. Reserve and surplus

	As at March 31, 2014	As at March 31, 2013
Capital reserve		
Opening balance	-	-
Add: On account of forfeiture of share warrant (Refer note 29)	411.66	-
Closing balance	**411.66**	**-**
Securities premium account		
Opening balance	10,228.99	7,873.05
Add: On issue of shares (including shares under ESOS)	6.37	4,228.92
Less: Issue expenses/redemption premium	-	1,872.98
Closing balance	**10,235.36**	**10,228.99**
Share options outstanding account		
Opening balance	160.31	198.47
Add: Employee stock compensation (reversed)/ provided	(43.94)	58.27
Less: Transfer to securities premium account on exercise of stock options	5.60	96.43
Closing balance	**110.77**	**160.31**
General reserve		
Opening balance	915.29	915.29
Add: Transferred from surplus in the Statement of Profit and Loss	-	-
Closing balance	**915.29**	**915.29**
Surplus in the Statement of Profit and Loss		
Opening balance	8,640.53	9,055.70
Add: Net loss after tax transferred from the Statement of Profit and Loss	(3,122.30)	(407.20)
Less: Dividend	-	6.86
Less: Corporate dividend tax	-	1.11
Closing balance	**5,518.23**	**8,640.53**
Foreign Currency Monetary Items Translation Difference Account (refer note 33)		
Opening balance	(336.21)	(131.27)
Add: Addition during the year	(456.82)	(252.26)
Less: Amortisation during the year	(122.11)	(47.32)
Closing balance	**(670.92)**	**(336.21)**
	16,520.39	**19,608.91**

2.3. Long-term borrowings

	As at March 31, 2014	As at March 31, 2013
Bonds and debentures		
10 Zero Coupon Foreign Currency Convertible Bonds (previous year 10) of $ 1,000,000 each (secured) (refer note 28)	601.00	543.89
13.50%, 350 Non Convertible Debentures (previous year 350) of ₹ 10,00,000 each (secured)	350.00	350.00
13.25%, 100 Non Convertible Debentures (previous year 100) of ₹ 10,00,000 each (unsecured)	100.00	100.00
Term loans		
Secured		
from banks	11,223.83	785.67
from others		
- External Commercial Borrowings	4,206.99	3,807.25
Unsecured		
from banks	-	320.00
from others	810.92	306.30
Long term maturities of finance lease obligations (Unsecured)	22.84	49.42
	17,315.58	**6,262.53**

Note:

1. Refer note 2.9 for current maturities of long term borrowings.
2. Refer note 7 for details of security and principal terms of borrowing.

2.4. Trade payables

	As at March 31, 2014	As at March 31, 2013
Trade payables*	24.04	37.50
	24.04	**37.50**

* refer note 32(i) for disclosures with respect to MSMED Act, 2006.

2.5. Other long term liabilities

	As at March 31, 2014	As at March 31, 2013
Others		
Advance from customers*	104.97	137.28
	104.97	**137.28**
*** includes payable to related party**		
Educomp Raffles Higher Education Limited	104.97	137.28

2.6. Long-term provisions

	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits		
Gratuity (refer note 10)	57.92	68.07
Leave encashment (refer note 10)	13.98	25.56
	71.90	**93.63**

2.7. Short-term borrowings

	As at March 31, 2014	As at March 31, 2013
Loans repayable on demand		
Working capital loans from bank (secured)	1,929.33	3,155.88
Other loans and advances		
From others (unsecured)	36.50	234.00
	1,965.83	**3,389.88**

Note
1. Refer note 7 for details of security and principal terms of borrowings.

2.8 Trade payables

	As at March 31, 2014	As at March 31, 2013
Trade payables (including acceptances) (refer note 32.(i) below for dues to micro and small enterprises)	1,565.16	2,250.62
	1,565.16	**2,250.62**

2.9. Other current liabilities

	As at March 31, 2014	As at March 31, 2013
Current maturities of long-term borrowing#		
Term loans -from banks (secured)	460.27	1,192.09
Term loans -from others (unsecured)	92.25	372.00
Current maturities of finance lease obligations#		
Finance lease obligations (unsecured)	6.47	66.74
Interest accrued but not due on borrowings	103.47	103.32
Interest accrued and due on borrowings	295.88	70.51
Advances from customers*	536.98	335.01
Unpaid dividend (refer note 2.18)	1.56	1.56
Security deposits	0.86	1.31
Book overdraft	4.50	200.74
Other payables		
Employees related payables	494.34	551.30
Statutory dues	64.19	231.57
	2,060.77	**3,126.15**
# Refer note 7 for details of security and principal terms of borrowings.		
*** includes advance from related parties**		
Educomp Global Holding W.L.L	39.41	35.66
Educomp Raffles Higher Education Limited	32.29	32.29
Edumatics Corporation	15.02	21.75
Vidya Mandir Classes Limited	5.11	150.00
Wizlearn technologies Pte Ltd	148.86	75.43
Educomp Software Limited	0.40	0.42
Educomp Child Care Private Limited	162.67	-
	403.76	**315.55**

2.10. Short-term provisions

	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits		
Gratuity (Refer note 10)	1.75	9.94
Leave encashment (Refer note 10)	6.60	5.99
Other provisions		
Provision for warranties	5.00	5.00
Provision for corporate dividend tax	-	5.81
Provision for taxation (net of advance tax/tds ₹ Nil (previous year ₹ 185.02 million)*	-	308.09
	13.35	**334.83**

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

2.11. Fixed assets

	Gross block				Accumulated depreciation/amortisation					Net block	
	As at April 1, 2013	Additions	Disposals	As at March 31, 2014	As at April 1, 2013	Charge for the year	On disposals	Other adjustments (Refer note iii)	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangible assets											
Land (freehold)	8.93	-	-	8.93	-	-	-	-	-	8.93	8.93
Building	106.66	-	-	106.66	20.20	3.91	-	-	24.11	82.55	86.46
Office equipment	476.95	56.65	0.09	533.51	312.41	94.37	0.02	-	406.76	126.75	164.54
Office equipment-finance lease	68.74	-	-	68.74	20.21	13.73	-	-	33.94	34.80	48.53
Computers and accessories	638.02	14.96	2.08	650.90	455.81	119.88	1.34	-	574.35	76.55	182.21
Computers and accessories- finance lease	90.32	-	-	90.32	26.72	18.04	-	-	44.76	45.56	63.60
Furniture and fixtures	182.40	1.40	-	183.80	114.21	31.73	-	-	145.94	37.86	68.19
Vehicles	5.73	-	-	5.73	4.46	0.33	-	-	4.79	0.94	1.27
Leasehold improvements	13.32	-	-	13.32	10.91	1.76	-	-	12.67	0.65	2.41
Sub total	**1,591.07**	**73.01**	**2.17**	**1,661.91**	**964.93**	**283.75**	**1.36**	**-**	**1,247.32**	**414.59**	**626.14**
Previous year	1,580.59	14.17	3.69	1,591.07	662.18	305.65	2.90	-	964.93	626.14	-
Intangible assets											
Computer software	87.30	2.94	-	90.24	71.87	9.23	-	-	81.10	9.14	15.43
Knowledge-based content (Refer note i)	1,708.41	190.24	-	1,898.65	1,019.10	247.83	-	-	1,266.93	631.72	689.31
Sub total	**1,795.71**	**193.18**	**-**	**1,988.89**	**1,090.97**	**257.06**	**-**	**-**	**1,348.03**	**640.86**	**704.74**
Previous year	1,332.39	463.32	-	1,795.71	852.56	222.03	-	16.38	1,090.97	704.74	
Total	**3,386.78**	**266.19**	**2.17**	**3,650.80**	**2,055.90**	**540.81**	**1.36**	**-**	**2,595.35**	**1,055.45**	**1,330.88**
Previous year	2,912.98	477.49	3.69	3,386.78	1,514.74	527.68	2.90	16.38	2,055.90	1,330.88	
Intangibles under development (Refer note ii)										0.65	17.70
Capital work in progress										84.97	20.55
Grand total										**1,141.07**	**1,369.13**
Note:											
(i) Knowledge based content includes:											
(a) Internally generated intangible asset:											
Current year	579.63	106.55	-	686.18	72.40	161.67	-	-	234.07	452.11	507.23
Previous year	229.94	349.69	-	579.63	0.15	72.25	-	-	72.40	507.23	229.79

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

(ii) Intangibles under development

It includes payroll cost of ₹ 0.47 million (previous year ₹ 14.53 million) and other expenses of ₹ 0.18 million (previous year ₹ 3.17 million) incurred for development of knowledge-based content.

(iii) Refer note 3 on prior period items.

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2.12. Investments

Non-current investments

	No of Units as at		Face value	Extent of holding as at		As at March 31, 2014	As at March 31, 2013
	March 31 2014	March 31 2013		March 31 2014	March 31 2013		
Long term, unquoted, trade, at cost							
a) Investment in subsidiaries in equity share							
Wheitstone Productions Private Limited	85,899	85,899	₹10	51.00%	51.00%	3.35	3.35
Edumatics Corporation Inc, USA#	1,366,092	1,366,092	USD1	100.00%	100.00%	62.09	62.09
Educomp Learning Private Limited#	53,550	53,550	₹10	51.00%	51.00%	1.96	1.96
Educomp Infrastructure & School Management Limited##	26,726,448	26,726,448	₹10	83.38%	83.38%	10,427.45	10,427.45
Educomp School Management Limited#	34,175	34,175	₹10	68.35%	68.35%	50.00	50.00
Educomp Asia pacific Pte Ltd., Singapore#	24,085,351	24,085,351	USD1	100.00%	100.00%	1,220.51	1,220.51
Educomp Professional Education Limited#	4,284,095	4,284,095	₹10	100.00%	100.00%	2,960.09	2,960.09
Savvica Inc., Canada	3,503,522	3,503,522	CAD1	79.55%	79.55%	150.72	150.72
Educomp Child care Private Limited#	16,110,239	16,110,239	₹10	100.00%	100.00%	161.10	161.10
Educomp Intelprop Ventures Pte Limited*	1,198,755	1,198,755	SGD1	100.00%	100.00%	39.30	39.30
Educomp Online Supplemental Services Limited#	904,056	904,056	₹10	24.72%	24.72%	14.56	14.56
Educomp Online Supplemental Services Limited - ₹ 5 paid up	4,351,675	4,351,675	₹10	59.49%	59.49%	502.62	502.62
Educomp Investment Management Limited#	600,000	600,000	₹10	100.00%	100.00%	6.00	6.00
Educomp Global Holding W.L.L#	2,475	2,475	BHD100	100.00%	100.00%	29.61	29.61
Educomp Global FZE #	1	1	AED100,000	100.00%	100.00%	1.46	1.46
Vidya Mandir Classes Private Limited (Refer note 2.12(b))*	48,776	-	₹10	67.00%		346.87	-
						15,977.69	**15,630.82**
b) Investment in subsidiaries in preference share							
0% Redeemable optionally fully convertible Preference shares, in Educomp Infrastructure & School Management Limited	79,857	-	₹1000			79.86	-
						79.86	**-**
c) Investment in associates in equity share							
Greycells 18 Media Limited#	2,999,749	2,385,141	₹10	25.78%	26.00%	159.91	145.41
						159.91	**145.41**
d) Others							
8% Cumulative Redeemable Non-convertible Preference Shares, in Edu Smart services Private Limited	4,500,000	4,500,000	₹100			450.00	450.00
India Education Fund#	425,000	425,000	₹1000			425.00	425.00
						875.00	**875.00**
						17,092.46	**16,651.23**
Less: Provision for diminution in the value of investment							
- Savvica Inc.						150.72	150.72
- Wheitstone Productions Private Limited						3.35	3.35
Aggregate value of provision for diminution for value in investments						**154.07**	**154.07**
						16,938.39	**16,497.16**
Current investments-at lower of cost and fair value							
Short term, unquoted, trade, at cost							
a) Investment in subsidiaries in equity share							
Vidya Mandir Classes Private Limited (held for sale) (Refer note 2.12(b))	-	48,776	₹10		67.00%	-	346.87
Total						-	346.87
Aggregate amount of unquoted investments						17,092.46	16,998.10
Aggregate amount of quoted investments (market value of ₹ Nil (previous year ₹Nil million)						-	-

shares are earmarked as per terms of Master Restructuring Agreement pursuant to CDR. (Refer note 7).

51% shares are pledge to FCCB & ECB lenders and balance shares earmarked to CDR lenders of EISML. (Refer note 7).

* these investments are pledge against loan taken by subsidiaries companies.

2.12. (a) As part of regular process, the Company periodically evaluates the investments to identify any dimunitation other than temporary in the value of investments. During the course of this exercise, there were certain indicators of impairment identifed in case of two of its subsidiary companies namely, Educomp Online Supplemental Services Limited and Educomp Child Care Private Limited and its associate, Greycells18 Media Limited. The Company assessed the business projections of these investments and concluded that their business is sustainable on a going concern basis. The Company evaluated the recoverability of its share of net assets held through these Companies, using business valuations performed by independent experts. The said evaluation is based on the long term business plans of its subsidiaries/associates. Accordingly, in view of the management no provision is required in respect of these investments of the Company.

2.12 (b) In earlier year, the management had identified its investment in Vidya Mandir Classes Limited to be disposed off to meet out its cash shortfall and therefore it was classified as current investment in previous financial year. However, during the year subsequent to Master Restructuring Agreement the management intents to hold it for a period of exceeding twelve months to secure of better valuation in the market. Accordingly the same has reclassified as long term investment. (refer note 8)

2.13. Deferred tax assets

The Company estimates the deferred tax charge/credit using applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year. The component of deferred tax as at year end as under:

	As at March 31, 2014	As at March 31, 2013
Deferred tax assets on account of :-		
Expenses allowable on payment basis	-	37.02
Provision for doubtful debts and advances	-	36.65
Difference in net block of fixed assets as per books and Income tax	-	57.95
Deferred tax assets	-	131.62

As required by Accounting Standard 22 on "Accounting for taxes on income", where an enterprise has unabsorbed depreciation and accumulated carried forward losses under tax laws, deferred tax assets should be recognized only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Hence, in the absence of virtual certainty of sufficient future taxable income deferred tax asset has not been recognized. The charge in the Statement of Profit and Loss represents reversal of deferred tax recognised in earlier years.

2.14. Long term loans and advances

	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good		
Security deposits	359.58	183.29
Loans and advances to related parties*	102.21	-
Prepaid expenses	40.98	61.79
Earnest money deposits	9.54	-
TDS Recoverable [net of provision of tax 190.91 million, (Previous year Nil)]	163.22	-
Balance with Statutory/Government authorities	64.99	16.66
Unsecured, considered doubtful		
Advance for supply of goods and rendering of services	3.08	3.08
Earnest money deposits	2.92	-
Loans and advances to employees	3.33	3.33
Less: Provision for doubtful advances	(9.33)	(6.41)
	740.52	**261.74**
* Educomp Online Supplemental Services Limited	102.21	-

2.15. Other non current assets

	As at March 31, 2014	As at March 31, 2013
Non-current bank balances		
- Held as margin money/security*	14.63	46.32
Others		
Interest accrued but not due on deposits		
- Held as margin money/security	2.97	8.72
	17.60	**55.04**

* Margin money deposit given against borrowings, letter of credit and bank guarantees including to revenue authorities.

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

	As at March 31, 2014	As at March 31, 2013
Stock-in-trade		
Technology equipment	351.15	515.15
Consumables	240.31	-
Less: Provision for obsolescence	(25.18)	(22.93)
	566.28	**492.22**

2.17. Trade receivables *#

	As at March 31, 2014	As at March 31, 2013
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	5,203.33	9,393.64
Unsecured, considered doubtful	1,241.11	75.68
	6,444.44	**9,469.32**
Others		
Unsecured, considered good	13,264.98	3,642.24
Less: Provision for doubtful debts (refer note 36)	(1,241.11)	(75.68)
	18,468.31	**13,035.88**
# (refer note 8)		
*** Includes receivables due from subsidiaries (refer note 14 on related party disclosures)**		
Educomp Infrastructure & School Management Limited	13.51	22.29
Educomp School Management Limited	0.31	0.31
Educomp learning Private Limited	0.24	0.10
Educomp Online Supplemental Services Limited	0.72	4.32
SAVVICA Inc. (provision for doubtful debts ₹ 5.90 million (previous year ₹ 10.44 million)	5.90	10.44
Educomp Learning Hour Pvt. Limited	0.30	-
Other related parties (refer note 14 on related party disclosures)		
Learning Leadership Foundation	38.10	51.90
Learning Links Foundation	11.97	8.66
Indiacan Education Private Limited	-	4.87
Lakshya Digital Services Private Limited	4.89	3.82
	75.94	**106.69**

2.18. Cash and bank balances

	As at March 31, 2014	As at March 31, 2013
Cash and cash equivalents		
Balances with banks-on current accounts	161.83	121.12
Cheques/draft on hand	5.05	46.14
Cash on hand	0.54	0.55
	167.42	**167.81**
Other bank balances		
Unpaid dividend account	1.56	1.56
Margin money deposit*	20.21	143.38
	189.19	**312.75**

* Margin money deposit given against borrowings, letter of credit and bank guarantees including to revenue authorities.

2.19. Short term loans and advances

	As at March 31, 2014	As at March 31, 2013
Unsecured, considered good		
Security deposit	14.01	237.75
Loans and advances to related parties*	1,073.39	2,017.94
Prepaid expenses	16.38	117.76
For supply of goods and rendering of services*	507.58	687.77
Loans and advances to employees	22.38	10.99
Earnest money deposits	0.65	28.69
Balance with Statutory/Government Authorities	-	62.80
Others	167.41	121.38
Unsecured, considered doubtful		
Earnest money deposits	-	2.91
Less: Provision for doubtful advances	-	(2.91)
	1,801.80	**3,285.08**

	As at March 31, 2014	As at March 31, 2013
*** includes: (refer note 14 on related party disclosures)**		
Share application money advanced to		
Subsidiaries		
Educomp Childcare Private Limited	-	46.56
Educomp School Management Limited	4.50	4.50
Educomp Professional Education Limited	674.00	1,304.00
Educomp Investment Management Limited	1.32	0.40
Educomp Software Limited	1.17	1.17
Educomp Infrastructure & School Management Limited	392.40	-
Associates		
Greycells18 Media Limited.	-	1.17
Advance call money		
Subsidiaries		
Educomp Online Supplemental Services Limited	-	103.69
For supply of goods and rendering of services		
- Subsidiary - Educomp Investment Management Limited	0.90	-
- Others - Unnati Education Trust	28.76	-
Disclosure pursuant to requirements of clause 32 of the listing agreement		
Loans and advances		
Subsidiaries		
Educomp Infrastructure & School Management Limited	-	467.74
(maximum amount outstanding ₹ 500.98 million (previous year ₹ 467.74 million)		
Educomp Learning Hour Private Limited	-	62.12
(maximum amount outstanding ₹ 93.35 million (previous year ₹ 62.12 million)	**1,103.05**	**1,991.34**

2.20. Other current assets

	As at March 31, 2014	As at March 31, 2013
Unbilled receivables	5.93	65.94
Interest accrued on deposits		
Held as margin money	1.48	1.99
Others (interest accrued on loans given to subsidiary)	-	42.38
Recoverable from banks pursuant to MRA (Refer note 8)	16.30	-
	23.71	**110.31**

2.21. Revenue from operations

	For the year ended March 31, 2014	For the year ended March 31, 2013
Sale of education products and technology equipments	1,280.61	5,668.06
Educational services	1,542.34	1,663.04
	2,822.95	**7,331.10**

2.22. Other income

	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest income		
- Fixed deposit	5.34	72.09
- Advances given to vendors and related parties	77.93	64.32
Dividend from subsidiary companies	-	2.69
Profit on sale of current investment	-	0.08
Profit on sale of long term investment in subsidiary	-	704.00
Provision no longer required written back	208.68	-
Other non-operating income	56.87	29.76
	348.82	**872.94**

2.23. Purchase of traded goods

	For the year ended March 31, 2014	For the year ended March 31, 2013
Technology equipments	1,036.11	3,203.55
Educational products	40.81	70.03
	1,076.92	**3,273.58**

2.24. Changes in inventories of stock-in-trade

	For the year ended March 31, 2014	For the year ended March 31, 2013
Changes in inventories of stock-in-trade		
Opening -stock-in-trade		
Technology equipment	515.15	771.46
Less: Transfer to fixed assets/repair and maintenance	(64.35)	(174.13)
	450.80	**597.33**
Closing -stock-in-trade		
Technology equipment	351.15	515.15
	351.15	**515.15**
	99.65	**82.18**

2.25. Employee benefit expense (refer note 10)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Salaries wages and bonus	1,353.35	1,795.47
Contribution to provident and other funds	63.52	80.69
Employee stock option scheme (Refer note 30)	-	58.27
Gratuity expenses	3.09	25.98
Staff welfare expenses	4.21	5.08
	1,424.17	**1,965.49**

2.26. Finance costs

	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest expense	1,303.11	1,177.11
Interest on delay in payment of statutory dues	11.27	70.99
Other borrowing costs	67.30	140.45
	1,381.68	**1,388.55**

2.27. Other expenses

	For the year ended March 31, 2014	For the year ended March 31, 2013
Lease rent (Refer note 18(ii))	64.64	101.13
Rates and taxes	4.90	11.63
Travelling and conveyance	109.34	165.00
Recruitment and training	2.98	5.18
Legal and professional (Refer note 17)	120.84	254.58
Communication	39.40	61.42
Printing and stationery	84.29	59.50
Repair and maintenance		
- Building	14.09	16.35
- Machinery	10.61	16.02
- Others	94.57	174.72
Power and fuel	14.97	22.62

	For the year ended March 31, 2014	For the year ended March 31, 2013
Insurance	4.50	5.30
Advertisement, publicity and business promotion	14.12	51.55
Freight and forwarding charges	10.88	14.34
Bank charges	3.55	6.77
Loss on novation of loan	-	132.34
Provision for doubtful debts/advances	465.44	33.30
Provision for inventory obsolescence	2.24	22.92
Foreign exchange loss (net) (refer note 24)	195.76	117.22
Loss on sale of fixed assets (net)	0.06	0.20
Provision for diminution in the value of long term investment	-	150.72
Miscellaneous expenses	5.43	16.84
	1,262.61	**1,439.65**

3. Prior period items

	For the year ended March 31, 2014	For the year ended March 31, 2013
Prior period expenses		
Repair and maintenance-others	5.21	0.29
Amortization expense	-	16.38
	5.21	**16.67**

4. Exceptional items

	For the year ended March 31, 2014	For the year ended March 31, 2013
Provision for doubtful debts (Refer note 36)	700.00	-
	700.00	**-**

5. Loss per share (EPS)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Calculation of loss for basic/ diluted EPS		
Net loss attributable to equity shareholders (₹)	(3,122.30)	(407.20)
Nominal value of equity share (₹)	2.00	2.00
No of shares as at end of the year	122,441,068	122,407,493
No. of weighted average equity shares	122,436,805	112,739,924
Loss per share Basic/ diluted (₹)	(25.50)	(3.61)

6. Unhedged foreign currency exposure

	Foreign currency	As at March 31, 2014 (Foreign currency)	As at March 31, 2013 (Foreign currency)	As at March 31, 2014	As at March 31, 2013
Trade payable	US$	10.71	10.78	639.67	586.99
	Euro	0.01	-	0.71	-
	SGD	1.06	1.06	50.06	46.22
Advance to suppliers	US$	0.10	0.70	5.24	38.33
Trade receivable	US$	0.51	0.52	30.99	31.23
	C$	0.11	0.14	5.90	7.56
Advance from customer	US$	1.08	2.62	65.23	142.61
	SGD	3.14	-	148.85	-
Loans payable	US$	80.00	80.00	4,807.99	4,351.14

7. Borrowings (Included in Long term borrowing, short term borrowing and current maturity of long term borrowing) Particulars of security, interest and terms of repayment of Loans

Particulars	Amount Outstanding as at March 31,		Terms of repayment		Security	
	2014	2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Loan from Bank - CDR - Secured						
Term loan (a)	115.61	102.43	Repayment in 10 quarterly installments commencing from quarter ending December 31, 2015.	Payable in 14 equal quarterly installments from April 15, 2010	- First pari passu charge on all fixed assets (immovable and immovable) of the company, both present and future. - First pari passu charge on all the intangible assets, current assets, other non current assets and other receivables and unencumbered receivables of ESSPL, both present and future. - First charge on the borrower's bank accounts, including but not limited to Trust & Retention Account. - Pledge of all unencombered shares held by the Promoters Group in company. - Pledge of all unencumbered shares held by company in various companies. - Pledge of all unencumbered shares of subsidiaries of the borrower held by Mr. Shantanu Prakash in the share capital of such subsidiaries. - Unconditional & irrevocable Personal Guarantees from Mr. Shantanu Prakash & Mr. Jagdish Prakash and Corporate Guarantee of ESSPL. - First pari-passu charge by way of mortgage of personal property of Mr. Shantanu Prakash situated at Residential Plot No. P-63, Sector 56, Gurgaon, Haryana.	- Sub-servient charge on the movable and immovable assets of the Company. - Personal guarantee of Mr. Shantanu Prakash. - Sub-servient charge on the current assets of the Company. - Personal guarantee of Mr. Shantanu Prakash. - Sub-servient charge on the current assets of the Company. - Sub-servient charge on the current assets of the Company. - First Pari passu charge on the borrower's movable fixed assets lying at designated schools. - Subservient charge on current assets & fixed assets. - Personal guarantee of Mr. Shantanu Prakash.
Term loan (b)	253.93	216.46	Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ending December 31, 2015 and ending in quarter ending March 31, 2023.	₹ 500 million in three half yearly installments. (part installment due for repayment)		
Term loan (c)	300.00	300.00		Five equated installments starting from July, 2013.		
Term loan (d)	262.47	250.00		Two quarterly installments of ₹ 125 million each on July 01, 2013 and October 01, 2013		
Term loan (e)	64.00	64.00		Nine quarterly installments starting from January, 2014		
Term loan (f)	2,562.31	-				
Term loan (g)	4,183.96	-				
Term loan (h)	315.55	-				
Working capital term loan	2,296.96	-				
Funded interest term loan	336.29	-				
Working capital facility (a)	1,031.88	2,326.41	Payable on demand	Payable on demand		- First ranking pari passu charge on the entire current assets of the Company. - Second pari-passu charge over the fixed assets of the Company. - Personal guarantee of the Mr. Shantanu Prakash and Mr. Jagdish Prakash and first charge by way of mortgage on one of the personal property of Mr. Shantanu Prakash.
Sub-total (a)	**11,722.96**	**3,259.30**				

