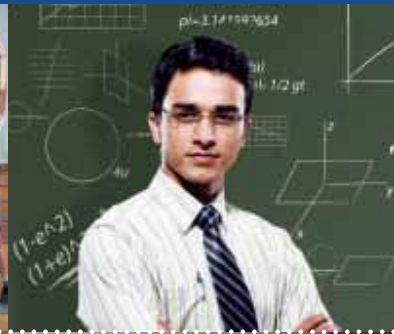



Annual Report 2009-10

LEAD¹ING the change



 **Educomp™**
What Learning Can Be
www.educomp.com

LEADING the change across the value chain

Educomp's key strength lies in its ability to enable transformational growth across the entire education value chain – School Learning Solutions, Higher Learning Solutions, K-12 Schools and Online, Supplementary and Global business segments.

ONLINE & SUPPLEMENTAL INITIATIVES

  Admissions Advisory Services	  Tutoring Services	 Test Preparation	  E-learning Platforms	 Assessments & Counseling
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HIGHER & VOCATIONAL INITIATIVES

 Higher Education	 A Pearson Educomp Company Assessments & Counseling
---	---

HIGH SCHOOL INITIATIVES

  Professional Development	   High Schools
--	---

PRE-SCHOOL INITIATIVES



2 – 5 years

5 – 18 years

18 – 21 years

21 – 25 years

EDUCATION LIFE-CYCLE

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CORPORATE INFORMATION

BOARD OF DIRECTORS

(As on 17th August 2010)

Shantanu Prakash
Jagdish Prakash
Gopal Jain
Sankalp Srivastava
Shonu Chandra
Rajiv Krishan Luthra
Shyama Chona

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

Audit Committee

Sankalp Srivastava
Shonu Chandra
Gopal Jain
Shantanu Prakash

Chairman, Independent &, Non Executive Director
Member, Independent & Non Executive Director
Member, Independent & Non Executive Director
Member, Promoter & Executive Director

Shareholders' Investor Grievance Committee

Sankalp Srivastava
Shonu Chandra
Gopal Jain
Jagdish Prakash

Chairman, Independent & Non-Executive Director
Member, Independent & Non-Executive Director
Member, Independent & Non-Executive Director
Member, Non independent & Executive Director

Remuneration Committee

Sankalp Srivastava
Shonu Chandra
Gopal Jain

Chairman, Independent & Non Executive Director
Member, Independent & Non Executive Director
Member, Independent & Non Executive Director

Finance Committee

Sankalp Srivastava
Shantanu Prakash
Jagdish Prakash

Chairman, Independent & Non Executive Director
Member, Promoter & Executive Director
Member, Non independent & Executive Director

REGISTERED OFFICE

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

CORPORATE OFFICE

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

OTHER OFFICES AT

North India

Delhi:

L-74, Mahipalpur Extension, New Delhi

Himachal Pradesh:

Khasra No. 701, Sec-2, Parwanoo, Tehsil-Kasauli, District-Solan

Chandigarh:

SCO 95 II Floor, sector 44 C Chandigarh

Haryana:

2nd Floor, 448-A,, Enkay Square, Udyog Vihar Phase V, Gurgaon

Uttar Pradesh:

Plot No 85, Special Economic Zone, Phase III, Sector 82, Noida
A-102, Gopala Apartment, 50,Ramtirath Marg, Lucknow

CENTRAL INDIA

Madhya Pradesh:

Ashish Industries, II A, J K Road, Industrial Area, Govindpura, Bhopal

Jharkhand:

H. No. 68/A, Ward No. 27/45, Kilburn Colony, Hinoo, P.S Doranda, Ranchi

WEST INDIA**Rajasthan:**

House No. E-12, real City Apartment, Ambabari, Jaipur
 House no. 134, Krishna Nagar, Bharatpur

Gujarat:

Shalini Complex, 506, 5th Floor, Sector 11, Gandhinagar
 Plot no 1662/1, 1st Floor, Sector 5C, Gandhinagar

Maharashtra:

Flat No. 204, 2nd Floor, Samparn Premises, Co-operative Society Ltd, New Link Road, Chakala, Road, Andheri East, Mumbai-40009
 2nd floor, Valech Chambers, Plot no B-6, New Link Road, Andheri (W), Mumbai

EAST INDIA**West Bengal:**

5, Satyen Dutta Road, Kolkata
 Shantiniketan, 10th Floor, Suite No. 2 & 3, 8 Camac Street, Kolkata

Tripura:

