

EDUCOMP SOLUTIONS LIMITED

Regd. Office: 1211, Padma Tower I, Rajendra Place, New Delhi-110008

Standalone Statement of Assets & Liabilities

(Rupees in Lacs)

Particulars	As at 31-03-13 Audited	As at 31-03-12 Audited
A EQUITY AND LIABILITIES		
1 Shareholders' funds		
(a) Share Capital	2,448.15	1,921.28
(c) Reserves and Surplus	196,089.48	179,112.59
(c) Money received against share warrants	4,116.57	-
Sub-total-Shareholder's funds	202,654.20	181,033.87
2 Share application money pending allotment	-	-
3 Non-current liabilities		
(a) Long-term borrowings	62,625.37	4,895.82
(b) Deferred tax liabilities (net)	-	-
(c) Other long term liabilities	1,747.74	1,695.74
(d) Long-term provisions	936.31	803.94
Sub-total - Non-current liabilities	65,309.42	7,395.50
4 Current liabilities		
(a) Short-term borrowings	33,898.76	28,889.88
(b) Trade payables	22,506.06	26,033.86
(c) Other current liabilities	31,261.43	67,306.31
(d) Short-term provisions	3,348.32	3,798.42
Sub-total - Current liabilities	91,014.57	126,028.47
TOTAL - EQUITY AND LIABILITIES	358,978.19	314,457.84
B ASSETS		
1 Non-current assets		
(a) Fixed assets	13,691.51	13,986.32
(b) Non-current investments	164,971.64	162,210.95
(c) Deferred tax assets (net)	1,316.15	490.56
(d) Long-term loans and advances	2,617.43	373.55
(e) Other non-current assets	550.34	8,680.67
Sub-total - Non - current assets	183,147.07	185,742.05
2 Current assets		
(a) Current investments	3,468.67	15.00
(b) Inventories	4,922.20	7,714.63
(c) Trade receivables	130,358.84	86,504.71
(d) Cash and cash equivalents	3,127.39	11,561.57
(e) Short-term loans and advances	32,850.81	22,323.17
(f) Other current assets	1,103.21	596.71
Sub-total - Current assets	175,831.12	128,715.79
TOTAL - ASSETS	358,978.19	314,457.84



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PART 1					(Rupees in lacs)	
STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31st MARCH 2013						
S.NO	Particulars	Quarter ended			Year Ended	
		Unaudited			Audited	Audited
		31.03.2013	31.12.2012	31.03.2012	31.03.2013	31.03.2012
1	Income from operations					
	(a) Net Sales/Income from operations	22,397.57	12,536.50	40,817.10	73,311.02	107,651.20
	(b) Other Operating Income	-	-	-	-	-
	Total Income from operations (net)	22,397.57	12,536.50	40,817.10	73,311.02	107,651.20
2	Expenses					
	(a) Purchases of stock-in-trade	7,707.70	10,176.73	22,147.90	32,735.82	42,733.00
	(b) Changes in inventories of finished goods,wip & stock-in-trade	5,016.76	(4,975.20)	(4,100.38)	821.84	(4,100.38)
	(c) Employee benefit expenses	5,426.66	5,176.34	4,639.63	19,654.96	17,692.05
	(d) Depreciation & amortisation expenses	1,334.77	1,391.72	1,242.17	5,276.88	4,735.01
	(e) Other expenses	7,266.72	1,989.20	3,579.36	13,224.01	10,780.59
	(f) Foreign Exchange Fluctuation (Net)	(19.14)	783.34	878.44	1,172.22	4,531.20
	Total Expenses	26,733.47	14,542.13	28,387.12	72,885.73	76,371.47
3	(Loss) /Profit from Operations before other income , finance costs & exceptional Items (1-2)	(4,335.90)	(2,005.63)	12,429.98	425.29	31,279.73
4	Other Income	557.62	7,485.42	303.24	8,729.45	1,872.27
5	(Loss) /Profit from ordinary activities before finance costs and exceptional Items (3+4)	(3,778.28)	5,479.79	12,733.22	9,154.74	33,152.00
6	Finance costs	4,090.40	3,981.44	2,715.52	13,885.49	9,023.78
7	(Loss) /Profit from ordinary activities after finance costs but before exceptional Items (5-6)	(7,868.68)	1,498.35	10,017.70	(4,730.75)	24,128.22
8	Exceptional Items/Prior period items	2.92	163.77	-	166.70	(319.76)
9	(Loss) /Profit from ordinary Activities before tax (7-8)	(7,871.60)	1,334.58	10,017.70	(4,897.45)	24,447.98
10	Tax Expense					
	- Current tax including for earlier years (net)	(1,050.60)	592.46	2,497.82	-	6,045.90
	- MAT Credit Entitlement / Reversal	1,050.60	(592.46)	-	-	-
	- Deferred tax	(147.89)	(243.12)	(305.26)	(825.59)	(488.21)
11	Net (Loss) /Profit from Ordinary activities after tax (9-10)	(7,723.71)	1,577.70	7,825.14	(4,071.86)	18,890.29
12	Extraordinary Item (net of tax expense)	-	-	-	-	-
13	Net (Loss) /Profit for the period (11-12)	(7,723.71)	1,577.70	7,825.14	(4,071.86)	18,890.29
14	Paid up Equity share capital (Face Value Rs.2/- each)	2,448.15	2,388.55	1,921.28	2,448.15	1,921.28
15	Reserve excluding revaluation reserves	-	-	-	196,089.48	179,112.59
16	(Loss)/ Earning Per Share (EPS) (not annualized)					
	(a) Basic	(6.35)	1.32	8.15	(3.61)	19.68
	(b) Diluted	(6.35)	1.27	8.11	(3.61)	19.59
17	Debt Equity Ratio	0.56	0.58	0.52	0.56	0.52
18	Debt Service Coverage Ratio				0.31	1.54
19	Interest Service Coverage Ratio				1.03	10.50