Particulars	Amount Outstanding as at March 31,		Terms of repayment		Security	
	2014	2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Loan from Bank – Other – Secured						
Term loan (i)	194.57	226.55	₹ 50 million in six half yearly installments and ₹ 325.19 million in 18 quarterly installments	₹ 50 million in six half yearly installments and ₹ 325.19 million in 18 quarterly installments	- First pari-passu charge by way of mortgage of all immovable properties and assets of the Company. - First pari-passu charge by way of hypothecation of all the movable assets including, but not limited to computer hardware, furniture and fixtures. - First pari-passu charge on receivable from Government contracts of Uttar Pradesh and Gujarat. - First charge on the Debt Service Reserve Account (DSRA) created for the project. - Personal guarantee of Mr. Shantanu Prakash and first charge by way of mortgage on one of the personal property of Mr. Shantanu Prakash.	- First pari-passu charge by way of mortgage of all immovable properties and assets of the Company. - First pari-passu charge by way of hypothecation of all the movable assets including, but not limited to computer hardware, furniture and fixtures. - First pari-passu charge on receivable from Government contracts of Uttar Pradesh and Gujarat. - First charge on the Debt Service Reserve Account (DSRA) created for the project. - Personal guarantee of Mr. Shantanu Prakash and first charge by way of mortgage on one of the personal property of Mr. Shantanu Prakash.
Term loan (j)	726.48	648.32	16 equal quarterly installments starting at the end of 15th month from the date of first disbursement.	16 equal quarterly installments starting at the end of 15th month from the date of first disbursement.	- Sub-servient charge on the current assets of the Company. - Exclusive charge on Mumbai Office of the Company. - Subservient charge on all current assets of Educomp Infrastructure & School Management Limited (EISML). - Personal guarantee of Mr. Shantanu	- Sub-servient charge on the current assets of the Company. - Exclusive charge on Mumbai Office of the Company. - Subservient charge on all current assets of Educomp Infrastructure & School Management Limited (EISML). - Personal guarantee of Mr. Shantanu
Term loan (k)	-	170.00	Not applicable	18 monthly installments starting from 10th April' 2013	Not applicable	- Subservient charge on receivables of the Company. - Exclusive charge on an immovable property of EISML in Gurgaon. - Corporate guarantee of EISML & personal guarantee of Mr. Shantanu Prakash
Term loan (l)	9.27	-	12 equal quarterly installments starting from 5th quarter of first disbursement.	Not applicable	- pledge shares of Vidya Mandir Classes Limited held by the Company. - Pledge shares held by Educomp Online Supplemental Services Limited of Educomp Learning Hour Private Limited. - Hypothecation by way of exclusive charge over receivables of the borrower from Edusmart.	Not applicable

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Particulars	Amount Outstanding as at March 31,		Terms of repayment		Security	
	2014	2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Working capital facility (b)	897.45	688.46	Payable on demand	Payable on demand	- First ranking pari passu charge on the entire current assets of the Company. - Second pari-passu charge over the fixed assets of the Company. - Personal guarantee of the Mr. Shantanu Prakash and Mr. Jagdish Prakash and first charge by way of mortgage on one of the personal property of Mr. Shantanu Prakash.	- First ranking pari passu charge on the entire current assets of the Company. - Second pari-passu charge over the fixed assets of the Company. - Personal guarantee of the Mr. Shantanu Prakash and Mr. Jagdish Prakash and first charge by way of mortgage on one of the personal property of Mr. Shantanu Prakash.
Working capital facility (c)	-	141.01	Payable on demand	Payable on demand	- Sub-servient charge on the stock and debtors of the Company. - Personal guarantee of Mr. Shantanu Prakash and Mr. Jagdish Prakash.	- Sub-servient charge on the stock and debtors of the Company. - Personal guarantee of Mr. Shantanu Prakash and Mr. Jagdish Prakash.
Working capital facility (d)	62.69	-	12 monthly installments from next month transfer of loan from HDFC	Not applicable	- Sub-servient charge on the stock and debtors of the Company. - Personal guarantee of Mr. Shantanu Prakash and Mr. Jagdish Prakash.	Not applicable
Sub-total (b)	**1,890.46**	**1,874.34**				
Loan from Other - Secured						
Foreign Currency Convertible Bonds (FCCB)	601.00	543.89	Repayable at 134.07% of principal par value after 5 year and 1 day from the date of disbursement if not converted.	Repayable at 134.07% of principal par value after 5 year and 1 day from the date of disbursement if not converted.	Second charge on following assets - 51% of the fully paid up equity shares of EISML held by the Company.	Second charge on following assets - 26% of the fully paid up equity shares of EISML held by the Company - 75% of the fully paid up equity shares of Wiz Learn Technologies Pte. Ltd. held by Educomp Asia Pacific Pte Limited. - 50% of the fully paid up equity shares of Educomp Higher Initiative Pte. Ltd. held by Educomp Asia Pacific Pte Ltd.
External Commercial Borrowings (ECB)	4,206.99	3,807.25	11 half yearly installments starting from 15th January, 2016.	11 half yearly installments starting from 15th January, 2016.	First charge on following assets - 51% of the fully paid up equity shares of the EISML held by the Company.	First charge on following assets - 26% of the fully paid up equity shares of the EISML held by the Company - 75% of the fully paid up equity shares of Wiz Learn Technologies Pte. Ltd. held by Educomp Asia Pacific Pte Limited. - 50% of the fully paid up equity shares of Educomp Higher Initiative Pte. Ltd. held by Educomp Asia Pacific Pte Ltd.
Non Convertible Debentures*	350.00	350.00	Repayable after seven years from the date of disbursement. The investors have put option after five years.	Repayable after seven years from the date of disbursement. The investors have put option after five years.	- Pari-passu charge with the CDR lenders, without any preference or priority to one over the other or others.	- Mortgage on land of the Company.
Sub-total (c)	**5,157.99**	**4,701.14**				

Particulars	Amount Outstanding as at March 31,		Terms of repayment		Security	
	2014	2013	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Loan from bank-unsecured						
Term loan (m)	-	320.00	Not applicable	16 quarterly installments starting from March 31, 2016	Not applicable	- Personal guarantee of Mr. Shantanu Prakash and extension of charge on one of the personal property of Mr. Shantanu Prakash. - Corporate guarantee of M/s Kaison Housing Corporation Ltd
Sub-total (d)	**-**	**320.00**				
Loan from others-unsecured						
From others - unsecured (a)	677.11	678.30	Balance to be repayable in 38 to 57 monthly installments.	Repayable in 8 to 16 equal quarterly installments from the date of disbursement.	Not applicable	Not applicable
From others - unsecured (b)	36.50	234.00	Repayable from 3 month to 9 months from the date of disbursement	Repayable from 3 month to 9 months from the date of disbursement	- Pledge of shares of the Company held by Mr. Shantanu Prakash.	- Pledge of shares of the Company held by Mr. Shantanu Prakash.
Finance lease	29.32	123.10	Balance to be repayable in 30 monthly installments	Repayable in 12 to 20 quarterly installments from the subsequent quarter of disbursement.	Not applicable	Not applicable
From others - unsecured (c)	226.05	-	Not applicable	Not applicable	Not applicable	Not applicable
Non Convertible Debentures*	100.00	100.00	Repayable after seven years from the date of disbursement. The investors have put option after five years.	Repayable after seven years from the date of disbursement. The investors have put option after five years.	Not applicable	Not applicable
Sub-total (e)	**1,068.98**	**1,135.40**				
Total (a-d)	**19,840.39**	**11,290.18**				

* In respect of 350, 13.50% Secured Redeemable Non Convertible Debentures of ₹ 10,00,000 each aggregating ₹ 350.00 million, the Company has created partial security on the assets of the Company and is taking necessary steps to create security in respect of these debentures.

Note:

(a) Term loan (a) to (h), working capital term loan, funded interest term loan, working capital facility (a) are at interest rate of 11% p.a (Previous year- ranging from 11.25% to 15.50%)

(b) Term loan (i) to (l) and working capital facility (b) to (d) are at interest rate of 11% p.a are at varying rate of interest ranging from 11.25% to 15.50%.

(c) Term loans (m) were at interest rate of 11%. Though same has been fully repaid during the year.

(d) Loans from other (a) to (c) are at varying rate of interest ranging from 12.50% to 18%.

(e) FCCB are zero coupon bonds and do not carry interest.

(f) ECB are at interest rate of 4.5% +LIBOR

(g) Non Convertible Debentures are at interest rate ranging from 13.25% to 13.50%

(h) Aggregate of loan amount guaranteed by directors ₹13,604.16 million (previous year ₹ 5,203.64 million)

8. Corporate debt restructuring scheme

The Company executed the Master Restructuring Agreement (MRA)/other definitive documents on March 26, 2014 with the majority of its lenders banks, consequent to approval from Corporate Debt Restructuring Empowered Group (CDR-EG) to re-structure Company's existing debt obligations, including interest, additional funding and other terms (hereafter referred to as "the CDR Scheme").

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In accordance with the CDR scheme, the CDR lenders have waived the obligation of the Company to pay any liquidated damages, default or penal interest /interest/ further interest charged by the Lenders in excess of the concessional rates approved under CDR scheme with effect from April 01, 2013 ('the Relevant Date'). Also as a part of the CDR Scheme, the promoters were required to contribute funds in accordance with letter of approval. As a consequence, the Company has received a contribution from its promoter amounting to ₹226.05 million as at March 31, 2014. The same has been received as interest free unsecured loan. Refer above loan from others - unsecured (c).

The MRA have been signed by all the lender banks (except two lender banks) and the Company has complied with all necessary conditions precedent. From April 01, 2013 (the "cut-off date"), the interest on the restructured debts has been recomputed and provided at the effective interest rates as per the CDR scheme on the balances as appearing in the books of account pending confirmations from various lenders. Management believes that as per RBI guidelines the CDR scheme has been approved by super majority of the consortium of banks. Accordingly, the interest payable to these banks has been recalculated in accordance with the CDR scheme. The above reclassifications and interest calculations are subject to reconciliation and approval by the particular banks. Considering the MRA have been signed by the majority of the lender banks, the Company has accounted for CDR scheme (reclassifications and interest calculations) in the books for the year ended March 31, 2014 as follows:

(i) The existing term loan of ₹107,00.36 million (included FITL and WCTL) which has been classified as long term borrowing.

(ii) The rate of interest has been change revised and reduced to 11% with effect from April 1, 2013. The moratorium period after restructure shall be 30 months from the cut off date. Consequently, a sum of ₹ 88.20 million, which represents reduction in interest for the year ended March 31, 2014 as adjusted for the interest payments made during the period to the lenders relating to CDR Scheme has been recorded. The interest due with effect from April 01, 2013 till March 31, 2014 at revised rates amounting to ₹ 2,633.25 million has been converted into Funded Interest Term Loan (FITL) and Working Capital Term Loan (WCTL).

(iii) The CDR scheme envisages monetization of certain assets of the Company and its subsidiaries.

(iv) The revised charge in favor of lenders as per the terms of MRA, is pending registration.

Pursuant to approved CDR scheme and in terms of Master Restructuring Agreement, the Company has acquired trade receivable of Edu Smart Services Private Limited (ESSPL) amounting to ₹ 10,349.92 million. To acquire these receivables the Company has been granted loan of ₹ 7,061.82 million (term loan (f) to (h)) by the CDR lenders. These receivables accrue to Edu Smart Services Private Limited under Tripartite agreement between, the Company, ESSPL and Schools/trust wherein in substance, the Company was key service provider. Towards settlement of rest of the consideration, the Company has set off its receivable from ESSPL amounting to ₹ 3,288.10 million. The Company has taken over these receivables to improve the recoverability and to provide uninterrupted services to these schools in future.

9. Details of continuing default in repayment of loan or interest as at March 31, 2014 is given below:

	Delay upto 3 month	Delay of 3 to 6 month	Delay of 6 to 12 month
Repayment of principle	64.07	32.00	30.60
Interest	106.11	5.77	124.47
	170.18	**37.77**	**155.07**
Previous year	314.68	-	216.46

10. Employee benefits

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

Defined contribution plan

	For the year ended March 31, 2014	For the year ended March 31, 2013
Employer's contribution to provident fund (including admin charges)	61.51	77.61
Employer's contribution employee state insurance	0.25	0.61
Employer's contribution employee deposit linked insurance fund	1.71	2.41
Employer's contribution labour welfare fund	0.05	0.06
	63.52	**80.69**

Defined benefit plan

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

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

Statement of Profit and Loss - Net employee benefit expense recognised

	Gratuity-Unfunded*	Leave encashment -Unfunded	Gratuity-Unfunded*	Leave encashment-Unfunded
	For the year ended March 31, 2014 "	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2013
Current service cost	13.09	5.32	24.10	13.11
Interest cost	6.56	2.38	4.98	2.11
Actuarial (gain)/loss	(16.11)	(15.92)	1.36	(6.75)
Total	**3.54**	**(8.22)**	**30.44**	**8.47**

* out of ₹ 0.45 million (previous year ₹ 4.46 million) has been capitilized in internally genrated knowledge based content.

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

	Gratuity-Unfunded*	Leave encashment -Unfunded	Gratuity-Unfunded*	Leave encashment-Unfunded
	For the year ended March 31, 2014 "	For the year ended March 31, 2014	For the year ended March 31, 2013	For the year ended March 31, 2013
Present value of obligation as at the beginning of the year	78.01	28.33	59.24	25.05
Acquisition adjustment	(3.24)	(0.62)	-	-
Interest cost	6.56	2.38	4.98	2.11
Current service cost	13.09	5.32	24.10	13.11
Benefit paid	(18.64)	(5.10)	(11.67)	(5.19)
Actuarial (gain)/loss	(16.11)	(15.92)	1.36	(6.75)
Present value of obligation as at the end of the year*	**59.67**	**14.41**	**78.01**	**28.33**
Current	**1.75**	**0.43**	**9.94**	**2.77**
Non current	**57.92**	**13.98**	**68.07**	**25.56**

* excluding provision for casual leave for ₹ 6.17 million (previous year ₹ 3.22 million) being short term employee benefit

c. Amount for current period and previous four periods

Gratuity (unfunded)

	Year ended March 31,				
	2014	2013	2012	2011	2010
Present value of obligation as at the end of the year	59.67	78.01	59.24	38.83	21.54
Surplus/(Deficit)	(59.67)	(78.01)	(59.24)	(38.83)	(21.54)
Experience adjustment on plan liabilities	16.19	(2.12)	(3.27)	(2.24)	(8.40)

Leave encashment Unfunded

	Year ended March 31,				
	2014	2013	2012	2011	2010
Present value of obligation as at the end of the year	14.41	28.33	25.05	15.96	8.04
Surplus/(Deficit)	(14.41)	(28.33)	(25.05)	(15.96)	(8.04)
Experience adjustment on plan liabilities	15.94	6.60	2.77	1.06	(0.50)

d. Principal actuarial assumptions at the Balance Sheet date:

		For the year ended March 31, 2014	For the year ended March 31, 2013
Discounting rate		8.40%	8.41%
Expected rate of increase in salary		8.00%	8.00%
Demographic assumptions			
i)	Retirement age (Years)	58	58
ii)	Mortality table	IALM (2006-08)	IALM (1994 - 96)
iii)	Ages	Withdrawal Rate (%)	Withdrawal Rate (%)
	Up to 30 Years	3	3
	From 31 to 44 years	2	2
	Above 44 years	1	1

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

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

(g) Estimated amounts of contribution payable during the next year are:

- For gratuity ₹ 22.31 million (previous year ₹ 44.74 million).
- For leave encashment ₹ 3.42 million (previous year ₹ 14.94 million)

11. Segment Reporting

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

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

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

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

A. Primary segment information:- Business Segments

	HLS	SLS	K-12	OSG	Total
Segment assets	52.34	20,658.25	13.82	76.66	20,801.07
	(63.30)	(15,741.44)	(22.29)	(104.42)	(15,931.45)
Unallocated corporate assets					19,085.80
					(19,966.35)
Total assets					**39,886.87**
					(35,897.80)
Segment liabilities	141.06	1,732.19	164.14	451.24	2,488.63
	(179.06)	(2,031.96)	-	(929.25)	(3,140.27)
Unallocated corporate liabilities					20,632.97
					(12,492.15)
Total liabilities					**23,121.60**
					(15,632.42)
Capital expenditure	-	310.82	-	-	310.82
	-	(509.71)	-	(0.10)	(509.81)
Unallocated corporate capital expenditure					2.74
					(5.54)
Total capital expenditure					**313.56**
					(515.35)
Depreciation and amortization	0.16	525.35	-	0.11	525.62
	(0.48)	(506.81)	-	(0.13)	(507.42)
Unallocated corporate depreciation and amortisation					15.19
					(20.26)
Total depreciation and amortization					**540.81**
					(527.68)
Non cash expenditure other than depreciation and amortisation	-	1,160.66	-	7.03	1,167.69
	(4.11)	(25.48)	(1.07)	(20.75)	(51.41)
Unallocated expenditure					3.15
					(381.03)
Total non cash expenditure other than depreciation and amortisation					**1,170.84**
					(432.44)

	HLS	SLS	K-12	OSG	Total
Revenue	76.27	2,033.60	7.08	706.00	2,822.95
	(93.10)	(6,274.14)	(16.62)	(947.24)	(7,331.10)
Expenses	37.54	3,732.22	3.80	721.89	4,495.45
	(82.76)	(5,184.44)	(1.10)	(932.01)	(6,200.31)
Segment results	38.73	(1,698.62)	3.28	(15.89)	(1,672.50)
	(10.34)	(1,089.70)	(15.52)	(15.23)	(1,130.79)
Un-allocable expenditure					608.71
					(1,088.27)
Finance cost					1,381.68
					(1,388.55)
Operating loss					**(3,662.89)**
					1,346.03
Other income					348.82
					(872.94)
Prior period Items					5.21
					(16.67)
Loss before tax					**(3,319.28)**
					489.76
Less: Tax expense					
-Current tax/ excess provision written back of earlier years					(328.60)
					-
-Deferred tax					131.62
					(82.56)
Loss after tax and prior period items					**(3,122.30)**
					407.20

B. Secondary segment information – Geographical

	Revenue	Segment assets	Capital expenditure
India	2,816.31	39,849.98	313.56
	(7,181.64)	(35,859.04)	(515.35)
Outside India	6.64	36.89	-
	(149.46)	(38.79)	-
Total	**2,822.95**	**39,886.87**	**313.56**
	(7,331.10)	**(35,897.83)**	**(515.35)**

Notes:

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

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

12. List of related parties and relationships:

Subsidiary Companies (Direct and Indirect Holding)

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

Associates

S. No.	Name of Related Party
1	Greycells18 Media Limited

Joint Venture of Direct Subsidiary

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

Key Managerial Personnel

S. No.	Name of Related Party
1	Mr. Shantanu Prakash
2	Mr. Jagdish Prakash***
3	Mr. V. K. Dandona****

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

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

* ceased to be subsidiary w.e.f. 31st December, 2012

** ceased to be subsidiary w.e.f. 14th January, 2013

*** ceased to be KMP w.e.f. 13th November, 2013

**** KMP w.e.f. 13th November, 2013

13. Transactions during the year with related parties:

Details of Related Party Transactions for the year ended 31st March, 2014

	Subsidiaries	Associates	Joint Venture of Subsidiary	Key Managerial Personnel	Others	Total
Revenues [net of (sales return)]	(47.55)	-	32.30	-	43.99	28.74
(Note 1)	(72.08)	-	(32.30)	-	(61.06)	(165.44)
Other income	58.00	-	-	-	0.27	58.27
(Note 2)	(39.83)	-	-	-	(0.27)	(40.10)
Reimbursement of expenses paid by related party	0.13	-	-	-	-	0.13
(Note 3)	(0.17)	-	-	-	-	(0.17)
Reimbursement expenses paid to related party	0.39	-	-	-	-	0.39
(Note 4)	(0.36)	-	-	-	-	(0.36)
Expenses on behalf of	0.17	-	-	-	-	0.17
(Note 5)	(2.19)	-	-	-	(2.54)	(4.73)
Loans and advances given/ (received back)	(864.22)	-	-	-	22.05	(842.17)
(Note 6)	(723.39)	-	-	-	(2.50)	(725.89)
Advance from customers /(return to customers)	27.44	-	-	-	-	27.44
(Note 7)	(305.73)	-	-	-	-	(305.73)
Purchase of assets	33.52	-	-	-	-	33.52
(Note 8)	(35.18)	-	-	-	(13.43)	(48.61)
Purchase of investments	79.86	1.17	-	-	-	81.02
(Note 9)	(1,163.05)	-	-	-	-	(1,163.05)
Remuneration*	-	-	-	0.84	-	0.84
(Note 10)	-	-	-	(18.66)	-	(18.66)
Corporate guarantees given	800.00	-	-	-	-	800.00
(Note 11)	-	-	-	-	-	-
Rent paid	0.29	-	-	0.83	-	1.12
(Note 12)	(0.79)	-	-	(0.83)	-	(1.62)
Issue of shares	-	-	-	-	-	-
(Note 13)	-	-	-	-	(1,411.32)	(1,411.32)
Loans and advances received	-	-	-	226.05	-	226.05
(Note 14)	-	-	-	-	-	-
Money received against share warrant	-	-	-	-	-	-
(Note 15)	-	-	-	-	(411.66)	(411.66)

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

* The remuneration to the key management personnel does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

		For the year ended March 31, 2014	For the year ended March 31, 2013
Notes:			
1	Includes Sales and services to/ (return) from:		
	Learning Link Foundation	43.99	48.28
	Learning Leadership Foundation	-	12.78
	Educomp Raffles Higher Education Limited	32.30	32.30
	Educomp Infrastructure & School Management Limited	7.08	17.45
	Wiz Learn Pte Ltd.	(54.63)	54.63
		28.74	**165.44**
2	Includes other income from:		
	Authrogen Technologies Limited	-	4.69
	Educomp Learning Hour Private Limited	8.17	10.17
	Educomp Infrastructure & School Management Limited	49.69	24.83
	Others	0.41	0.41
		58.27	**40.10**
3	Includes expenses paid by:		
	Educomp Child Care Private Limited	**0.13**	**0.17**
4	Includes expenses paid on behalf of:		
	Educomp Software Limited	0.07	-
	Educomp Online Supplemental Services Limited	0.02	-
	Educomp Infrastructure & School Management Limited	-	0.33
	Educomp Learning Hour Private Limited	0.30	-
	Others	-	0.03
		0.39	**0.36**

		For the year ended March 31, 2014	For the year ended March 31, 2013
5	Includes expenses paid on behalf of:		
	Educomp Learning Hour Private Limited	0.17	-
	Educomp Online Supplemental Services Limited	-	2.19
	Education Quality Foundation of India	-	1.17
	Lakshya Digital Private Limited	-	1.37
		0.17	**4.73**
6	Loans and advances (includes share application money) given/ (received back) relates to:		
	Educomp Professional Education Limited	(630.00)	28.00
	Educomp Infrastructure & School Management Limited	(142.42)	467.74
	Authrogen Technologies Limited	-	58.23
	Educomp Learning Hour Private Limited	(90.32)	9.70
	Educomp Online Supplemental Services Limited	(1.48)	63.32
	Euro Kids International Limited	-	96.00
	Unnati Educational Trust	22.05	2.50
	Others	-	0.40
		(842.17)	**725.89**
7	Includes advance / (return) from/ to customers:		
	Wiz Learn Pte Ltd.	6.54	133.36
	Edumatics Corporation Inc.	8.23	21.96
	Vidya Mandir Classes Limited	(150.00)	150.00
	Educomp Child Care Private Limited	162.67	-
	Others	-	0.41
		27.44	**305.73**
8	Includes purchase of assets from:		
	Educomp Learning Private Limited	32.80	34.10
	Educomp Online Supplemental Services Limited	0.10	-
	Educomp Child Care Private Limited	0.62	-
	Educomp Infrastructure & School Management Limited	-	0.70
	Learning Link Foundation	-	13.43
	Others	-	0.38
		33.52	**48.61**
9	Represents investment made in:		
	Educomp Infrastructure & School Management Limited	79.85	769.19
	Greycells 18 Media Pvt. Limited	1.17	-
	Educomp Asia Pacific Pte. Limited	-	390.23
	others	-	3.63
		81.02	**1163.05**
10	Includes transaction for the year mainly with:		
	Mr. Shantanu Prakash	-	13.80
	Mr. Jagdish Prakash	-	4.86
	Mr. V. K. Dandona	0.84	-
		0.84	**18.66**
11	Represents corporate guarantee given for:		
	Educomp Learning Hour Private Limited	**800.00**	**-**
12	Includes rent paid to:		
	Educomp Learning Private Limited	0.29	0.29
	Mr. Shantanu Prakash	0.83	0.83
	Educomp Online Supplemental Service Limited	-	0.50
		1.12	**1.62**
13	Includes issue of shares		
	A P Eduvision Private Limited	-	1,411.32
14	Loan and advances received from		
	Mr. Shantanu Prakash	**226.05**	**-**
15	Includes received against share warrant		
	A P Eduvision Private Limited	-	411.66

14 Balances with related parties as at March 31, 2014:

	Subsidiary	Associates	Joint Venture of Subsidiary	Key Managerial Personnel	Others	Total
Investment	16,057.54	159.91	-	-	-	16,217.45
	(15,977.68)	(145.41)	-	-	-	(16,123.09)
Share application money (including advance call money)	1,175.91	-	-	-	-	1,175.91
	(1,459.15)	(1.17)	-	-	-	(1,460.32)
Trade receivables	20.98	-	-	-	54.96	75.94
	(37.45)	-	-	-	(69.24)	(106.69)
Loan and advances and other current asset	0.59	-	-	-	28.76	29.35
	(593.31)	-	-	-	(6.71)	(600.02)
Unsecured loan	-	-	-	226.05	-	226.05
	-	-	-	-	-	-
Trade and other payables	56.73	-	-	0.29	1.23	58.26
	(44.20)	-	-	(1.09)	(0.05)	(45.34)
Advances received from customers	371.46	-	137.27	-	-	508.73
	(283.26)	-	(169.57)	-	-	(452.83)
Money received against share warrant	-	-	-	-	-	-
	-	-	-	-	(411.66)	(411.66)

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

15. Contingent liabilities

		As at March 31, 2014	As at March 31, 2013
a.	Corporate guarantee given to bank for secured loan to third party	8,482.70	13,194.91
b.	Corporate guarantee given to bank for secured loan and debenture to subsidiaries	11,362.10	10,442.18
c.	Guarantee against assignment of receivables with limited recourse option*	-	1,083.29
d.	Other money for which the Company is contingently liable		
	i. Taxes under adjudication/appeal	25.46	39.43
	ii. Premium on redemption of Zero Coupon Foreign Currency Convertible Bonds	204.76	185.30
		20,075.02	**24,945.12**

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

Notes:

1 The loan outstanding to banks against the corporate guarantee in point no. (a) above as on 31st March, 2014 is ₹ 5,409.70 million (previous year ₹ 8,610.47 million).

