
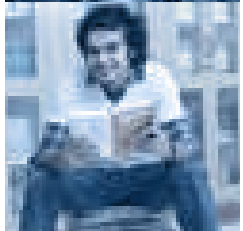
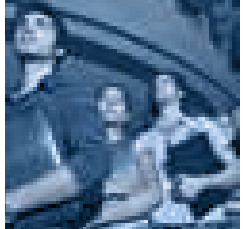
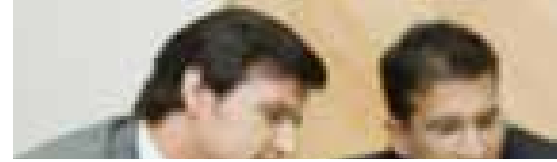


**Celebrating the Journey of 25 Years  
Moving to Education Level Next**



**ANNUAL REPORT 2012-13**





# UNFOLDING CHAPTERS

|  |   |
|--|---|
| <b>01</b> CORPORATE INFORMATION                  | <b>12</b> OUR OFFERINGS                 |
| <b>02</b> COMPANY OVERVIEW                       | <b>14</b> THE MT EDUCARE EDGE           |
| <b>06</b> CHAIRMAN'S STATEMENT                   | <b>15</b> THREE-PRONGED GROWTH STRATEGY |
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| <b>10</b> PRESENCE ACROSS THE ENTIRE VALUE CHAIN | <b>27</b> COMMUNITY INITIATIVES         |
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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr. Mahesh R. Shetty** - Chairman and Managing Director

**Mr. Naarayanan Iyer** - Non-Independent, Non-Executive Director

**Dr. Chhaya Shastri** - Non-Independent, Non-Executive Director

**Mr. Cyrus Driver** - Independent, Non-Executive Director\*

**Ms. Drushti Desai** - Independent, Non-Executive Director

**Mr. Yatin Samant** - Independent, Non-Executive Director

**Mr. Uday Lajmi** - Independent, Non-Executive Director

\* Resigned w.e.f. 17 June, 2013



## BOARD COMMITTEES

### Audit Committee

Ms. Drushti Desai (Chairperson)

Mr. Uday Lajmi

Dr. Chhaya Shastri

### Remuneration Committee

Mr. Cyrus Driver (Chairman)\*

Mr. Uday Lajmi

Mr. Yatin Samant

### Shareholders' and Investors' Grievances Committee

Mr. Yatin Samant (Chairman)

Ms. Drushti Desai

Dr. Chhaya Shastri

### Company Secretary & Compliance Officer

Mr. Ashwin M. Patel

\* Resigned w.e.f. 17 June, 2013

## BANKERS

Citi Bank NA

Axis Bank Limited

The Shamrao Vitthal Co-operative Bank Limited

## STATUTORY AUDITORS

### Shaparia & Mehta

Chartered Accountants

1/74, Krishna Kunj, R. A. Kidwai Road, King's Circle, Matunga (C. Rly.), Mumbai - 400 019

## INTERNAL AUDITORS

### Mukund N. Chitale & Co.

Chartered Accountants

204-205 - A Agrawal Shyamkamal, Vile Parle (East), Mumbai - 400 057

## REGISTERED OFFICE

220, 2nd Floor, "FLYING COLORS", Pandit Din Dayal Upadhyay Marg, L.B.S Cross Road, Mulund (West), Mumbai - 400 080

Tel No. (022) 2593 7700 / 800 / 900

Fax No. (022) 2593 7799

Email : [info@mteducare.com](mailto:info@mteducare.com)

## REGISTRAR & TRANSFER AGENTS

Link Intime India Private Limited

C-13, Pannalal Silk Mill Compound

L.B.S. Marg, Bhandup (West)

Mumbai - 400 078

Tel: (91 22) 2596 0320

Fax: (91 22) 2596 0329

Investor Grievance Email:

[mtel.ipo@linkintime.co.in](mailto:mtel.ipo@linkintime.co.in)



# WE ARE

Focused • Futuristic • Innovative • Inquisitive • Collaborative  
Committed • Supportive • Technology driven

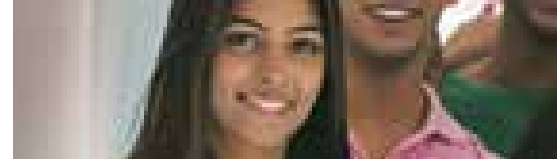
**WE ARE MT EDUCARE...**



**We believe** India's growth story can only be sustained and accelerated by a renewed focus on quality education. Quality education can help enhance a nation's competitiveness at the global stage. Across economic crests and troughs, education remains the backbone of a progressive society like India, where each citizen, irrespective of gender, class or creed, can play an important role in nation building.

**We question** time-honoured conventions, think beyond hidebound processes of teaching and believe technology can elevate education to the next level. Our mission is to impart holistic education that helps students integrate with a fast globalising society, and make a mark.

**We provide** quality education with a three-pronged growth strategy: national level examinations; asset-light model with lower infrastructure spends and more tie-ups with colleges; and geographic expansion to touch more students and help extend their intellectual horizons.



# EDUCATING GENERATION NEXT

**MT EDUCARE HAS EMERGED AS A LEADING EDUCATION SUPPORT AND COACHING SERVICES PROVIDER IN INDIA UNDER THE FLAGSHIP BRAND MAHESH TUTORIALS. OUR TEACHING METHODOLOGIES, STRUCTURED COURSE CONTENT, ADVANCED TECHNOLOGY, EXPERT FACULTY AND HOLISTIC APPROACH ENABLE US TO DELIVER EDUCATION THAT HELPS BUILD AN EMPOWERED INDIA.**

## VISION

### GREAT

GLOBAL REACH IN EDUCATION AND TRAINING

## CORE MISSION

To emerge as the premier holistic and accessible education provider that helps students from all walks of life empower their mental faculties through building a strong and resilient foundation.

**25** Years of experience in the education industry

**126** Location presence across India

**207** Coaching centres across various locations

**2,015** Faculty and staff team

**70,828** Students serviced in FY 2012-13

### MT EDUCARE IN ASIA'S 200 BEST COMPANIES

We are one among the only 19 Indian Companies (in small and mid-cap category) to make their way in 'Asia's 200 Best Companies with sales under US\$1 billion'.



## VALUE DRIVERS

### INTEGRITY

MT Educare wholly subscribes to the integrity of the education process by attracting the most exciting talent and providing them with the analytical and training tools and a clear vision of the big picture to ensure the drive to constantly set new benchmarks. We take full responsibility of our actions at all times and always ensure that we retain our position as employer of choice in this Industry.

### MENTORING

MT Educare constantly mentors every team member so as to ensure they lead happy lives and excel professionally.

### TRUST

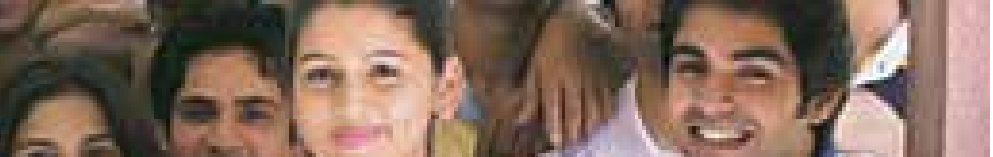
MT Educare recognises that it holds the trust of parents and wards and at all times ensures that this responsibility stays in clear focus.

### TEAM WORK

MT Educare focusses extensively on the building of team spirit within the organisation through process implementation and human intervention. We know that the team is always much greater than the sum of the individual parts.

### INNOVATION

MT Educare's business ethos is innovation. Our work involves constantly creating newer methods to meet our Core Mission.



# BRAND EQUITY

## MAHESH TUTORIALS

SCHOOL SECTION THE ACADEMIC PARENTS OF YOUR CHILD | SCIENCE Don't just learn... UNDERSTAND! | COMMERCE Discover the new DIMENSION of Commerce



INTERACTIVE NETWORKED KNOWLEDGE



Anytime, Anywhere, e-Learning

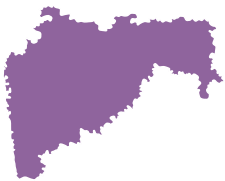


About MT Educare

# GEOGRAPHIC GROWTH

2007

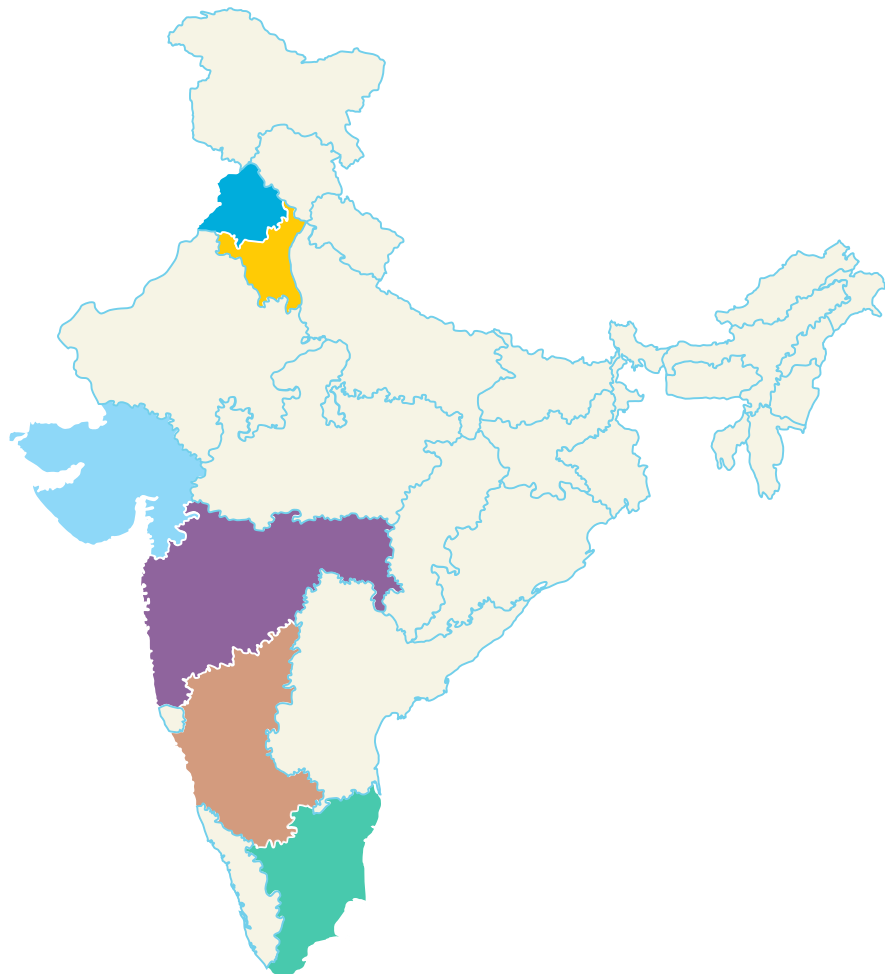
● Maharashtra (31)



More than quadrupled the number of locations

2013

- Maharashtra (106)
- Karnataka (8)
- Tamil Nadu (3)
- Gujarat (4)
- Punjab & Chandigarh (3)
- Haryana (1)
- Delhi (1)



Statutory Reports

Financial Statements

The figure beside each location denotes the number of branches



## CHAIRMAN'S STATEMENT

Dear Shareholders,

**I am delighted to share my thoughts on the completion of 25 years of a fulfilling journey. The initial years were challenging as well as educative. As a fledgling enterprise, we withstood headwinds and continued to progress in our chosen path. The formative years provided us with a rich insight into the evolving landscape of India's education sector. We have performed commendably in all these years, thanks to our dedicated work-force of staff members and teachers, focussing on enhancing the competitiveness of India's future thought leaders. Now we have to elevate ourselves to the next level and develop a feasible technology-driven educational model for generation next.**

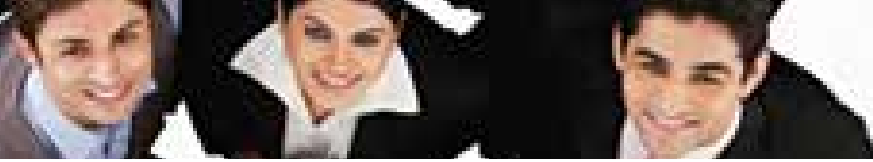
The pervasive application of technology is widening the horizon of formal and supplemental education sector in India. Our paradigm for level-next education is to make technology an inseparable part of our teaching methodology. The objective is to make education simple, accessible and affordable.

India's supplemental education sphere represents over US\$15 billion market opportunity over the next decade and more organised players are jumping into the fray. The market for technology-enabled learning solutions in India's school education sector is also witnessing double-digit growth. The government has enhanced allocations for education under the Twelfth Five-Year Plan and our vision is to emerge as one of the most credible, consistent and competitive players in both formal and supplemental education in India.



**India's supplemental education sphere represents over US\$15 billion market opportunity over the next decade and more organised players are jumping into the fray.**





## STERLING PERFORMANCE

I am pleased to report that we registered a revenue growth of 20.44% to ₹ 1,573 million in the financial year 2012-13 vis-a-vis ₹ 1,306 million in the previous year. Our topline growth was driven by escalation in enrollments and increase in average realisation per student. Our EBITDA grew by 26.84% from ₹ 231 million in FY 2011-12 to ₹ 293 million in FY 2012-13. The PAT stood at ₹ 180 million in FY 2012-13 as against ₹ 132 million in the FY 2011-12, a 36.36% growth. Higher average realisations and operational efficiencies led to improvement in the bottomline. We serviced 70,828 students during the year as against 68,017 in FY 2011-12.

## GROWTH STRATEGIES

We are focussing on a three-pronged approach to drive growth sustainably.

First, our pan-India strategy focusses on a nationwide common entrance test and professional examinations, such as CA / CS, IIT-JEE Mains, IIT-JEE Advanced, Engineering & Medical Test Preps, CAT, CMAT among others. Second, we want to expand our footprint across India and various boards like CBSE and ICSE, and not remain concentrated in a few states. Third, we will drive our college tie-ups with test preps in college campuses.

We will continue to focus on an asset-light model with lower infrastructure spends, helping attract large volumes.

We forayed into formal education with the launch of Mahesh Pre-University College at Mangalore, Karnataka. We entered into tie-ups with several junior pre-university colleges across Karnataka and Mumbai, strengthening our asset-light business model. These tie-ups offer advantage of ready infrastructure and hence drive higher stakeholder returns.

We are also pleased to join hands with 'Lakshya', a leading IIT training institute, as their offerings are synergistic and complementary to our services in the Science section. Empowered by Lakshya's strong domain expertise in the new advanced IIT exam pattern, our Science section will now offer the entire end-to-end training to all its students aspiring for Boards, JEE Mains & Advanced as well as Medical and Engineering entrance examinations.

## We are a front-runner in the use of innovative technologies to strengthen teaching methodologies.

### TECHNOLOGY DRIVEN

We are a front-runner in the use of innovative technologies to strengthen teaching methodologies. Electronic commerce portal, browser-based content delivery, gesture-based technology and content distribution network technology are some of the projects under different stages of evaluation and implementation. We have implemented SAP for tracking real-time admission data, ensuring higher operational excellence.

### THE NEXT FRONTIER

We plan to tie up with several Karnataka-based colleges in the coming four years and cater to the educational needs of thousands of students. We are now focussing on Tier-2 and Tier-3 cities of India for tie-ups with colleges or schools.

We strive to align our business operations with corporate social responsibility. We educated over 9,000 students of BMC schools in Mumbai and are driving a teaching initiative at Mokhada (outskirts of Mumbai) and running an Industrial Training Institute for training students from tribal areas under the PPP programme.

We believe level-next education in an age of globalisation can be made both elevating and enthralling by the use of advanced technologies. It is the new norm in our lives, which can take India's educational achievements to new heights.

I take this opportunity to thank you all for your continued trust and support. On behalf of the management of MT Educare, I would also like to thank all the employees and faculty members for their deep commitments.

Warm regards,  
**Maresh R. Shetty**  
Chairman and Managing Director



## BOARD OF DIRECTORS



**MAHESH SHETTY**

Chairman and Managing Director



**DR. CHHAYA SHASTRI**

Non-Independent, Non-Executive Director



**Cyrus Driver**

Independent, Non-Executive Director

*\*Resigned w.e.f. 17th June, 2013*



**NAARAYANAN IYER**

Non-Independent, Non-Executive Director



**DRUSHTI DESAI**

Independent, Non-Executive Director



**YATIN SAMANT**

Independent, Non-Executive Director



**UDAY LAJMI**

Independent, Non-Executive Director

# TOP MANAGEMENT

**CHANDRESH  
FOORIA**  
Business Head,  
Science



**CA ANISH  
THAKKAR**  
Business Head,  
Commerce &  
Professional Courses



**SHRENIK  
KOTECHA**  
Business Head,  
Commerce &  
Management



**SUJEET  
KOYOOT**  
Business Head,  
Karnataka



**MURALI  
SUBRAMANIAN**  
Business Head,  
Maharashtra  
School



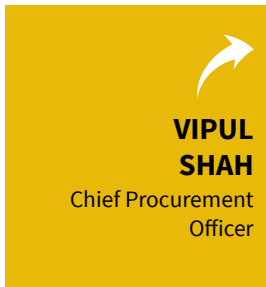
**PARAG  
CHITALE**  
Business Head,  
CPLC – MBA Test Prep



**MAHTAB  
KHAN**  
Head CSR



**VIPUL  
SHAH**  
Chief Procurement  
Officer



**SUDHAKAR  
CVS**  
Chief Technology  
Officer

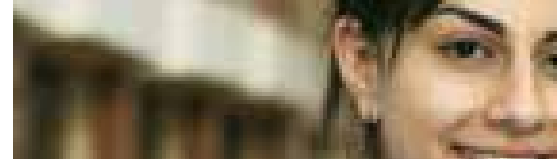


**YAGNESH  
SANGHRAJKA**  
Chief Financial  
Officer

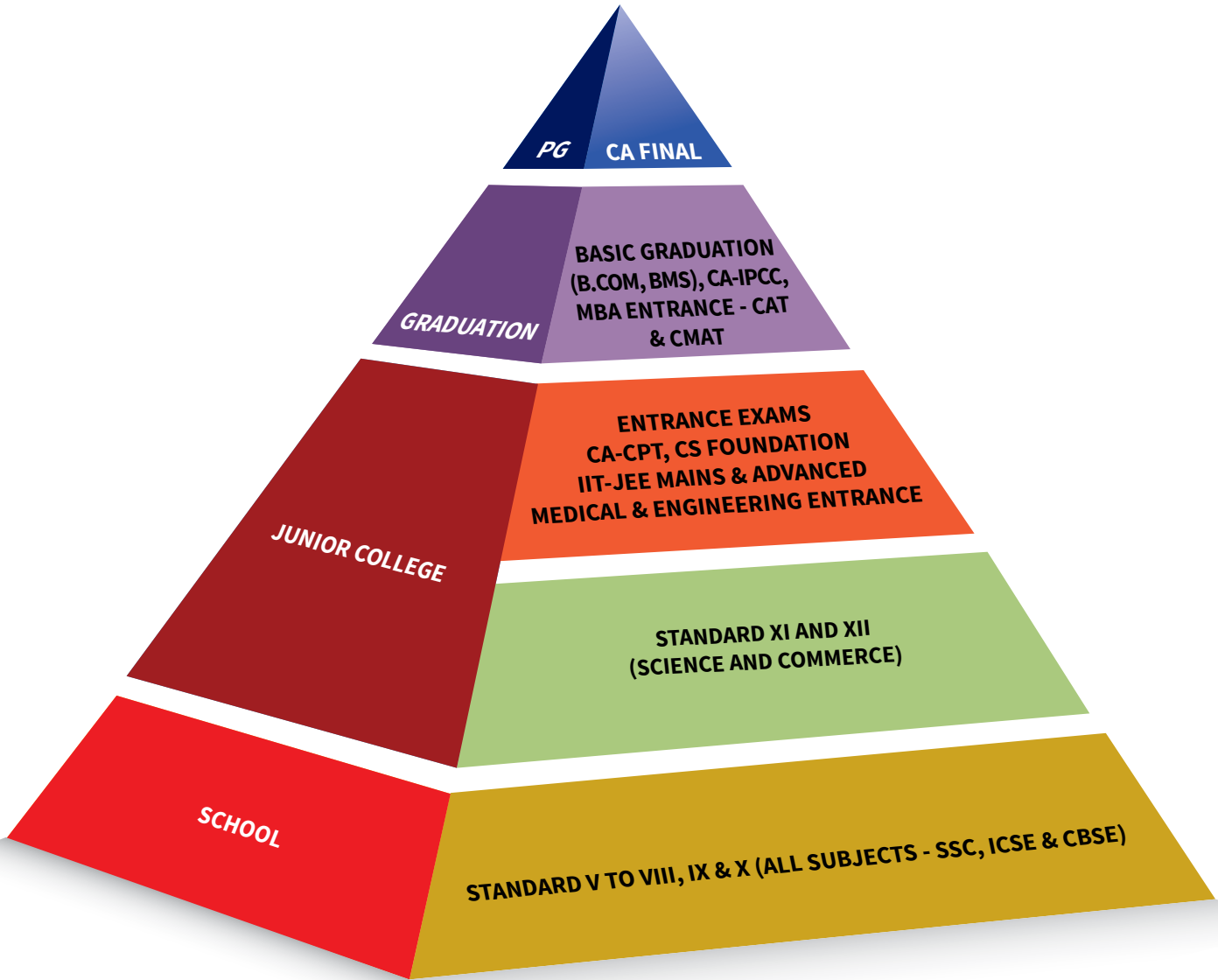


**ASHWIN  
PATEL**  
Company Secretary





# PRESENCE ACROSS THE ENTIRE VALUE CHAIN



## ACHIEVEMENTS REVEALED IN NUMBERS

|  |   |   |   |   |
|--|---|---|---|---|
| <b>1<sup>st</sup></b><br>RANK HOLDER WITH FIVE OTHER RANKERS IN CA FINAL MAY, 2013 | <b>10</b><br>ALL INDIA RANKERS IN CA IPCC MAY, 2013 | <b>400+</b><br>STUDENTS QUALIFIED FOR JEE- ADVANCED IN 2013 | <b>1,548+</b><br>INITIAL CALLS FROM TOP 8 B-SCHOOLS OVER THE PAST 3 YEARS | <b>2,055+</b><br>STUDENTS SCORED >90% IN Std. X 2013 (AN ALL-TIME HIGH) |
|--|---|---|---|---|

**2011**  
Acquired  
51% stake in  
Chitale's Personalised  
Learning Private Ltd.  
**CPLC**

Launched  
**INK**  
&  
**ROBOMATE** app



**2012**  
MT Educare Ltd.  
Launched INK & ROBOMATE

Acquired 51% stake in  
**Lakshya**  
Forum  
for Competitions Pvt. Ltd.



**2009**  
Launched TAT  
(Technology-aided  
Teaching)

**2008**  
Launched Gujarat  
and Tamil Nadu Centres;

**2007**  
Helix Invested ~  
US\$8 million;  
Launched Karnataka  
& Dubai Centres

**2006**  
Introduced CA Coaching

**2001**  
Introduced Science Coaching for  
Std. XI & XII

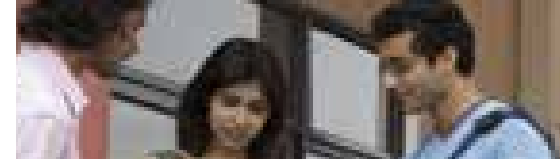


**2003**  
Introduced  
Commerce Coaching  
for Std. XI, XII  
& B.Com

**1988**  
Launched first centre  
at Mulund, Mumbai



**THE JOURNEY OF  
MAHESH TUTORIALS**



# MAHESH TUTORIALS

## SCIENCE

Don't just learn... UNDERSTAND!



**DEVELOPING WINNERS THROUGH PROCESS AND METHOD**

Offerings include Std. XI, XII, NEET, JEE

Results: 32 students above 90% in HSC Science, 9 students above 180 in CET, 16th Rank in state in NEET. 400+ students entered JEE-Advanced.



**PINNACLE OF EDUCATION, GATEWAY TO IITs**



**1 of 6 students made it to IIT with us.**

# MT PROFESSIONALS

Creating Leaders in Commerce  
XI, XII, CPT, IPCC, CA FINAL

# MAHESH TUTORIALS

## COMMERCE

Discover the new DIMENSION of Commerce

# MT UVA

COMMERCE & MANAGEMENT  
Transforming Youth for Experienced Entrepreneurship  
XI, XII, B.Com, BMS, MBA

**PREPARING STUDENTS FOR COMMERCIAL LEADERSHIP**



**TRANSFORMING YOUTH FOR EXPERIENCED ENTREPRENEURSHIP**



Results: 1st in Mumbai HSC (93.17%), 121 students scored 88%+ agg., 2,515 students secured First Class.  
All India Rankers: 49 CA CPT, 84 CA PCC / IPCC, 58 CA FINAL  
1,385 students were transformed into employable graduates at MT-UVA

# MT EDUCARE'S CPLC

CAT | CMAT | GMAT

**CREATING TOMORROW'S MANAGEMENT PROFESSIONALS**



Results: 1,548+ initial calls from top B-schools over the past 3 years (including 250+ IIM calls this year).

# MAHESH TUTORIALS

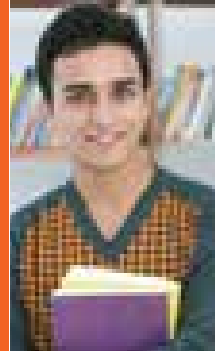
SCHOOL SECTION 

THE ACADEMIC PARENTS OF YOUR CHILD

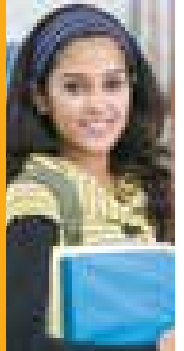
**THE ACADEMIC PARENTS SINCE 1988 SSC**



**DISCIPLINED APPROACH TO CBSE**



**NEW AGE ICSE**



**TEACHING AT BMC SCHOOLS**



**EMPOWERMENT THROUGH EDUCATION**



**NEW AGE TUTORIALS FOR V, VI, VII, VIII SSC, ICSE, CBSE**



24X7 Exam Help Line

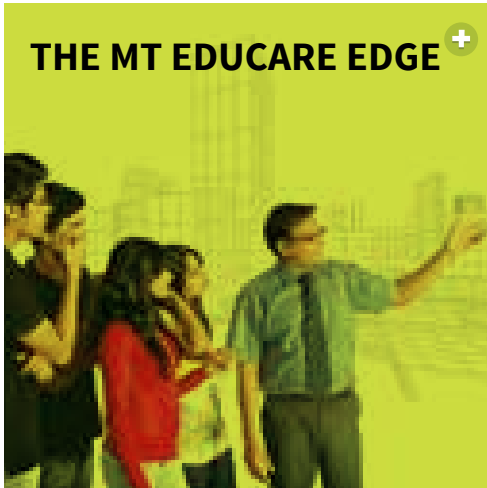
[www.facebook.com/humsepuchho](http://www.facebook.com/humsepuchho)



**ANYTIME, ANYWHERE EDUCATION**

An innovative solution that makes revision study material easily available through recorded lectures based on apps that can be downloaded on smartphones and tablets.

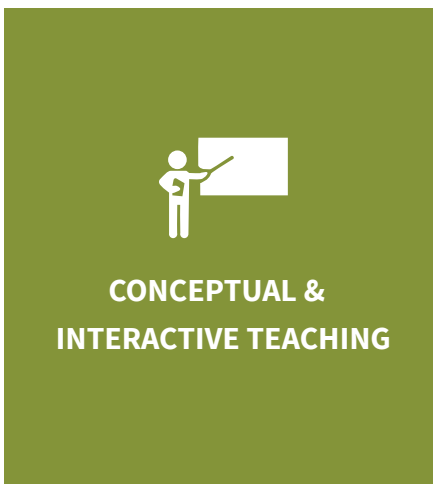
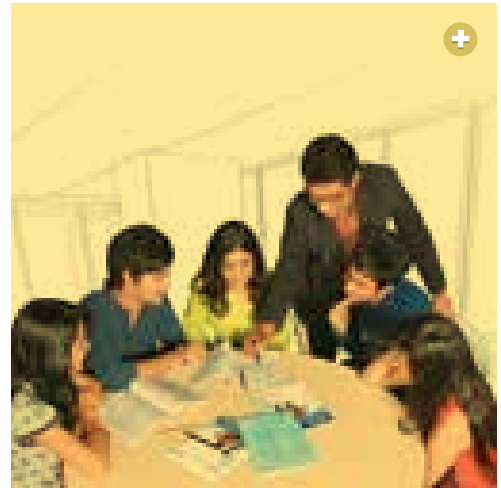




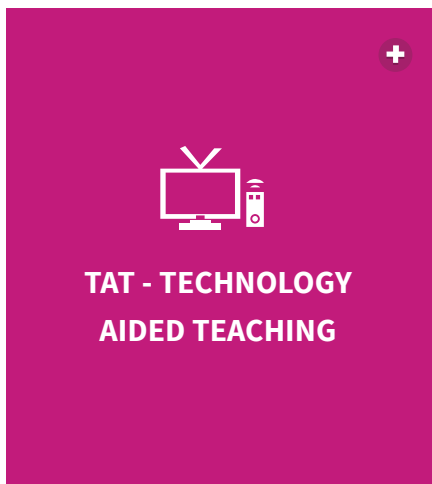
**THE MT EDUCARE EDGE** +



**PARENT & STUDENT COUNSELLING**



**CONCEPTUAL & INTERACTIVE TEACHING**



**TAT - TECHNOLOGY AIDED TEACHING**



**PERSONALISED ATTENTION & HAND HOLDING**

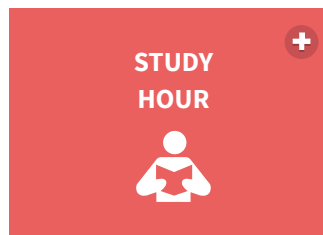


**QUALIFIED FACULTY AND SUBJECT MATTER EXPERTS**

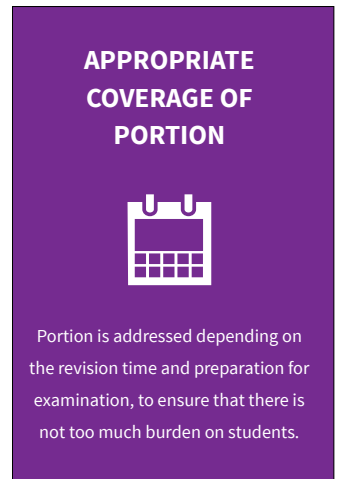
Faculty Members have in-depth knowledge of their subjects and THROUGHOUT THE YEAR TRAINING PROGRAMMES contribute to their capacity building



**MOBITEST**

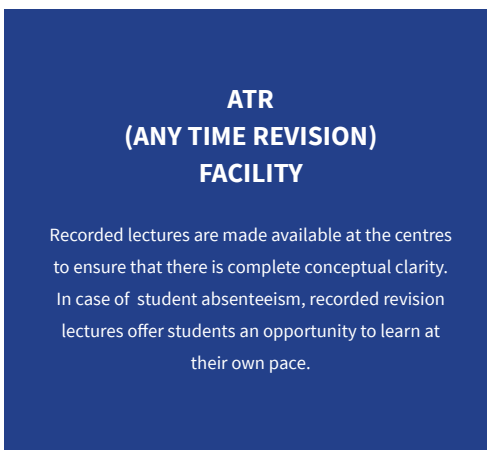


**STUDY HOUR**



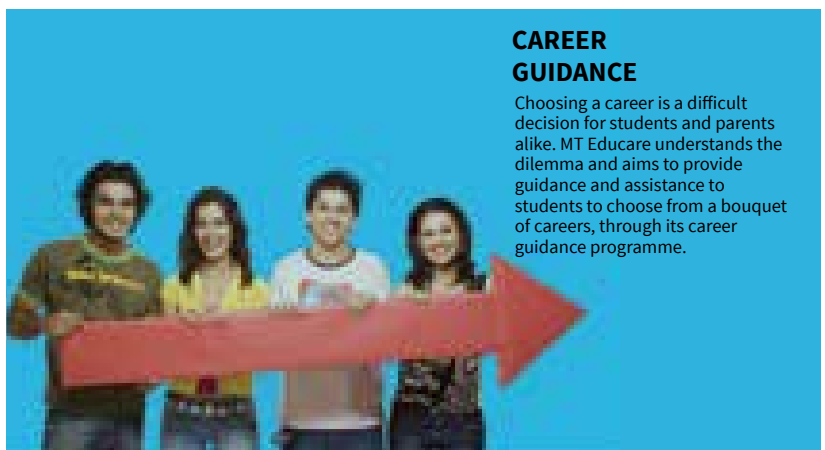
**APPROPRIATE COVERAGE OF PORTION**

Portion is addressed depending on the revision time and preparation for examination, to ensure that there is not too much burden on students.



**ATR (ANY TIME REVISION) FACILITY**

Recorded lectures are made available at the centres to ensure that there is complete conceptual clarity. In case of student absenteeism, recorded revision lectures offer students an opportunity to learn at their own pace.



**CAREER GUIDANCE**

Choosing a career is a difficult decision for students and parents alike. MT Educare understands the dilemma and aims to provide guidance and assistance to students to choose from a bouquet of careers, through its career guidance programme.

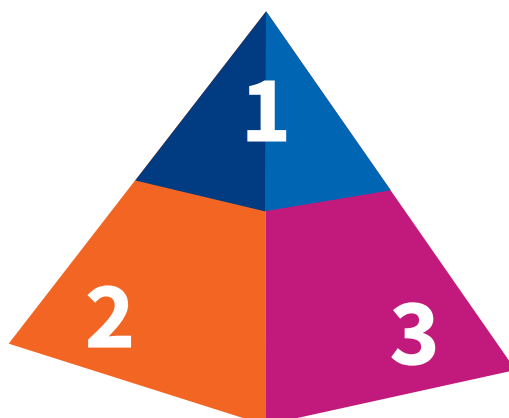




# THREE-PRONGED GROWTH STRATEGY

## FOCUS ON NATIONAL LEVEL EXAMS

PAN-INDIA STRATEGY WITH FOCUS ON NATIONWIDE COMMON ENTRANCE AND PROFESSIONAL EXAMINATIONS, SUCH AS CA / CS, IIT-JEE MAINS & ADVANCED, MEDICAL & ENGINEERING ENTRANCE EXAMS, CAT, CMAT, AND CATERING TO VARIOUS BOARDS - CBSE, ICSE ETC.

