

SPEAK

TEACHING

MATHEMATICS



# Educomp 2.0 for Education



## #ThereIsAnotherWay

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## FINANCIAL STATEMENTS

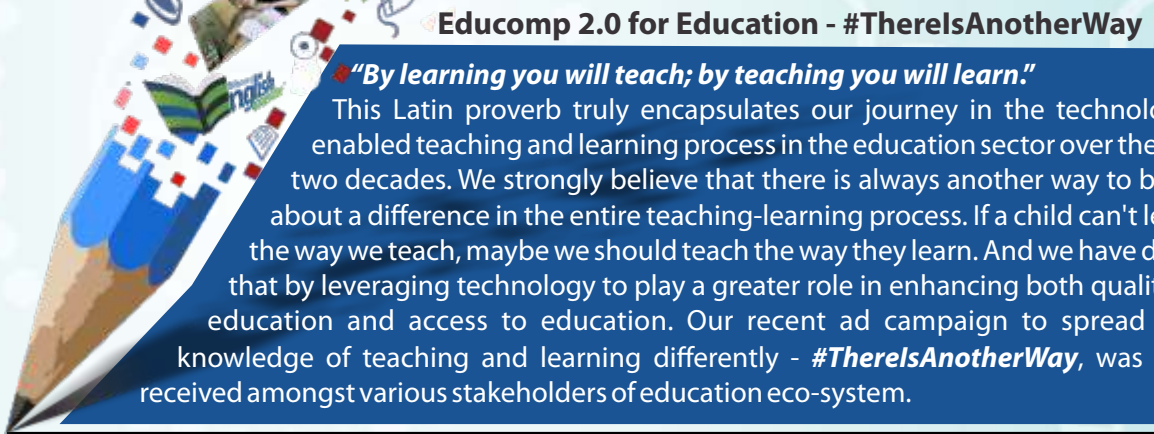
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### Forward Looking Statements

Certain statements in this annual report concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated or projected. Readers should bear 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.



**Educomp 2.0 for Education - #ThereIsAnotherWay**

**♦“By learning you will teach; by teaching you will learn.”**

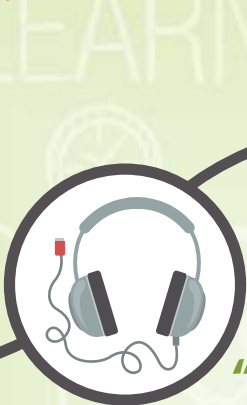
This Latin proverb truly encapsulates our journey in the technology-enabled teaching and learning process in the education sector over the last two decades. We strongly believe that there is always another way to bring about a difference in the entire teaching-learning process. If a child can't learn the way we teach, maybe we should teach the way they learn. And we have done that by leveraging technology to play a greater role in enhancing both quality in education and access to education. Our recent ad campaign to spread this knowledge of teaching and learning differently - **#ThereIsAnotherWay**, was well received amongst various stakeholders of education eco-system.

Today, we are the largest provider of interactive digital learning solutions for schools in the country. In the last 20 years, our solutions have benefitted more than 30 million learners and educators in 65,000+ schools. We are India's top most corporate infrastructure provider in K-12 schools, and a leading pre-primary school chain. We also boast of having the country's largest K-12 digital content library with more than 20,000 modules of rich 3D multimedia content. We are one of India's largest and most popular Test Preparatory chain for IIT-JEE examination preparation. We have partnered for IT-enabled learning in government schools and are helping Indian youth to become employment-ready with skill development. From path-breaking learning solutions to setting quality benchmarks in the education sector, we have consistently proved that there is another way.

The education business macro environment has gone through a challenging phase over the past 5 years due to regulatory and other reasons. The challenging times made us re-visit our strategies, re-align our business priorities, re-vitalize our operations and reinvent another way to fulfill our vision. There is another way to reinvent and Educomp 2.0 was envisioned in FY 2013-14 and it completed a year of successful implementation in FY 2014-15. We made significant progress on the resurgence strategy of Educomp 2.0. We have done it all — revitalized our business and product strategies, revisited our priorities across businesses, reinforced Corporate Debt Restructuring compliance, acted towards building a lean organization, moved to become a solutions company, and mapped our markets and opportunities insightfully.



**“Educomp 2.0 was envisioned in FY 2013-14 and it completed a year of successful implementation in FY 2014-15. We made significant progress on the resurgence strategy of Educomp 2.0.”**



## Educomp 2.0 for Education - #ThereIsAnotherWay

The initial results of our resurgence strategy were indeed encouraging. The new model of upfront hardware payment in smartclass business met with huge success. We took definitive steps towards becoming a solutions company with the successful launch of Educomp Smart School (ESS). To tap huge growth potential in Schools' business, we have re-invigorated our business development and operations strategy for K-12 and Pre-primary schools. These small steps have helped us take a big leap and reaffirmed our faith in the fact that there's always another way to make a difference in the education landscape.

Over the years, we have pioneered many products and services in the school education space to prove that there's always another way to lead that others will follow later. At Educomp 2.0, our research and development effort is constantly working on enhancing existing platforms and creating new supplementary as well as stand-alone technology based products to benefit key stakeholders in the education system. We have introduced products like Uniclass, an android-based content player and a low-cost alternative to Smartclass, to ensure adoption in remotest corners of the country. We have developed English Mentor, an innovative, tech-aided self-learning programme that factors in the need for huge section of learners to master the English language. The Educomp Smart School and League India Schools from our stable further reinforces our belief in the fact that **there is another way** to leverage technology and pedagogically sound products for bringing about a revolution in the education sector. Based on our firm belief that assessment and feedback are crucial for helping student learn, we developed Educomp Insight, a scientifically designed skill based assessment system that identifies the students' potential, inspires them, and nurtures them to excel.



# CHAIRMAN'S COMMUNIQUÉ

*Dear Shareholders*

The year under review 2014-15 has been a year of restructuring and transformation for the company. Following the successful approval of our CDR in 2014 by a consortium of domestic lenders, the company embarked upon implementing the revival plan for the organisation. The plan consisted of strategic and corporate initiatives which had several objectives that the management was pursuing

- a. Change business model of the digital classroom business
- b. Leverage the potential of the network and sales force of the company
- c. Collect the funds locked up in "delinquent debtors" category
- d. Reduce cost and improve employee productivity
- e. Focus on few lines of business and monetise the noncore assets
- f. Improve team motivation and make Educomp a preferred place to work

You will be happy to know that the company made considerable progress on each of these fronts and has clearly positioned itself as a company that has a great future. I believe that innovation and being a pioneer comes with its risks and challenges. We pioneered a number of different things in India - the concept of digital classroom was invented and popularised by the

company but little did we know in the beginning that our business model of providing our hardware and content on a deferred payment model will expose the company to several risks. Though we were badly singed by the delinquencies of customer contracts with thousands of schools, we have managed to turn around a significant number through better support and through legal measures. Finally we changed the business model which the industry now seems to be adopting, just as the industry had adopted the older deferred payment model. The silver lining is that we have worked in the past 18 months without additional working capital support and our fully self sufficient business model is throwing up impressive sales which can only improve with time given the fact that around 70% of Indian classrooms still don't have digital content. We are working with our bankers to ensure that we structure the balance sheet and optimise it to the cash flows of the business.

We also pioneered the concept of building the much needed infrastructure for K12 schools in India, something that no one attempted to do at the scale of Educomp. We ran into several challenges such as delayed receipt of change of land use, much delayed 'No Objection Certificates' from various state governments and so on. The over 25 approvals that it takes to set up a typical school took its toll on the Educomp team while the high interest 15%+ mounted. Ultimately the "social



The silver lining is that we have worked in the past 18 months without additional working capital support and our fully self sufficient business model is throwing up impressive sales which can only improve with time given the fact that around 70% of Indian classrooms still don't have digital content.



infrastructure” that we were setting up on commercial loans, resulted in a stressed balance sheet which we are working with our bankers to align it to the cash flows. But it is a fact that India has a dire shortage of schools and the upwardly mobile middle class of India is crying out for high quality education, so in the long run the school assets will certainly yield results. We also hope that the government will introduce regulation in education that is friendly to providers of private capital to build national assets so that we can get a fair return on our investment. The government of India, the largest stakeholder in the country in the education sector has launched the Skill India initiative and our Edureach team has ventured into the skilling opportunity by signing up marquee contracts across the country. These contracts form the backbone of our foray into skills. The team working with the skills initiative has years of experience, having working for over a decade with state governments across the country as a part of the ICT project. Educomp again had to downsize our exposure to the ICT project (part of the national Sarv Shiksha Abhiyan program) after huge delays in the collection of government receivables a substantial chunk of which are still outstanding.

The strength of any company is always its team and it is the team spirit of the Educhamps that has served us well. We have looked after our people and the people have risen to the occasion. Today we boast of a highly motivated and high performance sales force that is focus

on making sure that we are at the top of our business endeavors.

I must also thank our bankers and other stakeholders. Our domestic lenders understand the challenges and problems of the Indian scenario and have been working constructively and proactively with the company to find the optimal solutions which would be a win win for all.

The days and months going forward are going to be exciting and full of hard work and perseverance. Our direction as a company has positioned us well to participate in the huge opportunity of education which is a backbone of the middle class success story in India.

Best Wishes

**Shantanu Prakash**

Chairman



# Educomp 2.0 for building an all-inclusive Education Eco-system

Educomp Solutions has established widest and the most entrenched presence in India's education sector. With the advent of 'Educomp 2.0', our proposition is going to become unparalleled in our industry and markets of operation. Educomp's services and solutions include Interactive Digital Learning, IT-enabled Learning for government schools, Vocational Skill Development Education, K-12 Schools, Pre-primary Schools, Online Learning Solutions and Supplemental Learning Solutions.

## Pre-School Ventures



Leading chain of 280 pre-schools across India



## High School Ventures

### Content Solutions



India's No. 1 Digital Interactive Learning Solution



Digital Learning Solution for Government Schools. Over the years reached to 35,000 schools and 17.5 million students



A unique digital learning system that offers multiple services under one single solution

### School Ventures



Premium K-12 school for Tier I & II cities



K-12 Schools for Tier III & IV cities



Budget schools for semi-urban towns

Other co-branded ventures

# #ThereIsAnotherWay

**OUR VISION:** Solve critical education problems by applying innovative solutions focused on 'Quality of Education' and 'Access to Education'



**Educomp's distinct positioning:**

- Educated and trained over 30 million students and learners across 65,000+ schools till date
- India's largest provider of interactive digital learning solutions for school
- India's No. 1 corporate infrastructure provider in Kindergarten to 12<sup>th</sup> standard (K-12) schools catering to different strata of society
- India's leading pre-primary schools chain having 280 pre-schools across the country
- India's largest K-12 digital content library having over 20,000 modules of rich 3D multimedia content
- India's largest and most popular Test Preparatory chain for IITJEE examination preparation`

**Higher Education and Vocational & Skill Education**



**Vocational Skill Development:** Skill Development, Skill Upgradation and Placement Assistance for poor yet aspiring youth to help them succeed in gaining and sustaining employment. Training on Government mandated vocational skill courses in association with Government authorities



**Raffles Millennium International:** A JV between Raffles Education Corporation, Singapore and Educomp Solutions, India. Offers professional development program in higher education

**Online & Supplemental Education**



A unique English Laboratory for schools



A comprehensive assessment and counseling solution for schools



A virtual learning solution with rich 3D multimedia content for critical modules of select subjects



An Android based flexible learning system with a rich content repository



India's leading IITJEE Test preparatory classes



India's first and largest mathematics tutorial portal of its kind of its kind

**INTERNATIONAL**



A premier provider of Web-delivered curriculum and assessments in USA and North America

U.S.A  
Singapore

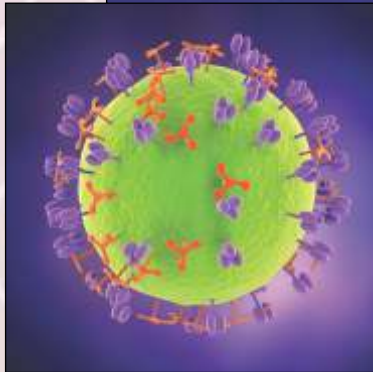
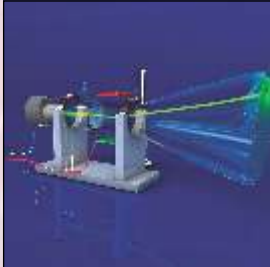
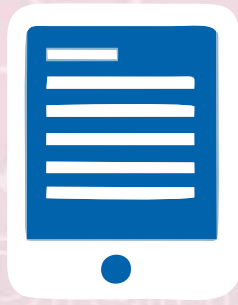


Singapore's largest K-12 Content and LMS company



# Educomp 2.0 for Unmatched Digital Learning System

## #ThereIsAnotherWay





Educomp 2.0 is set to take our digital learning solutions leadership to the next level of industry benchmarks. Educomp smartclass is India's largest digital learning solution that has empowered over 6.5 million students in more than 12,000 private schools. For over eleven years, Educomp smartclass has remained at the forefront of India's digital learning space with immense capabilities across technology, content and customer services. Through our focused vertical of Edureach, we impart IT-enabled learning for government schools. Till date Edureach has reached over 35,000 schools and 17.5 million students



### YEAR'S HIGHLIGHTS

- **Implementation of revised business model:** smartclass business model is now revamped to become less capital intensive and more IP-driven. Equipments are now being given on upfront payment basis and content continues to be paid in staggered manner. At the end of FY2014-15, about ~50% of our customers have either moved onto this new model or have subscribed to IP based solutions.
- **Launch of smartclass 5.2:** To give our users a much enhanced learning & teaching experience, we launched the next version of Educomp smartclass. Our most significant update till date, Educomp smartclass 5.2 offers real-time upgrades from cloud infrastructure.
- **Launch of Educomp Smart School:** Our aspiration to become a solutions company, got wings with the launch of Educomp Smart School (ESS). ESS offers a comprehensive bouquet of solutions under one customized solution. ESS includes Educomp smartclass, Educomp Insight, Educomp English Mentor and smartclass3D Lab.
- **Customer and Service focus:** We have increased our operations team strength to 230 members with an aim to offer seamless service experience to our customers

*"India's No.1 provider of interactive digital learning solutions"*

*"India's largest K-12 digital content library - over 20,000 modules of rich 3D multimedia content"*

# Educomp 2.0 for Higher Education and Vocational Skills

## #ThereIsAnotherWay

**Edureach**  
Enriching Education



*“Over the years Edureach has empowered more than 17.5 million students across more than 35,000 government schools”*



Educomp 2.0 is for making IT-enabled and skill-based learning available for the deserving yet deprived youth of India. Edureach business of Educomp has always raised its hand and got itself counted in making difference to education for under reached. Edureach provides IT-enabled learning infrastructure and delivery services to government schools. In view of rising opportunity in skill development in the country, Educomp has entered definitive agreements with various state and central government authorities for providing Vocational Skill Development education. This will include Skill Development, Skill Up-gradation and Placement assistance to aspiring youth of India who have affordability as key issue.



# Educomp 2.0 for a Holistic Experience in K-12 School Education

## #ThereIsAnotherWay



“  
One of India's most  
successful corporate  
infrastructure provider for  
K-12 Schools  
”



**“A school for every socio-economic strata  
of the country.. fulfilling a national mission”**



The  
**Millennium**  
School

**takshila**  
SCHOOL  
connect to the universe

**UNIVERSAL**  
ACADEMY  
Education that empowers

Growing economy, young population, higher disposable income and huge demand-supply gap in quality education – these demographics generate the need for quality education at a much larger scale and faster speed. Given that, as India's leading education company, Educomp has been cognizant of its responsibility of nation building opportunity and inherent growth potential. Our schools business has been meticulously carved out to meet the growing need of quality education across socio-economic sections of our economy. Educomp 2.0 has ensued an enhanced focus on giving a holistic schooling experience to India's evolving young minds.



Our **The Millennium Schools** provide highest quality education with premium infrastructure in Tier I and II cities of India. **Takshila Schools**, on the other hand, are established to provide quality education in Tier III and IV cities. For the sections and locations that crave for quality education but cannot afford high education expenditure, our **Universal Academy Schools** bridge the gap as budget schools. Courtesy our proven brand value and credibility, we have been able to expand our “The Millennium” chain of schools in collaboration with other education players. **“Shriram Millennium School”** and **“The PSBB Millennium School”** are two such co-branded Joint-Venture schools in this category for which Educomp has provided custom built infrastructure.

**YEAR'S HIGHLIGHTS:**

- **Focus on Expansion:** During FY 2014-15, we revitalized our focus on expanding our schools business across the categories. Successfully partnered with independent trusts and societies in compliance with the regulatory framework in the country.



# Educomp 2.0 for growing our Pre-schools business along with India's Little Ones

## #ThereIsAnotherWay



The preschool chain from Educomp



**"INDIA'S LEADING  
PRE-SCHOOLS CHAIN WITH  
280  
LITTLE MILLENNIUM  
SCHOOLS"**



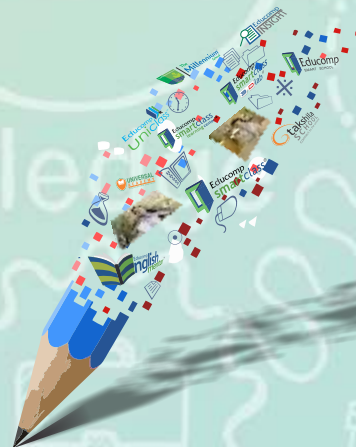


Our Little Millennium schools are committed to grow where little feet make a big impact. At Educomp 2.0 we have reinvigorated our strategy to grow our Little Millennium Schools bigger and faster. First learning steps of a child's life are often the most critical in building a foundation of a better human being. They learn fast and have the urge to grow even faster. Little Millennium was the first chain of pre-schools in India, to have come up with structured and process driven IP. Little Millennium's Seven Petals approach works on kid's Language Development, Cognitive Development, Fine and Motor Development, Socio-Emotional Development and Individual Potential Development.

**YEAR'S HIGHLIGHTS:**

**Growing presence:** During FY 2014-15 Little Millennium became 280 schools strong. Educomp reinforced its strategy of growing faster and deeper in this segment.

**“First pre-schools chain in India, to have come up with structured and process driven IP”**



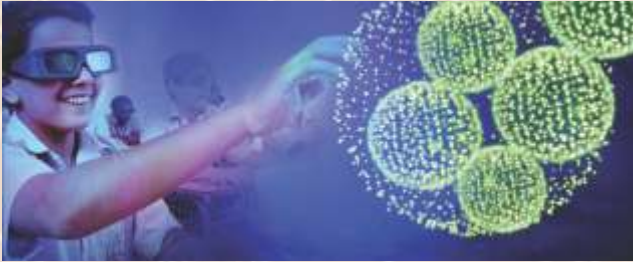
# Educomp 2.0 for Online and Supplementary Solutions for tomorrow's learning needs

## #ThereIsAnotherWay



“One of its kind  
Android based  
learning system  
– EducompUniClass”





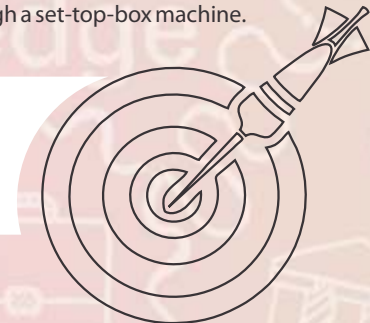
***“Delivering IITJEE rankers for over 20 years, with the highest student conversion ratio. VMC has been setting benchmarks and redefining IITJEE coaching”***

With Educomp 2.0, we are further reinforcing our commitment to remain abreast with latest technologies, education needs and learning environments. In a fast evolving technology environment and an even faster evolving learning audience, the need of the hour is innovation. Innovation to stay ahead of the curve, innovation to address tomorrow's learning needs and innovation to make a difference to a learner's life. Vidyamandir Classes (VMC) has become synonymous with success in IIT JEE. Vidyamandir has over the years designed, delivered, perfected and innovated the art and science of teaching and guiding students for entrance exam for the IITs, which are recognized as the Premier Technology Institutions across the world.

We were the first in India to launch smartclass way of digital learning, in the year 2004. Since then our revolutionary products and solutions have set industry benchmarks in India and overseas. **EducompSmartclass 3D Labs** had become a breakthrough solution to offer immersive learning through creation of virtual world of learning. **Educomp English Mentor** has proved itself to be the best in class solution in English Language Labs. Our latest initiatives are on course to become the industry benchmark. **EducompUniClass** endeavors to deliver superior quality learning with flexibility of time and medium. EducompUniClass is our digital learning solution, based on Android operating system and accessible through a set-top-box machine preloaded with digital learning content deliverable through computer, LCD screen or a projector. **Educomp Insight** is most comprehensive to-date counseling, evaluation and assessment tool, aligned with major education boards in India and CCE method of assessment.

**YEAR'S HIGHLIGHTS:**

**Launch of EducompUniClass:** An Android operating system based learning system for accessing rich content flexibly across mediums – Computer, LCD/Televisions and projectors through a set-top-box machine.





Educomp has over the years built a footprint to extend its reach in Singapore and the US. Educomp 2.0 shall endeavor to consolidate and cement this presence.

**Learning.com:** A premier provider of web-based delivery of K-12 curriculum and assessments in the U.S. Besides the U.S., Learning.com reaches to UAE, Saudi Arabia, Australia, Canada, Cote D'Ivoire, Guam, Guatemala, Philippines, Virgin Islands and Cayman Islands. Its popular brands are Aha!Math, Aha!Science, SKY, EasyTech, and TechLiteracy Assessments.

**“Learning.com - A premier provider of web-based delivery of K-12 curriculum and assessments in the U.S.”**



**learnin3.com**



“WIZLEARN TECHNOLOGIES- A LEADING K-12 EDUCATION COMPANY IN SINGAPORE”



**Wizlearn Technologies:** Wizlearn is the leading K-12 education company in Singapore, serving a major part of Singapore schools. It's much acclaimed Learning Management Solution is a pathbreaker in anytime anywhere learning of its kind. Besides this, Wizlearn's solutions and brands serve over a number of educational institutions across China, Philippines, Thailand, Vietnam, Japan, and Brunei.



# Educomp 2.0 for inclusive growth through caring, sharing and learning

## #ThereIsAnotherWay

As a responsible corporate citizen, Educomp believes and practices the thought that there is another way when it comes to growth. Educomp's approach is that of 'inclusive growth' whereby it aims to deliver the benefits of business growth to underprivileged and difficult to reach sections of society. Educomp Foundation (EF) was set up to deliver on Educomp's social development goals. Educomp works in immediately surrounding areas of its business operations and few other locations. The key areas of social development include Education, Healthcare, Awareness and Skill Development.

### EDUCOMP CSR PROGRAMMES:

#### EDUCATION

**Primary Education:** Providing and aiding Conventional & Computer Education at primary level under programme name – 'Shiksha'. This programme has benefitted 400+ students

**Girl Child Education:** Under 'Shristi' programme, Educomp Foundation provides financial and moral support for education of girl child.

**Adult Education:** Under "Gyan-Kosh" programme, underprivileged women from rural areas are given teaching classes to help them sustain their living and contribute in nation building. Under "Yuv-Disha" programme, underprivileged girls and boys are given career counseling for future career path along with soft skill training to succeed in employment market.

#### WOMEN EMPOWERMENT

**Nari Shakti:** Educomp Foundation provides skill development education to empower women to earn their living and a dignified life. Various areas of trainings include tailoring, beauty and cutting etc. These trainings are then followed-up with tests to assess enhanced capabilities.

**Aware – Meri-Saheli:** Talented girls are spotted and trained on personal hygiene, self-examination of breast cancer and self defence.

#### AWARENESS PROGRAMMES –HEALTH & ENVIRONMENT

Various awareness programs and camps are set up on health and

environment. Free eye and health check-up, Yoga workshop(s) and Sports & Cultural Events etc. are few of the initiatives.

#### YEAR'S HIGHLIGHTS:

- **Relief and rehabilitation** work in earth quake hit neighbouring country – Nepal.
- **Activities in the adopted village of Jaitpur, Greater Noida, Uttar Pradesh:** Educomp Adopted Jaitpur village under Village Development Plan in line with CSR policy and under "Mera Gaon Meri Jimedari" programme. Following CSR activities were rolled-out during FY 2014-15 at this village:
  - Adopted education of three girls under "Shristi" programme for Girl Child Education initiative
  - Free health check up camp on 26<sup>th</sup> January, 2015 which was graced by the presence of the President of the United States of America – Mr. Barack Obama
  - 8 girls and 11 boys were given soft skills training under "Yuv-Disha" including their employability quotient
  - 60 students participated sports training programme for 4 days. Road Safety awareness programme was conducted on 14<sup>th</sup> November, 2014 with participation of about 150 students
  - Swachh Bharat Abhiyaan (A clean India, healthy India program by Indian Government) was launched on 2<sup>nd</sup> October, 2015



# Educomp 2.0 for performance worth recognitions

## #ThereIsAnotherWay

Educomp is committed to deliver revolutionary education solutions with cutting-edge technology. On-course of its journey, Educomp has won many a laurels. FY 2014-15, too, brought recognition which included a few of world's best awards.



**Frost & Sullivan India Technology Innovation Award for e-Learning Platform:** This globally acclaimed award was won against best of the companies from across the world.



**South Asia Education Award:** Educomp won this award for pioneering work in the field of Teacher Training and Curriculum



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

(As on 13<sup>th</sup> August 2015)

Mr. Shantanu Prakash  
 Mr. Vinod Kumar Dandona  
 Mr. Vijay Kumar Choudhary  
 Ms. Azra Shauqia Hasan  
 Mr. Rajat Khare  
 Dr. Venkata Subbarao Valluri  
 Ms. Swati Sinha

Chairman & Managing Director  
 Whole-Time Director  
 Independent Non Executive Director  
 Independent Non Executive Director  
 Independent Non Executive Director  
 Independent Non Executive Director  
 Independent Non Executive Director



## COMMITTEES OF THE BOARD

(As on 13<sup>th</sup> August 2015)

### AUDIT COMMITTEE

Mr. Vijay Kumar Choudhary	Chairman, Independent & Non Executive Director
Ms. Azra Shauqia Hasan	Member, Independent & Non Executive Director
Mr. Rajat Khare	Member, Independent & Non Executive Director
Mr. Shantanu Prakash	Member, Promoter & Executive Director

### STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Vijay Kumar Choudhary	Chairman, Independent & Non-Executive Director
Ms. Azra Shauqia Hasan	Member, Independent & Non-Executive Director
Mr. Shantanu Prakash	Member, Promoter & Executive Director

### NOMINATION AND REMUNERATION COMMITTEE

Mr. Rajat Khare	Chairman, Independent & Non Executive Director
Ms. Azra Shauqia Hasan	Member, Independent & Non Executive Director
Dr. Subbarao Valluri Venkata	Member, Independent & Non Executive Director

### FINANCE COMMITTEE

Mr. Shantanu Prakash	Chairman, Promoter & Executive Director
Mr. Vijay Kumar Choudhary	Member, Independent & Non Executive Director
Ms. Azra Shauqia Hasan	Member, Independent & Non Executive Director

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Shantanu Prakash	Chairman, Promoter & Executive Director
Mr. Vinod Kumar Dandona	Member, Executive Director
Ms. Vijay Kumar Choudhary	Member, Independent & Non Executive Director

## CHIEF FINANCIAL OFFICER

Mr. Ashish Mittal

## COMPANY SECRETARY

Mr. Yogesh Saluja

## STATUTORY AUDITORS

Haribhakti & Co., LLP, Chartered Accountants

## BANKERS

Axis Bank Limited  
 Canara Bank  
 Central Bank of India  
 DBS Bank  
 ICICI Bank Ltd  
 IDBI Bank  
 IndusInd Bank  
 J & K Bank Limited  
 Standard Chartered Bank  
 State Bank of Bikaner & Jaipur  
 State Bank of India  
 State Bank of Patiala  
 Syndicate Bank  
 Union Bank Of India  
 Yes Bank Ltd.

## SHARE TRANSFER AGENT

Link Intime India Private limited  
 44, Community Centre, Phase- I, Near PVR,  
 Naraina Industrial Area, New Delhi 110028

## LISTED AT

National Stock Exchange of India Limited  
 & Bombay Stock Exchange Limited

CIN: L74999DL1994PLC061353

## REGISTERED OFFICE

1211, Padma Tower I, 5, Rajendra Place  
 New Delhi-110008

## CORPORATE OFFICE

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



# DIRECTORS' REPORT

Dear Shareholders,

The Directors of your Company have pleasure in presenting herewith the 21<sup>st</sup> Annual Report of your Company together with the audited accounts for the Financial Year ended 31<sup>st</sup> March 2015.

## 1. FINANCIAL PERFORMANCE:

The highlights of the consolidated and standalone audited financial results for the year ended 31<sup>st</sup> March 2015 are as follows:

(₹ in million)

Particulars	Consolidated		Standalone	
	Year Ended		Year Ended	
	Audited		Audited	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Sales and other Income	5,941.97	7,246.97	2,322.01	3,171.77
<b>Net profit/ (Loss) before tax</b>	<b>(16,998.05)</b>	<b>(4,616.96)</b>	<b>(11,654.39)</b>	<b>(3,319.28)</b>
Provision for Tax	(11.19)	(758.15)	-	(196.98)
<b>Net profit/ (Loss) after tax</b>	<b>(16,986.86)</b>	<b>(3,858.81)</b>	<b>(11,654.39)</b>	<b>(3,122.30)</b>
Minority interest and equity in earnings/ (losses) in affiliates/ Pre acquisition Loss/ (profit)	(565.31)	(251.25)	-	-
<b>Net profit/ (Loss) after tax for the year</b>	<b>(16,421.55)</b>	<b>(3,607.56)</b>	<b>(11,654.39)</b>	<b>(3,122.30)</b>
Appropriations	-	-	-	-
Interim Dividend	-	-	-	-
Proposed Dividend on equity shares	-	16.65	-	-
Corporate Tax on distributed dividend	-	-	-	-
Transfer to Debenture Redemption Reserve	-	-	-	-
Transfer to General Reserve	-	4.45	-	-

## 2. DIVIDEND AND TRANSFER TO RESERVE:

In view of the losses incurred by the Company, your Directors have not recommended any dividend for the financial year ended March 31, 2015.

In view of the losses incurred by the Company, no amount has been transferred to reserve for the financial year ended March 31, 2015.

## 3. OPERATING RESULTS AND BUSINESS:

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

In the Smart Class™ segment, we have total number of schools to 12,245 as on March 31, 2015.

In Edureach (formerly ICT) business segment, we have an ongoing partnership with 9 State Governments and reaches to 7420 Government schools in various states and 4.68 million students as on March 31, 2015.

**On Standalone basis Company's total revenue** stands at ₹2,322.01 million as on March 31, 2015 as compared to ₹3,171.77 million as on March 31, 2014, a decline of 26.79%. The loss before taxes is ₹11,654.39 million as on March 31, 2015 as against loss before taxes of ₹3,319.28 million as on March 31, 2014.

**On Consolidated basis Company's total revenue** stands at ₹5,941.97 million as on March 31, 2015 as compared to ₹7,246.97 million as on March 31, 2014, registering a decline of 18%. The loss before tax and after prior period items/ exceptional items stands at ₹16,998.05 million as on March 31, 2015 as against loss of ₹4,616.96 million As on March 31, 2014.

There have been no material changes and commitments between the end of financial year 2014-15 and the date of report.

### SEGMENTAL PERFORMANCE (STANDALONE):

The EBIT margins in the School learning solutions (SLS) Segment of the Company for the year amounted to ₹(9,007.37) million or (472.59%) of SLS revenues as on March 31, 2015 as compared to ₹(1,698.62) million or (83.53%) of SLS revenues as on March 31, 2014.

The EBIT margins in the Higher learning solutions (HLS) segment of the Company for the year amounted to ₹47.99 million or 83.39% of HLS revenues as on March 31, 2015 as compared to ₹38.73 million or 50.78% of HLS revenues as on March 31, 2014.

The EBIT margins in the K-12 Schools Segment of the Company for the year amounted to NIL of K-12 segment revenues as on March 31, 2015 as compared to ₹3.28 million

or 46.33% of K-12 segment revenues as on March 31, 2014.

The EBIT margins in Online Supplemental and Global (OSG) segment of the Company for the year amounted to ₹(1.27) million or (6.96%) of OSG segment revenues as on March 31, 2015 as compared to ₹(15.89) million or (2.25%) of OSG revenues as on March 31, 2014.

#### EXPENDITURE (STANDALONE):

Cost of Goods Sold (COGS) has decreased to 10.06% of our total revenue as on March 31, 2015 from 37.1% as on March 31, 2014. This decrease is on account of change in revenue and cost recognition method from upfront recognition to recognition over the period of rendering services.

Personnel expenses have increased to 55.49% of total revenue as on March 31, 2015 from 44.90% as on March 31, 2014. Other expenses have increased to 43.37% as on March 31, 2015 from 39.81% of total revenue as on March 31, 2014. This increase is essentially because of the fall in revenues and the absolute expenses have infact reduced.

#### DEBT RESTRUCTURING

One of the accomplishments for the financial year 2014-15 has been the successful adherence to the terms of the Corporate Debt Restructuring ("CDR") for Educomp Solutions Limited ("ESL") and Educomp Infrastructure and School Management Limited ("EISML"). With a renewed focus on operating efficiencies, cash flow improvements and cautious growth, we were able to service borrowings outstanding under the CDR mechanism.

#### 4. CHANGES IN CAPITAL STRUCTURE:

##### AUTHORIZED SHARE CAPITAL

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

##### ISSUED AND PAID-UP SHARE CAPITAL

During the year under review, the Company allotted 26,100 Equity Shares of face value of ₹2/- each upon exercise of stock options by the eligible employees/Directors of the Company/subsidiaries under Employee Stock Option Scheme 2006.

The paid up capital, after taking the effect of aforesaid changes, stood at ₹24,49,34,336/- consisting of 12,24,67,168 equity shares of the face value of ₹2/- each as on 13th August, 2015.

#### 5. FOREIGN CURRENCY CONVERTIBLE BONDS

In Year 2012-13, the Company had raised US\$ 10 million, Zero Coupon Foreign Currency Convertible Bonds (FCCB) for redemption of outstanding Zero Coupon Foreign Currency Convertible Bonds. The Bond holders, as per the agreement, have the option to convert these bonds into Equity Shares, at a price of Rs.188.62 per share with in 5 years and 1 day from the date of disbursement. The FCCB are redeemable at a premium of 33.15 % on principal after 5 years and 1 day. The FCCB were raised for the purposes of redemption of earlier FCCB of the Company. As on March, 31, 2015 US\$ 10 million (previous year US\$ 10 million) FCCB were outstanding for conversion into equity shares of ₹2 each.

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

##### Non-Convertible Debenture

As on 31<sup>st</sup> March 2015, the Company has outstanding Secured Non-Convertible Debentures for an aggregate value of ₹45 Crores comprising 350, 13.5% Secured Non-Convertible Debentures (Listed on Bombay Stock exchange) of the face value of Rs.10,00,000/- each aggregating to Rs.35 Crores and 100, 13.25% Secured Non-Convertible Debentures of the face value of Rs.10,00,000/- each aggregating to Rs.10 Crores.

The aforesaid debentures are secured with the debenture trustee i.e. Axis Trustee Services Limited having its registered office at Axis House, 2nd Floor, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai, Maharashtra- 400025. Ph.: 022-24255215/5216, E-mail: complaints@axistrustee.com, debenturetrustee@axistrustee.com

##### External Commercial Borrowings

In Year 2012-13, the Company has raised US\$ 70 million through External Commercial Borrowing (ECB) comprising US\$ 30 million from International Financial Corporation (IFC) a member of the World Bank Group and US\$ 40 million from Société De Promotion Et De Participation Pour La Coopération Économique (PROPARCO), a French development financial institution. The ECB has a term of 8.5 years with a 3 years moratorium and the coupon rate is LIBOR + 4.5%. The ECB has been raised for purposes of redemption of existing FCCB. The said ECB is outstanding at the Financial Year ending on March 31, 2015.

#### 7. EXTRACT OF ANNUAL RETURN

Pursuant to section 92 (3) of the Companies Act, 2013, the extract of the Annual Return in **Form No. MGT-9** is presented in a separate section and is annexed herewith as "**Annexure - I**" to this report.

## 8. PUBLIC DEPOSITS:

During the year, the Company has not accepted any deposits under the provisions of the Companies Act, 2013.

## 9. SUBSIDIARIES/ JOINT VENTURES/ ASSOCIATES

As on March 31, 2015, the Company had 47 Subsidiaries, 1 Joint ventures having 1 subsidiary and 1 Associate. During the year, M/s Gateforum Educational Services Private Limited has been ceased to be subsidiary of the Company with effect from 26<sup>th</sup> August, 2014.

During the year, the Board of Directors (the Board) reviewed the affairs of material subsidiaries. We have, in accordance with Section 129(3) of the Companies Act, 2013 prepared consolidated financial statements of the Company and all its subsidiaries except M/s Edu Smart Services Private Limited (ESSPL), which form part of the Annual Report. Further, the report on the performance and financial position of each of the subsidiary, associate and joint venture and salient features of the financial statements in the prescribed Form AOC-1, duly approved alongwith financial statements, is annexed to this report [Annexure - II].

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited financial statements of each of the subsidiary will be available on our website <http://www.educomp.com/content/investors-home>. These documents will also be available for inspection during business hours at the registered office of the Company.

## 10. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### • Composition of Board of Directors

As on 31st March 2015, Board of Directors of Educomp Solutions Limited comprises of two Executive Directors namely Mr. Shantanu Prakash, Chairman & Managing Director and Mr. Vinod Kumar Dandona, Whole Time Director and Five Independent Non-Executive Directors, namely Mr. Shonu Chandra, Mr. Rajat Khare, Mr. Vijay Kumar Choudhary, Dr. Venkata Subbarao Valluri and Ms. Swati Sinha.

### • Appointment and Resignation of Director and Key Managerial Personnel

During the year, the Company, pursuant to the applicable provisions of the Companies Act, 2013 and listing agreement, made appointment of Mr. Vijay Kumar Choudhary; Mr. Rajat Khare; Mr. Shonu Chandra and Dr. Venkata Subbarao Valluri as Independent Directors of the Company in the Last Annual General Meeting of the Company. The Company has received

declarations from the said Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under the said Clause 49. In accordance with the provisions of Section 149 and proviso to Section 152(5) of the Companies Act, 2013, these Directors are being appointed as Independent Directors to hold office for the term of five years.

Further, during the year, on the recommendations of the Nomination and Remuneration Committee and board, the shareholders of the company appointed Ms. Swati Sinha as an Independent Director of the Company w.e.f. 29th September, 2014. In addition to that during the year, on the recommendations of the Nomination and Remuneration Committee and audit committee, the board appointed Mr. Ashish Mittal as the Chief Financial Officer (CFO) of the Company w.e.f. 26th May, 2014.

After 31<sup>st</sup> March, 2015, Mr. Shonu Chandra, Independent Director of the Company resigned due to preoccupation from the office w.e.f. 29<sup>th</sup> May, 2015 and on the recommendations of the Nomination and Remuneration Committee, Ms. Azra S. Hasan appointed as the Additional Director (Independent) w.e.f. 28<sup>th</sup> May, 2015 to hold the office till the conclusion of the ensuing Annual General Meeting of the Company.

### • Re-appointment

In terms of the Companies Act, 2013, the directors other than independent directors shall only be considered for ascertaining the directors liable to retire by rotation. Further as per section 152 of the Companies Act, 2013 Mr. Vinod Kumar Dandona is the Director liable to retire by rotation and further being eligible, offers themselves for re-appointment at the ensuing Annual General Meeting. The Board recommends their re-appointment and requisite resolution forms part of the notice convening the AGM.

Further, Ms. Azra S. Hasan, who was appointed as the Additional Director of the Company w.e.f. 28th May, 2015 to hold the office till the conclusion of the ensuing Annual General Meeting of the Company, being eligible, offer herself for the re-appointment as the Director of the Company at the ensuing Annual General Meeting. The Company has received Notice under Section 160 of the Companies Act, 2013 from a member signifying his intention to propose the candidature of Ms. Azra S. Hasan for the office of Independent Non Executive Director at the ensuing Annual General Meeting.

The Company, pursuant to the applicable provisions of the Companies Act, 2013 and listing agreement, proposes the appointment of Ms. Azra S. Hasan as Independent Director of the Company. The Company has received declarations from the said Independent

Director of the Company confirming that she meet the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under the said Clause 49. In accordance with the provisions of Section 149 and proviso to Section 152(5) of the Companies Act, 2013, Ms. Azra S. Hasan is being appointed as Independent Directors to hold office as per their tenure of appointment mentioned in the Notice of the forthcoming AGM of the Company.

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

- **Board Evaluation**

Details regarding the process of formal evaluation of the performance of the Board, its Committees and individual Directors for the financial year ended March 31, 2015 are provided in the Corporate Governance Report.

## 11. BOARD MEETINGS

A calendar of Meetings is prepared and circulated in advance to the Directors. The Board met 5 (Five) times during the year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and the Listing Agreement.

## 12. INDEPENDENT DIRECTORS DECLARATION

The Company has received the necessary declaration from each Independent Director in accordance with Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

## 13. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

Your Company has put in place a structured induction and familiarization programme for Independent Directors. The Company through such programme familiarizes Independent Directors with a brief background of the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model, operations of the Company, etc. Details on familiarization programme for Independent Directors is posted on the Company's website and can be accessed at <http://www.educomp.com/Data/familiarization-programme.pdf>.

## 14. COMMITTEES TO THE BOARD OF DIRECTORS

- **Audit Committee**

The Company also has Audit Committee which is constituted as per requirement of Section 177 of the Companies Act, 2013 and Clause 49 of Listing Agreement. Audit Committee has 4 members out of which 3 are Non-Executive Independent Directors and one is Executive Director. The Chairman of Audit Committee is an Independent Non-Executive Director.

The Committee met 4 (Four) times during the year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. As on the date of this report i.e. 31st March 2015, the Committee is comprised of Mr. Shantanu Prakash, Mr. Shonu Chandra, Mr. Vijay Kumar Choudhary (Chairman of audit committee) and Mr. Rajat Khare. All the recommendations made by the Audit Committee were accepted by the Board.

- **Nomination and Remuneration Committee**

The Company also has Nomination and Remuneration Committee which is duly constituted as per Section 178 of the Companies Act, 2013 and Clause 49 of Listing Agreement. Nomination and Remuneration Committee has 3 members which are Independent Non-Executive Directors. The Chairman of Nomination and Remuneration Committee is an Independent Non-Executive Director.

The Committee met 6 (Six) times during the year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. As on the date of this report i.e. 31st March 2015, the Committee is comprised of Mr. Shonu Chandra, Mr. Venkata Subbarao Valluri and Mr. Rajat Khare (Chairman of the nomination and remuneration committee).

- **Stakeholders Relationship Committee**

The Company also has Stakeholders Relationship Committee which is duly constituted as per Section 178 of the Companies Act, 2013 and Clause 49 of Listing Agreement. Stakeholders Relationship Committee has 3 members out of which 2 are Non-Executive Independent Directors and one is Executive Director. The Chairman of Stakeholders Relationship Committee is an Independent Non-Executive Director.

The Committee met 7 (Seven) times during the year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. As on the date of this report i.e. 31st March 2015, the Committee is comprised of Mr. Shonu Chandra, Mr. Shantanu Prakash and Mr. Vijay Kumar Choudhary (Chairman of the stakeholders relationship committee).

- **Corporate Social Responsibility Committee**

The Company also has Corporate Social Responsibility Committee which is duly constituted as per Section 135 of the Companies Act, 2013 and Clause 49 of Listing Agreement. Corporate Social Responsibility Committee has 3 members out of which one is Non-Executive Independent Directors and two are Executive Director. The Chairman of Corporate Social Responsibility Committee is an Executive Director.

The Committee met 2 (Two) times during the year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. As on the date of this report i.e. 31st March 2015, the Committee is comprised of Mr. Vinod Kumar Dandona, Mr. Shantanu Prakash (Chairman of the Corporate Social Responsibility Committee) and Mr. Vijay Kumar Choudhary. The Policy on Corporate Social Responsibility is available on Company's website and may be access on <http://www.educomp.com/content/corporate-governance/>.

The details of the other committees to the board are provided in the corporate governance report that forms part of this Annual Report.

#### 15. REMUNERATION POLICY

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel and their remuneration as well as policy on the appointment and remuneration of other employees. The Remuneration Policy is stated in the Corporate Governance Report that forms part of this Annual Report.

#### 16. DIRECTORS RESPONSIBILITY STATEMENT:

In pursuance of provisions of Section 134(3) and 134(5) of the Companies Act, 2013, the Board of Directors to the best of their knowledge and ability confirm:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the Directors have selected such 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 at the end of the financial year and of the profit and loss of the Company for the period ended on March 31, 2015;
- That Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other

irregularities;

- That the annual accounts have been prepared on a going concern basis;
- That proper internal financial controls were laid down and that such internal financial controls are adequate and were operating effectively; and
- That the directors have devised the proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### 17. STATUTORY DISCLOSURES:

The Company has received Form DIR-8 from all Directors as required under the provisions of Section 164(2) of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014.

None of the Directors of your Company is disqualified as per provision of Section 164(2) of the Companies Act, 2013. The Directors of the Company have made necessary disclosures, as required under various provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

#### 18. HUMAN RESOURCE MANAGEMENT:

Educomp is an equal opportunity employer with total employee strength of 6879 as on 31<sup>st</sup> March, 2015 as compared to 10927 as on 31<sup>st</sup> March, 2014.

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

#### 19. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

In compliance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established a Corporate Social Responsibility (CSR) Committee during the financial year 2014-2015.

The CSR Committee has formulated and recommended to the Board, a CSR Policy indicating the activities to be undertaken by the Company, which has been approved by the Board.

Details about the CSR policy and initiatives taken by the Company on CSR during the year are available on our website and the Annual Report on our CSR activities in format prescribed in companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed to this report [**Annexure - III**]

#### 20. AUDITORS & AUDITORS' REPORT:

- **Statutory Auditors and Statutory Auditors Report**

Haribhakti & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 103523W), who are the Statutory

Auditors of the Group, hold office until the conclusion of the twenty fifth Annual General Meeting. The Members of the Company at the AGM held on 29<sup>th</sup> September, 2014 had approved the appointment of M/s Haribhakti & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 103523W) to examine and audit the accounts of the Company for Five years to hold office till the conclusion of the Twenty Fifth AGM of the Company to be held in the year 2019 subject to ratification at every AGM. The Group has received letter from them to the effect that their ratification, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified from being auditors of the Company. Accordingly, it is proposed to ratify the appointment of M/s Haribhakti & Co. LLP, Chartered Accountants as statutory auditors of the Company from the conclusion of the forthcoming AGM till the conclusion of the next AGM .

The Directors refer to the auditors' qualification, matter of emphasis, observation in the Annexure to Independent Auditors' Report and as required under Section 134(3) of the Companies Act, 2013, provide their explanation as under:

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

**MANAGEMENT RESPONSE TO THE QUALIFICATION IN THE CONSOLIDATED AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015:-**

As per the terms of Master Restructuring Agreement and approved Corporate Debt Restructuring Scheme (CDR) of Educomp Infrastructure and School Management Limited (EISML), a subsidiary Company, there are certain assets amounting ₹32,07.53 Million (at cost) which have been identified for sale in a time bound manner. The lead bank carried out a valuation of these assets which are indicative in nature. Market valuations have not been carried out by EISML and its step down subsidiaries, as some of these assets are not ready for sale due to pending regulatory approvals/permissions.

Based on recent firm offers and latest valuation reports, the Management believes that the market value of investments may be higher than as considered under the indicative valuation reports used for CDR Scheme. Differences, if any, will be adjusted at the time of sale of such asset. Therefore, no adjustment is required to the carrying value of these assets.

**MANAGEMENT RESPONSE TO THE EMPHASIS OF MATTER IN THE CONSOLIDATED AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015:-**

**Response to point (a)**

In this regard the Company has submitted an application to the Central Government for waiver of managerial remuneration paid pertaining to year ended March 31, 2013. The management of the Company and EISML is in the process of making necessary

applications to the Central Government to obtain its approval for the waiver/approval of the remuneration so paid/recorded in year ended March 31, 2014 and March 31, 2015 in due course.

**Response to point (b)**

Due to longer than expected gestation period of schools, recoverability of trade receivables amounting to ₹2,347.50 Million from trusts, due to the subsidiary Company Educomp Infrastructure and School Management Limited (EISML) has been slow. The Management of EISML, is regularly monitoring the growth in schools and their future projections, based on which, the Management believes that the trade receivables from the trusts are fully recoverable.

**Response to point (c)**

The Group has assessed the business projections of its 6 subsidiary companies, namely, Educomp Infrastructure and School Management Limited, Educomp Online Supplemental Service Limited, Educomp Child Care Private Limited, Educomp Professional Education Limited, Vidya Mandir Classes Limited, Educomp Intelliprop Ventures Pte. Ltd., (Formerly known as Educomp Intelprop Ventures Pte. Ltd.), in a Trust-India Education Fund and in one of its associate, Greycells18 Media Limited., for evaluating the recoverability of Group's share of net assets of ₹15,116.70 million and concluded that their business is sustainable on a going concern basis. The Group evaluated the recoverability of its share of net assets held through these Companies, using business valuations performed by independent experts/ its own assessment, according to which the decline in value of these long term investments is considered to be temporary. The said evaluation is based on the long term business plans of its subsidiaries/associate and concluded that no adjustments to the carrying value of its share in net assets is required to be recorded in the consolidated financial statements of the Group for the year ended March 31, 2015.

**Response to point (d)**

The Management is continuously monitoring the settlement of the balances and is regularly following up with respective parties for recovery of the said capital advances. The Management believes that other capital advances, which have not been provided for, although have been long outstanding but are fully recoverable and hence, the Management believes that existing provision recorded in books is sufficient to cover any possible future losses on account of non recovery of such capital advances.

**Response to point (e)**

The Group had evaluated the recoverability of intangible assets in form of Brand "Universal" in one of its step down subsidiary named Educomp APAC Services Limited, BVI which form a significant part of Group by using valuations performed by an independent valuation expert. The said evaluation was based on long term business plans and underlying assumptions used for the purpose of valuation, which in view of the Management were realistic and achievable by the subsidiary. Based on recent business plans which entail scaling down the operation of Universal brand of schools, the management has during the year

decided to record an impairment of ₹452.70 million to this asset and the same has been disclosed under exceptional items.

#### Response to point (f)

During the year, the Group has reviewed business plan of its joint venture, Educomp Raffles Higher Education Limited which has advanced loans amounting ₹514.70 million to Jai Radha Raman Education Society (Society) and its subsidiary Millennium Infra Developers Limited which has trade receivables of ₹637.90 million from the same Society under contractual obligations. The Group has also considered the business plan of the Society and estimated market value of its net assets, based on which no adjustment is required in carrying value of its share of net assets in such joint venture. The Group's holding in the joint venture is 41.82%.

#### Response to point (g)

One Company falls under the definition of "subsidiary" as per the Companies Act, 2013 by virtue of the Group's investment in the convertible preference shares of that Company. However, in conformity with definition of 'Subsidiary' in Accounting Standard – 21 on "Consolidated Financial Statements", the financial statements of the same has not been included in the consolidated financial statements for the year ended March 31, 2015.

#### Response to point (h)

Pursuant to implementation of approved CDR scheme, certain lenders have disbursed fresh corporate loans to the Company and corresponding trade receivables were bought from Edu Smart Services Private Limited (ESSPL) together with future business relating to these customers. Due to this restructuring, the remaining receivables in ESSPL may not yield adequate surplus to discharge its liability towards the Company for trade receivables and redemption of Redeemable non convertible preference shares. However, the approved CDR scheme has mandated merger of ESSPL with the Company and accordingly, the Company has initiated the process and has taken the approval of Board of Directors in the board meeting held on 13<sup>th</sup> January 2015. The impact for the amalgamation shall be given/recorded in the books of accounts upon obtaining approvals and implementation of the scheme.

#### Response to point (i)

The Company has incurred substantial losses and its net worth has been significantly eroded. Based on Company's projected cash flows, it shall have sufficient funds to run its operations in foreseeable future. As regards availability of requisite funds to meet its debt related obligations including those falling due in year 2015-16 as per its CDR package executed with Company's lenders, the Company intends to monetize its identified investments, receivables and assets to meet the necessary obligations. The Company is also taking several measures to improve operational efficiencies and other avenues of raising funds.

The management is confident that with the above measures and continuous efforts to improve the business, it would be

able to generate sustainable cash flow, discharge its short-term and long term liabilities and recover & recoup the erosion in its net worth through profitable operations and continue as a going concern. Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

#### Response to point (j)

The Company's subsidiary, Educomp Infrastructure & School Management Limited has incurred losses during the year and the Company's debt related obligation in form of Funded Interest Term Loan is yet to be paid as envisaged under the Corporate Debt Restructuring Package(CDR Package). Based on Company's projected cash flows, it shall have sufficient funds to run its operations in foreseeable future. As regards availability of requisite funds to meet its debt related obligations including those falling due in year 2015-16 as per the CDR package executed with Company's lenders, the Company intends to monetize its assets identified for sale to meet the necessary obligations. The Company is also taking several measures to improve operational efficiencies and other avenues of raising funds.

The management is confident that with the above measures and continuous efforts to improve the business, it would be able to generate sustainable cash flow to discharge its short-term and long term liabilities and recover & recoup the erosion in its net worth through profitable operations and continue as a going concern. Accordingly, these consolidated financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

#### Response to point (k)

The Company's step down subsidiary, Knowledge Vistas Limited(KVL) has taken land from Lavasa Corporation Limited on lease vide lease agreement dated June 30, 2009 for a period of 999 years to construct an international residential school. Further this subsidiary has entered into a sub-lease agreement with Gyan Kunj Educational Trust (GKET) to sub lease the school building. As per the sub lease agreement, GKET shall be liable to pay lease rental to the KVL from the year in which it has cash surplus. GKET has started its operation in Academic Session 2011-12 but due to environment matter, GKET decided to suspend its operation and waiting for favourable business opportunities.

On the basis of the valuation reports from an independent valuer, the carrying cost of the said Group's assets are not less than its net realisable value. Hence the management doesn't anticipate any asset impairment. These consolidated financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

**MANAGEMENT RESPONSE TO THE EMPHASIS OF MATTER IN THE STANDALONE AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015:-**

Response to point (a)

In this regard the management of the company has submitted an application to the Central Government for waiver of managerial remuneration paid pertaining to the year ended March 31, 2013 and is in the process of making necessary application to the Central Government to obtain its approval for the waiver/ approval of the remuneration so paid pertaining year ended March 31, 2014 and March 31, 2015, in due course.

Response to point (b)

The Company has assessed the business projections of 6 of its subsidiary companies, namely Educomp Infrastructure and School Management Limited, Educomp Online Supplemental Services Limited, Educomp Child Care Private Limited, Educomp Professional Education Limited, Vidya Mandir Classes Limited, Educomp Intelliprop Ventures Pte. Ltd., (Formerly known as Educomp Intelprop Ventures Pte. Ltd.), in a Trust- India Education Fund and one of its associates Greycells18 Media Limited, having a total investment of ₹15,116.80 million and concluded that their business is sustainable on a going concern basis. The Company evaluated the recoverability of its investments, using business valuations performed by independent experts/ its own assessment, according to which the decline in the value of these long term investments has been considered to be temporary. The said evaluation is based on the long term business plans of its subsidiaries, trust and associate and concluded that no adjustments to the carrying value of its long term investments is required to be recorded in these Standalone Financial Statements of the Company for the year ended March 31, 2015.

Response to point (c)

Pursuant to implementation of approved Corporate Debt Restructuring Scheme (CDR scheme), certain lenders have disbursed fresh corporate loans to the Company and corresponding trade receivables were bought from Edu Smart Services Private Limited (ESSPL) together with future business relating to these customers. Due to this restructuring, the remaining receivables in ESSPL may not yield adequate surplus to discharge its liability towards the Company for trade receivables and redemption of redeemable non convertible preference shares. However, the approved CDR scheme has mandated merger of ESSPL with the Company and accordingly, the Company has initiated the process and has taken the approval of Board of Directors in the board meeting held on 13th January 2015. The impact for the amalgamation shall be given/ recorded in the books of accounts upon obtaining approvals and implementation of the scheme.

Response to point (d)

The Company has incurred substantial losses and its net worth has been significantly eroded. Based on Company's projected cash flows, it shall have sufficient funds to run its operations in foreseeable future. As regards availability of requisite funds

to meet its debt related obligations including those falling due in financial year 2015-16 as per its CDR package executed with Company's lenders, the Company intends to monetize its identified investments, receivables and assets to meet the necessary obligations. The Company is also taking several measures to improve operational efficiencies and other avenues of raising funds.

The management is confident that with the above measures and continuous efforts to improve the business, it would be able to generate sustainable cash flow, discharge its short-term and long term liabilities and recover & recoup the erosion in its net worth through profitable operations and continue as a going concern. Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

**EXPLANATION TO THE OBSERVATIONS IN THE ANNEXURE TO STANDALONE INDEPENDENT AUDITORS' REPORT, AS REQUIRED UNDER THE COMPANIES ACT, 2013 EXPLANATION ON THE SAME AS UNDER:**

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

In this regard, it has been clarified that the delays were not material and the same has been subsequently rectified.

- (viii) In respect of auditors' observation in standalone financial statements regarding the accumulated losses more than fifty percent of the net worth of the company along with cash losses incurred by the company.

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

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

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

**EXPLANATION TO THE OBSERVATIONS IN THE ANNEXURE TO CONSOLIDATED INDEPENDENT AUDITORS' REPORT, AS REQUIRED UNDER THE COMPANIES ACT, 2013 EXPLANATION ON THE SAME AS UNDER:**

- (vii) In respect of auditors' observation in consolidated financial statements regarding delays in the depositing statutory dues.

In this regard, it has been clarified that the delays were not material and the same has been subsequently rectified by the respective subsidiaries.

- (viii) In respect of auditors' observation in consolidated financial statements regarding the accumulated losses more than fifty percent of the net worth of the subsidiaries along with cash losses incurred.

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

- (ix) In respect of auditors' observation in consolidated financial statements regarding certain default in repayment of dues to financial institutions, banks and debentureholders.

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

• **Secretarial Auditor & Secretarial Audit Report**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company was appointed M/s. Sanjay Grover & Associates, Company Secretaries, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2014-15. The Report of the Secretarial Auditor is annexed herewith as **Annexure – IV**.

**MANAGEMENT RESPONSE TO THE OBSERVATIONS IN THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDING 31<sup>ST</sup> MARCH 2015:-**

Response to point No. (i)

In this regard the management of the company is in the process of making necessary application to the Central Government to obtain its approval for the waiver/approval of the remuneration so paid, in due course.

Response to point No. (ii)

The Company was prohibited to file the Charge with the Registrar of Companies, NCT of Delhi & Haryana due to the order of Debt Recovery Tribunal-II, Delhi, by their order no. 393/14 dated 24.09.2014 and will file, the same, after the reversal of the said order of the tribunal.

Response to point No. (iii)

The related party transaction with Edu Smart Services Private Limited was inadvertently missed from the prior approval of Audit Committee. However, the transaction was subsequently approved and ratified by the Audit Committee of the Company

in their meeting held on 13<sup>th</sup> February, 2015.

**MANAGEMENT RESPONSE TO THE OBSERVATION IN THE CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR ENDING 31<sup>ST</sup> MARCH 2015:-**

The related party transaction with Edu Smart Services Private Limited was inadvertently missed from the prior approval of Audit Committee. However, the transaction was subsequently approved and ratified by the Audit Committee of the Company in their meeting held on 13<sup>th</sup> February, 2015.

• **Cost Auditor and Cost Audit Report**

As per Section 148 of the Companies Act, 2013, the Company is required to have the audit of its cost records conducted by a Cost Accountant in practice. In this connection, the Board of Directors of the Company was appointed M/s Ahuja Sunny & Co., Cost Accountant, as the Auditor of the Cost records of the Company for the year ending 31<sup>st</sup> March, 2015 and on the recommendation of the Audit Committee, the Board further approved the appointment of M/s Ahuja Sunny & Co., Cost Accountant, as the cost auditors of the Company for the year ending 31 March, 2016, at a remuneration, subject to approval and ratification by the shareholders, of ₹1,40,000/- plus out of pocket expenses.

The cost audit report of M/s Ahuja Sunny & Co., Cost Accountant, for the financial year 2014-15 does not contains any adverse qualification or remarks.

**21. SHARE REGISTRATION ACTIVITY:**

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

**22. VIGIL MECHANISM / WHISTLE BLOWER POLICY**

Pursuant to Section 177 of the Companies Act, 2013 and Clause 49 of Listing Agreement, the Company has a vigil mechanism Policy/ Whistle Blower Policy to deal with instance of unethical practices, fraud and mismanagement or gross misconduct by the employees of the Company, if any, that can lead to financial loss or reputational risk to the organization. The details of the vigil mechanism Policy/ Whistle Blower Policy are explained in the Corporate Governance Report and also posted on the website of the Company. It can be accessed on the following link <http://www.educomp.com/Data/vigil-mechanism.pdf>.

**23. RISK MANAGEMENT COMMITTEE AND RISK MANAGEMENT POLICY**

Like any other business, the Company too is exposed to various uncertainties and risks such as changing customer preferences and behavior, competition and economic uncertainties. Thus, with the objective of assessing and addressing such business risks and their prioritization on regular basis, a comprehensive risk management policy has been put in place, which describes the scope, objectives,

processes as well as roles and responsibilities of various functions in risk management.

By way of a systematic risk assessment process, a detailed enterprise risk identification exercise is carried out every year; and risks are evaluated for their likelihood of materialization, potential impact and mitigation efforts. Management has assigned ownership of key risks to various risk owners who are responsible to monitor and review these risks from time to time, and plan for their mitigation measures.

In addition to that the Company has a Risk Management Committee as constituted by the Board of Directors of the Company. The details of the Committee are set out in the Corporate Governance Report forming part of the Board's Report.

#### 24. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. All the Related Party Transactions are placed before the Audit Committee for approval as per the Related Party Transactions Policy of the Company as approved by the Board. The Policy is also uploaded on the website of the Company & can be accessed on <http://www.educomp.com/Data/related-party-policy-amended.pdf>.

Since all related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business and there was material related party transactions entered by the Company with its Subsidiary Company i.e. M/s Edu Smart Services Private Limited during the year as per Related Party Transactions Policy, the details of which are provided in Form AOC-2 as prescribed under clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014. Form AOC-2 is annexed herewith as "Annexure - V".

The details of the transactions with related parties are provided in the notes to accompanying standalone financial statements.

#### 25. CONSOLIDATED FINANCIAL STATEMENTS:

As required under the Listing Agreements with the Stock Exchanges, Consolidated Financial Statements of the Company and all its subsidiaries except M/s Edu Smart Services Private Limited are attached to the Annual Report. The consolidated Financial statements have been prepared in accordance with Accounting standard 21, Accounting standard 23 and Accounting standard 27 issued by The Institute of Chartered Accountants of India and showing the financial resources, assets, liabilities, income, profits and other details of the Company and its subsidiaries as a single entity, after elimination of minority interest. The audited consolidated financial statements together with Auditor's Report form part of this Annual Report.