PART II						
SELECT INFORMATION FOR THE FINANCIAL RESULTS AS AT 31st March 2013						
A	PARTICULAR OF SHAREHOLDING					
1	Public Shareholding:					
	- Numbers of Shares (Nos.)	76,749,248	67,569,248	48,510,285	76,749,248	48,510,285
	- Percentage of shareholding	62.70%	56.58%	50.50%	62.70%	50.50%
2	Promoters and Promoter Group Shareholding					
	a) Pledged / Encumbered					
	- Number of shares	25,202,415	16,457,000	-	25,202,415	-
	Percentage of shares (as a % of the total shareholding of promoter and promoter group)	55.20%	31.73%	-	55.20%	-
	Percentage of shares (as a % of the total share capital of the company)	20.59%	13.78%	-	20.59%	-
	b) Non - encumbered					
	- Number of shares	20,455,830	35,401,306	47,553,645	20,455,830	47,553,645
	-Percentage of shares (as a % of the total shareholding of the Promoter and Promoter group)	44.80%	68.27%	100%	44.80%	100%
	Percentage of shares (as a % of the total share capital of the company)	16.71%	29.64%	49.50%	16.71%	49.50%

PARTICULARS		3 MONTHS ENDED 31 March 2013
B	INVESTORS COMPLAINTS	
	Pending at the beginning of the quarter	2
	Received during the quarter	21
	Disposed of during the quarter	23
	Remaining unresolved at the end of the Quarter	-