24 Office Lane, Agartala

Assam:

MXIV, I Floor, Astha Tower, CK Road, Pan Bazar, Guwahati

SOUTH INDIA**Karnataka:**

16, 80 Feet Road, 4th Block, Kormangala, Bangalore
 893/75/1A, Bommanahalli, City, Municipal Council, Bommanahalli, Bangalore
 Shed No. 8, No. 31, 18 KM, Old Madras road- Virgo Nagar, Bangalore

Andhra Pradesh:

Plot No. 49/B, Phase IV, IDA, Jeedimetla, Hyderabad
 Plot no 28 & 30, Road no 3, Jupiter Colony, Sikh village, Secunderabad
 Door No. 4/871-11, Balaji House, Behind Divya College of Nursing, Kalyan Durg Road, Annatpur.

Chennai:

New no 21/1, Old no 11/1, Harrington Road, Chetput, Chennai
 No. 4, Jambuli Street, Jambuli Village, Chennai

Kerala:

XIII-443314421441, Kumbalam P.O., Cochin

OVERSEAS OFFICE:**Srilanka** (Liaison Office)

1.8/6, 1/1 Somadevi Place, Colombo-05

SUBSIDIARY OFFICES:**Aurthogen Technologies Ltd.**

SCO 167-168, Sector 8-C, Chandigarh

Educomp Learning Hour Pvt. Ltd.

A-5 Gulmohar Park, New Delhi

Savvica Inc, Canada

116, Spadina Ave, # 701 Toronto, ON M5V 2K6(416), USA

Learning Internet Inc. (DBA Learning.com) – USA

1620, SW Taylor St, Suite 100, Portland, OR 97205, USA

ASKnLearn Pte Limited – Singapore

10 Science Park Road, # 13-03, Alpha Singapore Science Park II, Singapore -117884

Educomp Asia Pacific PTE. Ltd., Singapore

80, Raffles Place, 26-05, UOB Plaza 1, Singapore

Edumatics Corporation Inc. USA

1655, Mesa Verde Ave, Suite 120, Ventura, CA 93003

EuroKids International Limited

Dani Corporate Park, 158 Vidyanagari Marg, Kalina (East), Mumbai

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Sikhya Solutions LLC. -USA

9220 Fairbanks, suite 205, Raleigh, NC, 27613

Educomp IntelProp Ventures Pte Ltd, Singapore

80, Raffles Place # 25-01, UOB Plaza 1, Singapore-048624

AUDITORS

Anupam Bansal & Co, Chartered Accountants

Haribhakti & Co., Chartered Accountants

BANKERS

State Bank of Patiala

State Bank of Bikaner & Jaipur

ICICI Bank Ltd

Standard Chartered Bank

Canara Bank

State Bank of India

SUBSIDIARIES (As on 31st March, 2010)

Directly Held Indian Subsidiaries

Wheatstone Productions Pvt. Ltd.

Educomp Learning Pvt. Ltd.

Educomp Infrastructure & School Management Ltd.

Educomp School Management Ltd.

Educomp Learning Hour Pvt. Ltd.

Aurthogen Technologies Ltd.

Educomp Software Limited.

Educomp Professional Education Ltd.

EuroKids International Limited

Educomp Child Care Pvt. Ltd

Educomp Online Supplemental Service Ltd

Indirectly Held Indian Subsidiaries

EuroKids India Limited

Falcate Builders Private Limited

Newzone Infrastructure Private Limited

Rockstrong Infratech Private Limited

Reverie Infratech Private Limited

Herold Infra Private Limited

Growzone Infrastructure Private Limited

Hidream Constructions Private Limited

Leading Edge Infratech Private Limited

Strotech Infrastructure Private Limited

Markus Infrastructure Private Limited

Orlando Builders Private Limited

Crosshome Developers Private Limited

Good Luck Structure Private Limited

Evergreen Realtech Pvt Ltd

Zeta Buildcon Pvt Ltd

Onega Infrastructure Pvt Ltd

Grider Infratech Pvt Ltd

Boston Realtech Pvt Ltd

Educomp Infrastructure Services Private Limited

Euro School International Limited

SHARE TRANSFER AGENT

Link Intime India Private Limited, A-40, 2nd Floor, Naraina Industrial Area, Phase-II, New Delhi-28