#### 26. LISTING OF SHARES:

The Equity Shares of your Company are listed on National

Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE). The Listing fee for the financial year 2015-16 has already been paid to BSE and NSE.

#### 27. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars are prescribed under section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 regarding the energy conservation, technology absorption and foreign exchange earnings and outgo are set out in 'Annexure - VI' attached to this report.

#### 28. RATINGS, AWARDS, ACHIEVEMENTS & RECOGNITIONS:

##### Ratings

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

**Bank facilities:** 'CARE D' (Single D) to our bank facilities aggregating to ₹709.07 Crore.

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

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

##### AWARDS, ACHIEVEMENTS & RECOGNITIONS:

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

Over the year, Educomp, its affiliates and its leadership has won recognition from several renowned institutions. We have received a new award this year which truly attest to the quality and excellence created by our teams.

The "Frost & Sullivan India Technology Innovation Award for e-Learning Platform" award is a globally recognized award which we have won against competition from every single e-learning company in the world for this year.

#### 29. CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS

The Company has always been committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements as set out by Statutory Bodies. As committed to good corporate governance practices, your company fully conform to standards set out by SEBI and other regulatory authorities and has implemented and complied with all of its major stipulations. As per clause 49 of the Listing Agreement, a detailed report on Corporate Governance along with the

Certificate from M/s Sanjay Grover & Associates, Company Secretaries, confirming compliance with conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges and Management Discussion and Analysis Report are annexed and forms part of this Annual Report.

**30. CODE OF CONDUCT:**

As per Clause 49 of Listing Agreement, the Board of the Company has laid down Code of Conduct for all the Board members of the Company and Senior Management Personnel as well and the same has been posted on Website of the Company which can be access by the following link <http://www.educomp.com/content/corporate-governance/Annual-Compliance-Report-for-the-year-ended-31st-March-2015> has been received from all the Board members and senior management of the Company regarding the compliance of all the provisions of Code of Conduct. Declaration regarding compliance by Board members and senior management personnel with the Company's Code of Conduct are hereby attached as 'Annexure – VII' to this report.

**31. NOTES TO ACCOUNTS:**

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

**32. INTERNAL FINANCIAL CONTROLS AND INTERNAL CONTROL SYSTEM**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Company has appointed M/s Rajnish & Associates, Chartered Accountants, as the Internal Auditor of the Company to maintain its objectivity and independence, the Internal Auditor reports to the Audit Committee.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of the internal control system in the Company, it compliance with operating systems, accounting procedures and policies of the Company and its subsidiaries. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee.

**33. PARTICULARS OF EMPLOYEES:**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this report as **Annexure – VIII**.

Further, the disclosure pursuant to Section 197(14) of the Companies Act, 2013 in respect of remuneration or commission received from any holding or subsidiary company of company by any Managing Director or Whole Time Director who is also in receipt of commission from that

company is annexed with this report as **Annexure- IX**.

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits set out in the said Rules forms part of the Report and annexed to this report as **Annexure – X**.

**34. EMPLOYEES STOCK OPTION SCHEMES (ESOPs)**

The Nomination and Remuneration Committee of the Board of Directors of the Company, inter alia, administers and monitors the Employees' Stock Option Schemes of the Company in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (erstwhile Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999) ('the SEBI Guidelines').

The Details as required under the SEBI Guidelines, for Employees' Stock Option Schemes have been uploaded on the website of the Company and can be accessed through the link <http://www.educomp.com/content/investors-home>. There is no material change in the ESOP schemes of the Company during the year. The Certificate from Auditors confirming that schemes have been implemented in accordance with the SEBI Guidelines will be placed at the forthcoming Annual General Meeting of the Company before the members and a copy of the same shall be available for inspection at the registered office of the Company.

**35. DISCLOSURE PURSUANT TO CLAUSE 5A OF LISTING AGREEMENT**

Pursuant to insertion of Clause 5A in Listing Agreement as per SEBI Notification No.- SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009, the details in respect of the shares lying in the suspense account till March 31, 2015 is as under.

Description		No. of Cases	No. of Shares
1.	Aggregate number of shareholders and the outstanding shares in the initiation of suspense account.	3	750
2.	Number of shareholders who approached the Company for transfer of shares from suspense account during the year 2014-15	0	0
3.	Number of shareholders to whom shares were transferred from suspense account during the year 2014-15	0	0
4.	Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2015	3	750

All the unclaimed shares are being credited to a DEMAT suspense account and all the corporate benefits in terms of securities, accruing to on these unclaimed shares shall be credited to such account. Voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

### **36. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The particulars of loans, guarantees given, security provided and investments made during the year as per Section 186 of the Companies Act, 2013 form part of the notes and schedules of the Financial Statements provided in this Annual Report.

### **37. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS OR TRIBUNAL**

There are no significant or material orders passed by the Regulators / Courts / Tribunal which would impact the going concern status of the Company and its operations in future.

### **38. DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. No case has been reported during the year under review.

### **39. ACKNOWLEDGEMENT:**

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

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

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

**For and on Behalf of the Board of Directors  
Educomp Solutions Limited**

Sd/-  
(Shantanu Prakash)

**Chairman & Managing Director  
DIN: 00983057**

Date : 13<sup>th</sup> August 2015  
Place : Gurgaon, Haryana

## Annexure - I

Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31<sup>st</sup> March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

i)	<b>CIN</b>	L74999DL1994PLC061353
ii)	<b>Registration Date</b>	07 <sup>th</sup> September, 1994
iii)	<b>Name of the Company</b>	Educomp Solutions Limited
iv)	<b>Category / Sub-Category of the Company</b>	Company Limited by Shares / Indian Non-Government Company
v)	<b>Address of the Registered office and contact details</b>	1211, Padma Tower – I, 5 Rajendra Place, New Delhi-110008 TEL: 91-11-25755920 Fax: 91-11-25766775 Email: investor.services@educomp.com Website: www.educomp.com
vi)	<b>Whether listed company</b>	Yes
vii)	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	Link Intime India Private Limited Link Intime India Pvt. Ltd 44, Community Centre, Phase-I, Near PVR, Naraina Ind. Area, New Delhi – 110028 TEL: 011-41410592-94 Fax: 011-41410591 Email: delhi@linkintime.co.in

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Educational Support Services	85500*	100%

\*As per National Industrial Classification (NIC) - 2008

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	<b>Wheatstone Productions Private Limited</b> No.71/5 IV Main Road, Chennai-600004, Tamil Nadu	U52599TN1998PTC041563	Subsidiary	51.00	2(87)(ii)
2	<b>Educomatics Corporation Inc., USA</b> 5701 W. Slaughter LN Suite A130-400, Austin TX 78749	Foreign Company	Subsidiary	100	2(87)(ii)
3	<b>Educomp Learning Private Limited</b> Corniche Allatheef, NO. 25, Cunningham Road, Bangalore, Karnataka-560001	U72900KA2003PTC032674	Subsidiary	51.00	2(87)(ii)
4	<b>Educomp Infrastructure &amp; School Management Limited</b> 514, Udyog Vihar, Phase-III, Gurgaon, Haryana – 122001	U70104HR2006PLC045915	Subsidiary	83.71	2(87)(ii)
5	<b>Educomp School Management Limited</b> 802 Padma Tower 1, 5, Rajendra Place New Delhi-110008	U80103DL2006PLC153405	Subsidiary	68.35	2(87)(ii)
6	<b>Educomp Learning Hour Private Limited</b> Second Floor, Kamal Theatre Building, Safdarjung Enclave, New Delhi- 110029	U72200DL2005PTC142030	Subsidiary	95.90	2(87)(ii)

7	<b>Educomp Asia Pacific Pte. Ltd.,</b> 8 Shenton Way #47-01 AXA tower Singapore (068811)	Foreign Company	Subsidiary	100	2(87)(ii)
8	<b>Wiz Learn Technologies Pte. Ltd,</b> <b>Singapore</b> 10 Science Park Road #03-13 The Alpha Singapore (117684)	Foreign Company	Subsidiary	100	2(87)(ii)
9	<b>Singapore Learning.com Pte. Ltd,</b> <b>Singapore</b> 10 Science Park Road #03-13 The Alpha Singapore (117684)	Foreign Company	Subsidiary	100	2(87)(ii)
10	<b>Vidya Mandir Classes Limited</b> 3 <sup>rd</sup> Floor, Aggarwal Corporate Heights, Plot No A-7, Netaji Subhash Place, Distt. Centre, Wazirpur, New Delhi- 110034	U74899DL1992PLC049025	Subsidiary	67.00	2(87)(ii)
11	<b>Pave Education Pte Ltd, Singapore</b> 10 Science Park Road #03-13 The alpha Singapore (117684)	Foreign Company	Subsidiary	100	2(87)(ii)
12	<b>Wiz Learn Pte Ltd., Singapore</b> 10 Science Park Road #03-13 The alpha Singapore (117684)	Foreign Company	Subsidiary	100	2(87)(ii)
13	<b>Educomp Software Limited</b> 1210, Padma Tower 1, 5, Rajendra Place New Delhi-110008	U72900DL2007PLC171509	Subsidiary	95.90	2(87)(ii)
14	<b>Educomp Infrastructure Services Private Limited</b> 1211, Padma Tower 1, 5, Rajendra Place New Delhi-110008	U45400DL2008PTC174712	Subsidiary	83.71	2(87)(ii)
15	<b>Educomp Professional Education Limited</b> 514, Udyog Vihar, Phase-III, Gurgaon, Haryana – 122001	U80300HR2008PLC037672	Subsidiary	100	2(87)(ii)
16	<b>Learning Internet Inc., U.S.A.</b> 1620 SW Taylor Street Suite 100 Portland, Oregon 97205	Foreign Company	Subsidiary	58.32	2(87)(ii)
17	<b>Educomp APAC Services Ltd., BVI</b> ATC Trustees (BVI) Limited, 2 <sup>nd</sup> Floor, Abbott Building, Road Town, Tortola, British Virgin Islands	Foreign Company	Subsidiary	83.71	2(87)(ii)
18	<b>Savvica Inc., Canada</b> 110 Fourth Avenue, Courtice, Ontario, Canada	Foreign Company	Subsidiary	79.55	2(87)(ii)
19	<b>Educomp Child Care Private Limited</b> 514, Udyog Vihar, Phase-III, Gurgaon, Haryana – 122001	U80100HR2008PTC045934	Subsidiary	63.53	2(87)(ii)

20	<b>Educomp Online Supplemental Service Limited</b> 1211, Padma Tower 1, 5, Rajendra Place New Delhi-110008	U80301DL2010PLC200323	Subsidiary	95.90	2(87)(ii)
21	<b>Educomp Intelliprop Ventures Pte. Ltd., Singapore (Formerly Educomp Intelprop Ventures Pte. Ltd.)</b> 8 Shenton Way #47-01 AXA tower Singapore (068811)	Foreign Company	Subsidiary	100	2(87)(ii)
22	<b>Educomp Investment Management Limited</b> 1211, Padma Tower 1, 5, Rajendra Place New Delhi-110008	U74140DL2010PLC206434	Subsidiary	100	2(87)(ii)
23	<b>Falcate Builders Private Limited</b> 1211, Padma Tower 1, 5, Rajendra Place New Delhi-110008	U70100DL2007PTC159420	Subsidiary	83.53	2(87)(ii)
24	<b>Newzone Infrastructure Private Limited</b> 1211, Padma Tower 1, 5, Rajendra Place New Delhi-110008	U72900DL2007PTC159532	Subsidiary	83.41	2(87)(ii)
25	<b>Rockstrong Infratech Private Limited</b> 1211, Padma Tower 1, 5, Rajendra Place New Delhi-110008	U45200DL2007PTC159426	Subsidiary	83.47	2(87)(ii)
26	<b>Reverie Infratech Private Limited</b> 1211, Padma Tower 1, 5, Rajendra Place New Delhi-110008	U51909DL2007PTC159846	Subsidiary	83.52	2(87)(ii)
27	<b>Herold Infra Private Limited</b> 1211, Padma Tower 1, 5, Rajendra Place New Delhi-110008	U51101DL2007PTC159533	Subsidiary	83.54	2(87)(ii)
28	<b>Growzone Infrastructure Private Limited</b> 802, Padma Tower 1, 5, Rajendra Place New Delhi-110008	U51101DL2007PTC159428	Subsidiary	83.52	2(87)(ii)
29	<b>Hidream Constructions Private Limited</b> L-74, Mahipalpur Extension New Delhi-110037	U45200DL2007PTC159764	Subsidiary	83.54	2(87)(ii)
30	<b>Leading Edge Infratech Private Limited</b> 802, Padma Tower 1, 5, Rajendra Place New Delhi-110008	U45400DL2007PTC159595	Subsidiary	83.44	2(87)(ii)
31	<b>Strotech Infrastruture Private Limited</b> 1211, Padma Tower 1, 5, Rajendra Place New Delhi-110008	U51909DL2007PTC159419	Subsidiary	83.54	2(87)(ii)
32	<b>Markus Infrastructure Private Limited</b> 1211, Padma Tower 1, 5, Rajendra Place New Delhi-110008	U45209DL2007PTC159417	Subsidiary	83.51	2(87)(ii)
33	<b>Orlando Builders Private Limited</b> L-74, Mahipalpur Extension New Delhi-110037	U51909DL2007PTC159418	Subsidiary	83.52	2(87)(ii)
34	<b>Crosshome Developers Private Limited</b> L-74, Mahipalpur Extension New Delhi-110037	U45202DL2007PTC160056	Subsidiary	83.43	2(87)(ii)
35	<b>Good Luck Structure Private Limited</b> 802, Padma Tower 1, 5, Rajendra Place New Delhi-110008	U45200DL2007PTC159526	Subsidiary	83.34	2(87)(ii)

36	<b>Evergreen Realtech Private Limited</b> L-74, Mahipalpur Extension New Delhi-110037	U45400DL2010PTC197529	Subsidiary	83.39	2(87)(ii)
37	<b>Zeta Buildcon Private Limited</b> 802, Padma Tower 1, 5, Rajendra Place New Delhi-110008	U45400DL2010PTC197552	Subsidiary	83.54	2(87)(ii)
38	<b>Onega Infrastructure Private Limited</b> L-74, Mahipalpur Extension New Delhi-110037	U45400DL2009PTC197133	Subsidiary	83.47	2(87)(ii)
39	<b>Grider Infratech Private Limited</b> L-74, Mahipalpur Extension New Delhi-110037	U45400DL2010PTC197525	Subsidiary	83.51	2(87)(ii)
40	<b>Boston Realtech Private Limited</b> 802, Padma Tower 1, 5, Rajendra Place New Delhi-110008	U45200DL2009PTC197514	Subsidiary	83.41	2(87)(ii)
41	<b>Modzex Infrastructure Private Limited</b> L-74, Mahipalpur Extension New Delhi-110037	U45400DL2007PTC159888	Subsidiary	83.37	2(87)(ii)
42	<b>Virtual Buildtech Private Limited</b> 802, Padma Tower 1, 5, Rajendra Place New Delhi-110008	U45200DL2007PTC159525	Subsidiary	83.30	2(87)(ii)
43	<b>Laservision Estates Private Limited</b> 802, Padma Tower 1, 5, Rajendra Place New Delhi-110008	U45400DL2010PTC197531	Subsidiary	83.36	2(87)(ii)
44	<b>Knowledge Vistas Limited</b> 401 & 402, 4 <sup>th</sup> Floor, Kaatyayni Busines Park, Off:Mahakali Caves Road, MIDC,Andheri, Kurla Road Mumbai,Maharashtra-400093	U80301MH2009PLC190552	Subsidiary	42.69	2(87)(ii)
45	<b>Gateforum Educational Services Private Limited*</b> 4th Floor, Ashoka Raghupathi Chambers, H. No. 1-10-60 to 62,Opp Shoppers Stop,S.P Road, Begumpet, Andhra Pradesh- 500016	U80302AP2005PTC087628	Subsidiary	NIL	2(87)(ii)
46	<b>Educomp Global Holding WLL</b> A1 Matrook Building Road 1705 Diplomatic Area P.O. Box 11522, Manama 317 Kingdom of Bahrain	Foreign Company	Subsidiary	100	2(87)(ii)
47	<b>Educomp Global FZE.</b> PO Box: 16111, RAS AL KHAIMAH United Arab Emirates	Foreign Company	Subsidiary	100	2(87)(ii)
48	<b>Edu Smart Services Private Limited</b> L-74, Mahipalpur Extension New Delhi-110037	U80902DL2009PTC191840	Subsidiary	..**	2(87)(ii)
49	<b>Greycells18 Media Private Limited</b> 503, 504 & 507, 5 <sup>th</sup> Floor, Mercantile House, 15 Kasturba Gandhi Marg, New Delhi- 110001	U65923DL2006PLC150020	Associate	25.78	2(6)

\*ceased to be subsidiary w.e.f. 26th August, 2014

\*\*One of the Subsidiary of Educomp Solutions Limited holds 5% Cumulative Compulsorily Convertible Preference Shares in Edu Smart Services Private Limited. Therefore, M/s Edu Smart Services Private Limited is considered as the Subsidiary of Educomp Solutions Limited and the extent of holding is 99.82% of Total of Equity & Convertible Preference Shares of Edu Smart Services Private Limited.

#### IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

##### (i) Category wise shareholding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) <b>Indian</b>									
a) Individual/ HUF	47553645	-	47553645	38.84	47553645	-	47553645	38.83	(0.01)
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	7284600	-	7284600	5.95	7284600	-	7284600	5.95	0
e) Banks/ FI	-	-	-	-	-	-	-	-	-
f) Any Other ...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	<b>54838245</b>	<b>-</b>	<b>54838245</b>	<b>44.79</b>	<b>54838245</b>	<b>-</b>	<b>54838245</b>	<b>44.78</b>	<b>(0.01)</b>
(2) <b>Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any Other ...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>54838245</b>	<b>-</b>	<b>54838245</b>	<b>44.79</b>	<b>54838245</b>	<b>-</b>	<b>54838245</b>	<b>44.78</b>	<b>(0.01)</b>
<b>B. Public Shareholding</b>									
<b>1 Institutions</b>									
a) Mutual Funds	1315	-	1315	0.00	-	-	-	-	(0.00)
b) Banks/ FI	400016	-	400016	0.33	485293	-	485293	0.40	0.07
c) Central Govt or State Govt(s)	10168	-	10168	0.01	10168	-	10168	0.01	-
d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
e) Insurance companies	-	-	-	-	-	-	-	-	-
f) FIs	26329578	-	26329578	21.50	11274386	-	11274386	9.21	(12.29)
g) Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
h) Others (Specify)	-	-	-	-	-	-	-	-	-
<b>Sub Total (B)(1)</b>	<b>26741077</b>	<b>-</b>	<b>26741077</b>	<b>21.84</b>	<b>11769847</b>	<b>-</b>	<b>11769847</b>	<b>9.61</b>	<b>(12.23)</b>
<b>2 Non Institutions</b>									
a) Bodies Corporate									
i) Indian	6801135	-	6801135	5.55	8762118	-	8762118	7.15	1.60
ii) Overseas	7320997	-	7320997	5.98	1823545	-	1823545	1.49	(4.49)
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	23170473	5006	23175479	18.93	35318969	5545	35324514	28.84	9.91
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	1266594	-	1266594	1.03	3203550	-	3203550	2.62	1.59
c) <b>Any other (Specify)</b>	<b>2297541</b>	<b>-</b>	<b>2297541</b>	<b>1.88</b>	<b>6745349</b>	<b>-</b>	<b>6745349</b>	<b>5.51</b>	<b>3.63</b>

i)	Non Resident Indians	1092724	-	1092724	0.89	1579561	-	1579561	1.29	0.40
ii)	Clearing Members	449311	-	449311	0.37	2206879	-	2206879	1.80	1.43
iii)	Trusts	580	-	580	0.00	930	-	930	0.00	0.00
iv)	HUF	754926	-	754926	0.62	-	-	-	-	(0.62)
v)	Foreign Portfolio Investors	-	-	-	-	2957979	-	2957979	2.42	2.42
	<b>Sub-total (B)(2):-</b>	<b>40856740</b>	<b>5006</b>	<b>40861746</b>	<b>33.37</b>	<b>55853531</b>	<b>5545</b>	<b>55859076</b>	<b>45.61</b>	<b>12.24</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>67597817</b>	<b>5006</b>	<b>67602823</b>	<b>55.21</b>	<b>67623378</b>	<b>5545</b>	<b>67628923</b>	<b>55.22</b>	<b>0.01</b>
<b>C.</b>	<b>Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
	<b>Grand Total (A+B+C)</b>	<b>122436062</b>	<b>5006</b>	<b>122441068</b>	<b>100</b>	<b>122461623</b>	<b>5545</b>	<b>122467168</b>	<b>100</b>	<b>-</b>

**(ii) Shareholding of Promoters**

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1.	Shantanu Prakash	4,43,15,205	36.19	21.03	4,43,15,205	36.18	36.18	(0.01)
2.	Anjlee Prakash	32,38,440	2.65	2.65	32,38,440	2.65	2.65	0
3.	A. P. Eduvision Pvt. Ltd.	72,84,600	5.95	0	72,84,600	5.95	0	0
	<b>Total</b>	<b>5,48,38,245</b>	<b>44.79</b>	<b>23.68</b>	<b>5,48,38,245</b>	<b>44.78</b>	<b>38.83</b>	<b>0</b>

**(iii) Change in promoter's shareholding (please specify, if there is no change)**

S. No	MR. SHANTANU PRAKASH	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	At the beginning of the year	4,43,15,205	36.19	4,43,15,205	36.19
2.	24/04/2014: Decreased due to Conversion of ESOP 2006	NIL	(0.00)	4,43,15,205	36.19
	01/07/2014: Decreased due to Conversion of ESOP 2006	NIL	(0.01)	4,43,15,205	36.18
	08/08/2014: Decreased due to Conversion of ESOP 2006	NIL	(0.00)	4,43,15,205	36.18
3.	At the End of the year	<b>4,43,15,205</b>	<b>36.18</b>	<b>4,43,15,205</b>	<b>36.18</b>
	MS. ANJLEE PRAKASH	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	At the beginning of the year	32,38,440	2.65	32,38,440	2.65
2.	24/04/2014: Decreased due to Conversion of ESOP 2006	NIL	(0.00)	32,38,440	2.65
	01/07/2014: Decreased due to Conversion of ESOP 2006	NIL	(0.00)	32,38,440	2.65
	08/08/2014: Decreased due to Conversion of ESOP 2006	NIL	(0.00)	32,38,440	2.65
3.	At the End of the year	<b>32,38,440</b>	<b>2.65</b>	<b>32,38,440</b>	<b>2.65</b>

	<b>A.P. EDUVISION PVT. LTD.</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>
1.	At the beginning of the year	72,84,600	5.95	72,84,600	5.95
2.	24/04/2014: Decreased due to Conversion of ESOP 2006	NIL	(0.00)	72,84,600	5.95
	01/07/2014: Decreased due to Conversion of ESOP 2006	NIL	(0.00)	72,84,600	5.95
	08/08/2014: Decreased due to Conversion of ESOP 2006	NIL	(0.00)	72,84,600	5.95
3.	At the End of the year	<b>72,84,600</b>	<b>5.95</b>	<b>72,84,600</b>	<b>5.95</b>

**(iv) Shareholding pattern of top 10 shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

<b>S. No.</b>	<b>Particulars of Shareholders*</b>	<b>Shareholding at the beginning of the year</b>		<b>Cumulative Shareholding during the year</b>	
		<b>No. of Shares</b>	<b>% of total shares of the company</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>
<b>1.</b>	<b>MKCP INSTITUTIONAL INVESTOR (MAURITIUS) II LTD</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year	9898370	8.08	9898370	8.08
	Bought during the Year	-	0.00	9898370	8.08
	Sold during the Year	-	0.00	9898370	8.08
	At the End of the year	9898370	8.08	9898370	8.08
<b>2.</b>	<b>MACQUARIE BANK LIMITED</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year	3281317	2.67	3281317	2.67
	Bought during the Year	-	0.00	3281317	2.67
	Sold during the Year	(323338)	(0.26)	2957979	2.41
	At the End of the year	2957979	2.41	2957979	2.41
<b>3.</b>	<b>SOCIÉTÉ DE PROMOTION ET DE PARTICIPATION POUR LA COOPÉRATION ÉCONOMIQUE</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year	1823545	1.48	1823545	1.48
	Bought during the Year	-	0.00	1823545	1.48
	Sold during the Year	-	0.00	1823545	1.48
	At the End of the year	1823545	1.48	1823545	1.48
<b>4.</b>	<b>MADAN DOULATRAM BAHAL</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year	0	0.00	0	0.00
	Bought during the Year	800000	0.65	800000	0.65
	Sold during the Year	0	0.00	800000	0.65
	At the End of the year	800000	0.65	800000	0.65
<b>5.</b>	<b>PREMIER INVESTMENT FUND LIMITED</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year	300000	0.24	300000	0.24
	Bought during the Year	353000	0.29	653000	0.53
	Sold during the Year	0	0.00	653000	0.53
	At the End of the year	653000	0.53	653000	0.53
<b>6.</b>	<b>KARVY STOCK BROKING LTD</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year	339681	0.27	339681	0.27
	Bought during the Year	535201	0.43	874882	0.70
	Sold during the Year	-268449	-0.21	606383	0.49
	At the End of the year	606383	0.49	606383	0.49
<b>7.</b>	<b>NIRMAL BANG SECURITIES PVT. LTD.</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year	40892	0.03	40892	0.03
	Bought during the Year	1083244	0.88	1124136	0.91
	Sold during the Year	-527666	-0.43	596470	0.48

	At the End of the year	596470	0.48	596470	0.48
<b>8.</b>	<b>JOINDRE CAPITAL SERVICES LIMITED</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year	1686	0.00	1686	0.00
	Bought during the Year	559299	0.45	560985	0.45
	Sold during the Year	-103384	-0.08	457601	0.37
	At the End of the year	457601	0.37	457601	0.37
<b>9.</b>	<b>CITIBANK N.A.</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year	73320	0.05	73320	0.05
	Bought during the Year	2426679	1.98	2499999	2.03
	Sold during the Year	-2099999	-1.71	400000	0.32
	At the End of the year	400000	0.32	400000	0.32
<b>10.</b>	<b>JATALIA FINANCE COMPANY LTD</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>	<b>No. of Shares</b>	<b>% of total shares of the company</b>
	At the beginning of the year	185046	0.15	185046	0.15
	Bought during the Year	214771	0.17	399817	0.32
	Sold during the Year	-3046	-0.00	396771	0.32
	At the End of the year	396771	0.32	396771	0.32

\* Top ten shareholders of the Company as on March 31, 2015 have been considered for the above disclosure.

\* The above information is based on weekly beneficiary position data received from depositories.

**(v) Shareholding of Directors and Key Managerial Personnel**

S. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>1.</b>	<b>Mr. Shantanu Prakash, Chairman &amp; Managing Director</b>				
	At the beginning of the year	4,43,15,205	36.19	4,43,15,205	36.19
	24/04/2014: Decreased due to Conversion of ESOP 2006	NIL	(0.00)	4,43,15,205	36.19
	01/07/2014: Decreased due to Conversion of ESOP 2006	NIL	(0.01)	4,43,15,205	36.18
	08/08/2014: Decreased due to Conversion of ESOP 2006	NIL	(0.00)	4,43,15,205	36.18
	At the End of the year	<b>4,43,15,205</b>	<b>36.18</b>	<b>4,43,15,205</b>	<b>36.18</b>
<b>2.</b>	<b>Mr. Shonu Chandra, Independent-Non Executive Director</b>				
	At the beginning of the year	3250	0.00	3250	0.00
	24/04/2014: Decreased due to Conversion of ESOP 2006	NIL	(0.00)	3250	0.00
	01/07/2014: Decreased due to Conversion of ESOP 2006	NIL	(0.00)	3250	0.00
	08/08/2014: Decreased due to Conversion of ESOP 2006	NIL	(0.00)	3250	0.00
	At the End of the year	3250	0.00	3250	0.00
<b>3.</b>	<b>Mr. Yogesh Saluja, Company Secretary</b>				
	At the beginning of the year	1	0.00	1	0.00
	24/04/2014: Decreased due to Conversion of ESOP 2006	NIL	(0.00)	1	0.00
	01/07/2014: Decreased due to Conversion of ESOP 2006	NIL	(0.00)	1	0.00
	08/08/2014: Decreased due to Conversion of ESOP 2006	NIL	(0.00)	1	0.00
	At the End of the year	1	0.00	1	0.00

## V. INDEBTEDNESS

### Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in million)

Indebtedness at the beginning of the Financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	18,771.41	1,069.98	-	19,841.39
ii) Interest due but not paid	295.88	-	-	295.88
iii) Interest accrued but not due	92.15	11.32	-	103.47
<b>Total (i+ii+iii)</b>	<b>19,159.44</b>	<b>1,081.30</b>	-	<b>20,240.74</b>
Changes in Indebtedness during the financial year				
Addition*	7,960.21	224.10	-	8,184.31
Reduction**	2,229.58	269.80	-	2,499.38
<b>Net Change</b>	<b>5,730.63</b>	<b>(45.70)</b>	-	<b>5,684.93</b>
Indebtedness at the end of the financial year				
i) Principal Amount	24,117.08	1,026.12	-	25,143.20
ii) Interest due but not paid***	678.99	9.48	-	688.47
iii) Interest accrued but not due	94.00	-	-	94.00
<b>Total (i+ii+iii)</b>	<b>24,890.07</b>	<b>1,035.60</b>	-	<b>25,925.67</b>

#### Note

\* In Secured loan included ₹100 million NCD regrouped from unsecured loan.

\* In Secured loan included ₹199.28 million forex restatement of ECB and FCCB.

\*\* In unsecured loan included ₹100 million NCD regrouped in secured loan.

\*\*\* In secured loan included ₹7.19 million forex restatement of interest on ECB.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole Time Director and/or Manager

S. No.	Particulars of Remuneration	Mr. Shantanu Prakash, Chairman & Managing Director*	Mr. Vinod Kumar Dandona, Whole-time Director*	Total Amount (In ₹)
1	Gross Salary			
(a)	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	2,467,504	2,467,504
(b)	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	NIL	NIL	-
(c)	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	NIL	NIL	-
2	Stock Option	NIL	NIL	-
3	Sweat Equity	NIL	NIL	-
4	Commission	NIL	NIL	-
(a)	(a) as % of profit			
(b)	(b) others, specify ...			
(i)	(i) Particulars			
(ii)	(ii) Amount			
5	Others, please specify	NIL	NIL	-
(a)	(a) Particulars			
(b)	(b) Amount			
	Total	NIL	2,467,504	2,467,504
	Ceiling as per the Act	NIL	NIL**	

\* No Remuneration has been paid to Mr. Shantanu Prakash due to Loss incurred in the Company and further, the Company is under process of filing of application for the waiver of remuneration paid.

\*\* The Company is under process of filing of application for the waiver of remuneration paid.

**B. Remuneration to other Directors**

S. No.	Particulars of Remuneration	Mr. Vijay Kumar Choudhary	Mr. Rajat Khare	Mr. Venkata Subbarao Valluri	Ms. Swati Sinha	Mr. Shonu Chandra	Total Amount (In ₹)
<b>1</b>	<b>Independent Directors</b>						
	Fee for attending Board / Committee Meetings*	1,20,000	30,000	40,000	0	1,30,000	3,20,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>1,20,000</b>	<b>30,000</b>	<b>40,000</b>	<b>0</b>	<b>1,30,000</b>	<b>3,20,000</b>
<b>2</b>	<b>Other Non-Executive Directors</b>						
	Fee for attending Board / Committee Meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>1,20,000</b>	<b>30,000</b>	<b>40,000</b>	<b>0</b>	<b>1,30,000</b>	<b>3,20,000</b>
	<b>Total Managerial Remuneration</b>						
	<b>Overall Ceiling as per the Act</b>	₹1,00,000 per meeting of the Board & Committee	₹1,00,000 per meeting of the Board & Committee	₹1,00,000 per meeting of the Board & Committee	₹1,00,000 per meeting of the Board & Committee	₹1,00,000 per meeting of the Board & Committee	₹1,00,000 per meeting of the Board & Committee

\*Excluding Service Tax

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

S. No.	Particulars of Remuneration	Mr. Ashish Mittal, Chief Financial Officer*	Mr. Yogesh Saluja, Company Secretary	Total (In ₹)
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,992,216	1,104,429	6,096,645
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	7,200	NIL	7,200
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	NIL	NIL	NIL
2.	Stock Options (in number)	19,00,000	2,75,000	21,75,000
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission	NIL	NIL	NIL
	(a) as % of profit			
	(b) others, specify ...			
	(i) Particulars			
	(ii) Amount			
5.	Other, please specify	NIL	NIL	NIL
	(a) Particulars			
	(b) Amount			
	<b>Total (amount in Rs.)</b>	<b>4,999,416</b>	<b>1,104,429</b>	<b>6,103,845</b>

\* Remuneration paid for the whole year as Senior VP (Finance) & CFO.

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give details)
<b>A. COMPANY</b>					
Penalty	NIL				
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty	NIL				
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NIL				
Punishment					
Compounding					

**For and on Behalf of the Board of Directors  
Educomp Solutions Limited**

Sd/-

**(Shantanu Prakash)  
Chairman & Managing Director  
DIN: 00983057**

Date : 13<sup>th</sup> August 2015  
Place : Gurgaon, Haryana

**Annexure - II Form AOC-1**  
 [Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014]  
 Statement containing salient features of the financial statements of the subsidiaries/joint ventures /associate companies

**Part-A: Subsidiaries**

S. No.	Name of the Company	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting Currency	Exchange Rate as on last date of Financial Year	Share Capital	Reserves & Surplus	Total Assets*	Total Liabilities	Total Investments	Turnover	Profit/ (Loss) or Taxation		Proposed Dividend	% of shareholding (Equity) as on last date	
											before Taxation	after Taxation			
1	2	3	4A	4B	5	6	7	8	9	10	11	12	13	14	15
1	Educomp Learning Pvt. Ltd.	-	INR	1.00	1.05	83.62	97.50	12.83	-	33.45	(24.76)	2.06	(26.82)	-	51.00%
2	Wheatstone Productions Pvt Ltd.	-	INR	1.00	1.68	(3.40)	0.02	1.73	-	-	(0.03)	-	(0.03)	-	51.00%
3	Educomatics Corporation Inc. USA	-	USD	62.59	62.09	(48.74)	25.33	11.98	-	-	(4.33)	0.05	(4.37)	-	100.00%
4	Educomp Infrastructure and School Management Ltd.	-	INR	1.00	660.53	6,615.05	17,845.50	10,569.92	-	706.89	(2,454.11)	(52.85)	(2,401.27)	-	83.71%
5	Educomp Infrastructure Services Pvt Ltd.	-	INR	1.00	0.10	(0.52)	0.29	0.72	-	-	(0.03)	-	(0.03)	-	83.71%
6	Educomp APAC Services Ltd. BVI	-	USD	62.59	926.78	(316.02)	610.76	-	0.40	(497.42)	0.16	(497.58)	-	83.71%	
7	Knowledge Vistas Limited	-	INR	1.00	4.45	166.87	434.62	263.29	-	-	(26.95)	-	(26.95)	-	42.69%
8	Laservision Estates Private Limited	-	INR	1.00	23.72	34.85	58.69	0.13	-	-	(0.00)	-	(0.00)	-	83.36%
9	Virtual Buildtech Private Limited	-	INR	1.00	20.52	30.12	51.62	0.98	-	-	(0.01)	-	(0.01)	-	83.30%
10	Modzex Infrastructure Private Limited	-	INR	1.00	24.31	38.76	63.18	0.12	1.20	0.33	0.22	0.22	0.11	-	83.37%
11	Falcate Builders Private Ltd.	-	INR	1.00	46.98	139.87	186.93	0.08	-	(0.01)	(0.01)	-	(0.01)	-	83.53%
12	Newzone Infrastructure Pvt. Ltd.	-	INR	1.00	27.92	44.73	72.82	0.17	1.20	1.19	0.26	0.26	0.93	-	83.41%
13	Rockstrong Infretech Private Ltd.	-	INR	1.00	35.12	50.85	87.70	1.73	-	(0.91)	(0.91)	-	(0.91)	-	83.47%
14	Reverie Infretech Private Limited	-	INR	1.00	45.12	(12.19)	35.50	2.58	-	(123.82)	(123.82)	-	(123.82)	-	83.52%
15	Herold Infra Private Limited	-	INR	1.00	49.11	(11.23)	38.37	0.50	-	(132.90)	(132.90)	-	(132.90)	-	83.54%
16	Growzone Infrastructure Private Ltd.	-	INR	1.00	43.11	63.69	106.88	0.08	-	(0.01)	(0.01)	-	(0.01)	-	83.52%
17	Hidream Constructions Private Ltd.	-	INR	1.00	47.98	214.55	273.60	11.08	-	(0.01)	(0.01)	-	(0.01)	-	83.54%
18	Leading Edge Infretech Private Ltd.	-	INR	1.00	30.71	45.17	76.12	0.24	-	(0.00)	(0.00)	-	(0.00)	-	83.44%

19	Strotech Infrastructure Private Ltd.	-	INR	1.00	48.13	88.64	136.88	0.12	-	1.20	(0.24)	0.15	(0.39)	-	83.54%
20	Markus Infrastructure Private Ltd.	-	INR	1.00	41.99	32.39	74.51	0.13	-	-	(29.74)	-	(29.74)	-	83.51%
21	Orlando Builders Private Ltd.	-	INR	1.00	44.04	14.99	59.20	0.18	-	-	(0.01)	-	(0.01)	-	83.52%
22	Crosshome Developers Private Ltd.	-	INR	1.00	30.35	44.68	75.42	0.40	-	-	(0.00)	-	(0.00)	-	83.43%
23	Good Luck Structure Private Ltd.	-	INR	1.00	22.83	33.52	56.50	0.15	-	-	(0.00)	-	(0.00)	-	83.34%
24	Evergreen Realtech Pvt. Ltd.	-	INR	1.00	26.31	38.69	65.08	0.08	-	-	(0.01)	-	(0.01)	-	83.39%
25	Zeta Buildcon Pvt. Ltd.	-	INR	1.00	48.37	71.53	209.97	90.08	-	-	(0.01)	-	(0.01)	-	83.54%
26	Omega Infrastructure Pvt. Ltd.	-	INR	1.00	34.35	54.44	188.97	100.17	-	1.20	1.19	0.26	0.93	-	83.47%
27	Grider Infratech Pvt. Ltd.	-	INR	1.00	42.72	63.11	105.91	0.08	-	-	(0.01)	-	(0.01)	-	83.51%
28	Boston Realtech Pvt. Ltd.	-	INR	1.00	27.51	40.50	68.09	0.08	-	-	(0.01)	-	(0.01)	-	83.41%
29	Educomp School Management Ltd.	-	INR	1.00	0.50	92.37	20.87	0.54	72.55	-	0.02	-	0.02	-	68.35%
30	Wiz Learn Technologies Pte. Ltd	-	SGD	45.50	298.42	159.15	587.11	287.90	-	515.60	212.71	-	212.71	-	100.00%
31	Singapore Learning.com Pre. Limited	-	SGD	45.50	0.00	150.81	150.81	3.06	-	10.76	(26.47)	-	(26.47)	-	100.00%
32	Pave Education Pte. Ltd.	-	SGD	45.50	7.89	24.29	34.75	16.15	-	13.38	0.22	-	0.22	-	100.00%
33	Wiz Learn Pte Ltd.	-	SGD	45.50	41.18	49.83	104.43	3.99	-	5.11	(10.53)	-	(10.53)	-	100.00%
34	Educomp Asia Pacific PTE. Ltd	-	USD	62.59	1,220.51	8.81	2,388.12	1,158.81	-	12.69	(203.12)	-	(203.12)	-	100.00%
35	Educomp Learning Hour Pvt. Ltd.	-	INR	1.00	0.95	(339.07)	1,012.83	1,350.95	-	271.90	(24.93)	108.10	(133.03)	-	95.90%
36	Educomp Software Ltd.	-	INR	1.00	45.70	(80.59)	0.54	35.44	-	-	(5.10)	-	(5.10)	-	95.90%
37	Educomp Online Supplemental Services Ltd.	-	INR	1.00	36.58	207.77	374.09	129.75	-	-	(14.14)	(0.01)	(14.13)	-	95.90%
38	Gateforum Educational Services Private Limited**	-	INR	1.00	-	-	-	-	-	60.38	(8.55)	-	(8.55)	-	Nil
39	Educomp Professional Education Ltd.	-	INR	1.00	42.84	684.36	998.27	271.07	-	70.61	(2,254.87)	-	(2,254.87)	-	100.00%
40	Savica Inc., Canada	-	CAD	49.45	150.72	(159.98)	9.28	18.54	-	6.45	9.18	-	9.18	-	79.55%
41	Learning Internet Inc. USA	-	USD	62.59	1,334.72	(1,238.07)	785.14	688.50	-	1,011.04	(159.33)	216.20	(375.53)	(247.61)	58.32%
42	Educomp Child Care Pvt. Ltd.	-	INR	1.00	253.60	(172.55)	211.18	130.13	-	128.09	(38.93)	37.27	(76.20)	-	63.53%
43	Educomp Intelliprop Ventures Pte Ltd.(formerly known as Educomp Intelprop Ventures Pte Ltd.)	-	EURO	67.51	39.30	(235.21)	1,112.27	1,308.19	-	-	(425.65)	-	(425.65)	-	100.00%
44	Vidya Mandir Classes Limited	-	INR	1.00	0.73	247.91	688.61	439.97	-	710.92	95.48	31.46	64.02	-	67.00%
45	Educomp Investment Management Limited	-	INR	1.00	6.00	1.60	11.37	3.77	0.01	0.01	(0.01)	0.18	(0.19)	-	100.00%
46	Educomp Global Holding	-	BHD	164.63	29.61	11.77	41.38	-	-	-	-	-	-	-	100.00%
47	Educomp Global FZE	-	AED	17.02	1.46	(12.77)	2.59	13.90	-	12.13	(12.94)	-	(12.94)	-	100.00%

Note:

1. The above disclosure of Subsidiary does not include the financial Statements of M/s Edu Smart Services Private Limited, for explanation please refer point no. (f) in Management response to the Auditors qualifications or remarks in the Board Report.
2. Names of subsidiaries which are yet to commence operations:- N.A.
3. Names of subsidiaries which have been liquidated or sold during the year:-  
a. Gateforum Educational services Private Limited

\* This doesn't include investment in subsidiaries of the respective company  
\*\* ceased to be subsidiary w.e.f. 26th August, 2014

**Part-B: Associates & Joint Ventures**

S. No.	Names of Associates/ Joint Ventures	Latest audited Balance Sheet Date	Greycells18 Media Private Limited	Educomp - Raffles Higher Education Limited	(₹ in million)
1	Shares of Associate/ Joint Ventures held by the Company on the year end	No.	31.03.2015	31.03.2015	
2	Amount of investment in Associates/Joint Ventures	Extent of Holding %	2,999,749 104,555,932 25.78%	1,577,588 1,101,122,084 41.82%	
3	Description of how there is significance influence		Company is Associate of the Educomp Solutions Ltd.	Company is Joint Venture of directly held subsidiary's	
4	Reason why the associate/joint venture is not consolidated		Consolidated	Consolidated	
5	Net Worth attributable to Shareholding as per latest audited Balance Sheet		8,872,375	1,556,263,629	
6	Profit/ Loss for the year		(10,029,769)	(52,268,548)	
	i) Considered in Consolidation		(28,882,322)	(72,716,023)	
	ii) Not considered in Consolidation				

Note:

1. Names of associates or joint ventures which are yet to commence operations:- N.A.
2. Names of associates or joint ventures which have been liquidated or sold during the year:- N.A.

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

Sd/-

**Shantanu Prakash**  
Chairman and Managing Director  
(DIN: 00983057)

Sd/-

**V. K. Dandona**  
Whole Time Director  
(DIN: 06730804)

Place: Gurgaon

Date: May 28, 2015

Sd/-

**Yogesh Saluja**  
Company Secretary

Sd/-

**Ashish Mittal**  
Chief Financial Officer

## Annexure – III

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programmes.**

Educomp Solutions Limited as the largest education solution provider of the country determined to align its corporate goals with greater societal needs. Educomp Solutions Limited through Educomp Foundation engages itself in the welfare of the under privileged sections of the society. Educomp Foundation strives to play a catalytic role in bringing a paradigm shift in Education, health, awareness and employability potential levels of the rural community.

#### CSR POLICY

The policy is to empower the disadvantaged people and marginalized sections of society by facilitating quality education, skill development and provide access to alternative livelihood opportunities in order to bring about a long term, sustainable impact on the life of people in the community. The primary objective of the policy is to focus on the key areas which include Education, Health care, skill development and Inclusive Growth. Details are as under:

- I. To promote primary education with active involvement in teaching and creating learning environment
- II. To facilitate awareness campaign related to health and hygiene and organize relevant workshops
- III. To reach out to masses with real intervention in the fields of women empowerment and senior citizen care.
- IV. To develop and analyse case studies and research materials related to pressing global challenges
- V. To engage with youth/ students to develop them into real empathetic leaders.

In alignment with these objectives Educomp Foundation adopted a village Jaitpur under Village Development Plan in accordance with its CSR policy. Jaitpur is a small village in Gautam Buddha Nagar, 55kms from Delhi in Greater Noida where we have initiated various programme under the flagship project "Mera Gaon Meri Zimedaari". The success of the project in Jaitpur has encouraged us to extend the project to another 2 villages of Noida namely Tigri and Nithari .

#### PROJECTS & PROGRAMMES

The major projects and programmes under different heads are being given below:

#### PRIMARY EDUCATION

1. Primary Education Assistance and Comp-Sikhsha\_- Apart from assisting village school children in elementary Maths, English and science, a Computer Literacy, a Drive was also initiated in August 2013 as an ongoing project in village Jaitpur which has benefitted approx. 400 students of the village so far. A computer at Village Head's place, 4 computers at Ram Rahim School, One at Muskaan Public School with handholding of

their teachers has resulted in increasing awareness and interest of school children in Computers. With the sincere efforts of JRE student volunteers more students shall be enrolled during financial year 2015-16.

#### GIRL CHILD EDUCATION

1. **"Shristi"** – This is girl child education adoption program where we facilitate financial help to girls to pay for their school fees, uniforms, books and other incidental expenses. This project was started to provide quality education to girls and to reduce the number of school dropouts and increase the overall participation of girls in nation building. During the year 2014-15 the education of 03 girls were adopted and during the year 2015-16, 03 more girls have been identified who shall be helped financially.

#### ADULT EDUCATION

1. **"Gyan-Kosh"**- Under this five months program, 75 underprivileged women of the village were given teaching classes under adult literacy drive 05 months from 8<sup>th</sup> March to 16<sup>th</sup> August, 2015. 49 women successfully completed the program. This program shall be repeated once again in 2015-16.
2. **"Yuv-Disha"**- Under YuvDisha program the underprivileged girls and boys were given guidance regarding the future career. 08 girls and 11 boys were given soft skills training including preparation for the interview to increase their employability quotient.

#### WOMEN EMPOWERMENT

1. **"AWARE- Meri Saheli"** – Talented girls were spotted in the village and they were trained in personal hygiene of women, self examination of Breast Cancer & Self Defense training. They were motivated to become trainers for other girls of village. 08 girls were trained under this program.
2. **"Nari Shakti"** - For imparting skills and facilitating a life of dignity & pride, Educomp Foundation launched a vocational centre in Ram Rahim School and initiated a training session for 2 months. 88 underprivileged women were selected to undergo vocational training in which they were taught tailoring, beauty and cutting for 02 months. After the workshop a test was conducted, so that they become confident, develop self-esteem and undertake small jobs in the village to support themselves.

#### AWARENESS PROGRAMS- HEALTH & ENVIRONMENT

1. **"Eye Check-up camp"** – Eye checkup camp and free distribution of spectacles was undertaken on 9<sup>th</sup> April, 2014. 256 persons were taken up for the Eye checkup camp from different organizations located near our office premises, which also include underprivileged residents of the area like rikshaw pullers, taxi drivers and casual labors. 82 needy persons were provided with free spectacles.

Another Eye checkup camp was organized on 5<sup>th</sup> September 185 persons came for the free eye checkup and 80 were provided with free spectacles.

2. **“Health checkup camp”** – Health checkup camp was organized with the help of Helpline Pharmacy Delhi and a free community Primary Health checkup was established in Jaitpur village on 12<sup>th</sup> July. Village people were provided with free consultancy and medicines for simple diseases. This is an on going project in the village.
3. **“Yoga Workshop”** – Yoga was organized in the village and village elders were motivated to undertake Yoga training for 07 days to increase awareness about healthy and stress free life.
4. **“Sports & Cultural”** – Sports and cultural programmes are organized in the village on the occasions of Independence Day, Republic Day, Holi&Deepawali etc.
  - Rural Youth sports training program was taken up for 4.days on consecutive weekends and approx. 60 students participated in the training. They were trained to play cricket, football, Kho-Kho etc., 23 village girl students were also trained.
  - 2<sup>nd</sup> October, Gandhi Jayanti: Swacch Bharat Abhiyan were launched in village and cleaning of village streets and open drains were under taken by village youth.
  - 14<sup>th</sup> November, Children’s Day: Road safety awareness program was under taken . Approx. 150 students from various village schools participated in the program and showed keen interest in learning road signs and rules.

The aforesaid programmes were conducted/carried out through the funds received from the Educomp solutions Limited and also from the donations/corpus received from other sources/entities.

The CSR Policy of the Company can be accessed at the company’s website through the link: <http://www.educomp.com/content/corporate-governance/>

2. **The Composition of the CSR Committee.**
  - Mr. Shantanu Prakash –Chairman
  - Mr. Vinod Kumar Dandona – Member
  - Mr. Vijay Kumar Choudhary –Member
3. **Average net profit of the company for last three financial years**  
Average Net Loss is ₹(634.99) Million.
4. **Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)**  
NIL
5. **Details of CSR spent during the financial year.**
  - (a) **Total amount to be spent for the financial year:**  
₹1,50,000
  - (b) **Amount unspent, if any** – Not Applicable

**(c) Manner in which the amount spent during the financial year is detailed below:**

S. No.	CSR Projects or Activities	Sector in which the project is covered	Locations Districts (State)	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1	Nari Shakti	Women Empowerment	Jaitpur Village, Greater Noida, Uttar Pradesh	1,50,000	1,50,000	1,50,000	Implementing Agency i.e Educomp Foundation

**\*Give details of implementing agency, if any: Educomp Foundation**

6. **In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**  
Not Applicable
7. **The CSR Committee hereby confirm that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the company.**

**For and on Behalf of the Board of Directors  
Educomp Solutions Limited**

Sd/-  
**(Shantanu Prakash)**  
**Chairman & Managing Director**  
**Chairman of CSR Committee**  
**DIN: 00983057**

Date : 13<sup>th</sup> August 2015  
Place : Gurgaon, Haryana

## Annexure-IV

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**Educomp Solutions Limited**  
(CIN: L74999DL1994PLC061353)  
1211, Padma Tower I, 5 Rajendra Place;  
New Delhi- 110008

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Educomp Solutions Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

#### **We report that**

- a) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) Wherever required, we have obtained the Management Representation about the compliances of laws, rules and regulations and happening of events etc.
- e) The compliance of the provisions of the Corporate and other applicable laws, rules, regulation, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 ("Audit Period")

complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) \*The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) \*The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
  - (g) \*The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

- (h) \*The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

\*No event falling under these regulations taken place during the Audit period.

We have also examined compliance with the applicable clauses of the Equity Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange Of India Ltd and Debt Listing Agreements with BSE Limited

During the audit period under review, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines, to the extent applicable, as mentioned except that

- i. *The Company has paid managerial remuneration to its whole time director during the audit period without the Central Government approval which is a non-compliance of the provisions of Section 197 & 198 read with Schedule V of the Act.*
- ii. *The Company has not filed certain charge(s), with the Registrar of Companies, NCT of Delhi & Haryana, created on its certain properties as the Company is prohibited for doing so by Order No. 393/14 dated 24.09.2014 passed by Debt Recovery Tribunal-II, Delhi.*
- iii. *Prior approval of Audit Committee was not obtained in respect of one of the related party transactions with Edu Smart Services Private Limited. However, these transactions were subsequently approved by the Audit Committee on 13.02.2015.*
- (vi) The Company is engaged in providing end to end solutions in the education technology domain through licensing of digital content, solutions for bridging the digital divide (a government initiative to enhance the computer literacy), professional development and retail & consulting initiatives. The company's business can be categorized into four strategic business units namely
  - i. School Learning Solutions (Comprising of Smart Class and Edureach (ICT) business)
  - ii. K-12 Schools (comprising pre-schools & high school)
  - iii. Higher Learning Solutions (comprising of vocational, higher education and professional development)
  - iv. On-line, supplemental & global business (comprising of Internet based educational services and coaching spreading education ecosystem.

As informed by the Management, there is no sector specific law applicable on the Company.

**We further report that** the Board of Directors of the

Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Advance seven days notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda are sent in advance of the meetings, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period

- i) the shareholders of the Company through Postal Ballot on August 11, 2014 approved-
  - creation of mortgage, charge and hypothecation, and creation of securities in such form and manner and on such terms and at such time(s) as the Board may deem fit, over the assets of the company under section 180(1)(a) of the Act upto upto ₹5,000 Crores (Rupees Five thousand Crores only);
  - the borrowing limits of the Company for an amount not exceeding ₹5000 Crores (Rupees Five thousand Crores only) under section 180(1)(c) of the Act; and
  - Educomp Employee Stock Option Scheme, 2014 under which maximum 50,00,000 (Fifty lacs) options convertible into equity shares to its employees/its subsidiaries employees.
- ii) the Company has allotted 26,100 (Twenty Six Thousand and one Hundred) equity shares of face value of ₹2 each to its employees against the exercise of the stock options under Educomp Employee Stock Option Scheme, 2006.

**For Sanjay Grover & Associates  
Comapny Secretaries**

Sd/-

**Sanjay Grover  
C.P. No.: 3850**

Date : 13<sup>th</sup> August, 2015  
Place : New Delhi

## Annexure - V Form AOC-2

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

**Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:**

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

The Company has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2014-15.

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

S. No.	Detail of Related Party Transaction	Particulars	Particulars	Particulars
1	The name of the related party and nature of relationship	Name of the related party and nature of relationship: - M/s Edu Smart Services Private Limited is a Subsidiary Company of Educomp Solutions Limited.	Name of the related party and nature of relationship: - M/s Edu Smart Services Private Limited is a Subsidiary Company of Educomp Solutions Limited.	Name of the related party and nature of relationship: - M/s Edu Smart Services Private Limited is a Subsidiary Company of Educomp Solutions Limited.
2	Nature of contracts / arrangements / transactions:	The company on 31st March 2014 had entered into Trade Receivable purchase agreement, with M/s Edu Smart Services Private Limited for the purchase of trade receivable of Edu Smart Services Private Limited, in one or more trenches. The purchase and transfer of trade receivable from Edu Smart Services Private Limited shall depend on the certain conditions, as specified in the agreement, to be complied with, by the parties to the agreement.	<p>1. The company to enter into leave and license agreement, for a period of 11 month w.e.f. 01<sup>st</sup> July 2014, which shall be further renewed, at the option of the Licensee, for four more terms of 11 months each, with M/s Edu Smart Services Private Limited whereby M/s Educomp Solutions Limited provide license to M/s Edu Smart Services Private Limited to use the part of property 802, Padma Tower-1, 5 Rajendra Place, New Delhi-110008.</p> <p>2. The company to enter into leave and license agreement, for a period of 11 month w.e.f. 01<sup>st</sup> July 2014, which shall be further renewed, at the option of the Licensee, for four more terms of 11 months each, with M/s Edu Smart Services Private Limited whereby M/s Educomp Solutions Limited provide license to M/s Edu Smart Services Private Limited to use the part of property Flat no 204, 2<sup>nd</sup> Floor, Samparpan Premises, Co-Operatic Society Ltd, New Link Road, Chakala, Andheri East, Mumbai-400099.</p> <p>3. The company to enter into leave and license agreement, for a period of 11 month w.e.f. 01<sup>st</sup> July 2014, which shall be further renewed, at the option of the Licensee, for four more terms of 11 months each, with M/s Edu Smart Services Private Limited whereby M/s Educomp Solutions Limited provide license to M/s Edu Smart Services Private Limited to use the part of property 1st Floor, K-2 Block, Near Apra Service Station Mahipalpur New Delhi.</p>	The company is going to entered into an agreement, with M/s Edu Smart Services Private Limited for the sale of IT related hardware and/or educational content.

3	Duration of contracts / arrangements / transactions:	The trade receivables will be purchased and transferred to the company, in one or more trenches, depending upon the fulfillment of the conditions as specified in the agreement, to be complied with by the parties to the agreement.	<ol style="list-style-type: none"> <li>Initially for the period of 11 months and can be further renewed, at the option of the Licensee, for four more terms of 11 months each.</li> <li>Initially for the period of 11 months and can be further renewed, at the option of the Licensee, for four more terms of 11 months each.</li> <li>Initially for the period of 11 months and can be further renewed, at the option of the Licensee, for four more terms of 11 months each.</li> </ol>	The agreement so entered will be effective from 01 <sup>st</sup> April 2014 and shall remain effective for a period of 3years.
4	Salient terms of the contracts or arrangements or transactions including the value, if any	<p>The company on 31<sup>st</sup> March 2014 had entered into Trade Receivable Purchase Agreement, with M/s Edu Smart Services Private Limited for the purchase of trade receivable of Edu Smart Services Private Limited, in one or more trenches. The purchase and transfer of trade receivable from Edu Smart Services Private Limited shall depend on the certain conditions, as specified in the agreement, to be complied with by the parties to the agreement.</p> <p>Total trade receivables to be transferred from Edu Smart Services Private Limited amounting to ₹1203,22,82,072 (Rupees One Thousand Two Hundred Three Crores Twenty Two Lacs Eighty Two Thousand Seventy Two only). Out of which Trade receivable amounting to ₹1034,99,17,051/- (Rupees One Thousand Thirty Four crores Ninety Nine Lacs Seventeen Thousand Fifty One Only) has been transferred to the company on 31<sup>st</sup> March 2014.</p>	<ol style="list-style-type: none"> <li>The company to enter into leave and license agreement, for a period of 11 month w.e.f. 01<sup>st</sup> July 2014, which shall be further renewed, at the option of the Licensee, for four more terms of 11 months each, M/s Edu Smart Services Private Limited whereby M/s Educomp Solutions Limited provide license to M/s Edu Smart Services Private Limited to use the part of property 802, Padma Tower-1, 5 Rajendra Place, New Delhi-110008.  The license fee shall be ₹15000/- (plus applicable taxes, if any) per month during the currency of the agreement, including on the renewal of the agreement.</li> <li>The company to enter into leave and license agreement, for a period of 11 month w.e.f. 01<sup>st</sup> July 2014, which shall be further renewed, at the option of the Licensee, for four more terms of 11 months each, M/s Edu Smart Services Private Limited whereby M/s Educomp Solutions Limited provide license to M/s Edu Smart Services Private Limited to use the part of property Flat no 204, 2<sup>nd</sup> Floor, Samparpan Premises, Co-Operatic Society Ltd, New Link Road, Chakala, Andheri East, Mumbai-400099.  The license fee shall be ₹10000/- (plus applicable taxes, if any) per month during the currency of the agreement, including on the renewal of the agreement.</li> <li>The company to enter into leave and license agreement, for a period of 11 month w.e.f. 01<sup>st</sup> July 2014, which shall be further renewed, at the option of the Licensee, for four more terms of 11 months each, M/s Edu Smart Services Private Limited whereby M/s Educomp Solutions Limited provide license to M/s Edu Smart Services Private Limited to use the part of property part of the property at Khasra No. 819, 1<sup>st</sup> Floor, K-2 Block, Near Apra Service Station Mahipalpur, New Delhi.  The license fee shall be ₹5000/- (plus applicable taxes, if any) per month during the currency of the agreement, including on the renewal of the agreement.</li> </ol>	<p>The company is entering into an agreement, with M/s Edu Smart Services Private Limited for the sale of IT related hardware and/or educational content and the same shall be effective from 01<sup>st</sup> April 2014 and remain effective for a period of 3years.</p> <p>The prices of each hardware and/or educational content will be fixed on the basis of the mutual discussion with the parties. However, the maximum aggregate amount of sale of IT related hardware and/or educational content during every financial year shall not exceed for an amount of ₹15 Crores per annum.</p>

5	Date(s) of approval by the Board, if any	12 <sup>th</sup> August, 2014	1. 26 <sup>th</sup> May, 2014 2. 26 <sup>th</sup> May, 2014 3. 26 <sup>th</sup> May, 2014	13 <sup>th</sup> February, 2015
6	Amount paid as advances, if any	NIL	NIL	NIL

**For and on Behalf of the Board of Directors  
Educomp Solutions Limited**

Sd/-  
**(Shantanu Prakash)**  
**Chairman & Managing Director**  
**DIN: 00983057**

Date : 13<sup>th</sup> August 2015  
Place : Gurgaon, Haryana

## Annexure VI to Director's Report

### INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNING AND OUTGO FORMING PART OF DIRECTORS' REPORT IN TERMS OF SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014.

#### A) CONSERVATION OF ENERGY

- The steps taken or impact on conservation of energy:-

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

- The steps taken by the company for utilizing alternate sources of energy: NIL
- The capital investment on energy conservation equipments: NIL

#### B) TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

##### RESEARCH AND DEVELOPMENT (R & D) - FORM B

- Specific area in which R&D was carried out by the Company  
NIL
- Benefits derived as a result of the above R&D  
NIL.
- Future plan of action  
To add more technical skills to provide better educational solutions to clients.
- Expenditure on R&D
 

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

##### TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION

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

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

- Benefit derived as a result of above efforts e.g. product

improvement, cost reduction, product development, import substitution etc. :

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

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

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

#### c) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

Foreign Exchange Earning & Outgo details are as follows:

(₹ in Million)

Foreign Exchange details *	As on 31 <sup>st</sup> March, 2015	As on 31 <sup>st</sup> March, 2014
Foreign Exchange Earnings (A) (Including deemed exports & sales through export houses)	3.77	6.63
Foreign Exchange Outgo (B)	268.53	231.28
Net Foreign Exchange Earnings (A-B)	(264.76)	(224.65)

\* The Figures are on accrual basis.

**For and on Behalf of the Board of Directors  
Educomp Solutions Limited**

Sd/-  
(Shantanu Prakash)

**Chairman & Managing Director  
DIN: 00983057**

Date : 13<sup>th</sup> August 2015  
Place : Gurgaon, Haryana

## Annexure VII to Director's Report

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

This is to confirm and certify that the Company has adopted/laid down a Code of Conduct for all Board Members and Senior Management Personnel of the company. The Code of Conduct is available on the Company's website viz. [www.educomp.com](http://www.educomp.com). I hereby further confirm that the Company has in respect of the Financial Year ended March 31, 2015, received from the senior Management team of the Company and the members of the Board, a declaration of Compliance with the Code of conduct as applicable to them.