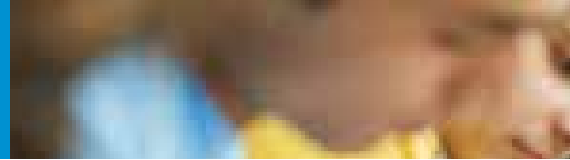


## GEOGRAPHICAL & VERTICAL RISK MANAGEMENT

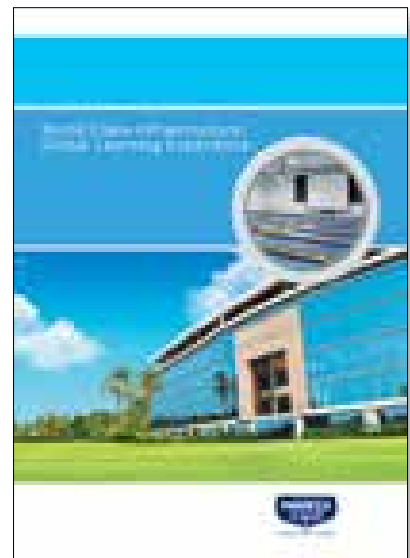
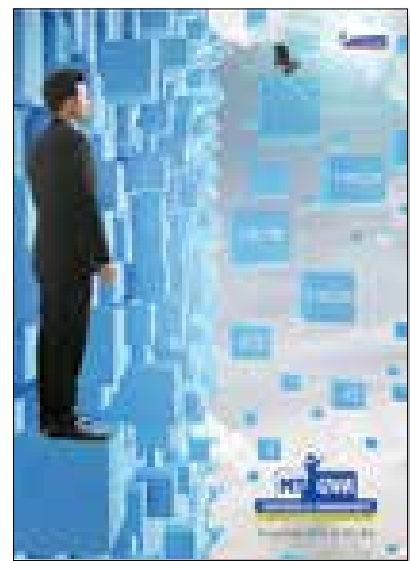
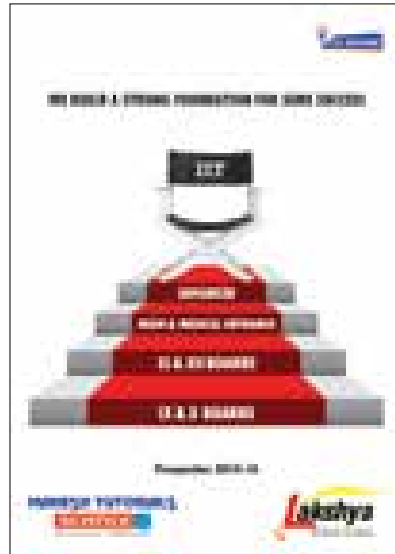
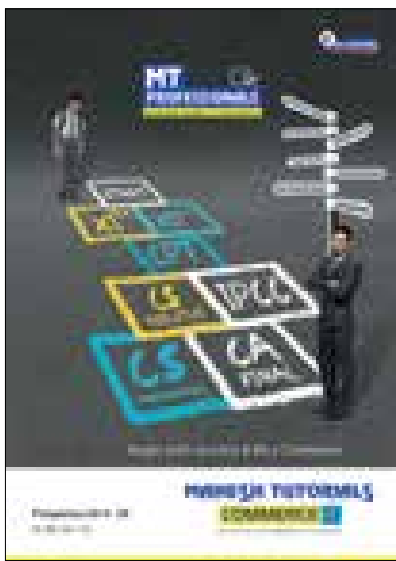
EXPANSION ACROSS GEOGRAPHIES  
FUTURE GROWTH EXPECTED FROM KARNATAKA, REST OF MAHARASHTRA AND NORTH INDIA  
SCIENCE & COMMERCE TO INCREASINGLY CONTRIBUTE TO TOTAL REVENUES

## ASSET-LIGHT COLLEGE TIE-UPS

ENTRY AND EXPANSION INTO COLLEGE TIE-UPS WITH TEST PREP IN COLLEGE CAMPUSES  
ASSET LIGHT WITH LOWER INFRASTRUCTURE SPENT THAN REGULAR CENTRES  
HELPS ATTRACT LARGE VOLUMES



# PRODUCT BROCHURES



# RESULTS 2013

## COMMERCE



**KRUTI SHAH**

1st Ranker All India CA Final May 2013

Our Student from Std. X to CA Final



**5** ALL INDIA CA FINAL - MAY 2013 RANKERS



**10** ALL INDIA CA - IPCC MAY 2013 RANKERS



**20** COLLEGE & SUBJECTS TOPPERS

38 students scored 90% agg. & above    302 students scored 85% agg. & above    1,221 students secured Distinction  
121 students scored 88% agg. & above    746 students scored 80% agg. & above

## SCIENCE



STATE **16<sup>TH</sup>**  
RANK IN NEET '13



**9** STUDENTS  
ABOVE **180** IN CET '13



**400+** QUALIFIED FOR JEE-ADVANCED



**32** STUDENTS SCORING **90%** AGG. AND ABOVE IN HSC '13

## SCHOOL



**2,055** STUDENTS  
SCORING **90%** AGG. AND ABOVE



## LEVEL-NEXT TECHNOLOGY

# UNIQUELY POSITIONED TO BUILD REWARDING RELATIONSHIPS

We are carving out a niche for ourselves in technology-driven teaching methodologies. Our technology leverage enables us to gain insights, build rewarding relationships with students and create opportunities for a knowledge-driven economy. This is our unique advantage.

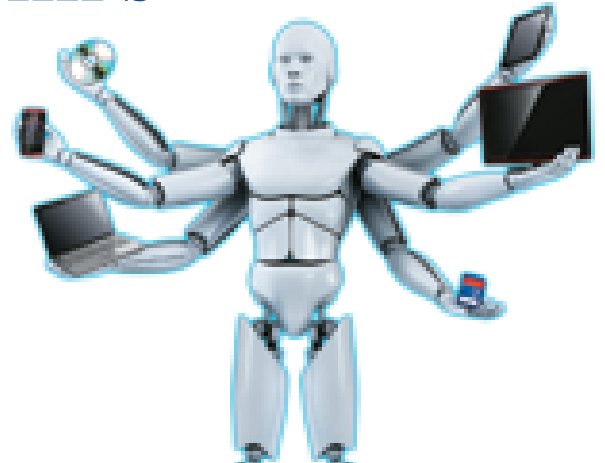
### ROBOMATE – LEARNING ANYTIME, ANYWHERE

Robomate is an educational application with recorded lectures of faculties and multimedia content for concept learning, easy revision and improved results. The initiative is directed to provide students with an opportunity to learn irrespective of their location. We have delivered this content to over 10,000 school students at present. It is now available for non-MT Educare students also.

### Delivery models

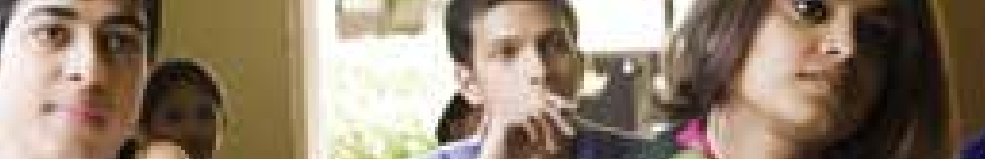
- **Offline model:** Students can download the application on their mobile devices, preview the content and buy it. It is also available in a pen drive
- **Online model:** Students can access content through the internet – this model is currently being developed and will be available shortly

In addition, we have Robomate Assessment applications to undertake multiple choice questions for Science, School and Commerce division students. This application is also available in online and offline modes.



### PRODUCT FEATURES

- Course content: Notes, Question papers, Test series, Video lectures and Animations
- Runs on specific Android devices, Blackberry platforms and Windows desktops and laptops
- Accessible through Mahesh Tutorials education application only
- Valid for a specific period from the course activation date



### INK (INTERACTIVE NETWORK KNOWLEDGE) MODEL

INK is a new-age engaging online method of teaching for standards V to VIII, SSC, ICSE and CBSE students, who participate in lectures from the comfort of their homes.

It offers quality education through live lectures by expert faculty broadcast over the internet to a small batch of students. Regular interactions for doubt clearance and feedback are also conducted in person with the faculties at our nearby centres including the periodic test and parent counselling. To a technology-savvy generation, INK is a powerful tool for quality education.

#### Operating platforms

Computer, Internet connection, Microphone and Headphones

### STUDIO TO CLASSROOM LECTURE FOR SCIENCE DIVISION

Our centres and studios are technologically enabled, helping deliver lectures from our state-of-the-art studios to multiple centres. The students can have real-time access from our



centres through internet leased lines. This is how we deliver lectures of single faculty across multiple centres.

### RECORDING STUDIO LECTURES FOR SCHOOL DIVISION

We record lectures of our expert faculties at state-of-the-art studios. During recording, the lectures are mixed with PowerPoint presentations and animations using virtual studio software or production mixers. These videos are then edited and compressed to be made available through online as well as offline modes.

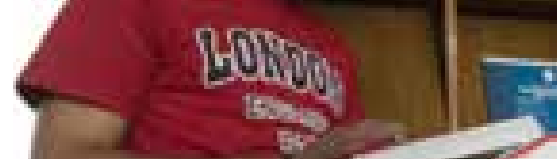
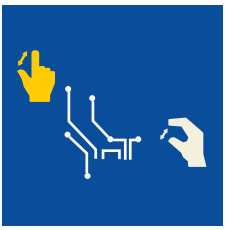
### RECORDING CLASSROOM LECTURES FOR COMMERCE DIVISION

We have classrooms equipped with audio-video equipment, such as projectors, document cameras, amplifiers, mixers and so on for Commerce Division. We have a databank of live lectures for the CA curriculum.



### INK FEATURES

- Two-way communication using a web camera, enabling face-to-face interaction with the faculty
- Allows doubt solving and basic testing and evaluation over the internet
- Academic counselling to guide students in shaping their future
- Parents' seminar to make them understand their role in student's development
- Qualified faculty selected through systematic selection process to impart quality education
- Technology-aided teaching (TAT) to make learning easy and interesting
- Tests conducted on a regular basis to monitor performance
- Feedback and suggestions to help improve performance



## LEVEL-NEXT QUEST

# HOW DO WE MAKE EDUCATION EASILY ACCESSIBLE TO MORE AND MORE STUDENTS?

Innovative technologies drive better service delivery at MT Educare. The result is quality education within the grasp of more and more students.

Some of our technology initiatives include:

### E-COMMERCE PORTAL

A project to construct an e-commerce portal is underway for commercial application of our e-learning products for our School and Commerce Divisions. This will be integrated with a payment gateway to facilitate online payments through credit card/debit card/net banking shortly.

### DESKTOP VIRTUALISATION TECHNOLOGY

We plan to introduce desktop virtualisation technology in our classrooms to reduce information and communications technology (ICT) hardware and software costs. Built on single desktop across the centre, it will provide access to course contents simultaneously to all the classes.

The advantages of this technology are:

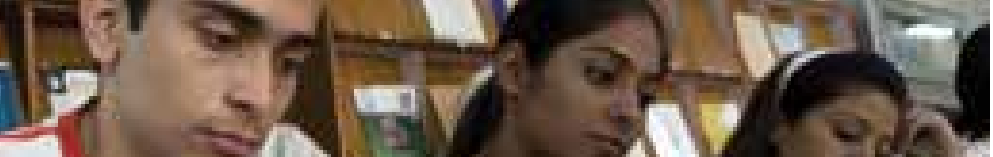
- Elimination of the need of desktops in each classroom, reducing cost
- Reduction in Technology-aided teaching (TAT) material rollout time



### BROWSER-BASED CONTENT DELIVERY

The course content will be made available through an internet browser. Complex presentations are converted into flash animations and similar content will be displayed through internet browsers.





### **MULTI PROTOCOL LABEL SWITCHING (MPLS) NETWORK**

We plan to set up such infrastructure at our centres, enabling students to access lecture delivery from any of our centres. This project is being explored for technical and commercial feasibility with the help of several telecommunication service providers.

### **OPENSOURCE GROUPWARE APPLICATIONS**

These applications will enable effective collaboration among different departments. We are planning to use one of the suitable applications in purchase requisition approval process, travel requisition approval process and so on, after identifying workflow and collaboration scenarios.

### **GESTURE-BASED TECHNOLOGY**

We plan to introduce interactive content using gestures, positioning ourselves as key differentiator in e-learning. Faculties can update content on real time in view of current trends. This technology is an inspiring and exciting way to educate young people and will facilitate the understanding of vital concepts with ease.

### **CONTENT DISTRIBUTION NETWORK (CDN) TECHNOLOGY**

Distributing Course Content across classrooms of all our centres is one of the most challenging ICT activities. We are trying to address this challenge using CDN technology from specialist service providers.



### **DIRECT-TO-HOME EDUCATION**

We intend to facilitate access to live or recorded lectures to students using cable operators with valid licenses.

### **SOCIAL NETWORKING PLATFORMS**

With the increasing popularity of these platforms, we are planning to channelise it for education purpose. An education forum on these platforms will enable users to join groups with similar interests and extend traditional classroom teaching.





## LEVEL-NEXT KNOWLEDGE DISSEMINATION EXPLORING NEW FRONTIERS

At MT Educare, we are exploring new frontiers to empower more students with quality education and preparing them to compete in a fast globalising society.

### LAKSHYA – GATEWAY TO IIT

We forayed into the coaching domain for IIT aspirants with the acquisition of 51% stake in Lakshya, a leading North India based IIT, engineering and medical teaching institute in FY 2012-13. It is a strategic move to capitalise on new IIT Entrance examination pattern being introduced from the academic year 2013.

Our science tutorials are aligned to the new advanced IIT examination pattern. As a result, our offering encompasses end-to-end training – from Boards to entrance examinations like JEE mains, JEE advanced and Medical examinations.



### Team Lakshya

Saurabh Saxena  
IIT Roorkee

Pulkit Jain  
IIT Roorkee

Vamsi Krishna  
IIT Bombay

Saahil Harjai  
Thapar University

Anand Prakash  
IIT Roorkee



## TIE-UPS WITH JUNIOR COLLEGES

We have tie-ups with nine junior science colleges in Bengaluru, Belgaum, Davangere, Gulbarga, Hubli, Mangalore, Mysore, Tumkur and Udupi. We operate on a revenue sharing model with the respective college trust. These test preparatory centres will help in providing tutorials for engineering and medical examinations. We have plans to enter into tie-ups with several colleges in the coming four years. We have also tied-up with four colleges in Mumbai to offer courses in the science as well as commerce sections.

### Service offerings

- Coaching services for engineering and medical entrance examinations after college hours
- Management services provided:
  - Content for Standard XI and XII
  - Sourcing and training of faculties
  - Time-table management
  - Academics Management Information System (MIS)

### MAHESH PRE-UNIVERSITY COLLEGE (PUC)

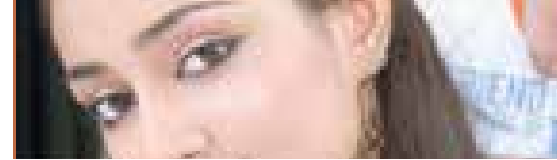
We inaugurated the state-of-the-art Mahesh PUC at Mangalore to teach aspiring engineering and medical students from Mangalore and the rest of Karnataka.

#### Key features

- Four-storey 75,000 sq. ft. structure
- Capacity of 3,000 students
- 40 well-equipped and centrally air-conditioned classrooms
- Four well-equipped spacious laboratories
- Various staff and discussion rooms
- Highest safety standards

Mahesh PU College has established itself as a well reputed brand in Karnataka. A hostel is under construction next to the campus with a capacity of 1,000 students.





## LEVEL-NEXT CHANGE AGENT

**IT COMES DOWN TO ONE STUDENT.  
ONE INTERACTION AT A TIME.  
ONE BIT OF INSPIRATION.  
AND HELPING CHANGE A LIFE  
ONCE AND FOR ALL.**

We aim to extend our horizons beyond academics and nurture the personal as well as professional career contours of our students.

### LEAP (COUNSELLING/MENTORING)

Life enrichment and advancement programme (LEAP) aims to bring constructive change in a student's life. Sessions with prominent speakers from the corporate world help our students turn into complete professionals. The focus of LEAP is three-pronged: emotional, social and cognitive. It is a collective effort to help a student perform better in personal and professional life.

### TO-BE (INDUSTRIAL VISITS/EDUCATIONAL TOURS)

Transforming through outbound and behavioural education (TO-BE programme) focuses on outdoor education and experimental learning. It helps a student gain experience and experiment more with his/her self and team.

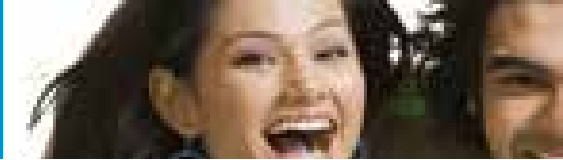
TO-BE prepares a student to take challenges and make the right choices. Domestic and international educational tours help students gain practical experience.

### FLY (SOCIAL ACTIVITIES)

Forum for learning and youth empowerment (FLY) aims at shaping a student's ambitions and guides them perfectly by broadening the mind and thinking. FLY strives to inculcate the qualities of social entrepreneurship and corporate citizenship among students, by adopting a systematic and practical approach. Activities like climbing, white water rafting, trekking and so on make a student more familiar with the world around.







## REWARDING TIMES

Events that celebrate milestones, achievements and bring people closer.



## SEEYA

Farewell event for students of Std. X, conducted after the Board Examinations



## AFAE

AFAE (Award for Academic Excellence) is held on a grand scale at 5-star hotels to felicitate the achievement of top rankers across all the disciplines.



## NEEV

The Foundation Day of MT Educare is celebrated on the 24th of November every year, it is a fun evening where all contributors with their families come together, and let their hair down for a day.



## ONYX

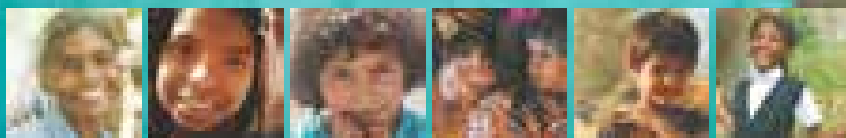
This Sports & Cultural event is organised for Commerce, UVA & CPLC students. It inculcates team building & leadership, contributing to personality development and confidence building.



# VALUE FOR THE COMMUNITY

## GIVING BACK TO THE SOCIETY

Corporate Social Responsibility activities at MT Educare include empowering the lesser privileged section of the community through education, healthcare, nutrition, vocational training and enrichment of culture. MT Educare provides support to select NGOs, such as Aasra, Childline, Ehsaas, Chennai Trust, Amcha Ghar, Akanksha Foundation, Jyot Sanstha, Balkalyan Nagri in an effort to make a positive difference to the lives of thousands of underprivileged children, women, senior citizens, tribal communities and the backward classes. Through People Empowerment initiatives, such as the Industrial Training Institute and Sa Ni Sa (Shramik Nari Sangh), MT Educare strives to create value for the community by helping them sustain their families through respectable means of livelihood.



About MT Educare

## TEACHING AT BMC SCHOOLS

Every year, approximately 10,000 students appear for the State Board Examinations from BMC schools in Mumbai alone. The results in the past have shown that only around 20-30% of these pass their Board exams. In the academic year 2012-13, MT Educare had undertaken the responsibility of preparing over 9000, students for their Board Exams.



A 24-hr phone and online helpline for students for their last minute queries during exams.



An initiative to create awareness, sensitise and inspire students to appear for MCQ-based examinations. Through its GET Honour Scholarship Programme, MT Educare aims at building students' analytical ability, time management and decision making skills in preparation for the advent of this format.

Statutory Reports

## TEACHER EMPOWERMENT

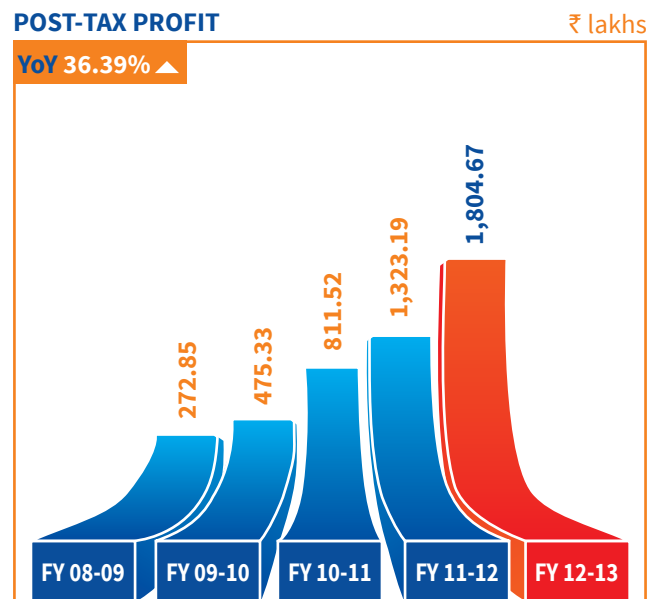
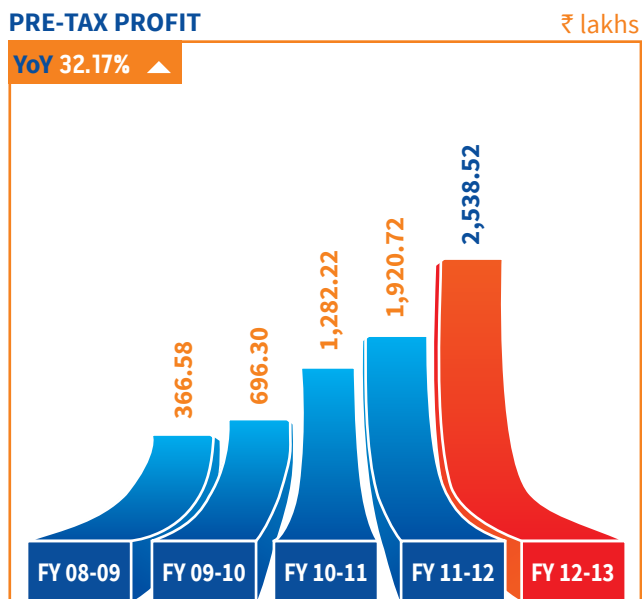
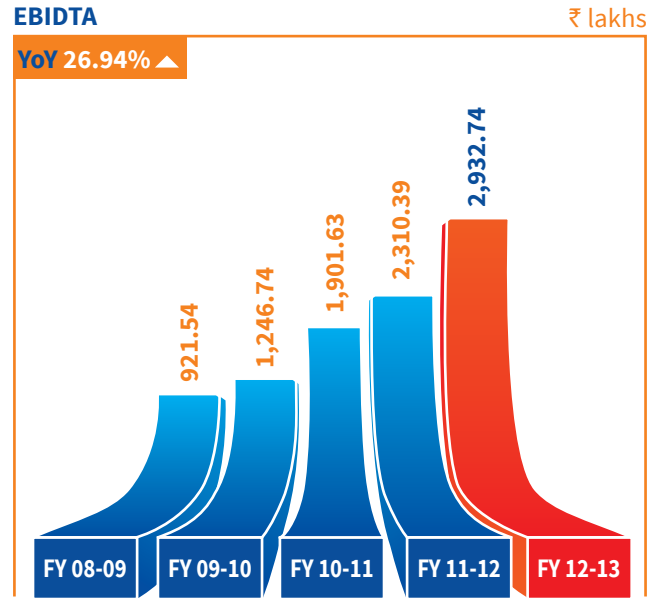
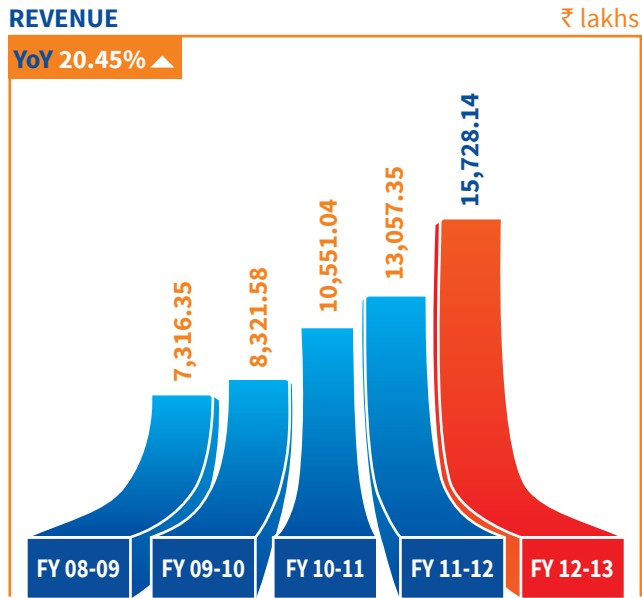
Under its public-private initiatives, GET conducts capacity building and soft skills programmes for Teachers of government-aided schools in Maharashtra.



Financial Statements



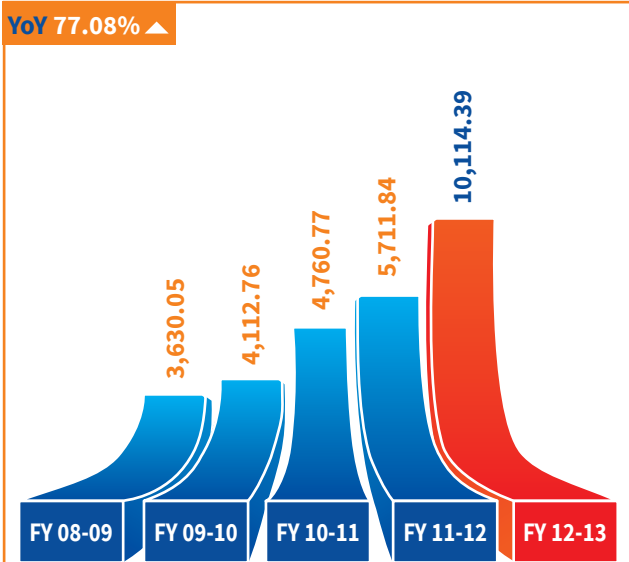
# EMERGING STRONGER YEAR-ON-YEAR



### NET WORTH

₹ lakhs

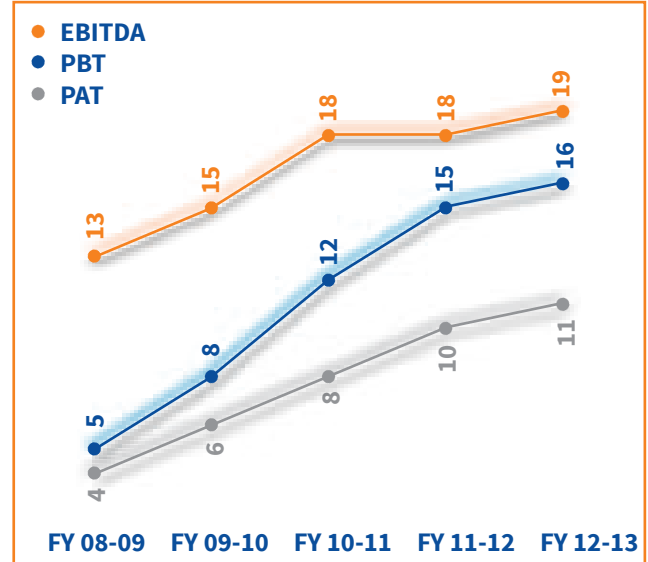
YoY 77.08% ▲



### STRENGTHENING MARGINS

%

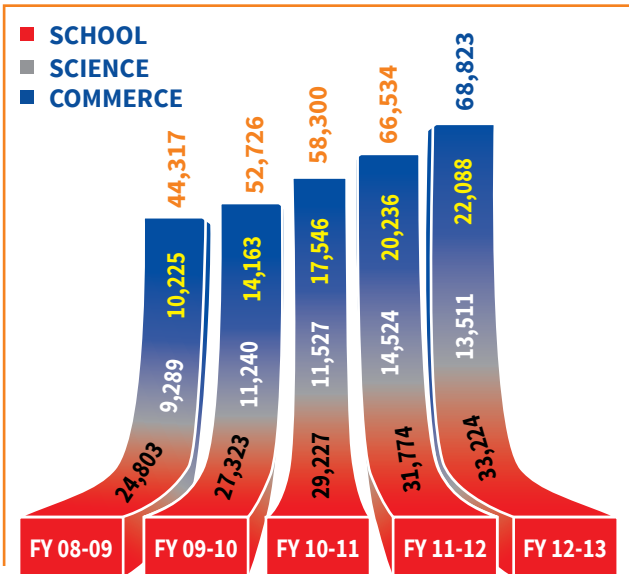
- EBITDA
- PBT
- PAT



### STUDENTS SERVED

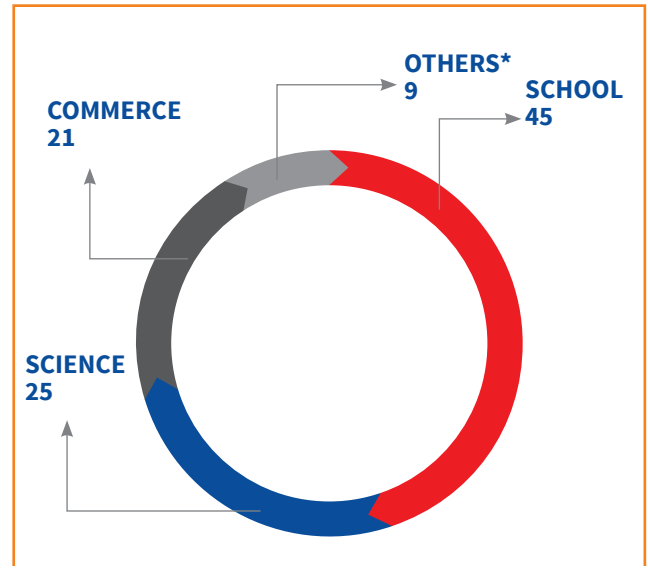
No.

- SCHOOL
- SCIENCE
- COMMERCE



### REVENUE MIX (FY 2012-13)

%



\* including revenue from brand CPLC

▲ Year-on-year growth from FY 2011-12 to FY 2012-13





# MANAGEMENT DISCUSSION AND ANALYSIS

Education is, perhaps, the most powerful weapon, which can be used to change the world. We, at MT Educare, are privileged to be a part of an organisation that acts as a catalyst in this nation-building exercise, has the potential to create an enlightened society and can transform millions of lives. The growth opportunity in the Indian education sector is colossal and MT Educare is poised to tap this vast untapped potential of the country's education sector by offering supplementary education services. The lack of quality formal education, frequent changes to the curriculum and extremely competitive academic environment have elevated the need for supplemental education in India.

**“Whatever the cost of our libraries, the price is cheap compared to that of an ignorant nation.”**

- American journalist, Walter Cronkite

## ABOUT MT EDUCARE

**MT Educare has emerged as the face of modern education under its brand Mahesh Tutorials. It was among the pioneer institutions that helped change the way education used to be imparted in India.**

MT Educare is one of the leading education services providers in School, Science and Commerce streams across Maharashtra. It also has operations in other states like Tamil Nadu, Karnataka, Gujarat, Punjab, Chandigarh and Haryana. MT Educare also offers specialised coaching for national level examinations like the JEE Advanced and Mains for engineering, NEET for medical, CPT/IPCC/CA Final for commerce, and CAT/CMAT for MBA aspirants.

During the silver jubilee year of its existence, MT Educare changed the concept of imparting education, from conventional chalk and talk classroom methods to advanced technology-driven processes. In alignment with its vision, Global Reach in Education And Training (GREAT), the Company expanded its presence at 26% CAGR, from 31 locations in FY 2006-07 to 126 places in FY 2012-13.

**“The mind is not a vessel to be filled, but a fire to be kindled.” - Plutarch**

## Value-added services

- Career counselling to guide through seminars and exhibitions
- Symphony in form of music, yoga and diet control techniques to reduce stress and enhance memory
- Hum se Poocho to help during the time of examinations
- Counselling sessions to facilitate communications

## INDIAN ECONOMIC SCENARIO

After years of uncertainties and slow growth, India's economy is breathing a sigh of relief. Improvement in economic factors, such as inflation, gross domestic product (GDP), fiscal deficit and others has brought respite from lingering problems. Inflation has cooled off from the high levels of around 8% in the FY 2012-13 to below 5% in the first quarter of FY 2013-14. GDP has also increased slightly to 4.80% during the fourth quarter of FY 2012-13, from 4.50% in the third quarter. Fiscal deficit is likely to come down to 3% of GDP by FY 2016-17 from 4.89% of GDP in FY 2012-13. The Reserve Bank of India (RBI) resorted to pro-growth measures. It reduced repo rate thrice in 2013 to build consumer confidence, boost investments and spur growth. All these factors together are helping build a sense of optimism around India's economy.





## INDIA'S EDUCATION SECTOR

India's education sector has evolved a lot over the last few years, making leeway for novel sectors like vocational training, e-learning, play schools, open and distance learning, and so on. It is considered as one of the largest education sectors globally.

### AMAZING FACTS

|  |   |   |                                       |
|--|---|---|---------------------------------------|
| <b>₹ 3,41,180<br/>CRORE</b>  | <b>US\$680.64<br/>MILLION</b>                                     | <b>3.5:1</b>  | <b>15%</b>                            |
| <b>MARKET SIZE OF<br/>INDIA'S EDUCATION<br/>SECTOR IN FY 2011-12</b> | <b>FDI INVESTMENTS<br/>FROM APRIL, 2000<br/>TO FEBRUARY, 2013</b> | <b>RATIO OF ANNUAL<br/>SPENDING BY URBAN<br/>HOUSEHOLD TO RURAL<br/>HOUSEHOLD</b> | <b>GROWTH YEAR-ON-<br/>YEAR (YOY)</b> |

(Source: Business Standard, Shiksha News, Department of Industrial Policy and Promotion)

“India plans to spend more than quadrupled amount of ₹ 4.13 trillion in the Twelfth Five Year Plan, as against ₹ 89,943 crore in the Eleventh Five Year Plan”

India's education sector is expanding its wings. In the course of its prosperous growth, it is witnessing high private participation and foreign investments. The market size is estimated to reach ₹ 6,02,410 crore by FY 2014-15 (Source: Business Standard).

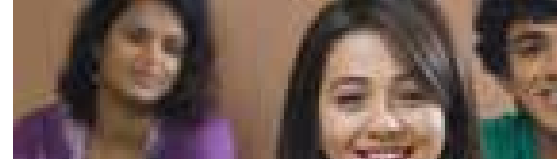
### Budget FY 2013-14 allocations

Amount (₹ crore)

| Departments/Schemes/Institutions                      | FY 2013-14 | FY 2012-13* |
|---|------------|-------------|
| Ministry of Human Resource Development                | 65,867     | 61,427      |
| Right to education - Sarva Shiksha Abhigyan (RTE-SSA) | 27,258     | 25,555      |
| Rashtriya Madhyamik Shiksha Abhiyan                   | 3,983      | 3,124       |
| Mid-day meal scheme                                   | 13,215     | 11,937      |
| Various ministries for scholarships                   | 5,284      | -           |
| Six AIIMS   | 1,650      | -           |
| Department of Ayush                                   | 1,069      | -           |

\*Actual allotments in Budget FY 2012-13





## INDIAN EDUCATION SYSTEM

### FORMAL EDUCATION

### VOCATIONAL EDUCATION

### INFORMAL EDUCATION

K-12  
HIGHER EDUCATION

PLAY SCHOOL  
OPEN & DISTANCE LEARNING

ICT IN PUBLIC SCHOOLS  
COACHING CLASSES

MULTIMEDIA IN PVT SCHOOLS

#### Formal education

**K-12** - It covers primary as well as secondary education. India's K-12 education sector is estimated to increase from US\$44 billion in 2011 to US\$144 billion in 2020 (Source: Technopak report).

**Higher education** - Graduation and post graduation comes under the ambit of higher education. India's higher education sector is projected to grow at a CAGR of 19% over the next two years (Source: Shiksha News).

#### Vocational education

Vocational education, which covers professional courses like engineering, banking and finance, hospitality, beauty and

wellness, and so on, constitutes around 30% of India's formal education industry (Source: India Infoline).

#### Informal education

Informal education in India primarily covers the supplemental education sectors like play school, multimedia, coaching classes, open and distance learning, and so on. This sector is expected to triple its revenues from US\$15 billion at present to US\$40 billion in the next seven years (Source: Livemint).



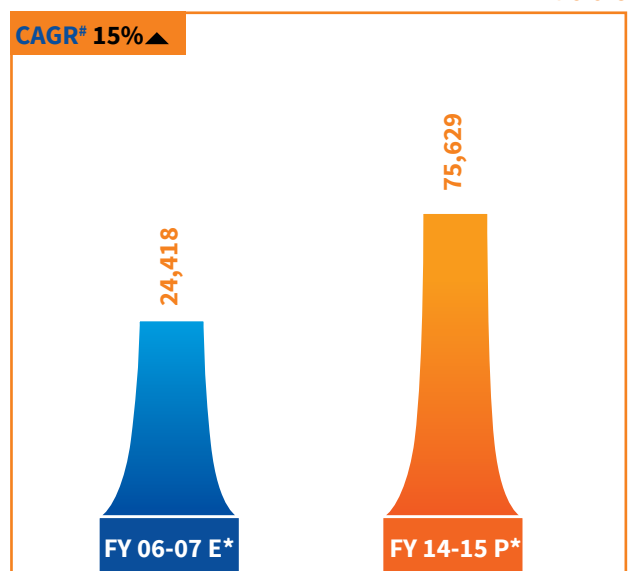
## COACHING INDUSTRY

India's coaching industry has traversed a long way over the years – from the traditional classroom teaching methodology to advanced, technology-based processes. This sea-change has enabled teaching a large pool of students through interactive procedures, delivering enriching experience.

