

<b>BOARD OF DIRECTORS</b>	:	Mr. Rajesh Tope	<i>Chairman</i>
		Mr. D.P.Sawant	<i>Vice-Chairman</i>
		Professor Ram Takwale	
		Mr. Rajendra Barwale	
		Dr. K.B.Patil	
		Dr. Rajan Welukar	
		Dr. (Ms.) Nishigandha Dewoolkar	
		Mr. Vivek Sawant	<i>Managing Director</i>
<b>COMPANY SECRETARY &amp; HEAD – LEGAL AFFAIRS</b>	:	Ms. Komal Chaubal	
<b>AUDITORS</b>	:	P.V.Page & Co., Chartered Accountants, 201 Sardar Griha, 198, L.T.Marg, Mumbai 400 002.	
<b>BANKERS</b>	:	HDFC Bank, ICICI Bank, Bank of India, State Bank of India.	
<b>REGISTERED OFFICE</b>	:	ICC Trade Tower, ‘A’ Wing, 5 <sup>th</sup> Floor, Senapati Bapat Road, Shivajinagar, Pune 411 016. INDIA. Tel.:+91 20 2563 3006 / 3724 Fax: +91 20 2563 0302.	
<b>BRANCH OFFICE ICC ‘B’ WING, PUNE</b>	:	ICC Trade Tower, ‘B’ Wing, 5 <sup>th</sup> Floor, Senapati Bapat Road, Shivajinagar, Pune 411 016. INDIA. Tel.:+91 20 3024 4500 / 501.	
<b>BRANCH OFFICE HMCT, PUNE</b>	:	Maharashtra State Institute of Hotel Management and Catering Technology Bldg., 412–C, Shivajinagar, Pune 411 016. INDIA. Tel.: +91 20–2566 1317 / 18.	
<b>BRANCH OFFICE CST, MUMBAI</b>	:	1 <sup>st</sup> Floor, Directorate Of Vocational Education and Training Bldg., Elphinstone Technical High School Campus, 3 Mahapalika Marg, Mumbai 400 001. INDIA. Tel.: +91 22 2265 9908 / 10.	
<b>BRANCH OFFICE VASHI, NAVI MUMBAI</b>	:	“Platinum Techno Park”, 5 <sup>th</sup> Floor, Unit No. 502 to 505, Plot Nos. 17 and 18, Sector 30A, Vashi, Navi Mumbai, 400 705. INDIA. Tel.:+91 22 27814261/2, 27812758.	
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<b>Website</b>	:	www.mkcl.org	

## DIRECTORS' REPORT

### To the Members of Maharashtra Knowledge Corporation Limited

Your Directors are pleased to present the 10<sup>th</sup> Annual Report on the business and operations of the Company together with the Audited Accounts for the financial year ended March 31, 2011.

#### 1.0 Financial Highlights

The summary of the financial results for the year ended March 31, 2011 vis-à-vis those of the previous year are summarized below:

	(` In Lacs)	
	2010-2011	2009-2010
Gross Profit before interest, depreciation and tax	3113.25	3218.40
Less : Interest	0.00	0.00
Depreciation	179.18	124.75
<b>Profit/(Loss) Before Taxes</b>	<b>2934.07</b>	<b>3093.65</b>
Less : Provision for Current Tax	1025.00	1069.37
Provision for Deferred Tax	18.68	(1.50)
<b>Profit After Taxes</b>	<b>1890.39</b>	<b>2025.78</b>
Less : Transfer to Foreign currency translation Reserve	(0.11)	2.42
Transfer to General Reserve	300.00	800.00
Interim Dividend on Equity Shares	0.00	80.80
Proposed Dividend on Equity Shares	161.60	80.80
Tax on Dividend	26.84	27.46
<b>Profit carried to Balance Sheet</b>	<b>1402.06</b>	<b>1034.30</b>

## RESULTS OF OPERATIONS

### 2.1 Business Performance

#### 2.1.1 Revenues

Total revenues for the year ended March 31, 2011 amounted to ` 26064.76 Lacs as against 23778.93 Lacs for the corresponding previous year, thereby registering a growth of 9.6% over previous year.

#### 2.1.2 Profits after Tax

The Profits after tax for the year ended March 31, 2011 amounted to ₹ 1890.39 Lacs as against ₹ 2026.04 Lacs for the previous year, which is 7.7% lower than previous year. This is due to various reasons such as revision of employee remuneration, reward schemes to the Channel Partners, purchase of Microsoft licenses for the entire network of Channel Partners, increase in rentals of newly occupied office premises at Vashi, Navi Mumbai and infrastructure thereof, increase in direct and indirect expenses due to inflationary conditions and booking of losses on redemption of some Mutual Funds due to closure of the schemes.

### 2.1.3 General Reserves

The Board of Directors proposes to transfer ₹ 300 Lacs to the General Reserves, out of profits earned by the Company for the year ended March 31, 2011.

### 2.1.4 Dividend

Your Directors are pleased to recommend final dividend @ ₹ 2/- per equity share of ₹ 10/- each, which if approved in the ensuing 10<sup>th</sup> Annual General Meeting, will be paid to those members whose name will appear in the Register of Members as on the date of the 10<sup>th</sup> Annual General Meeting.