**For and on Behalf of the Board of Directors  
Educomp Solutions Limited**

Sd/-  
**(Shantanu Prakash)**  
**Chairman & Managing Director**  
**DIN: 00983057**

Date : 13<sup>th</sup> August 2015  
Place : Gurgaon, Haryana

## Annexure - VIII

### DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- (i) **The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:**

Name & Designation	Ratio to Median Remuneration
Mr. Shantanu Prakash, Chairman & Managing Director	-
Mr. Vinod Kumar Dandona, Whole-time Director	23.71
Mr. Vijay Kumar Choudhary, Independent Non-Executive Director	1.05
Mr. Rajat Khare, Independent Non-Executive Director	0.26
Mr. Venkata Subbarao Valluri, Independent Non-Executive Director	0.35
Mr. Shonu Chandra, Independent Non-Executive Director	1.14
Ms. Swati Sinha, Independent Non-Executive Director (w.e.f. 29 <sup>th</sup> September, 2014)*	-

\* Since this information is for part of the year, the same is not comparable.

- (ii) **The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:**

Name & Designation	% increase in remuneration in the financial year
Mr. Shantanu Prakash, Chairman & Managing Director	-
Mr. Vinod Kumar Dandona, Whole-time Director	15.00
Mr. Vijay Kumar Choudhary, Independent Non-Executive Director**	-
Mr. Rajat Khare, Independent Non-Executive Director*	-
Mr. Venkata Subbarao Valluri, Independent Non-Executive Director*	-
Mr. Shonu Chandra, Independent Non-Executive Director*	-
Ms. Swati Sinha, Independent Non-Executive Director (w.e.f. 29 <sup>th</sup> September, 2014)	-
Mr. Ashish Mittal, Chief Financial Officer	14.28
Mr. Yogesh Saluja, Company Secretary	-

\*During the previous year the company has not paid any remuneration (sitting fees), accordingly percentage increase in the remuneration (sitting fees) paid in the current year corresponding to previous year is not ascertainable.

\*\*The remuneration (sitting fees) paid during the current financial year i.e. 2014-15 is less than the remuneration (sitting fees) paid in the previous financial year.

- (iii) **The percentage increase in the median remuneration of employees in the financial year-** 18.75%
- (iv) **The number of permanent employees on the rolls of company as on 31<sup>st</sup> March, 2015:** 6879 Employees
- (v) **The explanation on the relationship between average increase in remuneration and company performance:**  
 On an average, employees received an annual increase of 10% in India. The individual increments varied from 6% to 15%, based on individual performance. Average increase in the remuneration is guided by factors like inflation, normal salary revisions, external competitiveness and talent retention. Net revenues of the Company during the financial year is ₹1981.75 million against ₹2822.95 million of the previous year. The total employee cost for the Financial Year ended 31 March, 2015 was ₹1288.57 million against ₹1424.17 million for the Financial Year ended 31 March, 2014. The total employee cost as a percentage of net revenues was 65.02% (last year 50.45%).

(vi) **Comparison of the remuneration of the Key Managerial Personnel against the performance of the company:**

(₹ in million)

<b>Aggregate remuneration of Key Managerial Personnel in Financial Year 2015</b>	<b>11.95*</b>
<b>Revenue</b>	<b>2,322.01</b>
<b>Remuneration of KMPs (as % of revenue)</b>	<b>0.51%</b>
<b>Profit before Tax (PBT)</b>	<b>(11,654.39)</b>
<b>Remuneration of KMPs (as % of PBT)</b>	<b>NA</b>

\*The said remunerations are on Total Cost to the Company and paid basis.

(vii) (a) **Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:**

Particulars	March 31, 2015	March 31, 2014	% Change
Market Capitalization (in ₹)	1,524,716,241.60	3,091,636,967.00	(50.68)
Price Earnings Ratio	(0.13)	(0.99)	(86.87)

(b) **Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies:**

Particulars	
Price at the last public offer i.e. Initial Public Offer	₹ 25**
Market Price as at 31 <sup>st</sup> March, 2015*	₹12.45
% increase or decrease	(98.65)

\* Highest closing price of NSE & BSE is considered for the above disclosure.

\*\*After considering the split of Equity Shares on 27th October, 2009 from the face value of ₹10 each to ₹2 each.

(viii) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for the increase;**

The average annual increase was around 10%. The managerial remuneration was paid only to Mr. Vinod Kumar Dandona, Whole-time Director of the Company. However, Mr. Vinod Kumar Dandona was inducted on the Board with effect from 13<sup>th</sup> November, 2013. Accordingly, Mr. Vinod Kumar Dandona, was a Director on the Board for part of the year during the Financial Year 2013-14. Hence the disclosure with respect to percentage increase in his salary between Financial Years 2013-14 and 2014-15 is not made.

(ix) **Comparison of the each remuneration of key managerial personnel against the performance of the company;**

Particulars	Mr. Shantanu Prakash, Chairman & Managing Director**	Mr. Vinod Kumar Dandona, Whole-time Director*	Mr. Ashish Mittal, Chief Financial Officer*	Mr. Yogesh Saluja, Company Secretary*
<b>Remuneration in Financial Year 2015 (₹ in Million)</b>	NIL	2.70***	8	1.25
<b>Revenue (₹ in Million)</b>	2,322.01	2,322.01	2,322.01	2,322.01
<b>Remuneration of KMPs (as % of revenue)</b>	NA	0.12%	0.34%	0.05%
<b>Profit before Tax (PBT) (₹ in Million)</b>	(11,654.39)	(11,654.39)	(11,654.39)	(11,654.39)
<b>Remuneration of KMPs (as % of PBT)</b>	NA	NA	NA	NA

\*The said remunerations amount of KMP's are on Total Cost to the Company basis and we have considered only those KMP's to whom the remuneration has been paid during the financial year.

\*\*No remuneration has been paid to Mr. Shantanu Prakash as the same will be after Central Government approval.

\*\*\*The company is in the process of filing necessary applications with the Central Government for the waiver of the remuneration so paid.

(x) **The key parameters for any variable component of remuneration availed by the directors**

NIL

(xi) **The ratio of remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year- 0.51:1\***

\*While calculating the above ratio the average salary (CTC) of all employees who are not directors but receive remuneration in excess of the highest paid director during the year are considered.

(xii) **Affirmation that the remuneration is as per the remuneration policy of the company.**

The Company hereby affirms that the remuneration paid is as per the remuneration policy of the company.

**For and on Behalf of the Board of Directors  
Educomp Solutions Limited**

Sd/-  
**(Shantanu Prakash)**  
**Chairman & Managing Director**  
**DIN: 00983057**

Date : 13<sup>th</sup> August 2015  
Place : Gurgaon, Haryana

### Annexure - IX

**DISCLOSURE PURSUANT TO SECTION 197(14) OF THE COMPANIES ACT, 2013 IN RESPECT OF REMUNERATION OR COMMISSION RECEIVED FROM ANY HOLDING OR SUBSIDIARY COMPANY OF COMPANY BY ANY MANAGING DIRECTOR OR WHOLE TIME DIRECTOR**

<b>Name of Director &amp; Designation</b>	<b>Name of Company from which the remuneration or commission received</b>	<b>Holding/Subsidiary</b>	<b>Amount per annum (In ₹)</b>
Mr. Shantanu Prakash, Chairman & Managing Director	Wiz Learn Technologies Pte. Ltd	Subsidiary	19,546,800*

\*Amount was actually paid in SGD and closing rate of 31th March, 2015 of SGD i.e. ₹45.50 is considered for conversion.

**For and on Behalf of the Board of Directors  
Educomp Solutions Limited**

Sd/-  
**(Shantanu Prakash)**  
**Chairman & Managing Director**  
**DIN: 00983057**

Date : 13<sup>th</sup> August 2015  
Place : Gurgaon, Haryana

## Annexure – X

DISCLOSURE PURSUANT TO THE PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULES 5(2) AND 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014, A STATEMENT SHOWING THE NAMES AND OTHER PARTICULARS OF EMPLOYEES DRAWING REMUNERATION IN EXCESS OF THE LIMITS SET OUT IN THE SAID RULES

### (A) Employed through out the Financial Year

Sl. NO	Name	Designation	Nature of Duties	Qualification	Joining date	Age	Experience (Yrs)	Remuneration Received (considering the Cost to the company OR actual amount received, whichever is higher) (In ₹)	Previous Employment- designation
	Harpreet Singh	President – Higher Education	Higher Education	B.Tech, PGDM(IIM-A)	19-Sep-09	50	22	1,16,30,017	Country Head – NRI Business, Wealth Advisory Services, HDFC Bank
	Ashok Mehta	President-Edu Reach	ICT	MBA	01-Sep-13	51	24	80,00,000	Managing Director-Edu Smart Services Private Limited
	Ashish Mittal	Chief Financial Officer (earlier Sr. Vice President Finance till 25th May 2014)	Finance & Accounts-Head	Chartered Accountant	01-Nov-13	48	23	74,16,667	Ashish Mittal & Company, Chartered Accountant - Proprietor

### (B) Employed for part of the Financial Year

	Abhinav Dhar*	Director-K-12 Business & Operations	School Learning Solutions (Smart Class)	M.B.A., B.Sc., DITS	1-Apr-07	53	30	35,00,000	National Head-Shell India
	Raman Bajaj*	Senior Vice President	Corporate Relation	B.E., PGDM(IIM-L)	9-Jun-08	38	12	22,38,232	Associate-Lazard

\*resigned from the company during the F.Y 2014-15

### Notes:

- The remuneration received shown as above comprises of salary, bonus, allowances, cash incentives and monetary value of perquisites (excluding ESOP Perquisites) as per income tax rules, Provident Fund and professional tax.
- None of the employees shown above is related to any Directors of The Company.
- None of the employees mentioned above is holding more than 2% of outstanding equity shares of the Company as on 31<sup>st</sup> March 2015
- All the employees shown above are in full-time employment with the Company.
- In addition to the above remuneration, employees are entitled to gratuity in accordance with the Company's rules.

**For and on Behalf of the Board of Directors**  
**Educomp Solutions Limited**  
 Sd/-

**(Shantanu Prakash)**  
**Chairman & Managing Director**  
**DIN: 00983057**

**Date : 13th August 2015**  
**Place : Gurgaon, Haryana**

# MANAGEMENT DISCUSSIONS AND ANALYSIS

## FINANCIAL YEAR 2014-15

**Overview:** The financial year began with the aim of repositioning the company to its original leadership position in the education market in India. Enormous efforts were made towards re-building the sales efforts which were impaired during our financial distress in the previous fiscal year, as well as in improving operational efficiencies, cash flows and servicing of the loans as agreed under the CDR terms. The company has made significant inroads towards implementing these strategies. Following were the biggest accomplishments of the company in the financial year:

(a) **Sustainable Growth:** An important development in year 2014-15 has been to focus on sustainable growth given the fact that ESL did not have access to additional bank funding or financing. With that objective in mind, ESL initiated the plan to reconstitute its sales force – both in terms of number of salespersons as well as in terms of quality and experience of such people. Additionally, the accounts servicing group was given the added responsibility to increase penetration of the core Smartclass product within existing school customers as well as cross-selling value added services and products to current customers. This resulted in the fact that we could sustain the entire product sales and growth for the company in the year 2014-15 from internal accruals without additional working capital.

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

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

(i) **League India:** League India helps new schools/schools without a heritage and reputation to get

advice on various industry best practices through the proprietary material that has been developed by industry veterans. Educomp is marketing the league India best practices.

(ii) **SCOL:** This is a product which allows students to use smartclass contents on their cell phones. For each mobile subscription sold, Educomp is entitled to receive 10% of the gross sales amount.

(iii) **EDAC:** This product consists of a set of text books for CBSE schools which Educomp is entitled to receive a commission.

(iv) **Uniclass:** The Uniclass product is a lower-end version of Smartclass, with a slimmed-down version of the Smartclass content pre-loaded onto a set-top which can be connected to a passive display like a computer screen or a television screen. This product has a very low hardware component and has extremely high gross margins. This is targeted at schools which are either unwilling to expend significant capital or are not at the stage of readiness to implement the Smartclass or products, and yet are exploring innovative ways to improve classroom teaching. Uniclass is currently marketed as a low cost alternative to such schools

(d) **Strict Compliance with Corporate Debt Restructuring Terms.** One of the accomplishments for the financial year 2014-15 has been the successful adherence to the terms of the Corporate Debt Restructuring (“CDR”) for Educomp Solutions Limited (“ESL”) and Educomp Infrastructure and School Management Limited (“EISML”). With a renewed focus on operating efficiencies, cash flow improvements and cautious growth, we were able to service borrowings outstanding under the CDR mechanism.

(e) **Leaner Organization.** In FY 2014-15, the company has streamlined its operations, integrating technology into the supply chain and servicing components to replace and optimize the existing cost structure. During the year, the company took specific measures to reduce its unproductive salesforce and strengthen its servicing operations for Smartclass. In its K-12 business, the Company has also streamlined the cost structure in line with the business requirements. Within SmartClass business, KRA realignment exercise was undertaken to positively impact the collections. The Company has been aggressively working on reducing response time and generating consumer delight.

## OUTLOOK AND STRATEGY FOR FINANCIAL YEAR 2015-16

The theme for FY16 is to continue focusing on improving the business operations of Smartclass and K-12 businesses, and in driving collections of its legacy receivables (including delinquent contracts). At the same time, the Company is aggressively exploring avenues to sell all other non-core assets, although the timing has been impacted by the prevailing market conditions. The company is currently negotiating with its lenders

to restructure its loan facilities, in order to align them with the collections of long term receivables and the new business growth. Provided that the lenders support the Company's reasonable requests and the company remains on its improved trajectory, the near term outlook in FY16 will remain positive. Following will be the business focus for FY 2015-16:

**(a) Digital Classroom business Revamp.** During FY15, the company initiated an aggressive effort to improve servicing of customers who were affected by the previous periods' liquidity crisis, which had impaired the company's ability to provide spare parts and repairs on time. This included an accelerated investment in spares as well as in increasing the servicing engineer workforce in order to improve response times and problem resolutions. This resulted in conversion of a significant proportion of delinquent customers into active customers. Additionally, the salesforce and the account management teams were radically restructured, and incentives aligned in not only acquiring customers but also in managing them over the lifecycle of the Smartclass product.

**Edureach.** The company plans to be selective about the government ICT business, because of huge delays in recoveries of outstanding dues from the state agencies, which put a significant stress on the operating cash flows of the company. Under the current circumstances, the management feels that the attention and resources of the company particularly with respect to the government linked business should be focused on the new opportunities that have arisen in the skills development business with the thrust of the government in pushing the Skill India mission. Keeping this strategy in mind the company has initiated its participation in various capital light skill development projects and has been successful in getting the contracts for many of them.

**(b) K-12.** The focus in K12 will be to drive the entire future growth through the asset light franchise and joint venture ("JV") model. Given the large number of Greenfield schools now operational for which the company has provided the infrastructure and the same are being operated by independent trusts, becoming cash positive, the company has established a successful proof-of-concept. There is a significant interest from third parties which want to either enter into the JV model or become franchisees of our well-known Millennium, Takshila and UA brands. Several JV and franchise partners are committing themselves to tie-ups where-in they will bring the physical assets (land & building) or capital, while the company will provide management services to run the schools. At the same time, for the owned and established schools, the company shall focus on driving enrolments and increasing capacity utilization of exiting schools in order to drive cash flow and profitability generation. However having said that there are recent regulatory concerns regarding the CBSE ( Central Board of Secondary Education) guidelines on non payment of Franchise fees by schools which the company is cognizant of and hopes that the government will address this issue in future policy initiatives.

**(c) Higher Education.** In the higher education business, the company has earmarked its joint venture with Raffles Education Corporation (REC) Singapore which consists of our participation in various colleges providing fashion design courses, for diversment. It is in the process of negotiating the same with REC Singapore. Higher education as identified as one of the non core assets under the CDR scheme and the company has been in negotiations to divest its shareholding, This transaction is expected to be completed in FY 2015-17.

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

**INDUSTRY STRUCTURE AND DEVELOPMENT**

**(a) Market Overview.** Education plays an important part in the building of a nation. This has even more relevance in case of India given its young population which has a significant portion of school going children. India, today, is considered as a talent pool of the world, having qualified and educated human resources in abundance. India has the world's largest population in the age bracket 5 to 24 years of about 450 million<sup>1</sup>. It also has around 500 million<sup>2</sup> in the 25 to 59 age bracket which constitutes the working population ages and diminishes. This has been one of the primary reasons for transformation of India into one of the fastest growing economies in the world since liberalization in the 1990s. Education is the key to unlocking and building lasting value in a robust economy. In order to meet this existing and emergent demand, there is huge need of investments in the Indian education sector. There have been encouraging signals already received from FY 2014-15 Union Budget and various government announcements done pertaining to education. A lot more enabling environment is expected to get developed that should take care of various growth inhibitors that continue to exist for certain segments.

**(b) Opportunities, Threats, Risks and Concerns.**

Opportunities	Threats
Government's impetus on skill development	Competition in all segments
Existing shortage of K12 schools in the country	(however, Educomp has unmatched scale across segments providing it the competitive advantage)
Growing aspirations of middle class people	
Large untapped opportunity in the digital classroom space	
Risks	Concerns
High interest rates	Educational services brought under purview of service tax

1 Technopak report, July 2012  
2 Technopak report, July 2012

Delay in project allocation process by Govt. and delays in payments by the Govt.	Prohibitive costs in tier-1 & 2 cities in setting up new schools Recent guidelines from CBSE prohibiting the payment of Franchise or brand license fees by schools Right to Education act which provides a subsidy on education to weaker sections of society
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**KEY MARKET SEGMENTS**

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

As per Boston Consulting Group, out of approx 1.4 million schools in India, the addressable market for Smartclass is approx 200,000 private unaided schools. These private unaided schools will convert to approx 2 million classrooms. According to BCG, out of addressable 200,000 schools, 33% are English medium and account for 58% of classrooms. The same translates to approx. 1.2 million classrooms with a total market size of USD 7 billion. As per BCG, only 20% of private unaided English medium schools and 10% of classrooms currently have Smartclass which provides significant headroom for growth both in terms of school and classroom penetration. Smartclass products for vernacular medium schools will further add to addressable market.

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

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

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

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

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

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

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

- (i) Population in the age group 5-19 years (K-12 target population age) comprising approximately 30% of the Indian population represents huge target market both in the immediate as well as long run.
- (ii) Growing proportion of country's middle class population implying higher propensity to spend on child's education. The per capita public expenditure on secondary education has increased from Rs.315 in FY08 to Rs.784 in FY12.
- (iii) Lower enrolment rates especially at the upper primary level as compared to other developed nations of the world (with enrolment rates > 90%) owing to the drop-out rate post the primary education remaining high especially in rural India.

Key issues currently faced by the segment include:

- (i) **Prohibitive infrastructure costs.** This has emerged as one of the major road blocks in setting up of new private k12 schools especially in tier 1 and 2 cities. Sky rocketing land prices make the entire school economics difficult to manage at lower price point and hence make education out of reach of masses. There is a concerted effort required from all stake holders to find a solution that enables creation of large number of private schools that are affordable to middle class.
  - (ii) **Public School Infrastructure.** Poor infrastructure in Govt. schools and shortage of good teachers have forced the Indian middle class to withdraw their children from Government schools and enroll them in private schools. The increasing demand for quality education is also backed by their increasing affordability and willingness to pay for it.
  - (iii) **Shortage of Trained Teachers.** The education system in India suffers from severe shortage of trained teachers and this has become a big concern for the education sector. As per estimates of Technopak, India will require 6.0mn more teachers by 2020 to attain the world average in terms of student teacher ratio. This would mean a requirement to train 0.75mn teachers p.a., as against this the total capacity of all B.Ed. Colleges currently is only 0.25mn p.a. Thus in order to improve the quality of education it is imperative to address the shortage of teachers as well as the quality of teachers and teacher training courses. As a result of this, leading chains of schools are setting up in-house teacher training facilities.
  - (iv) **Quality of Education.** Most schools still follow the rote learning practices, which hamper the quality of education severely. This is further supplemented by ineffective assessment of students. The overwhelming acceptance of international boards like the IB and the Cambridge, indicate that people are looking at alternative curriculums and pedagogies that lean towards practical and applied learning rather than rote learning.
- (c) **Higher Education Market.** According to the E&Y – Higher Education in India: Vision 2030 report, The Indian higher education system has undergone rapid expansion. In less than 20 years, the country has created additional capacity for a mammoth 40 million students. Most notably, this sector has undergone massive expansion to become the largest in the world enrolling over 70 million students. Today, India has more than 26,000 higher education institutes in the country which are more than any other country in the world.

Another encouraging development in the sector has been the increasing role of technology. Online platforms and ICT tools have helped take higher education to millions of deserving students in far-flung areas who would otherwise

have no access to university education. Here are some facts about India:

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

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

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

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

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

- (i) **Not for profit status.** Indian HEIs must be operated as not-for-profit entities either as Public Trusts, Societies or as Section 8 companies. The not-for profit mandate is a key deterrent to active private interest and flow of capital of the corporate sector. In several other countries such as the US, not-for-profit models coexist with for-profit models.
- (ii) **Complex regulatory environment.** There are multiple regulatory agencies with overlap of functions and mandates. Education as a subject features in all 3 Constitutional lists i.e. the Union, the State and the Concurrent lists. This has resulted in both Central and State Government agencies regulating education, making the set up of new universities difficult.
- (iii) **Wide variation in teaching quality.** Despite of large number of HEIs in the country, there have been constant debates on the skill set quality and employability of these people. With increase in demand for skilled people, opportunity for institutions delivering high quality education shall further increase and become lucrative.

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

### MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

In FY 2014-15, the company has streamlined its operations, integrating technology into the supply chain and servicing components to replace and optimize the existing cost structure. During the year, the company took specific measures to reduce its unproductive salesforce and strengthen its servicing operations for Smartclass. In its K-12 business, the Company has also streamlined the cost structure in line with the business requirements. Within SmartClass business, KRA realignment exercise was undertaken to positively impact the collections. The Company has been aggressively working on reducing response time and generating consumer delight.

Further, as on March 31, 2015, 6879 number of employees has been employed by the company.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Company has appointed M/s Rajnish & Associates, Chartered Accountants, as the Internal Auditor of the Company to maintain its objectivity and independence, the Internal Auditor reports to the Audit Committee.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of the internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company and its subsidiaries. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee.

### FINANCIAL PERFORMANCE

#### Overview - Executive Summary

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

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

#### Overview of the Financial performance summary (Standalone)

The total revenues of Educomp aggregated ₹2,322 million in FY15 as compared to ₹3,172 million in FY14.

In fiscal 2014, the Company's profit/(loss) before prior period items, exceptional items and taxes aggregated ₹(2,981) million as against ₹(2,614) million in fiscal 2014.

In fiscal 2015, the Company's profit/(loss) after taxes, prior period and exceptional items aggregated ₹(11,654) million as against ₹(3,122) million in fiscal 2014.

In fiscal 2015, the Company's earnings/(loss) per share (basic) is ₹(95.17) as against ₹(25.50) in fiscal 2014.

#### Overview of the Financial performance summary (Consolidated)

In fiscal 2015, the total consolidated revenues of Educomp group aggregated ₹5,942 million as compared to ₹7,247 million in fiscal 2014.

The consolidated profit/(loss) before taxes aggregated ₹(4347) million in fiscal 2015 as against ₹(3,013) million In fiscal 2014.

In fiscal 2015, the Company's consolidated profit after taxes, prior period and minority interest aggregated ₹(16,422) million as against ₹(3,608) million in fiscal 2014.

In fiscal 2015, the Company's consolidated earnings/(loss) per share (basic) is ₹(134.10) as against ₹(29.5) in fiscal 2014.

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

### Financial Review (Standalone)

#### Result of operations

Total revenues from operations of the Company aggregated to at ₹1,982 million as against ₹2,823 million in fiscal 2014.

EBIDTA stands at ₹(207) million in FY15 versus ₹(691) million in FY14. EBIT stands at ₹(685) million in FY15 vs. ₹(1,232) million in FY14. Profit/(loss) after tax stands at ₹(11,654) million in FY15 vs. ₹(3,122) million in FY14.

(₹ in million)

Particulars	FY'15	FV14
Net Sales	1,982	2,823
Other income	340	349
Total Income	2,322	3,172
Expenditure	2,529	3,863
Interest	2,295	1,381
Depreciation	478	541
Loss/Profit before taxes, prior period and exceptional items	-2,981	-2,614
Provision for Tax including Current tax, Deferred tax	-	-197
Prior Period, Exceptional Items	8,673	705

Profit after taxation and prior period items	-11,654	-3,122
Basic Earnings per share	-95.17	-25.50

Key Ratios	FY'15	FY'14
EBIDTA/Net Sales	-10.44%	-24.48%
Profit after Tax and prior period items/ Net Sales	-588.0%	-110.60%
Total Expenditure/ Net Sales	127.6%	136.84%
Consumption of Raw material/ Net Sales	11.79%	41.68%
Staff Cost/Net Sales	65.01%	50.45%
Selling, Distribution & Administration expenses (including Miscellaneous Expenses)/ Net Sales	50.82%	44.73%

### Segment results

(₹ in million)

Revenues	FY'15	FY'14
School Learning Solutions	1906	2034
Higher Learning Solutions	58	76
K-12 Schools	-	7
Online, Supplementary & Global	18	706
<b>Total Net Sales</b>	<b>1982</b>	<b>2823</b>

(₹ in million)

PBIT	FY'15	FY'14
School Learning Solutions	-9008	-1699
Higher Learning Solutions	48	39
K-12 Schools	-	3
Online, Supplementary & Global	-1	-16
	<b>-8961</b>	<b>-1673</b>
Less: Interest (Net)	2295	1382
Other un-allocable expenses (net of un- allocable income)	398	265
<b>Total Profit before Tax</b>	<b>-11654</b>	<b>-3319</b>

### Other Income

The Company generated other income of ₹340 million in FY 2015, a decrease of 2.6% over other income of ₹349 million generated in FY 2014.

### Expense Analysis:

#### Cost of goods sold (COGS):

COGS totaled ₹234 million during FY15, a decrease of 80% from ₹1,177 million in FY14.

(₹ in million)

Particulars	March 31, 2015	March 31, 2014
Cost of Goods Sold	234	1,177
% of Net Sales	12%	42%

### Personnel Expenses:

Personnel expenses consist of compensation to all employees. It includes salaries, contribution to provident fund, bonus & retirement benefits, staff welfare and ESOP amortization. It also includes expenses incurred on staff welfare. The total personnel cost decreased by 9.5% to ₹1,289 million from ₹1,424 million during the year, with total staff strength going down due to ICT and Smartclass manpower reduction and rationalizations across business.

(₹ in million)

Particulars	March 31, 2015	March 31, 2014
Personnel Expenses	1,289	1,424
% of Net Sales	65%	50%

### Depreciation:

Depreciation has decreased by 11.5% to ₹478 million during FY15, compared to ₹541 million in FY14. The increase in depreciation was primarily due to changes in product mix in Smartclass, which resulted in lower capital expenditures during the year.

(₹ in million)

Particulars	March 31, 2015	March 31, 2014
Depreciation	478	541
% of Net Sales	24%	19%

### Other expenses:

Other expenses were ₹1,007 million during FY15, a decrease of 20% compared to ₹1,263 million during FY14. Administration & other expenses (as a percentage of Net Sales was 51%, up from 45% in FY14.

(₹ in million)

Particulars	March 31, 2015	March 31, 2014
Other expenses	1,007	1,263
% of Net Sales	51%	45%

### Finance Charges:

Interest expenses increased from ₹2,295 million from ₹1,382 million during FY14.

(₹ in million)

Particulars	March 31, 2015	March 31, 2014
Finance charges	2,295	1,382
% of Net Sales	116%	49%

### Income Tax Expense:

The Company's current tax expense in FY15 is ₹NIL.

(₹ in million)

Particulars	March 31, 2015	March 31, 2014
Current tax	-	-
Deferred Tax	-	132
Tax earlier year's	-	-329
<b>Total</b>	<b>-</b>	<b>-197</b>

### Profit after Tax:

Net (loss)/profit after tax was ₹(11,654) million during FY15, an increase of 273% from ₹(3,122) million in FY14. Net profit as a

percentage of revenues in FY15 has decreased to (588%) as compared to (110%) in FY 14. This decrease was due to impairment charges on long term receivables of our legacy Smartclass business.

(₹ in million)

Particulars	March 31, 2015	March 31, 2014
Profit after tax	-11,654	-3122
% of net sales	-588%	-110%

### Financial Position (Standalone):

#### Equity and Liabilities

#### Shareholder's Fund

#### Share Capital:

The total paid up Equity Share Capital stood at ₹244.93 million as on March 31, 2015, as compared to ₹244.88 million as on March 31, 2014. There was marginal change in share capital due to issue of shares under ESOP exercised by the employees during the year. A statement of movement in the equity share capital is given below:

(₹ in million)

	March 31, 2015		March 31, 2014	
	No. of Equity shares	₹in million	No. of Equity shares	₹in million
<b>Balance at the beginning of the year</b>	<b>12,24,41,068</b>	<b>244.88</b>	<b>12,24,07,493</b>	<b>244.81</b>
Shares issued during the year	26,100	0.05	33,575	0.07
<b>Balance at the closing of the year</b>	<b>12,24,67,168</b>	<b>244.93</b>	<b>12,24,41,068</b>	<b>244.88</b>

#### Reserve & Surplus:

#### Securities premium:

The addition to the share premium account of ₹5 million during the year and a reduction of redemption premium of ₹111 million for FCCB redemption.

(₹ in million)

	March 31, 2015	March 31, 2014
<b>Securities premium- opening balance</b>	<b>10235</b>	<b>10229</b>
Add: On issue of shares (including shares under ESOP)	5	6
Less: Issue expense/redemption premium	111	-
<b>Balance at the end of the year</b>	<b>10129</b>	<b>10235</b>

#### General Reserve:

During the year ₹34 million has been transferred to the general reserve due to ESOS cost reversal on forfeiture.

#### Profit and Loss Account:

The balance retained in the profit and loss account as of March 31, 2015, is ₹(6,183) million.

(₹ in million)

	March 31, 2015	March 31, 2014
<b>Profit &amp; Loss Account-Opening balance</b>	<b>5518</b>	<b>8641</b>
Add: Deletion/Addition during the year	-11,701	-3,122
Less: Proposed dividend	-	-
Less: Corporate Dividend Tax	-	-
Less: Transferred to General Reserve	-	-
<b>Balance at the end of the year</b>	<b>-6,183</b>	<b>5518</b>

#### Borrowings

Long term borrowing stands at ₹21,533 million as on 31<sup>st</sup> March, 2015 as against ₹17,316 million as on 31<sup>st</sup> March, 2014.

Short term borrowing stands at ₹2,107 million as on 31<sup>st</sup> March, 2015 as against ₹1,966 million as on 31<sup>st</sup> March, 2014.

(₹ in million)

Particulars	March 31, 2015	March 31, 2014
<b>Long-term borrowings</b>		
Foreign Currency Convertible Bonds	626	601
Non convertible debentures	450	450
Term Loans-Secured/Unsecured & Finance Lease Obligations	20,457	16,265
<b>Total (Long-term borrowings)</b>	<b>21,533</b>	<b>17,316</b>
<b>Short-term borrowings</b>		
Loans repayable on demand/Commercial papers	2,107	1,966
<b>Total (Short-term borrowings)</b>	<b>2,107</b>	<b>1,966</b>

#### Capital Expenditure:

The Company has incurred an amount of ₹319 million (₹266 million in the FY14) as capital expenditure, comprising additions to gross block of assets. Addition to fixed assets is mainly on account of addition to knowledge based content repository and addition to office equipment.

(₹ in million)

Particulars	March 31, 2015	March 31, 2014
Addition to Fixed assets	319	266
Increase in capital Work-in-progress	-	47
Deletions in Fixed assets	3	2

#### Investments:

The Company has made strategic investments in subsidiaries/ associates/ Mutual funds/various companies, amounting to ₹16,938 million as at March 31, 2015, which has remained unchanged since March 31, 2014.

(₹ in million)

	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
	Non current	Current	Non current	Current
Investment in subsidiaries/associates	16063	-	16063	-
Investment in other companies	875	-	875	-
Investment in Mutual fund/ subsidiaries	-	-	-	-
<b>Net investment</b>	<b>16938</b>	<b>-</b>	<b>16938</b>	<b>-</b>

#### Inventories:

The Company had inventories of ₹254 million as on March 31, 2015 as against ₹566 million as on March 31, 2014.

(₹ in million)

	March 31, 2015	March 31, 2014
Educational Products	-	-
Technology Equipment	254	566
<b>Total</b>	<b>254</b>	<b>566</b>

**Trade Receivable:**

Trade Receivable amounts to ₹13,569 million as of March 31, 2015 as compared to ₹18,468 million. The decrease is due to provisioning for bad debts on receivables acquired from ESSPL in previous fiscal year.

(Rupees in million)

	March 31, 2015	March 31, 2014
Trade Receivable	21,312	19,709
Less: Provision for doubtful debts	7,740	1,241
Trade Receivable (net) (₹Million)	<b>13,569</b>	<b>18,468</b>

**Cash & Bank balances:**

As on March 31, 2015, the Company had cash & bank balances of ₹570 million (₹189 million as on March 31, 2014) including Margin money deposit given against borrowings, letter of credit and bank guarantees including to revenue authorities.

(₹ in million)

	March 31, 2015	March 31, 2014
Cash & Bank balances	541	167
Other bank balances (restricted)	29	22
<b>Total</b>	<b>570</b>	<b>189</b>

**Loans and Advances:**

Loans and advances as on March 31, 2015 were ₹1,746 million (₹2,543 million as on March 31, 2014). Loans and advances include loans and advances given to related and unrelated parties, EMD (refundable and non-refundable) to various State Governments, security deposits to various parties and advances to trade creditors.

(₹ in million)

	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
	Long term	Short term	Long term	Short term
Security deposits	7	363	360	14
Other loans & advances	247	408	279	714
Loans & advances to related parties	102	619	102	1073
<b>Total</b>	<b>356</b>	<b>1390</b>	<b>741</b>	<b>1802</b>

**Other assets:**

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

(₹ in million)

	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
	Non current	Current	Non current	Current
Non current bank balances	11	-	15	-
Interest accrued on deposits	3	-	3	1
Unbilled receivables	-	8	-	6
Recoverable from Banks	-	1	-	17
<b>Total</b>	<b>14</b>	<b>9</b>	<b>18</b>	<b>24</b>

**Other liabilities:**

Other liabilities as on March 31, 2015 stood at ₹3,283 million (₹2,166 million as on March 31, 2014). Increase in short term liabilities is mainly due to maturing principal due on the CDR debt.

(₹ in million)

	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
	Long Term	Short term	Long Term	Short term
Advance from customers	73	450	105	537
Current Maturities of debt/Finance lease & Interest accrued		2,285		958
Premium on Foreign Currency Convertible Bond	111	-	-	-
Others	-	364	-	566
<b>Total</b>	<b>184</b>	<b>3099</b>	<b>105</b>	<b>2061</b>

**Trade Payable:**

Trade payable amount to ₹892 million as of March 31, 2015 as compared to ₹1,565 million as of March 31, 2014.

(₹ in million)

	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
	Long Term	Short term	Long Term	Short term
<b>Trade Payable</b>	-	892	24	1565

**Provisions:**

Provisions made towards taxes, employee retirement benefits, proposed dividend, and tax on dividend aggregated to ₹1268 million as on March 31, 2015 (₹85 million as on March 31, 2014). Significant provisions include provision for warranties.

(₹ in million)

	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
	Long Term	Short term	Long Term	Short term
<b>Staff benefits</b>	64	8	72	8
<b>Income Tax (net of TDS/Adv. Tax)</b>	-	-	-	-
<b>Warranties</b>	662	534		5
<b>Proposed dividend</b>	-	-	-	-
<b>Tax on Proposed dividend</b>	-	-	-	-
<b>Total</b>	<b>726</b>	<b>542</b>	<b>72</b>	<b>13</b>

**Earnings per Share:**

Basic and Diluted Earnings per share (EPS) as per computation based on AS 20 issued by The Institute of Chartered Accountants of India (ICAI) was ₹(95.17) and ₹(95.17), respectively, as on March 31, 2014 against ₹(25.50) and ₹(25.50) for basic and diluted EPS respectively.

(₹ in million)

	March 31, 2015	March 31, 2014
Basic Earnings per share (Rs)	-95.17	-25.50
Diluted Earnings per share (Rs)	-95.17	-25.50

**Cash Flows:**

The cash (used)/generated from operations stands at ₹(2,997) million as on March 31, 2015 as against ₹(7,563) million as on March 31, 2014.

The cash generated/ (used in) on account of investing activities stands at by ₹170 million as on March 31, 2015 as against ₹584 million as on March 31, 2014.

The net proceeds from financing activity were ₹3,201 million as on March 31, 2015 as against ₹6,979 as on March 31, 2014.

# REPORT ON CORPORATE GOVERNANCE

## Corporate Governance Philosophy

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

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

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

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

## 1. MANDATORY REQUIREMENTS

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

## A. BOARD OF DIRECTORS

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

### (i) Board Composition and Category

The composition of the Board is in conformity with Clause 49 of the Listing Agreement. As on 31st March 2015, Board comprised of 7 Directors, out of which 2 are Executive Directors, including the Chairman & Managing Director and Whole Time Director, and 5 are Independent Non Executive Directors including a Woman Director. In compliance with Clause 49 of the Listing Agreement, half of the Board comprises of independent directors. Mr. Shantanu Prakash is Executive Chairman of the Board.

During the year Ms. Swati Sinha was appointed as a Director of the Company w.e.f 29<sup>th</sup> September 2014.

Ms. Azra Shauqia Hasan was appointed as an Additional Director (Independent) of the Company w.e.f. 28<sup>th</sup> May, 2015 and the Letter of Appointment to Ms. Azra Shauqia Hasan was duly forwarded as per the provisions of listing agreement and Mr. Shonu Chandra, due to preoccupation, has resigned from the Board with effect from 29<sup>th</sup> May, 2015.

The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other public companies as on March 31, 2015 are given herein below:

Name of Director	Category	Designation	Number of Board meetings during the year 2014-15		Whether attended last AGM held on September 29, 2014	Directorship of Other Indian Public Companies (Other than Educomp Solutions Limited)	Committees Position Other Indian Companies (Other than Educomp Solutions Limited)	
			Held	Attended			Member	Chairman
Shantanu Prakash DIN 00983057	Promoter & Executive Director	Chairman & Managing Director	5	5	Yes	9	1	1
Vinod Kumar Dandona DIN 06730804	Executive Director	Whole-Time Director	5	5	Yes	9	-	-
Rajat Khare DIN:00452419	Independent & Non-Executive Director	Director	5	2	Yes	1	1	-

Shonu Chandra DIN 01019974	Independent & Non-Executive Director	Director	5	5	No	3	1	-
Venkata Subbarao Valluri DIN 06645126	Independent & Non-Executive Director	Director	5	4	Yes	-	-	-
Vijay K Choudhary DIN 00203673	Independent & Non-Executive Director	Director	5	5	Yes	2	1	-
Swati Sinha* DIN:06947829	Independent & Non-Executive Director	Director	3##	NIL	No	-	-	-

\* Appointed as a director w.e.f 29th September 2014.

## Details provided from the date of appointment.

**Notes:**

- (i) The directorships held by the directors, as mentioned above do not include the directorships held in Private Company, foreign companies and companies under Section-8 of the Companies Act, 2013.
- (ii) The committees considered for the purpose are those prescribed under Clause 49(II)(D)(2) of the Listing Agreement(s) viz. Audit Committee and Stakeholder Relationship Committee of public limited companies and private limited companies which are public limited companies in terms of the proviso of section 2(71) of the Companies Act, 2013
- (iii) None of the directors are relatives of any other director as per Section 2 (77) of the Companies Act, 2013. None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.
- (iv) None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five Committees (as specified in Clause 49 of the Listing Agreement) in Indian Public companies (listed and unlisted). Necessary disclosures regarding Committee positions in other public companies as on 31st March 2015 have been made by the Directors.
- (v) The Independence of a Director is determined by the criteria stipulated under Clause 49 of the Listing Agreement & Section 149 (6) of the Companies Act, 2013
- (vi) No directors of the Company are holding position of Independent Director in more than seven listed companies.
- (vii) Whole Time Director of the Company is not holding position of Independent Director in more than three listed companies.
- (viii) As required under second proviso to Section 149(1) of the Act read with Clause 49 of the Listing Agreement, Ms. Swati Sinha, a Women Director, has been appointed as an Independent Director on the Board of the Company.

- **Details of Board Meetings held during the year**

Minimum four pre-scheduled Board meetings are held annually. Additional Board meetings are convened by giving

appropriate notice to address the Company's specific needs. Dates of Board Meetings are fixed in advance and agenda papers are circulated to Directors generally one week before the meeting. Each agenda item is provided with sufficient background and all material information is incorporated in the agenda papers for facilitating meaningful and focused discussions at the meeting.

During the financial year ended on March 31, 2015, 5 (Five) Board Meetings were held. The dates of the Board meeting are as follows:

May 26, 2014; August 12, 2014; November 14, 2014; January 13, 2015 and February 13, 2015.

The time gap between two meetings was not more than 120 days from the date of last Board Meeting. Meetings are generally held at Corporate Office in Gurgaon. Apart from the physical meetings, the Board of Directors also considered and approved certain matters by circular resolutions.

- **Separate Meeting of Independent Director's & Familiarization Programme for Independent Directors**

During Financial Year 2014-15, a Separate Meeting of the Independent Directors of the Company was held on 14th November, 2014 without the attendance of non-independent directors and members of management. In that meeting, along with other matters, Independent Directors discussed the matters specified in Schedule IV of the Act and Clause 49 of the Listing Agreement.

The Company has also carried out Familiarization Programme on 13<sup>th</sup> February, 2015 in accordance with the Listing Agreement. The details of Familiarization Programmes conducted are specified in the Board Report and also uploaded on the website of the Company & can be accessed through the link <http://www.educomp.com/Data/familiarization-programme.pdf>.

- **Board Evaluation Criteria**

The Board undertook the initiative to conduct a formal

evaluation of its own performance and that of its committees & individual Directors. The Nomination & Remuneration Committee led the evaluation process. The Independent Directors reviewed the performance of non-independent Directors, the Chairperson of the Company and the Board as a whole. Structured questionnaire(s) were devised to facilitate the evaluation process. The Board would use the results of the evaluation process constructively to improve its effectiveness, optimize individual strength of Directors and deliver performance & overall growth for the Company.

## B. INFORMATION AVAILABLE TO THE BOARD

During the year 2014-15, information as mentioned in Annexure - X to Clause 49 of the Listing Agreement, wherever applicable, has been placed before the Board for its consideration.

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

## C. AUDIT COMMITTEE

### BROAD TERMS OF REFERENCE

The composition of audit committee meets the criteria as mentioned in Section 177 of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement. The terms of reference of this Committee covers the matters specified for Audit Committee under Clause 49 of the Listing Agreement read with the Section 177 of the Companies Act, 2013. The terms of the reference of Audit Committee include inter alia the following:

#### Powers of Audit Committee

- i. To investigate any activity within its terms of reference.
- ii. To seek information from any employee.
- iii. To obtain outside legal or other professional advice.
- iv. To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### Key responsibilities of Audit Committee

1. Oversight of the company's financial reporting

process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual/Quarterly financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management ;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Qualifications in the draft audit report;
  - h. The quality and acceptability of:
    - i. the accounting policies and practices, including without limitation critical accounting policies and practices, all alternative accounting treatments within generally accepted accounting principles for policies and procedures related to material items that have been discussed with management, ramifications of the use of such alternative treatments and the treatment preferred by the external auditors; and
    - ii. financial reporting disclosures and changes thereto, including a review of any material items of correspondence between the Company and the external auditors;
  - i. The extent to which the financial statements are affected by any unusual transactions or

any off-balance sheet arrangements, including any disclosable guarantees, indemnification agreements or interests in unconsolidated special purpose entities, in the year and how they are disclosed;

- j. the policies and process for identifying and assessing business risks and the management of these risks;
  - k. material misstatements detected by the auditors that individually or in aggregate have not been corrected and management's explanations as to why they have not been adjusted;
  - l. possible impairments of the Group's assets; and
  - m. compliance with financial reporting standards and relevant financial and governance reporting requirements.
5. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
  7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  8. Discussion with internal auditors any significant findings and follow up there on.
  9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared

dividends) and creditors.

12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Mandatory review the following information:
  - i. Management discussion and analysis of financial condition and results of operations;
  - ii. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - iii. Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - iv. Internal audit reports relating to internal control weaknesses; and
  - v. The appointment, removal and terms of remuneration of the Chief internal auditor.
14. Overseeing the relationships with the external auditors as follows:
  - i. To consider the appointment of the external auditors and provide the Board with its recommendation to the shareholders on the appointment, reappointment and removal of the external auditors, approve the audit engagement fees and terms and review annually their activities, findings, conclusions and recommendations. The external auditors shall report directly to the Audit Committee. The Audit Committee shall be responsible for ensuring the resolution of any disagreements between management and the external auditors regarding financial reporting;
  - ii. To discuss with the external auditors the nature and scope of the audit (including any significant ventures, investments or operations which are not subject to audit) and ensure co-ordination if more than one audit firm is involved;
  - iii. To review and monitor the independence of the external auditors and the objectivity and the effectiveness of the audit process including reviewing and monitoring the external auditors' quality control procedures and steps taken by the external auditors to respond to changes in regulatory and other requirements. This review will include a review of the experience and qualifications of the senior members of the audit team, including rotational procedures;
  - iv. To pre-approve the scope and extent of audit and non-audit services provided to the Group by any third party in the case of audit services and by the external auditors in the case of audit and permitted non-audit services. The Audit Committee may delegate to the Chairman of the Audit Committee (and in his absence another member) the authority to pre-approve any audit

or permitted non-audit service to be provided by the external auditors provided such approvals are presented to the Audit Committee at its next scheduled meeting;

- v. To consider communications from the external auditors on audit planning and findings and on material weaknesses in accounting and internal control systems that came to the auditors' attention, including a review of material items of correspondence between the Company and the external auditors; and
- vi. To ensure that there are no restrictions on the scope of the statutory audit;

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

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

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

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

14E. scrutiny of inter-corporate loans and investments;

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

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

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

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

15. such other functions, as may be assigned by the Board of directors from time to time or as may be stipulated under any law, rule or regulation including listing agreement and the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force)

**Composition, Meetings & Attendance of the Committee**

The Audit Committee of the Company has been constituted as per the requirements of Clause 49 of the Listing Agreement. As on 31<sup>st</sup> March 2015 Audit Committee consist of four Directors, namely Mr. Vijay Kumar Choudhary (having Financial and Accounting knowledge), Mr. Rajat Khare; Mr. Shonu Chandra and Mr. Shantanu Prakash. Out

of the four members three are Independent, Non-Executive Directors, The Constitution of Audit Committee also meets the requirements under Section 177 of the Companies Act, 2013.

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

The Statutory Auditors and Internal Auditors also attend the meetings by invitation. The Company Secretary of the Company acts as Secretary of the Committee.

During the year under review, the Committee met 4 times on May 26, 2014; August 12, 2014; November 14, 2014 and February 13, 2015. The gap between two meetings did not exceed four months. Constitution of Audit Committee and other related information as on 31st March 2015 are as under:

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

**D. INTERNAL AUDITORS**

During the year the Company has One Internal Auditors viz. M/s Rajnish & Associates, to review the internal controls system of the Company and to report thereon. The reports of the internal auditors are reviewed by the Audit Committee. The audit is based on an Internal Audit Plan, which is reviewed each year in consultation with the statutory auditors and the Audit Committee. The planning and conduct of internal audit is oriented towards the review of controls in the management of risks and opportunities in the Company's activities. The Internal Audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operations.

**E. NOMINATION AND REMUNERATION COMMITTEE**

The Company complies with the provisions related with Nomination and Remuneration Committee in terms of Clause 49 of the Listing Agreement as well as in terms of the Provisions of Section 178 of the Companies Act, 2013.

**Terms of Reference:**

The Broad terms of reference includes the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
5. To review performance and recommend remuneration of Executive Directors' to the board;
6. To formulate ESOP plans and decide on future grants;
7. To formulate terms and conditions on followings under the present Employee Stock Option Schemes of the Company:
  - i. the quantum of options to be granted under ESOP scheme(s) per employee and in aggregate;
  - ii. the conditions under which options vested in employees may lapse in case of termination of employment for misconduct;
  - iii. the exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
  - iv. the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
  - v. the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
  - vi. the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues and other corporate actions;
  - vii. the grant, vest and exercise of option in case of employees who are on long leave; and

- viii. the procedure for cashless exercise of options.
  - ix. Any other matter, which may be relevant for administration of ESOP schemes from time to time.
8. Such other functions, as may be assigned by the board of directors from time to time or as may be stipulated under any law, rule or regulation including listing agreement and the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force)

**Composition, Meetings and Attendance of Committee:**

As on 31<sup>st</sup> March 2015 Nomination and Remuneration Committee of the Company consisted of 3 Independent, Non- Executive Directors namely Mr. Shonu Chandra, Mr. Rajat Khare and Dr. Venkata Subbrao Valluri. The Chairman of the Committee is Mr. Rajat Khare, an Independent Non Executive Director nominated by the Board. Mr. Rajat Khare, Chairman of Committee was attended the Last AGM held on 29<sup>th</sup> September, 2014.

During the year under review nomination and remuneration committee met 6 times i.e. 09<sup>th</sup> April, 2014, 26<sup>th</sup> May, 2014, 11<sup>th</sup> August, 2014, 17<sup>th</sup> October, 2014, 13<sup>th</sup> February, 2015 and 20<sup>th</sup> March, 2015.

Name of Director	Category	No. of Meetings held	No. of Meetings attended
Mr. Shonu Chandra	Member, Independent & Non Executive Director	6	6
Mr. Rajat Khare	Chairman, Independent & Non Executive Director	6	5
Dr. Venkata Subbrao Valluri	Member, Independent & Non Executive Director	6	3

**NOMINATION AND REMUNERATION POLICY**

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

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to

determine their remuneration.

- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the education industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

**APPOINTMENT**

Nomination and remuneration committee determines the criteria of appointment to the director, Key Managerial Personnel and senior management level and is vested with the authority to identify candidates for appointment to the Board of Directors, Key Managerial Personnel and/or at senior management level. In evaluating the suitability of a person for appointment / continuing to hold appointment as a Director, Key Managerial Personnel and/or at senior management level nomination and remuneration committee evaluates and takes into account apart from others, Board diversity, person's eligibility, qualification, expertise, track record, general understanding of the business, professional ethics, integrity, values and other fit and proper criteria's.

**REMUNERATION**

The remuneration of Executive / Non-Executive Directors and KMPs will be determined by the committee which is governed by the external competitive environment, track record, potential, individual performance and performance of the Company as well as industry standards and approved by nomination and remuneration committee in accordance of abovementioned policies. It is proposed by nomination and remuneration committee and subsequently approved by the Board.

**a) Remuneration of Executive Director/(s)**

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

- (i) Salary and commission not to exceed limits prescribed under the Companies Act, 2013;
- (ii) Revised from time to time depending upon the performance of the Company;
- (iii) No Sitting Fees is being paid to them; and
- (iv) Eligible for ESOP except Promoter Director.

During financial year 2014-15 the company has Two Executive Directors Mr. Shantanu Prakash, Chairman and Managing Director; and Mr. Vinod Kumar Dandona, Whole Time Director.

Details of the remuneration paid to Executive Directors and there shareholding in the company for the year ended March 31, 2015 is as follows:

(Amt in ₹ Million except No. of Shares)

S. No.	Name of Directors	Gross Salary*	Commission	Sitting Fees	Stock Options	No. of Equity Share held
1	Mr. Vinod Kumar Dandona	2.47	-	-	-	NIL
2	Mr. Shantanu Prakash	NIL	-	-	-	44,315,205

\* The above figures do not include provision for en-cashable leave and gratuity. Remuneration paid to Executive Director exceeded the limits specified under Companies Act, 1956 or Companies Act, 2013. The company is under process for the waiver or approval from Central Government for payment of managerial remuneration in excess of the limits specified under the Companies Act, 1956 or Companies Act, 2013, wherever applicable.

**b) Remuneration to Non Executive Director/(s) :**

Non- Executive Directors are entitled as follows:

- (i) Sitting fees not to exceed limits under the Act
- (ii) Commission not to exceed limits prescribed under the Act
- (iii) Eligible for ESOP except Independent Non Executive Director

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

Details of the remuneration paid to Non executive Director for the F.Y 2014-15 and there shareholding in the company as at March 31, 2015 is as follows:

S. No.	Name of Directors	Sitting Fees (Amt in ₹)	Commission (Amt in ₹)	Stock Options as at 31 <sup>st</sup> March 2015 @	Stock options exercised during the year	Stock options granted during the year	Total amount paid (Amt in ₹)	No. of Equity Shares held in the Company
1.	Mr. Shonu Chandra	1,30,000	-	1,00,000	-	-	1,30,000	3,250
2.	Mr. Vijay K. Choudhary	1,20,000	-	-	-	-	1,20,000	-
3.	Mr. Rajat Khare	30,000	-	-	-	-	30,000	-
4.	Dr. Venkata Subbarao Valluri	40,000	-	-	-	-	40,000	-
5.	Ms. Swati Sinha*	-	-	-	-	-	-	-

@ (Number of Stock options granted, outstanding and adjusted post split and were granted earlier to 01st April 2014)

\*Details provided from the date of appointment.

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

## F. STAKEHOLDER RELATIONSHIP COMMITTEE

### Terms of Reference

The broad terms of reference includes the following:

- Redressal of shareholder and investor complaints including, but not limiting itself to transfer of shares and issue of duplicate share certificates, non-receipt of balance sheet, non-receipt of declared dividends, etc.,
- Overseeing and reviewing all matters connected with securities of the Company,
- Overseeing the performance of the Registrar and Transfer Agent of the Company and recommends measures for overall improvement in the quality of Investor services,
- Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of shares issued by the Company, and
- Such other role/functions as may be specifically referred to the Committee by the Board of Directors and / or other committees of Directors of the Company or mentioned in the Listing agreement.

### Composition, meetings and attendance of Committee

In compliance with the Listing Agreement requirements and provisions of the Companies Act, 2013, the Company has constituted a Stakeholder Relationship Committee consisting of majority of Non-Executive Independent Directors. As on 31<sup>st</sup> March 2015, Committee consists of three members comprising of Mr. Shonu Chandra, Mr. Shantanu Prakash and Mr. Vijay Kumar Choudhary. The Chairman of the Committee is Mr. Vijay Kumar Choudhary, Independent & Non Executive Director. Company Secretary acts as secretary to committee.

During the year under review, Committee met Seven (7) times on April 9, 2014, June 9, 2014, August 12, 2014, December 12, 2014, December 23, 2014, January 13, 2015 and February 13, 2015.

Attendance particulars of members are as follows:

S. No.	Name of Director	Category	No. of meetings of held	No. of meetings attended
1	Mr. Shonu Chandra	Member, Independent & Non-Executive Director	7	6
2	Mr. Shantanu Prakash	Member, Promoter & Executive Director	7	7
3	Mr. Vijay K Choudhary	Chairman, Independent & Non-Executive Director	7	7

### Compliance Officer

**Mr. Yogesh Saluja, Company Secretary**, is the Compliance Officer for complying with the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/2015 & Company Secretary is responsible for Complying with the requirements of listing agreements with the Stock Exchanges. The Compliance Officer can be contacted at:

Educomp Solutions Limited  
Plot No 514, Udyog Vihar Phase III  
Gurgaon, Haryana-122002  
Tel: +91-124-4529000  
Fax: +91-124-4529039  
Email: investor.services@educomp.com

**Status of Investor complaints received by the Company during the year under review is as follows:**

Particulars	Pending as on April 1, 2014	Received during the Year	Disposed during the Year	Pending as on March 31, 2015
No of Complaints	0	27	26	1

## G. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

### Composition

The Corporate Social Responsibility Committee of the Board ("CSR Committee") has been duly constituted as per Companies Act, 2013, to oversee the CSR Policy of the Company and recommend the amount of expenditure to be incurred on the activities mentioned in the Schedule VII of the Companies Act, 2013. As on 31<sup>st</sup> March, 2015, the Committee consists of two Executive Directors i.e. Mr. Shantanu Prakash and Mr. Vinod Kumar Dandona and one Independent Non-Executive Director Mr. Vijay Kumar Choudhary. The Chairman of the Committee is Mr. Shantanu Prakash an Executive Director of the Company.

### Meeting & Attendance during the year

During the year ended March 31, 2015, Two (2) meetings of the Committee were held – August 12, 2014 and November 14, 2014.

The attendances of Members at the meetings of the Committee held during the year are as follows:-

S. No.	Name of Director	Category	No of meetings of held	No of meetings attended
1	Mr. Shantanu Prakash, Chairman	Chairman, Promoter & Executive Director	2	2
2	Mr. Vinod Kumar Dandona	Member, & Executive Director	2	2
3	Mr. Vijay Kumar Choudhary	Member, Independent & Non-Executive Director	2	2

## H. OTHER COMMITTEES OF THE BOARD

The details of the meeting of the other committees of the board, held during the year 2014-15, are given hereinbelow:-

## FINANCE COMMITTEE

### Composition

As on 31<sup>st</sup> March 2015, the Finance Committee of the company consists of one Executive Directors i.e. Mr. Shantanu Prakash and two Independent Non-Executive Director Mr. Vijay Kumar Choudhary and Mr. Shonu Chandra. The Chairman of the Committee is Mr. Shantanu Prakash, an Executive Director of the Company.

### Meeting & Attendance during the year

During the year ended March 31, 2015, Four (4) meetings of the Committee were held – September 25, 2014; October 20, 2014; February 24, 2015 and March 28, 2015.

The attendances of Members at the meetings of the Committee held during the year are as follows:-

S. No.	Name of Director	Category	No of meetings of held	No of meetings attended
1	Mr. Shantanu Prakash, Chairman	Chairman, Promoter & Executive Director	4	4
2	Mr. Shonu Chandra	Member, Independent & Non-Executive Director	4	4
3	Mr. Vijay Kumar Choudhary	Member, Independent & Non-Executive Director	4	4

## RISK MANAGEMNT COMMITTEE

As on 31<sup>st</sup> March 2015, the Risk Management Committee of the company consists of one Executive Directors i.e. Mr. Shantanu Prakash and two Independent Non-Executive Director Mr. Vijay Kumar Choudhary and Dr. Subbarao Valluri Venkata.

### Meeting & Attendance during the year

During the year ended March 31, 2015, No meetings of the Committee were held

The attendances of Members at the meetings of the Committee held during the year are as follows:-

S. No.	Name of Director	Category	No of meetings of held	No of meetings attended
1	Mr. Shantanu Prakash, Chairman	Member, Promoter & Executive Director	-	-
2	Dr. Subbarao Valluri Venkata.	Member, Independent & Non-Executive Director	-	-
3	Mr. Vijay Kumar Choudhary	Member, Independent & Non-Executive Director	-	-

Apart from abovementioned committees, the Company also have Debenture Committee, Fund Raising cum Allotment Committee and corporate Management committee affiliated to the Board of Directors of the Company for the better performance and analysis on various matters. Further, during the year ended on 31<sup>st</sup> March 2015 no meeting of these committees were held.

## I. GENERAL BODY MEETING

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

Financial Year	Date and Time	Venue	Particulars of special resolution passed
<b>2011-12 (EGM)</b>	16-07-2012 11:00 A.M	Sri, Sathya Sai International Center, Pragati Vihar, Lodhi Road, New Delhi-110003	<ol style="list-style-type: none"> <li>1. Issuance of Equity Shares / Securities under Section 81 (1A) of the Companies Act, 1956 and SEBI (ICDR) Regulations, 2009.</li> <li>2. Issue of FCCBs.</li> <li>3. ESOP Scheme 2012 for the Company.</li> <li>4. ESOP Scheme 2012 for the subsidiaries.</li> </ol>
<b>2011-12 (AGM)</b>	26-09-2012 04.30 P.M	Sri, Sathya Sai International Center, Pragati Vihar, Lodhi Road, New Delhi-110003	<ol style="list-style-type: none"> <li>1. Adoption of new set of Articles of Association of the Company.</li> <li>2. Change in terms of appointment of Whole Time Director.</li> <li>3. Keeping of registers /Returns/ Documents at a place other than the Registered Office.</li> </ol>
<b>2011-12 (EGM)</b>	15-11-2012 11.30 A.M	PHD chambers, Khelgaon, August Kranti Marg, New Delhi-110003	<ol style="list-style-type: none"> <li>1. Issuance of Equity Shares / Securities under Section 81 (1A) of the Companies Act, 1956 and SEBI (ICDR) Regulations, 2009.</li> </ol>
<b>2012-13 (AGM)</b>	26-09-2013 04.30 P.M.	Sri, Sathya Sai International Center, Pragati Vihar, Lodhi Road, New Delhi-110003	<ol style="list-style-type: none"> <li>1. To approve the waiver of the recovery of remuneration of the managing director of the company.</li> <li>2. To approve the waiver of the recovery of remuneration of the whole time director of the company.</li> <li>3. Approval of remuneration of managing director for the remaining tenure.</li> <li>4. Approval of remuneration of whole time director for the remaining tenure.</li> </ol>
<b>2013-14</b>	29-09-2014 03.30 P.M.	Sri, Sathya Sai International Center, Pragati Vihar, Lodhi Road, New Delhi-110003	<ol style="list-style-type: none"> <li>1. To appoint Shri Vinod Kumar Dandona as a Director.</li> <li>2. To approve the Agreement and Ratified the related party agreement.</li> </ol>

#### Postal Ballot

During the year under review, we have conducted Two Postal ballots dated 11<sup>th</sup> August, 2014 and 11<sup>th</sup> March, 2015 in pursuance of Section 110 of the Companies Act, 2013 and Companies (Management and Administration) Rules, 2014.

Mr. Abhishek Bansal, an advocate was appointed as Scrutinizer for both the Postal Ballot.