India's current population comprises 445 million students (between the age group of five and 24 years) and this number is increasing with every passing day (Source: Economic times). Numerous students are appearing for regular tests, competitive exams and so on. This scenario presents ample untapped potential for the companies serving India's education sector. The country's coaching industry is expected to grow at a CAGR of 17% from ₹ 40,187 crore in FY 2010-11 to ₹ 75,629 crore in FY 2014-15.

In India, about 60% of the primary school children and 83% of the high school students receive private tutoring (Source: 'Shadow Education: Private Supplementary Tutoring and Its Implications for Policy Makers in Asia' – Asian Development Bank Report). In the metro cities, around 87% of primary school children and 95% of high school students receive private tutoring (Source: ASSOCHAM).

## MARKET SIZE

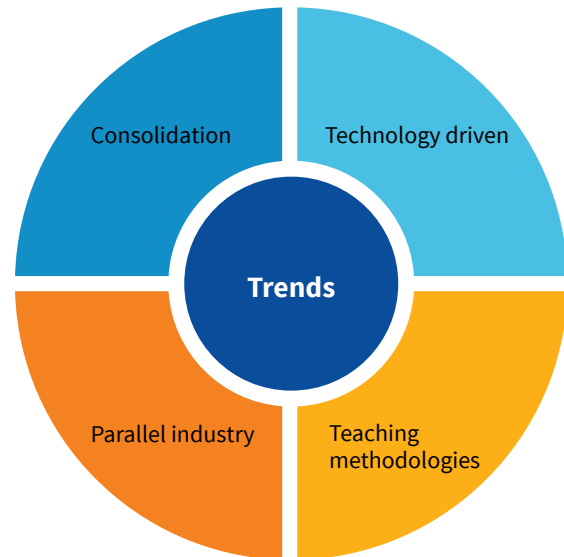


(Source: Crisil)

\*E- Estimates | P - Projection

# CAGR period: FY 06-07 to FY 14-15

## EMERGING TRENDS



### Consolidation across the industry

India's coaching industry is fragmented in nature, characterised by the presence of numerous small players. However, it is currently witnessing consolidation, driven by changes in government policies, test format modifications and portfolio expansion by the companies. Synergy of efforts helps improve the quality of services and enhances product portfolio.

### Technology driven

Technology has brought about significant transformation in the process education used to be imparted. Teaching through video conferencing and digitised content has helped take the learning experience beyond linear and text-based model. Use of video conferencing helps to address a large number of students across locations. Digitised content, on the other hand, makes the learning process interesting and helps to maintain a repository of the lessons already taught.

### Parallel with mainstream education

Coaching institutions are acting as the nerve centre of India's mainstream education. Parents are always ready to spend money to ensure proper education for their children. Hence, India's coaching industry, which imparts quality education for students to be successful in a highly competitive environment, is gaining foothold with every passing day.

### Teaching methodologies

Interactive platforms encourage thought-based learning and translate complex concepts into easy-to-learn modules. Internet-based learning methods help in concept clarification, active participation and simplified teaching.



## SCOT ANALYSIS

### STRENGTHS

#### Experienced faculty members

MT Educare's pool of experienced, passionate and committed employees and teachers ensures customer satisfaction. The Company delivers effective and efficient services to the employees to help them provide better services. Besides, career opportunities offered to the teachers are unrivalled in the industry and help MT Educare in maintaining a low attrition rate.

#### High brand recall value

MT Educare has emerged as a brand to be reckoned with in India's education sector. The Company celebrated its silver jubilee year of existence, adding another feather in its cap. Trust and confidence of customers has helped establish the Company as a household name across various states.

#### Diversified portfolio

MT Educare captures the entire value chain, which helps us cater to students of various age groups. Our presence encompasses school, science, commerce and national level examinations like JEE Advanced and Mains for engineering, NEET for medical, CPT/IPCC/CA Final for commerce and CAT/CMAT for MBA aspirants.

### CHALLENGES

#### High pupil-teacher ratio

India's current pupil-teacher ratio at 27:1 is higher than the global average. The country's education sector is estimated to need around 6 million more teachers to attain global average (Source: Technopak report).

#### High drop-outs

India's mean years of schooling at 5.12 years is lower than the average of 7.09 years for all developing countries. It is also lower than those of China (8.17 years) and Brazil (7.54 years) (Source: Planning commission). It is a challenge to be dealt with in the education industry.

### OPPORTUNITIES

#### Household expenditure on education

An Indian urban household spends ₹ 1,035 per month on education, in sharp contrast to only ₹ 293 spent per month in its rural counterpart. However, there is still ample headroom for growth, as the consumers are ready to spend more to access quality education.

#### Low gross enrollment ratio

India witnesses 12% gross enrollment ratio, as against 60% in the US and 16% in China. It is less than the global average of 24%. This social trend signifies that there is considerable headroom for growth, provided the government and the policy makers take proper initiatives. India's government aspires to take the gross enrolment ratio to 30% by 2021 (Source: Economic times).

#### Infrastructure bottlenecks in education

Despite the government's high spending on the education sector, there is a further demand for investments to the extent of US\$100 billion. These expenses are required to build infrastructure and provide education facilities, especially for the formal education system. India still requires around additional 800 universities and 35,000 colleges.

#### Large population

Majority of India's population of around 1.25 billion are aged below 25 years. Hence, the education sector offers immense growth opportunities. India's urban and earning populations are expected to increase by 171 million and 170 million, respectively, over the next 15 years (Source: UN estimates). This trend is expected to lead to high demand for education.

#### Expanding market in national level test preparation

With more and more students appearing for national level test examinations, the opportunity for the education test-prep industry remains significant.

### THREATS

#### Dynamic examination patterns and syllabi

The syllabi and examination patterns are evolving with every passing day. Keeping a track of the changes, along with performance delivery, may be difficult, thus posing a threat.

#### Competition from unorganised players

Presence of unorganised players poses a risk for the Company.



## FINANCIAL AND OPERATIONAL PERFORMANCE

### Standalone

₹ in lakhs

| Particulars | FY 2012-13 | FY 2011-12 | Growth (%) |
|-------------|------------|------------|------------|
| Revenue     | 15,413.40  | 12,832.20  | 20.12      |
| EBITDA      | 2,935.87   | 2,381.29   | 23.29      |
| PAT         | 1,835.89   | 1,376.73   | 33.35      |
| Basic EPS   | 4.66       | 3.93       | 18.57      |

### Consolidated

₹ in lakhs

| Particulars | FY 2012-13 | FY 2011-12 | Growth (%) |
|-------------|------------|------------|------------|
| Revenue     | 15,728.10  | 13,057.35  | 20.45      |
| EBITDA      | 2,932.74   | 2,310.39   | 26.94      |
| PAT         | 1,804.67   | 1,283.99   | 40.55      |
| Basic EPS   | 4.58       | 3.78       | 21.16      |

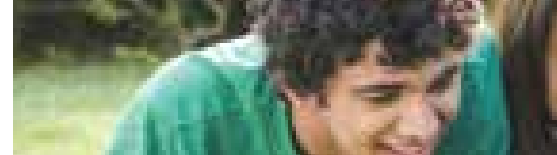
### Total students serviced\*

No.

| Particulars  | FY 2012-13    | FY 2011-12    | Growth (%)  |
|--------------|---------------|---------------|-------------|
| School       | 33,224        | 31,774        | 45.63       |
| Science      | 13,511        | 14,524        | (7.00)      |
| Commerce     | 22,088        | 20,236        | 9.15        |
| CPLC         | 2,005         | 1,483         | 3.52        |
| <b>Total</b> | <b>70,828</b> | <b>68,017</b> | <b>4.13</b> |

\*Student Serviced: The number of students from whom revenue has been recognised, in whole or part, based on the distinct courses available by them during the relevant Fiscal, in the Coaching Centres operated by the Company.





## DIVISIONAL PERFORMANCE

### SCHOOL SECTION

The Company offers coaching to students of Standard IX and Standard X across all boards, namely the State Board, CBSE and ICSE, in Maharashtra. The Company's operations are primarily

concentrated in the Mumbai Metropolitan Region, but are also spread across Maharashtra, Gujarat, Tamil Nadu, Karnataka, Punjab, Chandigarh and Haryana.

The total number of students appearing for Standard X Board examinations in 2012 in Maharashtra was 14.99 lakhs, of which around 3.12 lakhs appeared from Mumbai.

#### School division performance

|                         | FY 2012-13 | FY 2011-12 | FY 2010-11 | FY 2009-10 |
|-------------------------|------------|------------|------------|------------|
| Revenue (₹ in lakhs)    | 7,043.63   | 6,003.51   | 4,964.52   | 4,228.12   |
| Students Serviced (No.) | 33,224     | 31,774     | 29,227     | 27,323     |

#### Increasing contribution of CBSE, ICSE and Marathi/Semi-English Medium

|                                       | FY 2012-13 | FY 2009-10 |
|---------------------------------------|------------|------------|
| % of total students serviced (Mumbai) | 11.01      | 9.69       |
| Students Serviced (No.)               | 3,490      | 2,521      |

Introduction of a common curriculum for Mathematics and Science is expected to cut down on content development costs and also aid rapid expansion in the School Section outside Maharashtra.

Total number of students serviced grew by 5% from 31,774 in FY 2011-12 to 33,224 in FY 2012-13, on the back of stellar growth of 41% in Standard IX-X Combo admissions. The School Section also witnessed an average realisation growth of 12% on account of introduction of mandatory coaching for all subjects in Standard IX, as against coaching for only Mathematics and Science subjects.

### SCIENCE SECTION

The financial year 2012-13 turned out to be a year of upheaval for the Science Section, witnessing revolutionary changes in the engineering and medical entrance exam patterns. In 2012 (second half), State Engineering Entrance Exam was replaced with JEE Mains, State Medical Entrance Exam was changed to NEET and IIT-JEE to JEE Advanced. Common entrance exam for all engineering institutes, instead of state-wise examinations, improves scalability by easing entry into newer geographies, but intensifies competition.

#### Science division performance

|                         | FY 2012-13 | FY 2011-12 | FY 2010-11 | FY 2009-10 |
|-------------------------|------------|------------|------------|------------|
| Revenue (₹ in lakhs)    | 4,009.55   | 3,262.54   | 2,574.87   | 2,135.08   |
| Students Serviced (No.) | 13,511     | 14,524     | 11,527     | 11,240     |

The uncertainty over the proposed entrance exam structure post SSC results in 2012 hit admissions in Mahesh Tutorials Science, with student serviced count falling by 7% from 14,524 in FY 2011-12 to 13,511 in FY 2012-13. However, the revenues grew by 23%,

propelled by higher realisation on account of substantial fee hikes for the XI-XII Combo course, which will improve the fee realisation in FY 2013-14 as well.

#### Region-wise breakup

| Year                | Revenue (₹ in lakhs) |                 | Students Serviced (No.) |               |
|---------------------|----------------------|-----------------|-------------------------|---------------|
|                     | FY 2012-13           | FY 2011-12      | FY 2012-13              | FY 2011-12    |
| Mumbai              | 3,550.90             | 2,957.22        | 10,946                  | 12,451        |
| Rest of Maharashtra | 109.87               | 87.80           | 461                     | 425           |
| Karnataka           | 348.78               | 217.53          | 2,104                   | 1,648         |
| <b>Total</b>        | <b>4,009.55</b>      | <b>3,262.54</b> | <b>13,511</b>           | <b>14,524</b> |



### COMMERCE SECTION

The overarching objective of addressing the different needs, in Standard XI and XII, with respect to CA-focused students and to non-CA students, resulted in the Commerce vertical in the Company to be split into MT-PRO (catering to students aspiring to appear for CPT/CS-Entrance) and MT-UVA (catering to students not pursuing any professional courses). The change encompassed material changes in the counselling process, structure of the teaching faculty and study material.

The Company now has a separate batch (Champions Batch) of students who are aspiring to appear for CPT/CS-Entrance post their Standard XII Board exams. These students are taught by a separate expert faculty team. Besides, they are also provided with distinct study materials, which are designed to enhance their performance in competitive exams. In addition, the faculty and study materials for other batches (All-rounders' Batch) will serve the needs of the students enrolled in these batches in a far more effective manner.



#### Commerce division performance

|                       | FY 2012-13 | FY 2011-12 | FY 2010-11 | FY 2009-10 |
|-----------------------|------------|------------|------------|------------|
| Revenue (₹ in lakhs)  | 3,264.02   | 2,639.17   | 2,331.71   | 1,797.38   |
| Students Served (No.) | 22,088     | 20,236     | 17,546     | 14,163     |

Rapid growth in enrolments in Tamil Nadu in the CA section has propelled overall growth in the Company's commerce section.

### HUMAN CAPITAL

MT Educare understands the humane needs of its employees and offers help in every possible manner. The members belong to different dimensions of the Company's structure - teaching as well as non-teaching staff. As on 31st March, 2013, the number of employees at MT Educare was 924.

### CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) forms an integral part of MT Educare's operations. The Company believes in inclusive growth and offers services to the underprivileged sections of the society. It partners with NGOs to impart education to the students of



BMC Schools. Besides, it also collaborates with old age homes to provide medical help. MT Educare established industrial training centres in tribal areas. Besides, it also holds seminars and offers 24-hour helpline on various topics. The feeling of contentment comes with fulfilling purpose of existence. At MT Educare, efforts are directed towards that gratification.

### INTERNAL CONTROL SYSTEM

Internal audit and control system at MT Educare helps inculcate the best available practices globally. Such systems are adequate and commensurate with the size and nature of the business. Periodical reviews done by the management at regular intervals ensure accuracy of financial statements and safety of assets. The system monitors its major expenses in comparison with budgeted estimates. The Company's audit committee reviews issues raised by the internal as well as external auditors. It is ensured that internal policies are in compliance with the applicable standards and laws.

### CAUTIONARY STATEMENT

Certain statements in the Management Discussion and Analysis describing the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

# DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Seventh Annual Report and audited accounts for the financial year ended 31 March, 2013.

## FINANCIAL RESULTS

The following is the summary of financial performance of the Company during the year under review

| Particulars   | ₹ in lakhs      |                 |
|---|-----------------|-----------------|
|   | FY 2012-13      | FY 2011-12      |
| Direct Income   | 14,759.14       | 12,491.11       |
| Operating Income  | 654.26          | 341.09          |
| Total Income  | 15,413.40       | 12,832.20       |
| Total Expenses  | 12,477.53       | 10,450.91       |
| Earnings before Interest, Tax, Depreciation, Amortisation and exceptional items | 2,935.87        | 2,381.29        |
| Less: Financial Expenses  | 0               | 4.79            |
| Less: Depreciation & Amortisation   | 833.50          | 763.81          |
| Add: Other Income   | 483.01          | 404.49          |
| Profit before exceptional items and tax   | 2,585.38        | 2,017.18        |
| <b>Provision for tax:</b>   |                 |                 |
| Current Tax   | 774.00          | 731.00          |
| Current Tax relating to prior years   | (23.13)         | 5.85            |
| Deferred Tax  | (1.38)          | (96.40)         |
| Profit after tax  | 1,835.89        | 1,376.73        |
| Prior Period Items  | 0.00            | 0.01            |
| Available for Appropriations  | 1,835.89        | 1,376.74        |
| <b>Appropriation:</b>   |                 |                 |
| Interim dividends   | 793.30          | 177.97          |
| Dividend Distribution Tax   | 131.77          | 28.87           |
| Transfer to General Reserve   | 910.82          | 1,169.90        |
|   | <b>1,835.89</b> | <b>1,376.74</b> |

The fees collected, after considering discount and concessions stood at ₹14,759.14 lakhs as against ₹12,491.11 lakhs for the previous year registering an increase of around 18.16%. The operating income stood at ₹ 654.26 lakhs (Previous year ₹ 341.09 lakhs).

## OPERATIONS

The fees collected, after considering discount and concessions stood at ₹ 14,759.14 lakhs as against ₹ 12,491.11 lakhs for the previous year registering an increase of around 18.16%. The operating income stood at ₹ 654.26 lakhs (Previous year ₹ 341.09 lakhs). Earnings before interest, depreciation, tax and amortisation (EBIDTA) increased by around 23.29% and stood at ₹ 2,935.87 lakhs as compared to previous year's figure of ₹ 2,381.29 lakhs. Profit after tax increased by 33.35% from ₹ 1,376.73 lakhs in the previous year to ₹ 1,835.89 lakhs in the current year.

## DIVIDEND

Your Directors have declared Second Interim dividend of ₹ 1 (10.00%) per Equity share for the financial year ended 31 March, 2012, on a share capital of ₹ 39,78,21,870 divided into 3,97,82,187 Equity shares of ₹ 10/- each for the financial year ended 31 March, 2013

The total dividend payout including Dividend Distribution Tax of ₹ 131.77 lakhs (previous year ₹ 28.87 lakhs) will absorb ₹ 925.07 lakhs (previous year ₹ 206.84 lakhs)





### EMPLOYEE STOCK OPTION PLAN

The Company implemented the Employee Stock Options Scheme “ESOP 2011 – II” in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the SEBI Guidelines”). The applicable disclosures as stipulated under the SEBI Guidelines as at 31 March, 2013 are provided in Annexure 1 to this Report.

### MANAGEMENT’S DISCUSSION AND ANALYSIS REPORT

Management’s Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the listing agreement, entered into with The BSE Limited (BSE) and the National Stock Exchange of India Ltd. (NSE) is presented in a separate section forming part of the Annual Report.

### CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on accounting for investments in Associates, the audited Consolidated Financial Statements are provided in the Annual Report.

### SUBSIDIARIES

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies. Details of subsidiary of the Company are covered in Management’s Discussion and Analysis Report forming part of the Annual Report.

### DIRECTORS

Mr. Uday Lajmi, Mr. Yatin Samant and Mr. Naarayanan Iyer, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors’ Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the annual accounts for the year under review, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- (ii) the Directors have selected appropriate accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March, 2013 and of profit of the Company for the year ended on that date;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts of the Company on a ‘going concern’ basis.

### AUDITORS

M/s. Shaparia & Mehta, Chartered Accountants, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received letter from M/s. Shaparia & Mehta to the effect that their appointment as Auditors, if made, would be within the limits under Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act.

The Notes on Financial Statements referred to in the Auditor’s Report are self-explanatory and do not call for any further comments

## PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. Having regard to the provisions of Section 219(1) (b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to energy conservation, technology absorption and foreign exchange earnings and outgo as required to be disclosed under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are as follows:

- i. Part A & B of the Rules pertaining to Conservation of Energy and Technology Absorption are not applicable to your Company
- ii. Foreign Exchange Earnings and Outgo:
  - Earnings: ₹ 303.70 lakhs - (Previous year ₹ 278.53 lakhs)
  - Outgo: ₹ 260.09 lakhs (Previous year ₹ 195.24 lakhs)

## PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposits from the public or the shareholders.

## SALE OF PLAY SCHOOL BUSINESS

Your Company entered into an a Business Purchase Agreement dated 25 October, 2012 with Tree House Education and Accessories Limited (Tree House) for sale / transfer of Company's Play school business, consisting of six centres, carried under the brand "Global Champs" as a going concern, including all the rights and liabilities relating to the play school division, assets, intellectual property rights and all ancillary and consequential rights arising therefrom. The Scrutiniser's Report on Postal ballot, approving the Resolution was taken on record in the Board meeting held on 2 November, 2012 and accordingly the play school business was transferred to Tree House on 13 December, 2012.

## TERMINATION OF JOINT VENTURE WITH HT LEARNING CENTRES LTD

During the year under review, the joint venture between HT Learning Centres Ltd and MT Education Services Private Limited, your Company's Wholly Owned Subsidiary was terminated and the entire investment in joint venture was received back.

## IMPLEMENTATION OF SAP

Your Company implemented SAP for tracking real-time admissions data for ensuring higher operational excellence. SAP is expected to improve the quality of internal and external financial reporting and curtail the time required for finalising of accounts. Automated business support processes, especially, revenue recognition for the wide variety of courses offered, have eliminated manual

work, thus reducing the workload of individual employees. The budgeting feature is also likely to improve efficiencies and lead to cost savings in future.

## ACQUISITION OF 51% STAKE IN LAKSHYA

Your Company acquired 51% stake in Lakshya Forum for Competitions Private Ltd ("Lakshya"), a leading North India based IIT Entrance teaching institute, to capitalise and get the first mover advantage under the new IIT Entrance exam pattern and to establish your Company's foothold in North India tutoring market, as their offerings are synergistic and complementary to your Company's services in the Science section. With Lakshya's strong domain expertise in the new advanced IIT exam pattern, MT Educare's Science section now offers the entire end to end training to all its students aspiring for Boards, the JEE Mains as well as the JEE Advanced and Medical examinations for a successful career in the engineering and medical stream.

## INAUGURATION OF STATE OF THE ART PRE-UNIVERSITY COLLEGE AT MANGALORE

Your Company forayed into formal education with the launch of Mahesh Pre-university College ("College") at Mangalore. The College is an exemplary work of modern architecture, a four storey 75,000 sq. ft. structure, with all round glass façade having 40 spacious technologically well-equipped centrally air-conditioned classrooms which can accommodate 3,000 students, a spacious library and terrace garden, 4 well equipped laboratories and various staff and discussion rooms. It will act as a proof of concept for the other college tie-ups within the state and demonstrates your Company's commitment to the growing engineering and medical test prep market in the entire state of Karnataka.

## CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has also implemented several best Corporate Governance practices as prevalent globally. The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is attached to this Report.

## APPRECIATION

Your Directors would like to express their appreciation for the assistance and co-operation received from the financial institutions, banks, Government authorities, customers, vendors and members during the year under review.

Your Directors also express their appreciation to all the visiting faculty, lecturers, and employees of MT Educare FAMILY for their hard work, commitment, dedicated services and collective contribution.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: 15 May, 2013

**Mahesh R. Shetty**  
Chairman and Managing Director

## Annexure 1

### Details of Employee Stock Option Scheme 2011 - II ("ESOP 2011 - II")

The Company instituted the ESOP 2011 - II on 8 April, 2011, pursuant to Board and Shareholders' resolutions dated 8 April, 2011 and 13 April, 2011, respectively. The objective of ESOP 2011 - II was to reward the employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of your Company.

The Company has granted 2,72,912 options convertible into 2,72,912 Equity Shares of face value ₹ 10 each under ESOP 2011 - II, which represents 0.69% of the paid-up equity capital of the Company. The following table sets forth the particulars of the options granted under ESOP 2011 - II:

| Particulars   | Details   |
|---|---|
| Options granted   | 2,72,912  |
| The pricing formula   | Under ESOP 2011 – II, Equity Shares pursuant to exercise of the options were issued at face value, i.e., ₹ 10   |
| Exercise price of options   | ₹ 10  |
| Total options vested as of 31 March, 2013   | Nil   |
| Options exercised   | Nil   |
| Total number of Equity Shares that would arise as a result of full exercise of options already granted  | 2,72,912  |
| Options forfeited / lapsed / cancelled  | Nil   |
| Variation in terms of options   | Nil   |
| Money realised by exercise of options   | Nil   |
| Options outstanding (in force)  | 2,72,912  |
| Person wise details of options granted to   |   |
| (i) Directors and key management employees  | Please see Note 1 below   |
| (ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year  | Please see Note 2 below   |
| (iii) Identified employees who are granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of your Company at the time of grant   | Nil   |
| Fully diluted EPS on a pre-Issue basis on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share'   | NA  |
| Difference between employee compensation cost using the intrinsic value method and the employee compensation cost that shall have been recognised if the Company had used fair value of options and impact of this difference on profits and EPS of the Company   | NA. The Company has used the fair value of options for the purpose of recognising employee compensation cost.   |
| Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock  | NA  |
| Description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying share in market at the time of grant of the option | The Company has adopted Black Scholes method to estimate the fair value of options with the following assumptions: <ul style="list-style-type: none"> <li>(i) Risk-free interest rate: 8.3%;</li> <li>(ii) Expected Life: 1.91 years (weighted average of various vesting periods);</li> <li>(iii) Expected volatility - 33% (Based on historical prices of the peer companies);</li> <li>(iv) Expected dividends: Nil</li> <li>(v) Price of underlying share in market at the time of grant of the option: NA</li> </ul> |

| Particulars  | Details                 |
|--|-------------------------|
| Vesting schedule   | Please see Note 3 below |
| Lock-in  | Not applicable          |
| Impact on profits of the last three years  | Nil                     |
| Intention of the holders of equity shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Issue  | NA                      |
| Intention to sell equity shares arising out of the exercise of shares granted under ESOP 2011 - II within three months after the listing of equity shares by Directors, senior managerial personnel and employees amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions) | Nil                     |

Note 1: Details regarding options granted to the Directors and key management personnel under ESOP 2011 – II are set forth below:

| Name of Director/<br>key management<br>personnel | Total No. of<br>options granted | No. of options<br>exercised | Total No. of options<br>outstanding | Total No. of Equity<br>Shares held |
|--|---------------------------------|-----------------------------|-------------------------------------|------------------------------------|
| Anish Thakkar                                    | 1,20,672                        | Nil                         | 1,20,672                            | 3,19,967                           |
| Chandresh Fooria                                 | 48,091                          | Nil                         | 48,091                              | 4,22,353                           |
| Shrenik Kotecha                                  | 23,607                          | Nil                         | 23,607                              | 2,31,085                           |
| Sujeet Koyoot                                    | 23,607                          | Nil                         | 23,607                              | 2,31,085                           |
| Anup Gandhi                                      | 20,998                          | Nil                         | 20,998                              | 7,000                              |
| Ashwin M. Patel                                  | 7,500                           | Nil                         | 7,500                               | 2,500                              |



Note 2: Employees who received a grant in any one year of options amounting to 5% or more of the options granted during the year under ESOP 2011 – II:

| <b>Name of Employee</b> | <b>No. of options granted</b> |
|-------------------------|-------------------------------|
| Anish Thakkar           | 1,20,672                      |
| Chandresh Fooria        | 48,091                        |
| Shrenik Kotecha         | 23,607                        |
| Sujeet Koyoot           | 23,607                        |
| Anup Gandhi             | 20,998                        |

Note 3: Vesting schedule of the options granted under ESOP 2011 – II:

| <b>Date of vesting</b> | <b>Percentage of options granted under ESOP 2011 – II (%)</b> |                       |                        |
|------------------------|---|-----------------------|------------------------|
|                        | <b>Category – I*</b>  | <b>Category – II*</b> | <b>Other Employees</b> |
| 12 April, 2013         | 50.00   | 33.33                 | 22.22                  |
| 30 April, 2013         | 50.00   | 33.33                 | 33.33                  |
| 30 April, 2014         | Nil   | 33.34                 | 44.45                  |

\* Category – I and Category – II consist of key management personnel of our Company.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: 15 May, 2013

**Mahesh R. Shetty**  
Chairman and Managing Director

# REPORT ON CORPORATE GOVERNANCE

In accordance with Clause 49 of the Listing Agreement entered with The BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) (Clause 49) and some of the best practices followed on Corporate Governance, the report containing the details of corporate governance systems and processes at MT Educare Limited is as under:

## 1. COMPANY'S PHILOSOPHY OF CORPORATE GOVERNANCE

The Company's philosophy on code of governance is aimed at assisting the management and the Board of Directors in efficient conduct of the business and in meeting its obligations to all stakeholders, and is guided by the principles of transparency, fairness, accountability and integrity. These practices endeavour to attain equilibrium among enhancement of stakeholder value, achievement of financial objective and corporate social responsibility.

## 2. BOARD OF DIRECTORS

**Composition and size of the Board:** The current strength of the Board of Directors of your Company is Seven. The Chairman and Managing Directors is an Executive Director while others are Non-Executive Directors. Of the Six Non-Executive Directors, four are Independent while the remaining two are Non-Independent.

| Category                                | Name of the Directors   |
|---|---|
| Promoter & Executive Director           | Mr. Mahesh R. Shetty  |
| Non-Executive Non-Independent Directors | Mr. Naarayanan Iyer<br>Dr. Chhaya Shastri                                       |
| Non-Executive Independent Directors     | Mr. Cyrus Driver (*)<br>Ms. Drushti Desai<br>Mr. Yatin Samant<br>Mr. Uday Lajmi |

(\*) Resigned w.e.f 17 June, 2013

All the Independent Directors of the Company furnished a declaration at the time of their appointment as also annually that they qualify the conditions of their being Independent. All such declarations were placed before the Board.

No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 1956.

### Board meeting and attendance:

Seven Board meetings were held during the year. The dates on which the meetings were held are as follows:

| Sr. No | Date of Meeting    | Board Strength | No. of Directors present |
|--------|--------------------|----------------|--------------------------|
| 1      | 10 April, 2012     | 8              | 7                        |
| 2      | 26 May, 2012       | 8              | 7                        |
| 3      | 10 August, 2012    | 8              | 7                        |
| 4      | 14 September, 2012 | 8              | 7                        |
| 5      | 2 November, 2012   | 7              | 7                        |
| 6      | 2 February, 2013   | 7              | 6                        |

The Company's philosophy on code of governance is aimed at assisting the management and the Board of Directors in efficient conduct of the business and in meeting its obligations to all stakeholders, and is guided by the principles of transparency, fairness, accountability and integrity.



Attendance of each Director at the Board meeting and each annual general meeting (AGM) and the number of companies and committees where he / she is a Director / member (as on 31 March, 2013)

| Name of Director       | Category of the Directorship                        | Number of Board Meeting Attended | Attendance at the last AGM held | Number of Directorship in other companies | Number of Committee positions held in other companies |
|------------------------|---|----------------------------------|---------------------------------|---|---|
| Mr. Mahesh R. Shetty   | Chairman & Managing Director – Executive (Promoter) | 6                                | Yes                             | 6   | Nil   |
| Mr. Naayanan Iyer      | Non-Executive Non-Independent Director              | 6                                | Yes                             | Nil                                       | Nil   |
| Mr. David Danziger (*) | Non-Executive Non-Independent Director              | 1                                | Yes                             | 5   | Nil   |
| Dr. Chhaya Shastri     | Non-Executive Non-Independent Director              | 6                                | Yes                             | 3   | Nil   |
| Mr. Cyrus Driver(#)    | Non-Executive Independent Directors                 | 4                                | No                              | 2   | Nil   |
| Ms. Drushti Desai      | Non-Executive Independent Directors                 | 6                                | Yes                             | 2   | Nil   |
| Mr. Yatin Samant       | Non-Executive Independent Directors                 | 6                                | Yes                             | Nil                                       | Nil   |
| Mr. Uday Lajmi         | Non-Executive Independent Directors                 | 6                                | Yes                             | Nil                                       | Nil   |

(\*) Resigned with effect from 15 September, 2012.

(#) Resigned with effect from 17 June, 2013.

#### Director with materially significant transactions, pecuniary or business relationship with the Company

There have been no materially significant transactions, pecuniary transactions or relationships between the Company and its Directors that may have a potential conflict with the interest of the Company at large.

#### Directors' Profile

A brief resume of all the Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorships, chairmanships of board committees and their shareholding in the Company are provided below:

**Mahesh R. Shetty** holds a bachelor's degree in science and education from the University of Mumbai. He has over 29 years of experience in the coaching sector. He started the business of providing coaching services to students in School Section in 1988 under the brand of 'Mahesh Tutorials'.

He is a Director of MT Education Services Private Limited; Chitales Personalised Learnings Private Limited, Prithviraj Shares and

Securities Private Limited; Neptune Developers Limited, Lakshya Educare Private Limited and Neptune Ventures and Developers Private Limited.

He was awarded the 'Pride of the Nation Award' by the All India Achievers Association in 2008.

He is Promoter of the Company and holds 1,69,56,885 Equity Shares of the Company in his name as on 31 March, 2013.

**Naayanan Iyer** holds a bachelor's degree in mechanical engineering from the University of Madras. He has 24 years of experience in the education sector and associated with the Company since inception. He holds 1,98,000 Equity Shares of the Company in his name as on 31 March, 2013.

**Dr. Chhaya Shastri** holds a bachelor's degree in dental surgery and a bachelor's degree in law (general) from the University of Mumbai. She has also completed a one year programme in business management from the Indian Institute of Management, Calcutta. She was appointed as Director of the Company on 8 April, 2011. In 2005, she started advising small and medium enterprises

in her capacity as a promoter Director of Prosynapse Consultants India Private Limited in various fields like media, healthcare, constructions and manufacturing. She joined our business in 2005 in the capacity of an advisor on behalf of Prosynapse Consultants India Private Limited, pursuant to a retainer arrangement. She has played a major role in establishing the Company as a corporate entity and formulating strategic expansion plans of the Company.

She is a Director of Prosynapse Consultants India Private Limited and MT Education Services Private Limited. She is the member of Audit Committee and Shareholders' and Investors' Grievances Committee of the Company.

She holds 17,17,551 Equity shares in her name as on 31 March, 2013.

**Cyrus Driver** holds a bachelor's degree in engineering from the Indian Institute of Technology, Mumbai and a post graduate diploma in management from the Indian Institute of Management, Ahmedabad. He was appointed as Director of the Company on 8 April, 2011. He has 13 years of experience in private equity investing. He is the founder of the health food service "Calorie Care" and Director of Goodlife Integrated Fitness Solutions Private Limited. He is the Chairman of Remuneration Committee of the Company. Mr. Cyrus Driver resigned from the directorship w.e.f 17 June, 2013.

He holds 1,138 Equity shares in his name as on 31 March, 2013.

**Drushti Desai** holds a bachelor's degree in commerce from Sydenham College of Commerce and Economics, Mumbai. She is also a fellow chartered accountant of ICAI. She was appointed as a Director of our Company on 8 April, 2011. She has 16 years of experience in the field of chartered accountancy, taxation, restructuring advisory and valuation.

She is a Director of MPIL Corporation Limited; Kruti Finance and Holdings Private Limited. She is the Chairman of Audit Committee and member of Shareholders' and Investors' Grievances Committee of the Company. She is a partner of Bansi S. Mehta & Co., B. S. Mehta & Co., and BSM Associates, Chartered Accountants.

She does not hold any Equity shares in her name as on 31 March, 2013.

**Yatin Samant** holds a bachelor's degree in engineering from Veermata Jijabai Institute of Technology, Mumbai and a master's degree in management studies from Jamnalal Bajaj Institute of Management Sciences, Mumbai. He was appointed as a Director of our Company on 8 April, 2011. He has over 29 years of varied experience in sales, marketing, business development and general management across industries.

He is the Chairman of Shareholders' and Investors' Grievances Committee and member of Remuneration Committee.

He holds 2250 Equity shares in his name as on 31 March, 2013.

**Uday Lajmi** holds a master's degree in marketing management from the University of Mumbai and a doctorate degree in physical chemistry from the Institute of Technology Mumbai. He was

appointed as a Director of our Company on 2 June, 2011. He has over 22 years of experience in various capacities in industry and academics and presently is the additional vice president (training & development) with Reliance Infrastructure Limited.

He is the member of Audit Committee and Remuneration Committee of the Company

He does not hold any Equity shares in his name as on 31 March, 2013.

### 3. AUDIT COMMITTEE

The terms of reference of the Audit Committee are those prescribed under clause 49 of the listing agreement as well as under Section 292A of the Companies Act, 1956.

The composition of the Audit Committee complies with the requirement laid down in clause 49 of the listing agreement.

The Audit Committee is chaired by Ms. Drushti Desai, Chartered Accountant by profession and having a wide experience on financial and taxation issues. All other members of the Committee viz. Mr. Uday Lajmi and Dr. Chhaya Shastri are financially literate within the meaning of clause II (A) explanation 1 of clause 49 of the Listing Agreement. Mr. Ashwin M. Patel, Company Secretary, acts as secretary to the Audit Committee.