Standalone Segment wise Revenue, Results and Capital Employed

Particulars	(Rupees in lacs)			
	Quarter ended		Year Ended	Year Ended
	31.03.2013	31.12.2012	31.03.2013	31.03.2012
		Unaudited	Audited	Audited
		31.03.2012	31.03.2012	31.03.2012
Segment Revenue				
Higher Learning Solutions	236.11	225.74	931.05	1,357.42
School Learning Solutions	18,218.78	10,437.93	62,741.45	104,763.84
12 Schools	41.17	41.49	166.17	141.11
Online Supplemental & Global	3,901.51	1,831.34	9,472.35	1,388.83
Total Net Sales/ Income from Operations	22,397.57	12,536.50	73,311.02	107,651.20
Segment Results (Profit before interest & tax from each segments)				
Higher Learning Solutions	77.68	(43.12)	103.49	434.83
School Learning Solutions	248.26	495.08	10,897.02	42,753.82
12 Schools	41.17	41.17	155.17	138.08
Online Supplemental & Global	41.70	132.75	152.22	(190.11)
	408.81	625.88	11,307.90	43,136.62
Less: Interest (Net)	4,090.40	3,981.44	13,885.49	9,023.78
: Other un-allocable expenses	4,747.63	2,795.28	11,049.31	11,537.13
: Un-allocable Income	557.62	7,485.42	8,729.45	1,872.27
Total Profit before Tax	(7,871.60)	1,334.58	(4,897.45)	24,447.98
Capital Employed				
Segment Assets- Segment Liabilities)				
Higher Learning Solutions	(1,157.59)	(1,224.86)	(1,157.59)	(1,576.44)
School Learning Solutions	137,094.76	125,342.93	137,094.76	92,721.19
12 Schools	222.86	188.31	222.86	62.51
Online Supplemental & Global	(8,248.36)	115.55	(8,248.36)	430.76
Unallocated	74,742.53	82,845.62	74,742.53	89,395.85
Total	202,654.20	207,267.55	202,654.20	181,033.87



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Consolidated Statement of Assets & Liabilities

(Rupees in Lacs)

Particulars	As at 31-03-13 Audited	As at 31-03-12 Audited
A EQUITY AND LIABILITIES		
1 Shareholders' funds		
(a) Share Capital	2,448.15	1,921.28
(c) Reserves and Surplus	261,907.70	247,220.01
(c) Money received against share warrants	4,116.57	-
Sub-total-Shareholder's funds	268,472.42	249,141.29
2 Share application money pending allotment	-	-
3 Minority Interest	23,412.37	27,619.51
4 Non-current liabilities		
(a) Long-term borrowings	144,349.18	95,823.44
(b) Deferred tax liabilities (net)	2,229.18	1,973.80
(c) Other long term liabilities	1,437.35	3,152.17
(d) Long-term provisions	1,228.99	1,060.29
Sub-total - Non-current liabilities	149,244.70	102,009.70
5 Current liabilities		
(a) Short-term borrowings	33,903.30	29,136.43
(b) Trade payables	23,995.15	28,447.74
(c) Other current liabilities	56,679.30	86,249.68
(d) Short-term provisions	3,477.11	4,292.22
Sub-total - Current liabilities	118,054.86	148,126.07
TOTAL - EQUITY AND LIABILITIES	559,184.35	526,896.57
B ASSETS		
1 Non-current assets		
(a) Fixed assets	169,316.30	169,584.39
(b) Goodwill on consolidation	109,619.01	106,938.10
(c) Non-current investments	9,782.17	9,878.47
(d) Deferred tax assets (net)	3,804.00	2,627.59
(e) Long-term loans and advances	78,348.14	76,358.30
(f) Other non-current assets	1,510.02	12,466.86
Sub-total - Non-current assets	372,379.64	377,853.71
2 Current assets		
(a) Current investments	-	15.20
(b) Inventories	5,847.32	9,094.30
(c) Trade receivables	153,632.97	102,885.58
(d) Cash and cash equivalents	10,676.14	22,053.34
(e) Short-term loans and advances	15,212.82	11,535.24
(f) Other current assets	1,435.46	3,459.20
Sub-total - Current assets	186,804.71	149,042.86
TOTAL - ASSETS	559,184.35	526,896.57