The gists of the results of the Postal Ballots and resolutions passed during the year are as follows:

Date of Declaration of Results	Type of Resolution	Particulars of Resolutions passed	Votes in favour of Resolution		Votes Against the Resolution	
			No. of Votes	%	No. of Votes	%
11 <sup>th</sup> August, 2014	Special Resolution-1	To approve the loan, investment and corporate guarantee limit of company under Section 186 of the Companies Act, 2013 in body corporates other than M/s Educomp Infrastructure & School Management Ltd and M/s Edu Smart Services Private Limited	66318348	98.18	1229097	1.82
	Special Resolution-2	To approve the loan, investment and corporate Guarantee limit of company U/S 186 of the Companies Act, 2013 in body corporate naming M/s Educomp Infrastructure & School Management Limited	67469214	99.89	77196	0.11
	Special Resolution-3	To approve the loan, investment and corporate guarantee limit of c ompany U/S 186 of the Companies Act, 2013 in body corporate naming M/s Edu Smart Services Private Limited	66317641	98.18	1228644	1.82
	Special Resolution-4	To approve the borrowing Limit U/S 180 (1) (c) of the Companies Act, 2013.	67517170	99.96	29770	0.04
	Special Resolution-5	To approve the limits U/S 180 (1) (a) of the Companies Act, 2013.	67517805	99.96	28621	0.04
	Special Resolution-6	To approve the Corporate Debt Restructuring Scheme in relation to restructuring of the Company debts.	67544719	99.99	2091	0.01
	Special Resolution-7	To approve the Educomp Employee Stock Option Scheme 2014	66370941	98.26	1175589	1.74
	Special Resolution-8	To approve the Educomp Employee Stock Option Scheme 2014 for subsidiaries.	66367991	98.25	1179036	1.75
	Special Resolution-9	To approve the conversion of the loan into equity share capital of the company	67478729	99.99	8740	0.01
	Special Resolution-11	To approve the transaction/ agreement to be entered between the Company and M/s Educomp Learning Private Limited, subsidiary of the company to use the part of the property bearing 1211, Padma Tower -1, 5 Rajendra Place, New Delhi-110008.	12696925	99.92	10644	0.08
	Special Resolution-12	To approve the agreement to be entered between the Company and Mr. Shantanu Prakash, related party to use the part of the property bearing Flat no. 35/1, H-Block, DLF Phase-1, Gurgaon	12694442	99.90	12081	0.10

11 <sup>th</sup> August, 2014	Special Resolution-13	To approve and ratify the agreement entered between the Company and M/s Educomp Learning Private Limited, subsidiary of the company.	12691359	99.87	16811	0.13
	Special Resolution-14	To approve and ratify the agreement entered between the Company and M/s Learning Links Foundation, related party.	12689365	99.86	18110	0.14
	Special Resolution-15	To approve the Leave and License agreement to be entered between the Company and M/s Educomp Learning Private Limited, subsidiary of the company for the property Plot no 85, NSEZ, Noida.	12697235	99.91	11370	0.09
	Special Resolution-16	To approve the Leave and License agreement to be entered between the Company and M/s Educomp Learning Private Limited, subsidiary of the company for the property Flat no 204, 2 <sup>nd</sup> Floor, Samparpan Premises, Co -Operative Society Ltd, New Link Road, Chakala, Andheri East, Mumbai-400099.	12700936	99.94	7809	0.06
	Special Resolution-17	To approve the Leave and License agreement to be entered between the Company and M/s Edu Smart Services Private Limited, subsidiary of the company for the property Flat no 802, Padma Tower -1, 5 Rajendra Place, New Delhi-110008	12701076	99.95	6369	0.05
	Special Resolution-18	To approve the Leave and License agreement to be entered between the Company and M/s Edu Smart Services Private Limited, subsidiary of the company for the property Khasra No. 819, 1 <sup>st</sup> Floor, K2 Block, Near Apra Service Station Mahipalpur, New Delhi.	12703416	99.95	6474	0.05
	Special Resolution-19	To approve the Leave and License agreement to be entered between the Company and M/s Edu Smart Services Private Limited, subsidiary of the company for the property Flat no 204, 2 <sup>nd</sup> Floor, Samparpan Premises, Co -Operative Society Ltd, New Link Road, Chakala, Andheri East, Mumbai-400099	12701736	99.94	7754	0.06
11 <sup>th</sup> March, 2015	Special Resolution-1	Issue of Equity Shares on Preferential basis pursuant to conversion of Funded Interest Term Loan (FITL) to CDR Lenders	55282949	84.37	10243065	15.63
	Special Resolution-2	Issue of Equity Shares on Preferential basis pursuant to conversion of Funded Interest Term Loan (FITL) to Non-CDR Lenders	55284757	84.37	10241126	15.63
	Special Resolution-3	To approve the increase in Remuneration of Mr. Vinod Kumar Dandona, Whole-time Director of the Company	65243444	97.40	1738836	2.60

Detail of Resolution Not Passed at the Postal Ballet:

Date of Declaration of Results	Type of Resolution	Particulars of Resolutions passed	Votes in favour		Votes Against	
			No. of Votes	%	No. of Votes	%
11 <sup>th</sup> August, 2014	Special Resolution -10	To approve the transaction/ agreement to be entered between the Company and M/s Educomp Learning Private Limited, subsidiary of the company for the purchase of educational content from M/s Educomp Learning Private Limited.	1507625	11.86	11199455	88.14

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

**Procedure for postal ballot:**

Serial No.	Procedure
1.	After obtaining consent to act as Scrutinizer the Board of Directors appoints Scrutinizer to conduct Postal Ballot process in true, fair and transparent manner.
2.	Cut Off date is fixed for identifying shareholders entitled to receive notice of the postal ballot.
3.	Postal Ballot Notice along with explanatory statement and Postal Ballot form with instructions are dispatched to shareholders. As per requirements of Listing Agreement, e-voting facility was also provided to Shareholders of the Company
4.	Company advertises dispatch of postal ballot in one English Newspaper and one Vernacular language.
5.	The postal ballot form duly completed and signed should be sent to the Scrutinizer appointed by the Company at the registered office of the Company on or before the close of the Business hours on specified date.
6.	After due scrutiny of all the Postal Ballot forms received & considering the voting through electronic mode upto the close of working hours scrutinizer submitted his report to the company on the specified date
7.	Result of the postal ballot is declared at the registered office of the company and the same is notified to stock exchanges as well as published in website of the company.

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

**J. DISCLOSURES**

**Related Party Transactions**

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

All related party transactions that were entered into during the financial year were on an arm’s length basis and were in the ordinary course of business. All the Related Party Transactions are placed before the Audit Committee for approval as per the Related Party Transactions Policy of the Company as approved by the Board. The Policy is also uploaded on the website of the Company & can be accessed on <http://www.educomp.com/Data/related-party-policy-amended.pdf>.

The Company’s major related party transactions are generally with its subsidiaries and associates. The related party transactions are entered into based on consideration of various business exigencies such as synergy in operations, sectoral specialization, liquidity and capital resource of subsidiary and associates. Where ever applicable and required, necessary approvals from shareholders u/s 188 of the Companies Act, 2013 has been taken for the related party transactions.

Material Transactions with the related parties are disclosed in ‘Annexure-V’ to the Board Report and Notes accompanying to standalone financial statements in the Annual Report. No transaction of a material nature has been entered into by the Company with the Directors or Managements and their relatives etc. which may have potential conflict with the interest of the Company.

**Disclosure of Accounting Treatment**

The Company follows accounting standards notified under the Act and under Accounting Standard Rules, 2006 laid down by the Institute of Chartered Accountants of India (ICAI) in the preparation of financial statements, the Company has not adopted a

treatment different from that prescribed in any Accounting Standards. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

#### **Details of non-compliance with regard to Capital Market**

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

The Company has paid listing fees to the stock exchanges and annual custodial fees to the depositories for the financial year 2015-16 in terms of Clause 38 of listing agreement.

#### **Risk Management**

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

#### **Management Discussion and Analysis Report**

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

#### **Shareholders**

The Profile of the Directors to be appointed/re-appointed along with the Directorship details, as provided in the Clause 49 (VIII) (E), is provided in the Notice of the 21<sup>st</sup> Annual General Meeting of the Company.

#### **Whistle Blower Policy/Vigil Mechanism**

The Company has established and adopted a Vigil Mechanism/Whistle-Blower Policy, which provides a formal mechanism for all stakeholders, including employees and their representative bodies, to approach the Management of the Company (Audit Committee in case where the concern involves the Senior Management) and make protective disclosures to the Management about unethical behaviour, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority. The disclosures reported are addressed in the manner and within the time frames prescribed in the Policy. The Company affirms that no director or employee of the Company has been denied access to the Audit Committee. The detail of the establishment of such policy on Vigil Mechanism/ Whistle Blower Policy is also uploaded on the website and can be accessed through the link: <http://www.educomp.com/Data/vigil-mechanism.pdf>. Further, It is hereby confirmed that no personnel has been denied access to the Audit Committee.

#### **Details of Compliance with mandatory requirements**

The Company has complied with the mandatory requirements

as stipulated under Clause 49 of the listing agreements. The Company has also submitted the Quarterly compliance report to the stock exchanges within the prescribed time limit. With respect to compliance relating to Clause 49(VII) related party transactions, a related party transactions with one of its subsidiary was inadvertently missed from the prior approval of Audit Committee. However, the transaction was subsequently approved and ratified by the Audit Committee of the Company in their meeting held on 13<sup>th</sup> February, 2015. M/s Sanjay Grover & Associates, Practicing Company Secretaries have certified that the company has complied with the mandatory requirements of corporate governance as stipulated in Clause 49 of the Listing Agreement apart from above mentioned instance.

#### **K. MEANS OF COMMUNICATION**

The Company regularly intimates un-audited Financial Results as well as Audited Financial Statements to the Stock Exchanges immediately after these are approved by the Board in accordance with the requirements of the Listing Agreement. These financial results are published in one of the leading newspapers of country viz. Financial Express, Mint, (English daily) and Jansatta, Rashtirya Sahara (vernacular newspaper) and are displayed on the website of the Company i.e. [www.educomp.com](http://www.educomp.com).

The Annual Report of the Company, the quarterly and the annual results of the Company are also placed on the Company's website i.e. [www.educomp.com](http://www.educomp.com) and can be downloaded. There is a separate dedicated section under "Investors Relations" on the Company's website which gives information on unclaimed dividends, quarterly compliance reports and other relevant information of interest to the investors / public.

#### **L. GENERAL SHAREHOLDER INFORMATION**

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

#### **M. SUBSIDIARY COMPANIES**

The Company has Two 'material non-listed Indian subsidiary' i.e. Educomp Infrastructure & School Management Limited and Edu Smart Services Private Limited during the accounting year under review in terms of the provisions of clause 49 of the Listing Agreement. The Company formulated a policy for determining 'material' subsidiaries and such policy uploaded on the Company's website and can be accessed through the link <http://www.educomp.com/content/corporate-governance/>.

#### **Details of Adoption of Non-Mandatory requirements**

#### **N. CODE OF CONDUCT**

The Company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management and the same has been posted on the web-site of the Company which can be accessed by the following link <http://www.educomp.com/content/corporate-governance/>.

Annual Compliance Report for the year ended 31<sup>st</sup> March 2015 has been received from all the Board members and senior management of the Company regarding the compliance of all the provisions of Code of Conduct. A declaration to this effect, duly signed by Managing Director/ Chief Executive Officer, is annexed and forms part of this Annual Report.

**O. PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION AND PREVENTION OF INSIDER TRADING**

The Company has adopted the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Conduct for Prevention of Insider Trading with a view to deal with Unpublished Price Sensitive Information and trading in securities by Directors, employees of the Company, Designated Employees and

Connected Persons. The Company Secretary or any other senior officer duly authorized by the Board of Directors of the Company, shall act as the Chief Investor Relations Officer (CIRO), who would be responsible for satisfactory discharge of the duties and responsibilities laid down under this Code and In the absence of CIRO for any reason whatsoever, the Key Managerial Personnel (KMPs) would be severally and/ or jointly responsible for discharging responsibilities under this Code. The said Code is available on the website of the Company and can be access through the link <http://www.educomp.com/Data/Code-of-Fair-Practices-Procedures-V1.pdf>.

**P. CEO/CFO CERTIFICATE**

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

**For and on Behalf of the Board of Directors  
Educomp Solutions Limited**

Sd/-  
**(Shantanu Prakash)**  
**Chairman & Managing Director**  
**DIN: 00983057**

Date : 13<sup>th</sup> August 2015  
Place : Gurgaon, Haryana

## CERTIFICATE ON CORPORATE GOVERNANCE

**To,  
The Members  
Educomp Solutions Limited**

We have examined the compliance of conditions of Corporate Governance by Educomp Solutions Limited (hereinafter referred to as "the Company"), for the year ended March 31, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

In our opinion and to best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement except that *prior approval of Audit Committee was not obtained in respect of one of related party transactions with Edu Smart Services Private Limited. However, the same was subsequently approved and ratified by the Audit Committee on 13.02.2015.*

We further state that such compliance is neither an assurance as to the future viability of the Company, nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Sanjay Grover & Associates  
Company Secretaries**

Sd/-

**Sanjay Grover  
C.P. No.: 3850**

Date : 13<sup>th</sup> August, 2015  
Place : New Delhi

## Annexure A

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

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

- (a) We have reviewed financial statements and the cash flow statements for the year ended 31<sup>st</sup> March 2015 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's Code of Conduct;
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design and operations of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee that:
  - (i) Significant changes in the internal control over financial reporting during the year under reference;
  - (ii) Significant changes in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For and on Behalf of the Board of Directors  
Educomp Solutions Limited**

**Date : 28th May 2015  
Place : Gurgaon**

Sd/-  
**Ashish Mittal  
Chief Financial Officer**

Sd/-  
**(Shantanu Prakash)  
Chairman & Managing Director  
DIN: 00983057**

## SHAREHOLDERS INFORMATION

### ANNUAL GENERAL MEETING

Day, Date, Venue and Time are as follows:

<b>Registered office</b>	1211, Padma Tower-I, 5, Rajendra Place, New Delhi-08
<b>Day</b>	Monday
<b>Date</b>	28th September, 2015
<b>Time</b>	04.00 P.M.
<b>Venue</b>	Sri, Sathya Sai international Center, Pragati Vihar, Lodhi Road, New Delhi- 110003

### FINANCIAL CALENDAR

The company follows financial year from April 1 to March 31. The Current financial year of the Company is April 1, 2015 to March 31, 2016

### Financial Year Schedule (Tentative)

- \* Financial Reporting for Quarter ending June 30, 2015 on or before August 14, 2015
- \* Financial Reporting for Quarter ending September 30, 2015 on or before November 14, 2015
- \* Financial Reporting for Quarter ending December 31, 2015 on or before February 14, 2016
- \* Financial Reporting for Quarter ending March 31, 2016 on or before May 30, 2016
- \* Annual General Meeting End of September, 2016

<b>BOOK CLOSURE DATES</b>	23 <sup>rd</sup> September 2015 to 28 <sup>th</sup> September 2015 (both days inclusive)
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### LISTING ON STOCK EXCHANGES:

Name of Exchange and Address	Securities	DEMAT NO.	ISIN	Stock/Script Code
National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai-400051	Equity	NSDL and CDSL INE216H01027		"EDUCOMP"
BSE Limited, PJ Towers, Dalal Street, Fort, Mumbai-01	Equity	NSDL and CDSL INE216H01027		532696
BSE Limited, PJ Towers, Dalal Street, Fort, Mumbai-01	Debentures	NSDL and CDSL INE216H07016		948029

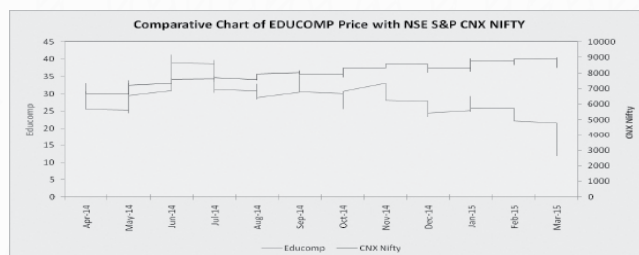
**Listing Fees:** Annual Listing fees for the year 2015-16, as applicable have been paid to above Stock Exchanges.

### Stock Market Data

The Monthly High and Low quotation of equity shares traded on NSE and BSE are as under:-

Month	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
April'14	34.50	25.80	33.40	25.65
May'14	35.45	24.00	35.60	24.30
June'14	43.30	29.60	43.35	29.40
July'14	41.50	29.00	41.00	29.00
August'14	33.35	27.55	33.65	27.30
September'14	36.50	29.50	36.30	29.30
October'14	32.70	25.40	32.65	25.40
November'14	34.35	27.80	34.35	27.85
December'14	29.25	23.20	29.15	23.20
January'15	30.70	24.55	30.80	24.30
February'15	26.75	22.10	26.75	22.10
March'15	22.55	11.55	22.45	11.50

### Share Performance Chart on NSE



### Registrar and Share Transfer Agents

The Company has appointed Link Intime India Private Limited having its office at 44, Community Centre, Phase- I, Near PVR, Naraina Industrial Area, New Delhi 110028 as Registrar and Transfer Agent for physical transfer and demat segment.

### Share Transfer System

Share Transfer request received in physical form are registered within 15 days from the date of receipt and demat request are normally confirmed within prescribed time from date of the receipt. Pursuant to Clause 47C of the Listing Agreement with the Stock Exchanges, certificates on half yearly basis confirming the due compliance of share transfer formalities by the Company, certificate for timely dematerialization of the shares as per SEBI (Depositories and Participants) Regulations 1996 and a Secretarial Audit Report for reconciliation of the share capital of the Company obtained from Practicing Company Secretary have been submitted to Stock Exchanges in stipulated time.

**Distribution of shareholding as on 31<sup>st</sup> March 2015:**

**a) Distribution of Shareholding as on 31<sup>st</sup> March 2015**

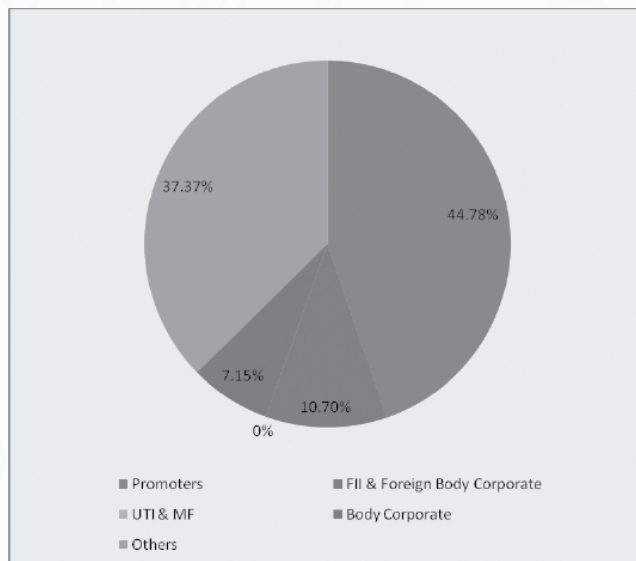
Shareholding of Shares	Share Holders		Shares	
	Number	% to total	No. of Shares	% to total
Upto 1000	127977	95.10	16133075	13.17
1001 - 2000	3485	2.59	5265646	4.30
2001 - 3000	1068	0.79	2735505	2.23
3001 - 4000	505	0.38	1806698	1.48
4001 - 5000	432	0.32	2030721	1.66
5001 - 10000	589	0.44	4313928	3.52
10001 - above	508	0.38	90181595	73.64
<b>Total</b>	<b>134564</b>	<b>100</b>	<b>122467168</b>	<b>100</b>

**b) Categories of Equity Shareholding as on 31<sup>st</sup> March, 2015**

Category	Number of Shares Held	Percentage of Shareholding
<b>Promoters</b>	<b>54838245</b>	<b>44.78</b>
<b>FII &amp; Foreign Body Corporate</b>	<b>13097931</b>	<b>10.70</b>
<b>Body Corporate</b>	<b>8762118</b>	<b>7.15</b>

<b>Others</b>	<b>45768874</b>	<b>37.37</b>
<b>Total</b>	<b>122467168</b>	<b>100.00</b>

Shareholding Pattern as on 31<sup>st</sup> March, 2015 depicted by way of pie chart as follows:



**Dematerialization of Shares and Liquidity**

About 99.99% of the Equity Shares of the Company have been dematerialized as on 31<sup>st</sup> March 2015. The Company's Shares are compulsorily traded in dematerialization form. The Equity Shares of the Company are actively traded on NSE and BSE.

Relevant data for the monthly turnover for the period starting from 01<sup>st</sup> April, 2014 till 31<sup>st</sup> March, 2015 are as follows:

Period	The Bombay Stock Exchange ( BSE)		National Stock Exchange (NSE)		BSE + NSE Volume / Value	
	Volume	Value	Volume	Value	Volume	Value
	(Lacs)	(₹Lacs)	(Lacs)	(₹Lacs)	(Lacs)	(₹Lacs)
End of April, 2014	41.06	1235.42	155.69	4,718.38	196.75	5,953.80
End of May, 2014	19.94	596.8	65.06	1,921.31	85	2,518.11
End of June, 2014	50.77	1985.25	138.79	5,414.14	189.56	7,399.39
End of July, 2014	14.62	519.8	40.14	1,429.75	54.76	1,949.55
End of August, 2014	15.07	466.2	50.48	1,557.41	65.55	2,023.61
End of September, 2014	45.66	1511.96	128.66	4,264.20	174.32	5,776.16
End of October, 2014	24.88	735.8	61.99	1,822.66	86.87	2,558.46
End of November, 2014	27.00	842.37	68.61	2,131.73	95.61	2,974.10
End of December, 2014	34.66	895.34	109.60	2,827.25	144.26	3,722.59
End of January , 2015	53.44	1468.57	171.53	4,720.56	224.97	6,189.13
End of February, 2015	51.37	1212.57	162.15	3,828.56	213.52	5,041.13
End of March, 2015	76.38	1215.17	237.18	3,789.07	313.56	5,004.24
<b>Total</b>	<b>454.85</b>	<b>12685.25</b>	<b>1389.88</b>	<b>38425.02</b>	<b>1844.73</b>	<b>51,110.27</b>

**Outstanding GDRs/ ADRs/ Warrants or Convertible Bonds:**

No GDRs/ ADRs has been issued by the Company.

In Year 2012-13, the Company had raised US\$ 10 million, Zero Coupon Foreign Currency Convertible Bonds (FCCB) for redemption of outstanding Zero Coupon Foreign Currency Convertible Bonds. The Bond holders, as per the agreement, have the option to convert these bonds into Equity Shares, at a price of Rs.188.62 per share with in 5 years and 1 day from the date of disbursement. The FCCB are redeemable at a premium of 33.15 % on principal after 5 years and 1 day. The FCCB were raised for the purposes of redemption of earlier FCCB of the Company. As on March, 31, 2015 US\$ 10 million (previous year US\$ 10 million) FCCB were outstanding for conversion into equity shares of ₹2 each.

**Offices:** New Delhi, Gurgaon (Haryana), Noida, Lucknow (U.P), Mumbai (Maharashtra), Kolkatta (West Bengal), Bangalore (Karnataka), Mohali (Punjab), Chennai (Tamil Nadu), Parwanoo (Himachal Pradesh), Secunderabad (Hyderabad), Agartala (Tripura), Ghandhinagar (Gujrat), Guwahati (Assam), Patna (Bihar), Dhankawadi (Pune).

**Addresses of Major Business Offices:**

1. Khasra No. 701, Sec-2, Parwanoo, Tehsil-Kasauli, District-SOLAN;
2. Plot no 85, Special Economic Zone, Phase II, Sector 82, Noida;
3. Brigade Square, 2nd Floor, Cambridge Road, Ulsoor, Bangalore -560 008;
4. Plot No 514, Udyog Vihar, Phase III, Gurgaon – 122 001.

**Address for Correspondence:**

**(1) Investor Correspondence:** For transfer/ Dematerialization of Shares, Payment of dividend on shares, change of address, transmissions, and any other query relating to shares and debentures of the Company.

- **For securities held in physical form:** Please contact Registrar & Transfer Agent at address given below.
- **For securities held in Demat Form:** To the Depository participant
- **Any query on Annual report:** To the Company address.

Company Address	Debenture Trustee Address	Registrar & transfer Agent Address
Company Secretary Educomp Solutions Limited Plot No 514, Udyog Vihar, Phase III Gurgaon-122001, (Haryana) Telephone: 0124-4529000 Fax: 0124 – 4529039 Email:investor.services@educomp.com	Axis Trustee Services Limited Axis House, 2nd Floor, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai, Maharashtra- 400025. Ph.: 022-24255215/5216, E-mail: complaints@axistrustee.com, debenturetrustee@axistrustee.com	Link Intime India Private limited 44, Community Centre, Phase- I, Near PVR, Naraina Industrial Area New Delhi 110028 Telephone: 011-41410592-94 Fax: 011-41410591 Email : delhi@linkintime.co.in

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# INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying standalone financial statements of Educomp Solutions Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements

that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2015, its loss and its cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to the following matters in the notes to the standalone financial statements:

- a) Note no. 33, regarding managerial remuneration paid to one of the whole time director of the Company during the current and previous financial year, in non compliance with the requirements of section 197 and section 198 read with schedule V to the Companies Act, 2013 and Section 198 and Section 269 read with Schedule XIII to the Companies Act, 1956 respectively, for which Central Government's approval has not been obtained.
- b) Note no. 2.12, with respect to Management's assessment of recoverability of investment in 6 of its subsidiary companies namely, Educomp Infrastructure and School Management Limited, Educomp Online Supplemental Service Limited, Educomp Child Care Private Limited, Educomp Professional Education Limited, Vidya Mandir Classes Limited, Educomp Intelliprop Ventures Pte Ltd (formerly known as "Educomp Intelprop Ventures Pte Ltd"), in a Trust- India Education Fund and in one of its associate, Greycells18 Media Limited.
- c) Note no. 8, wherein the Company has not considered impairment of trade receivable and investment in Edu Smart Services Private Limited (ESSPL) in the intervening period, in view of proposed merger of ESSPL with the Company.
- d) Note no. 1(i)(b), wherein, in the opinion of the management, despite incurring substantial losses during the current financial year and erosion of net worth as at March 31, 2015, the standalone financial statements have been prepared on a going concern basis in view of matters more fully explained in the said note.

Our opinion is not modified in respect of these matters.

#### Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditors' Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. The matters described in sub-paragraph (c) & (d) under the Emphasis of Matter paragraph above and our comment on clause (viii) of Companies (Auditors' Report) Order, 2015, in our opinion, may have an adverse effect on the functioning of the Company;
  - f. On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the

Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act;

- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 15 in respect of Contingent Liabilities and Note 35 in respect of other pending litigations to the standalone financial statements;
  - (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

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

Place : Gurgaon  
Date : May 28, 2015

## ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Educomp Solutions Limited on the standalone financial statements for the year ended March 31, 2015]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year, all the fixed assets have not been physically verified by the management. However, there is a regular programme of verification of fixed assets 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.
- (ii) (a) The inventory (excluding stocks lying with third parties) has been physically verified by the management during the year and in respect of inventory lying with third parties, these have not been confirmed by them. 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. As informed no material discrepancies were noticed on physical verification carried out during the year.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions stated in paragraph 3 (iii) (a) and 3 (iii) (b) of the Order are not applicable.
- (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 for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- (v) 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 provisions of Sections 73 to 76 of the Act and the rules framed there under to be read with note no. 34 to the standalone financial statements.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the

Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

- (vii) (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, cess and any other material statutory dues applicable to it. There has been delay in few cases of provident fund, employees' state insurance, income tax, service tax and value added tax. However, delays in deposit have not been serious. As explained to us, the Company did not have any dues on account of wealth tax and excise duty.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, service tax, sales-tax, value added tax, customs duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. However, undisputed dues in respect of interest on tax deducted at source which was outstanding, at the year end for a period of more than six months from the date they became payable are as follows:

(₹ in Million)

Name of the statute	Nature of the dues	Amount	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act, 1961	Interest on delay on deposition of Tax Deducted at Source	3.43	Financial Years 2012-13 to 2014-15	Various dates	Not yet paid

- (b) According to the information and explanation given to us, there are no dues of income tax, sales- tax, wealth tax, value added tax, customs duty, cess and any other material statutory dues applicable to it which have not been deposited on account of any dispute. According to the information and explanation given to us, dues of service tax and employee provident fund which have not been deposited on account of any dispute are as under:

(₹ in million)

Name of the statute	Nature of dues	Amount Disputed	Amount paid	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service Tax	25.46	16.98	2009-10	Customs, Excise & Service Tax Appellate Tribunal, New Delhi
Employees' Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund Penalty	8.78	Nil	March 2008 to February 2014	Employees Provident Fund Appellate Tribunal, New Delhi
<b>Total</b>		<b>34.24</b>	<b>16.98</b>		

(c) According to the information and explanations given to us, there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

(viii) The accumulated losses of the Company as at March 31, 2015 are more than fifty percent of its net worth. Further, the Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(ix) According to the information and explanations given to us, the Company has defaulted in repayment of dues to certain banks, financial institutions and debenture holders. Some of such defaults pertaining to current year and previous year have been made good during the year. The particulars of defaults in repayment of dues (including interest) are as follows:

(₹ in million)

Nature of dues	Delay up to 3 months	Delay of 3 to 6 months	Delay of 6 to 12 months	Delay for more than 12 months
<b>Loans from banks</b>				
Principal due	Nil	103.40	Nil	Nil
Interest due	712.07	25.48	55.41	31.37
<b>Loans from Financial Institutions</b>				
Principal due	92.11	Nil	Nil	12.00
Interest due	194.05	0.54	196.16	112.48
<b>Non convertible debentures</b>				
Interest due	10.00	40.00	37.55	Nil
<b>Total</b>	<b>1,008.23</b>	<b>169.42</b>	<b>289.12</b>	<b>155.85</b>

There are certain defaults, which are continuing at the Balance Sheet date which have been disclosed under note no. 9 to the standalone financial statements.

(x) 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 institution, are not prejudicial to the interest of the Company.

(xi) According to the information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.

(xii) 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 any such instance by the management.

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

Sd/-  
Raj Kumar Agarwal  
Partner  
Membership No. 074715  
Place: Gurgaon  
Date : May 28, 2015

**Balance Sheet** as at March 31, 2015

(₹ in million)

	Note	As at March 31, 2015	As at March 31, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	244.93	244.88
Reserves and surplus	2.2	4,647.57	16,520.39
		<b>4,892.50</b>	<b>16,765.27</b>
<b>Non-current liabilities</b>			
Long-term borrowings	2.3	21,533.34	17,315.58
Trade payables	2.4	-	24.04
Other long term liabilities	2.5	184.03	104.97
Long-term provisions	2.6	725.42	71.90
		<b>22,442.79</b>	<b>17,516.49</b>
<b>Current liabilities</b>			
Short-term borrowings	2.7	2,107.01	1,965.83
Trade payables	2.8	892.35	1,565.16
Other current liabilities	2.9	3,098.66	2,060.77
Short-term provisions	2.10	542.19	13.35
		<b>6,640.21</b>	<b>5,605.11</b>
		<b>33,975.50</b>	<b>39,886.87</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	2.11		
Tangible assets		289.02	414.59
Intangible assets		548.93	640.86
Capital work-in-progress		38.73	84.97
Intangible under development		-	0.65
Non-current investments	2.12	16,938.39	16,938.39
Deferred tax assets	2.13	-	-
Long-term loans and advances	2.14	356.07	740.52
Other non-current assets	2.15	13.64	17.60
		<b>18,184.78</b>	<b>18,837.58</b>
<b>Current assets</b>			
Inventories	2.16	253.63	566.28
Trade receivables	2.17	13,568.52	18,468.31
Cash and bank balances	2.18	569.65	189.19
Short-term loans and advances	2.19	1,389.93	1,801.80
Other current assets	2.20	8.99	23.71
		<b>15,790.72</b>	<b>21,049.29</b>
		<b>33,975.50</b>	<b>39,886.87</b>
Summary of significant accounting policies	1		

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

As per our report of even date.

For **Haribhakti & Co. LLP**

ICAI Firm Registration No.:103523W

Chartered Accountants

Sd/-

**Raj Kumar Agarwal**

Partner

Membership No.: 074715

Place: Gurgaon

Date: May 28, 2015

For and on behalf of Board of Directors of

**Educomp Solutions Limited**

Sd/-

**Shantanu Prakash**

Chairman and Managing Director

(DIN: 00983057)

Sd/-

**Ashish Mittal**

Chief Financial Officer

Sd/-

**V. K. Dandona**

Whole Time Director

(DIN: 06730804)

Sd/-

**Yogesh Saluja**

Company Secretary

## Statement of Profit and Loss for the year ended March 31, 2015

(₹ in million)

	Note	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>Income:</b>			
Revenue from operations	2.21	1,981.75	2,822.95
Other income	2.22	340.26	348.82
<b>Total revenue</b>		<b>2,322.01</b>	<b>3,171.77</b>
<b>Expenses:</b>			
Purchase of traded goods	2.23	189.59	1,076.92
Changes in inventories of stock-in-trade	2.24	44.06	99.65
Employee benefits expense	2.25	1,288.57	1,424.17
Finance costs	2.26	2,295.44	1,381.68
Depreciation and amortization expense	2.11	478.33	540.81
Other expenses	2.27	1,007.03	1,262.61
<b>Total expenses</b>		<b>5,303.02</b>	<b>5,785.84</b>
<b>Loss before prior period items, exceptional items and tax</b>		<b>(2,981.01)</b>	<b>(2,614.07)</b>
Prior period items	3	59.16	5.21
<b>Loss before exceptional items and tax</b>		<b>(3,040.17)</b>	<b>(2,619.28)</b>
Exceptional items	4	8,614.22	<b>700.00</b>
<b>Loss before tax</b>		<b>(11,654.39)</b>	<b>(3,319.28)</b>
Tax expense:			
Deferred tax charge/ (credit)	2.13	-	131.62
Tax relating to earlier years' (Refer note 24)		-	(328.60)
<b>Loss after tax</b>		<b>(11,654.39)</b>	<b>(3,122.30)</b>
<b>Loss per share (Basic and diluted) (Rs.)</b>	5		
(nominal value of share Rs.2 each)		(95.17)	(25.50)
Summary of significant accounting policies	1		

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

As per our report of even date.

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

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

Place: Gurgaon  
Date: May 28, 2015

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

Sd/-  
**Shantanu Prakash**  
Chairman and Managing Director  
(DIN: 00983057)

Sd/-  
**Ashish Mittal**  
Chief Financial Officer

Sd/-  
**V. K. Dandona**  
Whole Time Director  
(DIN: 06730804)

Sd/-  
**Yogesh Saluja**  
Company Secretary

## Cash Flows Statement for the year ended March 31, 2015

(₹ in million)

	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>Cash flows from operating activities</b>		
<b>Loss before tax as per Statement of Profit and Loss</b>	<b>(11,654.39)</b>	<b>(3,319.28)</b>
Adjusted for:		
Net prior period adjustments	59.16	5.21
Exceptional items - Provision for doubtful debts	6,502.35	700.00
Exceptional items - Discount on down time/precloser	436.22	-
Exceptional items - Provision for warranty cost	1,195.93	-
Provision for doubtful debts/ advances	43.81	465.43
Provision for capital work in progress	20.00	-
Provision for inventory obsolescence	30.29	2.24
Provisions/credit balances written back	(325.34)	(124.31)
Bad advances written off	23.78	-
Interest on income tax written back	-	(79.89)
Depreciation and amortisation expenses	478.33	540.81
Fixed assets balance adjusted against credit balance written back	10.85	-
Unrealised foreign exchange effects	155.03	172.59
Interest income	(6.78)	(57.86)
Interest expense	2,295.44	1,381.68
Employee stock option scheme amortisation cost	4.03	(43.95)
(Profit)/ Loss on sale of fixed assets	(0.28)	(0.18)
<b>Operating (loss)/profit before working capital changes</b>	<b>(731.57)</b>	<b>(357.51)</b>
Adjusted for:		
Trade receivables	(2,039.42)	(6,595.04)
Inventory	282.36	(76.31)
Loans, advances and other assets	303.53	318.83
Trade payables and other liabilities	(719.83)	(908.55)
Restricted bank balances /fixed deposits with maturity period within twelve months	(6.93)	123.16
<b>Cash used in operations</b>	<b>(2,911.86)</b>	<b>(7,495.42)</b>
Net prior period adjustments	(59.16)	(5.21)
Taxes paid	(26.08)	(62.81)
<b>Net cash used in operating activities (A)</b>	<b>(2,997.10)</b>	<b>(7,563.44)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets (including capital work-in-progress)	(291.82)	(265.47)
Proceeds from sale of fixed assets	0.77	0.98
Investment in subsidiaries (including share application money)	-	(80.79)
Refund of share application money	453.99	843.28
Investment in associates	-	(14.50)
Interest income	6.78	100.24
<b>Net cash generated from/ (used in) investing activities (B)</b>	<b>169.72</b>	<b>583.74</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares/warrants	0.65	0.84
Promoter contribution received	128.60	226.05
Proceeds of long-term borrowings (Refer footnote 2)	5,328.92	10,491.50
Repayment of long-term borrowings	(495.17)	(1,193.19)
(Repayment)/ Proceeds of short-term borrowings	141.18	(1,424.05)

## Cash Flows Statement for the year ended March 31, 2015

	For the year ended March 31, 2015	For the year ended March 31, 2014
Payment of dividend (including dividend tax)	(0.06)	(5.81)
Interest on borrowings paid	(1,903.21)	(1,116.03)
<b>Net cash generated from financing activities (C)</b>	<b>3,200.91</b>	<b>6,979.31</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>373.53</b>	<b>(0.39)</b>
Opening cash and cash equivalents	167.42	167.81
<b>Closing cash and cash equivalents (Refer note 2.18)</b>	<b>540.95</b>	<b>167.42</b>
<b>Summary of significant accounting policies (refer note 1)</b>		
<b>Notes:</b>		
<b>1. Reconciliation of components of cash and cash equivalents</b>		
	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Balances with banks-on current accounts	398.06	161.83
Cheques/draft on hand	142.20	5.05
Cash on hand	0.69	0.54
	<b>540.95</b>	<b>167.42</b>

- Interest liability converted into funded interest term loan amounting to Rs.666.01 million (previous year Rs. 336.20 million) due to implementation of corporate debt restructuring (Refer note 7).
- Figures in brackets indicate cash outflow.

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

As per our report of even date.

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

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

Place: Gurgaon  
Date: May 28, 2015

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

Sd/-  
**Shantanu Prakash**  
Chairman and Managing Director  
(DIN: 00983057)

Sd/-  
**Ashish Mittal**  
Chief Financial Officer

Sd/-  
**V. K. Dandona**  
Whole Time Director  
(DIN: 06730804)

Sd/-  
**Yogesh Saluja**  
Company Secretary

## BACKGROUND

Educomp Solutions Limited (the Company) was founded in September, 1994. The Company is engaged in providing end-to-end solutions in the education technology domain through licensing of digital content, solutions for bridging the digital divide (a government initiative to enhance computer literacy), professional development and retail & consulting initiatives. The Company's business can be categorised into four strategic business units namely School Learning Solutions (comprising of Smart Class & Edureach (ICT) business), K-12 Schools (comprising preschools & high schools), Higher Learning Solutions (comprising of vocational, higher education and professional development) and Online, Supplemental & Global business (comprising of internet based educational services and coaching) spreading education ecosystem. The Company is listed on the BSE Limited and the National Stock Exchange of India Limited.

### 1. Significant Accounting Policies

#### (i) Basis for preparation of Financial Statements

- a) The financial statements have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material respects with the Accounting Standards (Standards referred to in sections 133 of the Companies Act 2013 ("the Act")), read with rule 7 of Companies (Accounts) Rules 2014.

The accounting policies adopted for the preparation of financial statements are consistent with those of previous year.

- b) The Company has incurred substantial losses and its net worth has been significantly eroded. Based on Company's projected cash flows, it shall have sufficient funds to run its operations in foreseeable future. As regards availability of requisite funds to meet its debt related obligations including those falling due in financial year 2015-16 as per its CDR package executed with Company's lenders, the Company intends to monetize its identified investments, receivables and assets to meet the necessary obligations. The Company is also taking several measures to improve operational efficiencies and other avenues of raising funds

The management is confident that with the above measures and continuous efforts to improve the business, it would be able to generate sustainable cash flow, discharge its short-term and long term liabilities and recover & recoup the erosion in its net worth through profitable operations and continue as a going concern. Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

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

All assets and liabilities have been classified as current or non-current as per the criteria set out in the Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle (except for specific project/contract/product line/service) as 12 months for the purpose of current/non-current classification of assets and liabilities. However, operating cycle for the business activities of the company covers the duration of the specific project/contract/product line/service and extends up to the realisation of receivables within the agreed credit period normally applicable to the respective lines of business.

#### (iii) Use of estimates

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

#### (iv) Revenue recognition

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

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

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

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

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

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

#### (v) Fixed assets/ depreciation and amortization Tangible assets

Tangible fixed assets are stated at cost of acquisition net of recoverable taxes (wherever applicable), less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any

cost attributable to bringing the assets to its working condition for its intended use.

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

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

Schedule II to the Companies Act 2013 has become applicable to the Company with effect from April 1, 2014. Accordingly, the Company has determined the useful life of its assets as per Schedule II. Revised useful lives are as under:

Particulars	Revised Useful life (years)
<b>Tangible assets:</b>	
Building	60
Furniture and fixtures*	10
Office equipment*	5
Vehicle	8
Computer equipment	3
Computer servers and networks*	6

\* Other than project specific assets

Effective April 1, 2014, the Company has revised the useful life of fixed assets in accordance with part C of Schedule II to the Companies Act, 2013 for the purposes of providing depreciation on fixed assets, except for buildings which continue to be depreciated over the period of 30 years, as in the previous financial year and some project related assets. In case of a school building, the Company has decided to carry out a technical assessment of building for identification of components with different useful lives, as required by Schedule II to the Companies Act, 2013, which shall be completed in due course. The impact on the depreciation, if any after completion of the technical assessment shall be taken in the period, in which this exercise is completed. The following are the project related assets purchased under BOOT model, which are depreciated on a straight line basis over the project duration, which is lower than lives prescribed by Schedule II and which best represents useful lives of these assets as these assets are project specific and their useful life for the Company is only till the end of the respective project, where these assets are deployed:

Class of Asset	Useful life
Furniture & fittings	5 years
Computer and accessories - Networks & servers	3-5 years
Office equipments	3-5 years

Depreciation on addition to fixed assets is provided on pro-rata basis from the date the assets are ready to use. Depreciation on sale / deduction from fixed assets is provided for upto the date of sale, deduction, discardment as the case may be.

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

Had the Company not adopted Schedule II to the Companies Act, 2013, depreciation for the year would have been lower by Rs. 28.45 million and loss for the year would have been lower by Rs. 28.45 million and the written down value of assets as at March 31, 2015 would have been Rs. 866.40 million as against reported written down value of Rs. 837.95. Impact of change in estimates of useful lives on subsequent periods is not realistically ascertainable.

#### Intangible assets

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

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

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

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

#### Capital work-in-progress/intangibles under development

Capital work-in-progress (including intangible assets under development) represents expenditure incurred in respect of capital projects/intangible assets under development and are carried at cost. Cost includes

related acquisition expenses, development costs, borrowing costs (wherever applicable) and other direct expenditure.

#### **Research and development costs**

Research costs are expensed off as incurred. Development expenditure incurred on the individual project is recognized as an individual asset when the Company can demonstrate (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale, (ii) its intention to complete the asset, (iii) its ability to use or sell the asset, (iv) asset's ability to generate future economic benefits, (v) availability of adequate resources to complete the development and to use or sell the asset and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during development.

#### **(vi) Impairment of assets**

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

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

#### **(vii) Leases**

##### **Operating lease**

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

Where the Company is lessee:

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

Where the Company is lessor:

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

##### **Finance lease**

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

Assets taken on finance lease are capitalized at fair value or net present value of the minimum lease

payments, whichever is lower. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to Statement of Profit and Loss.

#### **(viii) Inventories**

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

Items of consumable inventory are valued at cost.

#### **(ix) Investments**

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

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

#### **Classification in the Financial Statements**

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

#### **(x) Foreign exchange transactions**

##### **Initial recognition**

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

##### **Conversion**

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

##### **Exchange difference**

Exchange differences arising on the settlement of monetary items or on restatement of the Company's

monetary items at rates different from those at which they were initially recorded during the year or reported in previous Financial Statements (other than those relating to fixed assets and other long term monetary assets) are recognised as income or as expenses in the year in which they arise.

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

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

**(xi) Employee benefits**

**(a) Short term employee benefits**

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

**(b) Long term employee benefits**

**(i) Defined contribution plan**

Contributions to Provident Fund, Labour Welfare Fund and Employee State Insurance are deposited with the appropriate authorities and charged to the Statement of Profit and Loss on accrual basis. The Company has no further obligations under these plans beyond its monthly contributions.

**(ii) Defined benefit plan**

**Leave encashment-** The Company has provided for the liability at the year end on account of unavailed earned leave as per the actuarial valuation as per the Projected Unit Credit method in accordance with Accounting Standard 15, "Employee benefits". All actuarial gains/losses are charged to the Statement of

Profit and Loss in the year they arise.

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

**(c) Employee stock option scheme**

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

**(xii) Borrowing cost**

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

**(xiii) Provision for tax**

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

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

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

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

#### **Minimum Alternative Tax (MAT)**

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

#### **(xiv) Contingent liabilities and provisions**

##### **Contingent liabilities**

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

##### **Provisions**

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

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

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

#### **(xv) Earning per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders after tax by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period, are adjusted for events of bonus issued to existing shareholders.

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

#### **(xvi) Segment reporting**

##### **Identification of segment**

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

##### **Intersegment transfer**

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

##### **Allocation of common cost**

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

##### **Unallocated items**

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

##### **Segment accounting policy**

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

**(xvii) Cash flow statement**

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

**(xviii) Cash and cash equivalents**

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

**(xix) Exceptional items**

Items of income or expense from ordinary activities which

are of such size, nature or incidence that, their disclosure is relevant to explain the performance of the enterprise for the period, are disclosed separately in the Statement of Profit and Loss.

**(xx) Share issue expenses**

Share issue expenses are adjusted against the securities premium account as permissible under Section 52 of the Act, to the extent balance is available for utilization in the securities premium account. The balance of share issue expenses in excess of securities premium account, if any, are charged to Statement of Profit and Loss.

## Notes to the financial statements for the year ended March 31, 2015

Amounts in the financial statements are presented in Rs. million, except for number of shares and as otherwise stated.

### 2.1. Share capital

(₹ in million)

	As at March 31, 2015	As at March 31, 2014
<b>Authorized shares</b>		
200,000,000 (previous year 200,000,000 ) equity shares of Rs. 2 each	400.00	400.00
<b>Issued, subscribed and fully paid-up shares</b>		
122,467,168 (122,441,068) equity shares of Rs. 2 each fully paid-up	244.93	244.88
	<b>244.93</b>	<b>244.88</b>

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

(₹ in million)

	As at March 31, 2015		As at March 31, 2014	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	122,441,068	244.88	122,407,493	244.81
Shares issued during the year	26,100	0.05	33,575	0.07
Shares outstanding at the end of the year	<b>122,467,168</b>	<b>244.93</b>	<b>122,441,068</b>	<b>244.88</b>

### b. Terms/ rights attached to equity shares

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

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

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

(₹ in million)

	As at March 31, 2015		As at March 31, 2014	
	No. of Shares	% of Holding	No. of Shares	% of Holding
<b>Equity shares of Rs. 2 each fully paid-up</b>				
Mr. Shantanu Prakash	44,315,205	36.19%	44,315,205	36.19%
A.P Eduvision Private Limited	7,284,600	5.95%	7,284,600	5.95%
MKCP Institutional Investor (Mauritius) II Ltd	9,898,370	8.08%	9,898,370	8.08%
Citigroup Global Markets Mauritius Private Limited	-		6,791,634	5.55%

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

	As at March 31, 2015	As at March 31, 2014
Equity shares fully paid up pursuant to contract(s) without payment being received in cash	55,643	108,259

### e. Share reserved for issue under options/contracts

For details of shares reserved for issue on conversion of Zero Coupon Foreign Currency Convertible Bonds, please refer note 27.  
For details of shares reserved for issue on conversion of share warrants, please refer note 28.  
For details of shares reserved for issue on exercise of employee stock options, please refer note 29.  
For details of shares reserved for issue to lender banks as per CDR scheme, please refer note 8.

**2.2. Reserve and surplus**

(₹ in million)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Capital reserve</b>		
Opening balance	411.66	-
Add: On account of forfeiture of share warrant (Refer note 28)	-	411.66
<b>Closing balance</b>	<b>411.66</b>	<b>411.66</b>
<b>Securities premium account</b>		
Opening balance	10,235.36	10,228.99
Add: On issue of shares (including shares under Employee Stock Option Scheme) (refer note 30)	4.96	6.37
Less: FCCB redemption premium (net of tax effect) (refer note 27)	111.36	-
<b>Closing balance</b>	<b>10,128.96</b>	<b>10,235.36</b>
<b>Share options outstanding account</b>		
Opening balance	110.77	160.31
Add: Employee stock compensation provided	4.04	55.35
Less: Employee stock compensation reversed	33.68	99.29
Less: Transfer to securities premium account on exercise of stock options	4.35	5.60
<b>Closing balance</b>	<b>76.78</b>	<b>110.77</b>
<b>General reserve</b>		
Opening balance	915.29	915.29
Add: ESOS cost reversal on forfeiture	33.68	-
<b>Closing balance</b>	<b>948.97</b>	<b>915.29</b>
<b>Surplus</b>		
Opening balance	5,518.23	8,640.53
Add: Net loss after tax transferred from the Statement of Profit and Loss	(11,654.39)	(3,122.30)
Less: Impact on transition to Schedule II (refer note 2.11(iii))	46.54	-
<b>Closing balance</b>	<b>(6,182.70)</b>	<b>5,518.23</b>
<b>Foreign Currency Monetary Items Translation Difference Account (refer note 32)</b>		
Opening balance	(670.92)	<b>(336.21)</b>
Add: Addition during the year	(199.28)	(456.82)
Less: Amortisation during the year	(134.10)	(122.11)
<b>Closing balance</b>	<b>(736.10)</b>	<b>(670.92)</b>
	<b>4,647.57</b>	<b>16,520.39</b>

**2.3. Long-term borrowings**

(₹ in million)

	As at March 31, 2015	As at March 31, 2014
<b>Bonds and debentures</b>		
13.50%, 350 Non Convertible Debentures (previous year 350) of Rs. 10,00,000 each (secured)	350.00	350.00
13.25%, 100 Non Convertible Debentures (previous year 100) of Rs. 10,00,000 each (secured)	100.00	100.00
10 Zero Coupon Foreign Currency Convertible Bonds (previous year 10) of \$ 1,000,000 each (secured) (refer note 27)	625.91	601.00
<b>Term loans</b>		
<b>Secured</b>		
from banks	15,402.95	11,223.83
from others		
- External Commercial Borrowings	4,381.36	4,206.99
<b>Unsecured</b>		
from related parties (refer note 14)	354.65	226.05
from others	318.47	584.87
<b>Long term maturities of finance lease obligations (Unsecured)</b>	-	22.84
	<b>21,533.34</b>	<b>17,315.58</b>
<b>Note:</b>		
1. Refer note 2.9 for current maturities of long term borrowings.		
2. Refer note 7 for details of security and principal terms of borrowing.		

**2.4. Trade payables - non current**

(₹ in million)

	As at March 31, 2015	As at March 31, 2014
Trade payables*	-	24.04
	-	24.04
* refer note 31 for disclosures with respect to MSMED Act, 2006.		

**2.5. Other long term liabilities**

(₹ in million)

	As at March 31, 2015	As at March 31, 2014
<b>Others</b>		
Advance from customers* (refer note 34)	72.67	104.97
Premium on Foreign Currency Convertible Bonds (refer note 27)	111.36	-
	<b>184.03</b>	<b>104.97</b>
<b>* includes payable to related party</b>		
<b>Joint Venture</b>		
Educomp Raffles Higher Education Limited	72.67	104.97

## 2.6. Long-term provisions

(₹ in million)

	As at March 31, 2015	As at March 31, 2014
<b>Provision for employee benefits</b>		
Gratuity (refer note 10)	59.83	57.92
Leave benefits (refer note 10)	3.96	13.98
<b>Other provisions</b>		
Provision for warranties	661.63	-
	<b>725.42</b>	<b>71.90</b>

## 2.7. Short-term borrowings

(₹ in million)

	As at March 31, 2015	As at March 31, 2014
<b>Loans repayable on demand</b>		
Working capital loans from bank (secured)	2,085.01	1,929.33
<b>Other loans</b>		
From others (unsecured)	22.00	36.50
	<b>2,107.01</b>	<b>1,965.83</b>
Note		
1. Refer note 7 for details of security and principal terms of borrowings.		

## 2.8 Trade payables - current

(₹ in million)

	As at March 31, 2015	As at March 31, 2014
Trade payables (including acceptances)* (refer note 31 below for dues to micro, small and medium enterprises)	892.35	1,565.16
	<b>892.35</b>	<b>1,565.16</b>
<b>* includes trade payable to related parties</b>		
<b>Subsidiaries</b>		
Educomp Online Supplemental Services Limited	-	1.69
Educomp Learning Private Limited	18.95	53.57
Educomp Infrastructure & School Management Limited	-	0.70
Educomp Child Care Private Limited	-	0.77
<b>Other related parties</b>		
Unnati Educational Trust	22.88	-
Lakshya Digital Services Private Limited	-	1.23
	<b>41.83</b>	<b>57.96</b>

**2.9. Other current liabilities**

(₹ in million)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Current maturities of long-term borrowing#		
Term loans -from banks (secured)	1,171.86	460.27
Term loans -from others (unsecured)	306.46	92.25
Current maturities of finance lease obligations#		
Finance lease obligations (unsecured)	24.54	6.47
Interest accrued but not due on borrowings	94.00	103.47
Interest accrued and due on borrowings	688.47	295.88
Advances from customers*	449.81	536.98
Unpaid dividend (refer note 2.18)	1.50	1.56
Security deposits	0.82	0.86
Book overdraft	-	4.50
Other payables		
Employees related payables**	342.65	494.34
Statutory dues (includes tax deducted at source payable, provident and other fund payable and service tax payable)	18.55	64.19
	<b>3098.66</b>	<b>2060.77</b>
# Refer note 7 for details of security and principal terms of borrowings.		
* includes advance from related parties		
<b>Subsidiaries</b>		
Educomp Global Holding W.L.L	41.04	39.41
Edumatics Corporation	15.65	15.02
Vidya Mandir Classes Limited	-	5.11
Wizlearn technologies Pte Ltd	142.74	148.86
Educomp Software Limited	-	0.40
Educomp Child Care Private Limited	-	162.67
<b>Joint Venture</b>		
Educomp Raffles Higher Education Limited	32.30	32.29
	<b>231.73</b>	<b>403.76</b>
** includes employee related payable to Mr. V.K. Dandona	0.29	0.29

**2.10. Short-term provisions**

(₹ in million)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Provision for employee benefits</b>		
Gratuity (Refer note 10)	1.74	1.75
Leave benefits (Refer note 10)	6.15	6.60
<b>Other provisions</b>		
Provision for warranties	534.30	5.00
	<b>542.19</b>	<b>13.35</b>

2.11. Fixed assets

	Gross block										Accumulated depreciation/amortisation				Net block	
	As at April 1, 2014	Additions	Disposals	Other adjustments (refer note iv)	As at March 31, 2015	As at April 1, 2014	Charge for the year (refer note iii)	On disposals	Other adjustments	As at March 31, 2015	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014	As at March 31, 2014		
<b>Tangible assets</b>																
Land (freehold)	8.93	-	-	-	8.93	-	-	-	-	-	-	8.93	8.93			
Building	106.66	-	-	-	106.66	24.11	3.77	-	-	27.88	-	78.78	82.55			
Office equipment	533.51	83.38	0.67	-	616.22	406.76	89.21	0.43	-	495.54	-	120.68	126.75			
Office equipment-finance lease	68.74	-	-	-	68.74	33.94	13.73	-	-	47.67	-	21.07	34.80			
Computers and accessories	650.90	27.95	1.97	-	676.88	574.35	71.44	1.76	-	644.03	-	32.85	76.55			
Computers and accessories-finance lease	90.32	-	-	-	90.32	44.76	45.55	-	-	90.31	-	0.01	45.56			
Furniture and fixtures	183.80	8.80	0.04	-	192.56	145.94	20.50	0.01	-	166.43	-	26.13	37.86			
Vehicles	5.73	-	-	-	5.73	4.79	0.43	-	-	5.22	-	0.51	0.94			
Leasehold improvements	13.32	-	-	-	13.32	12.67	0.59	-	-	13.26	-	0.06	0.65			
<b>Sub total</b>	<b>1,661.91</b>	<b>120.13</b>	<b>2.68</b>	-	<b>1,779.36</b>	<b>1,247.32</b>	<b>245.22</b>	<b>2.20</b>	-	<b>1,490.34</b>	-	<b>289.02</b>	<b>414.59</b>			
Previous year	1,591.07	73.01	2.17	-	1,661.91	964.93	283.75	1.36	-	1,247.32	-	414.59				
<b>Intangible assets</b>																
Computer software	90.24	2.69	-	-	92.93	81.10	6.97	-	-	88.07	-	4.86	9.14			
Knowledge-based content (Refer note i)	1,898.65	195.88	-	10.85	2,083.68	1,266.93	272.68	-	-	1,539.61	-	544.07	631.72			
<b>Sub total</b>	<b>1,988.89</b>	<b>198.57</b>	-	<b>10.85</b>	<b>2,176.61</b>	<b>1,348.03</b>	<b>279.65</b>	-	-	<b>1,627.68</b>	-	<b>548.93</b>	<b>640.86</b>			
Previous year	1,795.71	193.18	-	-	1,988.89	1,090.97	257.06	-	-	1,348.03	-	640.86				
<b>Total</b>	<b>3,650.80</b>	<b>318.70</b>	<b>2.68</b>	<b>10.85</b>	<b>3,955.97</b>	<b>2,595.35</b>	<b>524.87</b>	<b>2.20</b>	-	<b>3,118.02</b>	-	<b>837.95</b>	<b>1,055.45</b>			
Previous year	3,386.78	266.19	2.17	-	3,650.80	2,055.90	540.81	1.36	-	2,595.35	-	1,055.45				
Intangibles under development (Refer note ii)																
Capital work in progress																
Less:- Provision																
<b>Total</b>																
<b>Grand total</b>																
<b>Note:</b>																
<b>(i) Knowledge based content includes:</b>																
(a) Internally generated intangible asset:																
Current year	686.18	0.64	-	-	686.82	234.07	171.59	-	-	405.66	-	281.16	452.11			
Previous year	579.63	106.55	-	-	686.18	72.40	161.67	-	-	234.07	-	452.11	507.23			
<b>(ii) Intangibles under development</b>																
It includes payroll cost of Rs. Nil (previous year Rs. 0.47 million) and other expenses of Rs. Nil (previous year Rs. 0.18 million) incurred for development of knowledge-based content.																
(iii) An amount of Rs. 46.54 million representing the carrying amount of the assets having revised useful life as nil as at April 1, 2014, has been adjusted from the opening reserves as on April 1, 2014 pursuant to the Companies Act, 2013.																
(iv) The net carrying value of educational content of Rs. 10.85 million has been adjusted on account of waiver by the party.																
(v) As per MIRA, the Company shall not sell any of its fixed assets save and except Identified Assets and Shares as permitted in terms of Approved CDR Package, without prior recommendation of Monitoring Committee and approval of CDR-EG. However, the Company shall sale its non-core assets, wherever applicable with prior approval of the Asset Sale Monitoring Committee.																



**2.12. Investments  
Non-current investments**

	(₹ in million)						
	No of Units as at		Face value	Extent of holding as at		As at	
	March 31 2015	March 31 2014		March 31 2015	March 31 2014	March 31, 2015	March 31, 2014
<b>Long term, unquoted, trade, at cost</b>							
<b>a) Investment in subsidiaries in equity share</b>							
Wheatstone Productions Private Limited	85,899	85,899	Rs. 10	51.00%	51.00%	3.35	3.35
Less: Provision for diminution in the value of investment						3.35	3.35
Sawvica Inc., Canada	3,503,522	3,503,522	CAD 1	79.55%	79.55%	-	-
Less: Provision for diminution in the value of investment						150.72	150.72
Educom Corporation Inc, USA#	1,366,092	1,366,092	USD 1	100.00%	100.00%	62.09	62.09
Educomp Learning Private Limited#	53,550	53,550	Rs. 10	51.00%	51.00%	1.96	1.96
Educomp Infrastructure & School Management Limited##	26,726,448	26,726,448	Rs. 10	83.38%	83.38%	10,427.45	10,427.45
Educomp School Management Limited#	34,175	34,175	Rs. 10	68.35%	68.35%	50.00	50.00
Educomp Asia pacific Pte Ltd., Singapore#	24,085,351	24,085,351	USD 1	100.00%	100.00%	1,220.51	1,220.51
Educomp Professional Education Limited#	4,284,095	4,284,095	Rs. 10	100.00%	100.00%	2,960.09	2,960.09
Educomp Child care Private Limited#	16,110,239	16,110,239	Rs. 10	100.00%	100.00%	161.10	161.10
Educomp Intelliprop Ventures Pte Limited (Formerly Educomp Intelliprop Ventures Pte Limited.)*	1,198,755	1,198,755	SGD 1	100.00%	100.00%	39.30	39.30
Educomp Online Supplemental Services Limited#	904,056	904,056	Rs. 10	24.72%	24.72%	14.56	14.56
Educomp Online Supplemental Services Limited - Rs. 5 paid up	4,351,675	4,351,675	Rs. 10	59.49%	59.49%	502.62	502.62
Educomp Investment Management Limited#	600,000	600,000	Rs. 10	100.00%	100.00%	6.00	6.00
Educomp Global Holding W.L.L.#	2,475	2,475	BHD 100	100.00%	100.00%	29.61	29.61
Educomp Global FZE #	1	1	AED 100,000	100.00%	100.00%	1.46	1.46
Vidya Mandir Classes Private Limited*	48,776	48,776	Rs. 10	67.00%	67.00%	346.87	346.87
<b>b) Investment in subsidiaries in preference share</b>						<b>15,823.62</b>	<b>15,823.62</b>
0% Redeemable optionally fully convertible Preference shares, in Educomp Infrastructure & School Management Limited	79,857	79,857	Rs. 1000			79.86	79.86
<b>c) Investment in associates in equity share</b>						<b>79.86</b>	<b>79.86</b>
Greycells 18 Media Limited#	2,999,749	2,999,749	Rs. 10	25.78%	25.78%	159.91	159.91



## 2.14. Long term loans and advances

(₹ in million)

	As at March 31, 2015	As at March 31, 2014
<b>Unsecured, considered good</b>		
Security deposits	7.19	359.58
Loans and advances to related parties*	102.21	102.21
Prepaid expenses	36.87	40.98
Earnest money deposits	0.56	9.54
TDS Recoverable [net of provision of tax Nil, (Previous year Rs. 190.91 million)]	173.74	163.22
Balance with Statutory/Government authorities	35.50	64.99
<b>Unsecured, considered doubtful</b>		
Advance for supply of goods and rendering of services	-	3.08
Earnest money deposits	-	2.92
Loans and advances to employees	-	3.33
Balance with statutory/Government authorities	3.51	-
Less: Provision for doubtful advances	(3.51)	(9.33)
	<b>356.07</b>	<b>740.52</b>
<i>* includes: (refer note 14 on related party disclosures)</i>		
<b>Advance call money to Subsidiary</b>		
Educomp Online Supplemental Services Limited	102.21	102.21

## 2.15. Other non current assets

(₹ in million)

	As at March 31, 2015	As at March 31, 2014
<b>Non-current bank balances</b>		
- Fixed deposit held as margin money/security*	10.67	14.63
<b>Others</b>		
Interest accrued but not due on deposits		
- Held as margin money/security	2.97	2.97
	<b>13.64</b>	<b>17.60</b>
* Margin money deposit given against borrowings, letter of credit and bank guarantees including to revenue authorities.		