During the financial year 2012-13, Four Audit Committee Meetings were held. The dates on which the meetings were held are as follows:

| Sr. No | Date of Meeting  | Strength of the Committee | No. of Directors present |
|--------|------------------|---------------------------|--------------------------|
| 1      | 26 May, 2012     | 3                         | 3                        |
| 2      | 10 August, 2012  | 3                         | 3                        |
| 3      | 2 November, 2012 | 3                         | 3                        |
| 4      | 2 February, 2013 | 3                         | 3                        |

The Composition of the Audit Committee is as follows:

| Sr. No | Name               | Designation on the Committee | Category of Directorship                | Attendance out of four meetings held |
|--------|--------------------|------------------------------|---|--------------------------------------|
| 1      | Ms. Drushti Desai  | Chairman                     | Independent Non- Executive Director     | 4                                    |
| 2      | Mr. Uday Lajmi     | Member                       | Independent Non- Executive Director     | 4                                    |
| 3      | Dr. Chhaya Shastri | Member                       | Non Independent Non- Executive Director | 4                                    |

The Chairman & Managing Director, chief finance officer, statutory auditor and internal auditor have been invitees to the Audit Committee meetings



#### 4. REMUNERATION COMMITTEE

The Company has set up a Remuneration Committee, which comprises of three Independent Directors namely Mr. Cyrus Driver, Mr. Yatin Samant and Mr. Uday Lajmi. The terms of reference of the committee are to decide the remuneration of the Executive Directors. One meeting of the committee was held on 26 May, 2012, which was attended by all the members of the Committee.

##### Remuneration paid to the Chairman and Managing Director during 2012-13

The remuneration paid to Mr. Mahesh R. Shetty during the year 2012-13 is ₹ 103.50 lakhs (previous year ₹ 90.00 lakhs).

##### Remuneration and shareholding of Non-Executive Directors

The Non-Executive Directors at present are only paid sitting fees for attending meetings of the board and committee(s) thereof. Keeping in view industry practices being the criteria relied upon by the board, the board unanimously decides the amount of sitting fees to be paid from time to time, based on the power conferred by the Articles of Association of the Company. The sitting fee presently fixed does not require prior approval of the shareholders. The information on amount of sitting fees paid to the Non-Executive Directors for attending meetings of the board and committee(s) thereof held during the year ended on 31 March, 2013 is as under:

Sitting fees paid to the Non-Executive Directors for 2012-13 are as detailed below:

| Name of the Non-Executive Director | Sitting Fees (₹) |
|------------------------------------|------------------|
| Mr. Naarayanan Iyer                | 90,000           |
| Dr. Chhaya Shastri                 | 1,80,000         |
| Cyrus D. Driver                    | 80,000           |
| Drushti Desai                      | 1,70,000         |
| Yatin Samant                       | 1,40,000         |
| Uday Lajmi                         | 1,40,000         |

Besides dividend on equity shares held, if any, by the Non-Executive Directors no other payments have been made or transaction of a pecuniary nature entered into by the Company with the said Directors.

The shares held by Non-Executive Directors in the Company as of 31 March, 2013 are as follows:

| Name of the Non-Executive Director | Shares held |
|------------------------------------|-------------|
| Mr. Naarayanan Iyer                | 1,98,000    |
| David Danziger (*)                 | Nil         |
| Dr. Chhaya Shastri                 | 17,17,551   |
| Cyrus D. Driver(#)                 | 1,138       |
| Drushti Desai                      | Nil         |
| Yatin Samant                       | 2,250       |
| Uday Lajmi                         | Nil         |

(\*) Resigned w.e.f 15 September, 2012

(#) Resigned w.e.f 17 June, 2013

The Composition of the Remuneration Committee is as follows:

| Sr. No | Name             | Designation on the Committee | Category of Directorship           | Attendance out of one meeting held |
|--------|------------------|------------------------------|------------------------------------|------------------------------------|
| 1      | Mr. Cyrus Driver | Chairman                     | Independent Non-Executive Director | 1                                  |
| 2      | Mr. Yatin Samant | Member                       | Independent Non-Executive Director | 1                                  |
| 3      | Mr. Uday Lajmi   | Member                       | Independent Non-Executive Director | 1                                  |

#### 5. SHAREHOLDERS AND INVESTORS GRIEVANCE COMMITTEE

The Shareholders and Investors Grievance committee comprises of Mr. Yatin Samant, Ms. Drushti Desai and Dr. Chhaya Shastri. Mr. Ashwin M. Patel, Company Secretary, acts as secretary to the committee, and is the compliance officer.

The complaints received from the investors are being regularly attended to and are believed to be resolved to their satisfaction. The status of the investors' complaints is reviewed by the Investors Grievance Committee generally on quarterly basis. During the year ended on 31 March, 2013, the Company received 13 investor complaints, all of which have been attended to before the end of the year, and believed to have been resolved to the satisfaction of the investors.

Four Shareholders' and Investors' Grievances Committee Meeting were held during the year, details of which are as under:

| Sr. No | Date of Meeting  | Strength of the Committee | No. of Directors present |
|--------|------------------|---------------------------|--------------------------|
| 1      | 26 May, 2012     | 3                         | 3                        |
| 2      | 10 August, 2012  | 3                         | 3                        |
| 3      | 2 November, 2012 | 3                         | 3                        |
| 4      | 2 February, 2013 | 3                         | 3                        |

The Composition of Shareholders and Investors Grievance Committee is as follows:

| Sr. No | Name               | Designation on the Committee | Category of Directorship               | Attendance out of four meeting held |
|--------|--------------------|------------------------------|--|-------------------------------------|
| 1      | Mr. Yatin Samant   | Chairman                     | Independent Non-Executive Director     | 4                                   |
| 2      | Ms. Drushti Desai  | Member                       | Independent Non-Executive Director     | 4                                   |
| 3      | Dr. Chhaya Shastri | Member                       | Non Independent Non-Executive Director | 4                                   |

#### Compliance Officer

Mr. Ashwin M. Patel, Company Secretary and Compliance Officer, is the Compliance officer for complying with the requirements of the Securities Laws and the Listing Agreement with the Stock Exchanges.

## 6. GENERAL BODY MEETINGS

The Company got listed on 12 April, 2012. The last three Annual General Meetings were held as under:

| Year    | Location   | Date               | Time     | Whether any special resolution passed |
|---------|--|--------------------|----------|---------------------------------------|
| 2009-10 | 220, 2nd Floor, "FLYING COLORS", Pandit Din Dayal Upadhyay Marg, L.B.S Cross Road, Mulund (West), Mumbai 400080. | 30 September, 2010 | 11.00 am | No                                    |
| 2010-11 | 220, 2nd Floor, "FLYING COLORS", Pandit Din Dayal Upadhyay Marg, L.B.S Cross Road, Mulund (West), Mumbai 400080. | 15 September, 2011 | 11.00 am | No                                    |
| 2011-12 | Shagun Banquet Hall, Devi Dayal Road, Behind Fire Brigade Office, Mulund (West), Mumbai 400080                   | 14 September, 2012 | 4.00 pm  | No                                    |

Special Resolution for sell / transfer of Global Champs business on a "Going Concern Basis" was passed by postal ballot during the financial year 2012-13. The result of postal ballot was taken on record in the Board meeting held on 2 November, 2012. Further no resolution is proposed to be passed through postal ballot.

## 7. DISCLOSURES

- The Company has not entered into any materially significant related party transactions with its promoter, Directors or management or their relatives etc. that may have potential conflict with the interest of the Company at large.
- To the best of the Company's knowledge, there has been no incidence of non-compliance with requirement of stock exchange(s), SEBI or other statutory authority, on matters relating to capital markets since listing of equity shares on BSE and NSE (i.e. 12 April, 2012). During last three years, no penalty or stricture has been imposed on the Company by the stock exchanges, SEBI or any statutory authority on any matter related to capital market.
- The Board of Directors has laid down the code of conduct for Directors and senior management personnel including all functional heads, which they are bound to observe in the course of conduct of business of the Company. This code of conduct has been posted on the website of the Company. Each

Director of the Company and senior management personnel including all functional heads, to whom the code has been made applicable, have affirmed their compliance with the code. A declaration by Mr. Mahesh R. Shetty, Chairman & Managing Director, to this effect forms part of this report

- The Company has not established formal whistle blower policy mechanism. However, the Audit Committee does not deny access to any personnel of the Company.
- The Company is in compliance with all the mandatory requirements of Clause 49 of the listing agreement. The status on adoption of non-mandatory requirement is set out in this report.

## 8. MEANS OF COMMUNICATION

- The quarterly results are generally published in Free Press Journal and Navshakti and also displayed on the Company's website [www.mteducare.com](http://www.mteducare.com). The official news releases are also displayed on the Company's website. The Investors presentation is also uploaded on the Company's website.
- Any press release, if issued, after publishing of unaudited / audited Quarterly / Annual results will also be uploaded on Company's website

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report forms a part of the Directors' Report

### 9. GENERAL SHAREHOLDERS INFORMATION

|  |   |
|--|---|
| AGM : Date, Time and Venue   | 14th day of September, 2013 at 11.30 am at Jainam Banquet Hall, Jainam Arcade, BTM Compound, 100 L.B.S Road, Near State Bank of India, Bhandup (West), Mumbai 400 078.  |
| Financial Calendar (Tentative)   | April to March<br>First quarter results – 7 August, 2013<br>Half yearly results – 30 October, 2013<br>Third quarter results – 5 February, 2014<br>Audited results for the year ending 31 March, 2013 – May 2013   |
| Date of Book Closure   | 11 September, 2013 to 14 September, 2013 (both days inclusive)  |
| Dividend payment date  | Second Interim Dividend for Financial year 2012-13 has been paid on 27 May, 2013.   |
| Listing on Stock Exchange  | The BSE Limited (BSE)<br>The National Stock Exchange of India Limited (NSE)<br>The Company has paid the annual listing fees for the period 1 April, 2013 to 31 March, 2014 to both the Stock exchanges  |
| Stock Code   | BSE NSE<br>534312 MTEDUCARE   |
| ISIN Number of the Equity Shares having nominal value of ₹10/-                                       | INE472M01018  |
| Market price data  | Refer Annexure A  |
| Performance in comparison to BSE Sensex  | Refer Annexure B  |
| Registrar and Transfer Agents  | Link Intime India Private Limited<br>C-13, Pannalal Silk Mill Compound<br>L.B.S Marg, Bhandup (West)<br>Mumbai 400 078<br>Tel: (91 22) 2596 0320<br>Fax: (91 22) 2596 0329<br>Investor Grievance Email: mtel.ipo@linkintime.co.in   |
| Share Transfer System  | All the transfers received are processed and approved by a share transfer committee.  |
| Distribution of Shareholding and shareholding pattern as on 31 March, 2013                           | Refer Annexure C  |
| Shareholding pattern   | Refer Annexure D  |
| Dematerialisation of shares and liquidity  | Refer Annexure E  |
| Outstanding GDR / ADR / Warrants or any convertible instrument. Conversion date and impact on equity | The Company has not issued any GDRs / ADRs / warrants or any other convertible instrument.  |
| Plant Location   | Not applicable as the Company is in the service sector  |
| Address of correspondence  | MT Educare Limited<br>220, 2nd Floor, "FLYING COLORS"<br>Pandit Din Dayal Upadhyay Marg,<br>L.B.S Cross Road, Mulund (West),<br>Mumbai 400080<br>Tel No. (022) 2593 7700 / 800 / 900<br>Fax No.(022) 2593 7799<br>Email : info@mteducare.com<br>The investors may register their grievance on investorelations@mteducare.com, an exclusive e-mail ID for registration of complaints by the investors. |

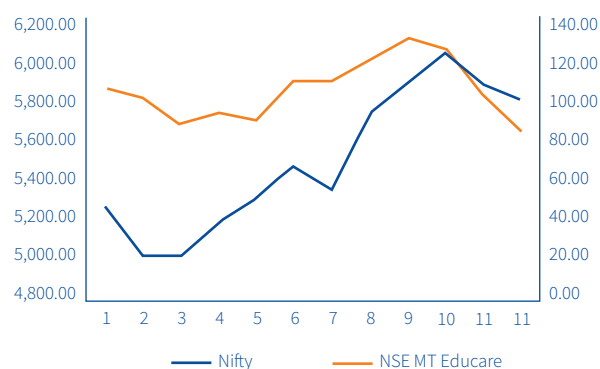
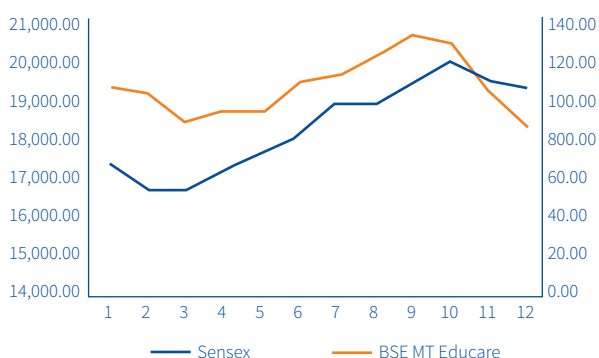
Note: Shareholders holding shares in electronic mode should address all correspondence to their respective Depository Participant

## ANNEXURE A

The high and low prices of the Company's equity shares (of face value of ₹ 10/- each) on The BSE Limited (BSE) and on The National Stock Exchange of India Ltd. (NSE) during each month in the financial year 2012-13 were as under:

| Month           | BSE      |         | NSE      |         |
|-----------------|----------|---------|----------|---------|
|                 | High (₹) | Low (₹) | High (₹) | Low (₹) |
| April, 2012     | 121.50   | 86.05   | 121.90   | 86.05   |
| May, 2012       | 112.00   | 89.00   | 112.00   | 88.10   |
| June, 2012      | 97.80    | 75.00   | 98.00    | 77.00   |
| July, 2012      | 100.05   | 84.05   | 100.50   | 85.00   |
| August, 2012    | 102.70   | 81.00   | 103.25   | 75.50   |
| September, 2012 | 117.25   | 94.00   | 123.30   | 93.70   |
| October, 2012   | 119.50   | 100.55  | 118.30   | 100.00  |
| November, 2012  | 137.30   | 101.10  | 137.40   | 100.50  |
| December, 2012  | 137.70   | 122.40  | 137.70   | 122.40  |
| January, 2013   | 142.40   | 110.05  | 142.70   | 105.90  |
| February, 2013  | 114.40   | 89.35   | 114.35   | 89.35   |
| March, 2013     | 99.85    | 67.10   | 99.85    | 68.50   |

## ANNEXURE B



## ANNEXURE C

Distribution of shareholding as on 31 March, 2013 is as under:

| Range of equity shares held | No. of holders | % of shareholders | No. of equity shares held | % of capital    |
|-----------------------------|----------------|-------------------|---------------------------|-----------------|
| 01 – 500                    | 5,570          | 79.0071           | 7,81,240                  | 1.9754          |
| 501 – 1,000                 | 559            | 7.9291            | 4,55,613                  | 1.1521          |
| 1,001 – 2,000               | 474            | 6.7234            | 6,62,501                  | 1.6752          |
| 2,001 – 3,000               | 126            | 1.7872            | 3,19,170                  | 0.8070          |
| 3,001 – 4,000               | 56             | 0.7943            | 2,03,643                  | 0.5149          |
| 4,001 – 5,000               | 57             | 0.8085            | 2,75,035                  | 0.6954          |
| 5,001 – 10,000              | 71             | 1.0071            | 5,19,591                  | 1.3138          |
| 10,000 – 50,000             | 81             | 1.1489            | 18,59,993                 | 4.7031          |
| 50,001 and above            | 56             | 0.7943            | 3,44,71,086               | 87.1629         |
| <b>Total</b>                | <b>7,050</b>   | <b>100.0000</b>   | <b>3,95,47,872</b>        | <b>100.0000</b> |

## ANNEXURE D

Shareholding pattern as on 31 March, 2013

| Category  | No. of shares held | Percentage to total |
|---|--------------------|---------------------|
| Promoter  | 1,69,56,885        | 42.8769             |
| Other Directors and their relatives   | 19,18,939          | 4.8522              |
| Mutual Funds  | 16,76,594          | 4.2394              |
| Banks, Financial Institutions, Insurance Companies  | 27,951             | 0.0707              |
| Foreign Institutional Investors (FII's)   | 20,42,175          | 5.1638              |
| Domestic Companies  | 29,36,814          | 7.4260              |
| Indian Public   | 1,18,81,749        | 30.0440             |
| Non Resident Indians / Overseas Corporate bodies / Foreign Corporate Bodies (NRI's / OCBs / FCBs) | 21,06,765          | 5.3270              |
| <b>Total</b>  | <b>3,95,47,872</b> | <b>100.0000</b>     |

## ANNEXURE E

Dematerialisation of shares:

| Category        | Number of shares   | % of shares     | Number of shareholders | Percentage of shareholders |
|-----------------|--------------------|-----------------|------------------------|----------------------------|
| Electronic Form | 3,57,99,396        | 90.5217         | 6,985                  | 99.0780                    |
| Physical Form   | 37,48,476          | 9.4783          | 65                     | 0.9220                     |
| <b>Total</b>    | <b>3,95,47,872</b> | <b>100.0000</b> | <b>7,050</b>           | <b>100.0000</b>            |

### NON-MANDATORY REQUIREMENTS

#### The Board

The Chairman of the Company is executive and hence the provision with regard to maintenance of chairman's office as contained in the non-mandatory requirement is not relevant. All Independent Directors significantly contribute to the deliberation of the board and direction of the Company irrespective of duration of their tenure. The non-mandatory condition that Independent Directors may have a tenure not exceeding, in the aggregate, a period of nine years, on the board of a Company will be considered when deemed fit by the board of the Company. The board takes into account qualification and experience of Independent Director, which would be of use to the Company and which would enable him to contribute to the Company in his capacity as Independent Director.

#### Remuneration Committee

The Company has set up Remuneration Committee comprising of three Independent Directors, which determines remuneration payable to the Executive Director(s) of the Company.

#### Shareholders rights

The quarterly / half yearly financial results are published in the newspapers as mentioned above as well as posted on the Company's website. The significant events, if any, too will be posted on the Company's website and in view of this, summary of such events is not separately sent to the shareholders.

#### Training and Evaluation

The training of board members and evaluation of performance of Non-Executive Directors as envisaged under Clause 49 of the listing agreement will be considered as and when such need arises.

#### Whistle Blower Policy

The Company at present has not established formal whistle blower policy mechanism. However, no personnel of the Company have been denied any access to the Audit Committee.

#### DECLARATION

I hereby declare that the Directors and senior management personnel including all functional heads of the Company have affirmed compliance with the code of conduct, for the year ended on 31 March, 2013.

For and on behalf of the Board of Directors

Place: Mumbai

Date: 15 May, 2013

**Mahesh R. Shetty**

Chairman and Managing Director

## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members of  
MT Educare Limited

We have examined the compliance of conditions of corporate governance by MT Educare Limited for the year ended on 31 March, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company

has complied with the conditions of Corporate Governance as stipulated in 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 Shaparia & Mehta  
Chartered Accountants  
Firm Reg No. 112350W

**Sanjiv Mehta**  
Partner  
Membership No. 034950

Place: Mumbai  
Date: 15 May, 2013

## CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) ON FINANCIAL STATEMENTS OF THE COMPANY

(Pursuant to Clause No. 49(V) of the Listing Agreement)

We, Mahesh R. Shetty, Chairman & Managing Director and Yagnesh Sanghrajka, CFO, of MT Educare Limited, certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2013 and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading and
  - b) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or in violation of the Company's code of conduct;
3. We accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take to rectify the identified deficiencies; and
4. We have indicated to the auditors and the Audit Committee that:
  - a) there were no significant changes in internal control over financial reporting during the year;
  - b) there were no significant changes in the accounting policies during the year; and
  - c) there were no instances of 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.

**Mahesh R. Shetty**  
Chairman & Managing Director

**Yagnesh Sanghrajka**  
Chief Financial Officer

Place: Mumbai  
Date: 15 May, 2013

# INDEPENDENT AUDITORS' REPORT

To the Members of

## MT EDUCARE LIMITED

### Report on the Financial Statements

1. We have audited the accompanying Financial Statements of MT Educare Limited, which comprise the Balance Sheet as at 31 March, 2013, and the Statement of Profit and Loss and Cash Flow for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. 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. 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 any material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted the audit in accordance with the standard on auditing issued by The Institute of Chartered Accountants of India. Those Standards required 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor consider internal control relevant to the Company's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Report on other legal and Regulatory Requirements

5. As required by The Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

6. As required by Section 227(3) of The Companies Act, 1956, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Statement of Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of The Companies Act, 1956;
  - (v) On the basis of written representations received from the Directors, as on 31 March, 2013 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March, 2013 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of The Companies Act, 1956.
  - (vi) Since the central government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of The Companies Act, 1956 nor has it issued any rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

### Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by The Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2013;
  - b) in the case of the Statement of Profit and Loss Account, of the profit 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.

For **Shaparia & Mehta**

Chartered Accountants

FRN No.112350W

**Sanjiv B. Mehta**

Partner

Membership No.: 034950

Place : Mumbai

Date : 15 May, 2013



## ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 5 of our report of even date

- i. (a) The Company has maintained location wise records of fixed assets in Excel sheet in terms of value and quantity.
- (b) All fixed assets have not been physically verified by the management during the year but there is an annual 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. [Paragraph 4(i)(b)]
- (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. [Paragraph 4(i)(c)]
- ii. (a) As explained to us by the Management, the production/ making of content requires various types of media to store the same. The Management has physically verified such media CDs on which content is stored, at year end and we have relied on the certificate issued by the Management for the physical count. [Paragraph 4(ii)(a)]
- (b) The procedure for physical verification of inventory followed by the Management is reasonable and adequate in relation to the size of the Company and the nature of the business. [Paragraph 4(ii)(b)]
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification. [Paragraph 4(ii)(c)]
- iii. (a) According to the information and explanations given to us the Company has granted unsecured loan to two parties covered in the register maintained under Section 301 of the Companies Act, 1956. The Closing Balance as on 31 March, 2013 is ₹ 3.79 lakhs and the maximum balance outstanding during the year is ₹ 23.27 lakhs. [Paragraph 4(iii)(a)].

| Particulars                    | No of Parties | Amount (₹ in lakhs) |
|--------------------------------|---------------|---------------------|
| Opening balance                | 1             | 1.79                |
| Loan granted during the year   | 2             | 23.27               |
| Loan recovered during the year | 1             | 21.27               |
| Closing balance                | 1             | 3.79                |

- b) No Interest is charged on the unsecured loans. In our opinion and according to the information and explanations given to us the terms and conditions of such loans are not prima facie prejudicial to the interest of the Company. [Paragraph 4(iii)(b)]

- (c) In the absence of specified due dates for the repayment of loans granted, the question of irregularity does not arise [Paragraph 4(iii)(c)]
- d) As the loan is payable on demand, there is no overdue amount of more than Rupees One lakh. [Paragraph 4(iii)(d)]
- (e) The Company has not taken any loans, secured or unsecured from the Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Hence, the question of reporting under sub-clause (e) to (g) does not arise.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets, for the purchase and sale of inventories and for the sale of services. During the course of our audit no major weakness has been noticed in the internal control system in respect of these areas. [Paragraph 4(iv)]
- v. (a) To the best of our knowledge and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered. [Paragraph 4(v)(a)]
- (b) In our opinion and according to the information and explanations given to us, in respect of lecture services rendered, these being of professional nature, the market values are not readily ascertainable. The transactions made in pursuance of such contract or arrangements are made at prices which are reasonable. [Paragraph 4(v)(b)]
- vi. The Company has not accepted any deposits from public within the meaning of Sections 58A and 58AA or any other relevant provisions of the Act and the rules framed there under. [Paragraph 4(vi)]
- vii. In our opinion, the Company has an internal audit system which is commensurate with the size of the Company and the nature of its business. [Paragraph 4(vii)]
- viii. To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company. [Paragraph 4(viii)]
- ix. (a) According to the information & explanations given to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues applicable to it and there is no undisputed amount payable for a period of more than six months from the date they became payable in respect of statutory dues applicable to it. [Paragraph 4(ix)(a)]



- (b) As at 31 March, 2013, according to the records of the Company and the information & explanation given to us, following are the particulars of disputed dues (provided/considered as contingent liabilities, as appropriate) on account of income tax which have not been deposited.

| Nature of Statute        | Nature of Dues | Amount Involved<br>(₹ in lakhs) | Period to which<br>the amount relates | Forum where the dispute is<br>pending |
|--------------------------|----------------|---------------------------------|---------------------------------------|---------------------------------------|
| The Income-Tax Act, 1961 | Income Tax     | 57.48                           | A.Y. 2007-08                          | Income Tax Appellate Tribunal         |
| The Income-Tax Act, 1961 | Income Tax     | 53.77                           | A.Y. 2009-10                          | Income Tax Appellate Tribunal         |
| The Income-Tax Act, 1961 | Income Tax     | 13.34                           | A.Y. 2010-11                          | ACIT                                  |
| The Income-Tax Act, 1961 | Income Tax     | 15.13                           | A.Y. 2011-12                          | ACIT                                  |

- x. The Company has no accumulated losses as on 31 March, 2013. The Company has not incurred any cash losses in the Current financial year and in the immediately preceding financial years hence clause (x) of Paragraph 4 of the order is not applicable to the Company. [Paragraph 4(x)]
- xi. Based on our audit procedures and on the information and explanation given to us, in our opinion the Company has not defaulted in repayment of dues to a bank as at the Balance sheet date. The Company has no dues in respect of a financial institution and has not issued any debentures during the year. [Paragraph 4(xi)]
- 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 any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. [Paragraph 4(xii)]
- xiii. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit society. Therefore the provisions of clause 4(xiii) of the order are not applicable to the Company. [Paragraph 4(xiii)]
- xiv. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. The Company has invested surplus funds in mutual funds. According to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The mutual fund units have been held by the Company, in its own name. [Paragraph 4(xiv)]
- xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. [Paragraph 4(xv)]
- xvi. In our opinion and according to the information and explanations given to us, the Company has not availed any term loan during the year covered by our report. [Paragraph 4(xvi)]
- 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. [Paragraph 4(xvii)]
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. [Paragraph 4(xviii)]
- xix. In our opinion and according to the information and explanations given to us, the Company has not issued any debentures during the year covered by our report. [Paragraph 4(xix)]
- xx. We have verified the end use of money raised from public issue as disclosed in the notes to the Financial Statements with respect to the prospectus filed with SEBI. [Paragraph 4(xx)]
- 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. [Paragraph 4(xxi)]

For **Shaparia & Mehta**  
Chartered Accountants  
FRN No. 112350W  
**Sanjiv B. Mehta**  
Partner  
Membership No.: 034950

Place : Mumbai  
Date : 15 May, 2013

# BALANCE SHEET

as at 31 March, 2013

₹ in lakhs

| Particulars  | Note No. | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|--|----------|-------------------------|-------------------------|
| <b>A EQUITY AND LIABILITIES</b>                    |          |                         |                         |
| <b>1 Shareholders' funds</b>                       |          |                         |                         |
| (a) Share capital                                  | 3        | 3,954.79                | 3,517.29                |
| (b) Reserves and surplus                           | 4        | 6,260.69                | 2,264.09                |
| (c) Money received against share warrants          |          | -                       | -                       |
|  |          | 10,215.48               | 5,781.38                |
| <b>2 Share application money pending allotment</b> |          | -                       | -                       |
| <b>3 Non-current liabilities</b>                   |          |                         |                         |
| (a) Long-term borrowings                           |          | -                       | -                       |
| (b) Deferred tax liabilities (net)                 | 24.6     | -                       | -                       |
| (c) Other long-term liabilities                    | 5        | 839.61                  | 533.02                  |
| (d) Long-term provisions                           | 6        | 54.57                   | 67.86                   |
|  |          | 894.18                  | 600.88                  |
| <b>4 Current liabilities</b>                       |          |                         |                         |
| (a) Short-term borrowings                          |          | -                       | -                       |
| (b) Trade payables                                 | 7        | 201.41                  | 107.59                  |
| (c) Other current liabilities                      | 8        | 4,754.31                | 5,096.34                |
| (d) Short-term provisions                          | 9        | 1,658.40                | 1,382.03                |
|  |          | 6,614.12                | 6,585.96                |
| <b>TOTAL</b>                                       |          | <b>17,723.78</b>        | <b>12,968.22</b>        |
| <b>B ASSETS</b>                                    |          |                         |                         |
| <b>1 Non-current assets</b>                        |          |                         |                         |
| (a) Fixed assets                                   |          |                         |                         |
| (i) Tangible assets                                | 10.1     | 6,279.27                | 2,839.36                |
| (ii) Intangible assets                             | 10.2     | 318.01                  | 178.29                  |
| (iii) Capital work-in-progress                     | 10.3     | 1,096.99                | 1,535.72                |
| (iv) Intangible assets under development           | 10.4     | 123.03                  | 101.84                  |
| (v) Fixed assets held for sale                     |          | -                       | -                       |
|  |          | 7,817.30                | 4,655.21                |
| (b) Non-current investments                        | 11       | 657.40                  | 451.50                  |
| (c) Deferred tax assets (net)                      | 24.6     | 410.47                  | 409.09                  |
| (d) Long-term loans and advances                   | 12       | 3,068.42                | 1,385.96                |
| (e) Other non-current assets                       | 13       | 45.45                   | 20.94                   |
|  |          | 11,999.04               | 6,922.70                |
| <b>2 Current assets</b>                            |          |                         |                         |
| (a) Current investments                            | 14       | 1,196.16                | 1,028.17                |
| (b) Inventories                                    |          | 4.39                    | -                       |
| (c) Trade receivables                              | 15       | 976.27                  | 662.94                  |
| (d) Cash and cash equivalents                      | 16       | 2,324.34                | 1,757.09                |
| (e) Short-term loans and advances                  | 17       | 1,210.78                | 2,593.63                |
| (f) Other current assets                           | 18       | 12.80                   | 3.69                    |
|  |          | 5,724.74                | 6,045.52                |
| <b>TOTAL</b>                                       |          | <b>17,723.78</b>        | <b>12,968.22</b>        |

See accompanying notes forming part of the financial statements

|   |  |  |
|---|--|--|
| In terms of our report of even date<br>For Shaparia & Mehta<br>Chartered Accountants<br>Firm Reg. No. : 112350W | For and on behalf of the Board of Directors              |  |
| <b>Sanjiv B. Mehta</b><br>Partner<br>Membership No. : 034950  | <b>Mr. Mahesh Shetty</b><br>Chairman & Managing Director | <b>Dr. Chhaya Shastri</b><br>Director        |
| Place : Mumbai<br>Dated : 15 May, 2013  | <b>Mr. Yagnesh Sanghrajka</b><br>Chief Financial Officer | <b>Mr. Ashwin Patel</b><br>Company Secretary |

# STATEMENT OF PROFIT AND LOSS

for the year ended 31 March, 2013

₹ in lakhs

| Particulars  | Note No. | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|--|----------|--------------------------------------|--------------------------------------|
| 1 Fees   | 19       | 14,759.14                            | 12,491.11                            |
| Operating income   | 19       | 654.26                               | 341.09                               |
| <b>Revenue from operations (net)</b>   |          | <b>15,413.40</b>                     | <b>12,832.20</b>                     |
| 2 <b>Expenses</b>  |          |                                      |                                      |
| Purchase of Traded Goods   |          | 118.74                               | -                                    |
| Change in Inventories  |          | (4.39)                               | -                                    |
| Direct Expenses  | 20       | 7,794.82                             | 6,756.15                             |
| Personnel  | 21       | 2,177.14                             | 1,752.85                             |
| Other Expenses   | 22       | 2,391.22                             | 1,941.91                             |
| <b>TOTAL</b>   |          | <b>12,477.53</b>                     | <b>10,450.91</b>                     |
| 3 <b>Earnings before exceptional items, extraordinary items, interest, tax, depreciation and amortisation (EBITDA) (1 - 2)</b> |          | 2,935.87                             | 2,381.29                             |
| 4 Finance costs  |          | -                                    | 4.79                                 |
| 5 Depreciation and amortisation expense  | 10       | 833.50                               | 763.81                               |
| 6 Other income   | 23       | 483.01                               | 404.49                               |
| 7 <b>Profit/(Loss) before exceptional and extraordinary items and tax (3 - 4 - 5 + 6)</b>                                      |          | 2,585.38                             | 2,017.18                             |
| 8 Exceptional items  |          | -                                    | -                                    |
| 9 <b>Profit/(Loss) before extraordinary items and tax (7 + 8)</b>  |          | 2,585.38                             | 2,017.18                             |
| 10 Extraordinary items   |          | -                                    | -                                    |
| 11 Profit/(Loss) before tax (9 + 10)   |          | 2,585.38                             | 2,017.18                             |
| 12 Tax expense:  |          |                                      |                                      |
| (a) Current tax expense for current year   |          | 774.00                               | 731.00                               |
| (b) Current tax expense relating to prior years  |          | (23.13)                              | 5.85                                 |
| (c) Net current tax expense  |          | 750.87                               | 736.85                               |
| (d) Deferred tax   |          | (1.38)                               | (96.40)                              |
|  |          | <b>749.49</b>                        | <b>640.45</b>                        |
| 13 <b>Profit/(Loss) for the year (11-12)</b>   |          | 1,835.89                             | 1,376.73                             |
| 14 <b>Prior Period Items</b>   |          | -                                    | 0.01                                 |
| 15 <b>Profit/(Loss) for Appropriation (13 + 14)</b>  |          | 1,835.89                             | 1,376.74                             |
| 16.i <b>Earnings per share (of ₹ 10 each):</b>   | 24.5     |                                      |                                      |
| (a) Basic  |          | 4.66                                 | 3.93                                 |
| (b) Diluted  |          | 4.63                                 | 3.91                                 |
| 16.ii <b>Earnings per share (excluding extraordinary items) (of ₹ 10 each):</b>  | 24.5     |                                      |                                      |
| (a) Basic  |          | 4.66                                 | 3.93                                 |
| (b) Diluted  |          | 4.63                                 | 3.91                                 |

See accompanying notes forming part of the financial statements

|                                     |   |                           |
|-------------------------------------|---|---------------------------|
| In terms of our report of even date | For and on behalf of the Board of Directors |                           |
| For Shaparia & Mehta                |   |                           |
| Chartered Accountants               |   |                           |
| Firm Reg. No. : 112350W             |   |                           |
| <b>Sanjiv B. Mehta</b>              | <b>Mr. Mahesh Shetty</b>                    | <b>Dr. Chhaya Shastri</b> |
| Partner                             | Chairman & Managing Director                | Director                  |
| Membership No. : 034950             |   |                           |
| Place : Mumbai                      | <b>Mr. Yagnesh Sanghrajka</b>               | <b>Mr. Ashwin Patel</b>   |
| Dated : 15 May, 2013                | Chief Financial Officer                     | Company Secretary         |