LISTED AT

National Stock Exchange Limited, Bombay Stock Exchange Limited

COMPANY SECRETARY

Mohit Maheshwari

Directly Held Foreign Subsidiaries

Edumatics Corporation Inc. USA

Educomp Asia Pacific Pte. Ltd., Singapore

Savvica Inc, Canada

Educomp IntelProp Ventures Pte Ltd, Singapore

Indirectly Held Foreign Subsidiaries

ASKnLearn Pte Limited – Singapore

Singapore Learning.com Pte Limited – Singapore

Pave Education Pte Limited – Singapore

WizLearn Pte Limited – Singapore

Sikhya Solutions LLC. -USA

Learning Internet Inc. (DBA Learning.com) - USA

Educomp APAC Services Ltd. - BVI

FROM THE CEO'S DESK

“Our vision is to rethink every aspect of the education value chain to focus on processes, new business models, disruptive technology and building a trusted brand. Instead of asking why, we ask ourselves why not.”

Dear Shareholders

FY 2010 has been a turning point in the history of the company. This is the year in which our business model significantly matured and we put in place the building blocks of an education platform that will benefit us for years to come. During the past many years, the products of your company have created a unique position in the Indian Education marketplace. Through breakthrough innovation we have created unique and compelling solutions to core education problems. Our products today reach out to over 12 million domestic customers and over 3 million overseas customers. We crossed the Rs. 1000 crores in revenue in FY 10. Yet with very low penetration across the different products we feel we have just got started, each of the verticals that we have ventured into offers boundless expansion possibilities. No matter which metric we measure, gross enrolment ratio, education spend per family, number of students out of school, demographic index etc. We can see that the coming decade in India will be a decade of the growth and evolution of the education industry. Yet many parts of the education industry have been traditionally fragmented, not scientifically managed or perceived as unscalable. Our vision is to think differently about this. Our vision is to rethink every aspect of the education value chain to focus on processes, new business models, disruptive technology and building a trusted brand. Instead of asking why, we ask ourselves why not. We are inspired by the fact that again and again parents in India have proved that given the right education quality, they are willing to outlay a large share of their disposable income in the consumption of such services. Our challenge thus is not a demand challenge, but a challenge on how to create scalable, sustainable, profitable

products and services that deliver real value to the consumer.

We look forward to a day when every parent can simply enrol a student in an Educomp pre-school at age 3 and forget about how his or her education journey evolves, we want to be the single trusted brand for a parent, delivering customer delight at every touch point. We believe that there is immense benefit in becoming an education ecosystem company where we can acquire the student at a very early stage (as early as preschool) and stay with the student till he is 25. We would be in a unique position to understand the customer and we can leverage that unique understanding to ensure that the products and services that we provide him are not plain vanilla but tailor made for him. This is a promise that no other company can make. Our margins thus would be higher and more importantly sustainable.

The core philosophy of business development in Educomp is based on three core beliefs – a) imagination b) innovation and c) action. Our model is to use entrepreneurship as a catalysing force to bring these three together to create uniquely differentiated products and services. All of this is made possible due to our investment in visionary leaders, in R&D and in IP creation. We are thinking not just about the next quarter but about the next 5 years. The benefits of our investments in new businesses such as higher education, vocational education and supplemental education might not be immediately visible this FY or the next few quarters but we believe that we are creating financial value for our shareholders worth many times our investments in these ventures. We also believe that the entire education industry in India is at an early stage inflexion where the price that we would pay to gain leadership will be a fraction of the price that our followers will have to pay who will follow us later. These beliefs define our business strategy. FY 2010 has been an exciting year in which we have pioneered many new things. New business models in SmartClass which are designed to make our largest capex intensive business – cash flow positive. Disruptive technology based distribution models such as our ETEN business which is the largest CA coaching business in India with over 15,000 enrolled students. New products such as Universal Academy schools targeting the first generation learner in smaller towns. Innovative solutions such as Educomp Online – which is now the largest eLearning site in the country with over 1.5 million enrolled students. Discovering new price points and redefining customer experience such as our higher education business where our courses are price 2-3x of competition yet provide a unique international world class learning experience to the student and many more.

In a short span of time we have built an exciting enterprise with a reach across 15 million students and 26,000 schools. We operate about 775 pre schools, we have enabled 43 high Schools, 7 colleges, 250 vocational training centres, trained over 2 million teachers, installed SmartClass content in around 4000 schools, set up 15,500 ICT labs in government. Schools and have 2.5 million students enrolled in our eLearning websites. We are leaders in most of the areas that we operate in.

FY2011 and beyond will be an exciting phase of our growth where we will be able to leverage the platform that we have built to reach out to many more students in India and across the world. I am deeply thankful and grateful to our team members, our investors, bankers, shareholders and partners who have supported us at each stage of our evolution and believed in us.