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

(₹ in million)

	As at March 31, 2015	As at March 31, 2014
<b>Stock-in-trade</b>		
Technology equipment	219.40	351.15
Less: Provision for obsolescence	(55.47)	(25.18)
	163.93	325.97
<b>Consumables</b>	89.70	240.31
	<b>253.63</b>	<b>566.28</b>

**2.17. Trade receivables \*#**

(₹ in million)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Trade receivables outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	6,922.40	5,203.33
Unsecured, considered doubtful	6,514.14	1,241.11
Less: Provision for doubtful debts (refer note 4)	(6,514.14)	(1,241.11)
	6,922.40	5,203.33
<b>Others</b>		
Unsecured, considered good	6,646.12	13,264.98
Unsecured, considered doubtful	1,229.32	-
Less: Provision for doubtful debts (refer note 4)	(1,229.32)	-
	6,646.12	13,264.98
	<b>13,568.52</b>	<b>18,468.31</b>
# (refer note 8)		
<b>* Includes receivables due from subsidiaries (refer note 14 on related party disclosures)</b>		
Educomp Child Care Private Limited	0.33	-
Educomp Infrastructure & School Management Limited	12.81	13.51
Educomp School Management Limited	0.31	0.31
Educomp learning Private Limited	0.37	0.24
Educomp Online Supplemental Services Limited	0.90	0.72
SAVVICA Inc. (provision for doubtful debts Rs. 5.40 million (previous year Rs. 5.90 million)	5.40	5.90
Educomp Learning Hour Pvt. Limited	-	0.30
<b>Other related parties (refer note 14 on related party disclosures)</b>		
Learning Leadership Foundation	38.23	38.10
Learning Links Foundation	7.71	11.97
League India Education Foundation	4.49	-
Lakshya Digital Services Private Limited	4.89	4.89
Shiri Hare Educational Trust	0.06	-
Siya Ram Educational Trust	0.32	-
Sri Vasudev Educational Trust	0.63	-
Vigyan Education Trust	0.13	-
	<b>76.58</b>	<b>75.94</b>

**2.18. Cash and bank balances**

(₹ in million)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Cash and cash equivalents</b>		
Balances with banks-on current accounts	398.06	161.83
Cheques/draft on hand	142.20	5.05
Cash on hand	0.69	0.54
	<b>540.95</b>	<b>167.42</b>
<b>Other bank balances</b>		
Unpaid dividend account (refer note 2.9)	1.50	1.56
Margin money deposit*	27.20	20.21
	<b>569.65</b>	<b>189.19</b>

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

## 2.19. Short term loans and advances

(₹ in million)

	As at March 31, 2015	As at March 31, 2014
<b>Unsecured, considered good</b>		
Security deposit	363.34	14.01
Loans and advances to related parties*	619.40	1,073.39
Prepaid expenses	13.72	16.38
For supply of goods and rendering of services*	183.73	507.58
Loans and advances to employees	20.71	22.38
Earnest money deposits	0.81	0.65
TDS Recoverable [net of provision of tax 190.91 million, (Previous year Nil)]	15.56	-
Balance with Statutory/Government Authorities	5.25	-
Others	167.41	167.41
<b>Unsecured, considered doubtful</b>		
Security deposit	1.35	-
Advance for supply of goods and rendering of services	29.70	-
Loans and advances to employees	3.33	-
Earnest money deposits	9.93	-
Less: Provision for doubtful advances	(44.31)	-
	<b>1,389.93</b>	<b>1,801.80</b>
<i>* includes: (refer note 14 on related party disclosures)</i>		
<b>(i) Share application money advanced to Subsidiaries</b>		
Educomp School Management Limited	-	4.50
Educomp Professional Education Limited	269.99	674.00
Educomp Investment Management Limited	1.32	1.32
Educomp Infrastructure & School Management Limited	347.33	392.40
<b>(ii) Advance to Subsidiaries</b>		
Educomp Software Limited	0.76	1.17
<b>For supply of goods and rendering of services</b>		
- Subsidiary - Educomp Investment Management Limited	0.90	0.90
- Others - Unnati Education Trust	-	28.76
	<b>620.30</b>	<b>1,103.05</b>

## 2.20. Other current assets

(₹ in million)

	As at March 31, 2015	As at March 31, 2014
Unbilled receivables	7.61	5.93
<b>Interest accrued on deposits</b>		
Held as margin money (refer note 2.18)	1.38	1.48
Recoverable from banks pursuant to MRA (Refer note 8)	-	16.30
	<b>8.99</b>	<b>23.71</b>

## 2.21. Revenue from operations

(₹ in million)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Sale of education products and technology equipments	283.61	1,280.61
Educational services	1,698.14	1,542.34
	<b>1,981.75</b>	<b>2,822.95</b>

**2.22. Other income**

(₹ in million)

	<b>For the year ended March 31, 2015</b>	<b>For the year ended March 31, 2014</b>
Interest income on:		
- Fixed deposit	10.90	5.34
- Advances given to vendors and related parties	-	77.93
Provision no longer required written back	51.73	208.68
Other non-operating income	277.63	56.87
	<b>340.26</b>	<b>348.82</b>

**2.23. Purchase of traded goods**

(₹ in million)

	<b>For the year ended March 31, 2015</b>	<b>For the year ended March 31, 2014</b>
Technology equipments	176.88	1,036.11
Educational products	12.71	40.81
	<b>189.59</b>	<b>1,076.92</b>

**2.24. Changes in inventories of stock-in-trade**

(₹ in million)

	<b>For the year ended March 31, 2015</b>	<b>For the year ended March 31, 2014</b>
Changes in inventories of stock-in-trade		
Opening -stock-in-trade		
Technology equipment	351.15	515.15
Less: Transfer to fixed assets/repair and maintenance	(87.69)	(64.35)
	<b>263.46</b>	<b>450.80</b>
Closing -stock-in-trade		
Technology equipment	219.40	351.15
	<b>219.40</b>	<b>351.15</b>
	<b>44.06</b>	<b>99.65</b>

**2.25. Employee benefit expense (refer note 10)**

(₹ in million)

	<b>For the year ended March 31, 2015</b>	<b>For the year ended March 31, 2014</b>
Salaries wages and bonus	1,208.75	1,353.35
Contribution to provident and other funds	54.87	63.52
Employee stock option scheme (Refer note 29)	4.03	-
Gratuity expenses	17.09	3.09
Staff welfare expenses	3.83	4.21
	<b>1,288.57</b>	<b>1,424.17</b>

## 2.26. Finance costs

(₹ in million)

	<b>For the year ended March 31, 2015</b>	<b>For the year ended March 31, 2014</b>
Interest expense	2,264.43	1,303.11
Interest on delay in payment of statutory dues	10.66	11.27
Other borrowing costs	20.35	67.30
	<b>2,295.44</b>	<b>1,381.68</b>

## 2.27. Other expenses

(₹ in million)

	<b>For the year ended March 31, 2015</b>	<b>For the year ended March 31, 2014</b>
Lease rent (Refer note 18(ii))	18.48	64.64
Rates and taxes	21.73	4.90
Travelling and conveyance	126.48	109.34
Recruitment and training	1.61	2.98
Legal and professional (Refer note 17)	108.64	120.84
Communication	38.22	39.40
Printing and stationery	133.05	84.29
Repair and maintenance		
- Building	14.04	14.09
- Machinery	7.61	10.61
- Others	149.14	94.57
Power and fuel	20.00	14.97
Insurance	4.14	4.50
Advertisement and business promotion	42.16	14.12
Freight and forwarding charges	22.06	10.88
Bank charges	1.55	3.55
Bad advances written off	23.78	-
Provision for doubtful debts/advances	63.81	465.44
Provision for inventory obsolescence	30.29	2.24
Foreign exchange loss (net) (refer note 23)	173.20	195.76
Loss on sale of fixed assets (net)	0.02	0.06
Miscellaneous expenses	7.02	5.43
	<b>1,007.03</b>	<b>1,262.61</b>

## 3. Prior period items

(₹ in million)

	<b>For the year ended March 31, 2015</b>	<b>For the year ended March 31, 2014</b>
<b>Prior period income</b>		
Revenue from operations	4.56	-
	<b>4.56</b>	-
<b>Prior period expenses</b>		
Repair and maintenance-others	22.57	5.21
Interest expenses	30.89	-
Legal & professional	10.19	-
Communication	0.07	-
	<b>63.72</b>	<b>5.21</b>
	<b>59.16</b>	<b>5.21</b>

**4. Exceptional items**

(₹ in million)

	<b>For the year ended March 31, 2015</b>	<b>For the year ended March 31, 2014</b>
Provision for doubtful debts*	6,502.35	700.00
Provision for warranty obligation**	1,511.03	-
Repair & maintenance**	164.62	-
Discount on down time/ preclosure***	436.22	-
	<b>8,614.22</b>	<b>700.00</b>

\*. The Company as part of its regular recoverability evaluation process, has evaluated its outstanding trade receivables including dues from Government Companies/ agencies amounting to Rs 6,502.35 million (previous year Rs. 1165.43 million) as doubtful of recovery. Consequently, the management has provided the said amount as doubtful debts, out of which Rs. 6,502.35 million (previous year Rs. 700.00 million) has been disclosed as an exceptional item. The overall provision for doubtful trade receivables as at March 31, 2015 stands at Rs. 7,743.46 million. The Management is continuously monitoring the recoverability of its trade receivables, which have been classified as good for recovery and is regularly following up with them.

\*\* Pursuant to approved CDR scheme, trade receivables were acquired from ESSPL along with obligations and rights associated, both present and future, with these trade receivables and customers. As per the trade receivables purchase agreement, all repairs and maintenance cost of hardware sold under these contracts during the remaining contract period is to be borne by the Company. Based on experience of actual cost incurred in servicing such hardware during the current financial year, the Company has estimated that the servicing costs under the remaining contract period is expected to be Rs. 1,511.03 million, which has been recorded as provision for warranty during the year ended March 31, 2015 as an exceptional item. The Company has shown this warranty provision along with expense of Rs. 164.62 million incurred during the year ended March 31, 2015 as an exceptional item.

\*\*\* The Company has recorded expense of Rs. 436.22 million as down time/pre-closure discount under contractual obligation during the year ended March 31, 2015 and disclosed as an exceptional item.

**5. Loss per share (EPS)**

(₹ in million)

	<b>For the year ended March 31, 2015</b>	<b>For the year ended March 31, 2014</b>
<b>Calculation of loss for basic/ diluted EPS</b>		
Net loss attributable to equity shareholders (Rs.)	(11,654.39)	(3,122.30)
Nominal value of equity share (Rs.)	2.00	2.00
No of shares as at end of the year	122,467,168	122,441,068
No. of weighted average equity shares	122,460,681	122,436,805
Loss per share Basic/ diluted (Rs.)	(95.17)	(25.50)

The Company is having potential equity shares as mentioned in note 2.1.e but these are not considered to be dilutive. Consequently, the basic and diluted EPS of the Company remains the same.

## 6. Unhedged foreign currency exposure

(₹ in million)

	Foreign currency	As at March 31, 2015 (Foreign currency)	As at March 31, 2014 (Foreign currency)	As at March 31, 2015	As at March 31, 2014
Trade payable	US\$	6.87	10.71	429.75	639.67
	Euro	0.01	0.01	0.71	0.71
	GBP	0.00	-	0.17	-
	SGD	-	1.06	-	50.06
Advance to suppliers	US\$	0.11	0.10	7.17	5.24
Trade receivable	US\$	0.35	0.51	21.60	30.99
	C\$	0.11	0.11	5.40	5.90
Advance from customer	US\$	0.91	1.08	57.25	65.23
	SGD	3.14	3.14	142.74	148.85
Loans payable	US\$	80.00	80.00	5,007.26	4,807.99
Interest accrued and due	US\$	5.21	-	326.27	-
Interest accrued but not due	US\$	0.71	-	44.35	-
Premium on Foreign Currency Convertible Bonds	US\$	1.78	-	111.36	-

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

Particulars	Amount Outstanding as at March 31,		Terms of repayment		Security	
	2015	2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>Loan from Bank - CDR - Secured</b>						
Term loan (a)	102.46	115.61	Repayment in 10 quarterly equal installments of Rs. 10.25 million commencing from December 31, 2015 and ending in quarter ending March 31, 2018	Repayment in 10 quarterly equal installments of Rs. 10.25 million commencing from December 31, 2015 and ending in quarter ending March 31, 2018	-First pari passu charge on all fixed assets (movable and immovable) of the company, both present and future. - First pari passu charge on all the, intangible assets including without limitation computer software and knowledge based content, current assets, other non current assets and other receivables and unencumbered receivables of ESSPL, both present and future. - First charge on the borrower's bank accounts, including but not limited to Trust & Retention Account. - Pledge of all unencumbered shares held by the Promoters Group in company. - Pledge of all unencumbered shares held by company in various subsidiaries of the borrower held by Mr. Shantanu Prakash in the share capital of such subsidiaries. - Unconditional & irrevocable Personal Guarantees from Mr. Shantanu Prakash & Mr. Jagdish Prakash and Corporate Guarantee of ESSPL. - First pari-passu charge by way of mortgage of personal property of Mr. Shantanu Prakash situated at Residential Plot No. P-63, Sector 56, Gurgaon, Haryana.	-First pari passu charge on all fixed assets (movable and immovable) of the company, both present and future. - First pari passu charge on all the, brand and intangible assets, current assets, other non current assets and other receivables and unencumbered receivables of ESSPL, both present and future. - First charge on the borrower's bank accounts, including but not limited to Trust & Retention Account. - Pledge of all unencumbered shares held by the Promoters Group in company. - Pledge of all unencumbered shares held by company in various companies. - Pledge of all unencumbered shares of subsidiaries of the borrower held by Mr. Shantanu Prakash in the share capital of such subsidiaries. - Unconditional & irrevocable Personal Guarantees from Mr. Shantanu Prakash & Mr. Jagdish Prakash and Corporate Guarantee of ESSPL. - First pari-passu charge by way of mortgage of personal property of Mr. Shantanu Prakash situated at Residential Plot No. P-63, Sector 56, Gurgaon, Haryana.

Term loan (b)	216.39	253.93		Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ending December 31, 2015 and ending in quarter ending March 31, 2023.	Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ending December 31, 2015 and ending in quarter ending March 31, 2023.
Term loan (c)	300.00	300.00		Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ending December 31, 2015 and ending in quarter ending March 31, 2023.	Installments Amount per Inst.
Term loan (d)	250.00	262.47	1-2 81.31		
Term loan (e)	64.00	64.00	3-14 121.97 15-30 152.46		
Working capital term loan	2,348.67	2,296.96			
Funded interest term loan - FITL (a)	886.60	336.29			
Term loan (f)	2,783.28	2,562.31		Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ending March 31, 2023.	Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ending December 31, 2015 and ending in quarter ending March 31, 2023.
Term loan (g)	4,550.00	4,183.96		Installments Amount per Inst.	
Term loan (h)	359.98	315.55	1-2 351.69 3-14 527.53 15-30 293.07		
Term loan (i)	1,960.00	-			
Term loan (j)	1,172.80	-			
Term loan (k)	896.86	-			
Working capital facility (a)#	1,028.27	1,031.88		Payable on demand	Payable on demand
<b>Sub-total (a)</b>	<b>16,919.31</b>	<b>11,722.96</b>			

Particulars	Amount Outstanding as at March 31,		Terms of repayment		Security	
	2015	2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>Loan from Bank - Other - Secured</b>						
Term loan (l)	103.40	194.57	Repayable on December 31, 2014	Rs. 50 million in six half yearly installments and Rs. 325.19 million in 18 quarterly installments	-First pari-passu charge over all the current assets of the company including receivables from ESSPL and receivables brought from ESSPL, (after meeting obligation of respective banks) out of fresh corporate loans as also unencumbered receivables at ESSPL. -First pari-passu charge over all the fixed assets of the company. - General charge on receivable from Government of Karnataka, Uttar Pradesh and Gujarat. - First charge on the Debt Service Reserve Account (DSRA) created for the project. - Personal guarantee of promoters. - First pari passu charge on one of the personal property of Mr. Shantanu Prakash.	-First pari-passu charge by way of mortgage of all immovable properties and assets of the Company. -First pari-passu charge by way of hypothecation of all the movable assets including, but not limited to computer hardware, furniture and fixtures. -First pari-passu charge on receivable from Government contracts of Uttar Pradesh and Gujarat. -First charge on the Debt Service Reserve Account (DSRA) created for the project. - Personal guarantee of promoters. - First pari passu charge on one of the personal property of Mr. Shantanu Prakash.

Funded interest term loan FITL (b)	115.70	-	Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ending December 31, 2015 and ending in quarter ending March 31, 2023.	Not applicable	-First pari-passu charge over all the current assets and receivables from ESSPL and receivables brought from ESSPL, (after meeting obligation of respective banks) out of fresh corporate loans as also unencumbered receivables at ESSPL. -First pari-passu charge over all the fixed assets of the company. - General charge on receivable from Government of Karnataka, Uttar Pradesh and Gujarat. - Pledge of all unencumbered shares of the company held by the promoters. - Pledge of shares of all the unencumbered investments held by ESL in its group companies. - Pledge of all unencumbered shares of subsidiaries of company held by Mr. Shantanu Prakash in its personal capacity. - Corporate guarantee of M/s. Edu Smart Services Pvt. Limited. - Personal guarantee of promoters. - First pari passu charge on one of the personal property of Mr. Shantanu Prakash.	Not applicable								
			<table border="1"> <thead> <tr> <th data-bbox="170 1097 192 1193">Installments</th> <th data-bbox="170 923 192 1097">Amount per Inst.</th> </tr> </thead> <tbody> <tr> <td data-bbox="192 1097 214 1193">1-2</td> <td data-bbox="192 923 214 1097">2.31</td> </tr> <tr> <td data-bbox="214 1097 235 1193">3-14</td> <td data-bbox="214 923 235 1097">3.47</td> </tr> <tr> <td data-bbox="235 1097 257 1193">15-30</td> <td data-bbox="235 923 257 1097">4.34</td> </tr> </tbody> </table>	Installments	Amount per Inst.	1-2	2.31	3-14	3.47	15-30	4.34			
Installments	Amount per Inst.													
1-2	2.31													
3-14	3.47													
15-30	4.34													

**Restructuring of existing facilities**

During the year, the Company entered into Restructuring Agreement subject to term and conditions set out in the facility letter and the master credit terms agreement, restructuring its existing facilities on August 29, 2014 with Standard Chartered Bank. Accordingly, the Company has accounted interest at revised rate of 11% with effect from September 1, 2014 for term loan (l) and April 1, 2013 for other facilities (FITL (b) and working capital facility (c)). The interest due with effect from April 01, 2013 till March 31, 2015 at revised rates amounting Rs. 115.70 million has been converted into Funded Interest Term Loan (FITL (b)). The revised charge in favor of the bank is pending registration.

Particulars	Amount Outstanding as at March 31,		Terms of repayment		Security	
	2015	2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Term loan (m)	464.66	726.48	Balance 10 equal quarterly installments of Rs. 46.47 million starting December 31, 2013 and quarter ending September 30, 2017.	16 equal quarterly installments of Rs. 44.66 million starting December 31, 2013 and quarter ending September 30, 2017.	<ul style="list-style-type: none"> <li>Sub-servient charge on the current assets of the Company.</li> <li>Subservient charge on all current assets of Educomp Infrastructure &amp; School Management Limited (EISML).</li> <li>Personal guarantee of Mr. Shantanu Prakash</li> </ul>	<ul style="list-style-type: none"> <li>Sub-servient charge on the current assets of the Company.</li> <li>Exclusive charge on Mumbai Office of the Company.</li> <li>Subservient charge on all current assets of Educomp Infrastructure &amp; School Management Limited (EISML).</li> <li>Personal guarantee of Mr. Shantanu Prakash</li> </ul>
Term loan (n)	-	9.27	Not applicable	12 equal quarterly installments starting from 5th quarter of first disbursement.	Not applicable	<ul style="list-style-type: none"> <li>pledge shares of Vidya Mandir Classes Limited held by the Company.</li> <li>Pledge shares held by Educomp Online Supplemental Services Limited of Educomp Learning Hour Private Limited.</li> <li>Hypothecation by way of exclusive charge over receivables of the borrower from Edusmart.</li> </ul>
Working capital facility (b)#	499.80	499.80	Payable on demand	Payable on demand	<ul style="list-style-type: none"> <li>First ranking pari passu charge on the entire current assets of the Company.</li> <li>Second pari-passu charge over the fixed assets of the Company.</li> <li>Personal guarantee of the Mr. Shantanu Prakash and Mr. Jagdish Prakash and equitable mortgage on one of the personal property of Mr. Shantanu Prakash.</li> </ul>	<ul style="list-style-type: none"> <li>First ranking pari passu charge on the entire current assets of the Company.</li> <li>Second pari-passu charge over the fixed assets of the Company.</li> <li>Personal guarantee of the Mr. Shantanu Prakash and Mr. Jagdish Prakash and first charge by way of mortgage on one of the personal property of Mr. Shantanu Prakash.</li> </ul>

Working capital facility (c)#	556.94	397.65	Payable on demand	Payable on demand	<p>-First pari-passu charge over all the current assets of the company including receivables from ESSPL and receivables brought from ESSPL, (after meeting obligation of respective banks) out of fresh corporate loans as also unencumbered receivables at ESSPL.</p> <p>-First pari-passu charge over all the fixed assets of the company.</p> <p>- General charge on receivable from Government of Karnataka, Uttar Pradesh and Gujarat.</p> <p>- Pledge of all unencumbered shares of the company held by the promoters.</p> <p>- Pledge of shares of all the unencumbered investments held by ESL in its group companies.</p> <p>- Pledge of all unencumbered shares of subsidiaries of company held by Mr. Shantanu Prakash in its personal capacity.</p> <p>- Corporate guaranteee of M/s. Edu Smart Services Pvt. Limited.</p> <p>- Personal guaranteee of promoters.</p> <p>- First pari passu charge on one of the personal property of Mr. Shantanu Prakash.</p>	<p>-First ranking pari passu charge on the entire current assets of the Company.</p> <p>-Second pari-passu charge over the fixed assets of the Company.</p> <p>-Personal guaranteee of the Mr. Shantanu Prakash and Mr. Jagdish Prakash and first charge by way of mortgage on one of the personal property of Mr. Shantanu Prakash.</p>
Working capital facility (d)#	-	62.69	Not applicable	12 monthly installments from next month transfer of loan from HDFC	<p>Not applicable</p> <p>- First pari passu charge on one of the personal property of Mr. Shantanu Prakash.</p>	<p>-Sub-servient charge on the stock and debtors of the Company.</p> <p>-Personal guaranteee of Mr. Shantanu Prakash and Mr. Jagdish Prakash.</p>
<b>Sub-total (b)</b>	<b>1,740.50</b>	<b>1,890.46</b>				

Particulars	Amount Outstanding as at March 31,		Terms of repayment		Security
	2015	2014	March 31, 2015	March 31, 2014	
<b>Loan from Other - Secured</b> (₹ in million)					
Non Convertible Debentures*	450.00	350.00	NCD aggregating Rs. 100 million and Rs. 100 million were issued on May 24, 2012 and July 20, 2012 respectively and are repayable on May 24, 2019 and July 20, 2019 respectively. Further, the investors have put option on May 24, 2017 and July 24, 2017, five years from their respective dates of issue.	NCD aggregating Rs. 350 million issued on May 24, 2012 and is repayable on May 24, 2019. Further, the investors have put option on May 24, 2017, five years from their date of issue.	- Pari-passu charge with the CDR lenders, without any preference or priority to one over the other or others.
Foreign Currency Convertible Bonds (FCCB)	625.91	601.00	Repayable at 133.15% of principal par value (USD 13.315 million) on July 24, 2017 after 5 year and 1 day from July 23, 2012, date of disbursement, if not converted in equity shares.	Repayable at 133.15% of principal par value (USD 13.315 million) on July 24, 2017 after 5 year and 1 day from July 23, 2012, date of disbursement if not converted.	Second charge on following assets · 51% of the fully paid up equity shares of EISML held by the Company.
External Commercial Borrowings (ECB)	4,381.36	4,206.99	Repayable in 11 half yearly equal installments of USD 6.36 million starting from 15th January, 2016 and ending January 15, 2021..	Repayable in 11 half yearly equal installments of USD 6.36 million starting from 15th January, 2016 and ending January 15, 2021..	First charge on following assets · 51% of the fully paid up equity shares of the EISML held by the Company.
<b>Sub-total (c)</b>	<b>5,457.27</b>	<b>5,157.99</b>			
<b>Loan from others - unsecured</b>					
From others - unsecured (a)	624.93	677.11	There are two loans to repayable in 26 & 45 unequal monthly installments as per their repayment schedules.	There are two loans to repayable 38 & 57 unequal monthly installments as per their repayment schedules.	Not applicable
From others - unsecured (b)#	22.00	36.50	Of Rs. 22 million, Rs. 10 million is repayable on February 29, 2016. and Rs. 12 million is over due as on Balance Sheet date.	Of Rs.36.5 million, Rs. 24.5 million is repayable on February 29, 2016. and Rs. 12 million is over due as on Balance Sheet date.	· Pledge of shares of the Company held by Mr. Shantanu Prakash.
Finance lease	24.54	29.32	Balance to be repayable in 18 monthly installments	Balance to be repayable in 30 monthly installments	Not applicable
From others - unsecured (c)	354.65	226.05	Interest free loan repayable after final settlement date as per CDR MRA.	Interest free loan repayable after final settlement date as per CDR MRA.	Not applicable

Non Convertible Debentures*	-	100.00	Not applicable	NCD aggregating Rs. 100 million issued on July 20, 2012 and is repayable on July 20, 2019. Further, the investors have put option on July 24, 2017, five years from their date of issue.	Not applicable	Not applicable
<b>Sub-total (d)</b>	<b>1,026.12</b>	<b>1,068.98</b>				
<b>Total (a-d)</b>	<b>25,143.20</b>	<b>19,840.39</b>				

\* In respect of 450, 13.25% to 13.50% Secured Redeemable Non Convertible Debentures of Rs. 10,00,000 each aggregating Rs. 450.00 million, the Company has created partial security on the assets of the Company and is taking necessary steps to create security in respect of these debentures.

**Note:**

- (a) Term loan (a) to (k), working capital term loan, funded interest term loan, working capital facility (a) are at interest rate of 11% p.a (Previous year 11% p.a.)
- (b) Term loan (l) to (m) and working capital facility (b) to (c) are at varying rate of interest ranging from 11% to 13.45% p.a. (Previous year 11.25% to 15.50% p.a.)
- (c) Term loans (n) were at interest rate of 11% p.a.. (Previous year 11% p.a.) Though same has been fully repaid during the year.
- (d) Loans from other (a) to (b) are at varying rate of interest ranging from 12.50% to 18% p.a. (Previous year 12.50% to 18% p.a.)
- (e) FCCB are zero coupon bonds and do not carry interest.
- (f) ECB are at interest rate of 4.5% p.a.+LIBOR (Previous year 4.5% p.a.+LIBOR)
- (g) Non Convertible Debentures are at interest rate ranging from 13.25% to 13.50% p.a. (Previous year 13.25% to 13.50% p.a.)
- (h) Aggregate of loan amount guaranteed by promoter Mr. Shantanu Prakash and Mr. Jagdish Prakash Rs.18,659.82 million (previous year Rs. 13,604.16 million)
- (i) Aggregate of loan amount guaranteed by Edu Smart Services Pvt. Ltd. 17,695.35 million (previous year Rs. 11,722.96 million)

# Working capital facility (a) to (d) and loan from others unsecured (b) constitute short term borrowings.

**8. Corporate debt restructuring scheme**

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

As a part of the CDR Scheme, the promoters were required to contribute funds in accordance with letter of approval. As a consequence, the Company has received a contribution from its promoter amounting to Rs.354.65 million (previous year Rs. 226.05 million) as at March 31, 2015 and March 31, 2014. The same has been received as interest free unsecured loan. Refer above loan from others - unsecured (c).

The MRA has been signed by all the lender banks and the Company has complied with all necessary conditions precedent. From April 01, 2013 (the "cut-off date"), the interest on the restructured debts has been recomputed and provided at the effective interest rates as per the CDR scheme on the balances as appearing in the books of account pending confirmations from various lenders. Accordingly, the interest payable to these banks has been recalculated in accordance with the CDR scheme. The above reclassifications and interest calculations are subject to reconciliation and approval by two of the lender banks. Considering the MRA have been signed by all the lender banks, the Company has accounted for CDR scheme (reclassifications and interest calculations) in the books for the year ended March 31, 2015 and March 31, 2014 as follows:

- (i) The rate of interest has been changed and reduced to 11% with effect from April 1, 2013. The interest due with effect from April 01, 2013 till March 31, 2015 at revised rates amounting to Rs. 886.60 million (up to previous year Rs. 336.29 million) has been converted into Funded Interest Term Loan (FITL (a)).
- (ii) The moratorium period for principle amount after restructure shall be 30 months from the cut off date.
- (iii) The CDR scheme envisages monetization of certain assets of the Company and its subsidiaries.
- (iv) The revised charge in favor of lenders as per the terms of MRA, is pending registration.

Pursuant to approved CDR scheme and in terms of Master Restructuring Agreement, the Company has acquired trade receivable of Edu Smart Services Private Limited (ESSPL) amounting to Rs. 1,498.68 million (previous year Rs. 10349.92 million). To acquire these receivables the Company has been granted loan of Rs. 3,846.23 million (previous year Rs. 7061.82 million) (term loan (f) to (k)) by the CDR

lenders. These receivables accrue to Edu Smart Services Private Limited under Tripartite agreement between, the Company, ESSPL and Schools/trust wherein in substance, the Company was key service provider. Towards settlement of rest of the consideration, the Company has adjusted its receivable from ESSPL amounting to Rs. 2,347.55 million (previous year Rs. 3,288.10 million). The Company has taken over these receivables to improve the recoverability and to provide uninterrupted services to these schools in future.

Pursuant to implementation of approved Corporate Debt Restructuring Scheme (CDR scheme), certain lenders have disbursed fresh corporate loans to the Company and corresponding trade receivables were bought from Edu Smart Services Private Limited (ESSPL) together with future business relating to this customers, as explained above. Due to this restructuring, the remaining receivables in ESSPL may not yield adequate surplus to discharge its liability towards the Company for trade receivables and redemption of redeemable non convertible preference shares. However, the approved CDR scheme has mandated merger of ESSPL with the Company and accordingly, the Company has initiated the process and has taken the approval of Board of Directors in the board meeting held on 13th January 2015. The impact for the amalgamation shall be given/recorded in the books of accounts upon obtaining approvals and implementation of the Scheme.

Pursuant to MRA, in case the Company commits a default in payment or repayment of instalments of principal amounts of the Restructured Loans, Corporate loans and/or the Additional Rupee Loan or interest thereon or any combination thereof, then the CDR Lenders, Corporate loan lenders and/or the Additional Rupee Lenders, at their discretion, shall have the right to convert at their option the whole of the outstanding amount or part of the defaulted amount into fully paid-up equity shares of the Company. The number of shares and the share issue price shall be determined as per the guidelines of the CDR cell.

**9. Details of continuing default in repayment of loan or interest as at March 31, 2015 is given below:**

(₹ in million)

	<b>Delay upto 3 month</b>	<b>Delay of 3 to 6 month</b>	<b>Delay of 6 to 12 month</b>	<b>Delay more than 12 month</b>
Repayment of principle	16.90	103.40	-	12.00
Interest	237.04	25.48	168.57	123.64
	<b>253.94</b>	<b>128.88</b>	<b>168.57</b>	<b>135.64</b>
Previous year	170.18	37.77	155.07	-

## 10. Employee benefits

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

### Defined contribution plan

(₹ in million)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Employer's contribution to provident fund (including admin charges)	53.03	61.51
Employer's contribution employee state insurance	0.23	0.25
Employer's contribution employee deposit linked insurance fund	1.61	1.71
Employer's contribution labour welfare fund	-	0.05
	<b>54.87</b>	<b>63.52</b>

### Defined benefit plan

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

The employees are entitled for 18 days leave during the calendar year, which can be accumulated and carried forward to next year subject to limit of 24 leaves. Leaves can not be encashed during in service/ at the time of departure.

### Statement of Profit and Loss - Net employee benefit expense recognised

(₹ in million)

	Gratuity-Unfunded*	Leave benefit -Unfunded	Gratuity-Unfunded*	Leave benefit -Unfunded
	For the year ended March 31, 2015	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2014
Current service cost	11.96	2.17	13.09	5.32
Interest cost	5.01	1.21	6.56	2.38
Actuarial (gain)/loss	0.12	(11.33)	(16.11)	(15.92)
<b>Total</b>	<b>17.09</b>	<b>(7.95)</b>	<b>3.54</b>	<b>(8.22)</b>

\* out of Rs. Nil (previous year Rs. 0.45 million) has been capitalized in internally generated knowledge based content.

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

(₹ in million)

	Gratuity- Unfunded	Leave benefit -Unfunded	Gratuity- Unfunded	Leave benefit -Unfunded
	For the year ended March 31, 2015	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2014
Present value of obligation as at the beginning of the year	59.67	14.41	78.01	28.33
Acquisition adjustment	-	-	(3.24)	(0.61)
Interest cost	5.01	1.21	6.56	2.38
Current service cost	11.96	2.17	13.09	5.32
Benefit paid	(15.19)	(1.90)	(18.64)	(5.09)
Actuarial (gain)/loss	0.12	(11.33)	(16.11)	(15.92)
<b>Present value of obligation as at the end of the year*</b>	<b>61.57</b>	<b>4.56</b>	<b>59.67</b>	<b>14.41</b>
<b>Current</b>	<b>1.74</b>	<b>0.60</b>	<b>1.75</b>	<b>0.43</b>
<b>Non current</b>	<b>59.83</b>	<b>3.96</b>	<b>57.92</b>	<b>13.98</b>

\* excluding provision for casual leave for Rs. 5.55 million (previous year Rs. 6.17 million) being short term employee benefit

**c. Amount for current period and previous four periods**  
**Gratuity (unfunded)**

(₹ in million)

	Year ended March 31,				
	2015	2014	2013	2012	2011
Present value of obligation as at the end of the year	61.57	59.67	78.01	59.24	38.83
Surplus/(Deficit)	(61.57)	(59.67)	(78.01)	(59.24)	(38.83)
Experience adjustment on plan liabilities	3.45	16.19	(2.12)	(3.27)	(2.24)

**Leave benefit Unfunded**

(₹ in million)

	Year ended March 31,				
	2015	2014	2013	2012	2011
Present value of obligation as at the end of the year	4.56	14.41	28.33	25.05	15.96
Surplus/(Deficit)	(4.56)	(14.41)	(28.33)	(25.05)	(15.96)
Experience adjustment on plan liabilities	11.63	15.94	6.60	2.77	1.06

**d. Principal actuarial assumptions at the Balance Sheet date:**

(₹ in million)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Discounting rate	8.00%	8.40%
Expected rate of increase in salary	8.00%	8.00%
Demographic assumptions		
i) Retirement age (Years)	58	58
ii) Mortality table	IALM (2006-08)	IALM (2006-08)
iii) Ages	<b>Withdrawal</b>	<b>Withdrawal</b>
	<b>Rate (%)</b>	<b>Rate (%)</b>
Up to 30 Years	3	3
From 31 to 44 years	2	2
Above 44 years	1	1

- (e) The discount rate is based upon the market yields available on Government bonds at the accounting date for remaining life of employees.
- (f) The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market on long term basis.
- (g) Estimated amounts of contribution payable during the next year are:
- For gratuity Rs. 22.37 million (previous year Rs. 22.31 million).
  - For leave benefit Rs. 1.61 million (previous year Rs. 3.42 million)

**11. Segment Reporting**

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

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

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

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

Previous year's figures are given in parenthesis.

**A. Primary segment information:- Business Segments**

(₹ in million)

	<b>HLS</b>	<b>SLS</b>	<b>K-12</b>	<b>OSG</b>	<b>Total</b>
Segment assets	47.70	14,895.13	13.44	81.36	15,037.63
	(52.34)	(20,658.25)	(13.82)	(76.66)	(20,801.07)
Unallocated corporate assets					18,937.87
					(19,085.80)
<b>Total assets</b>					<b>33,975.50</b>
					(39,886.87)
Segment liabilities	105.52	2,491.53	-	195.26	2,792.31
	(141.06)	(1,732.19)	(164.14)	(451.24)	(2,488.63)
Unallocated corporate liabilities					26,290.68
					(20,632.97)
<b>Total liabilities</b>					<b>29,082.99</b>
					(23,121.60)
Capital expenditure	-	269.08	-	-	269.08
	-	(310.82)	-	-	(310.82)
Unallocated corporate capital expenditure					2.73
					(2.74)
<b>Total capital expenditure</b>					<b>271.81</b>
					(313.56)
Depreciation and amortization	0.11	460.07	-	0.14	460.32
	(0.16)	(525.35)	-	(0.11)	(525.62)
Unallocated corporate depreciation and amortisation					18.01
					(15.19)
<b>Total depreciation and amortization</b>					<b>478.33</b>
					(540.81)
Non cash expenditure other than depreciation and amortisation	-	8,195.64	-	0.02	8,195.66
	-	(1,160.66)	-	(7.03)	(1,167.69)
Unallocated expenditure					80.22
					(3.15)
<b>Total non cash expenditure other than depreciation and amortisation</b>					<b>8,275.88</b>
					(1,170.84)
	<b>HLS</b>	<b>SLS</b>	<b>K-12</b>	<b>OSG</b>	<b>Total</b>
<b>Revenue</b>	57.55	1,905.95	-	18.25	1,981.75
	(76.27)	(2,033.60)	(7.08)	(706.00)	(2,822.95)
<b>Expenses</b>	9.56	10,913.32	-	19.52	10,942.40
	(37.54)	(3,732.22)	(3.80)	(721.89)	(4,495.45)
<b>Segment results</b>	47.99	(9,007.37)	-	(1.27)	(8,960.65)
	(38.73)	(-1698.62)	(3.28)	(-15.89)	(-1672.50)
Un-allocable expenditure					679.40
					(608.71)
Finance cost					2,295.44
					(1,381.68)
<b>Operating loss</b>					<b>(11,935.49)</b>
					(-3662.89)
Other income					340.26
					(348.82)

Prior period Items					59.16
					(5.21)
<b>Loss before tax</b>					<b>(11,654.39)</b>
					<b>(-3319.28)</b>
Less: Tax expense					
-Current tax/ excess provision written back of earlier years					-
					(-328.6)
-Deferred tax					-
					(131.62)
<b>Loss after tax and prior period items</b>					<b>(11,654.39)</b>
					<b>(-3122.30)</b>

## B. Secondary segment information –Geographical

(₹ in million)

	Revenue	Segment assets	Capital expenditure
<b>India</b>	1,977.98	33,948.50	271.83
	(2,816.31)	(39,849.98)	(313.56)
<b>Outside India</b>	3.77	27.00	-
	(6.64)	(36.89)	-
<b>Total</b>	<b>1,981.75</b>	<b>33,975.50</b>	<b>271.83</b>
	<b>(2,822.95)</b>	<b>(39,886.87)</b>	<b>(313.56)</b>

### Notes:

The accounting policies used to derive reportable segment results are consistent with those described in "Significant Accounting Policies" notes to the financial statements.

### Related party disclosures:

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

### 12. List of related parties and relationships:

#### Subsidiary Companies (Direct and Indirect Holding)

##### S. No. Name of Related Party

1	Wheatstone Productions Private Limited
2	Edumatics Corporation Inc., USA
3	Educomp Learning Private Limited.
4	Educomp Infrastructure & School Management Limited
5	Educomp School Management Limited.
6	Educomp Learning Hour Private Limited
7	Educomp Asia Pacific Pte. Ltd., Singapore
8	Wiz Learn Technologies Pte Ltd, Singapore
9	Singapore Learning.com Pte Ltd, Singapore
10	Vidya Mandir Classes Limited
11	Pave Education Pte Ltd, Singapore
12	Wiz Learn Pte Ltd., Singapore
13	Educomp Software Limited
14	Educomp Infrastructure Services Private Limited
15	Educomp Professional Education Limited

16	Learning Internet Inc., U.S.A.
17	Educomp APAC Services Ltd., BVI
18	Savvica Inc.Canada
19	Educomp Child Care Private Limited
20	Educomp Online Supplemental Service Limited
21	Educomp Intelliprop Ventures Pte. Ltd., Singapore (Formerly Educomp Intelprop Ventures Pte. Ltd.)
22	Educomp Investment Management Limited
23	Falcate Builders Private Limited
24	Newzone Infrastructure Private Limited
25	Rockstrong Infratech Private Limited
26	Reverie Infratech Private Limited
27	Herold Infra Private Limited
28	Growzone Infrastructure Private Limited
29	Hidream Constructions Private Limited
30	Leading Edge Infratech Private Limited
31	Strotech Infrastruture Private Limited
32	Markus Infrastructure Private Limited
33	Orlando Builders Private Limited
34	Crosshome Developers Private Limited
35	Good Luck Structure Private Limited
36	Evergreen Realtech Private Limited
37	Zeta Buildcon Private Limited

38	Onega Infrastructure Private Limited
39	Grider Infratech Private Limited
40	Boston Realtech Private Limited
41	Modzex Infrastructure Private Limited
42	Virtual Buildtech Private Limited
43	Laservision Estates Private Limited
44	Knowledge Vistas Limited
45	Gateforum Educational Services Private Limited*
46	Educomp Global Holding WLL
47	Educomp Global FZE.

**Associates**

**S. No. Name of Related Party**

1	Greycells18 Media Limited
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**Joint Venture of Direct Subsidiary**

**S. No. Name of Related Party**

1	Educomp Raffles Higher Education Limited
2	Educomp Higher Initiatives Pte Ltd, Singapore****

**Key Managerial Personnel**

**S. No. Name of Related Party**

1	Mr. Shantanu Prakash
2	Mr. Jagdish Prakash**
3	Mr. V. K. Dandona***

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

**S. No. Name of Related Party**

1	Learning Links Foundation
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2	Learning Leadership Foundation
3	Education Quality Foundation of India
4	Richmond Educational society
5	Indiacan Education Private Limited****
6	Millennium InfraDevelopers Limited
7	A Plus Education Solution Private Limited****
8	Lakshya Digital Private Limited*****
9	Unnati Educational Trust
10	A P Eduvision Private Limited
11	League India Education Foundation (w.e.f September 1, 2014)
12	DSK Legal (w.e.f September 29, 2014)
13	Shri Hare Educational trust
14	Siya Ram Educational trust
15	Sri Vasudev Educational Trust
16	Vigyan Education Trust
17	Naveen Shiksha educational Trust
18	Shiksha Solution Trustee Pvt. Ltd.

\* ceased to be subsidiary w.e.f. 26th August, 2014

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

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

\*\*\*\* ceased to be joint venture w.e.f. 9th April, 2013

\*\*\*\*\* ceased to be others w.e.f. 15th October, 2014

**13. Transactions during the year with related parties:**

**Details of Related Party Transactions for the year ended 31st March, 2015**

(₹ in million)

	Subsidiaries	Associates	Joint Venture of Subsidiary	Key Managerial Personnel	Parties having significant influence	Total
Revenues [net of (sales return)]*	3.81	-	32.30	-	33.28	69.39
( note1)	(-47.55)	-	(32.30)	-	(43.99)	(28.74)
Other income *	0.13	-	-	-	0.31	0.44
( note2)	(58.00)	-	-	-	(0.27)	(58.27)
Reimbursement of expenses paid by related party (note 3)	0.11	-	-	-	-	0.11
	(0.13)	-	-	-	-	(0.13)
Reimbursement of expenses paid to related party (note 4)	0.17	-	-	-	-	0.17
	(0.39)	-	-	-	-	(0.39)
Expenses on behalf of (note 5)	-	-	-	-	66.90	66.90
	(0.17)	-	-	-	-	(0.17)
Loans and advances/ share application money given/ (received back) (note 6)	(453.59)	-	-	-	-	(453.59)
	(-864.22)	-	-	-	(22.05)	(-842.17)
Advance from customers /(return to customers) (note 7)	(168.81)	-	-	-	(1.23)	(170.04)
	(27.44)	-	-	-	-	(27.44)
Purchase of assets/ receivables (note 8)	-	-	-	-	-	-
	(33.52)	-	-	-	-	(33.52)
Purchase of investments	-	-	-	-	-	-

( note 9)	(79.85)	(1.17)	-	-	-	(81.02)
Remuneration**	-	-	-	2.47	-	2.47
(note 10)	-	-	-	(0.84)	-	(0.84)
Corporate guarantees given	512.17	-	-	-	-	512.17
(note 11)	(800.00)	-	-	-	-	(800.00)
Rent paid	0.25	-	-	0.83	-	1.08
(Note 12)	(0.29)	-	-	(0.83)	-	(1.12)
Loan received	-	-	-	128.60	-	128.60
(Note 13)	-	-	-	(226.05)	-	(226.05)

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

\*including taxes where it is charged

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

(₹ in million)

Notes	For the year ended March 31, 2015	For the year ended March 31, 2014
1 Includes Sales and services to/ (return) from:		
Learning Link Foundation	27.69	43.99
League India Education Foundation	4.49	-
Educomp Raffles Higher Education Limited	32.30	32.30
Educomp Infrastructure & School Management Limited	-	7.08
Wiz Learn Pte Ltd.	3.77	(54.63)
Vidya Mandir Classes Limited	0.04	-
Shiri Hare Educational Trust	0.10	-
Siya Ram Educational Trust	0.31	-
Sri Vasudev Educational Trust	0.67	-
Vigyan Education Trust	0.02	-
	<b>69.39</b>	<b>28.74</b>
2 Includes other income from:		
Educomp Learning Hour Private Limited	-	8.17
Educomp Infrastructure & School Management Limited	-	49.69
Others	0.44	0.41
	<b>0.44</b>	<b>58.27</b>
3 Includes expenses paid by:		
Educomp Child Care Private Limited	<b>0.11</b>	<b>0.13</b>
4 Includes expenses paid on behalf of:		
Educomp Software Limited	-	0.07
Educomp Online Supplemental Services Limited	-	0.02
Educomp Child Care Private Limited	0.17	-
Educomp Learning Hour Private Limited	-	0.30
	<b>0.17</b>	<b>0.39</b>
5 Includes expenses paid on behalf of:		
Educomp Learning Hour Private Limited	-	0.17
Unnati Educational Trust	65.81	-
DSK Legal	0.76	-
Shiksha Solution Trustee Pvt. Ltd.	0.33	-
	<b>66.90</b>	<b>0.17</b>
6 Loans and advances (includes share application money) given/ (received back) relates to:		
Educomp Professional Education Limited	(404.02)	(630.00)
Educomp Infrastructure & School Management Limited	(45.07)	(142.42)
Educomp School Management Limited	(4.50)	-
Educomp Learning Hour Private Limited	-	(90.32)
Educomp Online Supplemental Services Limited	-	(1.48)
Unnati Educational Trust	-	22.05
	<b>453.59</b>	<b>842.17</b>

7	Includes advance / (return) from/ to customers:		
	Wiz Learn Pte Ltd.	-	6.54
	Eduomatics Corporation Inc.	-	8.23
	Vidya Mandir Classes Limited	(5.11)	(150.00)
	Educomp Child Care Private Limited	(163.70)	162.67
	Lakshya Digital Private Limited	(1.23)	-
		<b>(170.04)</b>	<b>27.44</b>
8	Includes purchase of assets/ receivables from:		
	Educomp Learning Private Limited	-	32.80
	Educomp Online Supplemental Services Limited	-	0.10
	Educomp Child Care Private Limited	-	0.62
		-	<b>33.52</b>
9	Represents investment made in:		
	Educomp Infrastructure & School Management Limited	-	79.85
	Greycells 18 Media Pvt. Limited	-	1.17
		-	<b>81.02</b>
10	Includes transaction for the year mainly with:		
	Mr. V. K. Dandona	2.47	0.84
		<b>2.47</b>	<b>0.84</b>
11	Represents corporate guarantee given for:		
	Educomp Learning Hour Private Limited	400.00	800.00
	Educomp Infrastructure & School Management Limited	112.17	
		<b>512.17</b>	<b>800.00</b>
12	Includes rent paid to:		
	Educomp Learning Private Limited	0.25	0.29
	Mr. Shantanu Prakash	0.83	0.83
		<b>1.08</b>	<b>1.12</b>
13	Loan received from		
	Mr. Shantanu Prakash	<b>128.60</b>	<b>226.05</b>

#### 14 Balances with related parties as at March 31, 2015:

(₹ in million)

	Subsidiary	Associates	Joint Venture of Subsidiary	Key Managerial Personnel	Parties having significant influence	Total
Investment	16,057.54	159.91	-	-	-	16,217.45
	(16,057.54)	(159.91)	-	-	-	(16,217.45)
Share application money (including advance call money)	720.84	-	-	-	-	720.84
	(1,174.44)	-	-	-	-	(1,174.44)
Trade receivables	20.12	-	-	-	56.46	76.58
	(20.98)	-	-	-	(54.96)	(75.94)
Loan and advances and other current asset	1.66	-	-	-	-	1.66
	(2.06)	-	-	-	(28.76)	(30.82)
Unsecured loan	-	-	-	354.65	-	354.65
	-	-	-	(226.05)	-	(226.05)
Trade and other payables	18.95	-	-	0.29	22.88	42.12
	(56.73)	-	-	(0.29)	(1.23)	(58.25)
Advances received from customers	199.43	-	104.97	-	-	304.40
	(371.46)	-	(137.27)	-	-	(508.73)
Corporate guarantees given	11,886.10	-	-	-	-	11,886.10
	(11,362.10)	-	-	-	-	(11,362.10)

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

**15(a). Contingent liabilities**

(₹ in million)

	As at March 31, 2015	As at March 31, 2014
a. Corporate guarantee given to bank for secured loan to third party		
- Edu Smart Services Private Limited	3,000.00	8,482.70
b. Corporate guarantee given to bank for secured loan and debenture to subsidiaries		
- Educomp Infrastructure & School Management Limited	9,371.69	9,300.00
- Educomp Asia Pacific Pte. Ltd., Singapore	1,314.41	1,262.10
- Educomp Learning Hour Private Limited	1,200.00	800.00
c. Other money for which the Company is contingently liable		
i. Taxes under adjudication/appeal	25.46	25.46
ii Premium on redemption of Zero Coupon Foreign Currency Convertible Bonds (net of provision)	96.13	204.76
	<b>15,007.69</b>	<b>20,075.02</b>

**Notes:**

- The loan outstanding to banks against the corporate guarantee in point no. (a) above as on 31st March, 2015 is Rs. 1,487.01 million (previous year Rs. 5,409.70 million).
- The loan and debenture outstanding against the corporate guarantee in point no. (b) above as on 31st March, 2015 is Rs. 10,698.84 million (previous year Rs. 10,457.79 million).
- Future outflows in respect of (a) & (b) will arise on crystallization and demand made by bank, and in respect of (c)(ii) on redemption of the bonds on the maturity date, if not converted before the maturity date as per the terms of issue of FCCB.
- Taxes under adjudication/appeal represents Rs. 25.46 million (Previous year Rs. 25.46 million) under appeal under service tax. The Company has paid Rs. 16.98 million (previous year Rs. 16.98 million) under protest against demands raised by tax authorities.

The Company does not expect any cash outflows in respect of (a), (b) & (c)(i).

**15(b). The Company has the following provision for warranty liability in the books of accounts.**

(₹ in million)

	As at March 31, 2015	As at March 31, 2014
Opening balance	5.00	5.00
Additions during the year	1,511.03	-
Utilised during the year	320.10	-
Closing balance	<b>1,195.93</b>	<b>5.00</b>

**16. Commitments**

(₹ in million)

	As at March 31, 2015	As at March 31, 2014
a. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	880.00	1,049.43
b. Uncalled liability on partly paid shares	502.62	502.62
	<b>1,382.62</b>	<b>1,552.05</b>

**17. Payments to auditors**

(Included in legal and professional expenses in note 2.27)

(₹ in million)

	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>Statutory auditor*</b>		
Statutory audit	3.40	3.46
Limited review fee	2.44	2.39
Certification fee	0.14	0.08
Out of pocket expenses	0.81	0.44
<b>Total</b>	<b>6.79</b>	<b>6.37</b>

\*including service tax

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

**18. Operating lease**

**Assets taken on lease**

- (i). General description of lease terms:
  - Assets are taken on lease over a period of one to five years.
  - Lease rentals are charged on the basis of agreed terms.
  - There are no restrictions imposed by the lessor.
  - There are scheduled escalations.
- (ii). The Company has taken office space and technology equipment under non-cancellable operating lease. The lease rental expense recognized in the Statement of Profit and Loss for the year in respect of such leases is Rs. 18.48 million (previous year Rs.64.64 million). The future minimum lease rent payable (minimum lease payments) under non-cancellable operating leases are as follows:

(₹ in million)

	As at March 31, 2015	As at March 31, 2014
Not later than one year	5.21	14.44
Later than one year but not later than five years	4.84	16.24
Later than five years	-	-
<b>Total</b>	<b>10.05</b>	<b>30.68</b>

**Assets given on sub-lease:**

- i) General description of lease terms:
  - Assets are given on lease over a period of one to two years
  - Lease rentals are charged on the basis of agreed terms.
  - The lease are renewable after expiry of agreement period.
  - There are no escalations as per the lease agreement.
- ii) The Company has given office space on sub lease. Other income includes income from operating lease of Rs. 1.54 million (previous year Rs. 1.62 million). The future minimum sublease payment expected to be received are as follows:

(₹ in million)

	As at March 31, 2015	As at March 31, 2014
Not later than one year	0.84	1.17
Later than one year but not later than five years	-	0.68
Later than five years	-	-
<b>Total</b>	<b>0.84</b>	<b>1.85</b>

**19. Finance lease**

**Assets taken on lease**

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

**Finance lease obligation of the Company as at March 31, 2015:**

(₹ in million)

	Future minimum lease payments*	Interest	Present value of minimum lease payments
Not later than one year	14.89	2.65	12.24
Later than one year but not later than five years	9.86	0.94	8.92
Later than five years	-	-	-
<b>Total</b>	<b>24.75</b>	<b>3.59</b>	<b>21.16</b>

“\* Subsequent to the year end, the Company has entered into a settlement agreement with the lessor with respect to the amount outstanding as on 31 March 2015. Pursuant to such agreement, the Company is required to pay one time settlement amount of Rs. 12.12 million along with due rental for the month of February and March 2015 amounting to Rs. 0.84 million for each month to the lessor.”

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

(₹ in million)

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

#### 20. C.I.F. value of imports

(₹ in million)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Trading goods	12.47	239.12
<b>Total</b>	<b>12.47</b>	<b>239.12</b>

#### 21. Expenditure in Foreign Currency (on accrual basis)

(₹ in million)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Travelling and conveyance	0.79	12.00
Legal and professional expenses	5.68	3.65
Interest expense	237.52	213.69
Advertisement and business promotion	1.60	1.75
Repair & maintenance expenses	22.20	-
Others	0.74	0.19
<b>Total</b>	<b>268.53</b>	<b>231.28</b>

#### 22. Earnings in foreign currency (on accrual basis)

(₹ in million)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Revenue from sale of hardware and educational products	3.77	1.95
Revenue from other services	-	4.68
<b>Total</b>	<b>3.77</b>	<b>6.63</b>

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

(₹ in million)

	For the year ended March 31, 2015	For the year ended March 31, 2014
Foreign exchange loss	295.21	228.86
Foreign exchange gain	122.01	33.10
<b>Net foreign exchange loss</b>	<b>(173.20)</b>	<b>(195.76)</b>

**24.** During the previous year, block assessment of the Company for Assessment Year 2007-08 to 2012-13 was completed by the Income Tax authorities and additional demand of Rs. 190.91 Million was raised on account of certain disallowances. Consequently, on a prudent basis the Company, after making requisite provision for additions made under the block assessment order, had written back the excess provision for income tax amounting to Rs. 328.60 million being carried in the books of account in respect of those years. During the previous year, the Company had filed an appeal against the said block assessment order with the Income Tax Appellate Tribunal (ITAT).

During the current year, the Company has received a favourable order from the ITAT with respect to the AY 2007-08. On the basis of such favourable order, the Company has received a refund of Rs 45.70 million (including interest) during the year and Rs. 193.31 million subsequent to the year ended 31 March 2015.

**25.** The Company has appointed a firm of Chartered Accountants for conducting a transfer pricing study to determine whether the transactions with associate enterprises were undertaken at "arms length basis". Adjustments, if any arising from the transfer pricing study shall be accounted for as and when the study is completed. The management confirms that all international transactions with associate enterprises are undertaken at negotiated contracted prices on usual commercial terms. Transfer pricing certificate under Section 92E for the year ending March 31, 2014 has been obtained and there are no adverse comments requiring adjustments in these Financial Statements.

**26.** The Company regularly undertakes Transfer Pricing Study for Specified Domestic Transactions ('SDT') with its associate parties domiciled in India as stipulated in Section 92BA of the Income Tax Act, 1961, applicable in India, to determine whether such SDT with associate parties in India are being undertaken at "arm's length basis". The management is of the opinion that all transactions with associate enterprises are undertaken at negotiated contracted prices on usual commercial terms and are at arms' length, and there will not be any impact on the Financial Statements as a consequence of the transfer pricing study to be taken by the Company for the current year. Transfer pricing certificate under Section 92E for the year ending March 31, 2014 has been obtained and there are no adverse comments requiring adjustments in these Financial Statements.

**27. Foreign Currency Convertible Bond (FCCB)**

The Company had issued 10, Zero coupon foreign currency convertible bonds of \$ 1000,000 each. These FCCB are convertible into equity shares based on the ratio calculated in accordance with the terms of offering circular dated July 13, 2012. The bonds are convertible latest by July 24, 2017. These are to be converted at initial conversion price of Rs. 188.62 for each equity shares at the applicable exchange rate at the date of conversion. As on March 31, 2015 USD 10

million (previous year USD 10 million) FCCB are outstanding for conversion into equity shares of Rs. 2 each. Due date for redemption is July 24, 2017 and redemption price at maturity is 133.15% of par value.

Further, based on the current market scenario, the management is of the view that the FCCB holder may opt for redemption, consequently the proportionate premium on redemption amounting Rs. 111.36 million has been provided against the securities premium and classified under 'Other long term liabilities'.

**28. Share warrants**

The Company on July 26, 2012 had allotted 1,14,79,096 warrants to the Promoter Group entity at an issue price of Rs.193.74 per warrant, as per the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009, convertible into equal number of equity shares of the face value of Rs.2/- each convertible within a period of 18 months from the date of allotment. The Company on January 22, 2013 had allotted 29,79,939 equity shares of face value of Rs. 2/- each at a premium of Rs. 191.74/- per share on conversion of warrants issued under provisions Of Chapter VII Of SEBI (ICDR) Regulations, 2009 pursuant to receipt of balance 75% of the issue price against the allotted shares. During the previous year, the Company had forfeited 84,99,157 warrants amounting to Rs. 411.66 million, due to non receipt of balance 75% of the issue price in the stipulated period of 18 months from the date of issuance of these warrants. The forfeited amount is disclosed as 'Capital Reserve' under the 'Reserve & Surplus'.

**29. Employees Stock Option Schemes (ESOS)**

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

**Employees Stock Option Scheme 2006**

Pursuant to shareholder's resolution dated August 24, 2006, the Company had introduced "Educomp Employees Stock Option Scheme 2006" which provides for the issue of 3,125,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2015 and March 31, 2014, the Company had 1,053,562 and 797,692 number of shares reserved for issue under the scheme respectively.

**Employees Stock Option Scheme 2007**

Pursuant to shareholder's resolution dated September 13, 2007, the Company had introduced "Educomp Employees Stock Option Scheme 2007" which provides for the issue of 1,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2015 and March 31, 2014, the Company had 905,550 and 664,760 number of shares reserved for issue under the scheme respectively.

**Employees Stock Option Scheme 2008**

Pursuant to shareholder's resolution dated November 25, 2008, the Company had introduced "Educomp Employees Stock Option Scheme 2008" which provides for the issue of 1,250,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2015 and March 31, 2014 the Company had 1,209,800 and 984,763 number of shares reserved for issue under the scheme respectively.

**Employees Stock Option Scheme 2010**

Pursuant to shareholder's resolution dated March 18, 2010, the Company had introduced "Educomp Employees Stock Option Scheme 2010" which provides for the issue of 1,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2015 and March 31, 2014 the Company had 998,125 and 860,625 number of shares reserved for issue under the scheme respectively.

**Employees Stock Option Scheme 2011**

Pursuant to shareholder's resolution dated July 26, 2011, the Company had introduced "Educomp Employees Stock Option Scheme 2011" which provides for the issue of 1,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2015 and March 31, 2014 the Company had 995,000 and 863,000 number of shares reserved for issue under the scheme respectively.

**Employees Stock Option Scheme 2012**

Pursuant to shareholder's resolution dated July 16, 2012, the Company had introduced "Educomp Employees Stock Option Scheme 2012" which provides for the issue of 3,500,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 10 years from the date of respective grants. As at March 31, 2015 and March 31, 2014 the Company had 3,496,625 and 3,204,625 number of shares reserved for issue under the scheme respectively.

**Employees Stock Option Scheme 2014**

Pursuant to shareholder's resolution dated August 11, 2014, the Company had introduced "Educomp Employees Stock Option Scheme 2014" which provides for the issue of 5,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 10 years from the date of respective grants. As at March 31, 2015 the Company had 4,968,650 number of shares reserved for issue under the scheme.