2 The loan and debenture outstanding against the corporate guarantee in point no. (b) above as on 31st March, 2014 is ₹ 10,457.79 million (previous year ₹ 9,123.78 million).

3 Future outflows in respect of (a) & (b) will arise on crystallization and demand made by bank, and in respect of (d)(ii) on redemption of the bonds on the maturity date, if not converted before the maturity date as per the terms of issue of FCCB.

4 Taxes under adjudication/appeal represents ₹ Nil (previous year ₹ 28.12 million) under appeal under Income Tax Act, 1961 and ₹ 25.46 million (Previous year ₹ 11.31 million) under appeal under service tax. The Company has paid ₹ 16.98 million (previous year ₹ 30.95 million) under protest against demands raised by tax authorities. The Company does not expect any cash outflows in respect of (a), (b), (c) & (d)(i).

16. Commitments

		As at March 31, 2014	As at March 31, 2013
a.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,049.43	1,049.43
b.	Uncalled liability on partly paid shares	502.62	502.62
		1,552.05	**1,552.05**

17. Payments to auditors

(Included in legal and professional expenses in note 2.27)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Statutory auditor(s)*		
Statutory audit	3.46	5.45
Limited review fee	2.39	2.13
Certification fee /advisory services	0.08	0.35
Out of pocket expenses	0.44	0.50
Total	**6.37**	**8.43**

*including service tax

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

As per Accounting Standard 19, the disclosures of lease transactions as defined in Accounting Standard are given as below:

18. Operating lease

Assets taken on lease

(i). General description of lease terms:

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

(ii). The Company has taken office space and technology equipment under non-cancellable operating lease. The lease rental expense recognized in the Statement of Profit and Loss for the year in respect of such leases is ₹ 64.64 million (previous year ₹101.13 million). The future minimum lease rent payable (minimum lease payments) under non-cancellable operating leases are as follows:

	As at March 31, 2014	As at March 31, 2013
Not later than one year	14.44	60.84
Later than one year but not later than five years	16.24	33.17
Later than five years	-	-
Total	**30.68**	**94.01**

Assets given on sub-lease:

(i) General description of lease terms:

- Assets are given on lease over a period of one to two years
- Lease rentals are charged on the basis of agreed terms.
- The lease are renewable after expiry of agreement period.
- There are no escalations as per the lease agreement.

(ii) The Company has given office space on sub lease. Other income includes income from operating lease of ₹ 1.62 million (previous year ₹ 1.63 million). The future minimum sublease payment expected to be received are as follows:

	As at March 31, 2014	As at March 31, 2013
Not later than one year	1.17	1.08
Later than one year but not later than five years	0.68	0.68
Later than five years	-	-
Total	**1.85**	**1.76**

19. Finance lease

Assets taken on lease

(i). General description of lease terms:

- Assets are taken on lease for a period of three to five years.
- Lease rentals are charged on the basis of agreed terms.
- The assets taken under finance lease are in the nature of technology equipments.
- There are no escalations as per the lease agreement.

Finance lease obligation of the Company as at March 31, 2014:

	Future minimum lease payments	Interest	Present value of minimum lease payments
Not later than one year	10.07	3.59	6.47
Later than one year but not later than five years	24.75	1.90	22.85
Later than five years	-	-	-
Total	**34.82**	**5.49**	**29.32**

Finance lease obligation of the Company as at March 31, 2013:

	Future minimum lease payments	Interest	Present value of minimum lease payments
Not later than one year	84.54	17.80	66.74
Later than one year but not later than five years	57.91	8.50	49.42
Later than five years	-	-	-
Total	**142.45**	**26.30**	**116.16**

20. C.I.F. value of imports

	For the year ended March 31, 2014	For the year ended March 31, 2013
Trading goods	239.12	612.28
Total	**239.12**	**612.28**

21. Expenditure in Foreign Currency (on accrual basis)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Travelling and conveyance	12.00	18.89
Legal and professional expenses	3.65	7.67
Interest expense	213.69	157.63
Advertisement and business promotion	1.75	4.93
Others	0.19	0.32
Total	**231.28**	**189.44**

22. Earnings in foreign currency (on accrual basis)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Revenue from sale of hardware and educational products	1.95	141.35
Revenue from other services	4.68	8.11
Total	**6.63**	**149.46**

23. 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:

	No. of non resident shareholders	No. of equity shares held	Amount of dividend remitted	
			For the year ended March 31, 2014	For the year ended March 31, 2013
Final Dividend 2011-12	1,541	45,435,352	-	13.63

24. Foreign exchange fluctuation (net) under the head other expenses comprises of:

	For the year ended March 31, 2014	For the year ended March 31, 2013
Foreign exchange loss	228.86	370.21
Foreign exchange gain	33.10	252.99
Net foreign exchange loss	**(195.76)**	**(117.23)**

25. During the year, block assessment of the Company for Assessment Year 2007-08 to 2012-13 been completed by the Income Tax authorities and additional demand of ₹ 190.91 Million has been raised on account of certain disallowances. Consequently, on a prudent basis the management, after making requisite provision for additions made under the block assessment order, has written back the excess provision for income tax amounting to ₹ 328.60 million being carried in the books of account in respect of these years. The management has filed an appeal against the said block assessment order with the Income Tax Appellate Tribunal.

26. The Company has appointed a firm of Chartered Accountants for conducting a transfer pricing study to determine whether the transactions with associate enterprises were undertaken at "arms length basis". Adjustments, if any arising from the transfer pricing study shall be accounted for as and when the study is completed. The management confirms that all international transactions with associate enterprises are undertaken at negotiated contracted prices on usual commercial terms. Transfer pricing certificate under Section 92E for the year ending March 31, 2013 has been obtained and there are no adverse comments requiring adjustments in these Financial Statements.

27. In accordance with the recent amendment in the year 2012, the Company regularly undertakes Transfer Pricing Study for Specified Domestic Transactions ('SDT') with its associate parties domiciled in India as stipulated in newly inserted Section 92BA of the Income Tax Act, 1961, applicable in India, to determine whether such SDT with associate parties in India are being undertaken at "arm's length basis". The management is of the opinion that all transactions with associate enterprises are undertaken at negotiated contracted prices on usual commercial terms and are at arms' length, and there will not be any impact on the Financial Statements as a consequence of the transfer prising study to be taken by the Company for the current year.

28. Foreign Currency Convertible Bond (FCCB)

In the previous year, the Company had issued 10, Zero coupon foreign currency convertible bonds of $ 1000,000 each. These FCCB are convertible into equity shares based on the ratio calculated in accordance with the terms of offering circular dated July 13, 2012. The bonds are convertible latest by July 24, 2017. These are to be converted at initial conversion price of ₹ 188.62 for each equity shares at the applicable exchange rate at the date of conversion. As on March 31, 2014 USD 10 million (previous year USD 10 million) FCCB are outstanding for conversion into equity shares of ₹ 2 each. Due date for redemption is July 24, 2017 and redemption price at maturity is 134.07% of par value.

29. Share warrants

The Company on July 26, 2012 had allotted 1,14,79,096 warrants to Promoter Group Entity at an issue price of ₹193.74 per warrant, as per the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009, convertible into equal number of equity shares of the face value of ₹2/- each convertible within a period of 18

months from the date of allotment. The Company on January 22, 2013 had allotted 29,79,939 equity shares of face value of ₹ 2/- each at a premium of ₹ 191.74/- per share on conversion of warrants issued under provisions Of Chapter VII Of SEBI (ICDR) Regulations, 2009 pursuant to receipt of balance 75% of the issue price against the allotted shares. During the year the Company had forfeited 84,99,157 warrants amounting to ₹ 411.66 million, due to non receipt of balance 75% of the issue price in the stipulated period of 18 months from the date of issuance of these warrants. The forfeited amount is disclosed as 'Capital Reserve' under the 'Reserve & Surplus'.

30. Employees Stock Option Schemes (ESOS)

The Company has six stock option schemes which provides equity shares to employees and directors (excluding promoter director) of the Company and its subsidiaries. All the cost including the cost relating to the options granted to employees of subsidiary companies are borne by the Company. Employee stock options are convertible into equity shares in accordance with the respective employees stock option scheme. The option vesting period is maximum ten years from the date of grant of option to employees at an exercise price approved by the remuneration committee. The excise period is 1 year from the end of last vesting date of respective grants. There are no condition for vesting other than continued employment/ directorship with the Company or its subsidiaries. There has been no cancellation or modification of the respective schemes during the year.

Employees Stock Option Scheme 2006

Pursuant to shareholder's resolution dated August 24, 2006, the Company had introduced "Educomp Employees Stock Option Scheme 2006" which provides for the issue of 3,125,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2014 and March 31, 2013, the Company had 797,692 and 902,269 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2007

Pursuant to shareholder's resolution dated September 13, 2007, the Company had introduced "Educomp Employees Stock Option Scheme 2007" which provides for the issue of 1,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2014 and March 31, 2013, the Company had 664,760 and 634,260 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2008

Pursuant to shareholder's resolution dated November 25, 2008, the Company had introduced "Educomp Employees Stock Option Scheme 2008" which provides for the issue of 1,250,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2014 and March 31, 2013 the Company had 984,763 and 748,033 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2010

Pursuant to shareholder's resolution dated March 18, 2010, the Company had introduced "Educomp Employees Stock Option Scheme 2010" which provides for the issue of 1,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2014 and March 31, 2013 the Company had 860,625 and 698,750 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2011

Pursuant to shareholder's resolution dated July 26, 2011, the Company had introduced "Educomp Employees Stock Option Scheme 2011" which provides for the issue of 1,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2014 and March 31, 2013 the Company had 863,000 and 525,000 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2012

Pursuant to shareholder's resolution dated July 16, 2012, the Company had introduced "Educomp Employees Stock Option Scheme 2012" which provides for the issue of 3,500,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 10 years from the date of respective grants. As at March 31, 2014 and March 31, 2013 the Company had 3,204,625 and 26,00,000 number of shares reserved for issue under the scheme respectively.

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

	As at March 31, 2014		As at March 31, 2013	
	No. of stock options	Weighted average price (₹)	No. of stock options	Weighted average price (₹)
Employee Stock Option Scheme 2006				
No. of shares under option				
Outstanding at the beginning of the year	902,269	136.66	1,668,815	111.42
Granted	210,000	24.75	-	-
Exercised	33,575	25.00	555,544	25.00
Forfeited during the year	281,002	287.40	211,002	231.01
Outstanding at the end of year	797,692	58.80	902,269	136.66
Weighted average grant date fair value per option for options granted during the year at less than market value*	Not applicable		Not applicable	
Weighted average remaining contractual life (in years)	2.37 yrs		1.88 yrs	
Payment received against share allotted during the year	0.84 million		13.89 million	

	As at March 31, 2014		As at March 31, 2013	
	No. of stock options	Weighted average price (₹)	No. of stock options	Weighted average price (₹)
Employee Stock Option Scheme 2007				
No. of shares under option				
Outstanding at the beginning of the year	634,260	423.70	868,420	439.58
Granted	320,000	24.75	-	-
Exercised	-	-	-	-
Forfeited during the year	289,500	404.64	234,160	482.59
Outstanding at the end of year	664,760	239.96	634,260	423.70
Weighted average grant date fair value per option for options granted during the year at less than market value*	Not applicable		Not applicable	
Weighted average remaining contractual life (in years)	3.92 yrs		3.23 yrs	
Payment received against share allotted during the year	Nil		Nil	
Employee Stock Option Scheme 2008				
No. of shares under option				
Outstanding at the beginning of the year	748,033	439.55	1,207,233	499.48
Granted	590,000	24.75	-	-
Exercised	-	-	-	-
Forfeited during the year	353,270	370.99	459,200	597.09
Outstanding at the end of year	984,763	215.62	748,033	439.55
Weighted average grant date fair value per option for options granted during the year at less than market value*	Not applicable		Not applicable	
Weighted average remaining contractual life (in years)	4.99 yrs		4.46 yrs	
Payment received against share allotted during the year	Nil		Nil	
Employee Stock Option Scheme 2010				
No. of shares under option				
Outstanding at the beginning of the year	698,750	467.60	961,250	478.95
Granted	484,375	24.75	-	-
Exercised	-	-	-	-
Forfeited during the year	322,500	456.21	262,500	509.17
Outstanding at the end of year	860,625	222.63	698,750	467.60
Weighted average grant date fair value per option for options granted during the year at less than market value*	Not applicable		Not applicable	
Weighted average remaining contractual life (in years)	4.74 yrs		4.73 yrs	
Payment received against share allotted during the year	Nil		Nil	
Employee Stock Option Scheme 2011				
No. of shares under option				
Outstanding at the beginning of the year	525,000	228.01	975,000	238.94
Granted	573,000	24.75	-	-
Exercised	-	-	-	-
Forfeited during the year	235,000	224.86	450,000	251.7
Outstanding at the end of year	863,000	93.91	525,000	228.01
Weighted average grant date fair value per option for options granted during the year at less than market value*	Not applicable		Not applicable	
Weighted average remaining contractual life (in years)	5.34 yrs		5.60 yrs	
Payment received against share allotted during the year	Nil		Nil	
Employee Stock Option Scheme 2012				
No. of shares under option				
Outstanding at the beginning of the year	2,600,000	154.35	-	-
Granted	2,843,000	22.67	2,600,000	154.35
Exercised	-	-	-	-
Forfeited during the year	2,238,375	119.94	-	-
Outstanding at the end of year	3,204,625	61.56	2,600,000	154.35
Weighted average grant date fair value per option for options granted during the year at less than market value*	Not applicable		Not applicable	
Weighted average remaining contractual life (in years)	5.56 yrs		6.00 yrs	
Payment received against share allotted during the year	Nil		Nil	

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

32. (i) Disclosure relating to suppliers registered under Micro, Small and Medium Enterprise Development Act, 2006:

Particulars The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year included in trade payables and other current liabilities	As at March 31, 2014	As at March 31, 2013
Principal amount due to micro, small and medium enterprises	1.07	0.76
Interest due on above	-	0.07
Total	**1.07**	**0.83**
The amount of interest paid by the buyer in terms of section 16 of the MSMED ACT 2006 along with the amounts of the payment made to the supplier beyond appointed day.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	0.07
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible under section 23 of the MSMED Act 2006.	-	0.03

(ii) Amount payable to subsidiary

	As at March 31, 2014	As at March 31, 2013
Educomp Online Supplemental Services Limited	1.69	3.77
Educomp Learning Private Limited	53.57	39.59
Educomp Infrastructure & School Management Limited	0.70	0.70
Educomp Child Care Private Limited	0.77	0.15
Other related parties		
Education Quality Foundation of India	-	0.05
Lakshya Digital Services Private Limited	1.23	1.08
	57.97	**45.33**

33. Foreign Currency Monetary Items Translation Difference Account (FCMITDA)
The Company has adopted Companies (Accounting Standards) Second Amendment Rules 2011 on Accounting Standard 11 as notified by the Central Government vide Notification dated December 29, 2011. Accordingly, the effect of exchange difference on foreign currency loan (including FCCB) is accounted for by addition or deduction to the cost of the assets so far it relates to depreciable capital asset and in other cases by transfer to "Foreign Currency Monetary Items Translation Difference Account"(FCMITDA) to be amortized as provided in the aforesaid notification. Further, as per the decision of the council of the Institute of Chartered Accountants of India (ICAI) in its meeting dated March 31, 2013, FCMITDA has been shown as a part of Reserves and Surplus.

34. In the opinion of the management of the Company, Current Assets, Loans and Advances have a value on realisation in the normal course of business not less than the value at which they are stated unless specified otherwise. Further, provision for all known liabilities has been made.

35. Due to inadequacy of the profits during the current financial year, managerial remuneration paid, by the Company to one of its Whole Time Director during the year, is in excess of the limits provided under the Section 198, 269, 309 read with Schedule XIII of the Companies Act, 1956. The management of the Company is in the process of making necessary application to the Central Government to obtain its approval for the waiver/approval of the remuneration so paid, in due course.

36. During the year, the Company as part of its regular recoverability evaluation process, identified certain trade receivables including dues from Government Companies/ agencies amounting to ₹ 1,165.43 million as doubtful of recovery. Consequently, the management has provided the said amount as doubtful debts, out of which ₹ 700.00 million has been disclosed as exceptional item.

37. The previous year figures have been regrouped, rearranged and reclassified wherever necessary to conform to current year's classification.

As per our report of even date.
For **Haribhakti & Co.**
Firm Registration No.:103523W
Chartered Accountants

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715

Place: Gurgaon
Date: May 26, 2014

For and on behalf of Board of Directors of
Educomp Solutions Limited

Sd/-
Shantanu Prakash
Chairman and Managing Director

Sd/-
V. K. Dandona
Whole Time Director

Sd/-
Yogesh Saluja
Company secretary

Sd/-
Manish Jaiswal
Sr. Manager Account

Independent Auditors' Report

On the Consolidated Financial Statements of Educomp Solutions Limited

To the Board of Directors of Educomp Solutions Limited

We have audited the accompanying consolidated financial statements of Educomp Solutions Limited ("the Company") and its subsidiaries, associates and joint ventures (the Company, its subsidiaries, associates and joint ventures constitute "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements on the basis of separate financial statements and other financial information regarding components that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

a) *As per the terms of Master Restructuring Agreement (MRA) dated December 28, 2013 entered into pursuant to approved Corporate Debt Restructuring Scheme to restructure debt of Educomp Infrastructure and School Management Limited (EISML), a subsidiary of the Company, certain tangible fixed assets of EISML's subsidiaries have been identified for sale in a time bound manner. As per the valuation of such tangible assets as evaluated and disclosed in the approved Corporate Debt Restructuring Package, some of these assets are expected to have lower realizable value than their carrying values. Such tangible assets are included in the tangible assets in the Consolidated financial statements. The management has not carried out any evaluation of impairment of these assets on the Balance Sheet date and no provision for impairment has been recorded, as required by Accounting Standard 28 'Impairment of Assets'.*

As we are unable to obtain sufficient appropriate audit evidence about the extent of recoverability of carrying value of these assets, we are unable to determine whether any adjustments to these amounts are necessary.

Qualified Opinion

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements", Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Educomp Solutions Limited, its subsidiaries (including subsidiaries of subsidiaries), associates and joint ventures.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, associates and joint ventures as mentioned in the 'Other Matter' paragraph below, *except for the matter described in the Basis for Qualified Opinion paragraph,* **the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:**

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;

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

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

Emphasis of Matter

a) We draw attention to Note no. 45 to the Consolidated Financial Statements regarding managerial remuneration paid/provided to managing director/ whole time director of the Company and one of its subsidiary company, Educomp Infrastructure and School Management Limited during the current financial year, in non-compliance with the requirements of Section 198 and Section 269 read with Schedule XIII to the Act, for which Central Government's approval has not been obtained. Our opinion is not qualified in respect of this matter.

b) We draw attention to Note no. 46 to the Consolidated Financial Statements wherein the Management of the Company has considered its long outstanding Trade Receivables including dues from Government Companies/Agencies, which are due for more than one year as good and fully recoverable. These receivables may require adjustments including those for doubtful receivables after reconciliations, which are not ascertainable at this stage. Our opinion is not qualified in respect of this matter.

c) We draw attention to Note no. 47 to the Consolidated Financial Statements wherein a subsidiary company, Educomp Infrastructure and School Management Limited has considered its long outstanding Trade Receivables due from certain Trusts which are due for more than one year, as good and fully recoverable. Our report is not qualified in respect of this matter.

d) We draw attention to Note no. 48 to the Consolidated Financial Statements with respect to Management's assessment of recoverability of Group's share of net assets as regards investment in 2 of its subsidiary companies namely, Educomp Online Supplemental Service Limited and Educomp Child Care Private Limited and in one of its associates, Greycells18 Media Limited, based on valuations performed by independent experts, according to which the carrying value of the net assets as regards investment in these companies has been considered to be appropriate. The recoverability of these amounts is significantly dependent on these companies' ability to achieve futuristic growth plan envisaged in the related assumptions used for the purpose of their respective valuation. Our report is not qualified in respect of this matter.

e) We draw attention to Note no. 49 to the Consolidated Financial Statements, which explains Management's view on recoverability of certain significant amount of capital advances given by the Group and which have been outstanding for a long period of time. Our opinion is not qualified in respect of this matter.

f) We draw attention to Note no. 50 to the Consolidated Financial Statements, with respect to Management's assessment, based on valuation performed by an independent expert, of recoverability of intangible assets in form of brand 'Universal' in one of its step down subsidiary named Educomp APAC Services Limited. The recoverability of the intangible assets is significantly dependent on the step down subsidiary's ability to achieve long term futuristic growth plan envisaged in the related assumptions used for the purpose of valuation. Our report is not qualified in respect of this matter.

g) We draw attention to Note no. 51 to the Consolidated Financial Statements, the Auditors of the joint venture of the Group, Educomp Raffles Higher Education Limited, have provided an Emphasis of Matter in their Audit Report dated May 22, 2014 stating that the joint venture company has foreign currency receivables outstanding for a period greater than one year and that the joint venture company has set off foreign currency payables against such foreign currency receivables. As per the Reserve Bank of India's (RBI) Master Circular on Export of Goods and Services, except with prior approval of RBI, foreign currency receivables should be realized within a period of one year and foreign currency receivables should not be set off against foreign currency payables. Being procedural matter, the joint venture company doesn't expect any penalties/fines to be levied on account of the above, and will initiate all the required formalities. The Audit Report by Auditors of the joint venture company is not qualified in respect of this matter. Our report is also not qualified in respect of this matter.

h) We draw attention to Note no. 52 to the Consolidated financial statements, the Auditors of the joint venture of the Group, Educomp Raffles Higher Education Limited, have provided an Emphasis of Matter in their Audit Report dated May 22, 2014 relating to joint venture company's non-current investment amounting ₹ 590.15 million in Millennium Infra Developers Limited, a subsidiary, held at cost; along with a loan to Jai Radha Raman Education Society, a related party, amounting to ₹ 507.66 million, outstanding at the Balance Sheet date. As per the audited financial statements, the current assets of Millennium Infra Developers Limited primarily included trade receivables from Jai Radha Raman Education Society. However, based on the unaudited financial information of the Society received by the Company, the Auditors of the joint venture Company have noted that the Society has an accumulated deficit of ₹ 326.76 million as at the year end and has generated a loss of ₹ 63.27 million during the current year ended March 31, 2014 (Previous Year: ₹ 88.36 million. As such, the Auditors of the joint venture Company have relied on the business forecasts of the Society received by the joint venture company, to support the carrying values of the non-current investment in Millennium Infra Developers Limited and the loan receivable from Jai Radha Raman Education Society. The Audit Report by Auditors of the joint venture company is not qualified in respect of this matter. Our report is also not qualified in respect of this matter. The Group's holding in the joint venture is 41.82%.