# CASH FLOW STATEMENT

for the year ended 31 March, 2013

₹ in lakhs

| Particulars   | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|---|--------------------------------------|--------------------------------------|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>  |                                      |                                      |
| Net Profit/(Loss) before extraordinary items and tax                                      | 2,585.38                             | 2,017.18                             |
| <b>Adjustments for:</b>   |                                      |                                      |
| Depreciation and amortisation   | 833.50                               | 763.80                               |
| Expense on employee stock option scheme   | 31.55                                | 73.63                                |
| Finance costs   | -                                    | 4.79                                 |
| Interest income   | (268.60)                             | (167.55)                             |
| Dividend income   | (186.89)                             | (149.17)                             |
| Net (gain)/loss on sale of investments  | -                                    | (66.83)                              |
| Net (gain)/loss on sale of fixed assets   | 24.56                                | 39.53                                |
| Adjustments to the carrying amount of Investments   | -                                    | (2.18)                               |
| Doubtful Trade Receivables, Loans and advances  | 55.42                                | 128.27                               |
| Amount Written Off  | 1.03                                 | -                                    |
| Net unrealised exchange (gain)/loss   | (14.02)                              | (20.78)                              |
| Operating cash flow before working capital changes  | 3,061.93                             | 2,620.69                             |
| <b>Changes in working capital:</b>  |                                      |                                      |
| (Increase)/Decrease in Trade receivables  | (361.69)                             | (271.11)                             |
| (Increase)/Decrease in Loans and advances & Others  | 388.38                               | (951.95)                             |
| (Increase)/Decrease in Inventories  | (4.39)                               | -                                    |
| Increase/(Decrease) in Trade payables   | 93.82                                | (6.16)                               |
| Increase/(Decrease) in Other Liabilities and Provisions                                   | 234.64                               | 546.06                               |
|   | 350.76                               | (683.16)                             |
|   | 3,412.69                             | 1,937.53                             |
| Cash flow from extraordinary items  | -                                    | -                                    |
| Cash generated from operations  | 3,412.69                             | 1,937.53                             |
| Net income tax (paid)/refunds   | (725.48)                             | (683.12)                             |
| <b>Net cash flow from/(used in) operating activities (A)</b>                              | <b>2,687.21</b>                      | <b>1,254.41</b>                      |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>  |                                      |                                      |
| Capital expenditure on fixed assets, including capital advances (Net of proceeds on sale) | (4,323.57)                           | (1,987.46)                           |
| Purchase/sale of current investments not considered as cash and cash equivalents          | (167.99)                             | 1,228.86                             |
| Purchase of long-term investments   |                                      |                                      |
| - Equity Shares in Subsidiaries   | (0.90)                               | (1.01)                               |
| - Debentures in Subsidiaries  | -                                    | (155.00)                             |
| - Debentures in Other Companies   | (205.00)                             | -                                    |
| Advance for Purchase of equity shares   | (660.00)                             | -                                    |
| Loans given to subsidiaries   | (2.00)                               | (1.63)                               |
| Interest received on debentures/fixed deposits  | 244.09                               | 176.91                               |
| Dividend on Mutual Funds received   | 186.88                               | 152.03                               |
| Dividend on Shares received   | 0.01                                 | 0.02                                 |
| <b>Net cash flow from/(used in) investing activities (B)</b>                              | <b>(4,928.48)</b>                    | <b>(587.28)</b>                      |

# CASH FLOW STATEMENT

for the year ended 31 March, 2013

₹ in lakhs

| Particulars   | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|---|--------------------------------------|--------------------------------------|
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>  |                                      |                                      |
| Proceeds from issue of equity shares  | 3,500.00                             | 82.19                                |
| Security Deposit To Stock Exchanges   | -                                    | (99.00)                              |
| Repayment of other short-term borrowings  | -                                    | (450.00)                             |
| Share Issue Expenses  | (493.12)                             | (320.66)                             |
| Reimbursement of Share Issue Expenses   | 460.70                               | -                                    |
| Finance cost  | -                                    | (5.00)                               |
| Dividends paid  | (573.45)                             | (140.69)                             |
| Tax on dividend   | (93.03)                              | (22.82)                              |
|   | 2,801.10                             | (955.98)                             |
| <b>Net cash flow from/(used in) financing activities (C)</b>  | <b>2,801.10</b>                      | <b>(955.98)</b>                      |
| <b>Net increase/(decrease) in Cash and cash equivalents (A+B+C)</b>   | <b>559.83</b>                        | <b>(288.85)</b>                      |
| Cash and cash equivalents at the beginning of the year  | 1,757.09                             | 2,043.32                             |
| Effect of exchange differences on restatement of foreign currency Cash and cash equivalents                       | 7.42                                 | 2.62                                 |
|   | <b>2,324.34</b>                      | <b>1,757.09</b>                      |
| <b>Cash and cash equivalents at the end of the year</b>   | <b>2,324.34</b>                      | <b>1,757.09</b>                      |
| <b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>  |                                      |                                      |
| Cash and cash equivalents as per Balance Sheet (Refer Note 16)  | 2,324.34                             | 1,757.09                             |
| Less: Bank balances not considered as Cash and cash equivalents   | -                                    | -                                    |
| Net Cash and cash equivalents included in Note 16   | <b>2,324.34</b>                      | <b>1,757.09</b>                      |
| Add: Current investments considered as part of Cash and cash equivalents  | -                                    | -                                    |
|   | <b>2,324.34</b>                      | <b>1,757.09</b>                      |
| <b>Cash and cash equivalents at the end of the year comprises</b>   | <b>2,324.34</b>                      | <b>1,757.09</b>                      |
| (a) Cash on hand  | 15.63                                | 8.65                                 |
| (b) Cheques, drafts on hand   | -                                    | -                                    |
| (c) Balances with banks   |                                      |                                      |
| (i) In current accounts   | 103.84                               | 260.30                               |
| (ii) In EEFC accounts   | -                                    | -                                    |
| (iii) In deposit accounts   | 2,204.87                             | 1,488.14                             |
| (iv) In earmarked accounts  | -                                    | -                                    |
| (d) Others  | -                                    | -                                    |
| (e) Current investments considered as part of Cash and cash equivalents   | -                                    | -                                    |
|   | <b>2,324.34</b>                      | <b>1,757.09</b>                      |
| Notes:  |                                      |                                      |
| (i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations. |                                      |                                      |
| (ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.       |                                      |                                      |
| See accompanying notes forming part of the financial statements   |                                      |                                      |

|                                     |   |                           |
|-------------------------------------|---|---------------------------|
| In terms of our report of even date | For and on behalf of the Board of Directors |                           |
| For Shaparia & Mehta                |   |                           |
| Chartered Accountants               |   |                           |
| Firm Reg. No. : 112350W             |   |                           |
| <b>Sanjiv B. Mehta</b>              | <b>Mr. Mahesh Shetty</b>                    | <b>Dr. Chhaya Shastri</b> |
| Partner                             | Chairman & Managing Director                | Director                  |
| Membership No. : 034950             |   |                           |
| Place : Mumbai                      | <b>Mr. Yagnesh Sanghrajka</b>               | <b>Mr. Ashwin Patel</b>   |
| Dated : 15 May, 2013                | Chief Financial Officer                     | Company Secretary         |

# NOTES

## forming part of the financial statements

### 1 CORPORATE INFORMATION

MT Educare Limited (earlier MT Educare Private Limited) ('MTEL' or 'the Company') was incorporated under the Companies Act, 1956 on 19 August, 2006 and is an education support and coaching services provider for students in the secondary and higher secondary school and for students pursuing graduation degree in commerce, preparing for various competitive examinations and undertaking chartered accountancy examinations.

The Company is now a public limited company and has received fresh certificate of incorporation dated 18 May, 2011. Thereon, it has changed its name from MT Educare Private Limited to MT Educare Limited.

The Company came out with its Initial Public Offer (IPO) on 27 March, 2012 and the IPO closed on 29 March, 2012. The Company was listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) on 12 April, 2012.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of accounting and preparation of financial statements

The financial statements have been prepared under the historical cost convention on an accrual basis and comply with the Accounting Standards (AS) notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company and except for the changes, if any, in accounting policy discussed herein below in detail, are consistent with those used in the previous year.

The Company follows Mercantile System of accounting and recognises income and expenditure on accrual basis.

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

#### 2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statement and the result of operations during the reporting period. Although these estimates are made on reasonable

and prudent basis based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

#### 2.3 Cash and cash equivalents

Cash comprises cash on hand, bank balances and demand deposits with banks.

#### 2.4 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### 2.5 Depreciation and amortisation

Depreciation on all tangible assets is provided on Written Down Value method and at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

Individual item(s) costing less than ₹ 5,000 and not forming part of cluster of Assets (Chairs, benches, etc.) are written off at the rate of 100%.

Depreciation on assets acquired/sold during the year is provided on pro-rata basis with reference to the date of installation/put to use, in the books or disposal.

Depreciation on leasehold improvements is provided at the rates applicable to furniture & fixtures and in the manner specified in Schedule XIV of the Companies Act, 1956.

#### 2.6 Impairment of assets

All assets other than inventories, investments and deferred tax asset, are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount.

#### 2.7 Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and revenue can be reliably ascertained.

Revenue from fees received is recognised equally over the period of service rendered (course duration). At the time of admission, fees received from students are booked at gross amount and shown as 'advance fees'. Discounts and concessions are accounted for separately in a similar manner. The Company has

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introduced Course Registration Fees (CRF) as part of the Course Fees. The CRF forms part of the total fees and is non refundable. The Company receives CRF as part of the initial payment made by a student and recognises the same on admission.

Upfront fee received from franchisees as brand fees is recognised as income over the period of the agreement.

Commission or royalty received from the franchisees is recognised as per the terms of agreements entered into with them.

The Company has entered into agreements/arrangements with Colleges for providing educational consultancy services on revenue sharing basis where the same is recognised on mutually agreed terms and accounted as Management Fees.

The Company has for the first time during the year sold software, hardware and content on pre-recorded CDs. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer. Sales are exclusive of sales tax, rebates and discounts.

The Company has adopted Income Approach to recognise Government Grants. As per AS 12 on Government Grants issued by ICAI, government grants should be recognised in the Profit and Loss statement on a systematic and rational basis over the periods necessary to match them with the related costs.

### 2.8 Other income

Interest income is accounted using the time proportion method. Dividend income is accounted for when the right to receive it is established.

### 2.9 Fixed assets and capital work in progress

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises of the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Rent paid for the period beginning/commencing from taking over vacant possession of the premises and ending with the date of completion of project/improvements or for a period of 3 months, whichever is earlier, is capitalised under leasehold improvements.

Capital Work-In-Progress are assets not ready for the intended use as at the Balance Sheet date and include assets at new centres which have not commenced operations till balance sheet date. In case of centers closed down or relocated during the period, Written

Down Value (WDV) of leasehold improvements/fixtures as on the date on which the centre is closed down/relocated have been fully written off.

### 2.10 Intangible assets

An intangible asset is recognised, where it is probable that future economic benefits attributable to the asset will flow to the enterprise and where the cost can be reliably ascertained. Intangible asset are stated at cost of acquisition less accumulated amortisation. Amortisation of the intangible assets is provided on pro-rata basis on Straight Line Method based on management's estimate of useful life of the assets

- (i) A period of 3 years on non-compete fees and content.
- (ii) A period of 3 years on goodwill, based on management's current estimate of useful life of the asset.
- (iii) A period of 5 years on ERP - SAP Software.
- (iv) A period of 5 years on purchase of License for Online teaching.

Expenses incurred on in-house development of courseware and products are shown as Capital Work In Progress till the time they have been put to use. They shall be capitalised either individually or as a knowledge bank in the form of Technology Aided Teaching (TAT)/Multimedia Software/Content. Their technical feasibility and ability to generate future economic benefits is established in accordance with the requirements of Accounting Standard 26, "Intangible Assets" issued by ICAI.

### 2.11 Foreign currency transactions and translations

#### Initial recognition

The transactions in foreign exchange are accounted at the exchange rate prevailing on the date of transactions. Any exchange gains or losses arising on subsequent settlement of such transactions are accounted as income or expenses in the period in which they are settled and arise.

#### Foreign operations

The accounts of the branch are consolidated by integral system of branch accounting. Transactions for a month are translated using the exchange rate prevailing at the end of the month, which approximates the average exchange rate. Any exchange gain/(loss) arising on the translation of the financial statement is taken to the Profit & Loss Account.

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### 2.12 Government grants, subsidies

The Company has adopted Income Approach to recognise Government Grants. As per AS 12 on Government Grants issued by ICAI, government grants should be recognised in the profit and loss statement on a systematic and rational basis over the periods necessary to match them with the related costs. The expenses incurred in relation to the Scheme are debited to Profit & Loss Account. An appropriate amount in respect of such grant, recognising the amount of grant over the period of service rendered, is credited to income for the year even though the actual amount of such benefits may finally be settled and received after the end of the relevant accounting period.

### 2.13 Investments

Long term investments are valued at cost with an appropriate provision for permanent diminution in value, if any. Investment that is readily realisable and is intended to be held for not more than one year is valued at lower of cost or realisable value.

### 2.14 Employee benefits

#### A. Provident fund

As per the Employees Provident Funds and Miscellaneous Provision Act, 1952 employees of the Company are entitled to receive benefits under the provident fund & family pension fund which is a defined contribution plan. These contributions are made to the fund administered and managed by Government of India. The Company's contribution to the schemes is recognised as expense in the profit and loss account during the period in which the employee renders the related services. The Company has no other obligation to the plans beyond its monthly compensations.

#### Defined contribution plans

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

#### B. Gratuity

The Company provides for gratuity obligations through a defined benefit retirement plan (the "Gratuity Plan") covering all employees. The Company makes annual contributions, premiums in respect of all qualifying employees to Life Insurance Corporation of India (LIC) for the Employees' Group Gratuity-

cum-Life Assurance Scheme. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and tenure of employment in accordance with the Payment of Gratuity Act, 1972. The present value of the obligation under such defined benefit plan is determined based on the actuarial valuation at year end, using the Projected Unit Credit Method. Actuarial gains and losses are recognised in full in the Profit and Loss Account for the period in which they occur.

The yearly premium paid to LIC of India is charged to Profit & Loss Account of the year in which it becomes payable.

#### C. Leave entitlement

The Company has a policy of paying Leave Encashment benefits to its employees only in the event of their resignation, based on their accumulated leave balances in accordance with the provisions of "The Bombay Shops and Establishment Act, 1948". As per the policy of the Company, an employee can accumulate a maximum of 39 days leave over a period of 2 years, after which the leave would lapse.

#### Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) In case of non-accumulating compensated absences, when the absences occur.

#### Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as



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a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

### 2.15 Segment reporting

The Company's business activities fall within a single segment viz. conducting commercial training, coaching, tutorial classes and activities incidental and ancillary thereon. In case of geographical (secondary) segment, since segment assets and segment revenue do not exceed 10% of total business, segment reporting is not required.

### 2.16 Leases

#### Operating leases

Leases where the Lessor effectively retains substantially all risks and benefits of ownership of the leased premises during the lease term are classified as operating leases. Operating lease payments are recognised as an expense in the Profit & Loss Account on a monthly accrual basis as per agreements, except in case of newly rented premises where the rent paid for the period beginning/commencing from taking over vacant possession of premises and ending with date of completion of the improvements/project or rent paid for 3 months, whichever is earlier, is capitalised and added to the cost of leasehold improvements.

### 2.17 Earnings per share

Basic Earnings Per Share is calculated by dividing the Net Profit after tax for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of Equity Shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus, granting and vesting employee stock options to employees. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential Equity Shares.

### 2.18 Taxes on income

Current period tax is ascertained and accounted at the amount expected to be paid to Income tax authorities in accordance with the provisions of Income Tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### 2.19 Provisions and contingencies

A provision is recognised when there is a present obligation as a result of a past event; it is probable that an outflow of resources will be required to fulfill the obligation and in respect of which reliable estimate can be made. Provision is not discounted to its present value and is determined based on best estimate required to fulfill the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the best current estimate. Contingent liabilities are not recognised but are discussed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

### 2.20 Inventories

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are valued at cost or net realisable value, whichever is lower.

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| Particulars                             | As at 31 March, 2013 |                 | As at 31 March, 2012 |                 |
|---|----------------------|-----------------|----------------------|-----------------|
|   | Number of shares     | ₹ in lakhs      | Number of shares     | ₹ in lakhs      |
| <b>NOTE 3 SHARE CAPITAL</b>             |                      |                 |                      |                 |
| <b>(a) Authorised</b>                   |                      |                 |                      |                 |
| Equity shares of ₹ 10 each              | 4,20,00,000          | 4,200.00        | 4,20,00,000          | 4,200.00        |
| <b>(b) Issued</b>                       |                      |                 |                      |                 |
| Equity shares of ₹ 10 each              | 3,95,47,872          | 3,954.79        | 3,95,47,872          | 3,954.79        |
| <b>(c) Subscribed and fully paid up</b> |                      |                 |                      |                 |
| Equity shares of ₹ 10 each              | 3,95,47,872          | 3,954.79        | 3,51,72,872          | 3,517.29        |
| <b>TOTAL</b>                            | <b>3,95,47,872</b>   | <b>3,954.79</b> | <b>3,51,72,872</b>   | <b>3,517.29</b> |

### Note 3.1

The Company has only one class of equity shares having a face value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share.

### Note 3.2

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

### Note 3.3

The Company has reserved 2,72,912 Equity shares for issuance of ESOP 2011 -II.

### Note 3.4

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

| Particulars                            | Year ended 31 March, 2013 |                 | Year ended 31 March, 2012 |                 |
|--|---------------------------|-----------------|---------------------------|-----------------|
|  | Number of shares          | ₹ in lakhs      | Number of shares          | ₹ in lakhs      |
| <b>Opening Balance</b>                 | 3,51,72,872               | 3,517.29        | 3,43,51,020               | 3,435.10        |
| Add:                                   |                           |                 |                           |                 |
| Bonus                                  | -                         | -               | -                         | -               |
| ESOP (Refer Note 24.7.2)               | -                         | -               | 1,40,886                  | 14.09           |
| Fresh Issue via IPO (Refer Note 3.4.1) | 43,75,000                 | 437.50          | -                         | -               |
| Fresh Issue to MT Associates Trust     | -                         | -               | 6,80,966                  | 68.10           |
| <b>Closing Balance</b>                 | <b>3,95,47,872</b>        | <b>3,954.79</b> | <b>3,51,72,872</b>        | <b>3,517.29</b> |

### Notes 3.4.1

The Company approached the capital market with its maiden Public Issue of 1,23,75,000 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ 80 per equity share (including a share premium of ₹ 70 per equity share) aggregating to ₹ 9,900 lakhs consisting of a fresh issue of 43,75,000 Equity Shares aggregating to ₹ 3,500 lakhs and an Offer for Sale of 80,00,000 Equity Shares by Helix Investments Company aggregating to ₹ 6,400 lakhs. The Company came out with its Initial Public Issue (IPO) on 27 March, 2012. The closing date for the issue was 29 March, 2012 but the final subscription & allotment was completed on 10 April, 2012 i.e. during the FY 2012-13.

### Note 3.5

Details of shares held by each shareholder holding more than 5% shares:

| Class of shares/Name of shareholder     | As at 31 March, 2013  |   | As at 31 March, 2012  |   |
|---|-----------------------|---|-----------------------|---|
|   | Number of shares held | Percent holding in that class of shares (%) | Number of shares held | Percent holding in that class of shares (%) |
| <b>Equity shares with voting rights</b> |                       |   |                       |   |
| Maresh R. Shetty                        | 1,69,56,885           | 42.88                                       | 1,69,56,885           | 48.21                                       |
| Helix Investments Company               | 20,75,032             | 5.25  | 1,00,75,032           | 28.64                                       |

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### Note 3.6

Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

| Particulars  | Aggregate number of shares |                         |
|--|----------------------------|-------------------------|
|  | As at<br>31 March, 2013    | As at<br>31 March, 2012 |
| <b>Equity shares with voting rights</b>                                      |                            |                         |
| Fully paid up pursuant to contract(s) without payment being received in cash | -                          | -                       |
| Fully paid up by way of bonus shares (Refer Note 3.6.1)                      | 3,41,77,530                | 3,41,77,530             |
| Shares bought back   | -                          | -                       |

### Note 3.6.1

Out of the above, 8,67,450 equity shares were issued as bonus in the ratio of 5:1 in FY 2009-10 and 3,33,10,080 bonus equity shares were issued in the ratio of 32:1 in FY 2010-11

| Particulars  | ₹ in lakhs              |                         |
|--|-------------------------|-------------------------|
|  | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
| <b>NOTE 4 RESERVES AND SURPLUS</b>                                 |                         |                         |
| <b>(a) Securities premium account</b>                              |                         |                         |
| Opening balance  | 36.57                   | -                       |
| Add: Premium on shares issued during the year                      | 3,062.50                | 36.57                   |
| Less: Utilised during the year for issuing bonus shares            | -                       | -                       |
| Closing balance  | 3,099.07                | 36.57                   |
| <b>(b) Share options outstanding account</b>                       |                         |                         |
| Opening balance  | 78.30                   | -                       |
| Add: Amounts recorded on grants/cancellations during the year      | (7.29)                  | 78.30                   |
| Less: Written back to Statement of Profit and Loss during the year | -                       | -                       |
| Less: Transferred to Securities premium account                    | -                       | -                       |
|  | 71.01                   | 78.30                   |
| Less: Deferred Stock Compensation Expense                          | (2.40)                  | (41.24)                 |
| Closing balance  | 68.61                   | 37.06                   |
| <b>(c) General reserve</b>   |                         |                         |
| Opening balance  | 2,190.46                | 1,339.94                |
| Add: Transferred from surplus in Statement of Profit and Loss      | 910.82                  | 1,169.90                |
| Add: Income Tax Refund   | -                       | 25.44                   |
| Less: IPO Expenses   | (8.27)                  | (344.82)                |
| Closing balance  | 3,093.01                | 2,190.46                |
| <b>(d) Surplus/(Deficit) in Statement of Profit and Loss</b>       |                         |                         |
| Opening balance  | -                       | -                       |
| Add: Profit/(Loss) for the year                                    | 1,835.89                | 1,376.74                |
| Add: Amounts transferred from reserves                             | -                       | -                       |
| Less: Interim dividend (Refer Note 4.1)                            | (793.30)                | -                       |
| Less: Final dividend   | -                       | (177.97)                |
| Less: Tax on interim/final dividend                                | (131.77)                | (28.87)                 |
| Less: Transferred to General Reserve                               | 910.82                  | 1,169.90                |
| Closing balance  | -                       | -                       |
| <b>TOTAL</b>   | <b>6,260.69</b>         | <b>2,264.09</b>         |

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## forming part of the financial statements

### Note 4.1

The Company has during the year, declared two interim dividends of ₹ 1 each amounting to ₹ 395.48 lakhs and ₹ 397.82 lakhs.

| Particulars                               | ₹ in lakhs              |                         |
|---|-------------------------|-------------------------|
|   | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
| <b>NOTE 5 OTHER LONG-TERM LIABILITIES</b> |                         |                         |
| Advance Fees                              | 839.61                  | 533.02                  |
| <b>TOTAL</b>                              | <b>839.61</b>           | <b>533.02</b>           |

### Note 5.1

Fees collected in advance from students to the extent of revenue which will not be recognised within the Company's operating cycle have been classified as non-current liabilities.

| Particulars                             | ₹ in lakhs              |                         |
|---|-------------------------|-------------------------|
|   | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
| <b>NOTE 6 LONG-TERM PROVISIONS</b>      |                         |                         |
| <b>Provision for employee benefits:</b> |                         |                         |
| (i) Provision for Compensated Absences  | 43.63                   | 32.20                   |
| (ii) Provision for Gratuity (net)       | 10.94                   | 35.66                   |
| <b>TOTAL</b>                            | <b>54.57</b>            | <b>67.86</b>            |

| Particulars                  | ₹ in lakhs              |                         |
|------------------------------|-------------------------|-------------------------|
|                              | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
| <b>NOTE 7 TRADE PAYABLES</b> |                         |                         |
| <b>Trade payables:</b>       |                         |                         |
| (a) Acceptances              | -                       | -                       |
| (b) Other than Acceptances   |                         |                         |
| Visiting Faculty Fees        | 201.41                  | 98.94                   |
| Study Material               | -                       | 8.65                    |
| <b>TOTAL</b>                 | <b>201.41</b>           | <b>107.59</b>           |

# NOTES

forming part of the financial statements

₹ in lakhs

| Particulars                             | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|---|-------------------------|-------------------------|
| <b>NOTE 8 OTHER CURRENT LIABILITIES</b> |                         |                         |
| (a) Advance Fees                        | 3,994.60                | 4,307.47                |
| (b) Outstanding Expenses                | 297.08                  | 483.55                  |
| (c) Other payables                      |                         |                         |
| (i) Statutory Remittances               | 92.96                   | 110.48                  |
| (ii) Capital Expenditure                | 369.67                  | 194.21                  |
| (iii) Others                            | -                       | 0.63                    |
| <b>TOTAL</b>                            | <b>4,754.31</b>         | <b>5,096.34</b>         |

₹ in lakhs

| Particulars                                 | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|---|-------------------------|-------------------------|
| <b>NOTE 9 SHORT-TERM PROVISIONS</b>         |                         |                         |
| <b>(a) Provision for employee benefits:</b> |                         |                         |
| (i) Provision for Compensated Absences      | 13.62                   | 12.14                   |
| (ii) Provision for gratuity (net)           | 73.61                   | 62.61                   |
| <b>(A)</b>                                  | <b>87.23</b>            | <b>74.75</b>            |
| <b>(b) Provision - Others:</b>              |                         |                         |
| (i) Provision for Expenses                  | 331.74                  | 369.44                  |
| (ii) Interim Dividend                       | 397.82                  | -                       |
| (iii) Proposed Dividend                     | -                       | 177.97                  |
| (iv) Dividend Distribution Tax              | 67.61                   | 28.87                   |
| (v) Provision for Income Tax                | 774.00                  | 731.00                  |
| <b>(B)</b>                                  | <b>1,571.17</b>         | <b>1,307.28</b>         |
| <b>TOTAL (A+B)</b>                          | <b>1,658.40</b>         | <b>1,382.03</b>         |



# NOTES

forming part of the financial statements

₹ in lakhs

| Particulars   | As at 31 March, 2013 |               |               | As at 31 March, 2012 |               |               |
|---|----------------------|---------------|---------------|----------------------|---------------|---------------|
|   | Quoted               | Unquoted      | Total         | Quoted               | Unquoted      | Total         |
| <b>NOTE 11 NON-CURRENT INVESTMENTS</b>  |                      |               |               |                      |               |               |
| Investments (At cost):  |                      |               |               |                      |               |               |
| <b>(a) Investment in equity instruments</b>   |                      |               |               |                      |               |               |
| <b>(i) of subsidiaries</b>  | -                    | 120.00        | 120.00        | -                    | 120.00        | 120.00        |
| 41,633 Equity Shares of ₹ 10 each fully paid up of Chitale's Personalised Learning Private Limited. (Prev. Yr. 41,633 Equity Shares of ₹ 10 Each) |                      |               |               |                      |               |               |
| 10,000 Equity Shares of ₹ 10 each fully paid up of MT Education Services Private Limited. (Prev. Yr. 10,000 Equity Shares of ₹ 10 Each)           | -                    | 1.19          | 1.19          | -                    | 1.19          | 1.19          |
| 9,000 Equity Shares of ₹ 10 each fully paid up of Lakshya Educare Private Limited (Prev. Yr. NIL Equity Shares of ₹ 10 Each) (Refer Note 11.1)    | -                    | 0.90          | 0.90          | -                    | -             | -             |
| <b>(ii) of other entities</b>   | -                    | 0.31          | 0.31          | -                    | 0.31          | 0.31          |
| 1,250 Equity Shares of ₹ 25 each fully paid up of The Shamrao Vithal Co-operative Bank Limited  |                      |               |               |                      |               |               |
|   | -                    | 122.40        | 122.40        | -                    | 121.50        | 121.50        |
| <b>(b) Investment in debentures or bonds</b>  |                      |               |               |                      |               |               |
| <b>(i) of subsidiaries</b>  | -                    | 330.00        | 330.00        | -                    | 330.00        | 330.00        |
| 33,000 6% NCD of ₹ 1,000 each of MT Education Services Private Limited (Prev. Yr. 33,000 6% NCD of ₹ 1,000 each)                                  |                      |               |               |                      |               |               |
| <b>(ii) Others</b>  | -                    | 205.00        | 205.00        | -                    | -             | -             |
| 20,500 6% NCD of ₹ 1,000 each of Lakshya Forum for Competitions Private Limited (Prev. Yr. NIL)   |                      |               |               |                      |               |               |
|   | -                    | 535.00        | 535.00        | -                    | 330.00        | 330.00        |
| <b>TOTAL</b>  | <b>-</b>             | <b>657.40</b> | <b>657.40</b> | <b>-</b>             | <b>451.50</b> | <b>451.50</b> |
| Less: Provision for diminution in value of investments  |                      |               | -             |                      |               | -             |
| <b>TOTAL</b>  |                      |               | <b>657.40</b> |                      |               | <b>451.50</b> |
| Aggregate amount of quoted investments  |                      |               | -             |                      |               | -             |
| Aggregate market value of listed and quoted investments   |                      |               | -             |                      |               | -             |
| Aggregate value of listed but not quoted investments  |                      |               | -             |                      |               | -             |
| Aggregate amount of unquoted investments  |                      |               | 657.40        |                      |               | 451.50        |

## Note 11.1

During the year MT Educare Limited floated a new subsidiary, Lakshya Educare Private Limited for starting IIT Entrance coaching in West and South India, wherein MT Educare Limited holds 90% stake and the balance 10% is held by Lakshya Forum for Competitions Private Limited

# NOTES

forming part of the financial statements

₹ in lakhs

| Particulars  | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|--|-------------------------|-------------------------|
| <b>NOTE 12 LONG-TERM LOANS AND ADVANCES</b>                        |                         |                         |
| (a) Capital Advances   | 522.38                  | 44.53                   |
| (b) Security deposits (Premises)                                   | 1,423.40                | 990.07                  |
| (c) Security deposits (Others)                                     | 61.53                   | 157.16                  |
| (d) Loans and advances to related parties (Refer Note 12.1 & 12.3) | 63.79                   | 1.79                    |
| (e) Loans and advances to employees                                | 0.16                    | 4.57                    |
| (f) Loans and advances to others (refer Note 12.4)                 | 875.92                  | 97.07                   |
| (g) Advance Income Tax   | 121.24                  | 90.77                   |
| <b>TOTAL</b>   | <b>3,068.42</b>         | <b>1,385.96</b>         |

### Note 12.1

Long-term loans and advances include amounts due from:

₹ in lakhs

| Particulars  | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|--|-------------------------|-------------------------|
| MT Education Services Private Limited (Subsidiary)                   | 3.79                    | 1.79                    |
| Chitale's Personalised Learning Private Limited (CPLPL) (Subsidiary) | 60.00                   | -                       |
|  | <b>63.79</b>            | <b>1.79</b>             |

### Note 12.2

All the long term loans & advances are unsecured and considered good.

### Note 12.3

Long term loans and advances as on 31 March, 2013 includes:

₹ 60 lakhs is paid, during the year, by the Company to CPLPL, a 51% subsidiary of the Company as Share application money. The shares were allotted to the Company on 30 April, 2013 and the Company continues to hold 51% stake in CPLPL.

### Note 12.4

Long term loans and advances as on 31 March, 2013 includes:

₹ 600 lakhs paid to the shareholders of Lakshya Forum for Competitions Private Limited as advance towards acquisition of 51% stake in the said Company. The shareholders agreement was executed on 1 April, 2013, and as a result, Lakshya Forum for Competitions Private Limited, became a 51% subsidiary of the Company from that date.

₹ in lakhs

| Particulars  | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|--|-------------------------|-------------------------|
| <b>NOTE 13 OTHER NON-CURRENT ASSETS</b>                                    |                         |                         |
| <b>Accruals</b>  |                         |                         |
| (i) Interest accrued on investments, loans & advances<br>(Refer Note 13.1) | 45.45                   | 20.94                   |
| <b>TOTAL</b>   | <b>45.45</b>            | <b>20.94</b>            |

### Note 13.1

Other Non Current Assets includes amount due from:

₹ in lakhs

| Particulars  | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|--|-------------------------|-------------------------|
| MT Education Services Private Limited (Subsidiary) | 36.22                   | 18.40                   |
|  | <b>36.22</b>            | <b>18.40</b>            |



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₹ in lakhs

| Particulars   | As at 31 March, 2013 |          |                 | As at 31 March, 2012 |          |                 |
|---|----------------------|----------|-----------------|----------------------|----------|-----------------|
|   | Quoted               | Unquoted | Total           | Quoted               | Unquoted | Total           |
| <b>NOTE 14 CURRENT INVESTMENTS</b>  |                      |          |                 |                      |          |                 |
| Current investments (At lower of cost and fair value, unless otherwise stated)            |                      |          |                 |                      |          |                 |
| Investment in mutual funds  |                      |          |                 |                      |          |                 |
| Birla SL - Floating Rate ST - IP - DDR  | -                    | -        | -               | 108.86               | -        | 108.86          |
| DWS Ultra Short Term Fund   | 90.84                | -        | 90.84           | -                    | -        | -               |
| Reliance Liquid Plan - TP - IP - DDR  | 505.32               | -        | 505.32          | 616.94               | -        | 616.94          |
| Reliance Dynamic Fund   | 600.00               | -        | 600.00          | -                    | -        | -               |
| DSP Blackrock Liquidity Fund  | -                    | -        | -               | 302.37               | -        | 302.37          |
| <b>TOTAL</b>  |                      |          | <b>1,196.16</b> |                      |          | <b>1,028.17</b> |
| <b>Note 14.1</b>  |                      |          |                 |                      |          |                 |
| Aggregate amount of quoted investments  |                      |          | 1,196.16        |                      |          | 1,028.17        |
| Aggregate market value of listed and quoted investments                                   |                      |          | -               |                      |          | -               |
| Aggregate value of listed but not quoted investments                                      |                      |          |                 |                      |          |                 |
| Aggregate amount of unquoted investments  |                      |          | -               |                      |          | -               |
| Aggregate provision for diminution (write down) in the value of other current investments |                      |          | -               |                      |          | -               |

₹ in lakhs

| Particulars   | As at          | As at          |
|---|----------------|----------------|
|   | 31 March, 2013 | 31 March, 2012 |
| <b>NOTE 15 TRADE RECEIVABLES</b>  |                |                |
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment |                |                |
| Secured, considered good  | -              | -              |
| Unsecured, considered good  | 447.70         | 414.64         |
| Doubtful  | 20.00          | 4.96           |
|   | 467.70         | 419.60         |
| Less: Provision for doubtful trade receivables  | 20.00          | 4.96           |
| <b>(A)</b>  | <b>447.70</b>  | <b>414.64</b>  |
| Other Trade receivables   |                |                |
| Secured, considered good  | -              | -              |
| Unsecured, considered good  | 528.57         | 248.30         |
| Doubtful  | 73.62          | 64.12          |
|   | 602.19         | 312.42         |
| Less: Provision for doubtful trade receivables  | 73.62          | 64.12          |
| <b>(B)</b>  | <b>528.57</b>  | <b>248.30</b>  |
| <b>TOTAL (A+B)</b>  | <b>976.27</b>  | <b>662.94</b>  |

# NOTES

## forming part of the financial statements

### Note 15.1

Trade receivables include debts due from:

| Particulars  | ₹ in lakhs              |                         |
|--|-------------------------|-------------------------|
|  | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
| Chitale's Personalised Learning Private Limited (Subsidiary) | 7.09                    | 23.99                   |
|  | <b>7.09</b>             | <b>23.99</b>            |

| Particulars                               | ₹ in lakhs              |                         |
|---|-------------------------|-------------------------|
|   | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
| <b>NOTE16 CASH &amp; CASH EQUIVALENTS</b> |                         |                         |
| (a) Cash on hand                          | 15.63                   | 8.65                    |
| (b) Balances with banks                   |                         |                         |
| (i) In current accounts                   | 103.84                  | 260.30                  |
| (ii) In deposit accounts                  | 2,204.87                | 1,488.14                |
| (c) Others                                | -                       | -                       |
| <b>TOTAL</b>                              | <b>2,324.34</b>         | <b>1,757.09</b>         |

Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements are ₹ 2,324.34 lakhs (For year ended 31 March, 2012, the amount is ₹ 1,757.09 lakhs)

| Particulars  | ₹ in lakhs              |                         |
|--|-------------------------|-------------------------|
|  | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
| <b>NOTE 17 SHORT-TERM LOANS AND ADVANCES</b>                             |                         |                         |
| (a) Advances   | 165.44                  | 105.96                  |
| (b) Security deposits (Premises)   | 85.89                   | 100.23                  |
| (c) Security deposits (Others)   | 124.55                  | 1,099.00                |
| (d) Loans and advances to employees                                      | 16.66                   | 29.01                   |
| (e) Loans and advances to others (Refer Note 17.2)                       | 108.65                  | 537.20                  |
| (f) Balances with government authorities (Service Tax credit receivable) | 4.71                    | 4.50                    |
| (g) Income Tax Paid  | 704.88                  | 717.73                  |
| <b>TOTAL</b>   | <b>1,210.78</b>         | <b>2,593.63</b>         |

### Note 17.1

Short-term loans and advances are unsecured and considered good.