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

	As at March 31, 2015		As at March 31, 2014	
	No. of stock options	Weighted average price (Rs.)	No. of stock options	Weighted average price (Rs.)
<b>Employee Stock Option Scheme 2006</b>				
<b>No. of shares under option</b>				
Outstanding at the beginning of the year	797,692	58.80	902,269	136.66
Granted	357,000	28.98	210,000	24.75
Exercised	26,100	25.00	33,575	25.00
Forfeited during the year	75,030	147.75	281,002	287.40
Outstanding at the end of year	1,053,562	43.20	797,692	58.80
Weighted average grant date fair value per option for options granted during the year at less than market value*	Not applicable		Not applicable	
Weighted average remaining contractual life (in years)	2.69 yrs		2.37 yrs	
Payment received against share allotted during the year	0.65 million		0.84 million	
<b>Employee Stock Option Scheme 2007</b>				
<b>No. of shares under option</b>				
Outstanding at the beginning of the year	664,760	239.96	634,260	423.70
Granted	575,250	24.68	320,000	24.75
Exercised	-	-	-	-
Forfeited during the year	334,460	422.62	289,500	404.64
Outstanding at the end of year	905,550	35.74	664,760	239.96
Weighted average grant date fair value per option for options granted during the year at less than market value*	Not applicable		Not applicable	
Weighted average remaining contractual life (in years)	4.69 yrs		3.92 yrs	
Payment received against share allotted during the year	Nil		Nil	
<b>Employee Stock Option Scheme 2008</b>				
<b>No. of shares under option</b>				
Outstanding at the beginning of the year	984,763	215.62	748,033	439.55
Granted	430,000	23.77	590,000	24.75
Exercised	-	-	-	-
Forfeited during the year	204,963	426.15	353,270	370.99
Outstanding at the end of year	1,209,800	111.77	984,763	215.62
Weighted average grant date fair value per option for options granted during the year at less than market value*	Not applicable		Not applicable	
Weighted average remaining contractual life (in years)	4.45 yrs		4.99 yrs	
Payment received against share allotted during the year	Nil		Nil	
<b>Employee Stock Option Scheme 2010</b>				
<b>No. of shares under option</b>				
Outstanding at the beginning of the year	860,625	222.63	698,750	467.60
Granted	585,000	22.55	484,375	24.75
Exercised	-	-	-	-
Forfeited during the year	447,500	289.36	322,500	456.21
Outstanding at the end of year	998,125	75.44	860,625	222.63
Weighted average grant date fair value per option for options granted during the year at less than market value*	Not applicable		Not applicable	
Weighted average remaining contractual life (in years)	4.45 yrs		4.74 yrs	
Payment received against share allotted during the year	Nil		Nil	
<b>Employee Stock Option Scheme 2011</b>				
<b>No. of shares under option</b>				
Outstanding at the beginning of the year	863,000	93.91	525,000	228.01
Granted	490,000	19.07	573,000	24.75
Exercised	-	-	-	-
Forfeited during the year	358,000	191.47	235,000	224.86
Outstanding at the end of year	995,000	21.95	863,000	93.91
Weighted average grant date fair value per option for options granted during the year at less than market value*	Not applicable		Not applicable	
Weighted average remaining contractual life (in years)	4.50 yrs		5.34 yrs	
Payment received against share allotted during the year	Nil		Nil	
<b>Employee Stock Option Scheme 2012</b>				
<b>No. of shares under option</b>				
Outstanding at the beginning of the year	3,204,625	61.56	2,600,000	154.35
Granted	1,040,000	15.84	2,843,000	22.67

Exercised	-	-	-	-
Forfeited during the year	748,000	134.46	2,238,375	119.94
Outstanding at the end of year	3,496,625	32.37	3,204,625	61.56
Weighted average grant date fair value per option for options granted during the year at less than market value*	Not applicable		Not applicable	
Weighted average remaining contractual life (in years)	4.22 yrs		5.56 yrs	
Payment received against share allotted during the year	Nil		Nil	
<b>Employee Stock Option Scheme 2014</b>				
<b>No. of shares under option</b>				
Outstanding at the beginning of the year	-	-	-	-
Granted	4,968,650	14.86	-	-
Exercised	-	-	-	-
Forfeited during the year	-	-	-	-
Outstanding at the end of year	4,968,650	14.86	-	-
Weighted average grant date fair value per option for options granted during the year at less than market value*	Not applicable		Not applicable	
Weighted average remaining contractual life (in years)	4.15 yrs		Not applicable	
Payment received against share allotted during the year	Nil		Nil	

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

**31. Disclosure relating to suppliers registered under Micro, Small and Medium Enterprise Development Act, 2006:**

(₹ in million)

Particulars	As at March 31, 2015	As at March 31, 2014
<b>The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year included in trade payables and other current liabilities</b>		
Principal amount due to micro, small and medium enterprises	0.95	1.07
Interest due on above	-	-
<b>Total</b>	<b>0.95</b>	<b>1.07</b>
The amount of interest paid by the buyer in terms of section 16 of the MSMED ACT 2006 along with the amounts of the payment made to the supplier beyond appointed day.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible under section 23 of the MSMED Act 2006.	-	-

**32. Foreign Currency Monetary Items Translation Difference Account (FCMITDA)**

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

**33. Due to inadequacy of the profits, managerial remuneration paid, by the Company to one of its Whole Time Director during the year ended March 31, 2015, is in excess of the limits prescribed under Section 197 and 198 read with Schedule V of the Companies Act, 2013. Similarly, managerial remuneration paid in the financial year ended March 31, 2014 to one of its Whole Time Director was also in excess of limits prescribed under Section 198, 269 and 309 read with Schedule XIII of the Companies Act, 1956. The Company has submitted an application to the Central Government for waiver of managerial remuneration paid**

pertaining to year ended March 31, 2013. The management of the Company is in the process of making necessary applications to the Central Government to obtain its approval for the waiver/approval of the remuneration so paid in year ended March 31, 2014 and March 31, 2015 in due course.

- 34.** The Company had received advances, from customers, which are outstanding for more than one year and still lying in the books as on 31 March 2015. However as per the opinion taken by the Company from expert, such deposits are outside the purview of Section 2(31) and Section 73-74 of the Act read with Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014.
- 35.** The Company has initiated proceedings for recovery of outstanding amount from certain trade receivables amounting to Rs. 2,826.55 million, in respect of which the Company has created a provision of Rs. 1,910.02 million, which in the opinion of the Company is adequate to mitigate the risk of any possible non recovery from such receivables. Further, the Company has filed a legal case against one former employee for recovery of certain damages amounting to Rs. 15 million arising from stealing of Company's intellectual property right. The Company is hopeful of favourable outcome of such proceedings/case. However, the amount likely to be realized on settlement of such proceedings/case is currently not ascertainable realistically. The Company does not expect any adverse impact on the financial position as a consequence of these proceedings/case. The Company has recorded all expenses pertaining to legal & professional charges in respect of all such proceedings/case.
- 36.** The previous year figures have been regrouped, rearranged and reclassified wherever necessary to conform to current year's classification.

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

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

Place: Gurgaon  
Date: May 28, 2015

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

Sd/-  
**Shantanu Prakash**  
Chairman and Managing Director  
(DIN: 00983057)

Sd/-  
**Ashish Mittal**  
Chief Financial Officer

Sd/-  
**V. K. Dandona**  
Whole Time Director  
(DIN: 06730804)

Sd/-  
**Yogesh Saluja**  
Company Secretary

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Educomp Solutions Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Educomp Solutions Limited (hereinafter referred to as "the Holding Company") and its subsidiaries, (the Holding Company and its subsidiaries together referred to as "the Group"), associate and joint controlled entity, comprising of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associate and jointly controlled entity in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group and its associate and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 auditor's 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

### Basis for Qualified Opinion

As per the terms of Master Restructuring Agreement (MRA) dated December 28, 2013 entered into pursuant to approved Corporate Debt Restructuring Scheme to restructure debt of the Educomp Infrastructure and School Management Limited (EISML), a subsidiary of the Holding Company, certain tangible fixed assets of EISML and EISML's subsidiaries have been identified for sale in a time bound manner. As per the valuation of such tangible fixed assets as evaluated and disclosed in the approved Corporate Debt Restructuring Package, some of these fixed assets are expected to have lower realizable value than their carrying values. Such tangible fixed assets having total carrying value of ₹3,207.53 million (Previous year ₹1,396.09 million) are included in the tangible fixed assets in the consolidated financial statements. The Management has not carried out any evaluation of impairment of these assets on the Balance Sheet date and no provision for impairment has been recorded, as required by Accounting Standard 28 'Impairment of Assets'.

As we are unable to obtain sufficient appropriate audit evidence about the extent of recoverability of carrying value of these assets, we are unable to determine whether any adjustments to these amounts are necessary.

Our audit report for the year ended March 31, 2014 was also qualified in respect of the above matter.

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in Basis for Qualified Opinion paragraph above, the aforesaid consolidated 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, of the consolidated state of affairs of the Group, its associate and jointly controlled entity as at March 31, 2015, their consolidated loss and their consolidated cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to the following matters in the notes to the consolidated financial statements:

- (a) Note no. 45 regarding managerial remuneration paid to one of the whole time directors of the Holding Company and one of its subsidiary company, Educomp Infrastructure and School Management Limited during the current and previous financial year, in non compliance with the requirements of section 197 and section 198 read with schedule V to the Companies Act, 2013 and Section 198, Section 269 and Section 309 read with Schedule XIII to the Companies Act, 1956 respectively, for which Central Government's approval has not been obtained.
- (b) Note no. 46 wherein a subsidiary company, Educomp Infrastructure and School Management Limited has considered its long outstanding Trade Receivables due from certain Trusts which are due for more than one year, as good and fully recoverable.
- (c) Note no. 47 with respect to Management's assessment of recoverability of Group's Share of net assets as regards investment in 6 of its subsidiary companies, namely, Educomp Infrastructure and School Management Limited, Educomp Online Supplemental Service Limited, Educomp Child Care Private Limited, Educomp Professional Education Limited, Vidya Mandir Classes Limited, Educomp Intelliprop Ventures Pte Ltd (formerly known as "Educomp Intelprop Ventures Pte Ltd"), in a Trust- India Education Fund and in one of its associate, Greycells18 Media Limited.
- (d) Note no. 48(c) which explains Management's view on recoverability of certain significant amount of capital advances given by the Group and which have been outstanding for a long period of time.
- (e) Note no. 48(e) with respect to Management's assessment, based on the valuation performed by an independent expert, of recoverability of intangible assets in form of brand 'Universal' in one of its step down subsidiary named Educomp APAC Services Limited, BVI. The recoverability of the intangible assets is significantly dependent on the step down subsidiary's ability to achieve long term futuristic growth plan envisaged in the related assumptions used for the purpose of valuation.
- (f) Note no. 50 which explains Management's view on recoverability of, certain loans advanced to Jai Radha Raman Education Society (the Society) by Educomp Raffles Higher Education Limited, a joint venture (JV), and trade receivables due to JV's subsidiary Millennium Infra Developers Limited from the society under contractual obligations.
- (g) Note no. 61 regarding non consolidation of financial statements of one Company.
- (h) Note no. 52 wherein, the Holding Company has not considered impairment of trade receivable and investment in Edu Smart Services Private Limited (ESSPL) in the intervening period, in view of proposed merger of ESSPL with the company.
- (i) Note no. 62 wherein, in the opinion of the Group's management, despite incurring substantial losses during the current financial year by the Holding Company and erosion of networth as at 31 March 2015, the consolidated financial statements have been prepared on a going concern basis in view of matters more fully explained in the said note.
- (j) Note no. 63 wherein, in respect of one of the subsidiary, Educomp Infrastructure & School Management Limited, in the opinion of the Group's management, despite incurring losses during the current financial year and non-payment of the Funded Interest Term Loan post Balance Sheet date, the consolidated financial statements have been prepared on a going concern basis in view of matters more fully explained in the said note.
- (k) Note no. 64 in respect of one of step down subsidiary, Knowledge Vistas Limited, which indicates that the company has suspended its operation and is waiting for favourable business opportunities. These conditions, along with other matters in the said note indicate the existence of a material uncertainty regarding the company's ability to continue as a going concern.

Our opinion is not modified in respect of these matters.

### Other Matter

- (a) We did not audit the financial statements of 44 subsidiaries, whose financial statements reflects total assets of ₹12,280.70 million as at March 31, 2015 and total revenues of ₹3,089.04 million and net cash inflows amounting to ₹145.89 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.
- (b) We did not audit the financial statements of 3 subsidiaries and a jointly controlled entity, whose financial statements reflects total assets of ₹2,084.97 million as at March 31, 2015 and total revenues of ₹265.31 million and net cash outflows amounting to ₹6.56 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also includes Group's share of net loss of ₹10.03 million for the year ended March 31, 2015, as considered in the consolidated financial statements, in respect of an associate. These financial statements are unaudited and have been furnished to us

by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entity and an associate and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entity and associate is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements and our report on the Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the management.

### Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditors' Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditor's report of the Holding Company, subsidiary companies, associate company and the jointly controlled entity incorporated in India, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - a. We have sought and except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors;
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d. In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. The matters described in the Basis for Qualified Opinion paragraph, sub paragraph (b), (d), (f), (h), (i) and (j) under the emphasis of Matter paragraph above & our comments on clause (viii) of Companies (Auditors' Report) Order, 2015, in our opinion, may have an adverse effect on the functioning of the Group;
  - f. On the basis of written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its other subsidiaries companies incorporated in India, none of the directors of the Group companies, its associate company and jointly controlled entity incorporated in India is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act;
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associate and jointly controlled entity – Refer Note no. 35 in respect of Contingent Liabilities and Note no. 67 in respect of other pending litigations to the consolidated financial statements;
    - (ii) The Group, its associate and jointly controlled entity did not have any material foreseeable losses on long term contracts including derivative contracts;
    - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries companies, associate company and jointly controlled entity incorporated in India.

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

Sd/-  
Raj Kumar Agarwal  
Partner  
Membership No. 074715  
Place: Gurgaon  
Date: May 28, 2015

## ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Educomp Solutions Limited on the consolidated financial statements for the year ended March 31, 2015]

- (i) (a) The Group has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year, all the fixed assets of the Group have been physical verified by the management of the respective entities, except for the Holding Company and its three subsidiaries, wherein all fixed assets were not verified during the year and in respect of one of its subsidiary, fixed assets have not been physically verified by the management during the year. However, there is a regular programme of verification of fixed assets which, in our opinion, is reasonable having regard to their size and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (ii) (a) The inventory (excluding stocks of the Holding Company lying with third parties) of the Group has been physically verified by the management of the respective entities during the year. In respect of inventory of the Holding Company lying with third parties, these have not been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management of the respective entities of the Group are reasonable and adequate in relation to their size and the nature of its business.
- (c) The Group is maintaining proper records of inventory. As informed, no material discrepancies were noticed on physical verification carried out during the year.
- (iii) As informed, in the Group, two subsidiary companies have granted unsecured loans to companies, firms or other parties covered in the register maintained under Section 189 of the Act.
- (a) The principal amount of loan granted and interest thereon is not due as per the terms of the respective loan agreements. Thus, there has been no default on the part of the parties to whom the money has been lent.
- (b) In respect of the aforesaid loans, there is no overdue amount of loans granted to parties listed in the register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given by the management of the Group, there exists an adequate internal control system commensurate with the size of the respective entities and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the respective entities.
- (v) In our opinion and according to the information and explanations given by the management of the Group and on the basis of information received from other auditors, the respective entities have not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed thereunder.
- (vi) We have broadly reviewed the books of account maintained by the Holding Company and one of its subsidiary in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- On the basis of information and explanations given by the management of the Group and on the basis of information received from other auditors, the Central Government of India has not prescribed the maintenance of cost records for any of the products of the other subsidiaries of the Group under sub-section (1) of Section 148 of the Act and the rules framed there under, except in case of one other subsidiary, in respect of which the Central Government has specified the maintenance of cost records and the necessary accounts and records have been made and maintained by the said subsidiary.
- (vii) (a) The Group is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, cess and any other material statutory dues applicable to it. However in case of Holding Company and one of its Subsidiary Company, there has been delay in few cases of provident fund, employees' state insurance, income tax, service tax and value added tax. However, delays in deposit have not been serious. As explained to us, the Group did not have any dues on account of wealth tax and excise duty.
- According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, service tax, sales-tax, value added tax, customs duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. However, undisputed dues in case of the Holding Company in respect of interest on tax deducted at source which was outstanding, at the year end for a period of more than six months from the date they became payable are as follows:

(₹ in Million)

Name of the statute	Nature of the dues	Amount	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act, 1961	Interest on delay on deposition of Tax Deducted at Source	3.43	Financial Years 2012-13 to 2014-15	Various dates	Not yet paid

- (b) According to the information and explanations given by the management of the Group, there are no dues with respect to income tax, sales tax, wealth tax, value added tax, customs duty, cess and any other material statutory dues applicable to it, which have not been deposited on account of any dispute. According to the information and explanation given to us, dues of service tax and employee provident fund pertaining to the Holding Company, which have not been deposited on account of any dispute, are as under:

(₹ in Million)

Name of the statute	Nature of dues	Amount Disputed	Amount paid	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service Tax	25.46	16.98	2009-10	Customs, Excise & Service Tax Appellate Tribunal, New Delhi
Employees' Provident Fund and Miscellaneous Provisions Act, 1952	Provident Fund Penalty	8.78	Nil	March 2008 to February 2014	Employees Provident Fund Appellate Tribunal, New Delhi
<b>Total</b>		<b>34.24</b>	<b>16.98</b>		

- (c) According to the information and explanations given by the management of the Group, in case of the Holding Company, there has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund and in case of subsidiary companies, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the respective entities.
- (viii) (a) In respect of fourteen subsidiary companies of the Group, the accumulated losses are not more than fifty percent of its net worth and they have incurred cash losses during the financial year covered by audit and in the immediately preceding financial year.
- (b) In respect of two subsidiary companies of the Group, the accumulated losses are more than fifty percent of its net worth but have not incurred cash losses during the financial year covered by audit and in the immediately preceding financial year.
- (c) In respect of one of the subsidiary Company of the Group, the accumulated losses are more than fifty percent of its net worth and have incurred cash losses during the financial year covered by audit, however no cash losses were incurred in the immediately preceding financial year.
- (d) In respect of one of the subsidiary Company of the Group, the accumulated losses are more than fifty percent of its net worth and have not incurred cash losses in the financial year covered by audit, however cash losses were incurred during the immediately preceding financial year.
- (e) In respect of six subsidiary companies and the Holding Company of the Group has accumulated losses more than fifty percent of their respective net worth and has incurred cash losses during the financial year covered by audit and in the immediately preceding financial year.
- (f) In respect of remaining seven subsidiary companies, these companies do not have accumulated losses as at the year end and also these companies have not incurred cash losses during the financial year covered by audit and in the immediately preceding financial year.

The possible effect of matter described in the Basis for Qualified Opinion paragraph of our auditor's report has not been considered for the purpose of making comments in respect of this clause, as the same is not quantifiable.

- (ix) Based on our audit procedures and as per the information and explanations given by the management of the Group and on the basis of reports of other auditors, the Holding Company and three of its subsidiaries, have defaulted in repayment of dues to certain banks, financial institutions and debenture holders, some of such defaults pertaining to current year and previous year have been made good during the year. The particulars of delays in repayment of dues (including interest) are as follows:

(Amount in ₹Million)

Nature of dues	Delay up to 3 months	Delay of 3 to 6 months	Delay of 6 to 12 months	Delay for more than 12 months
<b>Loans from banks</b>				
Principal due	Nil	103.40	Nil	Nil
Interest due	857.51	25.48	55.41	31.37
<b>Loans from Financial Institutions</b>				
Principal due	92.11	0.07	Nil	12.00
Interest due	194.05	0.54	196.16	112.48
<b>Non convertible debentures</b>				
Interest due	111.97	40.00	37.55	Nil
<b>Total</b>	<b>1,255.64</b>	<b>169.49</b>	<b>289.12</b>	<b>155.85</b>

There are certain defaults, which are continuing at the Balance Sheet date which have been disclosed under note no. 53 to the consolidated financial statements.

- (x) In our opinion and according to the information and explanations given by the management of the Group and respective auditors of the subsidiaries, the terms and

conditions of the guarantees given by the respective entities, for loans taken by others from banks or financial institutions, are not prejudicial to the interest of the respective entities.

- (xi) According to the information and explanations given by the management of the Group, the term loans have been applied for the purpose for which the loans were obtained, except in case of one of the subsidiary Company, wherein the funds lying idle which were not required for immediate utilization have been invested in short term fixed deposits.
- (xii) During the course of examination of the books and records of the Group, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given, we have neither come across any instance of fraud on or by the respective entities, noticed or reported during the year, nor have we been informed of any such instance by the management of the respective entities.

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

Sd/-  
Raj Kumar Agarwal  
Partner  
Membership No.074715

Place: Gurgaon  
Date : May 28,2015

# Consolidated Balance Sheet as at March 31, 2015

(₹ in million)

	Note	As at March 31, 2015	As at March 31, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	244.93	244.88
Reserves and Surplus	3	5,532.24	22,007.05
		<b>5,777.17</b>	<b>22,251.93</b>
<b>Minority interest</b>			
		1,892.57	2,462.45
<b>Non-current liabilities</b>			
Long-term borrowings	4	30,413.04	29,493.88
Deferred tax liabilities (net)	5	-	52.80
Trade payables	6	-	24.04
Other long term liabilities	7	311.36	120.92
Long-term provisions	8	741.65	87.40
		<b>31,466.05</b>	<b>29,779.04</b>
<b>Current liabilities</b>			
Short-term borrowings	9	2,151.40	1,930.86
Trade payables	10	983.84	1,626.83
Other current liabilities	11	8,448.53	3,311.23
Short-term provisions	12	550.24	18.62
		<b>12,134.01</b>	<b>6,887.54</b>
		<b>51,269.80</b>	<b>61,380.96</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	13	12,320.74	13,445.88
Intangible assets	13	1,602.12	2,237.95
Capital work-in-progress	13	471.09	593.76
Intangible under development	13	-	0.64
		<b>14,393.95</b>	<b>16,278.23</b>
Goodwill on consolidation	32	10,663.75	10,805.70
Non-current investments	14	1,779.09	1,079.44
Deferred tax assets (net)	5	1.02	2.24
Long-term loans and advances	15	3,538.92	7,437.48
Other non-current assets	16	466.43	387.50
		<b>5,785.46</b>	<b>8,906.66</b>
<b>Current assets</b>			
Inventories	17	360.35	657.46
Trade receivables	18	16,429.52	21,889.64
Cash and bank balances	19	1,600.37	1,047.15
Short-term loans and advances	20	1,771.11	1,606.01
Other current assets	21	265.29	190.11
		<b>20,426.64</b>	<b>25,390.37</b>
		<b>51,269.80</b>	<b>61,380.96</b>
Summary of significant accounting policies	1		

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

As per our report of even date.

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

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

**Place:** Gurgaon  
**Date:** May 28, 2015

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

Sd/-  
**Shantanu Prakash**  
Chairman and Managing Director  
(DIN: 00983057)

Sd/-  
**Yogesh Saluja**  
Company Secretary

Sd/-  
**V. K. Dandona**  
Whole Time Director  
(DIN: 06730804)

Sd/-  
**Ashish Mittal**  
Chief Financial Officer

## Consolidated Statement of Profit and Loss for the year ended March 31, 2015

(₹ in million)

	Note	Year ended March 31, 2015	Year ended March 31, 2014
<b>Income:</b>			
Revenue from operations	22	5,182.02	6,348.24
Other income	23	759.95	898.73
<b>Total revenue</b>		<b>5,941.97</b>	<b>7,246.97</b>
<b>Expenses:</b>			
Purchase of traded goods	24	311.66	1,125.78
Changes in inventories of stock-in-trade	25	10.05	95.02
Cost of construction services	54	3.74	22.53
Employee benefit expenses	26	2,499.08	2,717.79
Finance cost	27	3,670.41	2,524.45
Depreciation and amortization expense	13	949.14	1,083.52
Other expenses	28	2,845.54	2,690.75
<b>Total expenses</b>		<b>10,289.62</b>	<b>10,259.84</b>
<b>Loss before prior period items, exceptional items, tax, minority interest and share in loss of associate</b>		<b>(4,347.65)</b>	<b>(3,012.87)</b>
Prior period items	29 (a)	71.24	4.77
<b>Loss before exceptional item, tax, minority interest and share in loss of associate</b>		<b>(4,418.89)</b>	<b>(3,017.64)</b>
Exceptional items	29 (b)	12,579.16	1,599.32
<b>Loss before tax, minority interest and share in loss of associate</b>		<b>(16,998.05)</b>	<b>(4,616.96)</b>
Tax expense:			
Current tax		36.26	59.34
Minimum Alternate Tax credit entitlement		-	(82.96)
Net current tax		36.26	(23.62)
Deferred tax credit		(47.45)	(405.93)
Tax earlier year's (Refer note 58)		-	(328.60)
<b>Tax expense</b>		<b>(11.19)</b>	<b>(758.15)</b>
<b>Loss after tax but before minority interest and share in loss of associate</b>		<b>(16,986.86)</b>	<b>(3,858.81)</b>
Share of loss of associate		10.03	3.13
Minority interest		(575.34)	(254.38)
<b>Loss after tax, minority interest and share of loss of associate</b>		<b>(16,421.55)</b>	<b>(3,607.56)</b>
<b>Loss per share (Rs.)</b>	30		
Basic and Diluted		(134.10)	(29.46)
Summary of significant accounting policies	1		

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

As per our report of even date.

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

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

**Place:** Gurgaon  
**Date:** May 28, 2015

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

Sd/-  
**Shantanu Prakash**  
Chairman and Managing Director  
(DIN: 00983057)

Sd/-  
**Yogesh Saluja**  
Company Secretary

Sd/-  
**V. K. Dandona**  
Whole Time Director  
(DIN: 06730804)

Sd/-  
**Ashish Mittal**  
Chief Financial Officer

## Consolidated Cash Flows Statement for the year ended March 31, 2015

(₹ in million)

	Year ended March 31, 2015	Year ended March 31, 2014
<b>Cash flows from operating activities</b>		
<b>Net (Loss)/profit before taxation and after prior period as per Statement of Profit and Loss</b>	<b>(16,998.05)</b>	<b>(4,616.96)</b>
Adjusted for :		
Net prior period adjustments	71.24	4.76
Exceptional items - Provision for doubtful capital advances	2,900.71	-
Exceptional items - Provision for doubtful debts	6,502.35	1,599.33
Exceptional items - Discount on down time/precloser	436.22	-
Exceptional items - Impairment of Fixed Assets	739.15	-
Exceptional items - Provision for warranty cost	1,195.93	-
Provision for obsolescence of Inventory	30.29	2.66
Provision for doubtful debts	105.40	474.12
Provision for doubtful advances	47.64	108.56
Bad debts and advances written off	46.12	0.84
Liability written back	(342.59)	(138.10)
Provision Interest on income tax written back	-	(79.89)
Depreciation/ amortization	949.14	1,083.52
Fixed assets balance adjusted against credit balance written back	10.86	-
ESOP amortisation cost	4.40	(43.95)
Unrealised foreign exchange loss	440.14	167.19
Dividend income	-	(16.66)
Interest income	(142.71)	(87.63)
Interest expense	3,670.41	2,524.45
Gain on sale of long term investment	(103.08)	(410.45)
Provision for loss on sale of fixed assets	325.08	-
Loss / (Profit) on sale of fixed assets/ investments	(6.89)	(8.68)
Exchange gain/loss on translation of foreign subsidiary's	(105.89)	(107.08)
Operating profit before working capital changes	(224.13)	456.03
Adjusted for :		
Trade receivables	(1,515.02)	(7,742.17)
Inventories	250.00	(75.39)
Loans & advances and other assets	21.94	(626.10)
Trade payables and other liabilities	(501.54)	(901.87)
Restricted cash	(6.93)	122.87
<b>Cash (used in)/generated from operations</b>	<b>(1,975.68)</b>	<b>(8,766.63)</b>
Net prior period adjustments	(68.63)	(4.76)
Taxes refund /(paid) net	58.47	(180.69)
<b>Net cash (used in)/generated from operating activities (A)</b>	<b>(1,985.84)</b>	<b>(8,952.08)</b>
<b>Cash flows from investing activities</b>		
Payment of fixed assets (including capital work in progress)	(593.05)	(666.84)
Proceeds from sale of fixed assets	153.84	70.50
Refund of share application money	-	213.26
Investment in associates	-	(14.50)
Investment in subsidiaries	(2.50)	(90.00)
Purchase of investments	(199.54)	-

Sale of investment in subsidiaries/associates	266.83	682.60
Disposal of Investments	-	92.49
Loan given	(833.48)	(1,313.10)
Loan repayment received	930.24	1,249.75
Dividend income	-	105.71
Interest income	42.24	131.00
<b>Net cash generated /(used in) from investing activities (B)</b>	<b>(235.42)</b>	<b>460.87</b>
Cash flows from financing activities		
Proceeds from issuance of share/warrants	93.15	261.22
Promoter contribution received	128.60	226.05
Proceeds of long-term borrowings	6,646.29	11,948.02
Repayment of long-term borrowings	(1,879.67)	(1,315.26)
Proceeds/ (repayment) of short-term borrowings	220.54	(865.47)
Payment of dividend (including corporate dividend tax) net of intercompany dividends	(0.06)	(5.81)
Interest on borrowings	(2,454.68)	(1,715.97)
<b>Net cash generated from financing activities (C)</b>	<b>2,754.17</b>	<b>8,532.78</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>532.91</b>	<b>41.57</b>
Opening cash and cash equivalents	1,025.09	921.56
Effect of exchange differences on translation of foreign currency cash and cash equivalents	11.76	61.96
<b>Closing cash and cash equivalents</b>	<b>1,569.76</b>	<b>1,025.09</b>
Summary of significant accounting policies (refer note 1)		
Notes:		
1. Reconciliation of components of cash and cash equivalents		
Balances with banks-on current accounts	1,171.43	817.60
Balances with banks-on fixed deposits	230.85	189.21
Cheques/draft on hand	162.82	12.20
Cash on hand	4.66	6.08
	1,569.76	1,025.09
2. Interest liability converted into funded interest term loan amounting to Rs.1,453.24 million (Previous year Rs.1,123.66 million) due to implementation of corporate debt restructuring (Refer note 52).		
3. Figures in brackets indicate cash outflow.		
4. Corresponding figures for the previous year have been regrouped and re-cast wherever necessary to confirm the current year's classification.		

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

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

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

**Place:** Gurgaon  
**Date:** May 28, 2015

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

Sd/-  
**Shantanu Prakash**  
Chairman and Managing Director  
(DIN: 00983057)

Sd/-  
**Yogesh Saluja**  
Company Secretary

Sd/-  
**V. K. Dandona**  
Whole Time Director  
(DIN: 06730804)

Sd/-  
**Ashish Mittal**  
Chief Financial Officer

## Notes to the consolidated financial statements for the year ended March 31, 2015

Amounts in the consolidated financial statements are presented in ₹million, except for number of shares and as otherwise stated

### 2. Share capital

(₹ in million)

	As at March 31, 2015	As at March 31, 2014
<b>Authorized shares</b>		
200,000,000 (previous year 200,000,000) equity shares of ₹2 each	400.00	400.00
<b>Issued, subscribed and fully paid-up shares</b>		
122,467,168 (122,441,068) equity shares of ₹2 each fully paid-up	244.93	244.88
	<b>244.93</b>	<b>244.88</b>

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

(₹ in million)

	As at March 31, 2015		As at March 31, 2014	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	122,441,068	244.88	122,407,493	244.81
Shares Issued during the year	26,100	0.05	33,575	0.07
Shares outstanding at the end of the year	<b>122,467,168</b>	<b>244.93</b>	<b>122,441,068</b>	<b>244.88</b>

#### b. Terms/ rights attached to equity shares

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

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

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

	As at March 31, 2015		As at March 31, 2014	
	No. of shares held	% of Holding	No. of shares held	% of Holding
<b>Equity shares of ₹2 each fully paid-up</b>				
Mr. Shantanu Prakash	44,315,205	36.19%	44,315,205	36.19%
A.P Eduvion Private Limited	7,284,600	5.95%	7,284,600	5.95%
MKCP Institutional Investor (Mauritius) II Ltd	9,898,370	8.09%	9,898,370	8.09%
Citigroup Global Markets Mauritius Private Limited	-	-	6,791,634	5.55%

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

Particulars	As at March 31, 2015	As at March 31, 2014
Equity shares fully paid up pursuant to contract(s) without payment being received in cash-bonus shares	55,643	108,259

**e. Share reserved for issue under options/contracts**

For details of shares reserved for issue on conversion of Zero Coupon Foreign Currency Convertible Bonds, (refer note 37)		
For details of shares reserved for issue on conversion of share warrants, (refer note 38)		
For details of shares reserved for issue on exercise of employee stock options, (refer note 39)		
For details of shares reserved for issue to lender banks as per CDR (refer note 52)		

**3. Reserve and surplus**

(₹ in million)

	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Capital reserve</b>		
<b>On consolidation (refer note 32)</b>		
Opening balance	39.62	39.62
Add :Effects of changes in the Group's interest	62.94	-
	102.56	39.62
<b>Others</b>		
Opening balance	411.66	-
Add: On account of forfeiture of share warrant (Refer note 38 (a))	-	411.66
	411.66	411.66
<b>Closing balance</b>	<b>514.22</b>	<b>451.28</b>
<b>Securities premium account</b>		
Opening balance	18,138.12	18,131.75
Add: On issue of shares (including shares issued under employee stock option schemes)	4.96	6.37
Less: FCCB redemption premium (net of tax effect) (refer note 37)	111.36	-
<b>Closing balance</b>	<b>18,031.72</b>	<b>18,138.12</b>
<b>Debenture redemption reserve</b>		
Opening balance	470.34	470.34
Less :Transferred to General Reserve (refer note 52)	470.34	-
<b>Closing balance</b>	<b>-</b>	<b>470.34</b>
<b>Employee stock options outstanding account (refer note 39)</b>		
Opening balance	129.35	178.90
Add: Employee stock compensation provided	4.04	(43.95)
Less: Employee stock compensation reversed	33.68	-
Less: Transfer to securities premium account on exercise of stock options	4.35	5.60
<b>Closing balance</b>	<b>95.36</b>	<b>129.35</b>
<b>General reserve</b>		
Opening balance	938.90	934.45
Add: Transferred from surplus in the Statement of Profit and Loss	-	4.45
Add: Transferred from debenture redemption reserve (refer note 52)	470.34	-
Add: ESOS cost reversal on forfeiture	33.68	-
Less: Effect of change in share holding of Subsidiaries	13.14	-
<b>Closing balance</b>	<b>1,429.78</b>	<b>938.90</b>
<b>Surplus</b>		
Opening balance	1,962.73	6,506.36
Add: Loss for the year	(16,421.55)	(3,607.56)
Less: Proposed dividend	-	16.65
Less: Transfer to general reserves	-	4.45
Less: Impact on transition to Schedule II [refer note 13 (iii)]	56.80	-

Add: Effect of change in share holding of Joint Venture Company/Subsidiaries and other adjustments	0.06	(914.97)
<b>Closing balance</b>	<b>(14,515.56)</b>	<b>1,962.73</b>
<b>Foreign currency translation reserve</b>		
Opening balance	587.25	265.56
Addition/(reduction) during the year	125.57	321.69
<b>Closing balance</b>	<b>712.82</b>	<b>587.25</b>
<b>Foreign Currency Monetary Item Translation Difference Account (refer note 40)</b>		
Opening balance	(670.92)	(336.21)
Add: Exchange loss during the year on FCCB & ECB - Loan	(199.28)	(456.82)
Less: Amortisation during the year	(134.10)	(122.11)
<b>Closing balance</b>	<b>(736.10)</b>	<b>(670.92)</b>
	<b>5,532.24</b>	<b>22,007.05</b>

#### 4. Long-term borrowings

(₹ in million)

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Bonds and Debentures</b>		
13.50%, 350 Non Convertible Debentures (previous year 350) of ₹1,000,000 each (secured)	350.00	350.00
13.25%, 100 Non Convertible Debentures (previous year 100) of ₹1,000,000 each (secured)	100.00	100.00
10 Zero Coupon Foreign Currency Convertible Bonds (previous year 10) of \$ 1,000,000 each (secured) (refer note 37)	625.91	601.00
13.40% Nil Non Convertible Debentures (previous year 1,010) of Rs.1,000,000 each (secured)	-	1,010.00
<b>Secured</b>		
<b>Term Loans</b>		
From banks	24,247.66	22,347.78
External Commercial Borrowings	4,381.36	4,206.99
Deferred payment liabilities towards leasehold land	31.12	40.69
<b>Unsecured</b>		
from related parties (refer note 55)	354.65	226.05
from others	318.47	584.86
Long term maturities of Finance Lease obligations (unsecured)	-	22.85
Deferred payment liabilities towards expenses	3.87	3.66
	<b>30,413.04</b>	<b>29,493.88</b>
<b>Note:</b>		
1. Refer note 11 for current maturities of long term borrowings		
2. Refer note 52 for details of security and principal terms of borrowings		

## 5. Deferred tax

(₹ in million)

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Deferred tax liability (net)</b>		
Differences in net book value of fixed assets as per books and WDV of income tax	517.24	397.22
Unabsorbed losses and depreciation/amortisation	(505.85)	(331.19)
Effect of expenditure allowable on payment basis u/s 37 of Income Tax Act, 1961.	0.06	(1.78)
Provision for doubtful debts and advances	(11.45)	(11.45)
	-	<b>52.80</b>
<b>Deferred tax assets (net)</b>		
Differences in net book value of fixed assets as per books and WDV of income tax	0.55	0.62
Unabsorbed losses and depreciation/amortisation	-	0.18
Effect of expenditure allowable on payment basis u/s 37 of Income Tax Act, 1961.	0.47	1.44
	<b>1.02</b>	<b>2.24</b>

### Note:

- Deferred Tax Asset is disclosed only to the extent deferred assets are recognised in subsidiary entities on satisfaction of reasonable/virtual certainty for recovery and to the extent of deferred tax liability for subsidiary entity for which recovery of net deferred tax assets are not reasonably/virtual certain.
- Deferred tax balances of the Group have been aggregated on a line by line basis for the like items.

## 6. Trade payables (Non-current)

(₹ in million)

Particulars	As at March 31, 2015	As at March 31, 2014
Trade payables*	-	24.04
	-	<b>24.04</b>

\*refer note 66 for disclosures with respect to MSMED Act, 2006

## 7. Other long term liabilities

(₹ in million)

Particulars	As at March 31, 2015	As at March 31, 2014
Advance from related party (refer note 55)	42.28	61.07
<b>Others</b>		
Advance from customers (others)	148.02	38.75
Premium on Foreign Currency Convertible Bond of USD 10 million (refer note 37)	111.36	-
Security deposits	-	2.79
Payable for capital assets	8.92	17.13
Others	0.78	1.18
	<b>311.36</b>	<b>120.92</b>

**8. Long-term provisions**

(₹ in million)

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Provision for employee benefits</b>		
Gratuity (refer note 41)	72.59	71.26
Leave benefits	7.42	16.14
<b>Other provisions</b>		
Provision for warranties (refer note 65)	661.64	-
	<b>741.65</b>	<b>87.40</b>

**9. Short-term borrowings**

(₹ in million)

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Loans repayable on demand</b>		
Working capital loans from banks- secured	2,085.01	1,929.33
Others-unsecured	-	0.45
<b>Other loans</b>		
Others-unsecured	66.39	1.08
	<b>2,151.40</b>	<b>1,930.86</b>

**Note:**

1. Refer note 52 for details of security and principal terms of borrowings

**10. Trade payables (Current)**

(₹ in million)

Particulars	As at March 31, 2015	As at March 31, 2014
Trade payables to related parties (refer note 55)	22.88	1.23
Trade payables others (including acceptances)*	960.96	1,625.60
	<b>983.84</b>	<b>1,626.83</b>

\*refer note 66 for disclosures with respect to MSMED Act, 2006

**11. Other current liabilities**

(₹ in million)

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Current maturities of long-term debts*</b>		
13.40% Nil Non Convertible Debentures (previous year 40) of Rs.1,000,000 each (secured)	-	40.00
Term loans from banks (secured)	5,475.99	527.96
Term loans from other parties (unsecured)	306.46	149.09
Deferred payment liabilities towards leasehold land (secured)	8.14	20.34
<b>Current maturities of finance lease obligations* (unsecured)</b>	<b>24.54</b>	<b>6.47</b>
Interest accrued but not due on borrowings	200.85	163.47
Interest accrued and due on borrowings	745.39	349.94
Advances from customers	257.65	243.97
Advances from related party (refer note 55)	18.79	18.79
Income received in advance	864.61	691.73
Advance against sale of fixed assets held for sale (refer note 13)	14.00	7.00
Unpaid dividend (refer note 19)	1.50	1.55

Other payables		
Employee related payables**	393.22	572.83
Statutory dues (including tax deducted at source payable, provident and other funds payable, works contract tax payable and service tax payable)	38.26	122.73
Expense payable (refer note 66)	56.16	77.80
Payable for supply/construction of fixed assets	21.10	22.05
Book overdraft	-	55.28
Retention money payable to contractors	13.32	21.66
Other deductions payable to contractors	0.28	7.11
Others	8.27	211.46
	<b>8,448.53</b>	<b>3,311.23</b>

**Note:**

\* Refer note 52 for details of security and principal terms of borrowings

\*\* Includes employee related payable to Mr. V.K. Dandona amounting to ₹0.29 million (previous year ₹0.29 million)

**12. Short-term provisions**

(₹ in million)

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Provision for employee benefits</b>		
Gratuity (note 41)	2.88	2.40
Leave benefits	7.80	6.80
<b>Other provisions</b>		
Provision for warranties (refer note 65)	534.29	5.00
Provision for commission	4.98	4.04
Provision for income tax	0.29	0.38
	<b>550.24</b>	<b>18.62</b>

**13. Fixed assets**

	Gross block				Accumulated depreciation and amortization				Net block		
	As at April 1, 2014	Additions	Disposals	Other adjustments	As at March 31, 2015	As at April 1, 2014	Charge for the year [refer note (iii)]	Disposals	Other adjustments	As at March 31, 2015	As at March 31, 2014
<b>Tangible assets</b>											
Land (freehold) \$ # (refer note 51)	7,104.93	-	882.02	-	6,222.91	0.03	-	-	(0.34)	6,222.88	7,104.90
Land (leasehold)	103.53	-	-	-	103.53	0.40	1.27	-	(5.13)	101.86	103.13
Buildings (owned) # (refer note 42)	6,068.11	124.95	3.42	-	6,189.64	477.13	103.25	1.35	2.60	5,608.01	5,590.98
Leasehold improvements	70.83	4.60	-	(0.50)	74.93	47.53	9.62	-	(0.34)	18.12	23.30
Office equipment (owned)	716.19	88.07	1.48	(31.36)	771.42	468.67	145.28	0.86	(5.13)	607.96	247.52
Office equipment-finance lease	68.95	-	-	-	68.95	33.94	13.42	-	-	47.36	35.01
Furniture and fixtures (owned)	407.95	24.62	2.00	(3.76)	426.81	263.76	55.68	0.85	(0.73)	317.86	144.19
Computers and accessories (owned)	824.44	53.88	21.04	(3.90)	853.38	678.18	116.01	11.51	(1.96)	780.72	146.26
Computers and accessories-finance lease (refer note 43)	90.32	-	-	-	90.32	44.76	45.55	-	-	90.31	45.56
Vehicles	30.51	0.06	0.89	-	29.68	25.48	1.82	0.82	-	26.48	5.03
<b>Sub total</b>	<b>15,485.76</b>	<b>296.18</b>	<b>910.85</b>	<b>(39.52)</b>	<b>14,831.57</b>	<b>2,039.88</b>	<b>491.90</b>	<b>15.39</b>	<b>(5.56)</b>	<b>2,510.83</b>	<b>13,445.88</b>
<b>Intangible assets</b>											
Goodwill on purchase	137.85	-	-	(74.45)	63.40	70.58	6.34	-	(42.06)	34.86	67.27
Software	643.59	6.47	0.16	(23.33)	626.57	536.04	24.64	0.14	(9.61)	550.93	107.55
Knowledge-based content*	3,254.45	342.86	6.25	19.03	3,610.09	2,244.03	437.95	5.93	23.82	2,699.87	1,010.42
Trade mark license** [refer note 48(e)]	1,217.78	53.33	463.39	(0.01)	807.71	165.07	45.11	-	9.81	219.99	1,052.71
<b>Sub total</b>	<b>5,253.67</b>	<b>402.66</b>	<b>469.80</b>	<b>(78.76)</b>	<b>5,107.77</b>	<b>3,015.72</b>	<b>514.04</b>	<b>6.07</b>	<b>(18.04)</b>	<b>3,505.65</b>	<b>2,237.95</b>
<b>Total</b>	<b>20,739.43</b>	<b>698.84</b>	<b>1,380.65</b>	<b>(118.28)</b>	<b>19,939.34</b>	<b>5,055.60</b>	<b>1,005.94</b>	<b>21.46</b>	<b>(23.60)</b>	<b>6,016.48</b>	<b>15,683.83</b>
Intangibles under development***											0.64
Capital work in progress (refer note 34)										491.09	593.76
Less- Provision										(20.00)	
<b>Total</b>											<b>14,393.95</b>
<b>Grand Total</b>											<b>31,962.06</b>

* (i) Knowledge based content includes :												
(a) Internally generate assets:												
Current Year	2,165.51	147.62	6.25	26.39	2,333.27	1,422.43	358.88	5.93	14.81	1,790.19	543.08	743.08
Previous year	1,720.15	343.88	8.97	110.45	2,165.51	905.48	440.10	(0.04)	76.81	1,422.43	743.08	814.67

\*\* provision for impairment has been restated at closing exchange rate and additions to trade mark license represents impact of foreign exchange rates

**(ii) Intangibles under development\*\*\***

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

₹ Includes land amounting ₹1,408.56 million (Previous year ₹1,408.56 million) pending registration in the name of respective subsidiaries the Group.

#During the previous year, a part of free hold land and building which had been given by the Group as security for loan taken from bank by the holding company. The charged free hold land (gross book value of ₹70.00 million) and building (gross book value of ₹61.13 million and accumulated depreciation of ₹9.57 million) has been transferred to bank for satisfaction of their claim amounting to ₹160.00 million. Consequently, gain of ₹42.73 million had been recorded by the Group.

₹ # Adjustment includes land having a book value at Sarjapur of 79.61 million, Dasna of ₹458.08 million and Mysore of ₹33.73 million. The Group has entered into an agreement to sell the land at Sarjapur for ₹124.00 million, Dasna for ₹133.00 million (Previous year Gharanuda and office building at Mumbai for ₹102.00 million) and land at Mysore is identified for sale. The Group has also received an advance of ₹14.00 million (previous year ₹7.00 million) from the buyers. Consequently, freehold land of book value ₹571.42 million (Previous year ₹12.01 million) and building with book value ₹Nil (Previous year ₹98.81 million), accumulated depreciation of ₹Nil (Previous year ₹9.57 million) and net book value of ₹571.42 million (previous year ₹89.24 million), has been classified as current assets - held for sale (refer note 21). Appropriate provision has been recorded in respect of loss expected under the said agreement to sell and shown as an exceptional item (refer note 48). The assets held for sale has been recorded at lower of cost or net realisable value after considering the expected loss.

(iii) The carrying amount of the assets (except buildings and project assets) as on April 1, 2014 has been depreciated over the remaining revised useful life of the fixed assets as per Schedule II to Companies Act 2013. Further, an amount of ₹56.80 million representing the carrying amount of the assets having revised useful life as Nil as at April 1, 2014, has been adjusted from the opening reserves as on April 1, 2014 pursuant to the Companies Act, 2013.

(iv) As per MRA, the respective Companies of Group under CDR, shall not sell any of its fixed assets save and except identified Assets and Shares as permitted in terms of Approved CDR Package, without prior recommendation of Monitoring Committee and approval of CDR-EG. However, these Companies shall sale its non-core assets, wherever applicable with prior approval of the Asset Sale Monitoring Committee.

	Gross block			Accumulated depreciation and amortization				Net block		
	As at April 1, 2013	As at Additions	Disposals	Other adjustments	As at March 31, 2014	Charge for the year	Disposals	Other adjustments	As at March 31, 2014	As at March 31, 2013
<b>Tangible assets</b>										
Land (freehold)	7,104.93	-	-	-	7,104.93	0.03	-	-	0.03	7,104.90
Land (leasehold)	185.55	-	82.02	-	103.53	0.09	0.31	-	0.40	103.13
Buildings (owned)	6,218.30	0.18	150.37	-	6,068.11	378.49	112.50	13.86	477.13	5,590.98
Leasehold improvements	126.29	11.94	76.05	8.65	70.83	59.64	12.99	29.26	47.53	23.30
Office equipment (owned)	687.32	77.41	49.94	1.40	716.19	375.03	110.74	17.55	468.67	247.52
Office equipment-finance lease	68.74	0.21	-	-	68.95	20.21	13.73	-	33.94	35.01
Furniture and fixtures (owned)	417.59	10.56	23.44	3.24	407.95	213.11	60.87	12.27	263.76	144.19
Computers and accessories (owned)	786.30	80.90	53.38	10.62	824.44	562.21	149.49	39.00	678.18	146.26

(₹ in million)

Computers and accessories- finance lease	90.32	-	-	-	90.32	26.72	18.04	-	-	44.76	45.56	63.60
Vehicles	36.42	0.78	7.11	0.42	30.51	29.52	2.55	7.01	0.42	25.48	5.03	6.90
<b>Sub total</b>	<b>15,721.76</b>	<b>181.98</b>	<b>442.31</b>	<b>24.33</b>	<b>15,485.76</b>	<b>1,665.05</b>	<b>481.22</b>	<b>118.95</b>	<b>12.56</b>	<b>2,039.88</b>	<b>13,445.88</b>	<b>14,056.71</b>
<b>Intangible assets</b>												
Goodwill on purchase	137.85	-	-	-	137.85	54.76	43.81	27.99	-	70.58	67.27	83.09
Software	675.11	12.59	91.26	47.15	643.59	467.27	60.97	16.99	24.79	536.04	107.55	207.84
Knowledge-based content	2,857.10	384.09	83.42	96.68	3,254.45	1,716.86	452.88	-	74.29	2,244.03	1,010.42	1,140.24
Trade mark license	1,095.41	122.26	-	0.11	1,217.78	104.81	44.64	-	15.62	165.07	1,052.71	990.60
<b>Sub total</b>	<b>4,765.47</b>	<b>518.94</b>	<b>174.68</b>	<b>143.94</b>	<b>5,253.67</b>	<b>2,343.70</b>	<b>602.30</b>	<b>44.98</b>	<b>114.70</b>	<b>3,015.72</b>	<b>2,237.95</b>	<b>2,421.77</b>
<b>Total</b>	<b>20,487.23</b>	<b>700.92</b>	<b>616.99</b>	<b>168.27</b>	<b>20,739.43</b>	<b>4,008.75</b>	<b>1,083.52</b>	<b>163.93</b>	<b>127.26</b>	<b>5,055.60</b>	<b>15,683.83</b>	<b>16,478.48</b>
Intangibles under development											0.64	17.70
Capital work in progress											593.76	435.45
<b>Total</b>											<b>16,278.23</b>	<b>16,931.63</b>
<b>Grand Total</b>											<b>31962.06</b>	<b>33410.11</b>
<b>Knowledge based content includes :</b>												
(i) Internally generate assets:												
Current Year	1,720.15	343.88	8.97	110.45	2,165.51	905.48	440.10	(0.04)	76.81	1,422.43	743.08	814.67
Previous year	1,122.82	548.63	-	48.70	1,720.15	616.20	271.62	-	17.66	905.48	814.67	

## 14. Investments

### Non-current Investments

(₹ in million)

Particulars	No of Shares/Units as at		Extent of holding as at		Face value\$	As at	As at
	March 31 2015	March 31 2014	March 31 2015	March 31 2014		March 31, 2015	March 31, 2014
<b>A) Long term, unquoted, trade, at cost</b>							
<b>a) Investment in associates in equity share (refer note 47)</b>							
Greycells 18 Media Limited#*	2,999,749	2,999,749	25.78%	25.78%	₹10	104.56	114.59
						<b>104.56</b>	<b>114.59</b>
<b>b) Others</b>							
8% Cumulative Redeemable Non-convertible Preference Shares, in Edu Smart Services Private Limited	4,500,000	4,500,000			₹100	450.00	450.00
5% Non-Cumulative Redeemable Non Convertible Preference Shares, in Edu Smart Services Private Limited of ₹10 each, fully paid	19,953,551	-				199.53	-
5% Non-Cumulative Redeemable Non Convertible Preference Shares, in Edu Smart Services Private Limited of ₹10 each, fully paid	60,000,000	-				600.00	-
Educomp Online Supplemental Services Limited	-	321,567			₹10	-	89.85
<b>c) Investment in Trust</b>							
India Education Fund# (refer note 47)	425,000	425,000			₹1000	425.00	425.00
						<b>1,674.53</b>	<b>964.85</b>
						<b>1,779.09</b>	<b>1,079.44</b>
Aggregate amount of unquoted investments						1,779.09	1,079.44
Aggregate amount of quoted investments						-	-

# shares are earmarked as per terms of Master Restructuring Agreement pursuant to CDR. (Refer note 52).

\$ Shares are fully paid up, unless otherwise stated.

#### Note:-

As per MRA, the respective companies of Group under CDR, shall not sell any of its investments save and except Identified Assets and Shares as permitted in terms of Approved CDR Package, without prior recommendation of Monitoring Committee and approval of CDR-EG. However, these Companies, shall sale its non-core assets including investments, wherever applicable with prior approval of the Asset Sale Monitoring Committee.

#### \*Greycells 18 Media Limited

% of Voting interest						25.78%	25.78%
Cost of acquisition						159.91	145.41
Add: Further investment during the year						-	14.50
Share of post acquisition Reserves and Surplus						(55.35)	(45.32)
Carrying cost of investment						<b>104.56</b>	<b>114.59</b>

**15. Long term loans and advances**

(₹ in million)

<b>Particulars</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Capital advances</b>		
Unsecured, considered good	1,342.95	4,988.24
Unsecured, considered doubtful	4,255.39	1,354.67
Less: Provision for doubtful advances [refer note 48(c) & (f)]	(4,255.39)	(1,354.67)
	1,342.95	4,988.24
<b>Unsecured, considered good</b>		
Security deposits	216.47	572.99
Earnest money deposits	0.56	9.54
Advance income tax [net of provision of tax ₹75.22 million (previous year ₹193.16 million)]	68.03	189.03
Minimum Alternate Tax credit entitlement	130.60	130.60
Balance with Statutory/Government authorities	57.39	92.91
TDS Recoverable [net of provision of tax ₹0.02 million (previous year ₹190.93 million)]	174.93	164.41
Loans and advances to related parties (refer note 55)*	1,154.47	746.04
Prepaid expenses	71.99	77.48
Advance recoverable in cash or in kind		
- from related parties (refer note 55)	214.78	-
- Others	101.74	460.17
Others loans and advances	5.01	6.07
<b>Unsecured, considered doubtful</b>		
Advance for supply of goods and rendering of services	108.97	106.92
Balance with Statutory/Government authorities	3.51	-
Loans and advances to related parties (refer note 55)*	27.23	-
Earnest money deposits	-	2.92
Loans and advances to employees	-	3.33
Less: Provision for doubtful advances	(139.71)	(113.17)
	<b>3,538.92</b>	<b>7,437.48</b>

\* These are in nature of loan given for the purpose of operational expense and are in compliance with section 186 (4) of the Companies Act, 2013

**16. Other non current assets**

(₹ in million)

<b>Particulars</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Unsecured considered good</b>		
<b>Non-current bank balances</b>		
Held as margin money/security*	10.87	16.44
<b>Others</b>		
Interest accrued on loans to related parties (refer note 55)	452.54	367.64
Interest accrued but not due on deposits		
Held as margin money/security	3.02	3.42
	<b>466.43</b>	<b>387.50</b>

\*margin money deposit given against borrowings, letter of credit and bank guarantees

### 17. Inventories (valued at Lower of Cost and Net Realisable Value)

(₹ in million)

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Stock-in-trade</b>		
Technology equipments	219.40	351.15
Educational products	107.12	91.58
Less: Provision for obsolescence	(55.87)	(25.58)
	270.65	417.15
Consumables	89.70	240.31
	<b>360.35</b>	<b>657.46</b>

### 18. Trade receivables\*

(₹ in million)

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Trade receivables outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	9,520.67	7,371.07
Unsecured, considered doubtful	6,550.01	1,285.56
Less: Provision for doubtful debts [refer note no. 46 & 48(a)]	(6,550.01)	(1,285.56)
	<b>9,520.67</b>	<b>7,371.07</b>
<b>Other receivables</b>		
Unsecured, considered good	6,908.85	14,518.57
Unsecured, considered doubtful	1,238.55	1.72
Less: Provision for doubtful debts	(1,238.55)	(1.72)
	<b>6,908.85</b>	<b>14,518.57</b>
	<b>16,429.52</b>	<b>21,889.64</b>

\*includes receivables from related parties (refer note 55)

### 19. Cash and bank balances

(₹ in million)

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Cash and cash equivalents</b>		
Balances with banks		
- on current accounts	1,171.43	817.60
- on fixed deposits	230.85	189.21
Cheques/draft on hand	162.82	12.20
Cash on hand	4.66	6.08
<b>Other bank balances</b>		
- unpaid dividend account (refer note 11)	1.50	1.55
- deposit with original maturity of more than three months but less than twelve months**	1.61	-
- margin money deposit*	27.50	20.51
	<b>1,600.37</b>	<b>1,047.15</b>

\*margin money deposit given against borrowings, letter of credit and bank guarantees.

\*\* Includes ₹0.10 million (previous year ₹0.10 million) being pledged with bank as security deposit against bank guarantees issued to tax authorities, ₹0.10 million (previous year ₹0.10 million) being pledged with government authorities and ₹1.51 million (previous year ₹1.51 million) being pledged with bank against loans.

**20. Short term loans and advances**

(₹ in million)

<b>Particulars</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Loans and advances-others</b>		
Unsecured, considered good		
For supply of goods and rendering of services	198.22	525.06
Balance with Statutory/Government authorities	6.65	0.27
TDS Recoverable [net of provision of tax ₹190.91 million (previous year ₹Nil)]	16.75	1.09
Security deposit	365.27	16.91
Earnest money deposit	0.82	-
Loans and advances to employees	25.23	27.51
Prepaid expenses	62.43	113.19
Others	1,095.74	921.98
Unsecured, considered doubtful		
Security deposit	1.35	-
Advance for supply of goods and rendering of services	70.21	-
Loans and advances to employees	3.33	-
Earnest money deposits	9.93	-
Less: Provision for doubtful advances	(84.82)	-
	<b>1,771.11</b>	<b>1,606.01</b>

**21. Other current assets**

(₹ in million)

<b>Particulars</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
<b>Unsecured considered good</b>		
Unbilled receivables	7.61	13.61
Interest accrued on deposits		
Held as margin money	1.38	1.48
Others	1.05	3.75
Stamp papers in hand	0.89	0.86
Assets held for sale (at lower of cost or realisable value) (refer note 13)	246.34	102.00
Recoverable from banks pursuant to MRA	-	39.96
Others* (refer note 55)	8.02	28.45
	<b>265.29</b>	<b>190.11</b>

\* Includes receivable from Gyan Kunj Educational Trust amounting to ₹0.48 million (previous year ₹Nil)

**22. Revenue from operations**

(₹ in million)

<b>Particulars</b>	<b>Year ended March 31, 2015</b>	<b>Year ended March 31, 2014</b>
Sale of education products and technology equipment	1,520.91	2,216.15
Education and other services	3,253.67	3,540.83
Lease rent [refer note 42 (2)]	403.54	567.83
Revenue from construction and service contracts (refer note 54)	3.90	23.43
	<b>5,182.02</b>	<b>6,348.24</b>

**23. Other Income**

(₹ in million)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Interest income	146.82	118.39
Dividend income from non current Investments	-	16.66
Provision no longer required written back	53.58	210.69
Profit on sale of fixed assets	10.13	42.73
Profit on sale of investment		
-Long term	103.09	410.45
Foreign exchange gain	0.69	-
Other non-operating income	445.64	99.81
	<b>759.95</b>	<b>898.73</b>

**24. Purchase of traded goods**

(₹ in million)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Technology equipment	161.83	1,037.99
Educational products	149.83	87.79
	<b>311.66</b>	<b>1,125.78</b>

**25. Change in Inventories of stock-in-trade**

(₹ in million)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
<b>Opening -stock-in-trade</b>		
Technology equipment	351.15	519.63
Educational products	91.58	128.72
Less: Adjustment pursuant to sale of investment in subsidiary		
Technology equipment	-	(46.26)
Educational products	(18.47)	-
Less: Transfer to fixed assets/repair and maintenance	(87.69)	(64.35)
	<b>336.57</b>	<b>537.74</b>
<b>Closing -stock-in-trade</b>		
Technology equipment	219.40	351.15
Educational products	107.12	91.57
	<b>326.52</b>	<b>442.72</b>
<b>Changes in inventories</b>	<b>10.05</b>	<b>95.02</b>

**26. Employee benefits expense**

(₹ in million)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Salaries, wages and bonus	2,274.55	2,505.88
Contribution to provident and other funds (refer note 41)	141.66	151.36
Gratuity expenses (refer note 41)	24.25	6.03
ESOP amortisation cost (refer note 39)	4.40	-
Staff welfare expenses	54.22	54.52
	<b>2,499.08</b>	<b>2,717.79</b>

**27. Finance cost**

(₹ in million)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Interest expense (refer note 53)	3,639.24	2,445.76
Interest on delay in payment of Income taxes	10.82	11.39
Other borrowing costs	20.35	67.30
	<b>3,670.41</b>	<b>2,524.45</b>

**28. Other expenses**

(₹ in million)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Lease rent [refer note 42 (1)]	161.94	226.05
Rates and taxes	34.99	14.61
Travelling and conveyance	202.73	195.19
Recruitment and training	14.00	8.71
Legal and professional fees	582.11	693.06
Communication	53.91	59.22
Printing and stationery	300.88	105.23
License fees and royalty	51.16	74.13
Repair and maintenance		
Building	20.38	18.76
Machinery	7.85	10.98
Others	168.92	120.67
Power and fuel	38.28	44.01
Insurance	10.70	10.40
Commission on sales	128.55	41.43
Advertisement, publicity and business promotion	279.02	208.24
Freight and forwarding	26.49	16.84
Bank charges	5.14	18.58
Bad debts and advances written off	46.12	0.84
Provision for doubtful trade receivable	105.40	474.12
Provision for doubtful advances	47.64	108.56
Provision for inventory obsolescence	30.29	2.66
Foreign exchange loss	456.69	125.24
Loss on sale of fixed assets (net)	3.61	20.68
Provision for loss on sale of fixed assets held for sale	-	13.69
Corporate Social Responsibility expenses	1.05	-
Software development charges	47.05	49.00
Miscellaneous expenses	20.64	29.85
	<b>2,845.54</b>	<b>2,690.75</b>

**29. Prior period and exceptional items**

(₹ in million)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
<b>(a) Prior period item</b>		
Revenue from operations	4.56	5.63
Miscellaneous Income	12.94	-
	<b>17.50</b>	<b>5.63</b>

Employee benefit expenses	9.94	-
Repair and maintenance - others	22.80	5.61
Advertisement, publicity and business promotion	0.63	0.19
Bank Interest	31.88	-
Legal and professional fees	10.78	1.68
Travelling and conveyance	0.87	-
Bank charges	0.01	-
Depreciation and amortisation expenses	2.60	1.16
Freight and forwarding	-	0.06
Rates and taxes	2.23	-
Communication	0.07	-
Miscellaneous expenses	6.93	1.70
	<b>88.74</b>	<b>10.40</b>
	<b>71.24</b>	<b>4.77</b>
<b>(b) Exceptional items</b>		
Provision for doubtful trade receivables [refer note 48 (a)]	6,502.34	700.00
Provision for doubtful capital advances/ impairments [refer note 48 (c), (d), (e) & (f)]	3,964.95	899.32
Provision for warranty cost [refer note 48 (b)]	1,511.03	-
Repair & maintenance [refer note 48 (b)]	164.62	-
Discount on down time/ preclosure [refer note 48 (b)]	436.22	-
	<b>12,579.16</b>	<b>1,599.32</b>

### 30. Loss per share (EPS)

Particulars	(₹ in million)	
	Year ended March 31, 2015	Year ended March 31, 2014
<b>Calculation of loss for Basic EPS</b>		
<b>Net loss attributable to equity shareholders</b>		
Loss after tax, minority interest, pre-acquisition profits and share of loss of associates	(16,421.55)	(3,607.56)
<b>Net loss available for calculation of basic EPS (A)</b>	<b>(16,421.55)</b>	<b>(3,607.56)</b>
<b>Total no. of shares outstanding as at the year end (B)</b>	122,467,168	122,441,068
<b>No. of weighted average equity shares</b>		
<b>Basic ( C )</b>	122,460,681	122,436,805
<b>Nominal value of equity share [Rs.]</b>	2	2
<b>Loss per share (Rs.)</b>		
Basic and diluted* (A) / (C)	(134.10)	(29.46)

\*The Company is having potential equity shares as mentioned in note 2 e but there are not considered to be dilutive. Consequently, the basic and diluted EPS of the Company remains the same.

