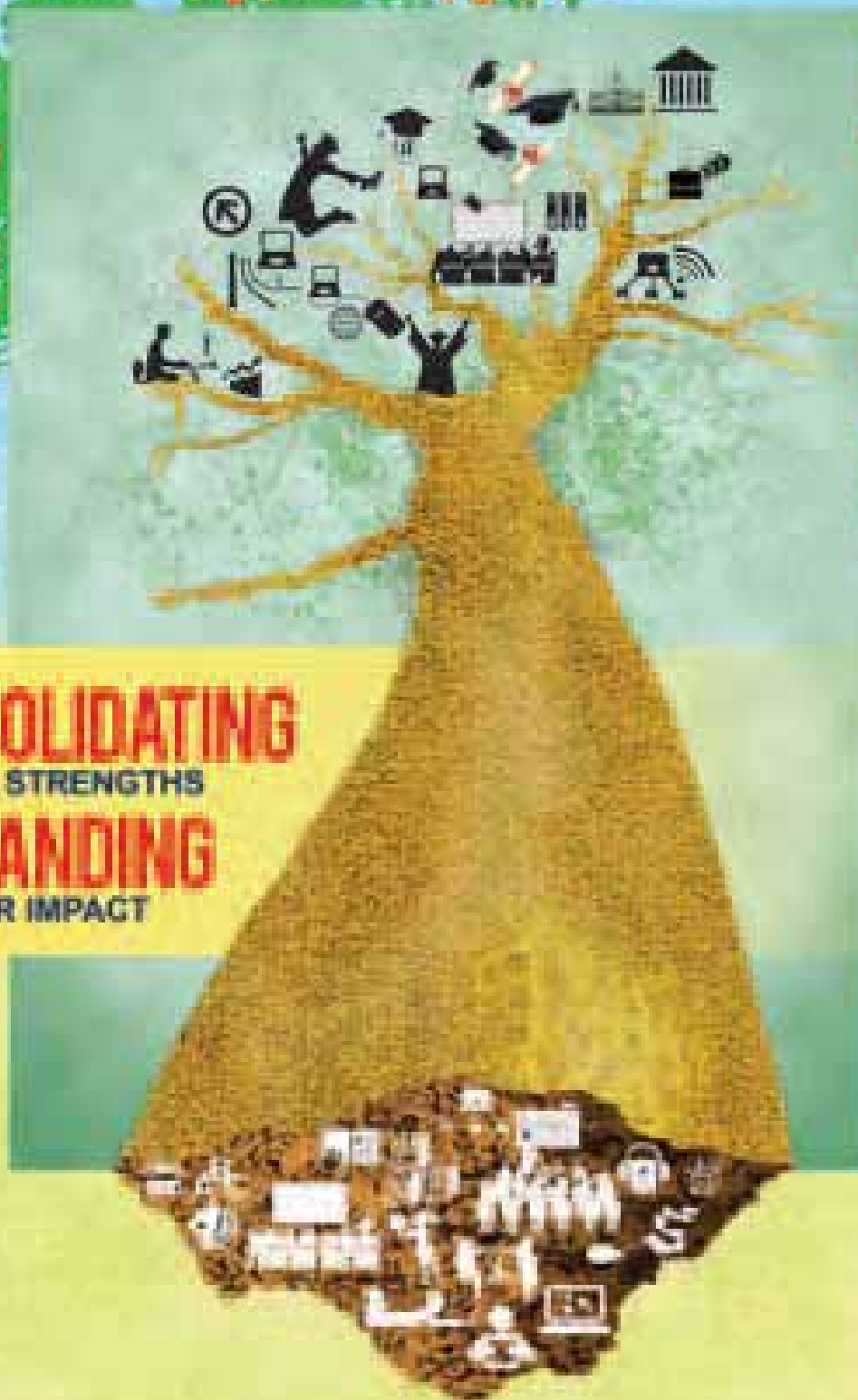


CONSOLIDATING
OUR STRENGTHS
EXPANDING
OUR IMPACT



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AN ORGANIZATION DESIGNED TO IMPACT

The organization was inceptioned with the objective of broadening the horizons of what learning can be. Today, that intent stands vindicated.