Other Matters

We did not audit the financial statements of 46 subsidiaries and a joint venture, whose financial statements reflect total assets (net) of ₹ 6,676.33 million as at March 31, 2014, total revenues of ₹ 3,716.27 million and net cash inflows amounting to ₹ 136.92 million for the year then ended. We also did not audit the financial statements of an associate whose aggregate share of net loss amounting to ₹ 3.13 million are also included in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

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

Sd/-
Raj Kumar Agarwal
Partner
Membership No. 74715

Place: Gurgaon
Date: May 26, 2014

Consolidated Balance Sheet as at March 31, 2014

(in ₹ million)

	Note	As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	244.88	244.81
Reserves and Surplus	3	22,007.05	26,190.77
Money received against share warrants	38	-	411.66
		22,251.93	**26,847.24**
Minority interest		2,462.45	2,341.24
Non-current liabilities			
Long-term borrowings	4	29,493.88	14,434.92
Deferred tax liabilities (net)	5	52.80	222.92
Trade payables	6	24.04	41.10
Other long term liabilities	7	120.92	102.63
Long-term provisions	8	87.40	122.90
		29,779.04	**14,924.47**
Current liabilities			
Short-term borrowings	9	1,930.86	3,390.33
Trade payables	10	1,626.83	2,399.51
Other current liabilities	11	3,311.23	5,667.93
Short-term provisions	12	18.62	347.71
		6,887.54	**11,805.48**
		61,380.96	**55,918.43**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	13	13,445.88	14,056.71
Intangible assets	13	2,237.95	2,421.77
Capital work-in-progress	13	593.76	435.45
Intangible under development	13	0.64	17.70
		16,278.23	**16,931.63**
Goodwill on consolidation	32	10,805.70	10,961.90
Non-current investments	14	1,079.44	978.22
Deferred tax assets (net)	5	2.24	380.40
Long-term loans and advances	15	7,805.12	7,834.81
Other non-current assets	16	19.86	151.00
		8,906.66	**9,344.43**
Current assets			
Inventories	17	657.46	584.73
Trade receivables	18	21,889.64	15,363.30
Cash and bank balances	19	1,047.15	1,067.61
Short-term loans and advances	20	1,606.01	1,521.28
Other current assets	21	190.11	143.55
		25,390.37	**18,680.47**
		61,380.96	**55,918.43**
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date.
For **Haribhakti & Co.**
Firm Registration No.:103523W
Chartered Accountants

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715

Place: Gurgaon
Date: May 26, 2014

For and on behalf of Board of Directors of
Educomp Solutions Limited

Sd/-
Shantanu Prakash
Chairman and Managing Director

Sd/-
V. K. Dandona
Whole Time Director

Sd/-
Yogesh Saluja
Company secretary

Sd/-
Manish Jaiswal
Sr. Manager Account

Consolidated Statement of Profit and Loss

for the year ended March 31, 2014

(in ₹ million)

	Note	For the year ended March 31, 2014	For the year ended March 31, 2013
Income:			
Revenue from operations	22	6,348.24	12,109.29
Other income	23	898.73	1,155.00
Total revenue		**7,246.97**	**13,264.29**
Expenses:			
Purchase of traded goods	24	1,125.78	3,781.88
Changes in inventories of stock-in-trade	25	95.02	86.95
Cost of construction services	56	22.53	28.00
Employee benefit expenses	26	2,717.79	3,544.09
Finance cost	27	2,524.45	2,490.04
Depreciation and amortization expense	13	1,083.52	1,217.96
Other expenses	28	2,690.75	3,151.68
Total expenses		**10,259.84**	**14,300.60**
Loss before exceptional item, prior period items, tax, minority interest and share in loss of associate		**(3,012.87)**	**(1,036.31)**
Prior period and exceptional items	29	1,604.09	496.63
Loss before tax, minority interest and share in loss of associate		**(4,616.96)**	**(1,532.94)**
Tax expense:			
Current tax	CT	59.34	128.65
Less: Minimum Alternate Tax credit entitlement		(82.96)	(40.26)
Net current tax		(23.62)	88.39
Deferred tax credit	DT	(405.93)	(192.56)
Tax earlier years' (Refer note 59)		(328.60)	-
Tax expense		**(758.15)**	**(104.17)**
Loss after tax but before minority interest, pre-acquisition profits and share in loss of associate		**(3,858.81)**	**(1,428.77)**
Share of loss of associate		3.13	3.27
Minority interest		(254.38)	(103.67)
Loss after tax, minority interest, pre-acquisition profits and share of loss of associate		**(3,607.56)**	**(1,328.36)**
Loss per share (₹)	30		
Basic and Diluted		(29.46)	(11.78)
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date.
For **Haribhakti & Co.**
Firm Registration No.:103523W
Chartered Accountants

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715

Place: Gurgaon
Date: May 26, 2014

For and on behalf of Board of Directors of
Educomp Solutions Limited

Sd/-
Shantanu Prakash
Chairman and Managing Director

Sd/-
V. K. Dandona
Whole Time Director

Sd/-
Yogesh Saluja
Company secretary

Sd/-
Manish Jaiswal
Sr. Manager Account

CASH FLOWS STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(in ₹ million)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Cash flows from operating activities		
Net (Loss)/profit before taxation and after prior period as per Statement of Profit and Loss	**(4,616.96)**	**(1,532.95)**
Adjusted for :		
Net prior period adjustments/exceptional items	1,604.09	40.97
Provision for doubtful debts/ advances	585.34	533.01
Liability written back	(138.10)	1.97
Provision for interest on income tax written back	(79.89)	-
Depreciation/ amortization	1,083.52	1,234.34
ESOP amortisation cost	(43.95)	58.27
Unrealised foreign exchange loss	167.19	67.67
Dividend income	(16.66)	(2.69)
Interest income	(87.73)	(427.03)
Interest expense	2,524.45	2,490.05
Gain on sale of long term investment	(410.45)	-
Provision for diminution in value of long term investment	-	154.16
Loss / (Profit) on sale of fixed assets/ investments	(8.68)	(612.75)
Operating profit before working capital changes	**562.27**	**2,005.02**
Adjusted for :		
Trade receivables	(7,742.17)	(5,052.78)
Inventories	(75.39)	260.07
Loans & advances and other assets	(625.26)	160.40
Trade payables and other liabilities	(901.87)	413.85
Restricted cash	122.87	174.55
Cash (used in)/generated from operations	**(8,659.55)**	**(2,038.89)**
Net prior period adjustments	(4.76)	(24.65)
Taxes paid	(180.69)	(163.44)
Net cash (used in)/generated from operating activities (A)	**(8,845.00)**	**(2,226.98)**
Cash flows from investing activities		
Payment of fixed assets (including capital work in progress)	(666.84)	(1,183.53)
Proceeds from sale of fixed assets	70.50	3.52
Refund of share application money	213.26	-
Investment in associates	(14.50)	-
Investment in subsidiaries	(90.00)	0.48
Purchase of investments	-	(593.33)
Sale of investment in subsidiaries/associates	682.60	1,159.41
Disposal of Investments	92.49	629.09
Loan given	(1,313.10)	(802.91)
Loan repayment received	1,249.75	581.83
Dividend income	105.71	83.07
Interest income	131.00	232.72
Net cash generated /(used in) from investing activities (B)	**460.87**	**110.35**

(in ₹ million)

	For the year ended March 31, 2014	For the year ended March 31, 2013
Cash flows from financing activities		
Proceeds from issuance of share/warrants	261.22	4,596.83
Premium on redemption of FCCB/ share capital issue expenses	-	(1,942.38)
Promoter contribution received	226.05	
Proceeds of long-term borrowings	11,948.02	5,883.04
Repayment of long-term borrowings	(1,315.26)	(5,344.96)
Proceeds/ (repayment) of short-term borrowings	(865.47)	555.07
Payment of dividend (including corporate dividend tax) net of intercompany dividends	(5.81)	(35.52)
Interest on borrowings	(1,715.97)	(2,589.48)
Net cash generated from financing activities (C)	**8,532.78**	**1,122.60**
Net decrease in cash and cash equivalents (A+B+C)	**148.66**	**(994.04)**
Opening cash and cash equivalents	921.56	1,884.73
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(45.13)	30.86
Closing cash and cash equivalents	**1,025.09**	**921.56**
Summary of significant accounting policies (refer note 1)		

Notes:

1. Reconciliation of components of cash and cash equivalents

(in ₹ million)

	As at March 31, 2014	As at March 31, 2013
Balances with banks-on current accounts	817.60	574.10
Balances with banks-on fixed deposits	189.21	271.10
Cheques/draft on hand	6.08	6.48
Cash on hand	**12.20**	**69.88**
	1,025.09	**921.56**

2. The proceeds from long term borrowings comprise of working capital carved out from short term borrowing amounting to ₹ 2,296.95 million (reflected in net proceeds from short term borrowing above) and interest liability converted into funded interest term loan amounting to ₹ 1,123.66 million due to implementation of corporate debt restructuring (Refer note 55).
3. Figures in brackets indicate cash outflow.
4. Corresponding figures for the previous year have been regrouped and recast wherever necessary to confirm the current year's classification.

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date.
For **Haribhakti & Co.**
Firm Registration No.:103523W
Chartered Accountants

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715

Place: Gurgaon
Date: May 26, 2014

For and on behalf of Board of Directors of
Educomp Solutions Limited

Sd/-
Shantanu Prakash
Chairman and Managing Director

Sd/-
V. K. Dandona
Whole Time Director

Sd/-
Yogesh Saluja
Company secretary

Sd/-
Manish Jaiswal
Sr. Manager Account

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

1. Significant accounting policies

a. Basis for preparation of Consolidated Financial Statements

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

The Consolidated Financial Statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended), the relevant provisions of the Companies Act, 1956 and guidelines issued by Securities and Exchange Board of India as adopted consistently by the Company, to the extent applicable.

The Consolidated Financial Statements have been prepared under the historical cost convention on an accrual basis. Accounting policies have been consistently applied and where a newly issued accounting standard is initially adopted or where an existing accounting policy requires a change due to more appropriate presentation of financial statements, such changes are suitably incorporated. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

b. Use of estimates

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

c. Principles of consolidation

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

Interests in the assets, liabilities, income and expenses of the Joint Ventures are consolidated using proportionate consolidation method. Intra group balances, intra-group transactions and unrealized profit or loss are eliminated to the extent of the Company's proportionate share, except where cost cannot be recovered.

Investments in Associates are accounted for using the equity method, under which the investment is initially recorded at cost, identifying any goodwill or capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the accumulated losses (not accounted for by the Group) are recouped. Where the associate prepares and presents consolidated financial statements, such consolidated financial statements of the associate are used for the purpose of equity accounting. In other cases, standalone financial statements of associates are used for the purpose of consolidation.

The Group reports its interest in a jointly controlled entity using proportionate consolidation method wherein the assets, liabilities, income and expenses of the jointly controlled entity are proportionately consolidated.

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

Minority interest represents the amount of equity attributable to minority shareholders at the date on which investment in a subsidiary is made and its share of movements in equity since that date. Any excess consideration received from minority shareholders of subsidiaries over the amount of equity attributable to the minority on the date of investment is reflected under Reserves and Surplus. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the holding company.

Notes to the Consolidated Financial Statements, represents notes involving items which are considered material and are accordingly duly disclosed. Materiality for the purpose is assessed in relation to the information contained in the Consolidated Financial Statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the Consolidated Financial Statements has not been disclosed in the Consolidated Financial Statements.

As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements. Differences in accounting policies are disclosed separately.

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

The financial statements of the group entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Company i.e. year ended March 31, 2014.

d. Revenue recognition

The Group derives its revenue from sale, supply and installation of educational products and rendering of educational services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

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

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

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

Income from letting out of buildings and from provisioning of maintenance and transportation facilities is recognized ratably over the period of the agreement in accordance with the terms of respective agreements.

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.

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

The revenue from tuition fee is recorded equally over the period of instruction.

Revenue from educational counseling services is recognized after the counseling services have been rendered to the customer.

Revenue from course fee is recognized in a manner over the period of imparting tuition and only after right to claim the fee is established, as per the applicable fee structure of every course.

Revenue in respect of project management and consultancy agreement is recognized on cost plus markup basis, as per the markup percentage mentioned in project management and consultancy agreement.

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

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

e. Fixed assets/ depreciation and amortization

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

Based on managements' estimate buildings given on lease to educational institutions by Educomp Infrastructure and School Management Limited are depreciated on a straight-line basis over the period of 60 years.

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

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

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

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

Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase in accordance with Companies Act, 1956 , in entities registered in India except in case of deployment as project assets (if any) which are depreciated on a straight-line basis over the period of contractual obligation generally ranging from 3-6 years depending upon the period of the contract.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

Intangible assets

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

Intangible asset are stated at cost of acquisition less accumulated amortization and impairment loss. Amortization on the Intangible assets is provided on pro-rata basis on the straight-line method based on management's estimate of useful life, i.e. 3 years for software, 4 years for knowledge-based content. Licensed intangible assets are amortized over the period of license. Goodwill on purchase is being amortized over a period of 10 years. License rights taken by the subsidiaries for a long period of time are amortized over the life of license and the respective subsidiaries have disclosed the reasons for considering useful life of the asset to be more than 10 years in their separate financial statements.

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

Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the assets are disposed off.

Capital work-in-progress/intangibles under development

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

Research and development costs

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

f. Impairment of assets

The carrying amounts of assets are reviewed at each Consolidated Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is higher of asset's net selling price and value in

use which means the present value of future cash flows expected to arise from the continuing use of the assets and its eventual disposal. An Impairment loss is charged to the Consolidated Statement of Profit and Loss in the year in which an asset is impaired.

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

Reversal of impairment loss is recognized immediately as income in the Consolidated Statement of Profit and Loss.

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

g. Leases

Operating leases

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

As lessee:

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

As lessor:

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

Finance leases

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

h. Inventories

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

i. Investments

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

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

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

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

j. Foreign exchange transactions

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

The Group classifies all its foreign operations as either "integral foreign operations" or "non integral foreign operations."

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

In translating the financial statements of Companies which are treated as integral foreign operations, monetary items at the Balance Sheet date are translated using the rates prevailing on the Balance Sheet date, non-monetary assets are recorded at the rates prevailing on the date of the transaction and income and expenditure items are translated at the average exchange rate of their respective foreign currencies.

k. Employee benefits

Short term employee benefits

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

Long term employee benefits

(a) Defined contribution plan

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

(b) Defined benefit plan

Leave encashment

The Group has provided for the liability at the year end on account of unavailed earned leave as per

the actuarial valuation as at the year end as per the Projected Unit Credit method in accordance with Accounting Standard 15, "Employee benefits". All actuarial gains/losses are charged to the Consolidated Statement of Profit and Loss in the year these arise.

Gratuity

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

(c) Employee stock option scheme

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

l. Borrowing cost

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

m. Provision for tax

Tax expense for the year comprises current and deferred.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year for entities of the Group, which are subject to Indian Income Tax Act, 1961 is charged to the Consolidated Statement of Profit and Loss as current tax. MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Consolidated Statement of Profit and Loss and shown as MAT Credit receivable. The respective company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit receivable to the extent there is no longer convincing evidence to the effect that the respective company will pay normal income tax during the specified period.

n. Contingent liabilities and provisions

Contingent liabilities

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

Provisions

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

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

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

o. Earnings per share

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

during the period, are adjusted for events of bonus issue to existing shareholders.

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

p. Cash flow statement

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

q. Cash and cash equivalents

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

r. Prior Period Items/ Extraordinary Items

Prior period expenses/ incomes are shown as prior period items in the statement of profit and loss as per the provisions of Accounting Standard-5, 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies' notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

Exceptional items are transactions which due to their size or incidence are separately disclosed to enable a full understanding of the Group's financial performance. Items which may be considered exceptional are significant restructuring charges, gains or losses on disposal of investments or subsidiaries, charges relating to the acquisition of subsidiaries, write down of inventories and significant disposal of fixed assets.

Items of income or expense that arise from events or transactions that are distinct from ordinary activities of the enterprise and are not expected to recur frequently or regularly are treated as extraordinary items.

2. Share capital

(in ₹ million)

	As at March 31, 2014	As at March 31, 2013
Authorized shares		
200,000,000 (previous year 200,000,000) equity shares of ₹ 2 each	400.00	400.00
Issued, subscribed and fully paid-up shares		
122,441,068 (122,407,493) equity shares of ₹ 2 each fully paid-up	244.88	244.81
	244.88	244.81

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

	As at March 31, 2014		As at March 31, 2013	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	12,24,07,493	244.81	9,60,63,930	192.13
Shares Issued during the year	33,575	0.07	2,63,43,563	52.68
Shares outstanding at the end of the year	**12,24,41,068**	**244.88**	**12,24,07,493**	**244.81**

b. Terms/ rights attached to equity shares

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

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

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

	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Equity shares of ₹ 2 each fully paid-up				
Mr. Shantanu Prakash	4,43,15,205	36.19%	3,51,35,205	28.70%
A.P Eduvision Private Limited	72,84,600	5.95%	72,84,600	5.95%
MKCP Institutional Investor (Mauritius) II Ltd	98,98,370	8.09%	98,98,370	8.09%
Macquarie Finance (India) Private Limited	-	-	91,80,000	7.50%
Citigroup Global Markets Mauritius Private Limited	67,91,634	5.55%	67,91,634	5.55%

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

Particulars	As at March 31, 2014	As at March 31, 2013
Equity shares fully paid up pursuant to contract(s) without payment being received in cash-bonus shares	1,08,259	NIL

e. Share reserved for issue under options/contracts

For details of shares reserved for issue on conversion of Zero Coupon Foreign Currency Convertible Bonds, please refer note 37.
For details of shares reserved for issue on conversion of share warrants, please refer note 38.
For details of shares reserved for issue on exercise of employee stock options, please refer note 39

3. Reserve and surplus

(in ₹ million)

Particulars	As at March 31, 2014	As at March 31, 2013
On consolidation) (refer note 32)		
Opening balance	39.62	35.74
Add :Effects of changes in the Group's interest	-	3.88
	39.62	39.62
Others		
Opening balance	-	-
Add: On account of forfeiture of share warrant (Refer note 38 (a))	411.66	-
	411.66	-
Closing balance	**451.28**	**39.62**
Securities premium account		
Opening balance	18,131.75	15,075.34
Add: On issue of shares (including shares issued under employee stock option schemes)	6.37	5,050.23
Less: Issue expenses/redemption premium	-	2,101.77
Add: Effect of change in share holding of Joint Venture Company/Subsidiaries	-	107.95
Closing balance	**18,138.12**	**18,131.75**
Debenture redemption reserve		
Opening balance	470.34	559.34
Add :Transferred from Statement of Profit and Loss	-	-
Less :Transferred to Statement of Profit and Loss	-	89.00
Closing balance	**470.34**	**470.34**
Employee stock options outstanding account (refer note 39)		
Opening balance	178.90	217.06
Add: Employee stock compensation	(43.95)	58.27
Less: Transfer to securities premium account on exercise of stock options	5.60	96.43
Closing balance	**129.35**	**178.90**
General reserve		
Opening balance	934.45	930.76
Add: Transferred from surplus in the Statement of Profit and Loss	4.45	3.69
Closing balance	**938.90**	**934.45**
Surplus/ (deficit) in the Statement of Profit and Loss		
Opening balance	6,506.36	7,875.29
Add: Loss for the year	(3,607.56)	(1,328.37)
Less: Proposed dividend	16.65	22.09
Less: Interim dividend	-	30.06
Less: Corporate dividend tax	-	5.99
Less: Transfer to general reserves	4.45	3.69
Add: Transfer from Debenture Redemption Reserve	-	89.00
Add: Effect of change in share holding of Joint Venture Company/Subsidiaries	(914.97)	(67.73)
Closing balance	**1,962.73**	**6,506.36**
Foreign currency translation reserve		
Opening balance	265.56	159.74
Addition/(reduction) during the year	321.69	105.82
Closing balance	**587.25**	**265.56**
Foreign Currency Monetary Item Translation Difference Account (refer note 40)		
Opening balance	(336.21)	(131.27)
Add: Addition during the year	(456.82)	(252.26)
Less: Amortisation during the year	(122.11)	(47.32)
Closing balance	**(670.92)**	**(336.21)**
	22,007.05	**26,190.77**

4. Long-term borrowings (refer note 11 and 55)

(in ₹ million)

Particulars	As at March 31, 2014	As at March 31, 2013
Bonds and Debentures		
10 Zero coupon Foreign Currency Convertible Bonds (previous year 10) of $ 1,000,000 each (secured) (refer note 37)	601.00	543.89
13.40% 1,010 Non Convertible Debentures (previous year 1,050) of ₹1,000,000 each (secured)	1,010.00	1,050.00
13.50%, 350 Non Convertible Debentures (previous year 350) of ₹ 1,000,000 each (secured)	350.00	350.00
13.25%, 100 Non Convertible Debentures (previous year 100) of ₹ 1,000,000 each (unsecured)	100.00	100.00
Term Loans		
Secured		
from banks	22,347.78	7,855.81
from others		
External Commercial Borrowings	4,206.99	3,807.25
Unsecured		
from banks	-	320.00
from others (refer note 57)	851.60	355.13
Long term maturities of Finance Lease obligations (unsecured)	22.85	49.42
Deferred payment liabilities towards expenses	3.66	3.42
	29,493.88	**14,434.92**

5. Deferred tax

(in ₹ million)

Particulars	As at March 31, 2014	As at March 31, 2013
Deferred tax liability (net)		
Differences in net book value of fixed assets as per books and income tax	397.22	272.54
Unabsorbed losses and depreciation/amortisation	(331.19)	(38.03)
Effect of expenditure allowable on payment basis u/s 37 of Income Tax Act, 1961.	(1.78)	(11.59)
Provision for doubtful debts and advances	(11.45)	-
	52.80	222.92
Deferred tax assets (net)		
Differences in net book value of fixed assets as per books and income tax	0.62	50.30
Unabsorbed losses and depreciation/amortisation	0.18	275.24
Effect of expenditure allowable on payment basis u/s 37 of Income Tax Act, 1961.	1.44	(2.64)
Provision for doubtful debts and advances	-	57.50
	2.24	**380.40**

6. Trade payables (Non-current)

(in ₹ million)

Particulars	As at March 31, 2014	As at March 31, 2013
Trade payables	24.04	41.10
	24.04	**41.10**

7. Other long term liabilities

(in ₹ million)

Particulars	As at March 31, 2014	As at March 31, 2013
Others		
Advance from customers	99.82	95.47
Security deposits	2.79	2.55
Payable for capital assets	17.13	-
Others	1.18	4.61
	120.92	**102.63**

8. Long-term provisions

(in ₹ million)

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits		
Gratuity (refer note 41)	71.26	84.31
Leave encashment	16.14	34.09
Other provisions		
Provision for other liabilities	-	4.50
	87.40	**122.90**

9. Short-term borrowings (refer note 55)

(in ₹ million)

	As at March 31, 2014	As at March 31, 2013
Loans repayable on demand		
Working capital loans from banks- secured	1,929.33	3,155.88
Others-unsecured	0.45	-
Other loans and advances		
Others-unsecured	1.08	234.45
	1,930.86	**3,390.33**

10. Trade payables (Current)

(in ₹ million)

	As at March 31, 2014	As at March 31, 2013
Trade payables (including acceptances) (refer note 57)	1,626.83	2,399.51
	1,626.83	**2,399.51**

11. Other current liabilities

(in ₹ million)

	As at March 31, 2014	As at March 31, 2013
Current maturities of long-term debts (refer note 55)		
13.40% 40 Non Convertible Debentures (previous year Nil) of ₹ 1,000,000 each (secured)	40.00	-
Term loans from banks (secured)	548.30	2,325.27
Term loans from other parties (unsecured)	149.09	387.17
Current maturities of finance lease obligations (unsecured) **(refer note 55)**	6.47	66.74
Interest accrued but not due on borrowings	163.47	124.32
Interest accrued and due on borrowings	349.94	381.06
Advances from customers	961.49	733.73
Unpaid dividend	1.55	31.62
Other payables		
Employee related payables	572.83	639.32
Statutory dues	122.73	314.42
Advance from related parties (refer note 57)	-	21.91
Advance from others	-	25.00
Expense payable	77.80	68.28
Payable for supply of fixed assets	22.05	170.97
Book overdraft	55.28	200.74
Retention money payable to contractors	21.66	29.63
Other deductions payable to contractors	7.11	6.57
Others	211.45	141.18
	3,311.23	**5,667.93**

12. Short-term provisions

(in ₹ million)

	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits		
Gratuity (refer note 41)	2.40	11.22
Leave encashment	6.80	17.09
Other provisions		
Provision for warranties	5.00	5.00
Provision for commission	4.04	3.33
Provision for corporate dividend tax	-	5.81
Provision for income tax (refer note 59)	0.38	305.26
	18.62	**347.71**

13. Fixed assets

(in ₹ million)

	Gross block					Accumulated depreciation and amortization					Net block	
	As at April 1, 2013	Additions	Disposals^^	Other adjustments	As at March 31, 2014	As at April 1, 2013	Charge for the year	Disposals	Other adjustments	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Tangible assets												
Land (freehold) $^ (refer note 54)	7,104.93	-	-	-	7,104.93	0.03	-	-	-	0.03	7,104.90	7,104.90
Land (leasehold)	185.55	-	82.02	-	103.53	0.09	0.31	-	-	0.40	103.13	185.46
Buildings (owned)^	6,218.30	0.18	150.37	-	6,068.11	378.49	112.50	13.86	-	477.13	5,590.98	5,839.81
Leasehold improvements	126.29	11.94	76.05	8.65	70.83	59.64	12.99	29.26	4.16	47.53	23.30	66.65
Office equipment (owned)	687.32	77.41	49.94	1.40	716.19	375.03	110.74	17.55	0.45	468.67	247.52	312.29
Office equipment-finance lease	68.74	0.21	-	-	68.95	20.21	13.73	-	-	33.94	35.01	48.53
Furniture and fixtures (owned)	417.59	10.56	23.44	3.24	407.95	213.11	60.87	12.27	2.05	263.76	144.19	204.48
Computers and accessories (owned)	786.30	80.90	53.38	10.62	824.44	562.21	149.49	39.00	5.48	678.18	146.26	224.09
Computers and accessories- finance lease	90.32	-	-	-	90.32	26.72	18.04	-	-	44.76	45.56	63.60
Vehicles	36.42	0.78	7.11	0.42	30.51	29.52	2.55	7.01	0.42	25.48	5.03	6.90
Sub total	**15,721.76**	**181.98**	**442.31**	**24.33**	**15,485.76**	**1,665.05**	**481.22**	**118.95**	**12.56**	**2,039.88**	**13,445.88**	**14,056.71**
Previous year	11,466.65	4,906.41	19.03	(632.27)	15,721.76	1,190.94	637.00	17.06	(145.83)	1,665.05	14,056.71	
Intangible assets												
Goodwill on purchase	137.85	-	-	-	137.85	54.76	43.81	27.99	-	70.58	67.27	83.09
Software	675.11	12.59	91.26	47.15	643.59	467.27	60.97	16.99	24.79	536.04	107.55	207.84
Knowledge-based content*	2,857.10	384.09	83.42	96.68	3,254.45	1,716.86	452.88	-	74.29	2,244.03	1,010.42	1,140.24
Trade mark license (refer note 50)	1,095.41	122.26	-	0.11	1,217.78	104.81	44.64	-	15.62	165.07	1,052.71	990.60
Sub total	**4,765.47**	**518.94**	**174.68**	**143.94**	**5,253.67**	**2,343.70**	**602.30**	**44.98**	**114.70**	**3,015.72**	**2,237.95**	**2,421.77**
Previous year	4,071.08	689.09	0.26	5.56	4,765.47	1,710.69	580.96	0.26	52.31	2,343.70	2,421.77	
Grand total	**20,487.23**	**700.92**	**616.99**	**168.27**	**20,739.43**	**4,008.75**	**1,083.52**	**163.93**	**127.26**	**5,055.60**	**15,683.83**	**16,478.48**
Previous year	15,537.73	5,595.50	19.29	(626.71)	20,487.21	2,901.63	1,217.96	17.32	(93.52)	4,008.76	16,478.48	
Capital work in progress*** ^^^ (refer note 34)											593.76	435.45
Intangibles under development**											0.64	17.70
Grand Total											**16,278.23**	**16,931.63**
*** Knowledge based content includes :**												
(I) Internally generate assets:												
Current Year	1,720.15	343.88	8.97	110.45	2,165.51	905.48	440.10	(0.04)	76.81	1,422.43	743.08	814.67
Previous year	1,122.82	548.63	-	48.70	1,720.15	616.20	271.62	-	17.66	905.48	814.67	

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

**Intangibles under development

It includes payroll cost of ₹ 0.47 million (previous year ₹ 14.53 million) and other expenses of ₹ 0.18 million (previous year ₹ 3.17 million) incurred for development of knowledge-based content.