## 1. Significant accounting policies

### a. Basis for preparation of Consolidated Financial Statements

The Consolidated Financial Statements include the Financial Statements of Educomp Solutions Limited, ("Parent Company/the Company"), its subsidiaries, joint ventures and associates (collectively known as "the Group").

These Consolidated Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP') to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013.

The Consolidated Financial Statements have been prepared under the historical cost convention on an accrual basis. Accounting policies have been consistently applied and where a newly issued accounting standard is initially adopted or where an existing accounting policy requires a change due to more appropriate presentation of financial statements, such changes are suitably incorporated. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

### b. Current/Non-current classification of assets/liabilities

All assets and liabilities have been classified as current or non-current as per the criteria set out in the Schedule III to the Companies Act, 2013. The Group has ascertained its operating cycle (except for specific project/contract/product line/service) as 12 months for the purpose of current/non-current classification of assets and liabilities. However, operating cycle for the business activities of the Group covers the duration of the specific project/contract/product line/service and extends up to the realisation of receivables within the agreed credit period normally applicable to the respective lines of business.

### c. Use of estimates

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

### d. Principles of consolidation

The Consolidated Financial Statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and unrealized profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the Balance Sheet of the Parent Company and its share in the post-acquisition increase/decrease in the reserves of the consolidated entities.

Interests in the assets, liabilities, income and expenses of the Joint Ventures are consolidated using proportionate consolidation method. Intra group balances, intra-group transactions and unrealized profit or loss are eliminated to the extent of the Company's proportionate share, except where cost cannot be recovered.

Investments in Associates are accounted for using the equity method, under which the investment is initially recorded at cost, identifying any goodwill or capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the share of net assets of the Associate. However, the share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such Associates are not accounted for unless the accumulated losses (not accounted for by the Group) are recouped. Where the associate prepares and presents consolidated financial statements, such consolidated financial statements of the associate are used for the purpose of equity accounting. In other cases, standalone financial statements of associates are used for the purpose of consolidation.

The excess/deficit of cost to the Parent Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which investment in such entities was made is recognized in the Consolidated Financial Statements as goodwill/capital reserve. The Parent Company's portion of net worth in such entities is determined on the basis of book values of assets and liabilities as per the financial statements of the entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant changes.

Minority interest represents the amount of equity attributable to minority shareholders at the date on which investment in a subsidiary is made and its share of movements in equity since that date. Any excess consideration received from minority shareholders of subsidiaries over the amount of equity attributable to the minority on the date of investment is reflected under Reserves and Surplus. Where accumulated losses attributable to the minorities are in excess of their

equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the holding Company.

Notes to the Consolidated Financial Statements, represents notes involving items which are considered material and are accordingly duly disclosed. Materiality for the purpose is assessed in relation to the information contained in the Consolidated Financial Statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the Consolidated Financial Statements has not been disclosed in the Consolidated Financial Statements.

As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements. Differences in accounting policies are disclosed separately.

Entities acquired/ sold during the year have been consolidated from/ upto the respective date of their acquisition/ disposal. The Consolidated Financial Statements are presented, to the extent possible and required, in the same format as that adopted by the Parent Company for its separate financial statements.

The financial statements of the group entities used for the purpose of consolidation are drawn up to the same reporting date as that of the company i.e. year ended March 31, 2015.

#### e. Revenue recognition

The Group derives its revenue from sale, supply and installation of educational products and rendering of educational services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

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

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

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

Income from letting out of buildings and from provisioning of maintenance and transportation

facilities is recognized ratably over the period of the agreement in accordance with the terms of respective agreements.

The revenue from the sale of user license for software applications is recognized on transfer of the title in the user license. The revenue from education or other services are recognized ratably over the period of service. Revenue from software development on fixed-price, fixed-time frame contracts, where there is no uncertainty as to measurement or collect ability of consideration is recognized as per the percentage of completion method.

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

The revenue from tuition fee is recorded equally over the period of instruction.

Revenue from educational counseling services is recognized after the counseling services have been rendered to the customer.

Revenue from course fee is recognized in a manner over the period of imparting tuition and only after right to claim the fee is established, as per the applicable fee structure of every course.

Revenue in respect of project management and consultancy agreement is recognized on cost plus markup basis, as per the markup percentage mentioned in project management and consultancy agreement.

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

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

#### f. Fixed assets/ depreciation and amortization

Tangible fixed assets are stated at cost of acquisition net of recoverable taxes (wherever applicable), less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any cost attributable to bringing the assets to its working condition for its intended use.

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

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

Schedule II to the Companies Act 2013 has become applicable to the Group with effect from April 1, 2014. Accordingly, the Group has determined the useful life of its assets as per Schedule II. Revised useful lives are as under:

(₹ in million)

Particulars	Revised Useful life (years)
<b>Tangible assets:</b>	
Building	60
Furniture and fixtures*	10
Office equipment*	5
Vehicle	8
Computer equipment	3
Computer servers and networks*	6

\*Other than project specific assets

Effective April 1, 2014, the Group has revised the useful life of fixed assets in accordance with part C of Schedule II to the Companies Act, 2013 for the purposes of providing depreciation on fixed assets, except for buildings which continue to be depreciated over the period of 30/60 years, as in the previous financial year and some project related assets. In case of buildings, the Group has decided to carry out a technical assessment of building for identification of components with different useful lives, as required by Schedule II to the Companies Act, 2013, which shall be completed in due course. The impact on the depreciation, if any after completion of the technical assessment shall be taken in the period, in which this exercise is completed.

The following are the project related assets purchased under BOOT model, which are depreciated on a straight line basis over the project duration, which is lower than lives prescribed by Schedule II and which best represents useful lives of these assets as these assets are project specific and their useful life for the Company is only till the end of the respective project, where these assets are deployed:

(₹ in million)

Class of Asset	Useful life
Furniture & fittings	5 years
Computer and accessories - Networks & servers	3-5 years
Office equipments	3-5 years

Depreciation on addition to fixed assets is provided

on pro-rata basis from the date the assets are ready to use. Depreciation on sale / deduction from fixed assets is provided for upto the date of sale, deduction, discardment as the case may be.

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

Had the Group not adopted Schedule II to the Companies Act, 2013, depreciation for the year would have been lower by ₹84.42 million and loss for the year would have been lower by ₹84.42 million and the written down value of assets as at March 31, 2015 would have been ₹12,405.16 million as against reported written down value of ₹12,320.74 million. Impact of change in estimates of useful lives on subsequent periods is not realistically ascertainable.

#### Intangible assets

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

Intangible asset are stated at cost of acquisition less accumulated amortization and impairment loss. Amortization on the intangible assets is provided on pro-rata basis on the straight-line method based on management's estimate of useful life, i.e. 3 years for software, 4 years for knowledge-based content. Licensed intangible assets are amortized over the period of license. Goodwill on purchase is being amortized over a period of 10 years. License rights taken by the subsidiaries for a long period of time are amortized over the life of license and the respective subsidiaries have disclosed the reasons for considering useful life of the asset to be more than 10 years in their separate financial statements.

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

Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Consolidated Statement of Profit and Loss when the assets are disposed off.

#### Capital work-in-progress/intangibles under development

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

**Research and development costs**

Research costs are expensed as incurred. Development expenditure incurred on the individual project is recognized as an individual asset when the Group can demonstrate (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale, (ii) its intention to complete the asset, (iii) its ability to use or sell the asset, (iv) asset's ability to generate future economic benefits, (v) availability of adequate resources to complete the development and to use or sell the asset and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during development.

**g. Impairment of assets**

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

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

Reversal of impairment loss is recognized immediately as income in the Consolidated Statement of Profit and Loss.

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

**h. Leases  
Operating leases**

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

*As lessee:*

Lease payments under operating lease are recognized

as an expense in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term.

*As lessor:*

The assets given under operating lease are shown in the Consolidated Balance Sheet under fixed assets and depreciated on a basis consistent with the depreciation policy of the Group. Lease income are recognized on a straight line basis/ agreed terms over the period of lease as the case may be.

**Finance leases**

Leases where the lessor effectively transfers substantially all the risks and benefits of ownership over the lease term are classified as finance lease. Assets taken on a finance lease are capitalized at an amount equal to the fair value of the leased assets or the present value of minimum lease payments at the inception of the lease, whichever is lower. Such leased assets are depreciated over the lease tenure or the useful life, whichever is shorter. The lease payment is apportioned between the finance charges and reduction of outstanding liability. The finance charge is allocated to the periods over the lease tenure to produce a constant periodic rate of interest on the remaining liability.

**i. Inventories**

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

Items of consumable inventory are valued at cost.

**j. Investments**

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

Long-term investments are stated at acquisition cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary. Current investments are valued at lower of cost and market rate on individual investment basis.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Consolidated Statement of Profit and Loss.

**k. Foreign exchange transactions**

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Exchange differences arising on the settlement of monetary items or on restatement of the Group's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, other than those relating to fixed assets and other long term assets are recognized as income or as expenses in the year in which they arise. Non Monetary items are carried at cost.

The Group classifies all its foreign operations as either "integral foreign operations" or "non integral foreign operations."

In translating the financial statements of Companies which are treated as non-integral foreign operations, all the assets and liabilities, both monetary and non-monetary, are translated at the rate prevailing on the Balance Sheet date and income and expenses items are translated at the respective average rate. All resulting exchange differences should be accumulated in a foreign currency translation reserve until the disposal of the net investment. Exchange difference arising on the monetary item that, in substance, forms part of enterprise's net investment in a non integral foreign operations are accumulated in a foreign currency translation reserve account.

In translating the financial statements of Companies which are treated as integral foreign operations, monetary items at the Balance Sheet date are translated using the rates prevailing on the Balance Sheet date, non-monetary assets are recorded at the rates prevailing on the date of the transaction and income and expenditure items are translated at the average exchange rate of their respective foreign currencies.

**l. Employee benefits****Short term employee benefits**

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

**Long term employee benefits***(a) Defined contribution plan*

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

*(b) Defined benefit plan**Leave benefits*

The Group has provided for the liability at the year end on account of unavailed earned leave as per the actuarial valuation as at the year end as per the Projected Unit Credit method in accordance with Accounting Standard 15, "Employee benefits". All actuarial gains/losses are charged to the Consolidated Statement of Profit and Loss in the year these arise.

*Gratuity*

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

*(c) Employee stock option scheme*

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

**m. Borrowing cost**

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

**n. Provision for tax**

Tax expense for the year comprises current and deferred.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

The Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realized in future where as in cases of existence of carry forward of losses or unabsorbed depreciation, deferred tax assets are recognized only if there is virtual certainty of realization backed by convincing evidence. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year for entities of the Group, which are subject to Indian Income Tax Act, 1961 is charged to the Consolidated Statement of Profit and Loss as current tax. MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Consolidated Statement of Profit and Loss and shown as MAT Credit receivable. The respective company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit receivable to the extent there is no longer convincing evidence to the effect that the respective company will pay normal income tax during the specified period.

**o. Contingent liabilities and provisions**  
**Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain

future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the Consolidated Financial Statements.

**Provisions**

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

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

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

**p. Earnings per share**

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

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

**q. Cash flow statement**

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

**r. Cash and cash equivalents**

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

**s. Share issue expenses**

Share issue expenses are adjusted against the securities

premium account as permissible under Section 52 of the Act, to the extent balance is available for utilization in the securities premium account. The balance of share issue expenses in excess of securities premium account, if any, are charged to Consolidated Statement of Profit and Loss.

**t. Prior Period Items and Exceptional Items**

Prior period expenses/ incomes are shown as prior period items in the Consolidated Statement of Profit and Loss as per the provisions of Accounting Standard-5, 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies'.

Exceptional items are transactions which due to their

size or incidence are separately disclosed to enable a full understanding of the Group's financial performance. Items which may be considered exceptional are significant restructuring charges, gains or losses on disposal of investments or subsidiaries, charges relating to the acquisition of subsidiaries, write down of inventories and significant disposal of fixed assets.

Items of income or expense that arise from events or transactions that are distinct from ordinary activities of the enterprise and are not expected to recur frequently or regularly are treated as extraordinary items.

**31. (A) Particulars of Subsidiaries, Joint Ventures and Associates considered in the Consolidated Financial**

**Statements are:**

Particulars	Country of incorporation	Extent of Control	
		As at March 31, 2015	As at March 31, 2014
<b>Subsidiaries</b>			
<b>Directly Held</b>			
Edumatics Corporation Inc.	USA	100.00%	100.00%
Wheatstone Productions Private Limited	India	51.00%	51.00%
Educomp Learning Private Limited	India	51.00%	51.00%
Educomp Infrastructure & School Management Limited	India	83.71%	83.71%
Educomp School Management Limited	India	68.35%	68.35%
Educomp Professional Education Limited	India	100.00%	100.00%
Educomp Asia Pacific Pte Ltd.	Singapore	100.00%	100.00%
Savvica Inc.	Canada	79.55%	79.55%
Educomp Child Care Private Limited (refer footnote (b))	India	63.53%	100.00%
Educomp Intelliprop Ventures Pte Ltd.(formerly known as Educomp Intelprop Ventures Pte Ltd.)	Singapore	100.00%	100.00%
Educomp Online Supplemental Service Limited (refer footnote (c))	India	95.90%	84.21%
Vidya Mandir Classes Limited	India	67.00%	67.00%
Educomp Investment Management Limited	India	100.00%	100.00%
Educomp Global Holding WLL	Bahrain	100.00%	100.00%
Educomp Global FZE	UAE	100.00%	100.00%
<b>Indirectly Held</b>			
Educomp Infrastructure Services Private Limited	India	83.71%	83.71%
Educomp APAC Services Limited	British Virgin Island	83.71%	83.71%
Wizlearn Technologies Pte Ltd (earlier known as AsknLearn Pte Ltd)	Singapore	100.00%	100.00%
Wiz Learn Pte Ltd.	Singapore	100.00%	100.00%
Pave Education Pte Ltd.	Singapore	100.00%	100.00%
Singapore Learning.Com Pte Ltd.	Singapore	100.00%	100.00%
The Learning Internet, Inc.	USA	58.32%	58.32%
Falcate Builders Private Limited	India	83.53%	83.53%
Newzone Infrastructure Private Limited	India	83.41%	83.41%
Rockstrong Infratech Private Limited	India	83.47%	83.47%

Reverie Infratech Private Limited	India	83.52%	83.52%
Herold Infra Private Limited	India	83.54%	83.54%
Growzone Infrastructure Private Limited	India	83.52%	83.52%
Hidream Constructions Private Limited	India	83.54%	83.54%
Leading Edge Infratech Private Limited	India	83.44%	83.44%
Strotech Infrastructure Private Limited	India	83.54%	83.54%
Markus Infrastructure Private Limited	India	83.51%	83.51%
Orlando Builders Private Limited	India	83.52%	83.52%
Crosshome Developers Private Limited	India	83.43%	83.43%
Good Luck Structure Private Limited	India	83.34%	83.34%
Evergreen Realtech Private Limited	India	83.39%	83.39%
Zeta Buildcon Private Limited	India	83.54%	83.54%
Onega Infrastructure Private Limited	India	83.47%	83.47%
Grider Infratech Private Limited	India	83.51%	83.51%
Boston Realtech Private Limited	India	83.41%	83.41%

Particulars	Country of incorporation	Extent of Control	
		As at March 31, 2015	As at March 31, 2014
<b>Subsidiaries</b>			
Modzex Infrastructure Private Limited	India	83.37%	83.37%
Virtual Buildtech Private Limited	India	83.30%	83.30%
Laservision Estates Private Limited	India	83.36%	83.36%
Educomp Learning Hour Private Limited (refer footnote (c))	India	95.90%	84.21%
Knowledge Vistas Limited	India	42.69%	42.69%
Educomp Software Limited (refer footnote (c))	India	95.90%	84.21%
Gateforum Educational Services Private Limited (refer footnote d)	India	Nil	46.66%
<b>Joint Ventures</b>			
Educomp - Raffles Higher Education Limited (refer footnote a)	India	41.82%	41.82%
<b>Subsidiary of Joint Ventures</b>			
Millennium InfraDevelopers Limited (refer footnote a)	India	41.82%	41.82%
<b>Associates</b>			
Greycells18 Media Pvt. Limited	India	25.78%	25.78%

**Notes:**

**a) Educomp - Raffles Higher Education Limited**

Up to March 09, 2015 – 41.82% stake was held by Educomp Professional Education Limited (on March 10, 2015, 41.17% of holding in Educomp Raffles Higher Education Limited was transferred to Educomp Asia Pacific Limited a wholly owned subsidiary of Educomp Solutions Limited).

**b) Educomp Child Care Private Limited**

Up to March 17, 2015 – 100% stake was held by Educomp Solutions Limited. On March 18, 2015, by mode of further issue of shares to a new shareholder to the extent of 36.47% of total number of shares as on 31.03.2015, the stake of Educomp Solutions Limited is reduced to 63.53%.

**c) Educomp Online Supplemental Service Limited**

During the financial year 2014-15, the stake of Educomp Solutions Limited in Educomp Online Supplemental Services Limited has been increased by 11.69% due to further acquisition of shares by subsidiary, Educomp Child Care Private

Limited (acquired 8.79% on 30.09.2014 and 2.90% on 21.11.2014). The stake of wholly owned subsidiary of Educomp Online Supplemental Services Limited namely Educomp Software Limited and Educomp Learning Hour Private Limited has also changed to the same proportion as that of holding.

**d) Gateforum Educational Services Private Limited**

During the year, entire stake in Gateforum i.e 46.66% has been disposed off on August 26, 2014.

**31. (B) Statement of net assets and profit or loss attributable to owner and minority interest**

(₹ in million)

Name of the Entity	Net Assets (total assets minus total liabilities) as at March 31, 2015		Share in Profit or Loss for the year ended March 31, 2015	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Educomp Solutions Limited	27.19%	4,892.50	64.15%	(11,654.39)
<b>Indian Subsidiaries</b>				
Educomp Child Care Pvt. Limited.	0.45%	81.05	0.42%	(76.20)
Educomp Infrastructure and School Management Limited.	40.81%	7,342.25	13.22%	(2,401.27)
Educomp Infrastructure Services Pvt Limited.	0.00%	(0.42)	0.00%	(0.03)
Educomp Investment Management Limited	0.04%	7.60	0.00%	(0.19)
Educomp Learning Hour Pvt. Limited.	(1.88%)	(338.12)	0.73%	(133.03)
Educomp Learning Pvt. Limited.	0.47%	84.67	0.15%	(26.82)
Educomp Online Supplemental Services Limited.	1.36%	244.35	0.08%	(14.13)
Educomp Professional Education Limited.	3.99%	718.77	12.17%	(2,211.05)
Educomp School Management Limited.	0.52%	92.87	0.00%	0.02
Educomp Software Limited.	(0.19%)	(34.90)	0.03%	(5.10)
Gateforum Educational Services Limited	0.00%	-	0.05%	(8.55)
Vidya Mandir Classes Limited	1.38%	248.64	(0.35%)	64.02
Knowledge Vista Limited	0.95%	171.32	0.15%	(26.95)
Wheatstone Productions Pvt Limited.	(0.01%)	(1.71)	0.00%	(0.03)
Boston Realtech Pvt. Limited.	0.38%	68.01	0.00%	(0.01)
Crosshome Developers Private Limited.	0.42%	75.03	0.00%	-
Evergreen Realtech Pvt. Limited.	0.36%	65.00	0.00%	(0.01)
Falcate Builders Private Limited	1.04%	186.86	0.00%	(0.01)
Good Luck Structure Private Limited.	0.31%	56.35	0.00%	-
Grider Infratech Pvt. Limited.	0.59%	105.83	0.00%	(0.01)
Growzone Infrastructure Private Limited.	0.59%	106.80	0.00%	(0.01)
Herold Infra Private Limited	0.21%	37.88	0.73%	(132.90)
Hidream Constructions Private Limited.	1.46%	262.53	0.00%	(0.01)
Laservision Estates Private Limited	0.33%	58.57	0.00%	-
Leading Edge Infratech Private Limited.	0.42%	75.88	0.00%	-
Markus Infrastructure Private Limited.	0.41%	74.38	0.16%	(29.74)
Modzex Infrastructure Private Limited	0.35%	63.06	0.00%	0.11
Newzone Infrastructure Pvt.Limited.	0.40%	72.65	(0.01%)	0.93
Onega Infrastructure Pvt. Limited.	0.49%	88.80	(0.01%)	0.93
Orlando Builders Private Limited.	0.33%	59.03	0.00%	(0.01)
Reverie Infratech Private Limited	0.18%	32.92	0.68%	(123.82)
Rockstrong Infratech Private Limited.	0.48%	85.97	0.01%	(0.91)
Strotech Infrastructure Private Limited.	0.76%	136.77	0.00%	(0.39)
Virtual Buildtech Private Limited	0.28%	50.64	0.00%	(0.01)

Name of the Entity	Net Assets (total assets minus total liabilities) as at March 31, 2015		Share in Profit or Loss for the year ended March 31, 2015	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Zeta Buildcon Pvt. Limited	0.67%	119.90	0.00%	(0.01)
<b>Foreign Subsidiaries</b>				
Eduletics Corporation Inc. USA	0.07%	13.35	0.02%	(4.37)
Educomp APAC Services Limited.	3.39%	610.76	2.74%	(497.58)
Wiz Learn Pte Limited.	4.71%	846.66	(0.97%)	175.92
Educomp Asia Pacific Pte. Limited.	3.67%	659.87	1.07%	(194.67)
Savvica Inc., Canada	(0.05%)	(9.26)	(0.05%)	9.18
Learning Internet Inc. USA	0.54%	96.65	2.07%	(375.53)
Educomp IntelProp Ventures Pte Limited	(1.09%)	(195.92)	2.34%	(425.65)
Educomp Global Holding	0.23%	41.38	0.00%	-
Educomp Global FZE	(0.06%)	(11.31)	0.07%	(12.94)
<b>Joint Ventures</b>				
<b>Indian</b>				
Educomp Raffles Higher Education Limited	3.05%	548.32	0.29%	(52.27)
<b>Associate</b>				
<b>Indian</b>				
Greycells18 Media Pvt. Limited	0.00%	-	0.06%	(10.03)
<b>Total</b>	<b>100.00%</b>	<b>17,992.23</b>	<b>100.00%</b>	<b>(18,167.52)</b>
<b>a) Adjustment arising out of consolidation</b>		<b>(10,322.49)</b>		<b>1,170.63</b>
<b>b) Minority Interest</b>				
<b>Indian Subsidiaries</b>				
Educomp Infrastructure and School Management Limited.		1,669.79		(417.15)
Educomp Learning Pvt. Limited.		41.49		(13.14)
Educomp School Management Limited.		29.39		0.01
Learning Internet Inc. USA		40.29		(156.52)
Educomp Child Care Pvt. Limited.		29.56		(0.30)
Vidya Mandir Classes Limited		82.05		21.13
Educomp Online Supplemental Services Limited.		-		(9.35)
<b>Foreign Subsidiaries</b>		-		-
<b>Total Minority Interest</b>		<b>1,892.57</b>		<b>(575.34)</b>
<b>Consolidated net Assets / Loss after tax</b>		<b>5,777.17</b>		<b>(16,421.55)</b>

**32. Goodwill and Capital Reserve on consolidation as on the Balance Sheet date comprises of the following:**

(₹ in million)

Goodwill on consolidation of companies	As at	As at
	March 31, 2015	March 31, 2014
Educomp Learning Private Limited	0.66	0.66
Eduletics Corporation Inc.	25.95	25.95
Educomp Infrastructure & School Management Limited	9,316.06	9,316.06
Educomp School Management Limited	9.99	9.99
Wheatstone Productions Private Limited	3.43	3.43

Educomp Asia Pacific Pte Ltd.	727.38	727.38
Educomp Professional Education limited	38.79	38.78
Savicca Inc	122.93	122.93
Educomp Online Supplemental Services Limited	206.98	348.93
Vidya Mandir Classes Limited	337.95	337.95
<b>Total Goodwill</b>	<b>10,790.11</b>	<b>10,932.06</b>
Less: Provision for impairment of goodwill related to Wheatstone Productions Private Limited	3.43	3.43
Less: Provision for impairment of goodwill goodwill related to Savicca Inc	122.93	122.93
<b>Net Goodwill</b>	<b>10,663.75</b>	<b>10,805.70</b>

### Capital Reserve

(₹ in million)

Capital Reserve on consolidation of companies	As at	As at
	March 31, 2015	March 31, 2014
Educomp Infrastructure & School Management Limited	39.62	39.62
Educomp Child Care Private Limited	62.94	-
<b>Total Capital Reserve</b>	<b>102.56</b>	<b>39.62</b>

### 33 Joint venture information

Joint Venture, as required by AS-27 "Financial Reporting of Interest in Joint Venture". Details of Joint Venture Interest is given below:

Name	Description of interest	Country of incorporation	%age of interest as on March 31, 2015	%age of interest as on March 31, 2014
Educomp-Raffles Higher Education Limited*	Equity Shareholding	India	41.82%	41.82%

\*The group has power to govern the financial and operating policies of Joint Venture.

### Joint venture entities

The table represents the Group's share of assets and liabilities, and income and results in joint venture, Educomp - Raffles Higher Education limited, to the extent of its proportionate share which are included in the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss respectively.

(₹ in million)

Particulars	As at March 31, 2015	As at March 31, 2014
<b>Reserves and surplus</b>	<b>532.54</b>	<b>(502.16)</b>
<b>Liabilities</b>		
Non-current liabilities	0.95	0.96
Current liabilities	57.82	45.53
<b>Non -Current assets</b>		
Fixed assets (net)	57.95	69.37
Goodwill	38.79	38.79
Deferred tax Assets (Net)	-	-
Long Term Loans and advances	275.64	286.95
<b>Current assets</b>		
Trade receivables	267.82	281.76
Cash and bank balances	1.87	1.14
Short Term Loans and advances	2.48	4.14

Particulars	As at March 31, 2015	As at March 31, 2014
Other current assets	1.33	3.72
(₹ in million)		
<b>Profit and loss account</b>		
Sales & Service income	83.29	116.81
Other income	1.50	0.86
<b>Total Revenue</b>	<b>84.79</b>	<b>117.67</b>
<b>Expenditure</b>		
Purchase of stock-in-trade	3.75	-
Employee benefits expense	41.35	74.52
Other expenses	62.06	79.51
Finance cost	2.56	1.49
Depreciation and amortization expense	27.29	24.59
Exceptional Items	0.04	0.03
<b>Total Expenditure</b>	<b>137.05</b>	<b>180.14</b>
<b>Net Loss</b>	<b>(52.26)</b>	<b>(62.47)</b>

#### 34 Borrowing cost capitalized during the year

As per Accounting Standard 16 on Accounting for Borrowing Cost, the Group has capitalized ₹Nil (Previous year ₹20.65 million) to various fixed assets including capital work in process in the year ended March 31, 2015.

#### 35 Contingent liabilities

- a) In respect of Joint Venture : Claims not acknowledged as debt ₹Nil (previous year ₹Nil)
- b) In respect of others;

(₹ in million)

S. No.	Particulars	As at March 31, 2015	As at March 31, 2014
a.	Claims against the Group not acknowledged as debt	102.45	102.45
b.	Corporate guarantee given to bank for secured loan to third parties (Edu Smart Services Pvt. Ltd.)	3,000.00	8,482.70
c.	Other money for which the Group is contingently liable	25.46	25.46
	i. Taxes under adjudication/appeal		
	ii. Premium on redemption of Zero Coupon Foreign Currency Convertible Bonds (net of provision)	96.13	204.76

#### Notes:

- The loan outstanding to banks against the corporate guarantee in point no. (b) above as on March 31, 2015 is ₹1,487.01 million (previous year ₹5,409.70 million).
- Future outflows in respect of (b) will arise on crystallization and demand made by bank, and in respect of (c)(ii) on redemption of the bonds on the maturity date, if not converted before the maturity date as per the terms of issue of FCCB.
- Taxes under adjudication/appeal represents ₹Nil (previous year ₹Nil) under appeal under Income Tax Act, 1961 and ₹25.46 million (Previous year ₹25.46 million) under appeal under service tax. The Group has paid ₹16.98 million (previous year ₹16.98 million) under protest against demands raised by tax authorities.
- The Group does not expect any cash outflows in respect of (a), (b), (c) (i).

#### 36 Commitments

Estimated amount of contracts remaining to be executed on capital account and other commitments and not provided for (net of advances):

Capital commitments (net of advances)

**In respect of Joint Ventures to the extent of Group's share**

Estimated amount of contracts remaining to be executed on capital account and not provided for in respect of tangible assets - ₹1.63 million (previous year ₹0.65 million)

**In respect of others**

Estimated amount of contracts remaining to be executed on capital account and not provided for - Rs.941.53 million (previous year ₹1084.28 million).

Other material commitments

**In respect of Joint Ventures to the extent of Group's share**

Commitment for service contract - ₹Nil (previous year ₹3.88 million)

**In respect of others**

Uncalled liability on shares and other investments partly paid up - ₹502.62 million (previous year ₹502.62 million)

Commitment for advertisement contract - ₹494.32 million (previous year ₹494.53 million)

**37 Foreign Currency Convertible Bond (FCCB)**

The Company had issued 10, Zero coupon foreign currency convertible bonds of \$ 1,000,000 each. These FCCB are convertible into equity shares based on the ratio calculated in accordance with the terms of offering circular dated July 13, 2012. The bonds are convertible latest by July 24, 2017. These are to be converted at initial conversion price of ₹188.62 for each equity shares at the applicable exchange rate at the date of conversion. As on March 31, 2015 USD 10 million (previous year USD 10 million) FCCB are outstanding for conversion into equity shares of ₹2 each. Due date for redemption is July 24, 2017 and redemption price at maturity is 133.15% of par value.

Further, based on the current market scenario, the management is of the view that the FCCB holder may opt for redemption, consequently the proportionate premium on redemption amounting ₹111.36 million (previous year ₹NIL) has been provided against the securities premium and classified under 'Other long term liabilities'.

**38 Share warrants****a) Educomp Solutions Limited**

The Company on July 26, 2012 had allotted 1,14,79,096 warrants to the Promoter Group entity at an issue price of Rs.193.74 per warrant, as per the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009, convertible into equal number of equity shares of the face value of Rs.2/- each convertible within a period of 18 months from the date of allotment. The Company on January 22, 2013 had allotted 29,79,939 equity shares of face value of ₹2/- each at a premium of ₹191.74/- per share on conversion of warrants issued under provisions of Chapter VII Of SEBI (ICDR) Regulations, 2009 pursuant to receipt of balance 75% of the issue price against the allotted shares. During the previous year, the Company had forfeited 84,99,157 warrants amounting to ₹411.66 million, due to non receipt of balance 75% of the issue price in the stipulated period of 18 months from

the date of issuance of these warrants. The forfeited amount has been disclosed as 'Capital Reserve' under the 'Reserve & Surplus'.

**b) Educomp Infrastructure & School Management Limited (EISML)**

- (i) Pursuant to shareholders resolution dated July 20, 2010, EISML had issued, on July 26, 2010, 800,000 share warrants of ₹10 each on preferential basis to be converted into 800,000 equity shares of ₹10 each at a premium of ₹676 per share at the option of the holder after a period of one year from the date of issue, subject to maximum period of ten year from the date of issuance and payment of the issue price (including premium) of the equity shares. After period of ten years, the unissued share warrants shall stand forfeited.
- (ii) Pursuant to resolution passed in the meeting of Board of Directors held on March 31, 2012, EISML had issued 5 warrants of ₹133.33 million each aggregating ₹666.66 million against which ₹66.66 million had been received. Warrants issued carries an option/entitlement to subscribe to such number of equity shares at such price as determined in terms of the share cum warrant subscription agreement dated March 29, 2012. The warrants may be exercised at any time within a period of five years from the closing date, March 31, 2012 at the sole discretion of the party. In the event of non exercising of the option, the warrant subscription amount shall stand forfeited.

**39 Employee Stock Options Schemes (ESOS)****(i) Educomp Solutions Limited****A. Brief description of schemes**

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

**Employees Stock Option Scheme 2006**

Pursuant to shareholder's resolution dated August 24, 2006, the Company had introduced "Educomp Employees Stock Option Scheme 2006" which provides for the issue of 3,125,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have

maximum vesting period of 7 years from the date of respective grants. As at March 31, 2015 and March 31, 2014, the Company had 1,053,562 and 797,692 number of shares reserved for issue under the scheme respectively.

**Employees Stock Option Scheme 2007**

Pursuant to shareholder’s resolution dated September 13, 2007, the Company had introduced “Educomp Employees Stock Option Scheme 2007” which provides for the issue of 1,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2015 and March 31, 2014, the Company had 905,550 and 664,760 number of shares reserved for issue under the scheme respectively.

**Employees Stock Option Scheme 2008**

Pursuant to shareholder’s resolution dated November 25, 2008, the Company had introduced “Educomp Employees Stock Option Scheme 2008” which provides for the issue of 1,250,000 equity shares to employees of the Company and its

subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2015 and March 31, 2014, the Company had 1,209,800 and 984,763 number of shares reserved for issue under the scheme respectively.

**Employees Stock Option Scheme 2010**

Pursuant to shareholder’s resolution dated March 18, 2010, the Company had introduced “Educomp Employees Stock Option Scheme 2010” which provides for the issue of 1,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2015 and

March 31, 2014, the Company had 998,125 and 860,625 number of shares reserved for issue under the scheme respectively.

**Employees Stock Option Scheme 2011**

Pursuant to shareholder’s resolution dated July 26, 2011, the Company had introduced “Educomp Employees Stock Option Scheme 2011” which provides for the issue of 1,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2015 and March 31, 2014, the Company had 995,000 and 863,000 number of shares reserved for issue under the scheme respectively.

**Employees Stock Option Scheme 2012**

Pursuant to shareholder’s resolution dated July 16, 2012, the Company had introduced “Educomp Employees Stock Option Scheme 2012” which provides for the issue of 3,500,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 10 years from the date of respective grants. As at March 31, 2015 and March 31, 2014, the Company had 3,496,625 and 3,204,625 number of shares reserved for issue under the scheme respectively.

**Employees Stock Option Scheme 2014**

Pursuant to shareholder’s resolution dated August 11, 2014, the Company had introduced “Educomp Employees Stock Option Scheme 2014” which provides for the issue of 5,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 10 years from the date of respective grants. As at March 31, 2015, the Company had 4,968,650 number of shares reserved for issue under the scheme.

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

Particulars	As at March 31, 2015		As at March 31, 2014	
	No. of stock options	Weighted average price (Rs.)	No. of stock options	Weighted average price (Rs.)
<b>Employee Stock Option Scheme 2006</b>				
<b>No. of shares under option</b>				
Outstanding at the beginning of the year	797,692	58.80	902,269	136.66
Granted	357,000	28.98	210,000	24.75
Exercised	26,100	25.00	33,575	25.00
Forfeited during the year	75,030	147.75	281,002	287.40
Outstanding at the end of year	1,053,562	43.20	797,692	58.80
Weighted average grant date fair value per option for options granted during the year at less than market value*	Not applicable		Not applicable	

Particulars	As at March 31, 2015		As at March 31, 2014	
	No. of stock options	Weighted average price (Rs.)	No. of stock options	Weighted average price (Rs.)
Weighted average remaining contractual life (in years)		2.69 years		2.37 years
Payment received against share allotted during the year		0.65 million		0.84 million
<b>Employee Stock Option Scheme 2007</b>				
<b>No. of shares under option</b>				
Outstanding at the beginning of the year	664,760	239.96	634,260	423.70
Granted	575,250	24.68	320,000	24.75
Exercised	-	-	-	-
Forfeited during the year	334,460	422.62	289,500	404.64
Outstanding at the end of year	905,550	35.74	664,760	239.96
Weighted average grant date fair value per option for options granted during the year at less than market value*		Not applicable		Not applicable
Weighted average remaining contractual life (in years)		4.69 years		3.92 years
Payment received against share allotted during the year		Nil		Nil
<b>Employee Stock Option Scheme 2008</b>				
<b>No. of shares under option</b>				
Outstanding at the beginning of the year	984,763	215.62	748,033	439.55
Granted	430,000	23.77	590,000	24.75
Exercised	-	-	-	-
Forfeited during the year	204,963	426.15	353,270	370.99
Outstanding at the end of year	1,209,800	111.77	984,763	215.62
Weighted average grant date fair value per option for options granted during the year at less than market value*		Not applicable		Not applicable
Weighted average remaining contractual life (in years)		4.45 years		4.99 years
Payment received against share allotted during the year		Nil		Nil
<b>Employee Stock Option Scheme 2010</b>				
<b>No. of shares under option</b>				
Outstanding at the beginning of the year	860,625	222.63	698,750	467.60
Granted	585,000	22.55	484,375	24.75
Exercised	-	-	-	-
Forfeited during the year	447,500	289.36	322,500	456.21
Outstanding at the end of year	998,125	75.44	860,625	222.63
Weighted average grant date fair value per option for options granted during the year at less than market value*		Not applicable		Not applicable
Weighted average remaining contractual life (in years)		4.45 years		4.74 years
Payment received against share allotted during the year		Nil		Nil
<b>Employee Stock Option Scheme 2011</b>				
<b>No. of shares under option</b>				
Outstanding at the beginning of the year	863,000	93.91	525,000	228.01
Granted	490,000	19.07	573,000	24.75
Exercised	-	-	-	-
Forfeited during the year	358,000	191.47	235,000	224.86
Outstanding at the end of year	995,000	21.95	863,000	93.91
Weighted average grant date fair value per option for options granted during the year at less than market value*		Not applicable		Not applicable
Weighted average remaining contractual life (in years)		4.50 years		5.34 years
Payment received against share allotted during the year		Nil		Nil
<b>Employee Stock Option Scheme 2012</b>				
<b>No. of shares under option</b>				
Outstanding at the beginning of the year	3,204,625	61.56	2,600,000	154.35
Granted	1,040,000	15.84	2,843,000	22.67

Particulars	As at March 31, 2015		As at March 31, 2014	
	No. of stock options	Weighted average price (Rs.)	No. of stock options	Weighted average price (Rs.)
Exercised	-	-	-	-
Forfeited during the year	748,000	134.46	2,238,375	119.94
Outstanding at the end of year	3,496,625	32.37	3,204,625	61.56
Weighted average grant date fair value per option for options granted during the year at less than market value*	Not applicable		Not applicable	
Weighted average remaining contractual life (in years)	4.22 years		5.56 years	
Payment received against share allotted during the year	Nil		Nil	
<b>Employee Stock Option Scheme 2014</b>				
<b>No. of shares under option</b>				
Outstanding at the beginning of the year	-	-	-	-
Granted	4,968,650	14.86	-	-
Exercised	-	-	-	-
Forfeited during the year	-	-	-	-
Outstanding at the end of year	4,968,650	14.86	-	-
Weighted average grant date fair value per option for options granted during the year at less than market value*	Not applicable		-	
Weighted average remaining contractual life (in years)	4.15 years		-	
Payment received against share allotted during the year	Nil		-	

**(ii) Educomp Infrastructure & School Management Limited (EISML):**

Pursuant to shareholder resolution dated March 13, 2010, the Holding Company introduced "Employee Stock Option Plan 2010 (EISML ESOP -2010)" which provided for the issue of 200,000 stock options to employees of the Group and holding company. The option vesting period shall not be more than 10 years from date of grant of options at an exercise price approved by the compensation committee. 200,000 equity shares had been increased to 1,400,000 stock options by special resolution passed on June 15, 2010. During the year, Group has granted Nil (previous year Nil) stock options under this scheme and Nil (previous year 127,590) stock option has been forfeited due to resignation of employees. The exercise price of all the options is ₹686 per share.

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

Particulars	As at March 31, 2015		As at March 31, 2014	
	No. of stock Options	Weighted average price (Rs)	No. of stock Options	Weighted average price (Rs)
<b>Employees Stock Option Plan 2010</b>				
<b>No. of shares under option</b>				
Outstanding at the beginning of the year	36,450	686	164,040	686
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	127,590	686
Outstanding at the end of year	36,450	686	36,450	686
Exercisable at the end of the year	29,160	686	21,870	686
Weighted average grant date fair value per option for option granted during the year at less than fair value*	N.A		N.A	
Weighted average remaining contractual life	0.69 years		1.69 years	
Payment received against share allotted during the year	-		-	

Exercise price of all the Employee stock options is higher than the fair value of equity shares of the Group. Accordingly the Group has recognized Nil (Previous Year Nil) during the year as ESOP cost. Accumulated ESOP cost amortized till date is Nil (Previous Year Nil).

**(iii) Educomp Online Supplemental Service Limited (EOSSL):**

Pursuant to shareholder resolution dated 21st November 2011, the Company introduced "EOSSL Employees Stock

Option Scheme 2011" which provides for the issue of 3,50,000 equity shares to employees of the company and its holding/ subsidiaries. The maximum option vesting period is not more than ten years from the date of award of option to employees at an exercise price approved by the compensation committee. Till date 49,350 stock options have been granted.

All the above options are planned to be settled in equity at the time of exercise and have maximum period of 10 years from the date of respective grants. The information concerning stock options granted, exercised, forfeited and outstanding at the year end is as follows:

Particulars	As on March 31, 2015		As on March 31, 2014	
	No. of stock options	Weighted average price (Rs.)	No. of stock options	Weighted average price (Rs.)
<b>Employee stock option scheme 2011</b>				
<b>No. of shares under option</b>				
Outstanding at the beginning of the year	49,350	230	49,350	230
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited during the year	-	-	-	-
Outstanding at the end of year	49,350	230	49,350	230
Weighted average grant date fair value per option for options granted during the year at less than market value*		NA		NA
Weighted average remaining contractual life (in Years)		3.14		3.64
Payment received against share allotted during the year		Nil		Nil

**(iv) Learning Internet Inc (L.com):**

L.com has an Incentive Stock Option Plan (the "Plan"), which provides for the grant of options to purchase stocks of the Company's common stock to employees, directors and consultants within the meaning of Section 422 of the Internal Revenue Code. The Plan also provides for the direct award of non-statutory stock options and warrants (collectively "non-statutory options") to purchase stocks of the Company's common stock or direct grant of stocks of common stock.

The Company's Board of Directors determines participation in the Plan. The options generally are exercisable pursuant to any vesting requirements imposed by the Board of Directors upon the grant of the options; however, the term of an option granted under the Plan cannot exceed ten years and may be further limited by the specific restrictions as detailed in the individual option agreement between the Company and participant. In addition, the Board of Directors may, at its sole discretion, subsequently modify the vesting requirements.

As of March 31, 2015, the Company has reserved a total of 4,150,000 stocks of its common stock for issuance under the Plan. The information concerning stock options granted, exercised, forfeited and outstanding at the year end is as follows:

Particulars	As on 31st March 2015		As on 31st March 2014	
	No. of stock options	Weighted average price (Rs.)	No. of stock options	Weighted average price (Rs.)
<b>No. of shares under option</b>				
Outstanding at the beginning of the year	1,073,500	42.57	543,500	75.93
Granted During the Year	-	-	800,000	21.64
Exercised During the Year	-	-	2,500	90.15
Expired or cancelled	-	-	267,500	61.93
Outstanding at the end of year	1,073,500	43.32	1,073,500	42.57
Weighted average grant date fair value per option for options granted during the year at less than market value*		NA		NA
Weighted average remaining contractual life (in Years)		7.3		8.3
Payment received against share allotted during the year		Nil		₹0.23 million

Grants by the Company are made at the estimated fair value of the Company's common stock. Using intrinsic value method of ESOP stock compensation expenses, there is no amount to be expensed off for income statement for these grants.

**(v) Edumatics Corporation Inc (Edumatics):**

The Company has an Incentive Stock Option Plan (the “Plan”), which provides for the grant of options to purchase stocks of the Company’s common stock to employees, directors and consultants within the meaning of Section 422 of the Internal Revenue Code. The Plan also provides for the direct award of non-statutory stock options and warrants (collectively “non-statutory options”) to purchase stocks of the Company’s common stock or direct grant of stocks of common stock.

As of March 31, 2015, Edumatics has reserved a total of 357,143 stocks of its common stock for issuance under the plan which were granted as on April 01, 2008 to two directors of Edumatics.

The Company’s Board of Directors determines participation in the Plan. The options generally are exercisable pursuant to any vesting requirements imposed by the Board of Directors upon the grant of the options; however, the term of an option granted under the Plan cannot exceed ten years and may be further limited by the specific restrictions as detailed in the individual option agreement between the Company and participant. In addition, the Board of Directors may, at its sole discretion, subsequently modify the vesting requirements.

The following tables summarize information about options issued, outstanding and exercisable under the Plan as of March 31, 2015:

Particulars	As at March 31, 2015		As at March 31, 2014	
	No. of stock options	Weighted average price (Rs.)	No. of stock options	Weighted average price (Rs.)
Outstanding at the beginning of the year	357,143	0.45	357,143	0.45
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited during the year	-	-	-	-
Outstanding at the end of year	357,143	0.61	357,143	0.45
Weighted average grant date fair value per option for options granted during the year at less than market value*		N.A		N.A
Weighted average remaining contractual life		4.0 years		5.0 years
Payment received against share allotted during the year		N.A		N.A

The Company uses intrinsic value method of ESOP stock compensation expenses of the organization over the vesting period.

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

**40 Foreign Currency Monetary Items Translation Difference Account (FCMITDA)**

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

**41 Employee benefits****Defined contribution plans**

During the year, the Group has recognized the following amounts in the Consolidated Statement of Profit and Loss:

(₹ in million)

Particulars	Year ended	Year ended
	March 31, 2015	March 31, 2014
Employer's contribution to provident fund and other funds	134.86	142.80
Employer's contribution to employee state insurance	0.42	0.56
Employer's contribution to defined contribution plan-401K saving plan (foreign subsidiary)	4.74	3.84
Labour welfare fund	-	0.05
Other funds	1.63	4.11
<b>Total</b>	<b>141.65</b>	<b>151.36</b>

**Defined benefit plan – Gratuity**

During the year, the Group has recognized the following amounts in the Consolidated Statement of Profit and Loss :

(₹ in million)

Particulars	Year ended	Year ended
	March 31, 2015	March 31, 2014
Current service cost	16.63	16.88
Interest cost	5.95	7.69
Actuarial gain/(loss)	1.67	(19.41)
<b>Total</b>	<b>24.25</b>	<b>5.16</b>

**Reconciliation of opening and closing balance of benefit obligation - Gratuity:**

(₹ in million)

Particulars	Gratuity - partially funded	
	Year ended	Year ended
	March 31, 2015	March 31, 2014
Present value of obligation as at the beginning of the year	73.66	95.53
Impact of Transfer of holding	(2.77)	(4.21)
Current service cost	16.10	16.88
Interest cost	5.95	7.69
Benefit paid	(19.14)	(24.54)
Actuarial loss/ (gain)	1.67	(17.69)
<b>Present value of obligation as at the end of the year</b>	<b>75.47</b>	<b>73.66</b>

**Classification of obligation:**

(₹ in million)

Particulars	As at	As at
	March 31, 2015	March 31, 2014
<b>Amount classified as:</b>		
Short term provision	2.88	2.40
Long term provision	72.59	71.26

**Benefit Assets/Liability:**

(₹ in million)

Particulars	Year ended	Year ended
	March 31, 2015	March 31, 2014
Present value of defined benefit obligation	75.6	73.78
Fair value of plan assets	0.13	0.12
<b>Net liability</b>	<b>75.47</b>	<b>73.66</b>

**Present benefit obligation, plan assets and experience adjustments for current year and last 4 years**

(₹ in million)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013	Year ended March 31, 2012	Year ended March 31, 2011
<b>Gratuity</b>					
Present value of obligation as at the end of the year	75.60	73.78	95.53	76.76	50.54
Plan assets	0.13	0.12	0.45	0.50	-
Surplus/(deficit)	75.47	(73.66)	(95.08)	(76.26)	(50.54)
Experience adjustment (loss)/gain on plan liabilities – Gratuity	2.24	(14.39)	(2.73)	(4.33)	(1.47)
Experience gain/(loss) on plan assets	-	0.01	0.03	-	-

**Fair value of plan assets:**

(₹ in million)

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Fair value of plan assets at the beginning of the year	0.12	0.45
Expected return on plan assets	0.01	0.04
Benefits paid	-	(0.35)
Actuarial gain/(loss) on plan assets	-	(0.02)
Fair value of plan assets at the end of the year	0.13	0.12

**Principal actuarial assumptions at the Balance Sheet date:**

Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Discounting rate	8.00% - 8.80%	8.00% - 8.80%
Expected rate of increase in salary	5.50% - 10.00%	5.50% - 10.00%
Expected rate of return on plan assets	8.50%	8.00%

Note: The discount rate has been determined by reference to market yield at the Balance Sheet date on Government securities over a period which matches with remaining working, life of employees. The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market on long term basis.

**42 Operating lease**

**(1) Assets taken on lease**

- (a) General description of lease terms:
  - i) Assets are taken on lease over a period of 1 to 5 years.
  - ii) Lease rentals are charged on the basis of agreed terms.
  - iii) There are no restrictions imposed by the lessor.
  
- (b) The Group has taken on leases office space, building and technology equipments under cancellable/non-cancellable operating leases. The lease rental expense recognized in the Consolidated Statement of Profit and Loss for the year in respect of such leases is ₹161.94 million (previous year ₹226.05 million). The future minimum lease payments towards non-cancellable operating leases are as follows:

(₹ in million)

Particulars	As at March 31, 2015	As at March 31, 2014
Not later than 1 year	105.00	87.62
Later than 1 year but not later than 5 years	266.61	257.43
Later than 5 years	11.60	0.34
<b>Total</b>	<b>383.21</b>	<b>345.39</b>

**(2) Assets given on lease**

- (a) General description of lease terms:
- Assets are given on lease/license over a period of 30 years, non-assignable, non-transferable and non-revocable basis to educational institutions.
  - Lease rentals are charged on the basis of agreed terms.
  - The leases are renewable after expiry of agreement period.
  - There are no escalations as per the lease agreement.
- (b) The Group has given land and building on non cancelable operating lease to the educational institutions whose cost and accumulated depreciation is as follows:

(₹ in million)

Operating lease to educational institution	As at March 31, 2015	As at March 31, 2014
Cost of land	1,018.00	2,391.03
Cost of building	5,926.27	5,855.94
Accumulated depreciation	532.10	436.52

(₹ in million)

Operating lease to educational institution	For the year ended March 31, 2015	For the year ended March 31, 2014
Depreciation	95.58	96.79
Lease rental charged	403.54	567.83
Contingent rent	47.90	55.34

The future minimum lease income expected to be received for non-cancellable operating leases is as under:

(₹ in million)

Particulars	As at March 31, 2015	As at March 31, 2014
Not later than 1 year	403.54	512.26
Later than 1 year but not later than 5 years	1,614.16	2,049.04
Later than 5 years	7,758.12	10,458.71
<b>Total</b>	<b>9,775.82</b>	<b>13,020.01</b>

- (c) The Group has given office space on sub lease. Other income includes income from operating lease of Rs.1.54 million (previous year ₹1.62 million). The future minimum sublease payment expected to be received are as below.

(₹ in million)

Particulars	As at March 31, 2015	As at March 31, 2014
Not later than 1 year	0.84	1.17
Later than 1 year but not later than 5 years	-	0.68
Later than 5 years	-	-
<b>Total</b>	<b>0.84</b>	<b>1.85</b>

**43 Finance lease****Assets taken on lease**

- (a) General description of lease terms:
- Assets are taken on lease over a period of 3 to 5 years.
  - Lease rentals are charged on the basis of agreed terms.
  - The assets taken under finance lease are in the nature of technology equipments.
  - There are no escalations as per the lease agreement.

Finance leases obligation of the Group is as follows:

(₹ in million)

Particulars	As at March 31, 2015			As at March 31, 2014		
	Future minimum lease payments*	Interest	Present value	Future minimum lease payments	Interest	Present value
Not later than 1 year	14.89	2.65	12.24	10.07	3.60	6.47
Later than 1 year but not later than 5 years	9.86	0.94	8.92	24.75	1.90	22.85
Later than 5 years	-	-	-	-	-	-
<b>Total</b>	<b>24.75</b>	<b>3.59</b>	<b>21.16</b>	<b>34.82</b>	<b>5.50</b>	<b>29.32</b>

\* Subsequent to the year end, the Group has entered into a settlement agreement with the lessor with respect to the amount outstanding as on 31 March 2015. Pursuant to such agreement, the Company is required to pay one time settlement amount of ₹12.12 million along with due rental for the month of February and March 2015 amounting to ₹0.84 million for each month to the lessor.

**44 Particulars of un-hedged foreign currency exposure of the Group as on the Balance Sheet Date:**

(in million)

Particulars	Foreign currency	As at	As at	As at	As at
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
		(Foreign currency)	(Foreign currency)	(In Rupees)	(In Rupees)
Trade payable	USD	6.87	10.71	429.75	639.67
	Euro	0.01	0.01	0.71	0.71
	GBP	0.00	-	0.17	-
	SGD	-	1.06	-	50.06
Advance to suppliers	USD	0.11	0.10	7.17	5.24
Trade receivable	USD	0.35	0.51	21.60	30.99
	CAD	0.11	0.11	5.40	5.90
Advance from customer	USD	0.91	1.08	57.25	65.23
	SGD	3.14	3.14	142.74	148.85
Loans payable	USD	80.00	80.00	5,007.26	4,807.99
Interest accrued and due	USD	5.21	-	326.27	-
Interest accrued but not due	USD	0.71	-	44.35	-
Premium on Foreign Currency Convertible Bonds	USD	1.78	-	111.36	-

**45** Due to inadequacy of profits, managerial remuneration paid/recorded, by the Company to one of its Whole Time Director and by one of its subsidiary Educomp Infrastructure and School Management Limited (EISML) to its whole-time director during the year ended March 31, 2015, is in excess of limits prescribed under Section 197 and Section 198 read with Schedule V to the Companies Act, 2013.

Further, due to inadequacy of the profits in the previous financial year, managerial remuneration paid/recorded, by the Company to one of its Whole Time Director and by one of its subsidiary Educomp Infrastructure and School Management Limited (EISML) to its whole-time director/ Managing Directors during financial year ended March 31, 2014, was in excess of limits prescribed under Section 198, Section 269, Section 309 read with Schedule XIII of the Companies Act, 1956.

The Company has submitted an application to the Central Government for waiver of managerial remuneration paid pertaining to year ended March 31, 2013. The management of the Company and EISML is in the process of making necessary applications to the Central Government to obtain its approval for the waiver/approval of the remuneration so paid/recorded in year ended March 31, 2014 and March 31, 2015 in due course.

**46** Due to longer than expected gestation period of schools, recoverability of trade receivables amounting to ₹2,347.50 million from trusts due to subsidiary company Educomp Infrastructure and School Management Limited has been slow. The management of EISML is regularly monitoring the growth in schools and their future projections, based on which, the management believes that the trade receivables from the trusts are fully recoverable.

**47** The Group has assessed the business projections of 6 of its subsidiary companies, namely, Educomp Infrastructure and School Management Limited, Educomp Online Supplemental Service Limited, Educomp Child Care Private Limited, Educomp Professional Education Limited, Vidya Mandir Classes Limited, Educomp Intelliprop Ventures Pte Ltd. (formerly known as Educomp Intelprop Ventures Pte Ltd.), in a Trust- India Education Fund and in one of its associate, Greycells18 Media Limited., for evaluating the recoverability of Group's share of net assets of ₹15,116.70 millions and concluded that their business is sustainable on a going concern basis. The Group evaluated the recoverability of its share of net assets held through these Companies, using business valuations performed by independent experts/ its own assessment, according to which the decline in value of these long term investments is considered to be temporary. The said evaluation is based on the long term business plans of its subsidiaries/associate and concluded that no adjustments to the carrying value of its share in net assets is required to be recorded in the consolidated financial statements of the Group for the year ended March 31, 2015.

**48 Exceptional item**

- a) The Group as part of its regular recoverability evaluation process, has evaluated its outstanding trade receivables including dues from Government Companies/ agencies amounting to ₹6,502.35 million (previous year ₹1165.43 million) as doubtful of recovery. Consequently, the management has provided the said amount as doubtful debts, out of which ₹6,502.35 million (previous year ₹700.00 million) has been disclosed as an exceptional item. The overall provision for doubtful trade receivables as at March 31, 2015 stands at ₹7,743.46 million. The Management is continuously monitoring the recoverability of its trade receivables, which have been classified as good for recovery and is regularly following up with them.
- b) Pursuant to approved CDR scheme, trade receivables were acquired from Edu Smart Services Pvt. Ltd. along with obligations and rights associated, both present and future, with these trade receivables and customers. As per the trade receivables purchase agreement, all repairs and maintenance cost of hardware sold under these contracts during the remaining contract period is to be borne by the Group. Based on experience of actual cost incurred in servicing such hardware during the current financial year, the Group has estimated that the servicing costs under the remaining contract period is expected to be ₹1,511.03 million, which has been recorded as provision for warranty during the year ended March 31, 2015 as an exceptional item. The Group has shown this warranty provision along with expense of ₹164.62 million incurred during the year ended March 31, 2015 as an exceptional item.

The Group has recorded expense of ₹436.22 million as down time/pre-closure discount under contractual obligation during the year ended March 31, 2015 and disclosed as an exceptional item.

- c) During earlier years, EISML, a subsidiary of Company had given capital advances amounting ₹2,532.90 million to various parties for acquisition of fixed assets. The management of EISML as part of its regular recoverability evaluation process had identified certain portions of capital advances which were doubtful of recovery or did not have recoverable value equivalent to the book value. Accordingly, on a prudent basis in earlier years, the management had recorded a total provision of ₹2,017.55 million (Previous year ₹1,354.67 million) in the books of account towards such capital advances or portions thereof, which were doubtful of recovery, out of which ₹662.88 million (Previous Year ₹899.32 million) has been provided for during the year ended March 31, 2015. The provision so recorded has been disclosed as an exceptional item.

The management is continuously monitoring and regularly following up on these balances with respective parties for the prompt settlement/recovery. The management believes that other capital advances, which have not been provided for, although have been long outstanding are fully recoverable and hence the management believes that existing provision recorded in books is sufficient to cover any possible future losses on account of non recovery of such capital advances.

- d) Pursuant to approved CDR scheme, certain land parcels of the Group are identified for monetization and to execute the same, some of the respective Group companies have carried out valuation by an independent valuer. Based on available offers from prospective buyers, the Group has recorded a provision for impairment of assets of ₹286.45 million during the year ended March 31, 2015. The consolidated financial statements include this provision against Group's tangible fixed assets and the same has been disclosed under exceptional items.

During the year, EISML has entered into an agreement to sell one of its land at Dasna, Ghaziabad which was held for sale. The book value of the land parcel is ₹458.08 million and the price under agreement to sell is ₹133.00 million. Accordingly, on a prudent basis, the expected loss on the sale of the said land parcel amounting ₹325.08 million has been recorded and disclosed as an exceptional item.

- e) The Group had evaluated the recoverability of intangible assets in form of Brand "Universal" in one of its step down subsidiary, named Educomp APAC Services Limited, BVI which form a significant part of Group, by using valuations performed by an independent valuation expert. The said evaluation was based on long term business plans and underlying assumptions used for the purpose of valuation, which in view of the Management were realistic and achievable by the subsidiary. Based on recent business plans which entail scaling down the operation of Universal brand of schools, the management has during the year decided to record an impairment of ₹452.70 million (previous

year ₹Nil) to this asset and the same has been disclosed under exceptional items.

- f) During earlier years, Educomp Professional Education Limited (EPEL), a subsidiary of Company had given capital advances amounting ₹2,237.80 million to various parties for acquisition of fixed assets. The Management of EPEL as part of its regular recoverability evaluation process had identified certain portions of capital advances which were doubtful of recovery or did not have recoverable value equivalent to the book value. The Company had provided for some part of these advances in previous periods and during year ended March 31, 2015, on a prudent basis, the management has recorded a provision of ₹2,237.80 million in the books of account of such doubtful capital advances, which has been shown as exceptional item.
- 49** During the previous year, the Educomp Raffles Higher Education Limited (joint venture of the group) had foreign currency receivables of ₹16.47 million which were outstanding for a period greater than one year. As per the Reserve Bank of India's (RBI) Master Circular on Export of Goods and Services, foreign currency receivables should have been realized, except with prior approval of RBI, within a period of one year. Further, as at year end the joint venture had netted off foreign currency payables of ₹12.25 million against its foreign currency receivables. As per the Reserve Bank of India's (RBI) Master Circular on Export of Goods and Services, foreign currency receivables cannot be set off against foreign currency payables except with prior approval of RBI. Being a procedural matter, the joint venture's management did not expect any penalties/ fines to be levied on account of the above.
- 50** During the year, the Group has reviewed business plan of its joint venture, Educomp Raffles Higher Education Limited which has advanced loans amounting ₹514.70 million (Previous year ₹507.66 million) to Jai Radha Raman Education Society (Society) and its subsidiary Millennium Infra Developers Limited which has trade receivables of ₹637.90 million (Previous year ₹651.23 million) from the same society under contractual obligations. The Group has also considered the business plan of the society and estimated market value of its net assets based on which no adjustment is required in carrying value of its share of net assets in such joint venture. The Group's holding in the joint venture is 41.82%.
- 51** As per the terms of Master Restructuring Agreement and approved Corporate Debt Restructuring Scheme (CDR) of Educomp Infrastructure and School Management Limited (EISML), a subsidiary Company, there are certain assets amounting ₹3,207.53 million (at cost) which have been identified for sale in a time bound manner. The lead bank carried out a valuation of these assets which are indicative in nature. Market valuations have not been carried out by EISML and its step down subsidiaries, as some of these assets are not ready for sale due to pending regulatory approvals/ permissions.
- Based on recent firm offers and latest valuation reports, the Management believes that the market value of these investments is higher than as considered under the indicative valuation reports and differences, if any, are temporary only. Therefore, no adjustment is required to the carrying value of these assets.