EDUCOMP SOLUTIONS LIMITED
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PART I		(Rupees in lacs)				
STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31st MARCH 2013						
S.No.	Particulars	Quarter ended			Year-Ended	
		Unaudited			Audited	Audited
		31.03.2013	31.12.2012	31.03.2012	31.03.2013	31.03.2012
1	Income from operations					
	(a) Net Sales/Income from operations	33,641.05	24,712.32	51,361.48	121,092.92	149,127.89
	(b) Other Operating Income	-	-	-	-	-
	Total Income from operations (net)	33,641.05	24,712.32	51,361.48	121,092.92	149,127.89
2	Expenses					
	(a) Purchases of stock-in-trade	9,041.94	11,378.80	23,814.25	38,098.89	48,483.60
	(b) Changes in inventories of finished goods,wip & stock-in-trade	5,074.53	(4,930.63)	(4,374.92)	869.48	(4,374.92)
	(c) Employee benefit expenses	8,962.29	9,435.23	8,617.42	35,440.93	32,808.72
	(d) Depreciation & amortisation expenses	2,869.68	3,221.17	2,748.64	12,179.60	10,696.67
	(e) Other expenses	11,224.60	6,542.76	8,546.30	30,377.97	26,401.59
	(f) Foreign Exchange Fluctuation (Net)	(40.22)	767.15	945.01	1,138.84	4,534.27
	Total Expenses	37,132.82	26,414.48	40,296.70	118,105.71	118,549.93
3	(Loss) /Profit from Operations before other income , finance costs & exceptional items (1-2)	(3,491.77)	(1,702.16)	11,064.78	2,987.21	30,577.96
4	Other Income	410.79	8,477.27	1,024.55	11,550.07	3,158.08
5	(Loss) /Profit from ordinary activities before finance costs and exceptional items (3+4)	(3,080.98)	6,775.11	12,089.33	14,537.28	33,736.04
6	Finance costs	9,041.01	6,019.23	4,093.33	24,900.46	14,325.30
7	(Loss) /Profit from ordinary activities after finance costs but before exceptional items (5-6)	(12,121.99)	755.88	7,996.00	(10,363.18)	19,410.74
8	Exceptional Items/Prior period items	4,772.83	169.92	-	4,966.33	(42.28)
9	(Loss) /Profit from ordinary Activities before tax (7-8)	(16,894.82)	585.96	7,996.00	(15,329.51)	19,453.02
10	Tax Expense					
	- Current tax including for earlier years (net)	(965.92)	934.95	3,199.40	1,286.47	7,616.50
	- MAT Credit Entitlement / Reversal	860.99	(694.43)	(236.53)	(402.62)	(423.37)
	- Deferred tax	(835.35)	(456.41)	(728.04)	(1,925.62)	(1,445.67)
11	Net (Loss) /Profit from Ordinary activities after tax (9-10)	(15,954.54)	801.85	5,761.17	(14,287.74)	13,705.56
12	Extraordinary Item (net of tax expense)	-	-	-	-	-
13	Net (Loss) /Profit for the period (11-12)	(15,954.54)	801.85	5,761.17	(14,287.74)	13,705.56
14	Share of Loss / (profit) of Associates	11.28	6.58	(57.38)	32.69	160.31
15	Minority Share in (Loss)/profit	(1,172.62)	138.26	(171.20)	(1,036.82)	155.66
16	Pre-Acquisition Loss/(profits)	-	-	(163.98)	-	(163.98)
17	Net (Loss) / Profit after taxes, minority Interest and share of profit/ (loss) of associates (13-14-15-16)	(14,793.20)	657.01	6,153.73	(13,283.61)	13,553.57
18	Paid up Equity share capital (Face Value Rs.2/- each)	2448.15	2,388.55	1,921.28	2448.15	1,921.28
19	Reserve excluding revaluation reserves (As per Balance Sheet of previous accounting year)	-	-	-	261,907.70	247,220.01
20	(Loss)/ Earning Per Share (EPS) (not annualized)					
	(a) Basic	(12.15)	0.55	6.41	(11.78)	14.12
	(b) Diluted	(12.15)	0.53	6.38	(11.78)	14.06

PART II		SELECT INFORMATION FOR THE FINANCIAL RESULTS AS AT 31st March 2013				
A	PARTICULAR OF SHAREHOLDING					
1	Public Shareholding:					
	- Numbers of Shares (Nos.)	76,749,248	67,569,248	48,510,285	76,749,248	48,510,285
	- Percentage of shareholding	62.70%	56.58%	50.50%	62.70%	50.50%
2	Promoters and Promoter Group Shareholding					
	a) Pledged / Encumbered					
	- Number of shares	25,202,415	16,457,000	-	25,202,415	-
	Percentage of shares (as a % of the total shareholding of promoter and promoter group)	55.20%	31.73%	-	55.20%	-
	Percentage of shares (as a % of the total share capital of the company)	20.59%	13.78%	-	20.59%	-
	b) Non - encumbered					
	- Number of shares	20,455,830	35,401,306	47,553,645	20,455,830	47,553,645
	-Percentage of shares (as a % of the total shareholding of the Promoter and Promoter group)	44.80%	68.27%	100%	44.80%	100%
	Percentage of shares (as a % of the total share capital of the company)	16.71%	29.64%	49.50%	16.71%	49.50%