### Note 17.2

Loans and advances to others as of 31 March, 2012 include ₹ 460.70 lakhs receivable from Helix Investments Company on account of reimbursement of IPO Expenses. This amount outstanding as of 31 March, 2012 was received during the year ended 31 March, 2013.

| Particulars                          | ₹ in lakhs              |                         |
|--------------------------------------|-------------------------|-------------------------|
|                                      | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
| <b>NOTE 18 OTHER CURRENT ASSETS</b>  |                         |                         |
| (a) Prepaid Expenses                 | 8.93                    | 3.60                    |
| (b) Accruals                         |                         |                         |
| (i) VF/AF Salary Recoverable         | 3.87                    | -                       |
| (ii) Interest accrued on investments | -                       | 0.09                    |
| <b>TOTAL</b>                         | <b>12.80</b>            | <b>3.69</b>             |

# NOTES

forming part of the financial statements

₹ in lakhs

| Particulars   | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|---|--------------------------------------|--------------------------------------|
| <b>NOTE 19 REVENUE FROM OPERATIONS</b>              |                                      |                                      |
| <b>(a) Fees recognised</b>                          | 16,104.26                            | 13,506.30                            |
| Less : Discount                                     | (1,168.21)                           | (817.87)                             |
| Less : Concession                                   | (176.91)                             | (197.32)                             |
| <b>TOTAL</b>  | <b>14,759.14</b>                     | <b>12,491.11</b>                     |
| <b>(b) Other operating revenues</b>                 |                                      |                                      |
| Government Grants/Projects                          | 298.06                               | 288.63                               |
| Sale of Hardware/Software/Content (Refer Note 19.1) | 305.09                               | -                                    |
| Others  | 51.11                                | 52.46                                |
| <b>TOTAL</b>  | <b>654.26</b>                        | <b>341.09</b>                        |

## Note 19.1

The Company has for the first time during the year sold software, hardware and content on pre-recorded CDs.

₹ in lakhs

| Particulars                                | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|--|--------------------------------------|--------------------------------------|
| <b>NOTE 20 DIRECT EXPENSES</b>             |                                      |                                      |
| Rent, Rates & Taxes (Refer Note 20.1)      | 2,165.60                             | 1,899.82                             |
| Electricity                                | 593.67                               | 457.59                               |
| Student Material & Test Expenses           | 715.82                               | 630.90                               |
| Student Stipend Expenses (Refer Note 20.2) | 41.44                                | 64.78                                |
| Bandwidth Charges                          | 17.94                                | 29.29                                |
| Visiting Lecturer Fees                     | 4,260.35                             | 3,673.77                             |
|  | <b>7,794.82</b>                      | <b>6,756.15</b>                      |

## Note 20.1

Property Tax expense for the year has been provided based on change in the applicability norms post an amendment in the Sections 154(1A) & 154(1B) of the Mumbai Municipal Corporation Act, 1888.

## Note 20.2

A part of the government grant in relation to projects undertaken by the Company includes amount to be paid to the students who are enrolled under the Government scheme, in the form of stipend.

₹ in lakhs

| Particulars  | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|--|--------------------------------------|--------------------------------------|
| <b>NOTE 21 EMPLOYEE BENEFITS EXPENSE</b>                           |                                      |                                      |
| Salaries and wages   | 1,856.52                             | 1,506.24                             |
| Contributions to provident and other funds                         | 100.89                               | 76.52                                |
| Expense on employee stock option (ESOP) scheme (Refer Note 24.7.2) | 31.55                                | 73.63                                |
| Temporary Staff Expenses   | 104.78                               | 23.04                                |
| Staff related expenses   | 83.40                                | 73.42                                |
| <b>TOTAL</b>   | <b>2,177.14</b>                      | <b>1,752.85</b>                      |

# NOTES

forming part of the financial statements

₹ in lakhs

| Particulars                           | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| <b>NOTE 22 OTHER EXPENSES</b>         |                                      |                                      |
| <b>Administration Expenses</b>        |                                      |                                      |
| Payment to Auditors (Refer Note 22.1) | 22.95                                | 18.35                                |
| Director's Sitting Fees               | 8.00                                 | 7.55                                 |
| Donation                              | 67.06                                | 31.77                                |
| Printing & Stationery                 | 67.20                                | 56.90                                |
| Professional fees                     | 302.22                               | 227.56                               |
| Bad Debts                             | 50.88                                | 83.05                                |
| Provision for Bad & Doubtful Debts    | 4.54                                 | 45.22                                |
| Repairs & Maintenance                 | 231.60                               | 121.81                               |
| Security Charges                      | 58.05                                | 57.03                                |
| House-keeping Expenses                | 158.76                               | 79.30                                |
| Telephone & Internet                  | 127.42                               | 105.88                               |
| Travelling & Conveyance Expenses      | 205.02                               | 186.65                               |
| Other Administrative Expenses         | 229.67                               | 238.28                               |
| <b>TOTAL (A)</b>                      | <b>1,533.37</b>                      | <b>1,259.35</b>                      |
| <b>Selling Expenses</b>               |                                      |                                      |
| Advertisement & Publicity             | 817.71                               | 655.99                               |
| Sales Promotion                       | 40.14                                | 26.57                                |
| <b>TOTAL (B)</b>                      | <b>857.85</b>                        | <b>682.56</b>                        |
| <b>TOTAL (A)+ (B)</b>                 | <b>2,391.22</b>                      | <b>1,941.91</b>                      |

₹ in lakhs

| Particulars   | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|---|--------------------------------------|--------------------------------------|
| <b>Note 22.1</b>  |                                      |                                      |
| (i) Payments to the auditors comprises (net of service tax input credit, where applicable): |                                      |                                      |
| For Statutory Audit   | 14.25                                | 10.25                                |
| For Tax Audit   | 3.60                                 | 3.00                                 |
| For Taxation matters  | 1.80                                 | 1.50                                 |
| For Other services  | 3.30                                 | 3.60                                 |
| <b>(A)</b>  | <b>22.95</b>                         | <b>18.35</b>                         |
| For IPO related services  | -                                    | 15.00                                |
| <b>(B)</b>  | <b>-</b>                             | <b>15.00</b>                         |
| <b>TOTAL (A+B)</b>  | <b>22.95</b>                         | <b>33.35</b>                         |

# NOTES

forming part of the financial statements

₹ in lakhs

| Particulars   | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|---|--------------------------------------|--------------------------------------|
| <b>NOTE 23 OTHER INCOME</b>                                   |                                      |                                      |
| (a) Interest income (Refer Note 23.1)                         | 268.60                               | 167.55                               |
| (b) Dividend income:  |                                      |                                      |
| from current investments                                      | 186.89                               | 149.17                               |
| from non-current investments                                  | -                                    | -                                    |
| (c) Net gain on sale of:                                      |                                      |                                      |
| current investments   | -                                    | 1.82                                 |
| long-term investments   | -                                    | 65.01                                |
| (d) Net gain on foreign currency transactions and translation | 15.63                                | 20.78                                |
| (e) Other non-operating income                                | 11.89                                | 0.16                                 |
| <b>TOTAL</b>  | <b>483.01</b>                        | <b>404.49</b>                        |

₹ in lakhs

| Particulars                    | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|--------------------------------|--------------------------------------|--------------------------------------|
| <b>Note 23.1</b>               |                                      |                                      |
| Interest income comprises:     |                                      |                                      |
| Interest from banks on:        |                                      |                                      |
| Deposits                       | 203.19                               | 148.19                               |
| Interest from Others           | 65.41                                | 14.56                                |
| Interest on income tax refund  | -                                    | 4.80                                 |
| <b>TOTAL - Interest income</b> | <b>268.60</b>                        | <b>167.55</b>                        |

₹ in lakhs

| Particulars   | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|---|-------------------------|-------------------------|
| <b>NOTE 24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS</b>                   |                         |                         |
| <b>24.1 Contingent liabilities and commitments (to the extent not provided for)</b> |                         |                         |
| <b>Contingent liabilities</b>   |                         |                         |
| (a) Claims against the Company not acknowledged as debt                             |                         |                         |
| Income Tax Demand   | 139.72                  | 111.25                  |
| (b) Guarantees given by Bank for Govt. Project                                      | -                       | 100.00                  |
| (c) Other money for which the Company is contingently liable                        | -                       | -                       |

### Note 24.1.1

The Company has filed appeals with income tax authorities against income tax demand raised, for several assessment years totaling to ₹ 139.72 lakhs.

# NOTES

forming part of the financial statements

₹ in lakhs

| Particulars   | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|---|-------------------------|-------------------------|
| <b>24.2 Commitments:</b>  |                         |                         |
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for: |                         |                         |
| Tangible assets   | 1,510.58                | 1,815.23                |
| Intangible assets   | 32.62                   | 54.12                   |
| (b) Uncalled liability on shares and other investments partly paid                                  | -                       | -                       |
| (c) Other Commitments   | -                       | -                       |

₹ in lakhs

| Particulars  | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|--|-------------------------|-------------------------|
| <b>24.3 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006</b>                                 |                         |                         |
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year   | -                       | -                       |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year  | -                       | -                       |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day                              | -                       | -                       |
| (iv) The amount of interest due and payable for the year   | -                       | -                       |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year  | -                       | -                       |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | -                       | -                       |

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

| Particulars  | 2012-13 | 2011-12 |
|--|---------|---------|
| <b>24.4 Disclosure of additional information pursuant to the provisions of Part II of Schedule VI of the Companies Act, 1956.</b>                            |         |         |
| (i) Value of Imports on C.I.F. Value   | Nil     | Nil     |
| (ii) Expenditure in Foreign Currency   | Nil     | Nil     |
| (iii) Import of Finished Goods   | Nil     | Nil     |
| (iv) Expenditure in Foreign Currency during the Financial Year on account of Royalty, Know-how, Professional & Consultancy Fees, Interest and other Matters. | Nil     | Nil     |
| (v) F.O.B. Value of Export Sales/Services  | Nil     | Nil     |
| (vi) Amount remitted in Foreign Currency during the year on account of dividends   | Nil     | Nil     |

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₹ in lakhs

| Particulars   | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|---|--------------------------------------|--------------------------------------|
| <b>NOTE 24.5 EARNINGS PER SHARE</b>   |                                      |                                      |
| <b>24.5.1 Basic</b>   |                                      |                                      |
| Net profit/(loss) for the year from continuing operations   | 1,835.89                             | 1,376.73                             |
| Less: Preference dividend and tax thereon   | -                                    | -                                    |
| Net profit/(loss) for the year from continuing operations attributable to the equity shareholders | 1,835.89                             | 1,376.73                             |
| Weighted average number of equity shares  | 3,94,16,023                          | 3,50,21,910                          |
| Par value per share   | 10.00                                | 10.00                                |
| Earnings per share from continuing operations - Basic   | 4.66                                 | 3.93                                 |
| <b>24.5.2 Diluted</b>   |                                      |                                      |
| Net profit/(loss) for the year from continuing operations   | 1,835.89                             | 1,376.73                             |
| Less: Preference dividend and tax thereon   | -                                    | -                                    |
| Net profit/(loss) for the year attributable to the equity shareholders from continuing operations | 1,835.89                             | 1,376.73                             |
| Profit/(loss) attributable to equity shareholders (on dilution)                                   | 1,835.89                             | 1,376.73                             |
| Weighted average number of equity shares for Basic EPS  | 3,94,16,023                          | 3,50,21,910                          |
| Add: Effect of warrants, ESOPs and Convertible bonds which are dilutive                           | 216,722                              | 202,374                              |
| Weighted average number of equity shares - for diluted EPS  | 3,96,32,745                          | 3,52,24,284                          |
| Par value per share   | 10.00                                | 10.00                                |
| Earnings per share, from continuing operations - Diluted  | 4.63                                 | 3.91                                 |

₹ in lakhs

| Particulars  | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|--|-------------------------|-------------------------|
| <b>NOTE 24.6 DEFERRED TAX ASSET/(LIABILITY)</b>                          |                         |                         |
| <b>Tax effect of items constituting deferred tax liabilities</b>         | -                       | -                       |
| <b>Total Tax effect of items constituting deferred tax assets</b>        |                         |                         |
| Provision for compensated absences, gratuity and other employee benefits | 19.46                   | 14.38                   |
| Provision for doubtful debts/advances                                    | 31.82                   | 22.41                   |
| Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961    | 28.74                   | 19.06                   |
| On difference between book balance and tax balance of fixed assets       | 330.45                  | 353.24                  |
| Total Tax effect of items constituting deferred tax assets               | 410.47                  | 409.09                  |
| <b>Net deferred tax (liability)/asset</b>                                | <b>410.47</b>           | <b>409.09</b>           |

# NOTES

## forming part of the financial statements

### NOTE 24.7 ACCOUNTING FOR SHARE BASED PAYMENTS:

**24.7.1** In the extraordinary general meeting held on 13 April, 2011, the shareholders approved the issue of 2,72,912 options under the Scheme titled “ESOP 2011-II”.

During FY 2011-12, the Company has granted 2,72,912 options under the “ESOP 2011- II” to eligible employees of the Company. The vesting period of options under “ESOP 2011-II” are as follows

| Date of Vesting | Percentage of Options granted under ESOP 2011- II (%) |             |                 |
|-----------------|---|-------------|-----------------|
|                 | Category-I  | Category-II | Other Employees |
| 12 April, 2013  | 50.00   | 33.33       | 22.22           |
| 30 April, 2013  | 50.00   | 33.33       | 33.33           |
| 30 April, 2014  | NIL   | 33.34       | 44.45           |

### 24.7.2 Employee stock options details as on the Balance Sheet date are as follows:

| Particulars                                      | During the year ended | During the year ended |
|--|-----------------------|-----------------------|
|  | 31 March, 2013        | 31 March, 2012        |
|  | Options (Numbers)     | Options (Numbers)     |
| Option outstanding at the beginning of the year: | 2,72,912              | -                     |
| Granted during the year                          | -                     | 2,72,916              |
| Vested during the year                           | -                     | 1,40,886              |
| Exercised during the year                        | -                     | 1,40,886              |
| Lapsed during the year                           | 25,427                | -                     |
| Options outstanding at the end of the year       | 2,47,485              | 2,72,912              |
| Options available for grant                      | 25,427                | -                     |

### 24.7.3 Expenses arising from stock option plan during the year/period

|              | 31 March, 2013 | 31 March, 2012 |
|--------------|----------------|----------------|
| ESOP 2011-I  | -              | 36.57          |
| ESOP 2011-II | 31.55          | 37.06          |
| <b>TOTAL</b> | <b>31.55</b>   | <b>73.63</b>   |

## 24.8 RELATED PARTY TRANSACTIONS

### 24.8.1 Details of related parties:

| Description of relationship                                     | Names of related parties  |
|---|---|
| Subsidiaries  | Chitale’s Personalised Learning Private Limited [CPLPL] , MT Education Services Private Limited [MTESPL] , Lakshya Educare Private Limited [LEPL] |
| Key Management Personnel (KMP)                                  | Mahesh R. Shetty, Dr. Chhaya Shastri  |
| Enterprises in which KMP who can exercise significant influence | Mahesh Tutorials Chembur, Mahesh Tutorials Mulund , Global Education Trust, Prosynapse Consultants Private Limited                                |
| Joint Venture of Subsidiary                                     | HT Learning Centers Ltd   |
| Relatives of KMP who can exercise significant influence         | Kalathur Shetty, Lalitha Shetty, Roopa Shetty.  |

Note: Related parties have been identified by the Management.



# NOTES

## forming part of the financial statements

### 24.8.2 Details of related party transactions during the year ended 31 March, 2013 and balances outstanding as at 31 March, 2013:

|   | Subsidiaries/<br>Joint Venture of<br>Subsidiaries | KMP     | Entities in which<br>KMP/relatives of<br>KMP have significant<br>influence |
|---|---|---------|--|
| Directors Remuneration - Mr. Mahesh Shetty  |   | 103.50  |  |
|   |   | [90.00] |  |
| Dividend – Mr. Mahesh Shetty  |   | 245.87  |  |
|   |   | [67.83] |  |
| Dividend – Dr. Chhaya Shastri   |   | 24.90   |  |
|   |   | [6.87]  |  |
| Professional Fees – Prosynapse Consultants Private Limited  |   |         | 87.40  |
|   |   |         | [86.18]  |
| Rent - Mr. Mahesh Shetty  |   | 10.89   |  |
|   |   | [7.29]  |  |
| Rent - Mahesh Tutorials Chembur   |   |         | 82.55  |
|   |   |         | [71.77]  |
| Rent - Mahesh Tutorials Mulund  |   |         | 27.36  |
|   |   |         | [23.79]  |
| Interest on Debentures - MT Education Services Private Limited  | 19.80   |         |  |
|   | [13.91]   |         |  |
| Donation - Global Education Trust   |   |         | 64.92  |
|   |   |         | [30.21]  |
| Management Consultancy - Chitale's Personalised Learning Private Limited                              | 42.06   |         |  |
|   | [27.72]   |         |  |
| Reimbursement of Expenses/Utilisation of Facilities - Chitale's Personalised Learning Private Limited | 10.03   |         |  |
|   | [13.62]   |         |  |
| Realisation of Accounts Receivable - HT Learning Centers Limited                                      |   |         | 29.51  |
|   |   |         | [19.33]  |
| Investment in shares of Lakshya Educare Private Limited   | 1.00  |         |  |
|   | [-]   |         |  |
| Loans and advances given to Lakshya Educare Private Limited   | 21.27   |         |  |
|   | [-]   |         |  |
| Loans and advances repaid by Lakshya Educare Private Limited  | 21.27   |         |  |
|   | [-]   |         |  |
| <b>24.8.3 Balances outstanding at the end of the year</b>   |   |         |  |
| Interest on Debentures - MT Education Services Private Limited  | 36.22   |         |  |
|   | [18.40]   |         |  |
| Management Consultancy - Chitale's Personalised Learning Private Limited                              | 5.86  |         |  |
|   | [10.37]   |         |  |
| Reimbursement of Expenses/Utilisation of Facilities - Chitale's Personalised Learning Private Limited | 1.23  |         |  |
|   | [13.62]   |         |  |
| Investment in 6% NCD of MT Education Services Private Limited   | 330.00  |         |  |
|   | [330.00]  |         |  |
| Loan given to MT Education Services Private Limited   | 3.79  |         |  |
|   | [1.79]  |         |  |
| Deposit for Premises - Mr. Mahesh Shetty  |   | 7.47    |  |
|   |   | [7.47]  |  |
| Deposit for Premises - Mahesh Tutorials Chembur   |   |         | 29.76  |
|   |   |         | [29.76]  |
| Deposit for Premises - Mahesh Tutorials Mulund  |   |         | 11.28  |
|   |   |         | [11.28]  |
| Professional Fees – Prosynapse Consultants Private Limited  |   |         | 7.36   |
|   |   |         | [5.15]   |
| Professional Services Rendered & Debit Notes for Expenses - HT Learning Centers Limited               |   |         | 113.96   |
|   |   |         | [141.99]   |

Note: Figures in bracket relates to the previous year

# NOTES

## forming part of the financial statements

₹ in lakhs

| Particulars  | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|--|--------------------------------------|--------------------------------------|
| <b>24.9</b> The Company has entered into operating lease arrangements for certain facilities and Coaching Center premises. The leases are over a period of 2 to 10 years and may be renewed for a further period on mutual agreement of the parties. Lease payments recognised in the Statement of Profit and Loss   | 2,081.86                             | 1,754.90                             |
| <b>24.10</b> The Company has entered into arrangements with franchisees for conducting commercial training, coaching and tutorial classes. As per the agreements entered into with these franchisees, the franchisees are required to pay an upfront fee as brand fees to the Company, which is for a period of 3 years. Monies received by the Company as brand fees are recognised as income over this period of 3 years.<br><br>In addition to the above mentioned upfront fees, the franchisees are required to pay commission/royalty at the rates to be calculated as per the agreements entered into with them. |                                      |                                      |
| <b>24.11</b> The Company operates in one business segment hence the reporting requirement pertaining to Accounting Standards 17 on “Segment Reporting” are not applicable.   |                                      |                                      |
| <b>24.12</b> Previous year’s figures have been regrouped/reclassified wherever necessary to correspond with the current year’s classification/disclosure.  |                                      |                                      |
| <b>24.13</b> Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges<br>Loans and advances in the nature of loans given to subsidiaries, associates and others & investment in shares of the Company by such parties:   |                                      |                                      |

| Name of the Party                     | Relationship | Amount Outstanding as on<br>31 March, 2013 (₹ in lakhs) | Maximum balance outstanding<br>during the year (₹ in lakhs) |
|---------------------------------------|--------------|---|---|
| MT Education Services Private Limited | Subsidiary   | 3.79  | 3.79  |
| MT Educare Charitable Trust           | Others       | 215.58  | 215.58  |
| Teaching Faculty Members              | Others       | 137.07  | 137.27  |
| Employees                             | Others       | 16.71   | 21.15   |

### 24.14 EMPLOYEE BENEFIT PLANS

#### 24.14.1 Defined contribution plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 69.02 lakhs (Previous Year ₹ 47.83 lakhs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

#### 24.14.2 Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

##### Gratuity

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

# NOTES

forming part of the financial statements

| Particulars   | Year ended<br>31 March, 2013     | Year ended<br>31 March, 2012     |
|---|----------------------------------|----------------------------------|
| <b>Components of employer expense</b>                               |                                  |                                  |
| Current service cost  | 18.95                            | 13.55                            |
| Interest cost   | 9.53                             | 6.97                             |
| Expected return on plan assets                                      | (1.48)                           | (1.38)                           |
| Curtailment cost/(credit)   | -                                | -                                |
| Settlement cost/(credit)  | -                                | -                                |
| Past service cost   | -                                | -                                |
| Actuarial losses/(gains)  | 4.28                             | 9.22                             |
| <b>Total expense recognised in the Statement of Profit and Loss</b> | <b>31.28</b>                     | <b>28.36</b>                     |
| <b>Actual contribution and benefit payments for year</b>            |                                  |                                  |
| Actual benefit payments   | 2.55                             | -                                |
| Actual contributions  | 45.00                            | -                                |
| <b>Net asset/(liability) recognised in the Balance Sheet</b>        |                                  |                                  |
| Present value of defined benefit obligation                         | (148.16)                         | (115.50)                         |
| Fair value of plan assets   | 63.61                            | 17.23                            |
| Funded status [Surplus/(Deficit)]                                   | (84.55)                          | (98.27)                          |
| Unrecognised past service costs                                     | -                                | -                                |
| Net asset/(liability) recognised in the Balance Sheet               | <b>(84.55)</b>                   | <b>(98.27)</b>                   |
| <b>Change in defined benefit obligations (DBO) during the year</b>  |                                  |                                  |
| Present value of DBO at beginning of the year                       | 115.50                           | 87.13                            |
| Current service cost  | 18.95                            | 13.55                            |
| Interest cost   | 9.53                             | 6.97                             |
| Curtailment cost/(credit)   | -                                | -                                |
| Settlement cost/(credit)  | -                                | -                                |
| Plan amendments   | -                                | -                                |
| Acquisitions  | -                                | -                                |
| Actuarial (gains)/losses  | 6.73                             | 7.84                             |
| Past service cost   | -                                | -                                |
| Benefits paid   | (2.55)                           | -                                |
| Present value of DBO at the end of the year                         | <b>148.16</b>                    | <b>115.50</b>                    |
| <b>Change in fair value of assets during the year</b>               |                                  |                                  |
| Plan assets at beginning of the year                                | 17.23                            | 17.23                            |
| Acquisition adjustment  | -                                | -                                |
| Expected return on plan assets                                      | 1.48                             | 1.38                             |
| Actual company contributions  | 45.00                            | -                                |
| Actuarial gain/(loss)   | 2.45                             | (1.38)                           |
| Benefits paid   | (2.55)                           | -                                |
| Plan assets at the end of the year                                  | <b>63.61</b>                     | <b>17.23</b>                     |
| Actual return on plan assets  | <b>3.93</b>                      | -                                |
| <b>Composition of the plan assets is as follows:</b>                |                                  |                                  |
| Government bonds  | -                                | -                                |
| PSU bonds   | -                                | -                                |
| Equity mutual funds   | -                                | -                                |
| Insurer Managed Funds   | <b>63.61</b>                     | <b>17.23</b>                     |
| <b>Actuarial assumptions</b>  |                                  |                                  |
| Discount rate   | 7.75%                            | 8.25%                            |
| Expected return on plan assets                                      | 8.70%                            | 8.60%                            |
| Salary escalation   | 6.00%                            | 6.00%                            |
| Attrition   | 21.50%                           | 21.50%                           |
| Mortality tables  | LIC (1994-96)<br>Ultimate table. | LIC (1994-96)<br>Ultimate table. |
| Estimate of amount of contribution in the immediate next year       | 73.61                            | 62.61                            |

# NOTES

## forming part of the financial statements

### 24.14.3 Actuarial assumptions for long-term compensated absences

| Particulars       | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|-------------------|--------------------------------------|--------------------------------------|
| Discount rate     | 7.75%                                | 8.25%                                |
| Salary escalation | 6.00%                                | 6.00%                                |
| Attrition         | 21.50%                               | 21.50%                               |

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

### NOTE 24.15 EVENTS OCCURRING AFTER BALANCE SHEET DATE

- The Company had entered into a Share Purchase and Debenture Subscription Agreement in November 2012 with the shareholders of Lakshya Forum for Competitions Private Limited ("LFCPL") for acquisition of 51% stake in LFCPL. ₹ 600 lakhs is paid to the shareholders of LFCPL as an advance towards the acquisition of 51% stake. The Shareholders' Agreement was executed on 1 April, 2013. As a result, LFCPL became a 51% subsidiary of the Company from that date.
- ₹ 60 lakhs was paid, during the year, by the Company to Chitale's Personalised Learning Private Limited ("CPLPL"), a 51% subsidiary of the Company, as Share application money. The shares were allotted to the Company on 30 April, 2013. The Company continues to hold 51% stake in CPLPL.

| Particulars  | Amount (₹ in lakhs) |
|--|---------------------|
| <b>NOTE 24.16 UTILISATION OF IPO PROCEEDS</b>  |                     |
| <b>Amount received from IPO (A)</b>  | <b>3,500.00</b>     |
| Deployment of Funds Received from IPO  |                     |
| Financing cost of construction of PUC Campus in Karnataka  | 2,000.00            |
| Establishing New Coaching Centres  | 206.63              |
| Issue Expenses   | 353.10              |
| General Corporate Purposes   | 646.90              |
| <b>Total Deployment of Funds till 31 March, 2013 (B)</b>   | <b>3,206.63</b>     |
| <b>Balance Amount to be Utilised lying in bank accounts or invested in liquid mutual funds (A-B)</b> | <b>293.37</b>       |

|                                     |   |                           |
|-------------------------------------|---|---------------------------|
| In terms of our report of even date | For and on behalf of the Board of Directors |                           |
| For Shaparia & Mehta                |   |                           |
| Chartered Accountants               |   |                           |
| Firm Reg. No. : 112350W             |   |                           |
| <b>Sanjiv B. Mehta</b>              | <b>Mr. Mahesh Shetty</b>                    | <b>Dr. Chhaya Shastri</b> |
| Partner                             | Chairman & Managing Director                | Director                  |
| Membership No. : 034950             |   |                           |
| Place : Mumbai                      | <b>Mr. Yagnesh Sanghrajka</b>               | <b>Mr. Ashwin Patel</b>   |
| Dated : 15 May, 2013                | Chief Financial Officer                     | Company Secretary         |

# INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

**MT EDUCARE LIMITED**

## Report on the Consolidated Financial Statements

1. We have audited the accompanying Consolidated Financial Statements of MT Educare Limited ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March, 2013 and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these Consolidated Financial Statements 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 the Accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of Section 211 of The Companies Act, 1956. This responsibility 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 any material misstatement, whether due to fraud or error.

## Auditor's Responsibility

3. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted the audit in accordance with the standard on auditing issued by The Institute of Chartered Accountants of India. Those Standards required 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including

the assessment of the risk 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 Group's preparation and presentation of the Consolidated Financial Statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by The Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March, 2013;
  - b) in the case of Consolidated Statement of Profit and Loss Account, of the profit of the Group for the year ended on that date and
  - c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Shaparia & Mehta**

Chartered Accountants

FRN No.112350W

**Sanjiv B. Mehta**

Partner

Membership No.: 034950

Place : Mumbai

Date : 15 May, 2013

# CONSOLIDATED BALANCE SHEET

as at 31 March, 2013

₹ in lakhs

| Particulars  | Note No. | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|--|----------|-------------------------|-------------------------|
| <b>A EQUITY AND LIABILITIES</b>                    |          |                         |                         |
| <b>1 Shareholders' funds</b>                       |          |                         |                         |
| (a) Share capital                                  | 3        | 3,954.79                | 3,517.29                |
| (b) Reserves and surplus                           | 4        | 6,159.60                | 2,194.55                |
| (c) Money received against share warrants          |          | -                       | -                       |
|  |          | <b>10,114.39</b>        | <b>5,711.84</b>         |
| <b>2 Share application money pending allotment</b> |          | 2.00                    | -                       |
| <b>3 Minority Interest</b>                         |          | (16.31)                 | 6.35                    |
| <b>4 Non-current liabilities</b>                   |          |                         |                         |
| (a) Long-term borrowings                           |          | -                       | -                       |
| (b) Deferred tax liabilities (net)                 | 24.6     | 0.60                    | -                       |
| (c) Other long-term liabilities                    | 5        | 839.61                  | 533.01                  |
| (d) Long-term provisions                           | 6        | 57.51                   | 72.50                   |
| <b>5 Current liabilities</b>                       |          |                         |                         |
| (a) Short-term borrowings                          |          | -                       | -                       |
| (b) Trade payables                                 | 7        | 203.48                  | 112.32                  |
| (c) Other current liabilities                      | 8        | 4,902.10                | 5,162.92                |
| (d) Short-term provisions                          | 9        | 1,669.16                | 1,382.22                |
|  |          | <b>6,774.74</b>         | <b>6,657.46</b>         |
| <b>TOTAL</b>                                       |          | <b>17,772.54</b>        | <b>12,981.16</b>        |
| <b>B ASSETS</b>                                    |          |                         |                         |
| <b>1 Non-current assets</b>                        |          |                         |                         |
| (a) Fixed assets                                   |          |                         |                         |
| (i) Tangible assets                                | 10.1     | 6,296.48                | 2,841.72                |
| (ii) Intangible assets                             | 10.2     | 355.07                  | 226.98                  |
| (iii) Capital work-in-progress                     | 10.3     | 1,096.99                | 1,535.72                |
| (iv) Intangible assets under development           | 10.4     | 123.03                  | 101.84                  |
| (v) Fixed assets held for sale                     |          | -                       | -                       |
| (vi) Goodwill on Consolidation                     |          | 64.96                   | 64.96                   |
|  |          | <b>7,936.53</b>         | <b>4,771.22</b>         |
| (b) Non-current investments                        | 11       | 205.31                  | 330.31                  |
| (c) Deferred tax assets (net)                      | 24.6     | 410.47                  | 409.09                  |
| (d) Long-term loans and advances                   | 12       | 3,020.13                | 1,389.36                |
| (e) Other non-current assets                       | 13       | 9.22                    | 2.54                    |
|  |          | <b>3,645.13</b>         | <b>2,131.30</b>         |
| <b>2 Current assets</b>                            |          |                         |                         |
| (a) Current investments                            | 14       | 1,531.25                | 1,068.34                |
| (b) Inventories                                    |          | 4.39                    | -                       |
| (c) Trade receivables                              | 15       | 1,001.86                | 644.80                  |
| (d) Cash and cash equivalents                      | 16       | 2,419.78                | 1,762.26                |
| (e) Short-term loans and advances                  | 17       | 1,220.06                | 2,599.55                |
| (f) Other current assets                           | 18       | 13.54                   | 3.69                    |
|  |          | <b>6,190.88</b>         | <b>6,078.64</b>         |
| <b>TOTAL</b>                                       |          | <b>17,772.54</b>        | <b>12,981.16</b>        |

See accompanying notes forming part of the financial statements

|   |  |
|---|--|
| In terms of our report of even date<br>For Shaparia & Mehta<br>Chartered Accountants<br>Firm Reg. No. : 112350W | For and on behalf of the Board of Directors              |
| <b>Sanjiv B. Mehta</b><br>Partner<br>Membership No. : 034950  | <b>Mr. Mahesh Shetty</b><br>Chairman & Managing Director |
|   | <b>Dr. Chhaya Shastri</b><br>Director                    |
| Place : Mumbai<br>Dated : 15 May, 2013  | <b>Mr. Yagnesh Sanghrajka</b><br>Chief Financial Officer |
|   | <b>Mr. Ashwin Patel</b><br>Company Secretary             |

# STATEMENT OF CONSOLIDATED PROFIT AND LOSS

for the year ended 31 March, 2013

₹ in lakhs

| Particulars  | Note No. | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|--|----------|--------------------------------------|--------------------------------------|
| 1 Fees   | 19       | 15,049.30                            | 12,715.34                            |
| Operating income   | 19       | 678.83                               | 342.01                               |
| <b>Revenue from operations (net)</b>   |          | <b>15,728.13</b>                     | <b>13,057.35</b>                     |
| <b>2 Expenses</b>  |          |                                      |                                      |
| Purchase of Traded Goods   |          | 127.42                               | -                                    |
| Change in Inventories  |          | (4.39)                               | -                                    |
| Direct Expenses  | 20       | 8,035.15                             | 6,977.15                             |
| Personnel  | 21       | 2,204.68                             | 1,790.82                             |
| Other Expenses   | 22       | 2,432.53                             | 1,978.99                             |
| <b>TOTAL</b>   |          | <b>12,795.39</b>                     | <b>10,746.96</b>                     |
| <b>3 Earnings before exceptional items, extraordinary items, interest, tax, depreciation and amortisation (EBITDA) (1 - 2)</b> |          | 2,932.74                             | 2,310.39                             |
| 4 Finance costs  | 23       | -                                    | 4.79                                 |
| 5 Depreciation and amortisation expense  | 10       | 859.35                               | 781.63                               |
| 6 Other income   | 24       | 465.13                               | 396.75                               |
| <b>7 Profit/(Loss) before exceptional and extraordinary items and tax (3 - 4 - 5 + 6)</b>                                      |          | 2,538.52                             | 1,920.72                             |
| 8 Exceptional items  |          | -                                    | -                                    |
| <b>9 Profit/(Loss) before extraordinary items and tax (7 + 8)</b>  |          | 2,538.52                             | 1,920.72                             |
| 10 Extraordinary items   |          | -                                    | -                                    |
| <b>11 Profit/(Loss) before tax (9 + 10)</b>  |          | 2,538.52                             | 1,920.72                             |
| <b>12 Tax expense:</b>   |          |                                      |                                      |
| (a) Current tax expense for current year   |          | 780.85                               | 731.00                               |
| (b) Current tax expense relating to prior years  |          | (23.13)                              | 5.85                                 |
| (c) Net current tax expense  |          | 757.72                               | 736.85                               |
| (d) Deferred tax   |          | (0.78)                               | (100.12)                             |
|  |          | 756.94                               | 636.73                               |
| <b>13 Profit/(Loss) for the year (11-12)</b>   |          | 1,781.58                             | 1,283.99                             |
| <b>14 Prior Period Items</b>   |          | -                                    | 0.01                                 |
| <b>15 Profit/(Loss) for Appropriation (13 + 14)</b>  |          | 1,781.58                             | 1,284.00                             |
| <b>Minority Interest</b>   |          | (23.09)                              | (39.19)                              |
| <b>Profit/(Loss) for Appropriation after minority interest</b>   |          | 1,804.67                             | 1,323.19                             |
| <b>16.i Earnings per share (of ₹ 10 each):</b>   | 24.5     |                                      |                                      |
| (a) Basic  |          | 4.58                                 | 3.78                                 |
| (b) Diluted  |          | 4.55                                 | 3.76                                 |
| <b>16.ii Earnings per share (excluding extraordinary items) (of ₹ 10 each):</b>  | 24.5     |                                      |                                      |
| (a) Basic  |          | 4.58                                 | 3.78                                 |
| (b) Diluted  |          | 4.55                                 | 3.76                                 |