**52 Particulars of securities, Interest and terms of repayment of Loans taken by the Group are as follows:**

Particulars	Amount Outstanding as at March 31,		Terms of repayment		Security	
	2015	2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>Bonds, Debentures &amp; External Commercial Borrowings</b>						
Non Convertible Debentures (NCD)*	450.00	350.00	NCD aggregating ₹350 million and ₹100 million were issued on May 24, 2012 and July 20, 2012 and are repayable on May 24, 2019 and July 20, 2019 respectively. Further, the investors have put option on May 24, 2017 and July 24, 2017, five years from their date of issue.	NCD aggregating ₹350 million issued on May 24, 2012 and is repayable on May 24, 2019. Further, the investors have put option on May 24, 2017, five years from their date of issue.	- Pari-passu charge with the CDR lenders, without any preference or priority to one over the other or others.	- Pari-passu charge with the CDR lenders, without any preference or priority to one over the other or others.
Foreign Currency Convertible Bonds (FCCB)	625.91	601.00	Repayable at 133.15% of principal par value (USD 13.315 million) on July 24, 2017 after 5 year and 1 day from July 23, 2012, date of disbursement if not converted in equity shares.	Repayable at 133.15% of principal par value (USD 13.315 million) on July 24, 2017 after 5 year and 1 day from July 23, 2012, date of disbursement if not converted in equity shares.	Second charge on following assets · 51% of the fully paid up equity shares of EISML held by the Company.	Second charge on following assets · 51% of the fully paid up equity shares of EISML held by the Company.
13.40 % Non convertible debenture (EISML)	-	1,050.00	Not applicable	Redeemable at par in four half yearly installments starting from June 20, 2015 and with a put option after December 20, 2014	Not applicable	- Second charge over movable and immovable properties of EISML - Second charge over movable and immovable properties of the third party - Second charge over all present and future current assets of the Company - Corporate Guarantee of Educomp Solutions Limited (Holding Company) - Personal guarantee of one of the directors - Further, the Company needs to maintain debt service reserve account for 1 quarter interest and 1 quarter principle
External Commercial Borrowings (ECB)	4,381.36	4,206.99	Repayable in 11 half yearly equal installments of USD 6.36 million starting from 15th January, 2016 and ending January 15, 2021.	Repayable in 11 half yearly equal installments of USD 6.36 million starting from 15th January, 2016 and ending January 15, 2021.	First charge on following assets · 51% of the fully paid up equity shares of the EISML held by the Company.	First charge on following assets · 51% of the fully paid up equity shares of the EISML held by the Company.

Particulars	Amount Outstanding as at March 31,		Terms of repayment		Security	
	2015	2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>Sub Total (a)</b>	<b>5,457.27</b>	<b>6,207.99</b>				
<b>Secured Loan from Others</b>						
Deferred payment liabilities (Leasehold land) (Loan taken by EISML) (a)	39.26	61.03	- Carries interest of 11%. -Repayable in equated half yearly installments of ₹4.07 million till December 2019	- Carries interest of 11%. -Repayable in equated half yearly installments of ₹4.07 million till December 2019	Secured by leasehold right over the land	Secured by leasehold right over the land
<b>Sub Total (b)</b>	<b>39.26</b>	<b>61.03</b>				
<b>Term Loans &amp; Working Capital Loan from Banks – CDR (Secured)</b>						
Term loan (a)	102.46	115.61	Repayment in 10 quarterly equal installments of ₹10.25 million commencing from quarter ending December 31, 2015 and ending in quarter ending March 31, 2018	Repayment in 10 quarterly equal installments of ₹10.25 million commencing from quarter ending December 31, 2015 and ending in quarter ending March 31, 2018	-First pari passu charge on all fixed assets (movable and immovable) of the company, both present and future. - First pari passu charge on all the, intangible assets including without limitation computer software and knowledge based contents, current assets, other non current assets and other receivables and unencumbered receivables of ESSPL, both present and future.	-First pari passu charge on all fixed assets (movable and immovable) of the company, both present and future. '- First pari passu charge on all the, brand and intangible assets, current assets, other non current assets and other receivables and unencumbered receivables of ESSPL, both present and future. '- First charge on the borrower's bank accounts, including but not limited to Trust & Retention Account.
Term loan (b)	216.39	253.93	Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ending December 31, 2015 and ending in quarter ending March 31, 2023.	Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ending December 31, 2015 and ending in quarter ending March 31, 2023.	- First charge on the borrower's bank accounts, including but not limited to Trust & Retention Account. -Pledge of all unencumbered shares held by the Promoters Group in company.	'- Pledge of all unencumbered shares held by company in various companies.
Term loan (c)	300.00	300.00			-Pledge of all unencumbered shares held by the Promoters Group in company.	'- Pledge of all unencumbered shares of subsidiaries of the borrower held by Mr. Shantanu Prakash in the share capital of such subsidiaries.
Term loan (d)	250.00	262.47			- Pledge of all unencumbered shares of subsidiaries of the borrower held by Mr. Shantanu Prakash in the share capital of such subsidiaries.	'- Unconditional & irrevocable Personal Guarantees from Mr. Shantanu Prakash & Mr. Jagdish Prakash and Corporate Guarantee of ESSPL.
Term loan (e)	64.00	64.00			- Unconditional & irrevocable Personal Guarantees from Mr. Shantanu Prakash & Mr. Jagdish Prakash and Corporate Guarantee of ESSPL.	'- First pari-passu charge by way of mortgage of personal property of Mr. Shantanu Prakash situated at Residential Plot No. P-63, Sector 56, Gurgaon, Haryana.
Working capital term loan	2,348.67	2,296.96	Installments Amount per Inst. 1-2 81.31			
Funded interest term loan - FITL (a)	886.60	336.29	3-14 121.97 15-30 152.46			
Term loan (f)	2,783.28	2,562.31	Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ending December 31, 2015 and ending in quarter ending March 31, 2023.	Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ending December 31, 2015 and ending in quarter ending March 31, 2023.		
Term loan (g)	4,550.00	4,183.96				
Term loan (h)	359.98	315.55				
Term loan (i)	1,960.00	-				
Term loan (j)	1,172.80	-				
Term loan (k)	896.86	-	Installments Amount per Inst. 1-2 351.69 3-14 527.53 15-30 293.07			

Particulars	Amount Outstanding as at March 31,		Terms of repayment		Security	
	2015	2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Working capital facility (a)#	1,028.27	1,031.88	Payable on demand	Payable on demand		
Term loan from CDR lenders [Loan taken by Educomp Infrastructure & School Management Ltd. (EISML)] (I) \$	7,269.06	7,156.25	- Carries interest linked to respective banks BPLR. The same is fixed at 11% for FY 2013-14 and 2014-15. - ₹1,162.81 million is repayable on 15th January 2016 - Balance repayable in unequal pre - scheduled 40 quarterly installments starting April 2016 till March 2026	- Carries interest linked to respective banks BPLR. The same is fixed at 11% for FY 2013-14 and 2014-15. - ₹1,050.00 million is repayable on 15th January 2016 - Balance repayable in unequal pre - scheduled 40 quarterly installments starting April 2016 till March 2026	- A first pari passu charge on all the fixed assets except Mumbai office, brands and intangible assets and other non-current assets, present and future - A first pari passu charge over all bank accounts of EISML, subsidiaries and trusts, and all the receivables, book debts, and in all funds from time to time deposited therein and in all permitted investments or other securities representing all amounts credited to bank accounts of EISML, subsidiaries and trust. - A first charge on all intangible assets of EISML, assignment of agreements, rights, titles, clearances, insurance contract/insurance proceeds, uncalled capital and interest of EISML by way of first charge of the project documents, guarantees, other performance warranties, indemnities and securities - all rights, titles, interest, benefits, claim and demand of EISML in any letter of credit, guarantee, performance, or bond provided by any party to the project document - First pari passu charge on all the fixed assets, brands and intangible assets, current assets and other non-current assets, present and future of the subsidiaries( excluding all assets of Knowledge Vistas Limited) and Third Party as may be agreed/ acceptable to the Trustee. - Unconditional and irrevocable Corporate Guarantee of Educomp Solutions Limited (Holding Company) - Corporate Guarantee of 21 land owing subsidiaries -Pledge of 45.5% fully paid-up unencumbered share (14,584,541 shares) held by Educomp Solutions Limited (Holding company), Educomp School Management Limited, Shantanu Prakash (director of the company and Mrs. Anjilee Prakash - Encumbered shares held by Educomp Solutions Limited( Holding Company) after released from IFC and Proparco -Pledge of shares of land owing subsidiaries held by company - Unconditional and irrevocable Personal Guarantee by Mr. Shantanu Prakash and Mr. Jagdish Prakash.	- A first pari passu charge on all the fixed assets except Mumbai office, brands and intangible assets and other non-current assets, present and future - A first pari passu charge over all bank accounts of EISML, subsidiaries and trusts, and all the receivables, book debts, and in all funds from time to time deposited therein and in all permitted investments or other securities representing all amounts credited to bank accounts of EISML, subsidiaries and trust. - A first charge on all intangible assets of EISML, assignment of agreements, rights, titles, clearances, insurance contract/insurance proceeds, uncalled capital and interest of EISML by way of first charge of the project documents, guarantees, other performance warranties, indemnities and securities - all rights, titles, interest, benefits, claim and demand of EISML in any letter of credit, guarantee, performance, or bond provided by any party to the project document - First pari passu charge on all the fixed assets, brands and intangible assets, current assets and other non-current assets, present and future of the subsidiaries( excluding all assets of Knowledge Vistas Limited) and Third Party as may be agreed/ acceptable to the Trustee. - Unconditional and irrevocable Corporate Guarantee of Educomp Solutions Limited (Holding Company) - Corporate Guarantee of 21 land owing subsidiaries -Pledge of 45.5% fully paid-up unencumbered share (14,584,541 shares) held by Educomp Solutions Limited (Holding company), Educomp School Management Limited, Shantanu Prakash (director of the company and Mrs. Anjilee Prakash - Encumbered shares held by Educomp Solutions Limited( Holding Company) after released from IFC and Proparco -Pledge of shares of land owing subsidiaries held by company - Unconditional and irrevocable Personal Guarantee by Mr. Shantanu Prakash and Mr. Jagdish Prakash.
Funded interest term loans (Loan taken by EISML) (c)	1,574.68	787.46	Re-payable on April 1, 2015 carries interest @11%	Re-payable on April 1, 2015 carries interest @11%		

Particulars	Amount Outstanding as at March 31,		Terms of repayment		Security	
	2015	2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Corporate loan (Loan taken by EISML) (m)	1,156.69	-	- Carries interest linked to respective banks BPLR. The same is fixed at 11% for FY 2013-14 and 2014-15. - Rs.124.93 million and ₹21.76 million is repayable on 1st April 2015 and 15th January 2016 respectively - Balance repayable in unequal pre - scheduled 40 quarterly installments starting April 2016 till March 2026	Not applicable	- Second charge on all the fixed assets except Mumbai office, brands and intangible assets and other non-current assets, present and future - Second charge over all current assets (present and future) of EISML. - Second pari passu charge on all the fixed assets (movable and immovable), brands and intangible assets, present and future of the subsidiaries (excluding all assets of Knowledge Vistas Limited) and Third Party as may be agreed/ acceptable to the Trustee. - Unconditional and irrevocable Corporate Guarantee of Educomp Solutions Limited (Holding Company) - Unconditional and irrevocable Personal Guarantee by Mr. Shantanu Prakash and Mr. Jagdish Prakash.	Not applicable
<b>Sub Total (c)</b>	<b>26,919.74</b>	<b>19,666.67</b>				

**Term Loans & Working Capital Loan from Banks other than CDR (Secured)**

Term loan (n)	103.40	194.57	Repayable on December 31, 2014	₹50 million in six half yearly installments and ₹325.19 million in 18 quarterly installments	-First pari-passu charge over all the current assets of the company including receivables from ESSPL and receivables brought from ESSPL, (after meeting obligation of respective banks) out of fresh corporate loans as also unencumbered receivables at ESSPL. -First pari-passu charge over all the fixed assets of the company. - General charge on receivable from Government of Karnataka, Uttar Pradesh and Gujarat. - Pledge of all unencumbered shares of the company held by the promoters. - Pledge of shares of all the unencumbered investments held by ESL in its group companies. - Pledge of all unencumbered shares of subsidiaries of company held by Mr. Shantanu Prakash in its personal capacity. - Corporate guarantee of M/s. Edu Smart Services Pvt. Limited. - Personal guarantee of promoters. - First pari passu charge on one of the personal property of Mr. Shantanu Prakash.	-First pari-passu charge by way of mortgage of all immovable properties and assets of the Company. -First pari-passu charge by way of hypothecation of all the movable assets including, but not limited to computer hardware, furniture and fixtures. -First pari-passu charge on receivable from Government contracts of Uttar Pradesh and Gujarat. -First charge on the Debt Service Reserve Account (DSRA) created for the project. - Personal guarantee of promoters. - First pari passu charge on one of the personal property of Mr. Shantanu Prakash.
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Particulars	Amount Outstanding as at March 31,		Terms of repayment		Security	
	2015	2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Funded interest term loan FITL (b)	115.70	-	Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ending December 31, 2015 and ending in quarter ending March 31, 2023. Installments    Amount per Inst. 1-2                    2.31 3-14                 3.47 15-30                4.34	Not applicable	-First pari-passu charge over all the current assets of the company including receivables from ESSPL and receivables brought from ESSPL, (after meeting obligation of respective banks) out of fresh corporate loans as also unencumbered receivables at ESSPL. -First pari-passu charge over all the fixed assets of the company. - General charge on receivable from Government of Karnataka, Uttar Pradesh and Gujarat. - Pledge of all unencumbered shares of the company held by the promoters. - Pledge of shares of all the unencumbered investments held by ESL in its group companies. - Pledge of all unencumbered shares of subsidiaries of company held by Mr. Shantanu Prakash in its personal capacity. - Corporate guarantee of M/s. Edu Smart Services Pvt. Limited. - Personal guarantee of promoters. - First pari passu charge on one of the personal property of Mr. Shantanu Prakash.	Not applicable
Term loan (o)	464.66	726.48	Balance 10 equal quarterly installments of ₹46.47 million starting December 31, 2013 and quarter ending September 30, 2017.	16 equal quarterly installments of ₹44.66 million starting December 31, 2013 and quarter ending September 30, 2017.	- Sub-servient charge on the current assets of the Company. - Subservient charge on all current assets of Educomp Infrastructure & School Management Limited (EISML). - Personal guarantee of Mr. Shantanu Prakash	· Sub-servient charge on the current assets of the Company. · Exclusive charge on Mumbai Office of the Company. · Subservient charge on all current assets of Educomp Infrastructure & School Management Limited (EISML). · Personal guarantee of Mr. Shantanu Prakash
Term loan (p)	-	9.27	Not applicable	12 equal quarterly installments starting from 5th quarter of first disbursement.	Not applicable	- pledge shares of Vidya Mandir Classes Limited held by the Company. - Pledge shares held by Educomp Online Supplemental Services Limited of Educomp Learning Hour Private Limited. '- Hypothecation by way of exclusive charge over receivables of the borrower from Edusmart.

Particulars	Amount Outstanding as at March 31,		Terms of repayment		Security	
	2015	2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Working capital facility (b)#	499.80	499.80	Payable on demand	Payable on demand	-First ranking pari passu charge on the entire current assets of the Company. -Second pari-passu charge over the fixed assets of the Company. -Personal guarantee of the Mr. Shantanu Prakash and Mr. Jagdish Prakash and equitable mortgage on one of the personal property of Mr. Shantanu Prakash.	-First ranking pari passu charge on the entire current assets of the Company. -Second pari-passu charge over the fixed assets of the Company. -Personal guarantee of the Mr. Shantanu Prakash and Mr. Jagdish Prakash and first charge by way of mortgage on one of the personal property of Mr. Shantanu Prakash.
Working capital facility (c)#	556.94	397.65	Payable on demand	Payable on demand	-First pari-passu charge over all the current assets of the company including receivables from ESSPL and receivables brought from ESSPL, (after meeting obligation of respective banks) out of fresh corporate loans as also unencumbered receivables at ESSPL. -First pari-passu charge over all the fixed assets of the company. - General charge on receivable from Government of Karnataka, Uttar Pradesh and Gujarat. - Pledge of all unencumbered shares of the company held by the promoters. - Pledge of shares of all the unencumbered investments held by ESL in its group companies. - Pledge of all unencumbered shares of subsidiaries of company held by Mr. Shantanu Prakash in its personal capacity. - Corporate guarantee of M/s. Edu Smart Services Pvt. Limited. - Personal guarantee of promoters. - First pari passu charge on one of the personal property of Mr. Shantanu Prakash.	-First ranking pari passu charge on the entire current assets of the Company. -Second pari-passu charge over the fixed assets of the Company. -Personal guarantee of the Mr. Shantanu Prakash and Mr. Jagdish Prakash and first charge by way of mortgage on one of the personal property of Mr. Shantanu Prakash.
Working capital facility (d)#	-	62.69	Not applicable	12 monthly installments from next month transfer of loan from HDFC	Not applicable	-Sub-servient charge on the stock and debtors of the Company. -Personal guarantee of Mr. Shantanu Prakash and Mr. Jagdish Prakash.

Particulars	Amount Outstanding as at March 31,		Terms of repayment		Security	
	2015	2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Vehicle loan (Loan taken by EISML) (a)	0.07	1.62	- The loans carries interest ranging from 10% to 14%. - Repayable on equated monthly installments over different periods till December 2014	- The loans carries interest ranging from 10% to 14%. - Repayable on equated monthly installments over different periods till December 2014	Secured by hypothecation of respective vehicles	Secured by hypothecation of respective vehicles
Loan from Banks [Loan taken by Educomp Asia Pacific Pte Ltd. (EAPL)] (q)	921.02	884.37	Carries interest rate at LIBOR Rate + 3.5%. Term Loan is repayable in 4 equal yearly installments, after a moratorium of 3 years effective from May 2012	Carries interest rate at LIBOR Rate + 3.5%. Term Loan is repayable in 4 equal yearly installments, after a moratorium of 3 years effective from May 2012	- Corporate Guarantee of Educomp Solutions Limited. - Bank's lien over the entire cash flow of EAPL including dividend receivables from the acquired Company. - Pledge of the shares of the subsidiaries.	- Corporate Guarantee of Educomp Solutions Limited. - Bank's lien over the entire cash flow of EAPL including dividend receivables from the acquired Company. - Pledge of the shares of the subsidiaries.
Loan From Bank [Loan taken by Educomp Child Care Pvt. Ltd. (ECCPL)]	-	249.58	Not applicable	Sixteen quarterly installments of ₹15.63 million march 31, 2016.	Not applicable	- Mortgage of land and building situated at H35/1, DLF Phase -1, Gurgaon in the name of Mr. Shantanu Prakash. - Mortgage of residential flat No. 1704, Building No. 3/4/5, The Magnorias, DLF Golf link DLF City, Gurgaon in the name of M/s. Kaisons Housing Corporation Ltd. - Mortgage of residential flat at tower G, Apartment No. G-1002, 10th Caitriona Ambience Island, Gurgaon in the name of Mr. Shantanu Prakash. - Charges on the all the banks accounts of ECCPL wherever maintained. - Personal guarantee of Mr. Shantanu Prakash.- Corporate gurantee of M/s. Kaisons Housing Corporation Ltd. - Charge by way of pledge on equity share capital to the extent of 30% shares of Educomp Child Care Private Limited. and Non Disposal Undertaking (NDU) with Power of Attorney (POA) for the balance 70% shares.

Particulars	Amount Outstanding as at March 31,		Terms of repayment		Security	
	2015	2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Loan From Bank (Loan taken by Educomp Software Ltd.)	-	86.42	Not applicable	Four quarterly installments starting from June, 2014.	Not applicable	<ul style="list-style-type: none"> <li>- First pari-passu charge on designated schools of ESSPL with minimum receivable cover of 1.85x.</li> <li>- first pari-passu charge on moveable fixed assets of the designated pool of Schools of ESSPL.</li> <li>- Pledge of 51% shareholding of the 2 promoters of Edusmart to continue.</li> <li>- Personal guarantee of Shantanu Prakash.</li> <li>- Corporate Guarantee of Edu Smart Services Private Limited.</li> </ul>
Term Loan - From Bank [Loan taken by Educomp Intelliprop. Venture Pte. Ltd. (Formerly known as Educomp Intelprop Venture Pte Ltd.)) (r)	1,153.25	1,106.29	Term Loan is repayable in 1 year 20 days from July 25, 2014, date of disbursement. Rate of Interest is percentage rate per annum which is aggregate of 6 month LIBOR plus 650 bps p.a.	Foreign currency Term Loan is repayable after one year i.e. June 2014	<ul style="list-style-type: none"> <li>- First charge on entire assets, brand including intangible assets of the borrower and obligers</li> <li>-Escrow and charge on the escrow of all cash flows of borrower and obligers</li> <li>- Pledge of 100% shareholding of Educomp Intelliprop. Venture Pte. Ltd</li> <li>-Secured by pledge on the share capital on the subsidiary companies.</li> <li>- Unconditional and irrevocable Personal guarantee of Mr. Shantanu Prakash</li> <li>- Unconditional and irrevocable Corporate guarantee of EISML and ESPL.</li> </ul>	<ul style="list-style-type: none"> <li>-Secured by pledge on the share capital on the subsidiary companies.</li> <li>- Personal guarantee of Mr. Shantanu Prakash</li> <li>- Corporate guarantee of EISML</li> <li>- First charge on entire assets. Escrow accounts ALL cash flow, brand including intangible assets of borrower and subsidiaries.</li> </ul>

Particulars	Amount Outstanding as at March 31,		Terms of repayment		Security	
	2015	2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Term Loan - From Bank [Loan taken by Educomp Learning Hour Pvt. Ltd. (ELHPL)] (s)	599.97	800.00	12 quarterly installments of ₹666.33 lacs each starting from 28th August 2014 carries interest rate @ 13.50%	12 quarterly installments of ₹666.33 lacs each starting from 28th August 2014 carries interest rate @ 13.50%	The Facility shall be secured by following : From ESL - Pledge over 30% of Shares of VMCL From EOSSL - Pledge over 29.88% of Shares of ELHPL From ESPL - Exclusive Charge over Escrow Account receivables of ESPL under contracts/agreements with certain schools From ELHPL - First charge over ELHPL Escrow Account - First charge, by way of hypothecation, on ALL present and future fixed assets and current assets of ELHPL - Assignment of rights under agreement dated October 1, 2010 and subsequent addendum agreement to be entered into between ELHPL and VMCL - Corporate guarantee of ESL, EOSSL and ESPL. -Corporate guarantee of Vidya Mandir Classes Ltd to the extent of 67% of profits. -Personal guarantee of Mr. Shantanu Prakash.	The Facility shall be secured by following : From ESL - Pledge over 30% of Shares of VMCL From EOSSL -Pledge over 29.88% of Shares of ELHPL From ESPL - Exclusive Charge over Escrow Account receivables of ESPL under contracts/agreements with certain schools From ELHPL - First charge over ELHPL Escrow Account -First charge, by way of hypothecation, on ALL present and future fixed assets and current assets of ELHPL - Assignment of rights under agreement dated October 1, 2010 and subsequent addendum agreement to be entered into between ELHPL and VMCL - Corporate guarantee of ESL, EOSSL and ESPL. -Corporate guarantee of Vidya Mandir Classes Ltd to the extent of 67% of profits. -Personal guarantee of Mr. Shantanu Prakash.
Term Loan - From Bank [Loan taken by Educomp Learning Hour Pvt. Ltd. (ELHPL)] (t)	334.11	-	8 quarterly installments of ₹417.63 lacs each starting from 30th June 2017 carries interest rate @ 11.50%	Not applicable	-Personal guarantee of Mr. Shantanu Prakash.	Not applicable

Particulars	Amount Outstanding as at March 31,		Terms of repayment		Security	
	2015	2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Term Loan - From Bank [Loan taken by Knowledge Vistas Ltd. (KVL)] (u)	140.00	140.00	14 ballooning semi annual installments starting from 29th September 2018 -ABBR+3% i.e. Currently 13% p.a	14 ballooning semi annual installments starting after 39 month from the date of first disbursement. ABBR+3% i.e. Currently 13% p.a	-Primary security- exclusive first charge on moveable and immobavle property of KVL. -Secondary security- exclusive first charge on all current assets of the company and DSCRA equal to on quarter of interest to be started latest by 30th September 2016. -KVL has to maintain a debt service reserve account as a fixed deposit with the bank amounting to trailing one quarter's interest. The DSCR will be built-up over a period of 90 days from start of operations and not later than 30th September 2016. -Fresh valuation of mortgaged property needs to be carried out at least once in every 2 year by Banks approved valuer. Cost need to be borne by KVL. -Irrevocable and unconditional corporate guarantees of Educomp Infrastructure & School Management Limited and Lavasa Corporation Limited inproportion to their share holding.	-Primary- exclusive first charge on moveable and immobavle property of KVL. -Secondary exclusive first charge on all current assets of KVL and DSCRA equal to on quarter of interest to be started latest by 30th September 2014 -The Company has to maintain a debt service reserve account as a fixed deposit with the bank amounting to trailing one quarter's interest. The DSCR will be built-up over a period of 90 days from start of operations and not later than 30th September 2014 -Irrevocable and unconditional corporate guarantees of Educomp Infrastructure & School Management Limited and Lavasa Corporation Limited inproportion to their share holding.
<b>Sub Total (d)</b>	<b>4,888.92</b>	<b>5,158.74</b>				

**Terms of borrowings from financial institutions and others taken by the Group - Unsecured are as follows:**

Particulars	Amount Outstanding as at March 31,		Terms of repayment		Security	
	2015	2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
From others - unsecured (a)	624.93	677.11	There are two loans to repaybale 26 & 45 unequal monthly installments as per their repayment schedule.	There are two loans to repaybale 38 & 57 unequal monthly installments as per their repayment schedule.	Not applicable	Not applicable
From others - unsecured (b)#	22.00	36.50	Of ₹22 million, ₹10 million is repayable on February 29, 2016. and ₹12 million is over due as on Balance Sheet date.	Of Rs.36.5 million, ₹24.5 million is repayable on February 29, 2016. and ₹12 million is over due as on Balance Sheet date.	· Pledge of shares of the Company held by Mr. Shantanu Prakash.	· Pledge of shares of the Company held by Mr. Shantanu Prakash.
Finance lease	24.54	29.32	Balance to be repayable in 18 monthly installments	Balance to be repayable in 30 monthly installments	Not applicable	Not applicable

Particulars	Amount Outstanding as at March 31,		Terms of repayment		Security	
	2015	2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
From others - unsecured (c)	354.65	226.05	Interest free loan repayable after final settlement date as per CDR MRA.	Interest free loan repayable after final settlement date as per CDR MRA.	Not applicable	Not applicable
From others - unsecured (d)# (SAVVICA Inc.)	5.71	-	Repayable on demand	Not applicable	Not applicable	Not applicable
Non Convertible Debentures	-	100.00	Not applicable	NCD aggregating ₹100 million issued on July 20, 2012 and is repayable on July 20, 2019. Further, the investors have put option on July 24, 2017, five years from their date of issue.	Not applicable	Not applicable
From others - unsecured (e)#	38.68	1.53	Not applicable	Not applicable	Not applicable	Not applicable
Deferred payment liabilities towards expenses (EISML)	3.87	3.66	Interest free, repayable after 6 years of agreement i.e March 2018	Interest free, repayable after 6 years of agreement i.e March 2018	Not applicable	Not applicable
<b>Sub Total (e)</b>	<b>1,074.38</b>	<b>1,074.17</b>				
<b>Grand Total (a+b+c+d+e)</b>	<b>38,379.57</b>	<b>32,168.60</b>				

\* In respect of 450, 13.25% to 13.50% Secured Redeemable Non Convertible Debentures of ₹1 million each aggregating ₹450.00 million, the Company has created partial security on the assets of the Company and is taking necessary steps to create security in respect of these debentures.

# Working capital facility (a) to (d) and loan from others unsecured (b), (d) & (e) constitute short term borrowings.

§ Charge is pending to register in respect of certain securities

#### Note:

- Term loan (a) to (l), corporate loan (m), working capital term loan, funded interest term loan (a) to (c), working capital facility (a) are at interest rate of 11% p.a (Previous year 11% p.a.)
- Term loan (n) to (o) and working capital facility (b) to (c) are at varying rate of interest ranging from 11% to 13.45%. (Previous year 11.25% to 16.50%)
- Term loan (s) to (u) are at varying rate of interest ranging from 11.50% to 13.50%. (Previous year 13% to 13.50%)
- Term loans (p) were at interest rate of 11%. Though same has been fully repaid during the year. (Previous year 11%)
- Term loans (q) & (r) were at interest rate of LIBOR + 3.5% to 6.50%. (Previous year LIBOR + 3.5% to 6.00%)
- Loans from other (a) to (b) are at varying rate of interest ranging from 12.50% to 18%. (Previous year

12.50% to 18%)

- Vehicle loan (a) are at interest rate ranging from 10% to 14% (Previous year 10% to 14%)
- Deferred payment liabilities (Leasehold Land) carries interest of 11% (Previous year 11%)
- FCCB are zero coupon bonds and do not carry interest. (Previous year Nil)
- ECB are at interest rate of 4.5% +LIBOR (Previous year 4.5% +LIBOR)
- Non Convertible Debentures are at interest rate ranging from 13.25% to 13.50% (Previous year 13.25% to 13.50%)
- Aggregate of loan amount guaranteed by directors ₹29,594.32 million (previous year ₹22,933.87 million)
- Aggregate of loan amount guaranteed by Edu Smart Services Pvt. Ltd. 17,695.35 million (previous year ₹11,722.96 million)

#### Restructuring of existing facilities (ESL)

During the year, the Company entered into Restructuring Agreement subject to term and conditions set out in the facility letter and the master credit terms agreement, restructuring its existing facilities on August 29, 2014 with Standard Chartered Bank. Accordingly, the Company has accounted interest at revised rate of 11% with effect from September 1, 2014 for term loan (n) and April 1, 2013 for other facilities (FITL (b) and working capital facility (c)). The interest due with effect from April 01, 2013 till March 31, 2015 at revised rates amounting to ₹115.70 million has been

converted into Funded Interest Term Loan (FITL (b) ). The revised charge in favor of the bank is pending registration.

### **Corporate debt restructuring scheme (ESL)**

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

As a part of the CDR Scheme, the promoters were required to contribute funds in accordance with letter of approval. As a consequence, the Company has received a contribution from its promoter amounting to Rs.354.65 million (previous year ₹226.05 million) as at March 31, 2015 and March 31, 2014. The same has been received as interest free unsecured loan. Refer above loan from others - unsecured (c).

The MRA has been signed by all the lender banks and the Company has complied with all necessary conditions precedent. From April 01, 2013 (the "cut-off date"), the interest on the restructured debts has been recomputed and provided at the effective interest rates as per the CDR scheme on the balances as appearing in the books of account pending confirmations from various lenders. Accordingly, the interest payable to these banks has been recalculated in accordance with the CDR scheme. The above reclassifications and interest calculations are subject to reconciliation and approval by the particular banks. Considering the MRA have been signed by all the lender banks, the Company has accounted for CDR scheme (reclassifications and interest calculations) in the books for the year ended March 31, 2015 and March 31, 2014 as follows:

- (i) The rate of interest has been changed and reduced to 11% with effect from April 1, 2013. The interest due with effect from April 01, 2013 till March 31, 2015 at revised rates amounting to ₹886.60 million (up to previous year ₹336.29 million) has been converted into Funded Interest Term Loan (FITL (a) ).
- (ii) The moratorium period for principle amount after restructure shall be 30 months from the cut off date.
- (iii) The CDR scheme envisages monetization of certain assets of the Company and its subsidiaries.
- (iv) The revised charge in favor of lenders as per the terms of MRA, is pending registration.

Pursuant to approved CDR scheme and in terms of Master Restructuring Agreement, the Company has acquired trade receivable of Edu Smart Services Private Limited (ESSPL) amounting to ₹1,498.68 million (previous year ₹10349.92 million). To acquire these receivables the Company has been granted loan of ₹3,846.23 million (previous year ₹7061.82 million) (term loan (f) to (k)) by the CDR lenders for making payments to trade receivables acquired in current year and previous year. These receivables accrue to Edu

Smart Services Private Limited under Tripartite agreement between, the Company, ESSPL and Schools/trust wherein in substance, the Company was key service provider. Towards settlement of rest of the consideration, the Company has adjusted its receivable from ESSPL amounting to ₹2,347.55 million (previous year ₹3,288.10 million). The Company has taken over these receivables to improve the recoverability and to provide uninterrupted services to these schools in future.

Pursuant to implementation of approved Corporate Debt Restructuring Scheme (CDR scheme), certain lenders have disbursed fresh corporate loans to the Company and corresponding trade receivables were bought from Edu Smart Services Private Limited (ESSPL) together with future business relating to this customers, as explained above. Due to this restructuring, the remaining receivables in ESSPL may not yield adequate surplus to discharge its liability towards the Company for trade receivables and redemption of redeemable non convertible preference shares. However, the approved CDR scheme has mandated merger of ESSPL with the Company and accordingly, the Company has initiated the process and has taken the approval of Board of Directors in the board meeting held on 13th January 2015. The impact for the amalgamation shall be given/recorded in the books of accounts upon obtaining approvals and implementation of the Scheme.

Pursuant to MRA, in case the Company commits a default in payment or repayment of instalments of principal amounts of the Restructured Loans, Corporate loans and/or the Additional Rupee Loan or interest thereon or any combination thereof, then the CDR Lenders, Corporate loan lenders and/or the Additional Rupee Lenders, at their discretion, shall have the right to convert at their option the whole of the outstanding amount or part of the defaulted amount into fully paid-up equity shares of the Company. The number of shares and the share issue price shall be determined as per the guidelines of the CDR cell.

### **Corporate debt restructuring scheme (EISML)**

The Company had executed the Master Restructuring Agreement (MRA) / other definitive documents on December 28, 2013 with the lenders banks, consequent to approval from Corporate Debt Restructuring Empowered Group (CDR-EG) to re-structure Company's existing debt obligations, including interest, additional funding and other terms (hereafter referred to as "the CDR Scheme").

Under the CDR scheme, the Company is entitled to the relief's and concessions granted by the lender banks, with effect from April 01, 2013 ('the Relevant Date'). Also, as a part of the CDR scheme, the promoters were required to contribute funds in accordance with letter of approval. As a consequence, the Company received a contribution from its promoters amounting to ₹340.01 million against which optionally convertible preference shares were issued at par on March 1, 2014 by the Company after receiving the

necessary approval of the shareholders.

From April 1, 2013 (the "cut-off date"), the interest on the restructured debts has been recomputed and provided at the effective interest rates as per the approved CDR scheme on the balances as appearing in the books of account which is pending confirmations from certain lenders.

The MRA has been signed by all the lender banks, the Company has accounted for CDR scheme (reclassifications and interest calculations) in the books for the year ended March 31, 2014 and March 31, 2015 as follows:

Out of the existing term loans of Rs.7,269.06 million (Previous year ₹7,156.25 million), ₹6,106.25 million (Previous year 7,156.25 million) has been classified as long term borrowing and Rs.1,162.81 million (Previous year Nil) as current maturities, which is as per revised terms. Pursuant to revised terms term loans are repayable in pre - scheduled quarterly installments starting 15th January 2016 till March 2026 and Funded Interest Term Loans are re-payable on April 1, 2015.

The interest due amounting to ₹787.23 million (Previous year ₹787.46 million) has been converted into Funded Interest Term Loan (FITL).

#### Non-convertible debentures (EISML)

During the year, the Group has redeemed 1,050 (previous year Nil), 13.40% Non Convertible Debentures of ₹1,000,000 each, aggregating ₹1,050.00 million (previous year ₹Nil). The Group has transferred ₹470.34 million (previous year ₹Nil) out of the balance lying in debenture redemption reserve to general reserves.

#### 53 Details of continuing default in repayment of loan or interest as at March 31, 2015 is given below:

(₹ in million)

Particular	Delay upto 3 month	Delay of 3 to 6 month	Delay of 6 to 12 month	More than 12 Months
<b>Repayment of principal</b>				
Banks	-	103.48	-	-
Financial Institutions	16.90	-	-	12.00
<b>Total</b>	<b>16.90</b>	<b>103.48</b>	<b>-</b>	<b>12.00</b>
Previous Year	64.07	36.07	34.67	4.07
<b>Interest</b>				
Banks	157.66	25.48	55.41	31.37
Financial Institutions	117.29	-	113.16	92.27
<b>Total</b>	<b>274.95</b>	<b>25.48</b>	<b>168.57</b>	<b>123.64</b>
Previous Year	139.47	8.68	127.60	3.36

#### 54 Contract disclosures as required by AS-7 ("construction contracts")

Contract disclosures related to subsidiary of joint venture of the Group, Millennium Infra Developers Limited to the extent of joint venture holding.

(₹ in million)

Particulars	For the Year Ended March 31, 2015	For the Year Ended March 31, 2014
Contract revenue recognized	3.90	23.43
Contract expenses recognized	3.75	22.53
Recognized profits less recognized losses	0.15	0.90
Unbilled contract revenue for the year	-	-
Amount billed during the year	3.90	23.43
Trade receivable	266.79	288.70
Gross amount due to customer	-	-

#### 55 Related party disclosures

The disclosures of transactions with related parties as defined in Accounting Standard 18, issued by the Institute of Chartered Accountants of India are given as below:

##### i) List of related parties and relationships with them:

S. No.	Name of Related Party	Relationship
1	Mr. Shantanu Prakash, Managing Director	<b>Key Managerial Personnel (KMP)</b>
2	Mr. Jagdish Prakash*, Director	
3	Mr. V.K. Dandona**, Whole Time Director	
1	Greycells18 Media Ltd.	<b>Associate</b>
1	Learning Leadership Foundation	<b>Others</b> <b>(Directors being trustees in related trusts/ Directors being Directors in related companies)</b>
2	Learning Links Foundation	
3	Richmond Education Society	
4	Lakshya Digital Private Limited*****	
5	Education Quality Foundation of India	
6	Mussoorie International School Society	
7	Shri Krishna Hare Educational Trust	
8	Shri Radha Raman Educational Trust	
9	Maurya Educational Trust	
10	Bal Shiksha Educational Trust	
11	Shri Radhe Educational Trust	
12	Surya Prabhat Trust	
13	Shri Radha Krishna Educational Trust	
14	Vidya Prabhat School Trust	
15	Unnati Educational Trust	
16	Surya Kiran Educational Trust	
17	Sri Satya Sai Educational Trust	
18	Sri Laxmi Ganesh Educational Trust	
19	Sri Vasudev Educational Trust	
20	Siya Ram Educational Trust	
21	Shyam Sunder Educational Trust	
22	Shri Hare Educational Trust	
23	Shiksha Bharti Educational Trust	
24	Radhey Shyam Educational Trust	
25	Gyan Kunj Educational Trust	
26	Bhakti Sagar School Trust	
27	Vidhya Sarovar Educational Trust	
28	Sukh Sagar School Trust	
29	Shri Ambey Educational Trust	
30	Sanskriti Educational Trust	
31	Samvridi Educational Trust	
32	Shri Laxmi Narain Educational Trust	
33	Sankalp Educational Trust	
34	Shiv Shakti Educational Trust	
35	Vigyan Educational Trust	
36	Sushikshit Educational Trust	
37	Navnirmmit Educational Trust	
38	Naveen Shiksha Educational Trust	
39	Shri Nath Education Society	
40	Bharat Shakti Educational Trust	
41	Gyan Jyoti Educational Trust	
42	Guru Narayan Educational Trust	
43	Guru Shishya Educational Trust	
44	Jyoti Kiran Educational Trust	

45	Shreshta Educational Trust	<b>Others</b> <b>(Directors being trustees in related trusts/ Directors being Directors in related companies)</b>
46	Vidhyarthi Educational Trust	
47	Nav Jyoti Educational Trust	
48	Nav Jiwan Educational Trust	
49	Shakshar Educational Trust	
50	Shiksha Jyoti Educational Trust	
51	DSK Legal***	
52	League India Education Foundation****	
53	Millennium InfraDevelopers Limited	
54	Shiksha Solution Trustee Pvt. Ltd.	
55	Jai Durge Educational Trust	
56	IndiaCan Education Private Limited ****	
57	A P Eduvision Private Limited	
58	A Plus Education Solutions Pvt. Ltd. ****	
1	Educomp Raffles Higher Education Ltd	<b>Joint Venture of direct subsidiary (JV)</b>
2	Educomp Higher Initiatives Pte Ltd, Singapore*****	
1	Mr. Jagdish Prakash#	<b>Relative of Mr. Shantanu Prakash (Key Managerial Person)</b>

# Relative of KMP w.e.f. November 14, 2013

\* Ceased to be KMP w.e.f. November 13, 2013

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

\*\*\*Others w.e.f. September 29, 2014

\*\*\*\*Others w.e.f. September 1, 2014

\*\*\*\*\*Ceased to be related party w.e.f. April 9, 2013

\*\*\*\*\* Ceased to be others w.e.f. 15th October, 2014

## ii) Transactions during the year with related parties:

### a) Details of related party transactions for the year ended March 31, 2015

(₹ in million)

Particulars	Key Management Personnel & their relatives	Associate	Joint Venture of Subsidiary	Others	Total
Revenues	-	-	18.79	592.10	<b>610.89</b>
(note i)	(-)	(-)	(18.38)	(874.14)	<b>(892.52)</b>
Other Income	-	-	-	91.42	<b>91.42</b>
(note ii)	(-)	(-)	(-)	(60.79)	<b>(60.79)</b>
Loans and advances given	-	-	-	1,353.75	<b>1,353.75</b>
(note iii)	(-)	(-)	(-)	(1,296.55)	<b>(1,296.55)</b>
Loans and advances given - repayment	-	-	-	901.51	<b>901.51</b>
(note iv)	(-)	(-)	(-)	(1,253.52)	<b>(1,253.52)</b>
Purchase of investments	-	-	-	-	<b>-</b>
(note v)	(-)	(1.17)	(-)	(-)	<b>(1.17)</b>
Reimbursement of expenses	-	-	-	0.91	<b>0.91</b>
(note vi)	(-)	(-)	(-)	(0.11)	<b>(0.11)</b>
Expense incurred on behalf of others	-	-	-	67.92	<b>67.92</b>
(note vii)	(-)	(-)	(-)	(-)	<b>(-)</b>
Remuneration*	7.35	-	-	-	<b>7.35</b>
(note viii)	(2.12)	(-)	(-)	(-)	<b>(2.12)</b>
Rent paid	0.83	-	-	-	<b>0.83</b>
(note ix)	(0.83)	(-)	(-)	(-)	<b>(0.83)</b>

Loans and advances received (note x)	128.60 (226.05)	- (-)	- (-)	- (-)	<b>128.60</b> <b>(226.05)</b>
Provision for doubtful debts (note xi)	- (-)	- (-)	- (-)	11.65 (4.91)	<b>11.65</b> <b>(4.91)</b>
Provision for Loans and advances (note xii)	- (-)	- (-)	- (-)	22.52 (4.72)	<b>22.52</b> <b>(4.72)</b>

1. All transactions with related parties have been entered into in the normal course of business. Previous year figures are given in parenthesis.
2. The remuneration to the key management personnel does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

**b) Disclosure of material transactions with related parties\***

(₹ in million)

Notes	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>(i) Includes sales and services to:</b>		
<b>Joint Venture of direct subsidiary</b>		
Educomp Raffles Higher Education Ltd	18.79	18.38
<b>Others</b>		
Learning Leadership Foundation	319.58	406.20
Mussorie International School Society	87.53	150.20
<b>(ii) Includes other income from:</b>		
<b>Others</b>		
Richmond Education Society	30.59	30.54
<b>(iii) Loans and advances (includes share application money) given relates to:</b>		
<b>Others</b>		
Learning Leadership Foundation	439.94	550.40
Richmond Education Society	151.22	206.14
Mussorie International School Society	264.37	104.67
<b>(iv) Loans and advances repayment relates to:</b>		
<b>Others</b>		
Mussorie International School Society	254.92	106.70
Learning Leadership Foundation	363.33	562.18
Richmond Education Society	123.05	233.09
<b>(v) Purchase of investments relates to:</b>		
<b>Associates</b>		
Investment in Greycells18 Media Private Limited	Nil	1.17
<b>(vi) Reimbursement of expenses</b>		
<b>Joint Venture</b>		
Educomp Raffles Higher Education Private Limited	0.91	Nil
<b>Others</b>		
Richmond Educational Society	Nil	0.11
<b>(vii) Expenses relates to:</b>		
<b>Others</b>		
Unnati Educational Trust	65.81	Nil
<b>(viii) Remuneration Includes transaction for the year mainly with:</b>		
<b>KMP</b>		

Notes	For the year ended March 31, 2015	For the year ended March 31, 2014
Mr. V.K. Dandona	2.47	0.84
Mr. Jagdish Prakash	Nil	0.08
<b>Relative of KMP</b>		
Mr. Jagdish Prakash	4.88	1.20
<b>(ix) Includes rent paid to:</b>		
<b>KMP</b>		
Mr. Shantanu Prakash	0.83	0.83
<b>(x) Loans &amp; Advances received</b>		
<b>KMP</b>		
Mr. Shantanu Prakash	128.60	226.05
<b>(xi) Provision for doubtful debts</b>		
<b>Others</b>		
Shri Radha Krishna Educational Trust	11.65	-
Radhey Shyam Educational Trust	-	4.91
<b>(xii) Provision for Loans and advances</b>		
<b>Others</b>		
Radhey Shyam Educational Trust	11.01	4.72
Naveen Shiksha Educational Trust	11.51	-

Note: Here transactions, the amount of which is in excess of 10% of the total related party transactions of the same type is considered material.

## ii) Balances with related parties

### a) Details of balances with related parties as at March 31, 2015:

(₹ in million)

Particulars	Key Management Personnel	Associates	Joint Venture of subsidiary	Others	Total
Investment	-	104.56	-	-	<b>104.56</b>
	(-)	(114.59)	(-)	(89.85)	<b>(204.44)</b>
Share application money	-	-	-	-	-
	(-)	(-)	(-)	(-)	<b>(-)</b>
Trade receivables	-	-	-	2,402.19	<b>2,402.19</b>
	(-)	(-)	(-)	(2,180.52)	<b>(2,180.52)</b>
Provision against trade receivables	-	-	-	16.56	<b>16.56</b>
	(-)	(-)	(-)	4.91	<b>4.91</b>
Loans and advances including interest receivable	-	-	-	1,634.25	<b>1,634.25</b>
	(-)	(-)	(-)	(1,113.68)	<b>(1,113.68)</b>
Provision against loans and advances	-	-	-	27.23	<b>27.23</b>
	(-)	(-)	(-)	(-)	<b>(-)</b>
Trade and other payables	3.47	-	61.07	22.88	<b>87.42</b>
	(0.30)	(-)	(79.87)	(1.23)	<b>(81.40)</b>
Unsecured loan	354.65	-	-	-	<b>354.65</b>
	(226.05)	(-)	(-)	(-)	<b>(226.05)</b>

Note: Previous year figures are given in parenthesis.

\* **Disclosure in respect to loans and advances given to related parties for the purpose of operational expenses**

**and are as required under section 186(4) of the Companies Act, 2013**

<b>Name of the party</b>	<b>Closing Balance as at 31st March 2015</b>	<b>Closing Balance as at 31st March 2014</b>
Bal Shiksha Educational Trust	43.74	19.57
Bhakti Sagar School Trust	16.31	2.29
Bharat Shakti Educational Trust	0.07	0.06
Guru Jyoti Educational Trust	0.07	0.06
Guru Narayan Educational Trust	0.06	0.06
Guru Shishya Educational Trust	0.06	0.06
Gyan Kunj Educational Trust	3.22	-
Jai Durge Educational Trust	0.01	-
Jai Radha Raman Educational Society - Other advances	0.48	-
Jyoti Kiran Educational Trust	0.06	0.06
Learning Leadership Foundation	238.31	153.62
Maurya Educational Trust	57.28	17.93
Mussoorie International School Society	14.29	-
Nav Jiwan Educational Trust	0.06	0.06
Nav Jyoti Educational Trust	0.07	0.06
Naveen Shiksha Educational Trust	11.55	11.43
Navnimit Educational Trust	0.02	0.01
Radhey Shyam Educational Trust	15.72	15.72
Richmond Education Society	546.18	488.04
Samyridi Educational Trust	25.03	16.85
Sankalp Educational Trust	0.02	0.01
Sanskriti Educational Trust	0.07	0.07
Shakshar Educational Trust	0.06	0.06
Shiksha Educational Trust	0.07	0.06
Shiksha Bharti Educational Trust	45.43	15.25
Shiv Shakti Educational Trust	0.22	0.21
Shreshta Educational Trust	0.06	0.06
Shri Ambey Educational Trust	0.08	0.07
Shri Hare Educational Trust	7.73	2.75
Shri Krishna Hare Educational Trust	48.93	32.33
Shri Laxmi Narain Educational Trust	12.24	8.27
Shri Radha Krishna Educational Trust	64.75	45.33
Shri Radha Raman Educational Trust	51.02	28.76
Shri Radhe Educational Trust	22.89	13.98
Shrinath Education Society	3.74	0.07
Shyam Sunder Educational Trust	61.38	43.69
Siya Ram Educational Trust	25.81	13.29
Sri Laxmi Ganesh Educational Trust	60.21	21.29
Sri Satya Sai Educational Trust	34.27	13.27
Sri Vasudev Educational Trust	26.35	13.57
Sukh Sagar School Trust	15.83	8.65
Surya Kiran Educational Trust	58.84	40.92
Surya Prabhat Trust	40.64	4.57
Sushikshit Educational Trust	0.14	0.13
Unnati Educational Trust	6.98	31.43
Vidhya Sarovar Educational Trust	0.07	0.07
Vidhyarthi Educational Trust	0.06	0.06
Vidya Prabhat School Trust	36.22	27.53
Vidya Sarovar Educational Trust	0.01	-
Vigyan Educational Trust	37.53	22.06
<b>Total</b>	<b>1,634.25</b>	<b>1,113.68</b>

**56 Segment reporting**

The Group has identified its Product Segment as the Primary Segment in accordance with Accounting Standard 17 – Segment Reporting. The Product Segment consists of School Learning Solutions (comprising of Smart Class & Edureach (ICT) business), K-12 Schools (comprising preschools & high schools), Higher Learning Solutions (comprising of vocational, higher education and professional development) and Online, Supplemental & Global business (comprising of internet based educational services and coaching).

The Group has only one geographical segment as its Secondary Segment, having 10 per cent or more of enterprise revenue from sales to external customers based on the geographical location of its customers.

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

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

Previous year's figures are given in parenthesis.

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

(₹ in million)

Particulars	HLS (Higher Learning Solutions)	SLS (School Learning Solutions)	K – 12 (Schools)	Online, Supplemental & Global	Total
Segment assets	883.91 (4,267.62)	14,984.97 (20,748.54)	27,714.62 (29,543.47)	4,640.11 (5,025.07)	<b>48,223.61</b> <b>(59,584.70)</b>
Unallocated corporate assets					<b>3,046.18</b> <b>(1,796.26)</b>
<b>Total assets</b>					<b>51,269.79</b> <b>(61,380.96)</b>
Segment liabilities	62.70 (200.13)	2,467.14 (1,675.40)	10,338.89 (9,768.36)	4,437.88 (4,336.90)	<b>17,306.61</b> <b>(15,980.79)</b>
Unallocated corporate liabilities					<b>26,293.46</b> <b>(20,685.79)</b>
<b>Total liabilities</b>					<b>43,600.07</b> <b>(36,666.58)</b>
Capital expenditure	5.69 (5.27)	269.28 (308.08)	131.65 (274.06)	166.16 (252.04)	<b>572.78</b> <b>(839.45)</b>
Unallocated corporate capital expenditure					<b>2.75</b> <b>(2.72)</b>
<b>Total capital expenditure</b>					<b>575.53</b> <b>(842.17)</b>
Depreciation and amortization	3.69 (14.07)	460.78 (522.95)	247.69 (213.18)	218.97 (318.13)	<b>931.13</b> <b>(1,068.33)</b>
Unallocated corporate depreciation and amortization					<b>18.00</b> <b>(15.19)</b>
<b>Total depreciation and amortization</b>					<b>949.13</b> <b>(1,083.52)</b>
Non cash expenditure other than depreciation	2,239.06 (5.45)	8,196.70 (1,161.28)	1,768.34 (1,030.49)	73.73 (23.71)	<b>12,277.83</b> <b>(2,220.93)</b>
Unallocated corporate expenditure					<b>80.22</b> <b>(3.15)</b>
<b>Total non cash expenditure other than depreciation</b>					<b>12,358.05</b> <b>(2,224.08)</b>

Particulars	HLS (Higher Learning Solutions)	SLS (School Learning Solutions)	K - 12 (Schools)	Online, Supplemental & Global	Total
Revenue	117.48	1,932.34	758.18	2,374.02	<b>5,182.02</b>
	(182.41)	(2,145.84)	(950.85)	(3,069.14)	<b>(6,348.24)</b>
Expenses	2,347.77	10,983.25	2,355.01	2,845.03	<b>18,531.06</b>
	(205.57)	(3,849.08)	(661.00)	(3,111.04)	<b>(7,826.69)</b>
<b>Segment results</b>	(2,230.29)	(9,050.91)	(1,596.83)	(471.01)	<b>(13,349.04)</b>
	(-23.16)	(-1,703.24)	(289.85)	(-41.90)	<b>(-1,478.45)</b>
Un-allocable expenditure					<b>679.38</b>
					<b>(608.72)</b>
Finance cost					<b>3,670.41</b>
					<b>(2,524.45)</b>
<b>Operating loss</b>					<b>(17,698.83)</b>
					<b>(-4,611.61)</b>
<b>Other Income</b>					<b>759.94</b>
					<b>(898.73)</b>
Prior period Items income/(expenses)					<b>59.16</b>
					<b>(904.08)</b>
<b>Loss before tax and after prior period items</b>					<b>(16,998.05)</b>
					<b>(-4,616.96)</b>
Less: Tax expense					
- Current					<b>36.26</b>
					<b>(59.34)</b>
- MAT entitlement					-
					<b>(-82.96)</b>
- Deferred tax					<b>(47.45)</b>
					<b>(-405.93)</b>
- Excess Provision written Back					-
					<b>(-328.60)</b>
<b>Loss after tax but before minority interest and share of loss of associate</b>					<b>(16,986.86)</b>
					<b>(-3,858.81)</b>
Minorities interest					<b>(575.34)</b>
					<b>(-254.38)</b>
Share of loss in associates					<b>(10.03)</b>
					<b>(3.13)</b>
<b>Loss after tax, minority interest and share of loss of associate</b>					<b>(16,421.55)</b>
					<b>(-3,607.56)</b>

#### B. Secondary Segment Information – Geographical

(₹ in million)

	Revenue	Segment assets	Capital expenditure
<b>India</b>	3,592.50	46,014.46	575.53
	(4,898.57)	(55,983.66)	(579.11)
<b>Outside India</b>	1,589.52	5,255.33	-
	(1,449.57)	(5,397.30)	(178.25)
<b>Total</b>	5,182.02	51,269.79	575.53
	<b>(6,348.24)</b>	<b>(61,380.96)</b>	<b>(757.36)</b>

Note: Previous year figures are given in parenthesis.

- 57 Foreign exchange fluctuation (net) under the head other expenses/other Income comprises of:

(₹ in million)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Foreign exchange loss	578.70	196.18
Foreign exchange gain	(122.27)	(70.95)
<b>Net foreign exchange loss</b>	<b>456.43</b>	<b>125.23</b>

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

During the current year, the Company has received a favourable order from the ITAT with respect to the AY 2007-08. On the basis of such favourable order, the Company has received a refund of ₹45.70 million (including interest) during the current year and ₹193.31 million subsequent to the year ended 31 March 2015.

- 59 The Group has appointed firms of Chartered Accountants for conducting a transfer pricing study, wherever applicable, to determine whether the international transactions with associate enterprises were undertaken at "arms length basis". Adjustments, if any arising from the transfer pricing study shall be accounted for as and when the study is completed. The management confirms that all international transactions with associate enterprises are undertaken at negotiated contracted prices on usual commercial terms. Transfer pricing certificate under Section 92E for the year ending March 31, 2014 has been obtained and there are no adverse comments requiring adjustments in these Consolidated Financial Statements.
- 60 The Group regularly undertakes Transfer Pricing Study for Specified Domestic Transactions ('SDT') with its associate parties domiciled in India as stipulated in Section 92BA of the Income Tax Act, 1961, applicable in India, to determine whether such SDT with associate parties in India are being undertaken at "arm's length basis". The management is of the opinion that all transactions with associate enterprises are undertaken at negotiated contracted prices on usual commercial terms and are at arms' length, and there will not be any impact on the Financial Statements as a consequence of the transfer pricing study to be taken by the Company for the current year. Transfer pricing certificate under Section 92E for the year ending March 31, 2014 has been obtained and there are no adverse comments requiring adjustments in these Financial Statements.
- 61 One Company falls under the definition of "subsidiary" as

per the Companies Act, 2013 by virtue of the subsidiary's investment in the convertible preference shares of that Company. However, in conformity with definition of 'Subsidiary' in Accounting Standard – 21 on "Consolidated Financial Statements", the financial statements of the same has not been included in the consolidated financial statements for the year ended March 31, 2015.

- 62 The Company has incurred substantial losses and its net worth has been significantly eroded. Based on Company's projected cash flows, it shall have sufficient funds to run its operations in foreseeable future. As regards availability of requisite funds to meet its debt related obligations including those falling due in year 2015-16 as per its CDR package executed with Company's lenders, the Company intends to monetize its identified investments, receivables and assets to meet the necessary obligations. The Company is also taking several measures to improve operational efficiencies and other avenues of raising funds.

The management is confident that with the above measures and continuous efforts to improve the business, it would be able to generate sustainable cash flow, discharge its short-term and long term liabilities and recover & recoup the erosion in its net worth through profitable operations and continue as a going concern. Accordingly, these consolidated financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

- 63 The Company's subsidiary, Educomp Infrastructure & School Management Limited has incurred losses during the year and its debt related obligation in form of Funded Interest Term Loan is yet to be paid as envisaged under the Corporate Debt Restructuring Package (CDR Package). Based on Company's projected cash flows, it shall have sufficient funds to run its operations in foreseeable future. As regards availability of requisite funds to meet its debt related obligations including those falling due in year 2015-16 as per the CDR package executed with Company's lenders, the Company intends to monetize its assets identified for sale to meet the necessary obligations. The Company is also taking several measures to improve operational efficiencies and other avenues of raising funds.

The management is confident that with the above measures and continuous efforts to improve the business, it would be able to generate sustainable cash flow to discharge its short-term and long term liabilities and recover & recoup the erosion in its net worth through profitable operations and continue as a going concern. Accordingly, these consolidated financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

- 64 A subsidiary in the Group, Knowledge Vistas Limited(KVL) has taken land from Lavasa Corporation Limited on lease vide lease agreement dated June 30, 2009 for a period of

999 years to construct an international residential school. Further KVL, has entered into a sub-lease agreement with Gyan Kunj Educational Trust (GKET) to sub lease the school building. As per the sub lease agreement, GKET shall be liable to pay lease rental to KVL from the year in which it has cash surplus. GKET has started its operation in Academic Session 2011-12 but due to environment matters, GKET has decided to suspend its operation and waiting for favourable business opportunities.

On the basis of the valuation report from an independent valuer, the carrying cost of the Group's assets is not less than its net realisable value. Hence, the management doesn't anticipate any asset impairment. These consolidated financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

65 The Group has the following provision for warranty liability in the books of accounts.

(₹ in million)

Particulars	As at March 31, 2015	As at March 31, 2014
Opening balance	5.00	5.00
Additions during the year	1,511.03	-
Utilised during the year	320.10	-
Closing balance	<b>1,195.93</b>	<b>5.00</b>

66 Disclosure relating to suppliers registered under Micro, Small and Medium Enterprise Development Act, 2006:

(₹ in million)

Particulars	As at March 31, 2015	As at March 31, 2014
<b>The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year included in trade payables and other current liabilities</b>		
Principal amount due to micro, small and medium enterprises	0.95	1.07
Interest due on above	-	-
Principal amount due Others	46.53	80.87
<b>Total</b>	<b>47.48</b>	<b>81.94</b>
The amount of interest paid by the buyer in terms of section 16 of the MSMED ACT 2006 along with the amounts of the payment made to the supplier beyond appointed day.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible under section 23 of the MSMED Act 2006.	-	-

67 The Group has initiated proceedings for recovery of outstanding amount from certain trade receivables amounting to ₹2,826.55 million, in respect of which the Company has created a provision of ₹1,910.02 million, which in the opinion of the Group is adequate to mitigate the risk of any possible non recovery from such receivables. Further, the Group has filed a legal case against one former employee for recovery of certain damages amounting to ₹15 million arising from stealing of Group's intellectual property right. The Group is hopeful of favourable outcome of such proceedings/case. However, the amount likely to be realized on settlement of such proceedings/case is currently not ascertainable realistically. The Group does not expect any adverse impact on the financial position as a consequence of these proceedings/case. The Group has recorded all expenses pertaining to legal & professional charges in respect of all such proceedings/case.

68 The Group had received advances, from customers, which are outstanding for more than one year and still lying in the books as on 31 March 2015. However as per the opinion taken by the Holding Company from expert, such deposits are outside the purview of Section 2(31) and Section 73-74 of the Act read with Rule 2(1)(c) of the Companies (Acceptance of Deposits) Rules, 2014.

- 69** In the opinion of the management of the Group, Current Assets, Loans and Advances have a value on realization in the normal course of business not less than the value at which they are stated unless specified otherwise. Further, provision for all known liabilities has been made.
- 70** Figures pertaining to the subsidiary companies and joint ventures have been reclassified wherever necessary to bring them in line with the Group's Financial Statements.
- 71** Previous year figures have been regrouped/ recast wherever necessary to make them comparable with those of the current year.

As per our report of even date.

For **Haribhakti & Co. LLP**

ICAI Firm Registration No.:103523W

Chartered Accountants

Sd/-

**Raj Kumar Agarwal**

Partner

Membership No.: 074715

**Place:** Gurgaon

**Date:** May 28, 2015

For and on behalf of Board of Directors of

**Educomp Solutions Limited**

Sd/-

**Shantanu Prakash**

Chairman and Managing Director

(DIN: 00983057)

Sd/-

**Yogesh Saluja**

Company Secretary

Sd/-

**V. K. Dandona**

Whole Time Director

(DIN: 06730804)

Sd/-

**Ashish Mittal**

Chief Financial Officer



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