***Capital work- in- progress

	As at March 31, 2014	As at March 31, 2013
Development and construction expenses	593.76	435.45
Total	593.76	435.45

$ Includes land amounting ₹ 1,408.56 million (Previous year ₹ 1,408.56 million) pending registration in the name of respective subsidiaries the Group.

^ A part of free hold land and building which had been given by the Group as security for loan taken from bank. The charged free hold land (gross book value of ₹ 70.00 million) and building (gross book value of ₹ 61.13 million and accumulated depreciation of ₹ 9.57 million) has been transferred to bank for satisfaction of their claim amounting to ₹ 160.00 million.

^^ Disposal/Adjustment includes land at Gharanuda and office building at Mumbai in respect of these fixed assets, the Group has entered into an Agreement to Sell these assets for ₹ 102.00 million. The Group has also received an advance of ₹ 70.00 million from the buyers. Consequently, freehold land of book value ₹ 12.02 million and building with book value ₹ 98.81 million, accumulated depreciation of ₹ 9.57 million and net book value of ₹ 89.24 million, has been classified as current assets - held for sale. Appropriate provision has been recorded in respect of loss expected under the said agreement to sell.

^^^ Capital work-in-progress for building under construction on land at Gharanuda having a carrying value of ₹ 14.43 million has been classified as current assets held for sale. Appropriate provision has been recorded in respect of loss expected under the said agreement to sell.

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14. Investments

Non-current investments

	No of Units as at		Face value	As at	As at
	March 31 2014	March 31 2013		March 31, 2014	March 31, 2013
A) Long term, unquoted, trade, at cost					
a) Investment in associates in equity share (refer note 48)					
Greycells 18 Media Limited#*	29,99,749	23,85,141	₹ 10	114.59	103.22
				114.59	**103.22**
d) Others					
8% Cumulative Redeemable Non-convertible Preference Shares, in Edu Smart services Private Limited	45,00,000	45,00,000	₹ 100	450.00	450.00
India Education Fund#	4,25,000	4,25,000	₹ 1000	425.00	425.00
Educomp Online Supplemental Services Limited##	3,21,567	-	₹ 10	89.85	-
				964.85	**875.00**
				1,079.44	**978.22**
Aggregate amount of unquoted investments				1,079.44	978.22

\# shares are earmarked as per terms of Master Restructuring Agreement pursuant to CDR. (Refer note 55).

\## Not consolidated to the extent of conditional transfer pursuant to share purchase agreement.

$ Shares are fully paid up, unless otherwise stated.

***Greycells 18 Media Limited**		
% of Voting interest	25.78%	26.00%
Cost of acquisition	145.41	145.41
Add: Further investment during the year	14.50	-
Share of post acquisition Reserves and Surplus	(45.32)	(42.19)
Carrying cost of investment	**114.59**	**103.22**

15. Long term loans and advances

(in ₹ million)

	As at March 31, 2014	As at March 31, 2013
Capital advances		
Unsecured, considered good	4,988.24	4,344.50
Unsecured, considered doubtful	1,354.67	455.35
Less: Provision for doubtful advances (refer note 49)	(1,354.67)	(455.35)
	4,988.24	4,344.50
Unsecured, considered good		
Security deposits	572.99	398.05
Advance income tax	163.22	11.01
Minimum Alternate Tax credit entitlement	140.14	130.36
Balance with Statutory/Government authorities	283.13	165.53
Advance to related parties (refer note 57)	1,113.68	1,245.95
Prepaid expenses	77.48	97.85
Loans to others	466.24	1,439.24
Others loans and advances	-	2.32
Unsecured, considered doubtful		
Others loans and advances		
Advance for supply of goods and rendering of services	106.92	3.08
Earnest money deposits	2.92	-
Loans and advances to employees	3.33	3.33
Less: Provision for doubtful advances	(113.17)	(6.41)
	7,805.12	**7,834.81**

16. Other non current assets

(in ₹ million)

	As at March 31, 2014	As at March 31, 2013
Non-current bank balances		
Held as margin money/security*	16.44	141.33
Others		
Interest accrued on deposits		
Held as margin money/security	3.42	9.67
	19.86	**151.00**

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

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

(in ₹ million)

	As at March 31, 2014	As at March 31, 2013
Stock-in-trade		
Technology equipments	351.15	515.88
Educational products	91.58	91.77
Less: Provision for obsolescence	(25.58)	(22.92)
	417.15	**584.73**
Consumables	240.31	-
	657.46	**584.73**

18. Trade receivables

(in ₹ million)

	As at March 31, 2014	As at March 31, 2013
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	7,371.07	10,931.24
Unsecured, considered doubtful	1,285.56	123.74
Less: Provision for doubtful debts (Refer note no. 46 & 47)	(1,285.56)	(123.74)
	7,371.07	10,931.24
Others		
Unsecured, considered good	14,518.57	4,432.06
Unsecured, considered doubtful	1.72	36.95
	(1.72)	(36.95)
Less: Provision for doubtful debts	14,518.57	4,432.06
	21,889.64	**15,363.30**

19. Cash and bank balances

(in ₹ million)

	As at March 31, 2014	As at March 31, 2013
Cash and cash equivalents		
Balances with banks		
- on current accounts	817.60	574.10
- on fixed deposits	189.21	271.10
Cash on hand	6.08	6.48
Cheques/draft on hand	12.20	69.88
Other bank balances		
- unpaid dividend account	1.55	1.56
- margin money deposit*	20.51	144.49
	1,047.15	**1,067.61**

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

20. Short term loans and advances

(in ₹ million)

	As at March 31, 2014	As at March 31, 2013
Loans and advances–others		
Unsecured, considered good		
For supply of goods and rendering of services	525.06	748.51
Balance with Statutory/Government authorities	1.36	95.81
Security deposit	16.91	244.80
Earnest money deposit		28.69
Loans and advances to employees	27.51	12.87
Recoverable from related parties (refer note 57)	-	20.00
Prepaid expenses	113.19	208.77
Others	921.98	161.83
Unsecured, considered doubtful		
Earnest money deposits	-	2.91
Less: Provision for doubtful advances	-	(2.91)
	1,606.01	**1,521.28**

21. Other current assets

(in ₹ million)

	As at March 31, 2014	As at March 31, 2013
Unbilled receivables	13.61	85.75
Interest accrued on deposits		
Held as margin money	1.48	2.02
Others	3.75	36.42
Stamp papers in hand	0.86	0.86
Assets held for sale (refer note 13)	102.00	-
Recoverable from banks pursuant to MRA (Refer note 55)	39.96	-
Others	28.45	18.50
	190.11	**143.55**

22. Revenue from operations

(in ₹ million)

	Year ended March 31, 2014	Year ended March 31, 2013
Sale of education products and technology equipment	2,216.15	6,857.08
Education and other services	3,540.83	4,253.65
Lease rent (refer note 42)	567.83	969.71
Revenue from construction and service contracts (refer note 56)	23.43	28.85
	6,348.24	**12,109.29**

23. Other Income

(in ₹ million)

	Year ended March 31, 2014	Year ended March 31, 2013
Interest income	118.39	427.55
Dividend income from Investments	16.66	2.69
Liabilities written back	210.69	3.02
Profit on sale of fixed assets	42.73	0.13
Profit on sale of investment		
-Current	-	0.08
-Long term (refer note 33)	410.45	618.15
Foreign exchange gain	-	0.54
Other non-operating income	99.81	102.84
	898.73	**1,155.00**

24. Purchase of traded goods

(in ₹ million)

	Year ended March 31, 2014	Year ended March 31, 2013
Technology equipment	1,037.99	3,209.86
Educational products	87.79	271.02
Others	-	301.00
	1,125.78	**3,781.88**

25. Change in Inventories of stock-in-trade

(in ₹ million)

	Year ended March 31, 2014	Year ended March 31, 2013
Changes in inventories		
Opening -stock-in-trade		
Technology equipment	519.63	779.53
Educational products	128.72	129.90
Less: Adjustment pursuant to sale of investment in subsidiary		
Technology equipment	(46.26)	-
Less: Transfer to fixed assets/repair and maintenance	(64.35)	(174.13)
	537.74	735.30
Closing -stock-in-trade		
Technology equipment	351.15	519.63
Educational products	91.57	128.72
	442.72	648.35
	95.02	**86.95**

26. Employee benefits expense

(in ₹ million)

	Year ended March 31, 2014	Year ended March 31, 2013
Salaries, wages and bonus	2,511.91	3,251.55
Contribution to provident and other funds (refer note 41)	151.36	178.01
ESOP amortisation cost (refer note 39)	-	58.27
Staff welfare expenses	54.52	56.26
	2,717.79	**3,544.09**

27. Finance cost

(in ₹ million)

	Year ended March 31, 2014	Year ended March 31, 2013
Interest expense (refer note 34 & 55)	2,445.76	2,272.83
Interest on delay in payment of taxes	11.39	76.76
Other borrowing costs (refer note 34)	67.30	140.45
	2,524.45	**2,490.04**

28. Other expenses

(in ₹ million)

	Year ended March 31, 2014	Year ended March 31, 2013
Lease rent (refer note 42)	226.05	315.76
Rates and taxes	14.61	28.19
Travelling and conveyance	195.19	305.78
Recruitment and training	8.71	24.77
Legal and professional fees	693.06	688.02
Communication	59.22	121.69
Printing and stationery	105.23	119.70
License fees and royalty	74.13	33.99

(in ₹ million)

	Year ended March 31, 2014	Year ended March 31, 2013
Repair and maintenance		
Building	18.76	25.35
Machinery	10.98	19.35
Others	120.67	210.91
Power and fuel	44.01	55.13
Insurance	10.40	13.95
Commission on sales	41.43	54.97
Advertisement, publicity and business promotion	208.24	454.61
Freight and forwarding	16.84	20.34
Bank charges	18.58	14.96
Bad debts and advances written off	0.84	144.56
Provision for doubtful trade receivable (refer note 46 & 47)	474.12	120.75
Provision for doubtful advances	108.56	-
Provision for inventory obsolescence	2.66	22.90
Foreign exchange loss	125.24	113.88
Loss on sale of investment (net)	-	26.63
Loss on sale of fixed assets (net)	20.68	5.68
Provision for loss on sale of fixed assets held for sale (refer note 13)	13.69	-
Provision for diminution in the value of long term investments	-	127.53
Software development charges	49.00	32.25
Miscellaneous expenses	29.85	50.00
	2,690.75	**3,151.68**

29. Prior period and exceptional items

(in ₹ million)

	Year ended March 31, 2014	Year ended March 31, 2013
Prior period item		
Revenue from operations	5.63	-
	5.63	**-**
Repair and maintenance-others	5.61	0.29
Legal and professional fees	1.68	-
Advertisement, publicity and business promotion	0.19	-
Freight and forwarding	0.06	-
Depreciation and amortisation expenses	1.16	32.75
Miscellaneous expenses	1.70	8.24
	10.40	**41.28**
	4.77	**41.28**
Exceptional items		
Provision for doubtful trade receivable (refer note 46 & 47)	700.00	-
Provision for doubtful capital advances (refer note 49)	899.32	455.35
	1,599.32	**455.35**
Total prior period and exceptional items	**1,604.09**	**496.63**

30. Loss per share (EPS)

(in ₹ million)

	Year ended March 31, 2014	Year ended March 31, 2013
Calculation of loss for Basic EPS		
Net loss attributable to equity shareholders		
Loss after tax, minority interest, pre-acquisition profits and share of loss of associates	(3,607.56)	(1,328.37)
Net loss available for calculation of basic EPS (A)	**(3,607.56)**	**(1,328.37)**
Total no. of shares outstanding as at the year end	12,24,41,068	12,24,07,493
No. of weighted average equity shares		
Basic (C)	12,24,36,805	11,27,39,924
Nominal value of equity share [₹]	2	2
Loss per share (₹)		
Basic and diluted*	(29.46)	(11.78)
*Due to loss basic and diluted loss per share is same.		

31. Particulars of Subsidiaries and Associates considered in the Consolidated Financial Statements are:

Particulars	Country of incorporation	Extent of Control	
Subsidiaries		As at March 31, 2014	As at March 31, 2013
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	India	83.71%	83.71%
Educomp School Management Limited	India	68.35%	68.35%
Educomp Professional Education Limited	India	100.00%	100.00%
Educomp Asia Pacific Pte Ltd.	Singapore	100.00%	100.00%
Savvica Inc.	Canada	79.55%	79.55%
Educomp Child Care Private Limited	India	100.00%	100.00%
Educomp Intelprop Ventures Pte Ltd.	Singapore	100.00%	100.00%
Educomp Online Supplemental Service Limited	India	84.21%	84.21%
Vidya Mandir Classes Limited	India	67.00%	67.00%
Educomp Investment Management Limited	India	100.00%	100.00%
Educomp Global Holding WLL	Bahrain	100.00%	100.00%
Educomp Global FZE (w.e.f 22nd April 2012)	UAE	100.00%	100.00%
Indirectly Held			
Educomp Infrastructure Services Private Limited	India	83.71%	83.71%
Educomp APAC Services Limited	British Virgin Island	83.71%	83.71%
Wizlearn Technologies Pte Ltd (earlier known as 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%
The Learning Internet Inc	USA	58.32%	59.07%
Falcate Builders Private Limited	India	83.53%	83.53%
Newzone Infrastructure Private Limited	India	83.41%	83.41%
Rockstrong Infratech Private Limited	India	83.47%	83.47%
Reverie Infratech Private Limited	India	83.52%	83.52%
Herold Infra Private Limited	India	83.54%	83.54%
Growzone Infrastructure Private Limited	India	83.52%	83.52%
Hidream Constructions Private Limited	India	83.54%	83.54%
Leading Edge Infratech Private Limited	India	83.44%	83.44%
Strotech Infrastructure Private Limited	India	83.54%	83.54%
Markus Infrastructure Private Limited	India	83.51%	83.51%
Orlando Builders Private Limited	India	83.52%	83.52%
Crosshome Developers Private Limited	India	83.43%	83.43%
Good Luck Structure Private Limited	India	83.34%	83.34%
Evergreen Realtech Private Limited	India	83.39%	83.39%
Zeta Buildcon Private Limited	India	83.54%	83.54%
Onega Infrastructure Private Limited	India	83.47%	83.47%
Grider Infratech Private Limited	India	83.51%	83.51%
Boston Realtech Private Limited	India	83.41%	83.41%

Particulars	Country of incorporation	Extent of Control	
Subsidiaries		As at March 31, 2014	As at March 31, 2013
Modzex Infrastructure Private Limited	India	83.37%	83.37%
Virtual Buildtech Private Limited	India	83.30%	83.30%
Laservision Estates Private Limited	India	83.36%	83.36%
Educomp Learning Hour Private Limited	India	84.21%	84.21%
Knowledge Vistas Limited	India	42.69%	42.69%
Educomp Software Limited	India	84.21%	84.21%
Gateforum Educational Services Private Limited	India	46.66%	42.89%
Joint Ventures			
Educomp Higher Initiatives Pte Limited (refer note 33)	Singapore	Nil	50%
Educomp Raffles Higher Education Limited (refer footnote a)	India	41.82%	44.71%
Subsidiary of Joint Ventures			
India Can Education Private Limited (refer note 33)	India	Nil	100.00%
A Plus Education Solutions Private Limited (refer note 33)	India	Nil	79.12%
Millennium InfraDevelopers Limited (refer footnote a)	India	41.82%	44.71%
Associates			
Greycells18 Media Pvt. Limited	India	25.78%	26.00%

Notes:

a) Educomp – Raffles Higher Education Limited

Up to June 28, 2013 – 44.71% and during the year shares were allotted to the Joint Venture partner at various dates which take effective holding as on March 31, 2014 to 41.82%. Consequently, effective holding for the group in Millennium InfraDevelopers Limited, a subsidiary of Educomp Raffles Higher Education Limited has also changed.

32. Goodwill and Capital Reserve on consolidation as on the Balance Sheet date comprises of the following:

(Rupees in million)

Goodwill on consolidation of companies	As at March 31, 2014	As at March 31, 2013
Educomp Learning Private Limited	0.66	0.66
Edumatics Corporation Inc.	25.95	25.95
Educomp Infrastructure & School Management Limited	9,316.06	9,316.06
Educomp School Management Limited	9.99	9.99
Wheitstone Productions Private Limited	3.43	3.43
Educomp Asia Pacific Pte Ltd.	727.38	727.38
Educomp Higher Initiative Pte Ltd. (refer note no. 33)	-	45.02
Educomp Professional Education limited	38.78	149.96
Savicca Inc	122.93	122.93
Educomp Online Supplemental Services Limited	348.93	348.93
Vidya Mandir Classes Limited	337.95	337.95
Total Goodwill	10,932.06	11,088.26
Less: Goodwill related to Wheitstone Productions Private Limited	3.43	3.43
Less: Goodwill related to Savicca Inc	122.93	122.93
Net Goodwill	10,805.70	10,961.90

Capital Reserve

(Rupees in million)

Capital Reserve on consolidation of companies	As at March 31, 2014	As at March 31, 2013
Educomp Infrastructure & School Management Limited	39.62	39.62
Total Capital Reserve	**39.62**	**39.62**

33 Joint venture information

Joint Venture, as required by AS-27 "Financial Reporting of Interest in Joint Venture". Details of Joint Venture Interest is given below:

Name	Description of interest	Country of incorporation	% age of interest as on March 31, 2014	% age of interest as on March 31, 2013
Educomp-Raffles Higher Education Limited*	Equity Shareholding	India	41.82%	44.71%
Educomp Higher Initiatives Pte Limited** (EHIPL)	Equity Shareholding	India	-**	50.00%

* The group has power to govern the financial and operating policies of Joint Venture.

** Educomp Asia Pacific Pte Ltd has sold its stake in its joint venture w.e.f April 9, 2013.

During the year ended March 31, 2014, the company has exited vocational business by selling its entire 50% stake in Educomp Higher Initiative Pte Limited for a net consideration of ₹ 652.20 million (USD 12 million), as part of its strategy to exit non-profit/non-core businesses.

Joint venture entities

The table represents the Group's share of assets and liabilities, and income and results in joint ventures, Educomp Higher Initiatives Pte Limited and Educomp - Raffles Higher Education limited, to the extent of its proportionate share which are included in the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss respectively.

(Rupees in Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Reserves and surplus	**(502.16)**	**(1,113.43)**
Liabilities		
Non-current liabilities	0.96	62.86
Current liabilities	45.53	293.93
Non –Current assets		
Fixed assets (net)	69.37	237.32
Goodwill	38.79	194.99
Deferred tax Assets (Net)	-	-
Long Term Loans and advances	286.95	344.45
Current assets		
Inventories	-	4.66
Trade receivables	281.76	392.80
Cash and bank balances	1.14	53.92
Short Term Loans and advances	4.14	50.95
Other current assets	3.72	34.24

(Rupees in Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
Profit and loss account		
Sales & Service income	116.81	702.09
Other income	0.86	6.08
Total Revenue	**117.67**	**708.17**
Expenditure		
Purchase of stock-in-trade	-	351.74
Changes in inventories of work-in-progress	-	3.59
Employee benefits expense	74.52	274.14
Other expenses	79.51	314.77
Finance cost	1.49	6.75
Depreciation and amortization expense	24.59	71.29
Exceptional Items	0.03	(0.06)
Current and Deferred tax	-	0.01
Total Expenditure	**180.14**	**1,022.23**
Net Loss	**(62.47)**	**(314.06)**

Note: Above figures are only in respect of Educomp Raffles Higher Education Ltd. as Educomp Asia Pacific Pte Ltd. has sold its stake in Educomp Higher Initiatives Pte Limited (JV of 100% subsidiary company) w.e.f April 9, 2013. Hence, above figures are not comparable. Group's share in the result of Educomp Higher Initiatives Pte. Limited of nine days i.e. from April 1, 2013 to April 9, 2013 has not been included as it is not material to the Consolidated Financial Statements.

34 Borrowing cost capitalized during the year

As per Accounting Standard 16 on Accounting for Borrowing Cost, the Company has capitalized ₹ 20.65 million (Previous year ₹ 358.60 million) to various fixed assets including capital work in process in the year ended March 31, 2014.

35 Contingent liabilities

a) In respect of Joint Ventures : Claims not acknowledged as debt ₹ Nil (previous year ₹ 0.11 million)

b) In respect of others;

(Rupees in Million)

S. No.	Particulars	As at March 31, 2014	As at March 31, 2013
a.	Claims against the Group not acknowledged as debt	102.45	127.68
b.	Corporate guarantee given to bank for secured loan to third parties	8,482.70	13,194.91
c.	Assignment of debtors with Limited Recourse Option*	-	1,083.39
d.	Other money for which the Group is contingently liable		
	i. Taxes under adjudication/appeal	25.46	39.43
	ii. Premium on redemption of 'US$ 10 million Zero Coupon Foreign Currency Convertible Bonds due in 2017.	204.76	185.30

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

Notes:

- The loan outstanding to banks against the corporate guarantee in point no. (b) above as on March 31, 2014 is ₹ 5,409.70 million (previous year ₹ 8,610.47 million).
- Future outflows in respect of (a & b) will arise on crystallization and demand made by bank, and in respect of (d)(ii) on redemption of the bonds on the maturity date, if not converted before the maturity date as per the terms of issue of FCCB.
- Taxes under adjudication/appeal represents ₹ Nil (previous year ₹ 28.12 million) under appeal under Income Tax Act, 1961 and ₹ 25.46 million (Previous year ₹ 11.31 million) under appeal under service tax. The Company has paid ₹ 16.98 million (previous year ₹ 30.95 million) under protest against demands raised by tax authorities.
- The Group does not expect any cash outflows in respect of (a), (b), (c), (d) (i).

36 Commitments

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

Capital commitments (net of advances)

In respect of Joint Ventures to the extent of Group's share

Estimated amount of contracts remaining to be executed on capital account and not provided for in respect of tangible assets - ₹ 0.65 million (previous year ₹ 0.63 million)

In respect of others

Estimated amount of contracts remaining to be executed on capital account and not provided for - ₹ 1084.28 million (previous year ₹ 1,091.28 million).

Other material commitments

In respect of Joint Ventures to the extent of Group's share

Commitment for service contract - ₹ 3.88 million (previous year ₹ 7.90 million)

In respect of others

Uncalled liability on shares and other investments partly paid up - ₹ 502.62 million (previous year ₹ 502.62 million)

Commitment for advertisement contract - ₹ 494.53 million (previous year ₹ 494.76 million)

37 Zero Coupon Foreign Currency Convertible Bond (FCCB) of $ 1000 each

In the previous year, the Company had issued 10, Zero coupon foreign currency convertible bonds (FCCB) of $ 1000,000 each. These FCCB are convertible into equity shares based on the ratio calculated in accordance with the terms of offering circular dated July 13, 2012. The bonds are convertible latest by July 24, 2017. These are to be converted at initial conversion price of ₹ 188.62 for each equity shares at the applicable exchange rate at the date of conversion. As on March 31, 2014 USD 10 million (previous year USD 10 million) FCCB are outstanding for conversion into equity shares of the face value of ₹ 2 each. Due date for redemption is July 24, 2017 and redemption price at maturity is 134.07% of par value.

38 Share warrants

a) Educomp Solutions Limited

The Company on July 26, 2012 had allotted 1,14,79,096 warrants to Promoter Group Entity at an issue price of ₹ 193.74 per warrant, as per the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009, convertible into equal number of equity shares of the face value of ₹ 2/- each convertible within a period of 18 months from the date of allotment. The Company on January 22, 2013 had allotted 29,79,939 equity shares of face value of ₹ 2/- each at a premium of ₹ 191.74/- per share on conversion of warrants issued under provisions of Chapter VII Of SEBI (ICDR) Regulations, 2009 pursuant to receipt of balance 75% of the issue price against the allotted shares. During the year the Company had forfeited 84,99,157 warrants amounting to ₹ 411.66 million, due to non receipt of balance 75% of the issue price in the stipulated period of 18 months from the date of issuance of these warrants. The forfeited amount is disclosed as 'Capital Reserve' under the 'Reserve & Surplus'.

b) Educomp Infrastructure & School Management Limited (EISML)

(i) Pursuant to shareholders resolution dated July 20, 2010, EISML had issued, on July 26, 2010, 800,000 share warrants of ₹ 10 each on preferential basis to be converted into 800,000 equity shares of ₹ 10 each at a premium of ₹ 676 per share at the option of the holder after a period of one year from the date of issue, subject to maximum period of ten year from the date of issuance and payment of the issue price (including premium) of the equity shares. After period of ten years, the unissued share warrants shall stand forfeited.

(ii) Pursuant to resolution passed in the meeting of Board of Directors held on March 31, 2012, EISML had issued 5 warrants of ₹ 133.33 million each aggregating ₹ 666.66 million against which ₹ 66.66 million had been received. Warrants issued carries an option/entitlement to subscribe to such number of equity shares at such price as determined in terms of the share cum warrant subscription agreement dated March 29, 2012. The warrants may be exercised at any time within a period of five years from the closing date, March 31, 2012 at the sole discretion of the party. In the event of non exercising of the option, the warrant subscription amount shall stand forfeited.

39 Employee Stock Options Schemes

(i) Educomp Solutions Limited

A. Brief description of schemes

The Company has six stock option schemes which provides equity shares to employees and directors (excluding promoter director) of the Company and its subsidiaries. All the cost including the cost relating to the options granted to employees of subsidiary companies are borne by the Company. Employee stock options are convertible into equity shares in accordance with the respective employees stock option scheme. The option vesting period is maximum ten years from the date of grant of option to employees at an exercise price approved by the remuneration committee. The excise period is 1 year from the end of last vesting date of respective grants. There are no condition for vesting other than continued employment/ directorship with the Company or its subsidiaries. There has been no cancellation or modification of the respective schemes during the year.