Warm Regards

Shantanu Prakash
 CEO & Managing Director

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DIRECTOR'S REPORT

Dear Shareholders,

The Directors of your Company have pleasure in presenting herewith the 16th Annual Report of your Company together with the audited accounts for the Financial Year ended 31st March, 2010.

1. FINANCIAL PERFORMANCE:

The consolidated and standalone audited financial results for the year ended 31st March, 2010 are as follows:

(Rs. in million)

Particulars	Consolidated Year Ended Audited		Standalone Year Ended Audited	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Sales and other Income	11650.15	6598.00	8727.12	5175.30
Profit (+)/Loss(-) Before tax	4391.73	2172.87	3718.27	2004.74
Provision for Tax	1584.19	769.51	1499.61	688.86
Net Profit (+)/Loss(-) after tax	2807.54	1403.36	2218.66	1315.88
Minority interest and equity in earnings/ (losses) in affiliates/ Pre acquisition Loss/(profit)	48.90	74.42	-	-
Net profit for the year	2758.64	1328.94	2218.66	1315.88
Appropriations				
Interim Dividend	103.24	7.36	94.93	-
Proposed Dividend on equity shares	182.98	46.03	167.03	43.28
Corporate Tax on distributed dividend	46.59	7.36	43.87	7.36
Transfer to Debenture Redemption Reserve	0.00	83.76	-	-
Transfer to General Reserve	239.48	131.59	221.87	131.59

2. DIVIDEND:

Keeping in view the current economic scenario and future fund requirements of the Company, Your Directors have recommended a dividend of Rs. 1.75 per Equity Share (87.5% on face value of Rs. 2/-) for the Financial year ended as on 31st March, 2010, which on approval at the forthcoming Annual General Meeting, will be paid

- to those Equity Shareholders, holding shares in physical form, whose name appear on the Register of Members of the Company at the close of business hours on 27th September, 2010 after giving effect to all valid transfers in physical form lodged with the Company or its Registrar and Share Transfer Agent till 17th September, 2010.
- to those beneficial owners, holding shares in electronic form, whose name appear in the statement of beneficial owners furnished by the Depositories to the Company as at the close of business hours on 17th September, 2010.

The total proposed dividend amount shall be Rs. 194.77 million, including the dividend tax, for the Financial Year 2009-10 as against total dividend payout Rs. 50.64 million for the previous year.

During the year, the Company had already paid an interim dividend of Rs. 1 (50%) per equity share of Rs. 2 each in February, 2010. With this, the total dividend declared for the year is Rs. 2.75 (137.5%) per share.

The register of members and share transfer books will remain closed from 18th September, 2010 to 27th September, 2010 (both days inclusive). The Annual General meeting of the Company will be held on 27th September, 2010.

3. TRANSFER TO RESERVES:

The Company proposes to transfer Rs.221.87 million (Previous year Rs. 131.59 million) to the General Reserve out of the amount available for appropriations. An amount of Rs.3856.99 million (Previous year Rs.2166.04 million) has been proposed to be retained in the Profit and Loss Account.

4. OPERATING RESULTS AND BUSINESS:

In year 2009-10, Company's performance was quite satisfactory despite ongoing economic global crisis. Company has shown a CAGR of 98.39% over a period of 3 years.

On Standalone basis Company's Total revenue increased to Rs. 8,727.12 million as on 31st March, 2010 from Rs. 5,175.30 million as on 31st March, 2009, registering a growth of 68.63%. The profit before tax and after prior period items increased to Rs. 3,718.27 million (44.68% of Net Sales) as on 31st March, 2010 from Rs. 2,004.74 million (40.00% of Net Sales) as on 31st March, 2009. The profit after tax & prior period items increased to Rs. 2,218.66 million (26.66% of Net Sales) as on 31st March, 2010 from Rs. 1,315.88 million (26.26% of Net Sales) as on 31st March, 2009.

On Consolidated basis Company's Total revenue increased to Rs. 11,650.15 million as on 31st March, 2010 from Rs. 6,598.00 million as on 31st March, 2009, registering a growth of 76.57%. The profit before tax and after prior period items increased to Rs. 4,391.73 million (42.25% of Net Sales) as on 31st March, 2010 from Rs. 2,172.87 million (34.11% of Net Sales) as on 31st March, 2009. The profit after tax, minority and pre-acquisition profits & prior period items increased to Rs. 2,758.64 million (26.54% of Net Sales) as on 31st March, 2010 from Rs. 1,328.94 million (20.86% of Net Sales) as on 31st March, 2009.