See accompanying notes forming part of the financial statements

In terms of our report of even date  
For Shaparia & Mehta  
Chartered Accountants  
Firm Reg. No. : 112350W

**Sanjiv B. Mehta**  
Partner  
Membership No. : 034950

Place : Mumbai  
Dated : 15 May, 2013

For and on behalf of the Board of Directors

**Mr. Mahesh Shetty** Chairman & Managing Director  
**Dr. Chhaya Shastri** Director

**Mr. Yagnesh Sanghrajka** Chief Financial Officer  
**Mr. Ashwin Patel** Company Secretary

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March, 2013

₹ in lakhs

| Particulars  | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|--|--------------------------------------|--------------------------------------|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>   |                                      |                                      |
| Net Profit/(Loss) before extraordinary items and tax   | 2,538.52                             | 1,920.72                             |
| <b>Adjustments for:</b>  |                                      |                                      |
| Depreciation and amortisation  | 859.35                               | 781.63                               |
| Expense on employee stock option scheme  | 31.55                                | 73.63                                |
| Finance costs  | -                                    | 4.79                                 |
| Interest income  | (248.80)                             | (154.56)                             |
| Dividend income  | (188.81)                             | (154.42)                             |
| Net (gain)/loss on sale of investments   | -                                    | (66.83)                              |
| Net (gain)/loss on sale of fixed assets  | 24.56                                | 39.53                                |
| Adjustments to the carrying amount of investments  | -                                    | (2.18)                               |
| Doubtful trade receivables, loans and advances   | 55.42                                | 128.27                               |
| Amount Written Off   | 1.03                                 | -                                    |
| Net unrealised exchange (gain)/loss  | (14.02)                              | (20.78)                              |
| Operating cash flow before working capital changes   | 3,058.80                             | 2,549.80                             |
| <b>Changes in working capital:</b>   |                                      |                                      |
| Adjustments for (increase)/decrease in operating assets:                                     |                                      |                                      |
| (Increase)/Decrease in Trade receivables   | (405.42)                             | (258.32)                             |
| (Increase)/Decrease in Loans and advances & Others   | 373.95                               | (955.46)                             |
| (Increase)/Decrease in Inventories   | (4.39)                               | -                                    |
| Increase/(Decrease) in Trade payables  | 91.17                                | (1.43)                               |
| Increase/(Decrease) in Other Liabilities and Provisions                                      | 309.89                               | (656.50)                             |
|  | 3,424.00                             | 1,893.30                             |
| Cash flow from extraordinary items   | -                                    | -                                    |
| Cash generated from operations   | 3,424.00                             | 1,893.30                             |
| Net income tax (paid)/refunds  | (725.48)                             | (683.11)                             |
| <b>Net cash flow from/(used in) operating activities (A)</b>                                 | <b>2,698.52</b>                      | <b>1,210.19</b>                      |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>   |                                      |                                      |
| Capital expenditure on fixed assets, including capital advances<br>(Net of proceeds on sale) | (4,344.63)                           | (2,007.65)                           |
| Purchase/sale of current investments not considered as cash and cash<br>equivalents          | (460.99)                             | 1,272.52                             |
| Purchase/Sale of long-term investments   |                                      |                                      |
| - Equity Shares in Joint Ventures  | 330.00                               | (156.01)                             |
| - Debentures in Other Companies  | (205.00)                             | -                                    |
| Advance for Purchase of equity shares in other companies                                     | (600.00)                             | -                                    |
| Interest received on debentures/fixed deposits   | 242.11                               | 176.90                               |
| Dividend on MF received  | 186.88                               | 155.73                               |
| Dividend on Shares received  | 0.01                                 | 0.02                                 |
| <b>Net cash flow from/(used in) investing activities (B)</b>                                 | <b>(4,851.62)</b>                    | <b>(558.49)</b>                      |



# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March, 2013

₹ in lakhs

| Particulars   | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|---|--------------------------------------|--------------------------------------|
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>  |                                      |                                      |
| Proceeds from issue of equity shares  | 3,500.10                             | 82.19                                |
| Share Application Money Received  | 2.00                                 | -                                    |
| Security Deposit To Stock Exchanges   | -                                    | (99.00)                              |
| Repayment of other short-term borrowings  | -                                    | (450.28)                             |
| Share Issue Expenses  | (493.12)                             | (320.66)                             |
| Reimbursement of Share Issue Expenses   | 460.70                               | -                                    |
| Finance cost  | -                                    | (6.13)                               |
| Dividends paid  | (573.45)                             | (140.69)                             |
| Tax on dividend   | (93.03)                              | (22.82)                              |
| Cash flow from extraordinary items  | -                                    | (957.39)                             |
| <b>Net cash flow from/(used in) financing activities (C)</b>  | <b>2,803.20</b>                      | <b>(957.39)</b>                      |
| <b>Net increase/(decrease) in Cash and cash equivalents (A+B+C)</b>   | <b>650.10</b>                        | <b>(305.69)</b>                      |
| Cash and cash equivalents at the beginning of the year  | 1,762.26                             | 2,065.12                             |
| Cash and cash equivalents added on acquisition  | -                                    | 0.22                                 |
| Effect of exchange differences on restatement of foreign currency Cash and cash equivalents                       | 7.42                                 | 2.61                                 |
| <b>Cash and cash equivalents at the end of the year</b>   | <b>2,419.78</b>                      | <b>1,762.26</b>                      |
| <b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>  |                                      |                                      |
| Cash and cash equivalents as per Balance Sheet (Refer Note 16)  | 2,419.78                             | 1,762.26                             |
| Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements           | -                                    | -                                    |
| Net Cash and cash equivalents included in Note 16   | <b>2,419.78</b>                      | <b>1,762.26</b>                      |
| Add: Current investments considered as part of Cash and cash equivalents  | -                                    | -                                    |
| <b>Cash and cash equivalents at the end of the year *</b>   | <b>2,419.78</b>                      | <b>1,762.26</b>                      |
| * Comprises:  |                                      |                                      |
| (a) Cash on hand  | 16.87                                | 8.84                                 |
| (b) Cheques, drafts on hand   | -                                    | -                                    |
| (c) Balances with banks   |                                      |                                      |
| (i) In current accounts   | 198.04                               | 265.28                               |
| (ii) In EEFC accounts   | -                                    | -                                    |
| (iii) In deposit accounts with original maturity of less than 3 months  | 2,204.87                             | 1,488.14                             |
| (iv) In earmarked accounts  | -                                    | -                                    |
| (d) Others  | -                                    | -                                    |
| (e) Current investments considered as part of Cash and cash equivalents   | -                                    | -                                    |
|   | <b>2,419.78</b>                      | <b>1,762.26</b>                      |
| Notes:  |                                      |                                      |
| (i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations. |                                      |                                      |
| (ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.       |                                      |                                      |
| See accompanying notes forming part of the financial statements   |                                      |                                      |

In terms of our report of even date  
For Shaparia & Mehta  
Chartered Accountants  
Firm Reg. No. : 112350W

**Sanjiv B. Mehta**  
Partner  
Membership No. : 034950

Place : Mumbai  
Dated : 15 May, 2013

For and on behalf of the Board of Directors

**Mr. Mahesh Shetty** Chairman & Managing Director  
**Dr. Chhaya Shastri** Director

**Mr. Yagnesh Sanghrajka** Chief Financial Officer  
**Mr. Ashwin Patel** Company Secretary

# NOTES

## forming part of the financial statements

### 1 CORPORATE INFORMATION

MT Educare Limited (earlier MT Educare Private Limited) ('MTEL' or 'the Company') was incorporated under the Companies Act, 1956 on 19 August, 2006 and is an education support and coaching services provider for students in the secondary and higher secondary school and for students pursuing graduation degree in commerce, preparing for various competitive examinations and undertaking chartered accountancy examinations.

The Company is now a public limited company and has received fresh certificate of incorporation dated 18 May, 2011. Thereon, it has changed its name from MT Educare Private Limited to MT Educare Limited.

The Company has acquired 51% of the paid-up Equity Share Capital of Chitale's Personalised Learning Private Limited (CPLPL), which is engaged in the business of providing coaching for competitive examinations for admissions to universities offering masters in business administration degrees. Chitale's Personalised Learning Private Limited (CPLPL) is a subsidiary of the Company.

MT Education Services Private Limited (MTESPL) is a wholly owned subsidiary of the Company.

The Company also holds 90% of the paid-up share capital of Lakshya Educare Private Limited (LEPL)

The Company has also acquired 51% stake in Lakshya Forum for Competitions Private Ltd, effective 1 April, 2013.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of accounting and preparation of financial statements

The financial statements have been prepared under the historical cost convention on an accrual basis and comply with the Accounting Standards (AS) notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company and except for the changes if any, in accounting policy discussed herein below in detail, are consistent with those used in the previous year.

The Company follows Mercantile System of accounting and recognises income and expenditure on accrual basis. All assets and liabilities have been classified as current and non-current as per the Companies normal operating cycle and other criteria set out in the schedule VI to the Companies Act 1956. The Company has ascertained its operating cycle as 12 months for the purpose of classification of assets and liabilities into current and non-current.

#### 2.2 Principles of consolidation

The consolidated financial statements are prepared under historical conversions and on an accrual basis of accounting, in accordance with Indian GAAP and the relevant provisions of the Companies Act, 1956, including the applicable Accounting Standards.

The financial statements of the Company, subsidiaries have been consolidated in accordance with Accounting Standard 21 (AS 21) issued by Institute of Chartered Accountants of India (ICAI), and using uniform accounting policies for similar transactions and other events in similar circumstances to the extent wherever practicable. The consolidated financial statements have been prepared on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions.

Any excess of the cost of Company of its investment in the subsidiaries, on the acquisition dates over and above the Company's share of equity in the subsidiaries, is recognised in the financial statements as "Goodwill on Consolidation" and carried forward in the accounts. Goodwill is not amortised, however, it is tested for impairment at each balance sheet date and any impairment, if applicable, is provided for. Alternatively, where the share of the equity in the subsidiaries as on the date of investments is in excess of cost of investment of our Company, it is recognised as "Capital Reserve on Consolidation" The net amount of Capital Reserve after setoff of the Goodwill amount is presented under "Reserve and Surplus".

Where a subsidiary included in the consolidation, reports losses, and the losses applicable to the minority may exceed the minority interest in the equity of the subsidiary. The excess and any further losses applicable to the minority are adjusted against the majority interest, except to the extent that the minority has a binding contractual obligation and are in a position of making further contribution to make good such excessive share of losses. In such cases, the minority interest of the relevant subsidiary is shown as a debit balance.

#### 2.3 Use of estimates

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

# NOTES

## forming part of the financial statements

### 2.4 Cash and cash equivalents

Cash comprises cash on hand, bank balances and demand deposits with banks.

### 2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### 2.6 Depreciation and amortisation

Depreciation on all tangible assets is provided on Written Down Value method and at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

Individual item(s) costing less than ₹ 5,000 and not forming part of cluster of Assets (Chairs, benches, etc.) are written off at the rate of 100%. Depreciation on assets acquired/sold during the year is provided on pro-rata basis with reference to the date of installation/put to use, in the books or disposal. Depreciation on leasehold improvements is provided at the rates applicable to furniture & fixtures and in the manner specified in Schedule XIV of the Companies Act, 1956.

### 2.7 Impairment of assets

All assets other than inventories, investments and deferred tax asset, are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount.

### 2.8 Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and revenue can be reliably ascertained.

Revenue from fees received is recognised equally over the period of service rendered (course duration). At the time of admission, fees received from students are booked at gross amount and shown as 'advance fees'. Discounts and concessions are accounted for separately in a similar manner.

The Company has introduced Course Registration Fees (CRF) as part of the Course Fees. The CRF forms part of the total fees and is non refundable. The Company receives CRF as part of the initial payment made by a student and recognises the same on admission.

Upfront fee received from franchisees as brand fees is

recognised as income over the period of the agreement.

Commission or royalty received from the franchisees is recognised as per the terms of agreements entered into with them.

The Company has entered into agreements/arrangements with Colleges for providing educational consultancy services on revenue sharing basis where the same is recognised on mutually agreed terms and accounted as Management Fees.

The Company has for the first time during the year sold software, hardware and content on pre-recorded CDs. Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer. Sales are exclusive of sales tax, rebates and discounts.

The Company has adopted Income Approach to recognise Government Grants. As per AS 12 on Government Grants issued by ICAI, government grants should be recognised in the Profit and Loss statement on a systematic and rational basis over the periods necessary to match them with the related costs.

### 2.9 Other income

Interest is recognised using the time-proportion method.

Dividend income is recognised when the Company's right to receive dividend is established.

### 2.10 Fixed assets and capital work in progress

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises of the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Rent paid for the period beginning/commencing from taking over vacant possession of the premises and ending with the date of completion of project/improvements or for a period of 3 months, whichever is earlier, is capitalised under leasehold improvements.

Capital Work-In-Progress are assets not ready for the intended use as at the Balance Sheet date and include assets at new centres which have not commenced operations till balance sheet date.

In case of centers closed down or relocated during the period, Written Down Value (WDV) of leasehold improvements/fixtures as on the date on which the centre is closed down/relocated have been fully written off.

### 2.11 Intangible assets

An intangible asset is recognised, where it is probable that future economic benefits attributable to the asset will

# NOTES

## forming part of the financial statements

flow to the enterprise and where the cost can be reliably ascertained.

Intangible assets are stated at cost of acquisition less accumulated amortisation. Amortisation of the intangible assets is provided on pro-rata basis on Straight Line Method based on management's estimate of useful life of the assets

- (i) A period of 3 years on non-compete fees and content.
- (ii) A period of 3 years on goodwill, based on management's current estimate of useful life of the asset.
- (iii) A period of 5 years on ERP - SAP Software.
- (iv) A period of 5 years on purchase of License for Online teaching.

Expenses incurred on in-house development of courseware and products are shown as Capital Work In Progress till the time they have been put to use. They shall be capitalised either individually or as a knowledge bank in the form of Technology Aided Teaching (TAT)/Multimedia Software/Content. Their technical feasibility and ability to generate future economic benefits is established in accordance with the requirements of Accounting Standard 26, "Intangible Assets" issued by ICAI.

### 2.12 Foreign currency transactions and translations

#### Initial recognition

The transactions in foreign exchange are accounted at the exchange rate prevailing on the date of transactions. Any exchange gains or losses arising on subsequent settlement of such transactions are accounted as income or expenses in the period in which they are settled and arise.

#### Foreign operations

The accounts of the branch are consolidated by integral system of branch accounting. Transactions for a month are translated using the exchange rate prevailing at the end of the month, which approximates the average exchange rate. Any exchange gain/(loss) arising on the translation of the financial statement is taken to the Profit & Loss Account.

### 2.13 Government grants, subsidies

The Company has adopted Income Approach to recognise Government Grants. As per AS 12 on Government Grants issued by ICAI, government grants should be recognised in the profit and loss statement on a systematic and rational basis over the periods necessary to match them with the related costs. The expenses incurred in relation to the Scheme are debited to Profit & Loss Account. An appropriate amount in respect of such grant, recognising the amount of grant over the period of service rendered, is credited to income for the year even though the actual amount of such benefits may finally be settled and received after the end of the relevant accounting period.

### 2.14 Investments

Long term investments are valued at cost with an appropriate provision for permanent diminution in value, if any. Investment that is readily realisable and is intended to be held for not more than one year is valued at lower of cost or realisable value.

### 2.15 Employee benefits

#### A. Provident fund

As per the Employees Provident Funds and Miscellaneous Provision Act, 1952 employees of the Company are entitled to receive benefits under the provident fund & family pension fund which is a defined contribution plan. These contributions are made to the fund administered and managed by Government of India. The Company's contribution to the schemes is recognised as expense in the profit and loss account during the period in which the employee renders the related services. The Company has no other obligation to the plans beyond its monthly compensations.

#### Defined contribution plans

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

#### B. Gratuity

The Company provides for gratuity obligations through a defined benefit retirement plan (the "Gratuity Plan") covering all employees. The Company makes annual contributions, premiums in respect of all qualifying employees to Life Insurance Corporation of India (LIC) for the Employees' Group Gratuity-cum-Life Assurance Scheme. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and tenure of employment in accordance with the Payment of Gratuity Act, 1972. The present value of the obligation under such defined benefit plan is determined based on the actuarial valuation at year end, using the Projected Unit Credit Method. Actuarial gains and losses are recognised in full in the Profit and Loss Account for the period in which they occur.

The yearly premium paid to LIC of India is charged to Profit & Loss Account of the year in which it becomes payable.

#### C. Leave Entitlement

The Company has a policy of paying Leave Encashment benefits to its employees only in the event of their resignation, based on their accumulated leave balances in accordance with the provisions of "The Bombay Shops and Establishment Act, 1948". As per the policy of the Company,

# NOTES

## forming part of the financial statements

an employee can accumulate a maximum of 39 days leave over a period of 2 years, after which the leave would lapse.

### 2.16 Segment reporting

The Company's business activities fall within a single segment viz. conducting commercial training, coaching, tutorial classes and activities incidental and ancillary thereon. In case of geographical (secondary) segment, since segment assets and segment revenue do not exceed 10% of total business, segment reporting is not required.

### 2.17 Leases

#### Operating leases

Leases where the Lessor effectively retains substantially all risks and benefits of ownership of the leased premises during the lease term are classified as operating leases. Operating lease payments are recognised as an expense in the Profit & Loss Account on a monthly accrual basis as per agreements, except in case of newly rented premises where the rent paid for the period beginning/commencing from taking over vacant possession of premises and ending with date of completion of the improvements/project or rent paid for 3 months, whichever is earlier, is capitalised and added to the cost of leasehold improvements.

### 2.18 Earnings per share

Basic Earnings Per Share is calculated by dividing the Net Profit after tax for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of Equity Shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus, granting and vesting employee stock options to employees. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential Equity Shares.

### 2.19 Taxes on income

Current period tax is ascertained and accounted at the amount expected to be paid to Income tax authorities in accordance with the provisions of Income Tax Act, 1961.

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised on unabsorbed depreciation and carry forward losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### 2.20 Provisions and contingencies

A provision is recognised when there is a present obligation as a result of a past event; it is probable that an outflow of resources will be required to fulfill the obligation and in respect of which reliable estimate can be made. Provision is not discounted to its present value and is determined based on best estimate required to fulfill the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the best current estimate. Contingent liabilities are not recognised but are discussed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

### 2.21 Inventories

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are valued at cost or net realisable value, whichever is lower.

# NOTES

## forming part of the financial statements

| Particulars                             | As at 31 March, 2013 |                 | As at 31 March, 2012 |                 |
|---|----------------------|-----------------|----------------------|-----------------|
|   | Number of shares     | ₹ in lakhs      | Number of shares     | ₹ in lakhs      |
| <b>NOTE 3 SHARE CAPITAL</b>             |                      |                 |                      |                 |
| <b>(a) Authorised</b>                   |                      |                 |                      |                 |
| Equity shares of ₹ 10 each              | 4,20,00,000          | 4,200.00        | 4,20,00,000          | 4,200.00        |
| <b>(b) Issued</b>                       |                      |                 |                      |                 |
| Equity shares of ₹ 10 each              | 3,95,47,872          | 3,954.79        | 3,95,47,872          | 3,954.79        |
| <b>(c) Subscribed and fully paid up</b> |                      |                 |                      |                 |
| Equity shares of ₹ 10 each              | 3,95,47,872          | 3,954.79        | 3,51,72,872          | 3,517.29        |
| <b>TOTAL</b>                            | <b>3,95,47,872</b>   | <b>3,954.79</b> | <b>3,51,72,872</b>   | <b>3,517.29</b> |

### Note 3.1

The Company has only one class of equity shares having a face value of ₹ 10 each. Each holder of equity shares is entitled to one vote per share.

### Note 3.2

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

### Note 3.3

The Company has reserved 2,72,912 Equity shares for issuance of ESOP 2011 -II.

### Note 3.4

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

| Particulars                            | Year ended 31 March, 2013 |                 | Year ended 31 March, 2012 |                 |
|--|---------------------------|-----------------|---------------------------|-----------------|
|  | Number of shares          | ₹ in lakhs      | Number of shares          | ₹ in lakhs      |
| <b>Opening Balance</b>                 | 3,51,72,872               | 3,517.29        | 3,43,51,020               | 3,435.10        |
| <b>Add:</b>                            |                           |                 |                           |                 |
| Bonus                                  | -                         | -               | -                         | -               |
| ESOP (Refer Note 24.7.2)               | -                         | -               | 1,40,886                  | 14.09           |
| Fresh Issue via IPO (Refer Note 3.4.1) | 43,75,000                 | 437.50          | -                         | -               |
| Fresh Issue to MT Associates Trust     | -                         | -               | 6,80,966                  | 68.10           |
| <b>Closing Balance</b>                 | <b>3,95,47,872</b>        | <b>3,954.79</b> | <b>3,51,72,872</b>        | <b>3,517.29</b> |

### Notes 3.4.1

The Company approached the capital market with its maiden Public Issue of 1,23,75,000 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ 80 per equity share (including a share premium of ₹ 70 per equity share) aggregating to ₹ 9,900 lakhs consisting of a fresh issue of 43,75,000 Equity Shares aggregating to ₹ 3,500 lakhs and an Offer for Sale of 80,00,000 Equity Shares by Helix Investments Company aggregating to ₹ 6,400 lakhs. The Company came out with its Initial Public Issue (IPO) on 27 March, 2012. The closing date for the issue was 29 March, 2012 but the final subscription & allotment was completed on 10 April, 2012 i.e. during the FY 2012-13.

### Note 3.5

Details of shares held by each shareholder holding more than 5% shares:

| Class of shares/Name of shareholder     | As at 31 March, 2013  |   | As at 31 March, 2012  |   |
|---|-----------------------|---|-----------------------|---|
|   | Number of shares held | Percent holding in that class of shares | Number of shares held | Percent holding in that class of shares |
| <b>Equity shares with voting rights</b> |                       |   |                       |   |
| Mahesh R. Shetty                        | 1,69,56,885           | 42.88%                                  | 1,69,56,885           | 48.21%                                  |
| Helix Investments Company               | 20,75,032             | 5.25%                                   | 1,00,75,032           | 28.64%                                  |

# NOTES

## forming part of the financial statements

### Note 3.6

Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

| Particulars  | Aggregate number of shares |                         |
|--|----------------------------|-------------------------|
|  | As at<br>31 March, 2013    | As at<br>31 March, 2012 |
| Equity shares with voting rights   |                            |                         |
| Fully paid up pursuant to contract(s) without payment being received in cash | -                          | -                       |
| Fully paid up by way of bonus shares (Refer Note 3.6.1)                      | 3,41,77,530                | 3,41,77,530             |
| Shares bought back   | -                          | -                       |

### Note 3.6.1

Out of the above, 8,67,450 equity shares were issued as bonus in the ratio of 5:1 in FY 2009-10 and 3,33,10,080 bonus equity shares were issued in the ratio of 32:1 in FY 2010-11

| Particulars   | ₹ in lakhs              |                         |
|---|-------------------------|-------------------------|
|   | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
| <b>NOTE 4 RESERVES AND SURPLUS</b>  |                         |                         |
| <b>(a) Securities premium account</b>                                       |                         |                         |
| Opening balance   | 36.57                   | -                       |
| Add : Premium on shares issued during the year                              | 3,062.50                | 36.57                   |
| Less : Utilised during the year for issuing bonus shares                    | -                       | -                       |
| Closing balance   | 3,099.07                | 36.57                   |
| <b>(b) Share options outstanding account</b>                                |                         |                         |
| Opening balance   | 78.30                   | -                       |
| Add: Amounts recorded on grants/modifications/cancellations during the year | (7.29)                  | 78.30                   |
| Less: Written back to Statement of Profit and Loss during the year          | -                       | -                       |
| Transferred to Securities premium account                                   | -                       | -                       |
|   | 71.01                   | 78.30                   |
| Less: Deferred Stock Compensation Expense                                   | (2.40)                  | (41.24)                 |
| Closing balance   | 68.61                   | 37.06                   |
| <b>(c) General reserve</b>  |                         |                         |
| Opening Balance   | 2,120.92                | 1,325.67                |
| Add: Transferred from surplus in Statement of Profit and Loss               | 879.61                  | 1,116.35                |
| Less: Share of profit/(loss) Adjusted                                       | (0.34)                  | (1.47)                  |
| Less: Share of Gratuity Adjustment  | -                       | (0.25)                  |
| Add: Income Tax refund  | -                       | 25.44                   |
| Less: IPO Expenses  | (8.27)                  | (344.82)                |
| Closing Balance   | 2,991.92                | 2,120.92                |
| <b>(d) Surplus/(Deficit) in Statement of Profit and Loss</b>                |                         |                         |
| Opening Balance   | -                       | -                       |
| Add: Profit/(Loss) for the year   | 1,804.67                | 1,323.19                |
| Add: Amounts transferred from reserves                                      | -                       | -                       |
| Less: Interim dividend (Refer Note 4.1)                                     | (793.30)                | -                       |
| Less: Final dividend  | -                       | (177.97)                |
| Less: Tax on dividend   | (131.76)                | (28.87)                 |
| Less: Transferred to General Reserve  | (879.61)                | (1,116.35)              |
| Closing Balance   | -                       | -                       |
| <b>TOTAL</b>  | <b>6,159.60</b>         | <b>2,194.55</b>         |

# NOTES

## forming part of the financial statements

### Note 4.1

The Company has during the year, declared two interim dividends of ₹ 1 each amounting to ₹ 395.48 lakhs and ₹ 397.82 lakhs.

| Particulars                               | ₹ in lakhs              |                         |
|---|-------------------------|-------------------------|
|   | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
| <b>NOTE 5 OTHER LONG-TERM LIABILITIES</b> |                         |                         |
| Advance Fees                              | 839.61                  | 533.01                  |
| <b>TOTAL</b>                              | <b>839.61</b>           | <b>533.01</b>           |

### Note 5.1

Fees collected in advance from students to the extent of revenue which will not be recognised within the Company's operating cycle have been classified as non-current liabilities.

| Particulars                             | ₹ in lakhs              |                         |
|---|-------------------------|-------------------------|
|   | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
| <b>NOTE 6 LONG-TERM PROVISIONS</b>      |                         |                         |
| <b>Provision for employee benefits:</b> |                         |                         |
| (i) Provision for leave encashment      | 44.77                   | 32.97                   |
| (ii) Provision for gratuity (net)       | 12.74                   | 39.53                   |
| <b>TOTAL</b>                            | <b>57.51</b>            | <b>72.50</b>            |

| Particulars                  | ₹ in lakhs              |                         |
|------------------------------|-------------------------|-------------------------|
|                              | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
| <b>NOTE 7 TRADE PAYABLES</b> |                         |                         |
| <b>Trade payables:</b>       |                         |                         |
| (a) Acceptances              | -                       | -                       |
| (b) Other than Acceptances   |                         |                         |
| Visiting Faculty Fees        |                         | 102.99                  |
| Study Material               |                         | 9.33                    |
| <b>TOTAL</b>                 | <b>203.48</b>           | <b>112.32</b>           |



# NOTES

forming part of the financial statements

₹ in lakhs

| Particulars                               | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|---|-------------------------|-------------------------|
| <b>NOTE 8 OTHER CURRENT LIABILITIES</b>   |                         |                         |
| (a) Advance Fees                          | 4,121.63                | 4,365.89                |
| (b) Outstanding Expenses                  | 300.61                  | 487.45                  |
| (c) Other payables                        |                         |                         |
| (i) Statutory Remittances                 | 101.63                  | 114.74                  |
| (ii) Trade Payables - Capital Expenditure | 377.76                  | 194.21                  |
| (iii) Others                              | 0.47                    | 0.63                    |
| <b>TOTAL</b>                              | <b>4,902.10</b>         | <b>5,162.92</b>         |

₹ in lakhs

| Particulars                                 | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|---|-------------------------|-------------------------|
| <b>NOTE 9 SHORT-TERM PROVISIONS</b>         |                         |                         |
| <b>(a) Provision for employee benefits:</b> |                         |                         |
| (i) Provision for compensated absences      | 13.74                   | 12.22                   |
| (ii) Provision for gratuity (net)           | 75.52                   | 62.72                   |
| <b>(A)</b>                                  | <b>89.26</b>            | <b>87.82</b>            |
| <b>(b) Provision - Others:</b>              |                         |                         |
| (i) Provision for Expenses                  | 332.69                  | 356.56                  |
| (ii) Interim Dividend                       | 397.82                  | -                       |
| (iii) Proposed Dividend                     | -                       | 177.97                  |
| (iv) Dividend Distribution Tax              | 67.61                   | 28.87                   |
| (v) Provision for Income Tax                | 781.78                  | 731.00                  |
| <b>(B)</b>                                  | <b>1,579.90</b>         | <b>1,294.40</b>         |
| <b>TOTAL (A+B)</b>                          | <b>1,669.16</b>         | <b>1,382.22</b>         |

# NOTES

forming part of the financial statements

| Particulars   | Gross Block            |                 |               | Depreciation            |                                      |               | Net Block               |                        |
|---|------------------------|-----------------|---------------|-------------------------|--------------------------------------|---------------|-------------------------|------------------------|
|   | As at<br>1 April, 2012 | Additions       | Deduction     | As at<br>31 March, 2013 | For the year<br>ended 31 March, 2013 | Deduction     | As at<br>31 March, 2013 | As at<br>1 April, 2012 |
| <b>NOTE 10: FIXED ASSETS</b>  |                        |                 |               |                         |                                      |               |                         |                        |
| <b>Note 10.1</b>  |                        |                 |               |                         |                                      |               |                         |                        |
| <b>Tangible Assets</b>  |                        |                 |               |                         |                                      |               |                         |                        |
| Building  | 680.08                 | 2,031.74        | -             | 2,711.82                | 30.83                                | -             | 133.35                  | 577.56                 |
| Plant & Machinery (Note 10.5)   | 1,855.80               | 958.02          | 38.33         | 2,755.49                | 290.13                               | 22.35         | 1,063.43                | 1,060.15               |
| Furniture & Fixtures  | 2,949.07               | 763.70          | 223.14        | 3,489.63                | 378.56                               | 147.31        | 1,986.42                | 1,193.90               |
| Vehicle   | 29.34                  | 14.68           | 29.17         | 14.85                   | 1.41                                 | 20.26         | 0.46                    | 10.03                  |
| Bicycle   | 0.27                   | -               | -             | 0.27                    | 0.02                                 | -             | 0.21                    | 0.08                   |
| Land  | -                      | 488.28          | -             | 488.28                  | -                                    | -             | -                       | 488.28                 |
|   | <b>5,514.56</b>        | <b>4,256.43</b> | <b>290.64</b> | <b>9,480.35</b>         | <b>700.95</b>                        | <b>189.92</b> | <b>3,183.87</b>         | <b>2,841.72</b>        |
| <b>Note 10.2</b>  |                        |                 |               |                         |                                      |               |                         |                        |
| <b>Intangible Assets</b>  |                        |                 |               |                         |                                      |               |                         |                        |
| Goodwill  |                        |                 |               |                         |                                      |               |                         |                        |
| - Purchased   | 77.55                  | -               | -             | 77.55                   | 15.68                                | -             | 61.86                   | 31.37                  |
| - Self Generated  | 59.92                  | -               | -             | 59.92                   | -                                    | -             | 59.92                   | -                      |
| Content   | 327.48                 | 132.94          | -             | 460.42                  | 93.91                                | -             | 334.23                  | 87.16                  |
| Non Compete Fees  | 126.00                 | -               | -             | 126.00                  | 14.00                                | -             | 126.00                  | 14.00                  |
| ERP - SAP Software  | 71.49                  | 153.55          | -             | 225.04                  | 22.70                                | -             | 51.23                   | 42.96                  |
| Trademark   | 0.11                   | -               | -             | 0.11                    | -                                    | -             | 0.11                    | 0.01                   |
| License Fees - INK  | 60.56                  | -               | -             | 60.56                   | 12.11                                | -             | 21.19                   | 51.48                  |
|   | <b>723.11</b>          | <b>286.49</b>   | <b>-</b>      | <b>1,009.60</b>         | <b>158.40</b>                        | <b>-</b>      | <b>654.53</b>           | <b>226.98</b>          |
| <b>TOTAL</b>  | <b>6,237.67</b>        | <b>4,542.92</b> | <b>290.64</b> | <b>10,489.95</b>        | <b>859.35</b>                        | <b>189.92</b> | <b>3,838.40</b>         | <b>3,068.70</b>        |
| <b>Note 10.3</b>  |                        |                 |               |                         |                                      |               |                         |                        |
| Capital WIP   |                        |                 |               |                         |                                      |               |                         |                        |
|   |                        |                 |               |                         |                                      |               |                         | 1,535.72               |
| <b>Note 10.4</b>  |                        |                 |               |                         |                                      |               |                         |                        |
| Intangible Assets under Development   |                        |                 |               |                         |                                      |               |                         | 101.84                 |
| <b>Note 10.5</b>  |                        |                 |               |                         |                                      |               |                         |                        |
| Plant and Machinery includes Office Equipment, Computers and Radio Frequency Identification Device (RFID) for attendance systems. |                        |                 |               |                         |                                      |               |                         |                        |

# NOTES

forming part of the financial statements

₹ in lakhs

| Particulars   | As at 31 March, 2013 |               |               | As at 31 March, 2012 |               |               |
|---|----------------------|---------------|---------------|----------------------|---------------|---------------|
|   | Quoted               | Unquoted      | Total         | Quoted               | Unquoted      | Total         |
| <b>NOTE 11 NON-CURRENT INVESTMENTS</b>  |                      |               |               |                      |               |               |
| Investments (At cost):  |                      |               |               |                      |               |               |
| <b>(a) Investment in equity instruments</b>   |                      |               |               |                      |               |               |
| 1,250 Equity Shares of ₹ 25 each fully paid up of The Shamrao Vithal Co-operative Bank Limited  | -                    | 0.31          | 0.31          | -                    | 0.31          | 0.31          |
| 3,30,000 Equity Shares of ₹ 10 each fully paid up of HT Learning Centers Limited                | -                    | -             | -             | -                    | 330.00        | 330.00        |
| <b>(b) Investment in debentures or bonds</b>  |                      |               |               |                      |               |               |
| 20,500 6% NCD of ₹ 1,000 each of Lakshya Forum for Competitions Private Limited (Prev. Yr. NIL) | -                    | 0.31          | 0.31          | -                    | 330.31        | 330.31        |
|   | -                    | 205.00        | 205.00        | -                    | -             | -             |
| <b>TOTAL</b>  | <b>-</b>             | <b>205.31</b> | <b>205.31</b> | <b>-</b>             | <b>330.31</b> | <b>330.31</b> |
| Less: Provision for diminution in value of investments  |                      |               | -             |                      |               | -             |
| <b>TOTAL</b>  |                      |               | <b>205.31</b> |                      |               | <b>330.31</b> |
| Aggregate amount of quoted investments  |                      |               | -             |                      |               | -             |
| Aggregate market value of listed and quoted investments   |                      |               | -             |                      |               | -             |
| Aggregate value of listed but not quoted investments  |                      |               | -             |                      |               | -             |
| Aggregate amount of unquoted investments  |                      |               | 205.31        |                      |               | 330.31        |

₹ in lakhs

| Particulars  | As at           | As at           |
|--|-----------------|-----------------|
|  | 31 March, 2013  | 31 March, 2012  |
| <b>NOTE 12 LONG-TERM LOANS AND ADVANCES</b>        |                 |                 |
| (a) Capital Advances                               | 522.38          | 44.53           |
| (b) Security deposits (Premises)                   | 1,438.10        | 990.07          |
| (c) Security deposits (Others)                     | 61.53           | 162.16          |
| (d) Loans and advances to employees                | 0.16            | 4.57            |
| (e) Loans and advances to others (Refer Note 12.2) | 875.92          | 97.07           |
| (f) Advance Income Tax                             | 122.04          | 90.96           |
| <b>TOTAL</b>                                       | <b>3,020.13</b> | <b>1,389.36</b> |

## Note 12.1

All the long term loans & advances are unsecured and considered good.