Employees Stock Option Scheme 2006

Pursuant to shareholder's resolution dated August 24, 2006, the Company had introduced "Educomp Employees Stock Option Scheme 2006" which provides for the issue of 3,125,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2014 and March 31, 2013, the Company had 797,692 and 902,269 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2007

Pursuant to shareholder's resolution dated September 13, 2007, the Company had introduced "Educomp Employees Stock Option Scheme 2007" which provides for the issue of 1,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2014 and March 31, 2013, the Company had 664,760 and 634,260 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2008

Pursuant to shareholder's resolution dated November 15, 2008, the Company had introduced "Educomp Employees Stock Option Scheme 2008" which provides for the issue of 1,250,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2014 and March 31, 2013 the Company had 984,763 and 748,033 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2010

Pursuant to shareholder's resolution dated March 18, 2010, the Company had introduced "Educomp Employees Stock Option Scheme 2010" which provides for the issue of 1,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2014 and March 31, 2013 the Company had 860,625 and 698,750 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2011

Pursuant to shareholder's resolution dated July 26, 2011, the Company had introduced "Educomp Employees Stock Option Scheme 2011" which provides for the issue of 1,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2014 and March 31, 2013 the Company had 863,000 and 525,000 number of shares reserved for issue under the scheme respectively.

Employees Stock Option Scheme 2012

Pursuant to shareholder's resolution dated July 16, 2012, the Company had introduced "Educomp Employees Stock Option Scheme 2012" which provides for the issue of 3,500,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 10 years from the date of respective grants. As at March 31, 2014 and March 31, 2013 the Company had 3,204,625 and 26,00,000 number of shares reserved for issue under the scheme respectively.

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

Particulars	As at March 31, 2014		As at March 31, 2013	
	No. of stock options	Weighted average price (₹)	No. of stock options	Weighted average price (₹)
Employee Stock Option Scheme 2006				
No. of shares under option				
Outstanding at the beginning of the year	902,269	136.66	1,668,815	111.42
Granted	210,000	24.75	-	-
Exercised	33,575	25.00	555,544	25.00
Forfeited during the year	281,002	287.40	211,002	231.01
Outstanding at the end of year	797,692	58.80	902,269	136.66
Weighted average grant date fair value per option for options granted during the year at less than market value	Not applicable		Not applicable	
Weighted average remaining contractual life (in years)	2.37 yrs		1.88 yrs	
Payment received against share allotted during the year	0.84 million		13.89 million	
Employee Stock Option Scheme 2007				
No. of shares under option				
Outstanding at the beginning of the year	634,260	423.70	868,420	439.58
Granted	320,000	24.75	-	-
Exercised	-	-	-	-
Forfeited during the year	289,500	404.64	234,160	482.59
Outstanding at the end of year	664,760	239.96	634,260	423.70
Weighted average grant date fair value per option for options granted during the year at less than market value	Not applicable		Not applicable	
Weighted average remaining contractual life (in years)	3.92 yrs		3.23 yrs	
Payment received against share allotted during the year	Nil		Nil	
Employee Stock Option Scheme 2008				
No. of shares under option				
Outstanding at the beginning of the year	748,033	439.55	1,207,233	499.48
Granted	590,000	24.75	-	-
Exercised	-	-	-	-
Forfeited during the year	353,270	370.99	459,200	597.09
Outstanding at the end of year	984,763	215.62	748,033	439.55
Weighted average grant date fair value per option for options granted during the year at less than market value	Not applicable		Not applicable	
Weighted average remaining contractual life (in years)	4.99 yrs		4.46 yrs	
Payment received against share allotted during the year	Nil		Nil	
Employee Stock Option Scheme 2010				
No. of shares under option				
Outstanding at the beginning of the year	698,750	467.60	961,250	478.95
Granted	484,375	24.75	-	-
Exercised	-	-	-	-
Forfeited during the year	322,500	456.21	262,500	509.17
Outstanding at the end of year	860,625	222.63	698,750	467.70
Weighted average grant date fair value per option for options granted during the year at less than market value	Not applicable		Not applicable	
Weighted average remaining contractual life (in years)	4.74 yrs		4.73 yrs	
Payment received against share allotted during the year	Nil		Nil	
Employee Stock Option Scheme 2011				
No. of shares under option				
Outstanding at the beginning of the year	525,000	228.01	975,000	238.94
Granted	573,000	24.75	-	-
Exercised	-	-	-	-
Forfeited during the year	235,000	224.86	450,000	251.7
Outstanding at the end of year	863,000	93.91	525,000	228.01
Weighted average grant date fair value per option for options granted during the year at less than market value	Not applicable		Not applicable	
Weighted average remaining contractual life (in years)	5.34 yrs		5.60 yrs	
Payment received against share allotted during the year	Nil		Nil	

Particulars	As at March 31, 2014		As at March 31, 2013	
	No. of stock options	Weighted average price (₹)	No. of stock options	Weighted average price (₹)
Employee Stock Option Scheme 2012				
No. of shares under option				
Outstanding at the beginning of the year	2,600,000	154.35	-	-
Granted	2,843,000	22.67	2,600,000	154.35
Exercised	-	-	-	-
Forfeited during the year	2,238,375	119.94	-	-
Outstanding at the end of year	3,204,625	61.56	2,600,000	154.35
Weighted average grant date fair value per option for options granted during the year at less than market value	Not applicable		Not applicable	
Weighted average remaining contractual life (in years)	5.56 yrs		6.00 yrs	
Payment received against share allotted during the year	Nil		Nil	

(ii) Educomp Infrastructure & School Management Limited (EISML):

Pursuant to shareholder resolution dated March 13, 2010, the Parent Company introduced "Employee Stock Option Plan 2010 (EISML ESOP -2010)" which provided for the issue of 200,000 stock options to employees of EISML and its holding subsidiaries companies. The option vesting period shall not be more than 10 years from date of grant of options at an exercise price approved by the compensation committee. 200,000 equity shares had been increased to 1,400,000 stock options by special resolution passed on June 15, 2010. During the year, Group has granted Nil (Previous year Nil) stock options have been granted under this scheme and 127,590 (Previous year 72,890) stock option has been forfeited due to resignation of employees. The exercise price of all the options is ₹ 686 per share.

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

Particulars	As at March 31, 2014		As at March 31, 2013	
	No. of stock Options	Weighted average price(₹)	No. of stock Options	Weighted average price (₹)
Employees Stock Option Plan 2010				
No. of shares under option				
Outstanding at the beginning of the year	164,040	686	236,930	686
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited during the year	127,590	686	72,890	686
Outstanding at the end of year	36,450	686	164,040	686
Exercisable at the end of the year	21,870	686	82,632	686
Weighted average grant date fair value per option for option granted during the year at less than fair value	N.A		N.A	
Weighted average remaining contractual life	1.69		4.15	
Payment received against share allotted during the year	-		-	

(iii) Educomp Online Supplemental Service Limited (EOSSL):

Pursuant to shareholder resolution dated 21st November 2011, the Company introduced "EOSSL Employees Stock Option Scheme 2011" which provides for the issue of 3,50,000 equity shares to employees of the company and its holding/ subsidiaries. The maximum option vesting period is not more than Ten Years from the date of award of option to employees at an exercise price approved by the compensation committee. Till date 49350 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.

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

Particulars	As on March 31, 2014		As on March 31, 2013	
	No. of stock options	Weighted average price (₹)	No. of stock options	Weighted average price (₹)
Employee stock option scheme 2011				
No. of shares under option				
Outstanding at the beginning of the year	49,350	230	49,350	230
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited during the year	-	-	-	-
Outstanding at the end of year	49,350	230	49,350	230
Weighted average grant date fair value per option for options granted during the year at less than market value	NA		NA	
Weighted average remaining contractual life (in Years)	3.64		4.64	
Payment received against share allotted during the year	Nil		Nil	

(iv) Learning Internet Inc (L.com):

L.com has an Incentive Stock Option Plan (the "Plan"), which provides for the grant of options to purchase stocks of the Company's common stock to employees, directors and consultants within the meaning of Section 422 of the Internal Revenue Code. The Plan also provides for the direct award of non-statutory stock options and warrants (collectively "non-statutory options") to purchase stocks of the Company's common stock or direct grant of stocks of common stock.

As of March 31, 2014, the Company has reserved a total of 4,150,000 stocks of its common stock for issuance under the Plan. The information concerning stock options granted, exercised, forfeited and outstanding at the year end is as follows:

Particulars	As on March 31, 2014		As on March 31, 2013	
	No. of stock options	Weighted average price (₹)	No. of stock options	Weighted average price (₹)
No. of shares under option				
Outstanding at the beginning of the year	543,500	68.79	985,500	67.12
Granted During the Year	800,000	21.64	-	-
Exercised During the Year	2,500	90.15	1,000	17.97
Expired or cancelled	267,500	61.93	441,000	81.15
Outstanding at the end of year	1,073,500	75.38	543,500	68.79
Weighted average grant date fair value per option for options granted during the year at less than market value	NA		NA	
Weighted average remaining contractual life (in Years)	8.3 yrs		5.1 yrs	
Payment received against share allotted during the year	₹ 0.23 million		₹ 0.02 million	

Grants by the Company are made at the estimated fair value of the company's common stock. Using intrinsic value method of ESOP stock compensation expenses, there is no amount to be expensed off for income statement for these fresh grants.

(v) Edumatics Corporation Inc (Edumatics):

The Company has an Incentive Stock Option Plan (the "Plan"), which provides for the grant of options to purchase stocks of the Company's common stock to employees, directors and consultants within the meaning of Section 422 of the Internal Revenue Code. The Plan also provides for the direct award of non-statutory stock options and warrants (collectively "non-statutory options") to purchase stocks of the Company's common stock or direct grant of stocks of common stock.

As of March 31, 2014, Edumatics has reserved a total of 357,143 stocks of its common stock for issuance under the plan which were granted as on April 01, 2008 to two directors of Edumatics.

The Company's Board of Directors determines participation in the Plan. The options generally are exercisable pursuant to any vesting requirements imposed by the Board of Directors upon the grant of the options; however, the term of an option granted under the Plan cannot exceed ten years and may be further limited by the specific restrictions as detailed in the individual option agreement between the Company and participant. In addition, the Board of Directors may, at its sole discretion, subsequently modify the vesting requirements.

The following tables summarize information about options issued, outstanding and exercisable under the Plan as of March 31, 2014:

Particulars	As at March 31, 2014		As at March 31, 2013	
	No. of stock options	Weighted average price (₹)	No. of stock options	Weighted average price (₹)
Outstanding at the beginning of the year	357,143	0.45	357,143	0.45
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited during the year	-	-	-	-
Outstanding at the end of year	357,143	0.45	357,143	0.45
Weighted average grant date fair value per option for options granted during the year at less than market value	N.A		N.A	
Weighted average remaining contractual life	5.0 yrs		6.0 yrs	
Payment received against share allotted during the year	N.A		N.A	

The Company uses intrinsic value method of ESOP stock compensation expenses of the organization over the vesting period.

(vi) Savvica Inc (Savvica):

The following tables summarize information about options issued, outstanding and exercisable under the plan as of March 31, 2014:

Particulars	As at March 31, 2014		As at March 31, 2013	
	No. of stock options	Weighted average price (₹)	No. of stock options	Weighted average price (₹)
Outstanding at the beginning of the year	-	-	83,449	42.87
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited during the year	-	-	83,449	42.87
Outstanding at the end of year	-	-	-	-
Weighted average grant date fair value per option for options granted during the year at less than market value		N.A		N.A
Weighted average remaining contractual life		Nil		Nil
Payment received against share allotted during the year		N.A		N.A

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

40 Foreign Currency Monetary Items Translation Difference Account (FCMITDA)

The Company has adopted Companies (Accounting Standards) Second Amendment Rules 2011 on Accounting Standard 11 as notified by the Central Government vide Notification dated December 29, 2011. Accordingly, the effect of exchange difference on foreign currency loan (including FCCB) is accounted for by addition or deduction to the cost of the assets so far it relates to depreciable capital asset and in other cases by transfer to "Foreign Currency Monetary Items Translation Difference Account"(FCMITDA) to be amortized as provided in the aforesaid notification. Further, as per the decision of the council of the Institute of Chartered Accountants of India (ICAI) in its meeting dated March 31, 2014, FCMITDA has been shown as a part of Reserves and Surplus.

41 Employee benefits

- **Defined contribution plans**

During the year, the Group has recognized the following amounts in the Consolidated Statement of Profit and Loss:

(Rupees in million)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Employer's contribution to provident fund and other funds	142.80	164.46
Employer's contribution to employee state insurance	0.56	1.21
Employer's contribution to defined contribution plan - 401K saving plan (foreign subsidiary)	3.84	3.40
Labour welfare fund	0.05	0.06
Other funds	4.11	8.88
Total	**151.36**	**178.01**

- **Defined benefit plan – Gratuity**

During the year, the Group has recognized the following amounts in the Consolidated Statement of Profit and Loss .

(Rupees in million)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Current service cost	16.88	36.41
Interest cost	7.69	5.88
Actuarial gain/(loss)	(19.41)	2.45
Total	**5.16**	**44.74**

Reconciliation of opening and closing balance of benefit obligation - Gratuity:

(Rupees in million)

Particulars	Gratuity – Partially funded	
	Year ended March 31, 2014	Year ended March 31, 2013
Present value of obligation as at the beginning of the year	95.53	76.76
Impact of Transfer of holding	(4.21)	-
Current service cost	7.69	36.41
Interest cost	16.88	5.88
Benefit paid	(24.54)	(25.52)
Actuarial loss/ (gain)	(17.69)	2.00
Present value of obligation as at the end of the year	**73.66**	**95.53**

Classification of obligation:

(Rupees in million)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Amount classified as:		
Short term provision	2.40	11.22
Long term provision	71.26	84.31

Benefit asset/liability

(Rupees in million)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Present value of defined benefit obligation	73.78	95.98
Fair value of plan assets	0.12	0.45
Net liability	**73.66**	**95.53**

Present benefit obligation, plan assets and experience adjustments for current year and last 4 years

(Rupees in million)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31,2011	Year ended March 31, 2010
Gratuity					
Present value of obligation as at the end of the year	73.78	95.53	76.76	50.54	24.87
Plan assets	0.12	0.45	0.50	-	-
Surplus/(deficit)	(73.66)	(95.08)	(76.26)	(50.54)	(24.87)
Experience adjustment (loss)/gain on plan liabilities – Gratuity					
Experience gain/(loss) on plan assets	(14.39)	(2.73)	(4.33)	(1.47)	(0.82)
	0.01	0.03	-	-	-

Fair value of plan assets:

(Rupees in million)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Fair value of plan assets at the beginning of the year	0.45	0.50
Expected return on plan assets	0.04	0.03
Benefits paid	(0.35)	(0.11)
Actuarial gain/(loss) on plan assets	(0.02)	0.03
Fair value of plan assets at the end of the year	0.12	0.45

Principal actuarial assumptions at the balance sheet date:

(Rupees in million)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Discounting rate	8.00% - 8.80%	8.00% - 8.80%
Expected rate of increase in salary	5.5% - 10.00%	5.5% - 10.00%
Expected rate of return on plan assets	8.00%	8.00%

Note: The discount rate has been determined by reference to market yield at the Balance Sheet date on Government securities over a period which matches with remaining working, life of employees. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

42 Operating lease

Assets taken on lease

(a) General description of lease terms:

i) Assets are taken on lease over a period of 1 to 10 years.

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

iii) There are no restrictions imposed by the lessor.

iv) There are scheduled escalations.

(b) The Group has taken on leases office space, land, building and technology equipments under cancellable/non-cancellable operating leases. The lease rental expense recognized in the Consolidated Statement of Profit and Loss for the year in respect of such leases is ₹ 226.05 million (previous year ₹ 315.76 million). The future minimum lease payments towards non-cancellable operating leases are as follows:

(Rupees in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Not later than 1 year	87.62	177.39
Later than 1 year but not later than 5 years	257.43	493.36
Later than 5 years	0.34	135.36
Total	**345.39**	**806.11**

Assets given on lease

(a) General description of lease terms:

i) Assets are given on lease/license over a period of 30 years on non-assignable, non-transferable and non-revocable basis to educational institutions and over a period of 1 to 6 years to the body corporate.

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

iii) The leases are renewable after expiry of agreement period.

iv) There are no escalations as per the lease agreement.

(b) The Group has given land and building on operating lease to the educational institutions whose cost and accumulated depreciation is as follows:

(Rupees in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Cost of land	2,391.03	2,391.03
Cost of building	5,855.94	5,855.76
Accumulated depreciation	436,52	339,76

(Rupees in million)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Depreciation	96.79	135.04
Lease rental charged	567.83	969.71
Contingent rent	55.34	68.82

The future minimum lease income expected to be received for non-cancellable operating leases is as under:

(Rupees in million)

Particulars	As at March 31, 2014	As at March 31, 2013
Not later than 1 year	512.26	919.18
Later than 1 year but not later than 5 years	2,049.04	3,676.71
Later than 5 years	10,458.71	20,208.44
Total	13,020.01	24,804.32

(c) The group has given office space on sub-lease. Other Income includes income from operating lease of ₹ 1.62 million (previous year ₹ 2.63 million) under lease and hire income. The future minimum lease payment expected to be received is as below:

EISML has also given portions of its office buildings on operating lease to a body corporate. The cost and accumulated depreciation of the leased portion cannot be determined. The lease rental income recognized in the Statement of Profit and Loss for the year in respect of such lease is ₹ 0.09 million (previous year ₹ 2.20 million). The lease is cancellable at the option of the lessee.

(Rupees in million

	As at March 31, 2014	As at March 31, 2013
Not later than 1 year	1.17	1.02
Later than 1 year but not later than 5 years	0.68	0.68
Later than 5 years	-	-
Total	1.85	1.70

43 Finance lease

Assets taken on lease

(a) General description of lease terms:

i) Assets are taken on lease over a period of 3 to 5 years.

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

iii) The assets taken under finance lease are in the nature of technology equipments.

iv) There are no escalations as per the lease agreement.

Finance leases obligation of the Group is as follows:

(Rupees in million

Particulars	As at March 31, 2014			As at March 31, 2013		
	Future minimum lease payments	Interest	Present value	Future minimum lease payments	Interest	Present value
Not later than 1 year	10.07	3.60	6.47	84.54	17.80	66.74
Later than 1 year but not later than 5 years	24.75	1.90	22.85	57.91	8.50	49.41
Later than 5 years	-	-	-	-	-	-
Total	**34.82**	**5.50**	**29.32**	**142.45**	**26.30**	**116.15**

44 Particulars of un-hedged foreign currency exposure of the Group as on the Balance Sheet Date:

(Rupees in Million)

Particulars	Foreign currency	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
		(Foreign currency)	(Foreign currency)		
Trade payables	US$	10.71	10.78	639.67	586.99
	Euro	0.01	-	0.71	-
	SGD	1.06	1.06	50.06	46.22
Advance to suppliers	US$	0.10	0.70	5.24	38.33
Trade receivable	US$	0.51	0.52	30.99	31.23
Advance from customer	US$	0.18	0.18	10.79	9.76
Loans payable	US$	80.00	80.00	4,807.99	4,351.14

45 Due to inadequacy of the profits during the current financial year, managerial remuneration paid, by the Company and one of its subsidiary Educomp Infrastructure & School Management Limited (EISML) to managing director/ whole Time Director during the year, is in excess of the limits provided under the Section 198, 269, 309 read with Schedule XIII of the Companies Act, 1956. The management of the respective companies are in the process of making necessary application to the Central Government to obtain its approval for the waiver/approval of the remuneration so paid, in due course.

46 Exceptional item

The Company as part of its regular recoverability evaluation process had identified certain trade receivables amounting to ₹ 1,174.12 million, including dues from Government agencies, as doubtful of recovery. Consequently, the management recorded a provision of ₹ 1,174.12 million for doubtful trade receivables during the year ended March 31, 2014. Out of the provision recorded during the year ₹ 700.00 million has been disclosed as an exceptional item. The overall provision for doubtful trade receivables as at March 31, 2014 stands at ₹ 1,287.28 million.

47 Due to longer than expected gestation period of schools, recoverability of trade receivables amounting to ₹ 2,173.32 million from trusts, due to the subsidiary Company EISML has been slow. The management of the EISML, is regularly monitoring the growth in schools and their future projections, based on which, the management believes that the trade receivables from the trusts are fully recoverable.

48 As part of regular process, the Group periodically evaluates the investments to identify any diminution other than temporary in the value of investments. During the course of this exercise, there were certain indicators of impairment identified in case of two of its subsidiary companies namely, Educomp Online Supplemental Services Limited and Educomp Child Care Private Limited and its associate, Greycells18 Media Limited. The Company assessed the business projections of these investments and concluded that their business is sustainable on a going concern basis. The Company evaluated the recoverability of its share of net assets held through these Companies, using business valuations performed by independent experts. The said evaluation is based on the long term business plans of its subsidiaries/associates. Accordingly, in view of the management no provision is required in respect of these investments of the Group.

49 Exceptional item

In earlier years, EISML, a subsidiary of Company had given capital advances amounting ₹ 2,532.90 million to various parties for acquisition of fixed assets. The management of EISML as part of its regular recoverability evaluation process had identified certain portions of capital advances which were doubtful of recovery or did not have recoverable value equivalent to the book value. Accordingly, on a prudent basis in earlier years, the management had recorded a total provision of ₹ 1,354.67 million in the books of account towards such capital advances or portions thereof, which were doubtful of recovery, out of which a sum of ₹ 899.32 million has been provided for during the year ended March 31, 2014. The provision recorded during the year has been disclosed as exceptional item.

The management is continuously monitoring the settlement of these balances and is regularly following up with respective parties for recovery of the said capital advances. The management believes that other capital advances, which have not been provided for, although have been long outstanding but are fully recoverable and hence the management believes that existing provision recorded in books is sufficient to cover any possible future losses on account of non recovery of such capital advances.

50 The Group has evaluated the recoverability of intangible assets in the form of Brand "Universal" in one of its step down subsidiary, by using valuations performed by an independent valuation expert. The said evaluation is based on long term business plans and underlying assumptions used for the purpose of valuation, which in view of the management are realistic and achievable by the subsidiary. Accordingly, the management has concluded that no adjustments to the carrying value of the intangible assets aggregating to ₹ 926.80 million is required to be recorded in the consolidated financial statements for the year ended March 31, 2014.

51 As at year end, the Educomp Raffles Higher Education Limited (joint venture of the group) has foreign currency receivables of ₹ 16.47 million which are outstanding for a period greater than one year. As per the Reserve Bank of India's (RBI) Master Circular on Export of Goods and Services, foreign currency receivables should be realized, except with prior approval of RBI, within a period of one year. Further, as at year end the joint venture has netted off foreign currency payables of ₹ 12.25 million against its foreign currency receivables. As per the Reserve Bank of India's (RBI) Master Circular on Export of Goods and Services, foreign currency receivables cannot be set off against foreign currency payables except with prior approval of RBI. Being a procedural matter, the joint venture's management does not expect any penalties/ fines to be levied on account of the above, and will initiate all the required formalities.

52 During the period, the Company has reviewed business plan of its joint venture, Educomp Raffles Higher Education Limited which has advanced loans amounting ₹ 507.66 millions to Jai Radha Raman Education Society (Society) and its subsidiary Millennium Infra Developers Limited which has trade receivables of ₹ 651.23 lacs from the same society under contractual obligations. The Company has also considered the business plan of the society and estimated market value of its net assets based on which no adjustment is required in carrying value of its share of net assets in such joint venture. The Group's holding in the joint venture is 41.82%.

53 During the last year, the Group has completed a review of useful lives buildings included in fixed assets. The revisions were accounted for with effect from January 1, 2013, prospectively, as a change in accounting estimates and as a result, the depreciation charge of the Group for the current financial year end is lower by ₹ Nil (Previous year ₹ 20.48 million). The net block of the buildings is now being depreciated over balance period upto 60 years as against 30 years.

54 As per the terms of Master Restructuring Agreement and approved Corporate Debt Restructuring scheme of Educomp Infrastructure and School Management Limited (EISML), a subsidiary Company, there are certain assets amounting ₹ 1,424.3 millions (at cost) which have been identified for sale in a time bound manner. The lead bank carried out a valuation of these assets which are indicative in nature. Market valuations have not been carried out by the Company as some of these assets are not ready for sale due to pending regulatory approvals/permissions.

Based on recent firm offers and latest valuation reports, the management believes that the market value of these investments is higher than as considered under the indicative valuation reports and differences, if any, are temporary only. Therefore, no adjustment is required to the carrying value of these investments.

55 Particulars of securities, Interest and terms of repayment of Loans taken by the Group are as follows:

(Rupees in Million)

Particulars	Amount Outstanding as at March 31,		Terms of repayment	Security
	2014	2013	March 31, 2014	March 31, 2014
Term Loan (a)	194.57	226.55	₹ 50 million in six half yearly installments and ₹ 325.19 million in 18 quarterly installments	- First pari-passu charge by way of mortgage of all immovable properties and assets of the Company. - First pari-passu charge by way of hypothecation of all the movable assets including, but not limited to computer hardware, furniture and fixtures. - First pari-passu charge on receivable from Government contracts of Uttar Pradesh and Gujarat. - First charge on the Debt Service Reserve Account (DSRA) created for the project. - Personal guarantee of Mr. Shantanu Prakash and first charge by way of mortgage on one of the personal property of Mr. Shantanu Prakash.
Term Loan (b)	115.61	102.43	Repayment in 10 quarterly installments commencing from quarter ending December 31, 2015.	- First pari-passu charge on all fixed assets (immovable and immovable) of the company, both present and future. - First pari-passu charge on all the intangible assets, current assets, other non current assets and other receivables and unencumbered receivables of ESSPL, both present and future.