Over the years, Educomp has evolved as a globally diversified education solutions provider and the largest Education company in India. A pioneer in far-reaching initiatives in the education space, it is the only Education Ecosystem company in India positively impacting 32,201 schools and 20.9 million learners and educators across the world.

The company has exemplified thought innovation in its products & solutions and exceptional execution prowess, developed over the years under the leadership of a highly entrepreneurial and experienced management team. It delivers across diverse streams of the Education business, with all its businesses having a high component of intellectual property and branding.

The company works closely with schools to implement innovative models to create and deliver content aimed at enhancing student's learning experience. Educomp's long and undiluted focus on the K-12, curriculum design and teacher education space, in developing applications and products, has revolutionized leverage of information technology and Internet for education. Educomp has also embarked upon innovative IP-driven projects to set up pre-schools, high schools and professional and vocational education institutions.



IN ITS ILLUSTRIOUS ODYSSEY IN THE WORLD OF EDUCATION, EDUCOMP OWNS INDIA'S LARGEST K-12 CONTENT LIBRARY WITH:

16,000+ modules of rich 3D multimedia educational content

6.1 million students across 12,652 private schools and 6.3 million students across 11,535 government schools



PRESENCE ACROSS EDUCATION LIFE CYCLE

Educomp benefits from huge cross-selling opportunities of monetizing students across the education life cycle from age 2 to age 25 years.

Pre-School Initiatives 2-5 years



High School Initiatives 5-18 years



Reaching
20.9
million learners

Working with
32201
Schools



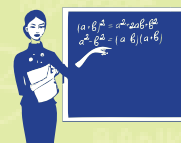
832
pre-schools



69
brick & mortar K-12 schools



Trained **1.6**
million teachers till date



Higher & Vocational Initiatives 18-21 years

Higher Education



Raffles
Millennium
International

Vocational Education

IndiaCan
A Pearson Educomp Company

Online & Supplemental Initiatives

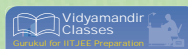
Assessments & Counseling



Tutoring Servicest



Test Preparation



E-learning Platforms



Admissions Advisory Services



85 

Test Prep
centers

7 

colleges

4.7 

million users of its various
online businesses



328

vocational training centers



1

higher-education campus

100



people in R&D for non-digital
learning materials

400



people in R&D for
content development



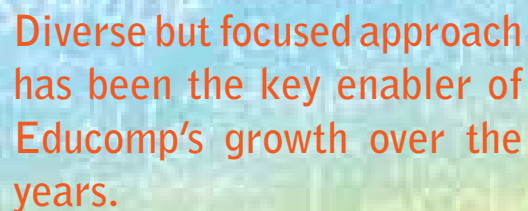
Consolidating

our strengths.


Expanding

our impact.





The initial phase of our growth was focused on establishing ourselves as the only Education company providing high quality technology and content solutions to schools, and concurrently ramping up our market reach and presence. This was followed by focused expansion of our footprint across pre-school, K-12 schools, Higher/vocational education and supplemental education; to become India's largest education company.

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CHAIRMAN'S COMMUNIQUÉ



Our investments in higher education and vocational education have shown meaningful traction and are gradually creating a strong presence in respective segments.

Dear Shareholders,

It is my pleasure to write to you about your company's performance in FY12. We continued our leadership position in the education sector in India and today our products and solutions reach out to over 32,000 schools and approximately 21 million learners. We are the only company with a presence across the entire education life-cycle. We are the no. 1 player in nearly all the segments in which we operate and yet our market penetration, even in our most mature businesses, is still in single digits. The Indian education market continues to provide large scale opportunities and your company is at the forefront of leveraging these opportunities to create value for its customers and for all its stakeholders.

When we started in 1994-5, we were just a company providing computer labs and training to schools. Over the years, we developed highly sophisticated intellectual property in the form of digital content and became the premier provider of digital content technology to schools in India through our product Smartclass. Our strong presence in schools and deep customer relationships helped us customize our offerings to the needs of teachers and students and last year we launched a highly improved and impactful Class Transformation System (CTS) and Digital Teaching System (DTS). I am happy to share that with the launch of CTS and DTS, smartclass had a record performance in FY12 adding 6114 schools and 40023 classrooms in a single year, compared to an addition of 3461 schools and 27154 classrooms in FY11. Smartclass reaches out to 6.1 million students across 12652 schools and we continue to maintain a dominant marketshare in the industry.