Consolidated Segment wise Revenue, Results and Capital Employed

Particulars	(Rupees in lacs)			
	Quarter ended		Year Ended	Year Ended
	31.03.2013	Unaudited 31.12.2012	Audited 31.03.2012	Audited 31.03.2012
Segment Revenue				
Higher Learning Solutions	1,985.44	2,159.54	1,510.66	7,824.36
School Learning Solutions	18,415.42	10,751.67	40,785.81	63,835.04
K-12 Schools	4,676.23	4,263.41	4,465.13	18,863.64
Online Supplemental & Global	8,563.96	7,537.70	4,599.88	30,569.88
Total Net Sales/ Income from Operations	33,641.05	24,712.32	51,361.48	121,092.92
Segment Results (Profit before Interest & tax from each segments)				
Higher Learning Solutions	(524.47)	(958.23)	(938.62)	(3,045.70)
School Learning Solutions	186.64	519.71	15,292.90	10,930.29
K-12 Schools	3,184.00	1,698.57	899.77	9,031.94
Online Supplemental & Global	(1,593.24)	(330.71)	(1,262.35)	(3,046.70)
	1,252.93	929.34	13,991.70	13,869.83
Less: Interest (Net)	9,041.01	6,019.23	4,093.33	24,900.46
: Other un-allocable expenses	9,517.53	2,801.42	2,926.92	15,848.95
: Un-allocable Income	410.79	8,477.27	1,024.55	11,550.07
Total Profit before Tax	(16,894.82)	585.96	7,996.00	(15,329.51)
Capital Employed				
(Segment Assets- Segment Liabilities)				
Higher Learning Solutions	38,623.64	40,555.59	40,792.35	38,623.64
School Learning Solutions	138,990.96	127,369.82	94,629.83	138,990.96
K-12 Schools	210,858.77	214,214.34	200,824.56	210,858.77
Online Supplemental & Global	8,063.45	19,629.16	18,642.05	8,063.45
Unallocated	(104,652.03)	(96,685.60)	(78,127.99)	(104,652.03)
Total	291,884.79	305,083.31	276,760.80	291,884.79



Notes:

1. The audited standalone and consolidated financial results of the Company for the year ended on 31st March 2013 have been reviewed by the Audit Committee and adopted and approved by the Board of Directors at their meeting held on 30th May 2013.
2. (a) During the quarter ended on 31st March 2013, the Company has on 22nd January, 2013 allotted 29,79,939 Equity Shares of face value of Rs. 2/- each at a premium of Rs. 191.74/- per share upon conversion of warrants issued under provisions of chapter VII of SEBI (ICDR) Regulations, 2009.

(b) After 31st March 2013 the Company has allotted 33,575 equity shares of face value of Rs. 2/- each at a premium of Rs. 23/- per share pursuant to exercise of Stock options by eligible employees of the Company/ its subsidiaries under ESOP Scheme 2006.

Paid up Capital of the Company as on date is Rs. 24,48,82,136 consisting of 12,24,41,068 Equity Shares of the face value of Rs. 2/- each.

3. (a) During the quarter the Company has also decided to exit its non-profit/non-core business of counseling, lead generation and online tutoring in its subsidiaries viz. Savvica Inc., Educomp Software Limited and Authorgen Technologies Private Limited.

(b) After 31st March 2013, the Company has exited the vocational business by selling its entire 50% stake in Educomp Higher Initiative Pte Limited for a consideration of USD 12 million as part of its strategy to exit non-profit/non-core business.

4. In respect of 13.50% Secured NCD for Rs. 35 Crore Company has created mortgage on its immovable property.

5. Debt Service Coverage Ratio (DSCR) = $\frac{\text{EBIDTA}}{\text{Loan Repayment excluding FCCB} + \text{Loan Interest}}$

Interest Service Coverage Ratio (ISCR) = $\frac{\text{EBIDTA}}{\text{Loan Interest}}$

6. The segment result has been prepared in accordance with the Accounting Standard-17 "Segment Reporting" as notified in the Companies (Accounting Standards) Rules 2006.