Particulars	Amount Outstanding as at March 31,		Terms of repayment	Security
	2014	2013	March 31, 2014	March 31, 2014
Term loan (c)	253.93	216.46	Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ending December 31, 2015 and ending in quarter ending March 31, 2023.	- First charge on the borrower's bank accounts, including but not limited to Trust & Retention Account. - Pledge of all unencumbered shares held by the Promoters Group in company. - Pledge of all unencumbered shares held by company in various companies. - Pledge of all unencumbered shares of subsidiaries of the borrower held by Mr. Shantanu Prakash in the share capital of such subsidiaries. - Unconditional & irrevocable Personal Guarantees from Mr.Shantanu Prakash & Mr. Jagdish Prakash and Corporate Guarantee of ESSPL. - First pari-passu charge by way of mortgage of personal property of Mr. Shantanu Prakash situated at Residential Plot No. P-63, Sector 56, Gurgaon, Haryana.
Term loan (d)	300.00	300.00		
Term loan (e)	262.47	250.00		
Term loan (f)	64.00	64.00		
Term loan (g)	2,562.31	-		
Term loan (h)	4,183.96	-		
Term loan (i)	315.55	-		
Working capital term loan	2,296.96	-		
Funded interest term loan	336.29	-		
Working capital facility	1,031.88	2,326.41	Payable on demand	
Term loan (j)	726.48	648.32	16 equal quarterly installments starting at the end of 15th month from the date of first disbursement.	· Sub-servient charge on the current assets of the Company. · Exclusive charge on Mumbai Office of the Company. · Subservient charge on all current assets of Educomp Infrastructure & School Management Limited (EISML). . Personal guarantee of Mr. Shantanu Prakash
Term loan (k)	-	170.00	Not applicable	Not applicable
Working capital facility	-	141.01	Not applicable	Not applicable
Foreign Currency Convertible Bonds (FCCB)	601.00	543.89	Repayable at 134.07% of principal par value after 5 year and 1 day from the date of disbursement if not converted.	Second charge on following assets · 51% of the fully paid up equity shares of EISML held by the Company.
External Commercial Borrowings (ECB)	4,206.99	3,807.25	11 half yearly installments starting from 15th January, 2016.	First charge on following assets · 51% of the fully paid up equity shares of the EISML held by the Company.
13.50% Non Convertible Debentures	350.00	350.00	Repayable after seven years from the date of disbursement. The investors have put option after five years.	- Pari-passu charge with the CDR lenders, without any preference or priority to one over the other or others.
Term loan (l)	9.27	-	12 equal quarterly installments starting from 5th quarter of first disbursement.	- pledge shares of Vidya Mandir Classes Limited held by the Company. - Pledge shares held by Educomp Online Supplemental Services Limited of Educomp Learning Hour Private Limited. - Hypothecation by way of exclusive charge over receivables of the borrower from Edusmart.
Working capital facility (d)	62.69	-	12 monthly installments from next month transfer of loan from HDFC	- Sub-servient charge on the stock and debtors of the Company. - Personal guarantee of Mr. Shantanu Prakash and Mr. Jagdish Prakash.
Working capital facility (b)	897.45	688.46	Payable on demand	- First ranking pari-passu charge on the entire current assets of the Company. - Second pari-passu charge over the fixed assets of the Company. - Personal guarantee of the Mr. Shantanu Prakash and Mr. Jagdish Prakash and first charge by way of mortgage on one of the personal property of Mr. Shantanu Prakash.
13.40 % Non convertible debenture (EISML)	1,050.00	1,050.00	Redeemable at par in four half yearly installments starting from June 20, 2015 and with a put option after December 20, 2014	- Second charge over moveable and immoveable properties of the Company - Second charge over moveable and immoveable properties of the third party - Second charge over all present and future current assets of the Company - Corporate Guarantee of Educomp Solutions Limited (Holding Company) - Personal guarantee of one of the directors - Further, the Company needs to maintain debt service reserve account for 1 quarter interest and 1 quarter principle

Particulars	Amount Outstanding as at March 31,		Terms of repayment	Security
	2014	2013	March 31, 2014	March 31, 2014
Term loan (Loan Taken by EISML) (m)	7,156.25	5,273.44	- Carries interest linked to respective banks BPLR. The same is fixed at 11% for FY 2013-14 and 2014-15. - Repayable in pre - scheduled quarterly installments starting 15th January 2016 till March 2026	- A first pari-passu charge on all the fixed assets except Mumbai office, brands and intangible assets and other non-current assets, present and future - A first pari-passu charge over all bank accounts of the Company, subsidiaries and trusts, and all the receivables, book debts, and in all funds from time to time deposited therein and in all permitted investments or other securities representing all amounts credited to bank accounts of the Company, subsidiaries and trust. - A first charge on all intangible assets of the Company, assignment of agreements, rights, titles, clearances, insurance contract/ insurance proceeds, uncalled capital and 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. - First pari passu charge on all the fixed assets, brands and intangible assets, current assets and other non-current assets, present and future of the subsidiaries(excluding all assets of Knowledge Vistas Limited) and Third Party as may be agreed/ acceptable to the Trustee. - Unconditional and irrevocable Corporate Guarantee of Educomp Solutions Limited (Holding Company) - Corporate Guarantee of 21 land owing subsidiaries - Pledge of 45.5% fully paid-up unencumbered share (14,584,541 shares) held by Educomp Solutions Limited (Holding company), Educomp School Management Limited, Shantanu Prakash (director of the company and Mrs. Anjlee Prakash - Encumbered shares held by Educomp Solutions Limited(Holding Company) after released from IFC and Proparco - Pledge of shares of land owing subsidiaries held by company - Unconditional and irrevocable Personal Guarantee by Mr. Shantanu Prakash and Mr. Jagdish Prakash.
Funded interest term loans (Loan taken by EISML)	787.46	-	Re-payable on April 1, 2015.	As disclosed above for term loans
Term loan (Loan taken by EISML) (n)	-	2,000.00	Not Applicable	Not Applicable
Vehicle loan (Loan taken by EISML)	1.62	3.54	- The loans carries interest ranging from 10% to 14%. - Repayable on equated monthly installments over different periods till December 2014	Secured by hypothecation of respective vehicles
Deferred payment liabilities (Leasehold land) (Loan taken by EISML)	61.03	64.00	- Carries interest of 11%. - Repayable in equated six monthly installments till December 2019	Secured by leasehold right over the land
Loan from Banks (Loan taken by EISML)	-	126.00	Not applicable	Not applicable
Term Loan (Loan taken by EAPL) (o)	884.37	800.34	Carries interest rate at LIBOR Rate + 3.5%. Term Loan is repayable in 4 equal yearly installments, after a moratorium of 3 years effective from May 2012	- Corporate Guarantee of Educomp Solutions Limited. - Bank's lien over the entire cash flow of the Company including dividend receivables from the acquired Company - Pledge of the shares of the subsidiary company.

Particulars	Amount Outstanding as at March 31,		Terms of repayment	Security
	2014	2013	March 31, 2014	March 31, 2014
Term Loan(Loan Taken by ECCPL) (p)	249.58	-	Sixteen quarterly installments of ₹ 1.5625 crore March 31, 2016.	- Mortgage of land and building situated at H35/1, DLF Phase -1, Gurgaon in the name of Mr. Shantanu Prakash. - Mortgage of residential flat No. 1704, Building No. 3/4/5, The Magnolias, DLF Golf link DLF City, Gurgaon in the name of M/s. Kaisons Housing Corporation Ltd. - Mortgage of residential flat at tower G, Apartment No. G-1002, 10th Caitriona Ambience Island, Gurgaon in the name of Mr. Shantanu Prakash. - Charges on the all the banks accounts of the Company wherever maintained. - Personal guarantee of Mr. Shantanu Prakash.- Corporate guarantee of M/s. Kaisons Housing Corporation Ltd. - Charge by way of pledge on equity share capital to the extent of 30% shares of Educomp Child Care Private Limited. and Non Disposal Undertaking (NDU) with Power of Attorney (POA) for the balance 70% shares.
Term Loan (Loan Taken by Educomp Software Ltd.) (q)	86.42	-	Four quarterly installments starting from June, 2014.	- First pari-passu charge on designated schools contract of ESSPL with minimum receivable cover of 1.85x. - first pari-passu charge on moveable fixed assets of the designated pool of Schools contract of ESSPL. - Pledge of 51% shareholding of the 2 promoters of Edusmart to continue. - Personal guarantee of Shantanu Prakash. - Corporate Guarantee of Edu Smart Services Private Limited.
Term Loan - From Bank (Loan Taken by Educomp Intel Prop. Ventures Pte Limited) (r)	1,106.29	-	Foreign currency Term Loan is repayable after one year i.e. June 2014	- Secured by pledge on the share capital on the subsidiary company - Personal guarantee of Mr. Shantanu Prakash - Corporate guarantee of EISML - First charge on entire assets, Escrow accounts all cash flow, brand including intangible assets of borrower and subsidiaries.
Term Loan - From Bank (Loan Taken by ELHPL) (s)	800.00	-	Term Loan is repayable in 12 equal qaurterly installments commencing from August, 2014.	The Facility shall be secured by following : From ESL - Pledge over 30% of Shares of VMCL From EOSSL - Pledge over 29.88% of Shares of ELHPL From ESPL - Exclusive Charge over Escrow Account receivables of ESPL under contracts/ agreements with certain schools - Exclusive Charge, by way of hypothecation, over receivables of ESSPL under contracts/agreements with certain schools From ELHPL - First charge over ELHPL Escrow Account - First charge, by way of hypothecation, on ALL present and future fixed assets and current assets of ELHPL - Assignment of rights under agreement dated October 1, 2010 and subsequent addendum agreement to be entered into between ELHPL and VMCL
Term Loan - From Bank (Loan Taken by KVL)	140.00	-	14 ballooning semi- annual installments starting after 39 month from the date of first installment	- Exclusive first charge on moveable and immovable fixed assets of the company present and future. - Exclusive first charge on all current assets of the company present and future - DSCRA as fixed assets deposit equal to on quarter of interest to be built up over a period of 90 days from started latest by 30.09.2014 -Irrevocable and unconditional corporate guarantees of Educomp Infrastructure & School Management Limited and Lavasa Corporation Limited in proportion to their share holding.
Sub total (a)	**31,094.43**	**19,152.10**		

Terms of borrowing banks and Others taken by the Group - Unsecured are as follows:

Particulars	Amount Outstanding as at March 31,		Terms of repayment	Security
	2014	2013	March 31, 2014	March 31, 2014
Term Loan from bank – Unsecured	-	320.00	Not applicable	Not applicable
Term Loan from others – Unsecured	677.11	678.30	Balance to be repayable in 38 to 57 monthly installments.	Not applicable
Term Loan from others – Unsecured	36.50	234.00	Repayable from 3 month to 9 months from the date of disbursement	Pledge of shares of the Company held by Mr. Shantanu Prakash.
Finance lease - Unsecured (Loan Taken by ESL)	29.32	116.16	Balance to be repayable in 30 monthly installments	Not applicable
From others - unsecured	226.05	-	Not applicable	Not applicable
13.25% Non Convertible Debentures	100.00	100.00	Repayable after seven years from the date of disbursement. The investors have put option after five years.	Not applicable
From others - unsecured	1.53	-	Not applicable	Not applicable
Deferred payment liabilities towards expenses	3.66	3.42	Interest free, repayable after 6 years of agreement i.e March 2018. (Refer note no. 38(b))	Not applicable
Sub total (b)	**1,074.17**	**1,452.33**		
Total (a+b)	**32,168.60**	**20,604.44**		

Note 1: The interest rates on above mentioned borrowing ranging from 11.00% to 18.00%.

Note 2: Aggregate of loan amount guaranteed by directors ₹ 22,933.87 million (previous year ₹ 13,777.08 million)

Corporate debt restructuring scheme (ESL)

Educomp Solutions Ltd. has executed the Master Restructuring Agreement (MRA)/other definitive documents on March 26, 2014 with the majority of its lenders banks, consequent to approval from Corporate Debt Restructuring Empowered Group (CDR-EG) to re-structure Company's existing debt obligations, including interest, additional funding and other terms (hereafter referred to as "the CDR Scheme").

In accordance with the CDR scheme, the CDR lenders have waived the obligation of the Company to pay any liquidated damages, default or penal interest /interest/ further interest charged by the Lenders in excess of the concessional rates approved under CDR scheme with effect from April 01, 2013 ('the Relevant Date'). Also as a part of the CDR Scheme, the promoters were required to contribute funds in accordance with letter of approval. As a consequence, the Company has received a contribution from its promoter amounting to ₹ 226.05 million as at March 31, 2014. The same has been received as interest free unsecured loan. Refer above loan from others - unsecured (c).

The MRA have been signed by all the lender banks (except two lender banks) and the Company has complied with all necessary conditions precedent. From April 01, 2013 (the "cut-off date"), the interest on the restructured debts has been recomputed and provided at the effective interest rates as per the CDR scheme on the balances as appearing in the books of account pending confirmations from various lenders. Management believes that as per RBI guidelines the CDR scheme has been approved by super majority of the consortium of banks. Accordingly, the interest payable to these banks has been recalculated in accordance with the CDR scheme. The above reclassifications and interest calculations are subject to reconciliation and approval by the particular banks. Considering the MRA have been signed by the majority of the lender banks, the Company has accounted for CDR scheme (reclassifications and interest calculations) in the books for the year ended March 31, 2014 as follows:

(i) The existing term loan of ₹ 107,00.36 million (included FITL and WCTL) which has been classified as long term borrowing.

(ii) The rate of interest has been change revised and reduced to 11% with effect from April 1, 2013. The moratorium period after restructure shall be 30 months from the cutoff date. Consequently, a sum of ₹ 88.20 million, which represents reduction in interest for the year ended March 31, 2014 as adjusted for the interest payments made during the period to the lenders relating to CDR Scheme has been recorded. The interest due with effect from April 01, 2013 till March 31, 2014 at revised rates amounting to ₹ 2,633.25 million has been converted into Funded Interest Term Loan (FITL) and Working Capital Term Loan (WCTL).

(iii) The CDR scheme envisages monetization of certain assets of the Company and its subsidiaries.

(iv) The revised charge in favour of lenders as per the terms of MRA, is pending registration.

Pursuant to approved CDR scheme and in terms of Master Restructuring Agreement, the Company has acquired certain trade receivables of Edu Smart Services Private Limited (ESSPL) amounting to ₹ 10,349.92 million. To acquire these receivables, the Company has been granted loan of ₹ 7,061.82 million by the CDR lenders. These receivables accrue to Edu Smart Services Private Limited under Tripartite agreement between, the Company, ESSPL and Schools/trust wherein in

substance, the Company was key service provider. Towards settlement of rest of the consideration, the Company has set off its receivable from ESSPL amounting to ₹ 3,288.10 million. The Company has taken over these receivables to improve the recoverability and to provide uninterrupted services to these schools in future.

Corporate debt restructuring scheme (EISML)

Educomp School & Infrastructure Ltd. has executed the Master Restructuring Agreement (MRA) / other definitive documents on December 28, 2013 with the lenders banks, consequent to approval from Corporate Debt Restructuring Empowered Group (CDR-EG) to re-structure Company's existing debt obligations, including interest, additional funding and other terms (hereafter referred to as "the CDR Scheme").

Under the CDR scheme, the Company is entitled to the relief's and concessions granted by the lender banks, with effect from April 01, 2013 ('the Relevant Date'). Also, as a part of the CDR scheme, the promoters were required to contribute funds in accordance with letter of approval. As a consequence, the Company received a contribution from its promoters amounting to ₹ 340.01 millions against which optionally convertible preference shares were issued at par on March 1, 2014 by the Company after receiving the necessary approval of the shareholders.

The MRA have been signed by all the lender banks, the Company accounted for CDR scheme (reclassifications and interest calculations) in the books for the year ended March 31, 2014 as follows:

The existing term loan of ₹ 7,156.25 millions has been classified as long term borrowing with no current maturities as per revised terms. Pursuant to revised terms term loan are repayable in pre-scheduled quarterly installments starting 15th January, 2016 till March 2026.

The interest due w.e.f. April 01, 2013 till March 31, 2014 at revised rates amounting to ₹ 787.46 millions has been converted into Funded Interest Term Loan (FITL).

From April 1, 2013 (the "cut- off date"), the interest on the restructured debts has been recomputed and provided at the effective interest rates as per the approved CDR scheme on the balances as appearing in the books of account pending confirmations from certain lenders.

56 Contract disclosures as required by AS-7 ("construction contracts")

Contract disclosures related to subsidiary of joint venture of the Group, Millennium Infra Developers Limited to the extent of joint venture holding.

(in ₹ million)

Particulars	For the Year Ended March 31, 2014	For the Year Ended March 31, 2013
Contract revenue recognized	23.43	28.85
Contract expenses recognized	22.53	28.00
Recognized profits less recognized losses	0.90	0.85
Unbilled contract revenue for the year	-	-
Amount billed during the year	23.43	308.03
Trade receivable	288.70	297.14
Gross amount due to customer	-	3.13

57 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, Managing Director	Key Managerial Personnel (KMP)
2	Mr. Jagdish Prakash*, Director	
3	Mr. V.K. Dandona**, Whole Time Director	
1	Greycells18 Media Ltd.	Associate
1	Learning Leadership Foundation	Others over which group has significant influence
2	Learning Links Foundation	
3	Richmond Education Society	
4	Lakshya Digital Private Limited	
5	Education Quality Foundation of India	
6	Eduloans Corporation Private Limited	
7	Mussoorie International School Society	
8	Shri Krishna Hare Educational Trust	
9	Shri Radha Raman Educational Trust	
10	Maurya Educational Trust	
11	Bal Shiksha Educational Trust	
12	Shri Radhe Educational Trust	
13	Surya Prabhat Trust	
14	Shri Radha Krishna Educational Trust	

S. No.	Name of Related Party	Relationship
15	Vidya Prabhat School Trust	
16	Unnati Educational Trust	
17	Surya Kiran Educational Trust	
18	Sri Satya Sai Educational Trust	
19	Sri Laxmi Ganesh Educational Trust	
20	Sri Vasudev Educational Trust	
21	Siya Ram Educational Trust	
22	Shyam Sunder Educational Trust	
23	Shri Hare Educational Trust	
24	Shiksha Bharti Educational Trust	
25	Radhey Shyam Educational Trust	
26	Gyan Kunj Educational Trust	
27	Bhakti Sagar School Trust	
28	Vidhya Sarovar Educational Trust	
29	Sukh Sagar School Trust	
30	Shri Ambey Educational Trust	
31	Sanskriti Educational Trust	
32	Samvridi Educational Trust	
33	Shri Laxmi Narain Educational Trust	
34	Sankalp Educational Trust	
35	Shiv Shakti Educational Trust	
36	Vigyan Educational Trust	
37	Sushikshit Educational Trust	
38	Navnirmit Educational Trust	
39	Naveen Shiksha Educational Trust	
40	Shri Nath Education Society	
41	Bharat Shakti Educational Trust	
42	Gyan Jyoti Educational Trust	
43	Guru Narayan Educational Trust	
44	Guru Shishya Educational Trust	
45	Jyoti Kiran Educational Trust	
46	Shreshta Educational Trust	
47	Vidhyarthi Educational Trust	
48	Nav Jyoti Educational Trust	
49	Nav Jiwan Educational Trust	
50	Shakshar Educational Trust	
51	Shiksha Jyoti Educational Trust	
52	IndiaCan Education Private Limited***	
53	A P Eduvision Private Limited	
54	A Plus Education Solutions Pvt. Ltd. ***	
1	Educomp Raffles Higher Education Ltd	Joint Venture of direct subsidiary (JV)
2	Educomp Higher Initiatives Pte Ltd, Singapore ***	

* ceased to be KMP w.e.f. November 13, 2013

** KMP w.e.f. November 13, 2013

***Ceased to be related party w.e.f April 9, 2013.

ii) Transactions during the year with related parties:

a) Details of related party transactions for the year ended March 31, 2014

(Rupees in million)

Particulars	Key Management Personnel	Associates	Joint Venture	Others (over which group has significant influence)	Total
Revenues	-	-	18.38	874.14	**892.52**
(note i)	(-)	(-)	(24.54)	(1,288.60)	**1,313.14**
Other Income	-	-	-	60.79	**60.79**
(note ii)	(-)	(-)	(-)	(103.95)	**(103.95)**
Loans and advances given	-	-	-	1,296.55	**1,296.55**
(note iii)	(-)	(-)	(-)	(96.79)	**(96.79)**
Loans and advances given - repayment	-	-	-	1,253.52	**1,253.52**
(note iv)	(-)	(-)	(-)	(62.05)	**(62.05)**
Purchase of assets	-	-	-	-	**-**
(note v)	(-)	(-)	(-)	(13.43)	**(13.43)**
Purchase of investments	-	-	-	1.17	**1.17**
(note vi)	(-)	(-)	(-)	(-)	**(-)**
Reimbursement of expenses	-	-	-	0.11	**0.11**
(note vii)	(-)	(-)	(0.36)	(0.64)	**(1.00)**
Expense	-	-	-	-	**-**
(note viii)	(-)	(-)	(-)	(2.54)	**(2.54)**
Remuneration	0.92	-	-	-	**0.92**
(note ix)	(37.24)	(-)	(-)	(-)	**(37.24)**
Rent paid	0.83	-	-	-	**0.83**
(note x)	(0.83)	(-)	(-)	(-)	**(0.83)**
Advance from Director	-	-	-	-	**-**
(note xi)	(21.90)	(-)	(-)	(-)	**(21.90)**
Deposits on behalf of others	-	-	-	-	**-**
(note xii)	(-)	(-)	(-)	(20.00)	**(20.00)**
Issue of shares	-	-	-	-	**-**
(note xiii)	(-)	(-)	(-)	(1,411.32)	**(1,411.32)**
Issue of share warrants	-	-	-	-	**-**
(note xiv)	(-)	(-)	(-)	(411.66)	**(411.66)**
Loans and advances received	226.05	-	-	-	**226.05**
(note xv)	(-)	(-)	(-)	(-)	**(-)**

All transactions with related parties have been entered into in the normal course of business. Previous year figures are given in parenthesis.

Notes:

(i) Includes sales and services to:

Joint Venture of direct subsidiary

Educomp Raffles Higher Education Ltd – ₹ 18.38 million (previous year ₹ 15.55 million)

Others

- Learning Leadership Foundation ₹ 406.20 million (previous year ₹ 403.51 million).
- Learning Links Foundation ₹ 43.99 million (previous year ₹ 48.28 million).
- Mussorie International School Society ₹ 150.20 million (previous year ₹ 149.33 million)

(ii) Includes other income from:

Others

- Learning Leadership Foundation ₹ 0.33 million (previous year ₹ 18.21million)
- Richmond Education Society ₹ 30.54 million (previous year ₹ 46.99 million)

(iii) Loans and advances (includes share application money) given relates to:

Others

- Learning Leadership Foundation ₹ 550.40 million (previous year ₹ 4.50 million)
- Richmond Education Society ₹ 206.14 million (previous year ₹ 12.11 million)
- Mussorie International School Society ₹ 104.67 (previous year ₹ Nil million)

- Maurya Educational Trust ₹ 49.16 million (previous Year ₹ Nil million)
- Surya Kiran Trust ₹ 29.01 million (previous year ₹ 2.45 million)
- Shyam Sunder Educational Trust ₹ 15.76 million (previous year ₹ 8.59 million)
- Vigyan Educational Trust ₹ 13.00 million (previous year ₹ 10.10 million)

(iv) Loans and advances repayment relates to:

Others

- Mussorie International School Society ₹ 106.70 million (previous year ₹ 0.07 million)
- Learning Leadership Foundation ₹ 562.18 million (previous year ₹ 52.00 million)
- Richmond Education Society ₹ 233.09 million (previous year ₹ Nil million)
- Maurya Educational Trust ₹ 62.80 million (previous Year ₹ 0.77 million)

(v) Purchase of assets relates to:

Others

- Assets purchased Learning Link Foundation ₹ Nil (previous year ₹ 13.43 million)

(vi) Purchase of investments relates to:

Associates

- Investment in Greycells18 Media Private Limited 1.17 million (previous year Nil million)

(vii) Reimbursement of expenses

Joint Venture

- Educomp Raffles Higher Education Private Limited ₹ Nil (previous year ₹ 0.36 million)

Others

- Richmond Educational Society ₹ 0.11 million (previous year ₹ 0.32 millions)
- Sri Laxmi Ganesh Educational Trust ₹ Nil (previous year ₹ 0.19 million)

(viii) Expenses relates to:

Others

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

(ix) Includes transaction for the year mainly with:

KMP

- Mr. Shantanu Prakash ₹ Nil (previous year ₹ 32.20 million)
- Mr. Jagdish Prakash ₹ 0.08 million (previous year ₹ 5.04 million)
- Mr. V.K. Dandona ₹ 0.84 million (previous year ₹ Nil)

(x) Includes rent paid to:

KMP

- Mr. Shantanu Prakash ₹ 0.83 million (previous year ₹ 0.83 million)

(xi) Advance from Director:

KMP

- Loan from Mr. Shantanu Prakash to Wizlearn Technologies Pte Ltd ₹ Nil (previous year ₹ 21.90 million)

(xii) Deposits on behalf of others:

Others

- Deposits on behalf of Learning Leadership Foundation ₹ Nil (previous year ₹ 20 million)

(xiii) Issue of shares:

Other

- Educomp Solutions Limited equity shares issued to A P Eduvision Private Limited ₹ Nil (previous year ₹ 1,411.32 million)

(xiv) Money received against share warrant

Other

- Educomp Solutions Limited share warrants were issued to A P Eduvision Private Limited ₹ Nil (Previous year ₹ 411.66 million)

(xv) Loans & Advances received from

KMP

- Mr. Shantanu Prakash ₹ 226.05 million (previous year Nil)

iii) Balances with related parties:

(Rupees in million)

Particulars	Key Management Personnel	Associates	Joint Venture	Others	Total
Investment	-	114.59	-	89.85	204.44
	(-)	(145.41)	(-)	(-)	(145.41)
Share warrant / application money	-	-	-	-	-
	(-)	(1.17)	(-)	(411.66)	(412.83)
Trade receivables	-	-	-	2,180.52	2,180.52
	(-)	-	(2.62)	(2,002.13)	(2,004.75)
Loans and advances recoverable	-	-	-	1,113.68	1,113.68
	(-)	(-)	(-)	(1,260.66)	(1,260.66)
Trade and other payables	0.30	-	79.87	1.23	81.41
	(23.01)	(-)	(82.91)	(0.05)	(105.97)
Unsecured loan	226.05	-	-	-	226.05
	(-)	(-)	(-)	(-)	(-)

Note: Previous year figures are given in parenthesis.