The performance in other parts of our business has been equally impressive.

Your company continues to be the largest corporate player providing infrastructure and management services to run K-12 schools. By the close of FY12, we had 69 schools operational in all parts of the country reaching out to over 33000 students. We have an additional 43 schools in the pipeline giving us a total visibility of 112 schools. Our school brands have already become among the most reputed brands of schools in India.

Your company is also the No. 1 player in the pre-schools business where we have 832 pre-schools operational under leading brands EuroKids and Little Millennium, reaching out to over 53,000 kids in the age bracket of 2-4 years.

Our investments in higher education and vocational education have shown meaningful traction and are gradually creating a strong presence in respective segments. Our higher education campus under the brand called JRE Group of Institutions is now in its 2nd year of operations and we have got close to 100% capacity utilization in the PGDM programs and close to 70% capacity utilization in Engineering programs. What is equally impressive is the quality of the students who have chosen to attend out programs, in many cases choosing us over the IIM's. In the supplemental education area, we are the premier Test Prep company in the country with country-leading brands like Vidya Mandir Classes and Gateforum that churned several top rank holders in competitive exams like IIT JEE and GATE. There is no other brand in the IIT JEE Test Prep and Gate Test Prep more aspirational than Vidya Mandir and Gate Forum respectively. In the Online learning area, we have the largest e-learning footprint in the country with 4.7 million registered users of all our online properties like WizIQ, Learnhub and StudyPlaces.

Your company is the pioneer in creating innovative education solutions and has shown remarkable speed in the creation of disruptive technology solutions to add value to customers. This year again, we have launched two new products, which are going to completely change the game once again. The first product is called English Mentor, and is an English Language Learning product. There is an acute demand in private schools in India to have a product that helps students learn and speak better English. Proficiency in English is becoming increasingly mandatory. Using our strong technology backbone, we have created a product that allows children to learn English at their own pace, in a step-by-step way, by using a highly interactive and intelligent software. The programme guides and mentors learners to acquire meaningful proficiency in English. It is designed as a self exploratory learning programme based on sound pedagogic design and a very innovative use of technology. Truly comprehensive and with a balanced focus on Speaking, Listening, Reading and Writing skills, English Mentor will empower learners to become competent and confident communicators.

The second product is our much awaited Tablet solution which will be a breakthrough product and the first of its kind in India. Smartclass TAB, a tablet meaningfully designed and packed with the largest repository of curriculum based digital content ever, and a host of differentiated features, is the result of thousands of man-hours of intensive research and development effort at Educomp. Smartclass TAB is all poised to transform the learning experience for school students and become a benchmark of what learning can be on Tabs. The 9.7 inch capacitive multi touch device with a 1.2 GHz strong processor and a 64 GB memory will offer students an extremely high quality experience in terms of touch, speed, access and storage. smartclass TAB will have the entire repository of Educomp's IP loaded on the tablet, so that children can access the digital content, assessments, e-books, apps, career guidance modules etc. anywhere, anytime and can interact with each other and with the teachers.

Given our strong reach and presence in schools in India, we have a unique opportunity to become long term partners with our school customers by providing all products, services and solutions that schools need. We aspire to be not just a solution provider but a digital technology partner for the schools. By selling additional products to our existing base of customers and through our existing sales and distribution network, we can target a greater share of customer wallet and thereby increase our margins. It is a privilege for us to serve millions of customers through their educational journeys in life.

Over the past 17 years since the founding of Educomp, we have

been able to build India's largest private sector company in the Education space across digital content, pre-schools, K-12 schools, higher & vocational education and supplemental education markets. Having built leadership position in home markets, we have been gradually expanding our foot print in international markets and have created a presence in North America and Singapore.