The Company's performance over the years has shown a consistent and upward trend. The Profit Before Depreciation, Tax & Interest & Misc. expenditure (operating profit) increased by Rs.2,825.48 million to Rs. 6,115.91 million (52.50% of total revenues) as on 31st March, 2010 from Rs.3,290.43 million (49.87% of total revenues) as on 31st March, 2009.

Segmental Performance (Standalone):

The EBIT margins in the School learning solutions (SLS) Segment of the Company for the year amounted to Rs.4,517.74 million or 56.27% of SLS revenues as on 31st March, 2010 as compared to Rs. 2,124.12 Million or 49.29% of SLS revenues as on 31st March, 2009.

The EBIT margins in the K-12 Segment of the Company for the year amounted to Rs.6.20 million or 7.11% of K-12 segment revenues as on 31st March, 2010 as compared to loss of Rs. 8.49 million as on 31st March, 2009.

The EBIT margins in the Higher learning solutions (HLS) segment of the Company for the year amounted to Rs.55.93 million or 28% of HLS revenues as on 31st March, 2010 as compared to Rs.105.39 million or 34.23% of professional development revenue as on 31st March, 2009.

The EBIT margins in Online and Retail segment of the Company for the year amounted to Rs. -5.02 million as on 31st March, 2010 as compared to Rs.205.25 million or 76.48% of Online and Retail revenues as on 31st March, 2009 due to discontinuance of traditional business of selling CDs/Books/Hardware etc and also making Mathguru free as a part of company's online strategy.

Expenditure (Standalone):

Personnel expenses have decreased from 11.81% of our total revenue to 11.45% as on 31st March, 2010.

Administration & other expenses have increased from 12.02% of our revenue to 14.01% as on 31st March, 2010. This increase is due to the fact that our company is growing rapidly and administrative expense is increased on account of increase in Legal and professional expenses, licensing and royalty fees, and Advertisement expenses.

We have benefited due to economies of scale and our net profits after tax for the year has registered a growth of 68.61%. Our Profit after tax amounted to Rs.2,218.66 million or 25.42% of revenue as on 31st March, 2010 as compared to Rs. 1315.88 million or 25.43% of revenue as on 31st March, 2009.

We enjoy long-term annuity relationships with both private schools as well as government customers, ranging from three to five years. Our revenues are predictable & locked in for three to five years on account of the contractual nature of our business. In the Smart Class™ segment, we have added 1340 new customers taking the total number of schools to 3077 as on 31st March, 2010 as compared to 1737 as on 31st March, 2009.

In our Edureach (formerly ICT) business segment, we have an ongoing partnership with fifteen state Governments & are catering to 15426 Government schools in various states as on 31st March, 2010 as compared to 12012 Government schools as on 31st March, 2009.

5. CHANGES IN CAPITAL STRUCTURE

Authorised Share Capital

During the year under review, authorized share capital of the Company has been altered to the effect that authorized share capital of the Company has been sub-divided and re-classified as Rs. 25,00,00,000 (Rupees Twenty Five Crore) divided into 12,50,00,000 (Twelve Crore Fifty Lakh) equity shares of the nominal value Rs. 2/- (Two) each

Issued and Paid-up Share Capital

During the year under review, the Company allotted 4,30,610 Equity Shares of face value of Rs. 2/- each upon exercise of stock options by the eligible employees/Directors of the Company/subsidiaries under Employee Stock Option Scheme 2006 & 2007.

Post 31st March, 2010 & till 17th August 2010, Company has allotted 4,33,052 Equity Shares of Rs. 2/- each to the eligible employees of the Company/subsidiaries under Employee Stock Option Scheme 2006, 2007 & 2008

On 13th July, 2009, Company has allotted 16,20,000 Equity Shares of Rs. 10/- each at a premium of Rs. 3,735/- per share on private placement basis to Qualified Institutional Buyers in terms of Chapter XIII A of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

On 19th March, 2010, Company in accordance with Chapter VII of SEBI (ICDR) Regulations, 2009, has allotted 52,616 Equity Shares to Zaptive Internet Services Pvt. Ltd. on Preferential Basis for consideration other than cash as being the part consideration for acquisition of its domain name "studypalaces.com" and its business contracts etc. The said shares are under Lock in for a period of one year from the date of allotment.

The paid up capital after taking the effect of changes as above, stood at Rs.19,08,95,406/- as on 17th August, 2010.