7. The basic and diluted Earnings Per Share has been calculated in accordance with the Accounting Standard -20 "Earnings Per Share" as notified in the Companies (Accounting Standards) Rules 2006.



8. Consolidation of accounts has been done in accordance with the Accounting Standard -21 "Consolidated Financial Statements", Accounting Standard -23 "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard -27 "Financial Reporting of Interests in Joint Ventures" as notified in the Companies (Accounting Standards) Rules 2006.
9. The figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the current financial year.
10. The audited standalone and consolidated financial results of the Company for the Financial Year ended on 31st March 2013 are also available on website of the Company (www.educomp.com), National Stock Exchange of India Limited (www.nseindia.com) and Bombay Stock Exchange Limited (www.bseindia.com).
11. The figures of corresponding period have been regrouped/ re-classified, wherever necessary to make them comparable.

Place: Gurgaon
Date: May 30, 2013

By order of the Board of Directors
For Educomp Solutions Limited



Shantanu Prakash
Chairman & Managing Director



INDEPENDENT AUDITORS' REPORT

To the Members of Educomp Solutions Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Haribhakti & Co.

Chartered Accountants

Firm Registration No.103523W



Raj Kumar Agarwal

Partner

Membership No.074715



Place: Gurgaon

Date: May 30, 2013

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) (a) The Company has granted unsecured loans to three companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs. 711.70 million and the year-end balance of loans granted to such parties is Rs. 572.24 million.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not, prima facie, prejudicial to the interest of the Company.
- (c) The parties have repaid the principal amounts in accordance with the terms of the agreement. Interest repayment is not due till the Balance Sheet date.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the Act.
- (e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions stated in paragraph 4 (iii)(e);4(iii)(f)and 4(iii)(g) of the order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct weakness in internal control system of the Company.



- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) The transactions entered into during the financial year with the parties listed in Section 301 of the Act, in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs are considered to be proprietary in nature, as explained by the management of the Company, and in the absence of comparable market prices we are unable to comment if such transactions are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products or business activities of the Company. Accordingly, the provisions stated in paragraph 4 (viii) of the order are not applicable to the Company.
- (ix) (a) The Company is *generally regular* in depositing with appropriate authorities undisputed statutory dues including investor education and protection fund, employees' state insurance, wealth-tax, customs duty, excise duty, cess and other material statutory dues as applicable to it. *However there were frequent delays in depositing dues related to provident fund, income-tax, professional tax, sales-tax and service tax.*
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues as applicable, were outstanding, at the year end, for a period of more than six months from the date they became payable *except for income tax as follows:*

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

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



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

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

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

(Amount in Rs. million)

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

*Including penal interest

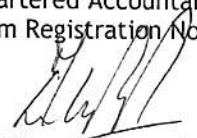
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions stated in paragraph 4 (xii) of the order are not applicable to the Company.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions stated in paragraph 4 (xiii) of the order are not applicable to the Company.

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



- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prima facie prejudicial to the interest of the Company.
- (xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. In our opinion, the prices at which shares have been issued are not prejudicial to the interest of the Company.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 450 debentures of Rs. 1 million each. *The Company has created partial security on assets having book value Rs. 1.08 million in respect of debentures issued amounting Rs. 450 million. As explained, the Company is taking necessary steps to create security in respect of these debentures.*
- (xx) The Company has not raised money by way of public issue during the year. Accordingly, the provisions stated in paragraph 4 (xx) of the order are not applicable to the Company.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

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


Raj Kumar Agarwal
Partner
Membership No.: 074715

Place: Gurgaon
Date: May 30, 2013



INDEPENDENT AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS OF EDUCOMP SOLUTIONS LIMITED

To the Board of Directors of **Educomp Solutions Limited**

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

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements on the basis of separate financial statements and other financial information regarding components that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, "Consolidated financial statements", Accounting Standards (AS) 23, "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Educomp Solutions Limited, its subsidiaries (including subsidiaries of subsidiaries), associates and joint ventures.



Branch Offices

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