## Note 12.2

**Long term loans and advances as on 31 March, 2013 includes:**

₹ 600 lakhs paid to the shareholders of Lakshya Forum for Competitions Private Limited as advance towards acquisition of 51% stake in the said Company. The shareholders agreement was executed on 1 April, 2013, and as a result, Lakshya Forum for Competitions Private Limited, became a 51% subsidiary of the Company from that date.

# NOTES

forming part of the financial statements

₹ in lakhs

| Particulars   | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|---|-------------------------|-------------------------|
| <b>NOTE 13 OTHER NON-CURRENT ASSETS</b>               |                         |                         |
| Accruals  |                         |                         |
| (i) Interest accrued on investments, loans & advances | 9.22                    | 2.54                    |
| <b>TOTAL</b>  | <b>9.22</b>             | <b>2.54</b>             |

₹ in lakhs

| Particulars   | As at 31 March, 2013 |          |                 | As at 31 March, 2012 |          |                 |
|---|----------------------|----------|-----------------|----------------------|----------|-----------------|
|   | Quoted               | Unquoted | Total           | Quoted               | Unquoted | Total           |
| <b>NOTE 14 CURRENT INVESTMENTS</b>  |                      |          |                 |                      |          |                 |
| Current Investments (At lower of cost and fair value, unless otherwise stated)            |                      |          |                 |                      |          |                 |
| Investment in mutual funds  |                      |          |                 |                      |          |                 |
| Birla SL - Floating Rate ST - IP - DDR  | -                    | -        | -               | 108.86               | -        | 108.86          |
| DWS Ultra Short Term Fund   | 90.84                | -        | 90.84           | -                    | -        | -               |
| Reliance Liquid Plan - TP - IP - DDR  | 505.33               | -        | 505.33          | 616.94               | -        | 616.94          |
| Reliance Dynamic Fund   | 600.00               | -        | 600.00          | -                    | -        | -               |
| Birla SL - Income Plus (Growth)   | 180.00               | -        | 180.00          | -                    | -        | -               |
| ICICI Prudential Income Plan (Growth)   | 150.00               | -        | 150.00          | -                    | -        | -               |
| DSP Blackrock Liquidity Fund  | -                    | -        | -               | 302.37               | -        | 302.37          |
| FMP   | 5.09                 | -        | 5.09            | 40.17                | -        | 40.17           |
| <b>TOTAL</b>  |                      |          | <b>1,531.25</b> |                      |          | <b>1,068.34</b> |
| <b>Note 14.1</b>  |                      |          |                 |                      |          |                 |
| Aggregate amount of quoted investments  |                      |          | 1,531.25        |                      |          | 1,068.34        |
| Aggregate market value of listed and quoted investments                                   |                      |          | -               |                      |          | -               |
| Aggregate value of listed but not quoted investments                                      |                      |          | -               |                      |          | -               |
| Aggregate amount of unquoted investments  |                      |          | -               |                      |          | -               |
| Aggregate provision for diminution (write down) in the value of other current investments |                      |          | -               |                      |          | -               |

₹ in lakhs

| Particulars   | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|---|-------------------------|-------------------------|
| <b>NOTE 15 TRADE RECEIVABLES</b>  |                         |                         |
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment |                         |                         |
| Secured, considered good  | -                       | -                       |
| Unsecured, considered good  | 447.87                  | 420.49                  |
| Doubtful  | 20.00                   | 4.96                    |
|   | 467.87                  | 425.45                  |
| Less: Provision for doubtful trade receivables  | 20.00                   | 4.96                    |
| <b>(A)</b>  | <b>447.87</b>           | <b>420.49</b>           |

# NOTES

forming part of the financial statements

₹ in lakhs

| Particulars                                    | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|--|-------------------------|-------------------------|
| <b>NOTE 15 TRADE RECEIVABLES (CONTD.)</b>      |                         |                         |
| Other Trade receivables                        |                         |                         |
| Secured, considered good                       | -                       | -                       |
| Unsecured, considered good                     | 553.99                  | 224.31                  |
| Doubtful                                       | 73.62                   | 64.12                   |
|  | 627.61                  | 288.43                  |
| Less: Provision for doubtful trade receivables | 73.62                   | 64.12                   |
| <b>(B)</b>                                     | 553.99                  | 224.31                  |
| <b>TOTAL (A+B)</b>                             | <b>1,001.86</b>         | <b>644.80</b>           |

₹ in lakhs

| Particulars                              | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|--|-------------------------|-------------------------|
| <b>NOTE 16 CASH AND CASH EQUIVALENTS</b> |                         |                         |
| (a) Cash on hand                         | 16.87                   | 8.84                    |
| (b) Balances with banks                  |                         |                         |
| (i) In current accounts                  | 198.04                  | 265.28                  |
| (ii) In deposit accounts                 | 2,204.87                | 1,488.14                |
| (c) Others                               | -                       | -                       |
| <b>TOTAL</b>                             | <b>2,419.78</b>         | <b>1,762.26</b>         |

Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 'Cash Flow Statements' is ₹ 2,419.78 lakhs (For year ended 31 March, 2012, the amount is ₹ 1,762.26 lakhs)

₹ in lakhs

| Particulars  | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|--|-------------------------|-------------------------|
| <b>NOTE 17 SHORT-TERM LOANS AND ADVANCES</b>                             |                         |                         |
| (a) Advances   | 168.04                  | 105.96                  |
| (b) Security deposits (Premises)   | 85.89                   | 103.23                  |
| (c) Security deposits (Others)   | 124.55                  | 1,099.00                |
| (d) Loans and advances to employees                                      | 16.66                   | 29.01                   |
| (e) Loans and advances to Others   | 108.65                  | 537.20                  |
| (f) Balances with government authorities (Service Tax credit receivable) | 11.39                   | 7.42                    |
| (g) Income Tax Paid  | 704.88                  | 717.73                  |
| <b>TOTAL</b>   | <b>1,220.06</b>         | <b>2,599.55</b>         |

## Note 17.1

Short-term loans and advances are unsecured and considered good.

## Note 17.2

Loans and advances to others as of 31 March, 2012 include ₹ 460.70 lakhs receivable from the Helix Investments Company on account of reimbursement of IPO Expenses. The amount outstanding as of 31 March, 2012 was received during the year ended 31 March, 2013.

# NOTES

forming part of the financial statements

₹ in lakhs

| Particulars  | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|--|-------------------------|-------------------------|
| <b>NOTE 18 OTHER CURRENT ASSETS</b>                              |                         |                         |
| (a) Prepaid Expenses   | 9.67                    | 3.60                    |
| (b) Accruals   |                         |                         |
| (i) Visiting Lecture Fees/Administrative Fees/Salary Recoverable | 3.87                    | -                       |
| (ii) Interest accrued on investments                             | -                       | 0.09                    |
| <b>TOTAL</b>   | <b>13.54</b>            | <b>3.69</b>             |

₹ in lakhs

| Particulars   | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|---|--------------------------------------|--------------------------------------|
| <b>NOTE 19 REVENUE FROM OPERATIONS</b>              |                                      |                                      |
| <b>(a) Fees recognised</b>                          | 16,413.79                            | 13,730.53                            |
| Less : Discount                                     | (1,187.58)                           | (817.87)                             |
| Less : Concession                                   | (176.91)                             | (197.32)                             |
| <b>TOTAL</b>  | <b>15,049.30</b>                     | <b>12,715.34</b>                     |
| <b>(b) Other operating revenues</b>                 |                                      |                                      |
| Government Grants/Projects                          | 298.06                               | 288.63                               |
| Sale of Hardware/Software/Content (Refer Note 19.1) | 327.94                               | -                                    |
| Others  | 52.83                                | 53.38                                |
| <b>TOTAL</b>  | <b>678.83</b>                        | <b>342.01</b>                        |

## Note 19.1

The Company has for the first time during the year sold software, hardware and content on pre-recorded CDs.

₹ in lakhs

| Particulars                                | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|--|--------------------------------------|--------------------------------------|
| <b>NOTE 20 DIRECT EXPENSES</b>             |                                      |                                      |
| Rent, Rates & Taxes (Refer Note 20.1)      | 2,212.47                             | 1,956.50                             |
| Electricity                                | 598.77                               | 462.08                               |
| Study Material & Test Expenses             | 739.10                               | 658.76                               |
| Student Stipend Expenses (Refer Note 20.2) | 70.11                                | 64.78                                |
| Bandwidth Charges                          | 17.94                                | 29.29                                |
| Visiting Lecturer Fees                     | 4,396.76                             | 3,805.74                             |
|  | <b>8,035.15</b>                      | <b>6,977.15</b>                      |

## Note 20.1

Property Tax expense for the year has been provided based on change in the applicability norms post an amendment in the Sections 154(1A) & 154(1B) of the Mumbai Municipal Corporation Act, 1888.

## Note 20.2

A part of the government grant in relation to projects undertaken by the Company includes amount to be paid to the students who are enrolled under the Government scheme, in the form of stipend.

# NOTES

forming part of the financial statements

₹ in lakhs

| Particulars  | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|--|--------------------------------------|--------------------------------------|
| <b>NOTE 21 EMPLOYEE BENEFITS EXPENSE</b>                           |                                      |                                      |
| Salaries and wages   | 1,883.55                             | 1,538.53                             |
| Contributions to provident and other funds                         | 101.40                               | 81.42                                |
| Expense on employee stock option (ESOP) scheme (Refer Note 24.7.2) | 31.55                                | 73.63                                |
| Temporary Staff Expenses   | 104.78                               | 23.04                                |
| Staff related expenses   | 83.40                                | 74.20                                |
| <b>TOTAL</b>   | <b>2,204.68</b>                      | <b>1,790.82</b>                      |

₹ in lakhs

| Particulars                           | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| <b>NOTE 22 OTHER EXPENSES</b>         |                                      |                                      |
| <b>Administration Expenses</b>        |                                      |                                      |
| Payment to Auditors (Refer Note 22.1) | 25.88                                | 20.25                                |
| Director's Sitting Fees               | 8.00                                 | 7.55                                 |
| Donation                              | 67.06                                | 31.77                                |
| Printing & Stationery                 | 68.87                                | 58.29                                |
| Professional fees                     | 305.11                               | 228.09                               |
| Bad Debts                             | 50.94                                | 83.09                                |
| Provision for Bad & Doubtful Debts    | 4.54                                 | 45.22                                |
| Repairs & Maintenance                 | 232.61                               | 122.51                               |
| Security Charges                      | 58.45                                | 57.59                                |
| House-keeping Expenses                | 159.49                               | 79.65                                |
| Telephone & Internet                  | 130.33                               | 108.03                               |
| Travelling & Conveyance Expenses      | 207.93                               | 188.05                               |
| Other Administrative Expenses         | 234.61                               | 241.81                               |
| <b>(A)</b>                            | <b>1,553.82</b>                      | <b>1,271.90</b>                      |
| <b>Selling Expenses</b>               |                                      |                                      |
| Advertisement & Publicity             | 834.32                               | 678.77                               |
| Sales Promotion                       | 44.39                                | 28.32                                |
| <b>(B)</b>                            | <b>878.71</b>                        | <b>707.09</b>                        |
| <b>(A)+ (B)</b>                       | <b>2,432.53</b>                      | <b>1,978.99</b>                      |

# NOTES

forming part of the financial statements

₹ in lakhs

| Particulars   | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|---|--------------------------------------|--------------------------------------|
| <b>Note 22.1</b>  |                                      |                                      |
| Payments to the auditors comprises (net of service tax input credit, where applicable): |                                      |                                      |
| For statutory audit   | 16.10                                | 11.49                                |
| For tax audit   | 4.00                                 | 3.20                                 |
| For taxation matters  | 2.00                                 | 1.50                                 |
| For other services  | 3.78                                 | 4.06                                 |
|   | <b>25.88</b>                         | <b>20.25</b>                         |
| For IPO related services  | -                                    | <b>15.00</b>                         |
| <b>TOTAL</b>  | <b>25.88</b>                         | <b>35.25</b>                         |

₹ in lakhs

| Particulars   | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|---|--------------------------------------|--------------------------------------|
| <b>NOTE 23 OTHER INCOME</b>                                   |                                      |                                      |
| (a) Interest income (Refer Note 23.1)                         | 248.80                               | 154.56                               |
| (b) Dividend income:  |                                      |                                      |
| from current investments                                      | 188.81                               | 154.42                               |
| from non-current investments                                  | -                                    | -                                    |
| (c) Net gain on sale of:                                      |                                      |                                      |
| current investments   | -                                    | 1.82                                 |
| long-term investments   | -                                    | 65.01                                |
| (d) Net gain on foreign currency transactions and translation | 15.63                                | 20.78                                |
| (e) Other non-operating income                                | 11.89                                | 0.16                                 |
| <b>TOTAL</b>  | <b>465.13</b>                        | <b>396.75</b>                        |

₹ in lakhs

| Particulars                   | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|-------------------------------|--------------------------------------|--------------------------------------|
| <b>Note 23.1</b>              |                                      |                                      |
| Interest income comprises:    |                                      |                                      |
| Interest from banks on:       |                                      |                                      |
| Deposits                      | 203.19                               | 148.19                               |
| Interest from Others          | 45.61                                | 1.57                                 |
| Interest on income tax refund | -                                    | 4.80                                 |
| <b>TOTAL</b>                  | <b>248.80</b>                        | <b>154.56</b>                        |



# NOTES

forming part of the financial statements

₹ in lakhs

| Particulars   | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|---|-------------------------|-------------------------|
| <b>NOTE 24 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS</b>                   |                         |                         |
| <b>24.1 Contingent liabilities and commitments (to the extent not provided for)</b> |                         |                         |
| <b>(i) Contingent liabilities</b>   |                         |                         |
| (a) Claims against the Company not acknowledged as debt                             |                         |                         |
| Income Tax Demand   | 139.72                  | 111.25                  |
| (b) Guarantees given by Bank for Govt. Project                                      | -                       | 100.00                  |
| (c) Other money for which the Company is contingently liable                        | -                       | -                       |

### Note 24.1.1

The Company has filed appeals with income tax authorities against income tax demand raised, for several assessment years totaling to ₹ 139.72 lakhs.

₹ in lakhs

| Particulars   | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|---|-------------------------|-------------------------|
| <b>24.2 Commitments:</b>  |                         |                         |
| (a) Estimated amount of contracts remaining to be executed on capital account and not provided for: |                         |                         |
| Tangible assets   | 1,510.58                | 1,815.23                |
| Intangible assets   | 32.62                   | 54.12                   |
| (b) Uncalled liability on shares and other investments partly paid                                  | -                       | -                       |
| (c) Other Commitments   | -                       | -                       |

₹ in lakhs

| Particulars  | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|--|-------------------------|-------------------------|
| <b>24.3 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006</b>                                 |                         |                         |
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year   | -                       | -                       |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year  | -                       | -                       |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day                              | -                       | -                       |
| (iv) The amount of interest due and payable for the year   | -                       | -                       |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year  | -                       | -                       |
| (vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | -                       | -                       |

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

# NOTES

forming part of the financial statements

| Particulars  | 2012-13 | 2011-12 |
|--|---------|---------|
| <b>24.4 Disclosure of additional information pursuant to the provisions of Part II of Schedule VI of the Companies Act, 1956.</b>                            |         |         |
| (i) Value of Imports on C.I.F. Value   | Nil     | Nil     |
| (ii) Expenditure in Foreign Currency   | Nil     | Nil     |
| (iii) Import of Finished Goods   | Nil     | Nil     |
| (iv) Expenditure in Foreign Currency during the Financial Year on account of Royalty, Know-how, Professional & Consultancy Fees, Interest and other Matters. | Nil     | Nil     |
| (v) F.O.B. Value of Export Sales/Services  | Nil     | Nil     |
| (vi) Amount remitted in Foreign Currency during the year on account of dividends   | Nil     | Nil     |

₹ in lakhs

| Particulars   | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|---|--------------------------------------|--------------------------------------|
| <b>NOTE 24.5 EARNINGS PER SHARE</b>   |                                      |                                      |
| <b>24.5.1 Basic</b>   |                                      |                                      |
| Net profit/(loss) for the year from continuing operations   | 1,804.67                             | 1,323.19                             |
| Less: Preference dividend and tax thereon   | -                                    | -                                    |
| Net profit/(loss) for the year from continuing operations attributable to the equity shareholders | 1,804.67                             | 1,323.19                             |
| Weighted average number of equity shares  | 3,94,16,023                          | 3,50,21,910                          |
| Par value per share   | 10.00                                | 10.00                                |
| Earnings per share from continuing operations - Basic   | 4.58                                 | 3.78                                 |
| <b>24.5.2 Diluted</b>   |                                      |                                      |
| Net profit/(loss) for the year from continuing operations   | 1,804.67                             | 1,323.19                             |
| Less: Preference dividend and tax thereon   | -                                    | -                                    |
| Net profit/(loss) for the year attributable to the equity shareholders from continuing operations | 1,804.67                             | 1,323.19                             |
| Profit/(loss) attributable to equity shareholders (on dilution)                                   | 1,804.67                             | 1,323.19                             |
| Weighted average number of equity shares for Basic EPS  | 3,94,16,023                          | 3,50,21,910                          |
| Add: Effect of warrants, ESOPs and Convertible bonds which are dilutive                           | 216,722                              | 202,374                              |
| Weighted average number of equity shares - for diluted EPS  | 3,96,32,745                          | 3,52,24,284                          |
| Par value per share   | 10.00                                | 10.00                                |
| Earnings per share from continuing operations - Diluted   | 4.55                                 | 3.76                                 |

# NOTES

forming part of the financial statements

₹ in lakhs

| Particulars  | As at<br>31 March, 2013 | As at<br>31 March, 2012 |
|--|-------------------------|-------------------------|
| <b>NOTE 24.6 DEFERRED TAX (LIABILITY) /ASSET</b>                         |                         |                         |
| <b>Tax effect of items constituting deferred tax liability</b>           |                         |                         |
| On difference between book balance and tax balance of fixed assets       | 0.60                    | -                       |
| <b>Total Tax effect of items constituting deferred tax liability</b>     | 0.60                    | -                       |
| <b>Tax effect of items constituting deferred tax assets</b>              |                         |                         |
| Provision for compensated absences, gratuity and other employee benefits | 19.46                   | 14.38                   |
| Provision for doubtful debts/advances                                    | 31.82                   | 22.41                   |
| Disallowances under Section 40(a)(i), 43B of the Income Tax Act          | 28.74                   | 19.06                   |
| On difference between book balance and tax balance of fixed assets       | 330.45                  | 353.24                  |
| <b>Total Tax effect of items constituting deferred tax assets</b>        | 410.47                  | 409.09                  |
| <b>Net deferred tax (liability)/asset</b>                                | <b>409.87</b>           | <b>409.09</b>           |

## Note 24.6.1

The Company's subsidiary, CPLPL has recognised deferred tax asset of ₹ 1.57 lakhs (₹ 2.14 lakhs in FY 2011-12) on carried forward loss only to the extent of the corresponding deferred tax liability on the difference between book balance and the written down value of fixed assets under the Income Tax Act, 1961 based on the management estimates of lack of reasonable certainty over future profits. The net deferred tax asset/liability is NIL.

## NOTE 24.7 ACCOUNTING FOR SHARE BASED PAYMENTS

**24.7.1** In the extraordinary general meeting held on 13 April, 2011, the shareholders approved the issue of 2,72,912 options under the Scheme titled "ESOP 2011-II".

During FY 2011-12, the Company has granted 2,72,912 options under the "ESOP 2011-II" to eligible employees of the Company. The vesting period of options under "ESOP 2011-II" are as follows

| Date of Vesting | Percentage of Options granted under ESOP 2011- II (%) |             |                 |
|-----------------|---|-------------|-----------------|
|                 | Category-I  | Category-II | Other Employees |
| 12 April, 2013  | 50.00   | 33.33       | 22.22           |
| 30 April, 2013  | 50.00   | 33.33       | 33.33           |
| 30 April, 2014  | NIL   | 33.34       | 44.45           |

## 24.7.2 Details of employee stock options as on the Balance Sheet date are as follows:

| Particulars                                     | During the year<br>ended<br>31 March, 2013 | During the year<br>ended<br>31 March, 2012 |
|---|--|--|
|   | Options (Numbers)                          | Options (Numbers)                          |
| Option outstanding at the beginning of the year | 2,72,912                                   | -  |
| Granted during the year                         | -  | 2,72,916                                   |
| Vested during the year                          | -  | 1,40,886                                   |
| Exercised during the year                       | -  | 1,40,886                                   |
| Lapsed during the year                          | 25,427                                     | -  |
| Options outstanding at the end of the year      | 2,47,485                                   | 2,72,912                                   |
| Options available for grant                     | 25,427                                     | -  |

# NOTES

## forming part of the financial statements

### 24.7.3 Expenses arising from stock option plan during the year/period

|              | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|--------------|--------------------------------------|--------------------------------------|
| ESOP 2011-I  | -                                    | 36.57                                |
| ESOP 2011-II | 31.55                                | 37.06                                |
| <b>TOTAL</b> | <b>31.55</b>                         | <b>73.63</b>                         |

**24.8** The Company has entered into arrangements with franchisees for conducting commercial training, coaching and tutorial classes. As per the agreements entered into with these franchisees, the franchisees are required to pay an upfront fee as brand fees to the Company, which is for a period of 3 years. Monies received by the Company as brand fees are recognised as income over this period of 3 years.

In addition to the above mentioned upfront fees, the franchisees are required to pay commission/royalty at the rates to be calculated as per the agreements entered into with them.

**24.9** The Company operates in one business segment hence the reporting requirement pertaining to Accounting Standards 17 on "Segment Reporting" are not applicable.

**24.10** Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

### 24.11 Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges

Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:

| Name of the Party           | Relationship | Amount Outstanding as on 31<br>March, 2013 (₹ in lakhs) | Maximum balance outstanding<br>during the year (₹ in lakhs) |
|-----------------------------|--------------|---|---|
| MT Educare Charitable Trust | Others       | 215.58  | 215.58  |
| Teaching Faculty Members    | Others       | 137.07  | 137.27  |
| Employees                   | Others       | 16.71   | 21.15   |

₹ in lakhs

| Particulars  | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|--|--------------------------------------|--------------------------------------|
| <b>24.12 As Lessee</b>   |                                      |                                      |
| The Company has entered into operating lease arrangements for certain facilities and Coaching Center premises. The leases are over a period of 2 to 10 years and may be renewed for a further period on mutual agreement of the parties. |                                      |                                      |
| Lease payments recognised in the Statement of Profit and Loss  | 2,128.53                             | 1,754.90                             |

### RELATED PARTY TRANSACTIONS AND BALANCES:

#### 24.13.1 Details of related parties:

| Description of relationship  | Names of related parties  |
|--|---|
| Key Management Personnel (KMP)   | Mahesh R. Shetty, Dr. Chhaya Shastri  |
| Enterprises in which KMP can exercise significant influence (KMP Entities) | Mahesh Tutorials Chembur, Mahesh Tutorials Mulund, Global Education Trust, Prosynapse Consultants Pvt Ltd |
| Relatives of KMP   | Kalathur Shetty, Lalitha Shetty, Roopa Shetty   |

Note: Related parties have been identified by the Management.

# NOTES

## forming part of the financial statements

### 24.13.2 Details of related party transactions during the year ended 31 March, 2013 and balances outstanding as at 31 March, 2013:

|   | KMP               | KMP Entities       |
|---|-------------------|--------------------|
| Directors Remuneration - Mr. Mahesh Shetty  | 103.50<br>[90.00] |                    |
| Dividend Paid – Mr. Mahesh Shetty   | 245.87<br>[67.83] |                    |
| Dividend Paid – Dr. Chhaya Shastri  | 24.90<br>[6.87]   |                    |
| Professional Fees – Prosynapse Consultants Private Limited                              |                   | 87.40<br>[86.18]   |
| Rent - Mr. Mahesh Shetty  | 10.89<br>[7.29]   |                    |
| Rent - Mahesh Tutorials Chembur   |                   | 82.55<br>[71.77]   |
| Rent - Mahesh Tutorials Mulund  |                   | 27.36<br>[23.79]   |
| Donation - Global Education Trust   |                   | 64.92<br>[30.21]   |
| Realisation of Accounts Receivable - HT Learning Centers Limited                        |                   | 29.51<br>[19.33]   |
| <b>24.13.3 Balances outstanding at the end of the year</b>                              |                   |                    |
| Deposit for Premises - Mr. Mahesh Shetty  | 7.47<br>[7.47]    |                    |
| Deposit for Premises - Mahesh Tutorials Chembur   |                   | 29.76<br>[29.76]   |
| Deposit for Premises - Mahesh Tutorials Mulund  |                   | 11.28<br>[11.28]   |
| Professional Fees – Prosynapse Consultants Private Limited                              |                   | 7.36<br>[5.15]     |
| Professional Services Rendered & Debit Notes for Expenses - HT Learning Centers Limited |                   | 113.96<br>[141.99] |
| Note: Figures in bracket relates to the previous year                                   |                   |                    |

### 24.14 Employee benefit plans

#### Defined contribution plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 69.02 lakhs (For Previous Year ₹ 47.83 lakhs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

# NOTES

## forming part of the financial statements

### Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

#### i. Gratuity

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

| Particulars   | Year ended<br>31 March, 2013 | Year ended<br>31 March, 2012 |
|---|------------------------------|------------------------------|
| <b>Components of employer expense</b>                               |                              |                              |
| Current service cost  | 19.71                        | 13.94                        |
| Interest cost   | 9.87                         | 7.01                         |
| Expected return on plan assets                                      | (2.15)                       | 1.69                         |
| Curtailment cost/(credit)   | -                            | -                            |
| Settlement cost/(credit)  | -                            | -                            |
| Past service cost   | -                            | -                            |
| Actuarial losses/(gains)  | 4.28                         | 9.22                         |
| <b>Total expense recognised in the Statement of Profit and Loss</b> | <b>31.71</b>                 | <b>31.86</b>                 |
| <b>Actual contribution and benefit payments for year</b>            |                              |                              |
| Actual benefit payments   | 2.55                         | -                            |
| Actual contributions  | 45.69                        | -                            |
| <b>Net asset/(liability) recognised in the Balance Sheet</b>        |                              |                              |
| Present value of defined benefit obligation                         | (152.62)                     | (119.47)                     |
| Fair value of plan assets   | 64.36                        | 17.23                        |
| Funded status [Surplus/(Deficit)]                                   | (88.26)                      | (98.27)                      |
| Unrecognised past service costs                                     | -                            | -                            |
| <b>Net asset/(liability) recognised in the Balance Sheet</b>        | <b>(88.26)</b>               | <b>(98.27)</b>               |
| <b>Change in defined benefit obligations (DBO) during the year</b>  |                              |                              |
| Present value of DBO at beginning of the year                       | 119.47                       | 87.13                        |
| Current service cost  | 19.71                        | 14.42                        |
| Interest cost   | 9.87                         | 7.01                         |
| Curtailment cost/(credit)   | -                            | -                            |
| Settlement cost/(credit)  | -                            | -                            |
| Plan amendments   | -                            | -                            |
| Acquisitions  | -                            | -                            |
| Actuarial (gains)/losses  | 6.12                         | 10.91                        |
| Past service cost   | -                            | -                            |
| Benefits paid   | (2.55)                       | -                            |
| Present value of DBO at the end of the year                         | <b>152.62</b>                | <b>119.47</b>                |
| <b>Change in fair value of assets during the year</b>               |                              |                              |
| Plan assets at beginning of the year                                | 17.23                        | 17.23                        |
| Acquisition adjustment  | -                            | -                            |
| Expected return on plan assets                                      | 1.48                         | 1.38                         |
| Actual Company contributions  | 45.69                        | -                            |
| Actuarial gain/(loss)   | 2.51                         | (1.38)                       |
| Benefits paid   | (2.55)                       | -                            |
| Plan assets at the end of the year                                  | <b>64.36</b>                 | <b>17.23</b>                 |

# NOTES

forming part of the financial statements

| Particulars   | Year ended<br>31 March, 2013     | Year ended<br>31 March, 2012     |
|---|----------------------------------|----------------------------------|
|   | Gratuity                         | Gratuity                         |
| Actual return on plan assets                                  | <b>3.93</b>                      | -                                |
| <b>Composition of the plan assets is as follows:</b>          |                                  |                                  |
| Government bonds  | -                                | -                                |
| PSU bonds   | -                                | -                                |
| Equity mutual funds   | -                                | -                                |
| Insurer Managed Funds   | 64.36                            | 17.23                            |
| <b>Actuarial assumptions</b>                                  |                                  |                                  |
| Discount rate   | 7.75 %/8.25 %                    | 8.00 %                           |
| Expected return on plan assets                                | 8.70 %                           | 9.00 %                           |
| Salary escalation   | 6.00 %                           | 6.00 %                           |
| Attrition   | 21.50 %/2.00 %                   | 22.00 %                          |
| Mortality tables  | LIC (1994-96)<br>Ultimate table. | LIC (1994-96)<br>Ultimate table. |
| Estimate of amount of contribution in the immediate next year | 75.52                            | 62.61                            |

|   | For the year ended<br>31 March, 2013 | For the year ended<br>31 March, 2012 |
|---|--------------------------------------|--------------------------------------|
| <b>Actuarial assumptions for long-term compensated absences</b> |                                      |                                      |
| Discount rate   | 7.75 %                               | 8.25 %                               |
| Salary escalation   | 6.00 %                               | 6.00 %                               |
| Attrition   | 21.50 %                              | 21.50 %                              |

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

## NOTE 24.15 EVENTS OCCURRING AFTER BALANCE SHEET DATE

The Company had entered into a Share Purchase and Debenture Subscription Agreement in November, 2012 with the shareholders of Lakshya Forum for Competitions Private Limited ("LFCPL") for acquisition of 51% stake in LFCPL. ₹ 600 lakhs is paid to the shareholders of LFCPL as an advance towards the acquisition of 51% stake. The Shareholders' Agreement was executed on 1 April, 2013. As a result, LFCPL became a 51% subsidiary of the Company from that date.

# NOTES

forming part of the financial statements

| Particulars  | Amount (₹ in lakhs) |
|--|---------------------|
| <b>NOTE 24.16 UTILISATION OF IPO PROCEEDS</b>  |                     |
| <b>Amount received from IPO (A)</b>  | <b>3,500.00</b>     |
| <b>Deployment of Funds Received from IPO:</b>  |                     |
| Financing cost of construction of PUC Campus in Karnataka  | 2,000.00            |
| Establishing New Coaching Centres  | 206.63              |
| Issue Expenses   | 353.10              |
| General Corporate Purposes   | 646.90              |
| <b>Total Deployment of Funds till 31 March, 2013 (B)</b>   | <b>3,206.63</b>     |
| <b>Balance Amount to be Utilised lying in bank accounts or invested in liquid mutual funds (A-B)</b> | <b>293.37</b>       |

|  |  |  |
|--|--|--|
| In terms of our report attached.<br>For Shaparia & Mehta<br>Chartered Accountants<br>Firm Reg. No: 112350W | For and on behalf of the Board of Directors              |  |
| <b>Sanjiv B. Mehta</b><br>Partner<br>Membership No. : 034950   | <b>Mr. Mahesh Shetty</b><br>Chairman & Managing Director | <b>Dr. Chhaya Shastri</b><br>Director        |
| Place : Mumbai<br>Dated : 15 May, 2013   | <b>Mr. Yagnesh Sanghrajka</b><br>Chief Financial Officer | <b>Mr. Ashwin Patel</b><br>Company Secretary |



# STATEMENT PURSUANT

to Section 212 of the Companies Act, 1956 relating to Subsidiary Company

| 1   | Name of the Subsidiary Company  | Lakshya Educare Private Limited    | MT Education Services Private Limited | Chitale's Personalised Learning Private Limited |
|-----|---|------------------------------------|---------------------------------------|---|
| 2   | Financial year of the Subsidiary Company ended on   | 31 March, 2013                     | 31 March, 2013                        | 31 March, 2013                                  |
| 3   | Date from which it became Subsidiary  | 19 November, 2012                  | 7 April, 2011                         | 22 January, 2011                                |
| 4   | Shares of the Subsidiary Company held by MT Educare Limited at the end of the financial year of the Subsidiary Company                                |                                    |                                       |   |
| a.  | Number of Shares and face value   | 9,000 Equity shares of ₹ 10/- each | 10,000 Equity shares of ₹ 10/- each   | 41,633 Equity shares of ₹ 10/- each             |
| b.  | Extent of Holding (%)   | 90.00                              | 100.00                                | 51.00   |
| 5   | Net aggregate profits / losses of the Subsidiary Company, so far as it concerns the member of MT Educare Limited                                      |                                    |                                       |   |
| a.  | not dealt with in the accounts of MT Educare Limited for the year ended 31 March, 2013, amounted to: - (₹ in lakhs)                                   |                                    |                                       |   |
| i.  | for the Subsidiary Company's financial year ended as in (2) above;  | 15.01                              | (20.45)                               | (25.78)   |
| ii. | for previous financial years of the Subsidiary since they became the Subsidiary of MT Educare Limited   | NA                                 | (13.43)                               | (54.72)   |
| b.  | dealt with in the accounts of MT Educare Limited for the year ended 31 March, 2013, amounted to:-   |                                    |                                       |   |
| i.  | for the Subsidiary Company's financial year ended as in (2) above;  | -                                  | -                                     | -   |
| ii. | for previous financial year of the Subsidiary since they became the Subsidiary of MT Educare Limited  | NA                                 | NA                                    | NIL   |
| 6   | Change in the interest of MT Educare Limited in the Subsidiary Company between the end of financial year of the Subsidiary Company and 31 March, 2013 | Not applicable                     | Not applicable                        | Not applicable                                  |
| 7   | Material changes between the end of the financial year of the Subsidiary Company and 31 March, 2013   |                                    |                                       |   |
| a.  | Fixed assets  | Not applicable                     | Not applicable                        | Not applicable                                  |
| b.  | Investments   | Not applicable                     | Not applicable                        | Not applicable                                  |
| c.  | Monies lent by the Subsidiary Company   | Not applicable                     | Not applicable                        | Not applicable                                  |
| d.  | monies borrowed by the Subsidiary Company for any purpose other than that of meeting current liabilities  | Not applicable                     | Not applicable                        | Not applicable                                  |

For and on behalf of the Board of Directors

**Mr. Mahesh Shetty**  
Chairman & Managing Director

**Dr. Chhaya Shastri**  
Director

Place : Mumbai  
Dated : 15 May, 2013

**Mr. Yagnesh Sanghrajka**  
Chief Financial Officer

**Mr. Ashwin Patel**  
Company Secretary



## **DISCLAIMER**

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



**MT Educare Limited**

NEPTUNE'S FLYING COLORS


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MT EDUCARE LTD.

**FORM A**  
**Format of Covering Letter of the Annual Audit Report to be filed with the Stock Exchange(s)**

|   |  |  |
|---|--|--|
| 1 | Name of the Company  | <b>MT Educare Limited</b>  |
| 2 | Annual Financial Statement for the year ended  | <b>31<sup>st</sup> March, 2013</b>   |
| 3 | Type of Audit Observation  | <b>Un-Qualified / Matter of Emphasis</b>   |
| 4 | Frequency of Observation   | Whether appeared first time....<br>/ Repetitive...../ since how long - <b>Not Applicable</b>   |
| 5 | To be signed by: <ul style="list-style-type: none"> <li>• <del>CEO</del> / Managing Director</li> <li>• CFO</li> <li>• Auditor of the Company</li> <li>• Audit Committee Chairman</li> </ul> |  <p>Handwritten signatures: <i>Chit...</i>, <i>Y...</i>, <i>S. J. ...</i>, <i>...</i></p> <p>Stamps: MT EDUCARE LTD., SHAPARIA &amp; MEHTA MUMBAI, B. S. MEHTA &amp; CO. MUMBAI</p> |