58 Segment reporting

The Group has identified its Product Segment as the Primary Segment in accordance with Accounting Standard 17 – Segement Reporting. The Product Segment consists of School Learning Solutions (comprising of Smart Class & Edureach (ICT) business), K-12 Schools (comprising preschools & high schools), Higher Learning Solutions (comprising of vocational, higher education and professional development) and Online, Supplemental & Global business (comprising of internet based educational services and coaching).

The Group has only one geographical segment as its Secondary Segment, having 10 per cent or more of enterprise revenue from sales to external customers based on the geographical location of its customers.

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

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

A. Primary Segment Information: – Business Segments

(Rupees in million)

Particulars	HLS (Higher Learning Solutions)	SLS (School Learning Solutions)	K - 12 (Schools)	Online, Supplemental & Global	Total
Segment assets	4,267.62	20,748.54	29,543.47	5,025.07	59,584.70
	(4,421.26)	(15,881.04)	(30,117.34)	(3,248.95)	(53,668.59)
Unallocated corporate assets					1,796.26
					(2,249.84)
Total assets					61,380.96
					(55,918.43)
Segment liabilities	200.13	1,675.40	9,768.36	4,336.90	15,980.79
	(558.90)	(1,981.94)	(9,031.47)	(2,442.60)	(14,014.91)
Unallocated corporate liabilities					20,685.79
					(12,715.05)
Total liabilities					36,666.58
					(26,729.96)
Capital expenditure	5.27	308.08	274.06	252.04	839.45
	(36.12)	(499.57)	(993.79)	(191.29)	(1,720.77)
Unallocated corporate capital expenditure					2.72
					(5.54)
Total capital expenditure					842.17
					(1,726.31)
Depreciation and amortization	14.07	522.95	213.18	318.13	1,068.33
	(59.93)	(507.97)	(314.42)	(315.37)	(1,197.69)
Unallocated corporate depreciation and amortization					15.19
					(20.26)
Total depreciation and amortization					1,083.52
					(1,217.95)

(Rupees in million)

Particulars	HLS (Higher Learning Solutions)	SLS (School Learning Solutions)	K - 12 (Schools)	Online, Supplemental & Global	Total
Non cash expenditure other than depreciation	5.45	1,161.28	1,030.49	23.71	2,220.93
	(65.90)	(26.77)	(5.25)	(72.70)	(170.62)
Unallocated corporate expenditure					3.15
					(381.03)
Total non cash expenditure other than depreciation					2,224.08
					(551.65)

Particulars	HLS (Higher Learning Solutions)	SLS (School Learning Solutions)	K - 12 (Schools)	Online, Supplemental & Global	Total
Revenue	182.41	2,145.84	950.85	3,069.14	6,348.24
	(782.44)	(6,383.50)	(1,886.36)	(3,056.99)	(12,109.29)
Expenses	205.57	3,849.08	661.00	3,111.04	7,826.69
	(1,087.01)	(5,290.47)	(983.17)	(3,361.65)	(10,722.30)
Segment results	**(23.16)**	**(1,703.24)**	**289.85**	**(41.90)**	**(1,478.45)**
	(-304.57)	**(1,093.03)**	**(903.19)**	**(-304.66)**	**(1,386.99)**
Un-allocable expenditure					608.72
					(1,088.27)
Finance cost					2,524.45
					(2,490.04)
Operating loss					(4,611.61)
					(-2,191.32)
Other Income					898.73
					(1,155.00)
Prior period Items income/(expenses)					904.08
					(-496.63)
Loss before tax and after prior period items					(4,616.96)
					(-1,532.95)
Less: Tax expense					
- Current					59.34
					(128.65)
- MAT entitlement					(82.96)
					(-40.26)
- Deferred tax					(405.93)
					(-192.56)
- Excess Provision written Back					(328.60)
					(-)
Loss after tax before minority interest and share in loss of associate					(3,858.81)
					(-1,428.78)
Minorities interest					(254.38)
					(-103.68)
Share of loss in associates					3.13
					(3.27)
Profit after tax, minority interest and pre-acquisition profits					(3,607.56)
					(-1,328.37)

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

B. Secondary Segment Information – Geographical

(Rupees in million)

	Revenue	Segment assets	Capital expenditure
India	4,898.67	55,983.66	579.11
	(10,086.34)	(52,149.00)	(1,544.87)
Outside India	1,449.59	5,397.30	178.25
	(2,022.95)	(3,769.43)	(181.45)
Total	6,348.24	61,380.96	757.36
	(12,109.29)	(55,918.43)	(1,726.32)

Note: Previous year figures are given in parenthesis.

59 During the year, block assessment of the Company for Assessment Year 2007-08 to 2012-13 been completed by the Income Tax authorities and additional demand of ₹ 190.91 Million has been raised on account of certain disallowances. Consequently, on a prudent basis the management, after making requisite provision for additions made under the block assessment order, has written back the excess provision for income tax amounting to ₹ 328.60 million being carried in the books of account in respect of these years. The management has filed an appeal against the said block assessment order with the Income Tax Appellate Tribunal.

60 The Company has appointed a firm of Chartered Accountants for conducting a transfer pricing study to determine whether the international transactions with associate enterprises were undertaken at "arms length basis". Adjustments, if any arising from the transfer pricing study shall be accounted for as and when the study is completed. The management confirms that all international transactions with associate enterprises are undertaken at negotiated contracted prices on usual commercial terms. Transfer pricing certificate under Section 92E for the year ending March 31, 2013 has been obtained and there are no adverse comments requiring adjustments in these Consolidated Financial Statements.

61 In accordance with the recent amendment in the year 2012, the Company regularly undertakes Transfer Pricing Study for Specified Domestic Transactions ('SDT') with its associate parties domiciled in India as stipulated in newly inserted Section 92BA of the Income Tax Act, 1961, applicable in India, to determine whether such SDT with associate parties in India are being undertaken at "arm's length basis". The management is of the opinion that all transactions with associate enterprises are undertaken at negotiated contracted prices on usual commercial terms and are at arms' length, and there will not be any impact on the Consolidated Financial Statements as a consequence of the transfer prising study to be taken by the Company for the current year.

62 In one of the indirect subsidiary Knowledge Vistas Limited, Ministry of Environment and forests (MoEF), Govt. of India had directed LAVASA Corporation Limited (LCL) to maintain status quo of construction in its notice dated November 25, 2010. LCL had filed a writ petition in Bombay High Court to quash said notice. The learned High Court has admitted the writ petition and MoEF in its order dated November 9, 2011 has granted Environment Clearance for the 1st Phase of 2000 ha of Lavasa Hill Station Township Project by its order F. No. 21-9/2011 - IA.III. The MoEF has stipulated several conditions for compliance, some of which Lavasa Corporation has complied and the others are at various stages of compliance but are not pre-conditions to start of the developmental activity.

The Company has taken land from LCL on lease vide lease agreement dated June 30, 2009 for a period of 999 years to construct an international residential school. Further the Company has entered into a sub-lease agreement with Gyan Kunj Educational Trust (GKET) to sub lease the school building. As per the sub lease agreement, GKET shall be liable to pay lease rental to the Company from the year in which it has cash surplus. GKET had started its operation in Academic Session 2011-12 but due to above mentioned environment matter GKET decided to suspend its operation and is expected to start the same latest by 2014-15.

Therefore, the management believes that the assets of the Company will start generating revenue in the due course when the School will be operational. In view of above facts there is no need for impairment of any of Company's assets and the going concern assumption is valid.

63 In the opinion of the management of the Company, Current Assets, Loans and Advances have a value on realization in the normal course of business not less than the value at which they are stated unless specified otherwise. Further, provision for all known liabilities has been made.

64 Figures pertaining to the subsidiary companies and joint ventures have been reclassified wherever necessary to bring them in line with the Group's Financial Statements.

65 Previous year figures have been regrouped/ recast wherever necessary to make them comparable with those of the current year.

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date.
For **Haribhakti & Co.**
Firm Registration No.:103523W
Chartered Accountants

Sd/-
Raj Kumar Agarwal
Partner
Membership No.: 074715

Place: Gurgaon
Date: May 26, 2014

For and on behalf of Board of Directors of
Educomp Solutions Limited

Sd/-
Shantanu Prakash
Chairman and Managing Director

Sd/-
V. K. Dandona
Whole Time Director

Sd/-
Yogesh Saluja
Company secretary

Sd/-
Manish Jaiswal
Sr. Manager Account

Statement pursuant to Section 212 of the Companies Act, 1956, Relating to Subsidiary Companies

(Rupees in million)

Name of the subsidiary company	Reporting Currency	Exchange Rate As at March 31, 2014	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	111.42	11.51	123.98	-	64.63	9.24	1.81	7.43	-	India
Wheitstone Productions Pvt Ltd.	INR	1.00	1.68	(3.37)	1.72	0.04	-	-	(0.02)	-	(0.02)	-	India
Edumatics Corporation Inc. USA	USD	60.10	62.09	(44.97)	15.54	32.66	-	82.40	(13.42)	-	(13.52)	-	USA
Educomp Infrastructure and School Management Ltd.	INR	1.00	660.53	9,020.70	9,865.76	19,546.99	-	837.26	(1,468.97)	(170.33)	(1,298.64)	-	India
Educomp Infrastructure Services Pvt Ltd.	INR	1.00	0.10	(0.49)	0.73	0.33	-	-	(0.02)	-	(0.02)	-	India
Educomp APAC Services Ltd. BVI	USD	60.10	925.73	148.74	1.05	1,075.52	-	0.66	(44.41)	0.27	(44.68)	-	BVI
Knowledge Vista Limited	INR	1.00	4.45	193.95	258.43	456.83	-	-	(7.95)	0.41	(8.36)	-	India
Laservision Estates Private Limited	INR	1.00	23.72	34.85	0.12	58.68	-	-	(0.03)	-	(0.03)	-	India
Virtual Buildtech Private Limited	INR	1.00	20.52	30.13	0.99	51.63	-	-	(0.02)	-	(0.02)	-	India
Modzex Infrastructure Private Limited	INR	1.00	24.31	38.65	0.55	63.50	-	1.20	1.18	0.25	0.93	-	India
Falcate Builders Private Ltd	INR	1.00	46.98	139.88	0.09	186.95	-	-	(0.03)	-	(0.03)	-	India
Newzone Infrastructure Pvt.Ltd.	INR	1.00	27.92	43.79	2.97	74.68	-	1.20	1.17	0.25	0.92	-	India
Rockstrong Infratech Private Ltd.	INR	1.00	35.12	51.76	1.72	88.60	-	-	(0.03)	-	(0.03)	-	India
Reverie Infratech Private Limited	INR	1.00	45.12	111.63	2.57	159.32	-	-	(0.01)	-	(0.01)	-	India
Herold Infra Private Limited	INR	1.00	49.11	121.67	0.67	171.45	-	-	(0.01)	-	(0.01)	-	India
Growzone Infrastructure Private Ltd.	INR	1.00	43.11	63.70	0.09	106.90	-	-	(0.03)	-	(0.03)	-	India
Hidream Constructions Private Ltd.	INR	1.00	47.98	214.56	11.09	273.62	-	-	(0.03)	-	(0.03)	-	India
Leading Edge Infratech Private Ltd.	INR	1.00	30.71	45.17	0.22	76.10	-	-	(0.01)	-	(0.01)	-	India
Strotech Infrastructure Private Ltd.	INR	1.00	48.13	89.03	0.12	137.29	-	1.20	1.17	0.25	0.92	-	India
Markus Infrastructure Private Ltd.	INR	1.00	41.99	62.13	0.12	104.24	-	-	(0.01)	-	(0.01)	-	India
Orlando Builders Private Ltd.	INR	1.00	44.04	15.00	0.27	59.31	-	-	(0.01)	-	(0.01)	-	India
Crosshome Developers Private Ltd.	INR	1.00	30.35	44.68	0.62	75.65	-	-	(0.03)	-	(0.03)	-	India
Good Luck Structure Private Ltd.	INR	1.00	22.83	33.52	0.17	56.52	-	-	(0.01)	-	(0.01)	-	India
Evergreen Realtech Pvt. Ltd.	INR	1.00	26.31	38.70	0.07	65.08	-	-	(0.01)	-	(0.01)	-	India
Zeta Buildcon Pvt. Ltd	INR	1.00	48.37	71.54	90.09	209.99	-	-	(0.03)	-	(0.03)	-	India
Onega Infrastructure Pvt. Ltd.	INR	1.00	34.35	53.51	100.17	188.03	-	1.20	1.17	0.25	0.92	-	India
Grider Infratech Pvt. Ltd.	INR	1.00	42.72	63.12	0.07	105.91	-	-	(0.01)	-	(0.01)	-	India
Boston Realtech Pvt. Ltd.	INR	1.00	27.51	40.51	0.07	68.09	-	-	(0.01)	-	(0.01)	-	India
Educomp School Management Ltd.	INR	1.00	0.50	92.35	5.04	25.35	72.55	-	(0.21)	-	(0.21)	-	India
Wizlearn Technologies Pte. Ltd. (Formerly known as Asknlearn Pte. Ltd.)	SGD	47.60	298.42	155.87	287.43	741.73	-	475.99	107.66	-	107.66	-	Singapore
Singapore Learning.com Pte. Limited	SGD	47.60	0.00	66.50	83.96	150.46	-	32.68	18.28	-	18.28	-	Singapore

Educomp™
What Learning Can Be

Name of the subsidiary company	Reporting Currency	Exchange Rate As at March 31, 2014	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
Pave Education Pte. Ltd.	SGD	47.60	7.89	55.37	(19.72)	43.54	-	35.70	7.15	-	7.15	-	Singapore
Wiz Learn Pte Ltd.	SGD	47.60	41.18	53.15	3.44	97.77	-	21.36	4.93	-	4.93	-	Singapore
Educomp Asia Pacific PTE. Ltd	USD	60.10	1,220.51	806.36	1,007.65	3,034.52	1,085.05	-	603.46	-	603.46	-	Singapore
Educomp Learning Hour Pvt. Ltd.	INR	1.00	0.95	(202.22)	1,205.90	1,004.63	-	256.50	(68.32)	-	(68.32)	-	India
Educomp Software Ltd.	INR	1.00	44.19	(75.17)	124.13	93.15	-	-	(76.77)	(3.17)	(73.60)	-	India
Educomp Online Supplemental Services Ltd.	INR	1.00	36.58	221.90	130.19	388.67	-	0.10	14.10	(0.01)	14.11	-	India
Gateforum Educational Services Limited	INR	1.00	0.40	103.74	116.92	221.05	-	391.10	65.84	21.36	44.48	-	India
Educomp Professional Education Ltd.	INR	1.00	42.84	2,401.18	1,874.63	4,318.65	-	116.81	(62.51)	0.03	(62.55)	-	India
Savvica Inc., Canada	CAD	54.14	150.72	(170.10)	22.93	3.54	-	14.52	6.04	-	6.04	-	CANADA
Learning Internet Inc. USA	USD	60.10	1,334.72	(1,110.58)	680.80	904.95	-	846.14	(244.14)	(81.01)	(163.13)	-	USA
Educomp Child Care Pvt. Ltd.	INR	1.00	161.10	(96.36)	440.31	415.06	90.00	106.51	(36.39)	(10.24)	(26.16)	-	India
Educomp IntelProp Ventures Pte Ltd	EURO	82.58	39.30	(72.95)	1,205.04	1,171.39	1,110.00	-	(18.15)	-	(18.15)	-	Singapore
Vidya Mandir Classes Limited	INR	1.00	0.73	184.33	392.45	577.51	-	610.18	102.34	32.73	69.60	-	India
Educomp Investment Management Limited	INR	1.00	6.00	1.79	3.80	11.60	0.01	0.64	0.12	0.04	0.09	-	India
Educomp Global Holding	BHD	163.09	29.61	11.89	-	41.50	-	-	5.55	-	5.55	-	Baharin
Educomp Global FZE	AED	16.30	1.46	0.17	-	1.63	-	-	0.15	-	0.15	-	AED

1. * This doesn't include investment in subsidiaries of the respective company

For and on behalf of the Board of Directors

Sd/-
Shantanu Prakash
Chairman and Managing Director

Sd/-
V. K. Dandona
Whole Time Director

Sd/-
Yogesh Saluja
Company secretary

Sd/-
Manish Jaiswal
Sr. Manager Account

Place: Gurgaon
Date: May 26, 2014

SHAREHOLDERS INFORMATION

ANNUAL GENERAL MEETING
Day, Date, Venue and Time are as follows:

Registered office	1211, Padma Tower-I, 5, Rajendra Place, New Delhi-08
Day	Monday
Date	29 September, 2014
Time	03.30 P.M
Venue	Sri, Sathya Sai international Center, Pragati Vihar, Lodhi Road, New Delhi- 110003

FINANCIAL CALENDAR
The company follows financial year from April 1 to March 31. The Current financial year of the Company is April 1, 2014 to March 31, 2015

Financial Year Schedule (Tentative)

* Financial Reporting for Quarter ending June 30, 2014 on or before August 14, 2014
* Financial Reporting for Quarter ending September 30, 2014 on or before November 14, 2014
* Financial Reporting for Quarter ending December 31, 2014 on or before February 14, 2015
* Financial Reporting for Quarter ending March 31, 2015 on or before May 30, 2015
* Annual General Meeting End of September, 2015

BOOK CLOSURE DATES: 24th September 2014 to 29th September 2014 (both days inclusive)

LISTING ON STOCK EXCHANGES:

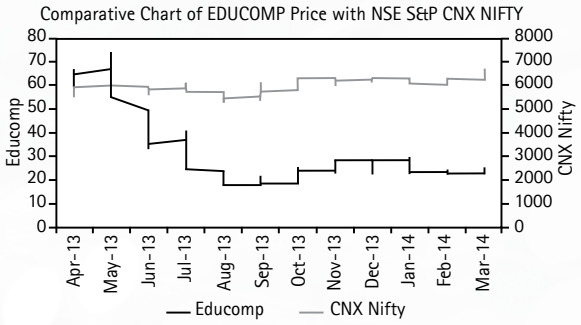
Name of Exchange and Address	Securities	DEMAT ISIN NO.	Stock/Scrip Code
National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai-400051	Equity	NSDL and CDSL INE216H01027	"EDUCOMP"
BSE Limited, PJ Towers, Dalal Street, Fort, Mumbai-01	Equity	NSDL and CDSL INE216H01027	532696
BSE Limited, PJ Towers, Dalal Street, Fort, Mumbai-01	Debentures	NSDL and CDSL INE216H07016	948029

Listing Fees: Annual Listing fees for the year 2014-15, as applicable have been paid to above Stock Exchanges.

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

Month	Bombay Stock Exchange		National Stock Exchange	
	High (in ₹)	Low (in ₹)	High (in ₹)	Low (in ₹)
April'13	70.75	55.05	70.70	55.10
May'13	75.40	55.25	75.40	54.95
June'13	55.00	31.75	55.15	32.05
July'13	43.00	24.10	42.90	24.00
August'13	25.75	17.50	25.80	17.55
September'13	22.85	17.50	22.80	17.40
October'13	27.35	18.35	27.35	18.35
November'13	28.45	22.60	28.60	22.55
December'13	29.70	22.35	29.80	22.00
January'14	30.50	22.20	30.80	22.20
February'14	24.60	21.95	24.70	22.00
March'14	26.20	22.20	26.40	22.00

Share Performance Chart on NSE



Registrar and Share Transfer Agents
The Company has appointed Link Intime India Private Limited having its office at 44, Community Centre, Phase- I, Near PVR, Naraina Industrial Area, New Delhi 110028 as Registrar and Transfer Agent for physical transfer and demat segment.

Share Transfer System
Share Transfer request received in physical form are registered within 15 days from the date of receipt and demat request are normally confirmed within prescribed time from date of the receipt. Pursuant to Clause 47C of the Listing Agreement with the Stock Exchanges, certificates on half yearly basis confirming the due compliance of share transfer formalities by the Company, certificate for timely dematerialization of the shares as per SEBI (Depositories and Participants) Regulations 1996 and a Secretarial Audit Report for reconciliation of the share capital of the Company obtained from Practicing Company Secretary have been submitted to Stock Exchanges in stipulated time.

Distribution of shareholding as on 31st March 2014:

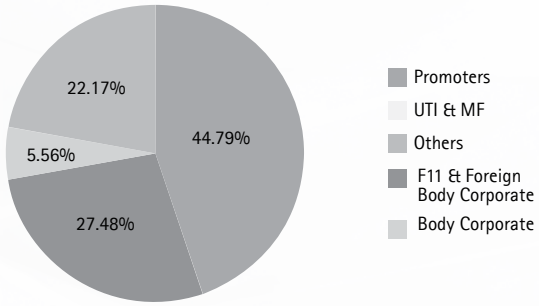
a) Distribution of Shareholding as on 31st March 2014

Shareholding of nominal value	Share Holders		Share Amount	
Rs.	Number	% to total	Amount in Rs.	% to total
Upto 2,500	139782	97.750	30403952	12.416
2,501 - 5,000	1826	1.277	6587350	2.69
5,001 - 10,000	785	0.549	5698176	2.327
10,001 - 20,000	309	0.216	4640554	1.895
20,001 - 30,000	95	0.066	2328180	0.951
30,001 - 40,000	49	0.034	1793538	0.732
40,001 - 50,000	21	0.015	970746	0.396
50,001 - 1,00,000	63	0.044	4499076	1.837
1,00,001 & Above	70	0.049	187960564	76.756
Total	**143000**	**100**	**244882136**	**100**

b) Categories of Equity Shareholding as on 31st March, 2014

Category	Number of Shares Held	Percentage of Shareholding
Promoters	54838245	44.79
FII & Foreign Body Corporate	33650575	27.48
UTI & MF	1,315	0.00
Body Corporate	6801135	5.56
Others	27149798	22.17
Total	122441068	100.00

Shareholding Pattern as on 31st March, 2014 depicted by way of pie chart as follows:



Dematerialization of Shares and Liquidity

About 99.99% of the Equity Shares of the Company have been dematerialized as on 31st March 2014. 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 monthly turnover for the period starting from 01st April, 2013 till 31st March, 2014 are as follows:

Period	The Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)		BSE + NSE Volume / Value	
	Volume (Lacs)	Value (Rs. Lacs)	Volume (Lacs)	Value (Rs. Lacs)	Volume (Lacs)	(Rs. Lacs)
End of April, 2013	66.39	4174.58	194.66	12259.22	261.05	16433.80
End of May, 2013	39.16	2685.77	119.95	8216.63	159.11	10902.40
End of June, 2013	23.08	906.64	79.66	3178.51	102.74	4085.15
End of July, 2013	34.52	1172.81	93.02	3312.49	127.54	4485.30
End of August, 2013	22.49	442.84	81.60	1605.75	104.09	2048.59
End of September, 2013	33.54	676.50	111.02	2218.65	144.56	2895.15
End of October, 2013	60.11	1392.41	170.48	3912.76	230.59	5305.17
End of November, 2013	64.53	1620.77	194.18	4892.25	258.71	6513.02
End of December, 2013	37.64	1001.06	94.88	2508.98	132.52	3510.04
End of January , 2014	22.49	610.78	45.85	1234.00	68.34	1844.78
End of February, 2014	7.07	166.19	17.34	404.16	24.41	570.35
End of March, 2014	25.20	616.64	84.35	2068.88	109.55	2685.52
Total	**436.22**	**15466.99**	**1286.99**	**45812.28**	**1723.21**	**61279.27**

Outstanding GDRs/ ADRs/ Warrants or Convertible Bonds:

No GDRs/ ADRs has been issued by the Company.

In Year 2012-13, the Company had raised US$ 10 million, Zero Coupon Foreign Currency Convertible Bonds (FCCB) for redemption of outstanding Zero Coupon Foreign Currency Convertible Bonds. The Bond holders, as per the agreement, have the option to convert these bonds into Equity Shares, at a price of Rs.188.62 per share with in 5 years and 1 day from the date of disbursement. The FCCB are redeemable at a premium of 33.15 % on principal after 5 years and 1 day. The FCCB were raised for the purposes of redemption of earlier FCCB of the Company. As on March, 31, 3014 US$ 10 million (previous year US$ 10 million) FCCB were outstanding for conversion into equity shares of Rs. 2 each.

Offices: New Delhi, Gurgaon(Haryana), Noida, Lucknow (U.P), Bhiwandi, Mumbai (Maharashtra), Hawara, Kolkatta (West Bengal), Bangalore (Karnataka), Jaipur (Rajasthan), Chandigarh (Union Territory), Chennai (Tamil Nadu), Parwanoo (Himachal Pradesh), Shameerpet, Secunderabad (Hyderabad), Ernakulam (Kochi), Agartala (Tripura), Ghandhinagar (Gujrat), Guwahati (Assam)

Addresses of Major Business Offices:

1. Khasra No. 701, Sec-2, Parwanoo, Tehsil-Kasauli, District-SOLAN
2. Plot no 85, Special Economic Zone, Phase II, Sector 82, Noida
3. 16, 80 Feet Road, 4th Block, Koramanagala, Bangalore-560034.
4. Plot No 514, Udyog Vihar, Phase III, Gurgaon

Address for Correspondence :

(1) Investor Correspondence : For transfer/ Dematerialization of Shares, Payment of dividend on shares, change of address, transmissions, and any other query relating to shares of the Company.

- **For securities held in physical form :** Please contact Registrar & Transfer Agent at address given below .
- **For securities held in Demat Form:** To the Depository participant
- **Any query on Annual report :** To the Company address.

Company Address	Registrar & transfer Agent Address
Company Secretary Educomp Solutions Limited Plot No 514, Udyog Vihar Phase III Gurgaon-122001, (Haryana) Telephone: 0124-4529000 Fax: 0124 – 4529039 Email:investor.services@educomp.com	Link Intime India Private limited 44, Community Centre, Phase- I, Near PVR, Naraina Industrial Area New Delhi 110028 Telephone: 011-41410592-94 Fax: 011-41410591 Email : delhi@linkintime.co.in



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