While we continue to focus on profitable growth and maximization of value for our stakeholders as the key agenda, it is imperative for us to consolidate what all we have created so far. We have very successfully created businesses across the large value chain of education. We now need to derive the benefits from possible synergies which should emanate from all these businesses functioning together. At the same time, we need to consolidate our operations and emerge stronger, leaner and more focused to address the opportunities ahead.

India remains a spectacular market for education products and services that is largely unpenetrated. With the largest number of young people in the world that are hungry for education , you can expect Educomp in the coming years to rapidly grow its network of consumers by providing services and products that are tailored to customer needs. Much of our intellectual property is as relevant outside the shores of India as it is in India. Our subsidiaries Learning.com in the US, Wizlearn Technologies in Singapore and our new operations in the Middle East , China and Africa are doing exemplary work powered by our strong IP in India. We are excited about our relationships and partnerships in these geographies.

Before I end, I would like to express my sincere thanks to our team members, our investors, bankers, shareholders, partners and our customers who have supported us at each stage of our evolution and have believed in us.

Warm Regards

Shantanu Prakash
Chairman & Managing Director



CEO'S COMMUNIQUÉ



Dear Shareholders,

It is my pleasure to share the details of your company's performance for FY 2012.

FY12 has been an year in which we have strongly cemented our leadership position in the education sector in India. It was an year which saw (i) a tremendous leap forward for our smartclass business, (ii) evolution and establishment of our asset-light business model in our K12 Schools business, (iii) launch of our state-of-the-art higher education campus facility in Greater Noida with AICTE affiliation and (iv) continued leadership of our other ventures in PreSchools and Test Prep.

On a consolidated basis, our operational revenue was `14913 million, a growth of 41% on a yoy basis, excluding one-time exceptional items. Our EBITDA was `4574 million, a growth of 58% on a yoy basis, giving us a healthy EBITDA margin of 31%. On a standalone basis, our operational revenue was `10765 million, a growth of 48% on a yoy basis, excluding one-time exceptional items. The EBITDA on a standalone basis was `4119 million, with an EBITDA margin of 38%.

The Indian education market has acute shortages both in terms of 'quality of education' as well as 'access to education' is concerned. This market offers an almost limitless expansion opportunity and your company is best positioned to take advantage of some of those opportunities given our strong presence and reach of over 32,000 schools and close to 21 million learners.

Our flagship smartclass business has gone from strength to strength and now reaches 12,652 schools with an astounding 6.1 million students using the product on an everyday basis. Your company had record additions of classrooms in FY12 and we expect to continue the growth momentum into FY2013 as the market is still heavily under-penetrated. Your company's pioneering role in transforming the mind set of schools and students alike has resulted in digital content technology in schools, gradually moving from good-to-have to a must-have product. We believe that every school in the country has the

potential to consume digital content and we are well on our way to implementing that vision.

Educomp's leadership position has created new opportunities for us to re-direct our energies to leverage our relationships with customers in more ways than ever before. Educomp's role has evolved from being a provider of IT backbone and digital content to providing customized content and technology hardware to schools. Our new strategic direction is to gradually become an education technology partner to schools and target a greater share of customer wallet.

To build on the strengths of the smartclass model, your company is preparing to launch a slew of transformational products like the English Language Labs product and the much awaited Tablet Solution which will, once again, set industry benchmarks. Our Tablet solution will have Educomp's entire proprietary IP bundled with it and will be the only educational product of its kind, in the market. These products will be sold and serviced along with our smartclass product and will thereby increase the operating leverage in our business and improve our margins in the long term. This directional shift that I have touched upon above has resulted in, as you will notice, a move from a classroom-per-school mindset to a revenue-per-school mindset which is clearly our core focus area.

In the K12 space, your company has now fully established its asset-light strategy through JV partnerships and collaborations. This has helped us bring down the capital expenditure in this part of our business by approximately 40% in FY12 as compared to FY11. Educomp's school brands have already become signature quality schools and are consistently showing up in the top five in many cities and towns of India. This is a testament to the depth of planning and implementation undertaken by your company in promoting these schools. As a result of the strong proof-of-concept established, we are now getting significant interest from JV partners, to set up schools in a partnership model where we run the schools without owning the assets.