3. QUALIFIED INSTITUTIONAL PLACEMENT:

During the year , the company had successfully raised 6066.90 million placed through Qualified Institutional Placement (QIP), in accordance with chapter XIII –A of the SEBI Guidelines , the issuance of 16,20,000 equity shares of Rs 10 each at a price of Rs 3,745 per equity share ("Issue Price") including a premium of Rs 3,735 per equity share, as approved by a duly authorized Committee of Board of Directors (the Committee) in its meeting held on July 09, 2009 .

The Company had incurred an expenditure of Rs.132.87 million towards issue expenses of these shares .These expenses has been charged to Securities premium account as provided under section 78 of the Companies Act, 1956.

As on 31st March, 2010 Rs. 3030 million was parked with various Fixed deposits schemes of Punjab National Banks(PNB), Bank of India, Andhra Bank, Canara Bank and HDFC Bank

6. FOREIGN CURRENCY CONVERTIBLE BONDS

US\$ 80 Million Zero Coupon Foreign Currency Convertible Bonds

In year 2007-08, the company had issued at par 5-year, Zero Coupon Foreign Currency Convertible Bonds (FCCB) at an exercise price of Rs. 2949.83 per share

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

The Bonds may be redeemed in cash in whole, but not in part, at their Early Redemption Amount, at the option of the Company at any time on or after 25th July, 2009 and on and prior to 19th July, 2012, subject to satisfaction of certain conditions. These bonds are redeemable at 141.087% of the principal amount on July, 26, 2012 unless previously converted, redeemed or purchased and cancelled. As on date US\$ 78.5 Million Zero Coupon Foreign Currency Convertible Bonds are outstanding.

7. SUBSIDIARIES/JOINT VENTURE/ASSOCIATES OF THE COMPANY:

As on 31st March, 2010, Company had 43 Subsidiaries , 2 Joint ventures & 1 Associate . After 31st March, 2010 Knowledge Vistas Ltd. has become Indirect Subsidiary of the Company and Company has incorporated one Wholly owned Subsidiary named Educomp Investment Management Limited . Further Company has transferred its entire investment in Educomp Learning Hour Pvt. Ltd. and Authorgen Technologies Ltd. to Educomp Online Supplemental Service Ltd., subsidiary of the Company.

8. PARTICULARS REQUIRED AS PER SECTION 212 OF THE COMPANIES ACT, 1956:

In terms of the approval granted under Section 212(8) of the Companies Act, 1956 by the Ministry of Corporate Affairs, Government of India vide its letter No. 47/578/2010-CL-III dated 14th July, 2010, and dated 12th August, 2010 the Company has been exempted from complying with the provisions contained in sub-section (1) of Section 212 of the Companies Act, 1956.

Accordingly, the balance sheet, Profit & Loss Account, Directors' Report and Auditors' Report of the subsidiary companies and other documents required to be attached under section 212(1) of the Act to the Balance sheet of the Company are not being attached with the Balance sheet of the Company.

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

Further, the annual accounts of the subsidiary companies and the related detailed information will be made available to any member of the Company/its subsidiaries seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any member at the Company's registered office and corporate office and that of the respective subsidiary companies. Accounts of Individual Subsidiary are also placed at company's website i.e www.educomp.com

9. DIRECTORS:

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

As per section 255 and 256 of the Companies Act, 1956 Mr. Gopal Jain and Mr. Shonu Chandra is liable to retire by rotation and, being eligible, offers themselves for re-appointment at the ensuing Annual General Meeting. Board recommends their re-appointment for your approval.

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

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

10. CHANGES IN LEADERSHIP OF EDUCOMP:

During the year Dr Shyama Chona and Mr. Rajiv Krishan Luthra have joined the Board as Non-Executive Members.

11. STATUTORY DISCLOSURES:

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

12. HUMAN RESOURCE MANAGEMENT:

Educomp is an equal opportunity employer with total employee strength of 12,101 as on 31st March, 2010 as compared to 8864 as on 31st March, 2009.

Educomp's HR policies and processes are aligned to effectively drive its expanding business and making inroads into emerging opportunities. The Company has a suitable recruitment and human resource management process, which enables us to attract and retain high caliber employees. Company has created incentive driven remuneration policies which act as an effective retention tool.

13. DIRECTORS RESPONSIBILITY STATEMENT:

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

- (1) That in the preparation of the Annual Accounts for the period ended as on 31st March, 2010, the applicable Accounting Standards have been followed and no material departure has been identified.