### 2.1.5 Liquidity

We continue to be debt-free and maintain sufficient cash to meet our strategic objectives. There are no long-term borrowings. During fiscal year 2010-11, internal cash flow have adequately covered working capital requirements, investments and dividend payments, leaving a surplus of ₹ 2287.63 Lacs. As on March 31, 2011, we had liquid assets of ₹ 7024.98 Lacs as against ₹ 4737.36 Lacs at the previous year end. These funds have been deployed with Banks.

## 3.0 INTERNAL CONTROLS

### 3.1 Internal Audit System

In order to ensure long term stability, continuity and deliver value to organization, your Company in September 2009 set up in-house Internal Audit Department. The Audit Committee of Directors appointed Ms. Kalyani Shastri as Internal Auditor. Ms. Shastri has been working with MKCL since October 2005. She has hands on work experience of accounting and auditing function at MKCL. To further strengthen the function of Internal Audit, B.G.Umarani & Co., Chartered Accountants, have been appointed since January 15, 2011 as Full-Time Consultant for facilitation of Internal Audit of Accounts.

## 4.0 SUBSIDIARY

### 4.1 MKCL International FZE – 100% Subsidiary of the Company

Statement of the Accounts of MKCL International FZE a wholly owned subsidiary of the Company established in the United Arab Emirates is annexed pursuant to the provisions of Section 212 of the Companies Act, 1956. MKCL International FZE booked profit of AED 1,391,667 (`171.56 Lacs) in 2010-11 as against AED 383,092 (`47.23 Lacs) in 2009-10.

## 5.0 REPORT OF PROGRAMS AND ACTIVITIES OF MKCL

**Introduction:** Maharashtra is the most industrialized and progressive state of India with Mumbai as its capital. It is having an area admeasuring about 3,00,000 sq. km with a population of about 120 million.

Maharashtra Knowledge Corporation Limited (MKCL) is a public limited company promoted and established by the Department of Higher and Technical Education, Government of Maharashtra and was incorporated on August 20, 2001 under the Indian Companies Act, 1956.

**Equity Profile:** The Government of Maharashtra and ten Universities in the state are among the initial equity holders of MKCL. The Government has nominated three Directors on the Board of Directors of MKCL. The Minister for Higher and Technical Education, Government of Maharashtra, is the Chairman of its Board of Directors. Among other members of the board are two Vice-Chancellors of Universities and six eminent experts from various sectors as the independent directors.

**Transformative Agenda:** The main mission of MKCL is to create new paradigms in education, governance, and empowerment of people at large in the context of emerging knowledge-based society and knowledge-based economy. The major challenge before it is to offer education, governance and empowerment solutions and services to large and diverse population with world-class quality, at very affordable cost, with widest accessibility from metros to rural, tribal and hilly areas and in a just-in-time manner with deeper personalized service experience.

In other words, these six simultaneous challenges or mission objectives for transformation in education, governance and empowerment may be summarized as **Bigger, Better, Cheaper, Faster, Wider and Deeper!**

In order to address all these six challenges simultaneously, MKCL emphasized on **imaginative, pervasive and appropriate application of Information Technology in education, governance and empowerment** processes in particular and socio-economic transformative processes in general.

**Unique Identity:** MKCL is dedicated to the cause of bridging the Digital Divide through universalization and integration of Information Technology in all walks of life. It, therefore, designs, develops and deploys state-of-the-art eLearning, eGovernance and eEmpowerment technologies, solutions and services at affordable costs to the masses. All the MKCL products, solutions and services are comparable to best options in global context in terms of architecture, performance and customer satisfaction. With its range of

products and services in the field of eLearning, eGovernance and eEmpowerment, MKCL has emerged as a **Fast-track IT Enabler / IT Integration Partner / BPR Partner** of the educational institutions ranging from schools to universities; of the governments as well as to the community organizations.

**Bridging the Digital Divide:** In order to bridge the digital divide and with a view to bring the real fruits of Information technology to the masses, MKCL started Maharashtra State-Certificate in Information Technology (**MS-CIT**) course in the state of Maharashtra, since 2002. MS-CIT aims to propagate IT Literacy among the people with a view to bridge the Digital Divide and the resultant **Knowledge Divide and Opportunity Divide**. MS-CIT has thus emerged as a gateway to careers and global opportunities to the common people. During last nine years, more than **Six Million Learners** have registered themselves for this course and have become smart users of IT. This is perhaps the world's highest record in the field of bridging the Digital Divide among the masses and promoting Digital Citizenship among them! **MS-CIT brand has thus become synonymous with digital empowerment of common people of Maharashtra in their personal, professional and social life.**

Government of Maharashtra has also issued a Government Resolution stating that MKCL's IT literacy course viz. MS-CIT, is an essential eligibility criterion for recruitment to the posts of Grade A, Grade B and Grade C in the government Departments and semi-government organizations in Maharashtra state. MS-CIT Learners are co-certified by MKCL and the Maharashtra State Board of Technical Education.

**MKCL's PPP Network of Learning Centers:** In order to facilitate such a large number learners in various parts of the state, MKCL has established about **5000+ Authorized Learning Centers** under public-private-partnership. With the help of these network partners, MKCL offers wider accessibility of its services to the masses with a uniform coverage in metros, cities, semi-urban areas, rural, tribal and hilly areas of the state.

These 5000+ authorized learning centers are equipped with state-of-the-art computing infrastructure on LANs with their own 5000+ proxy servers backed up by a formidable, scalable and secure server farm infrastructure with server virtualization and dynamic load balancing at central data center and a **cloud of about 40,000 personal computers**. These computers are equipped with operating systems, application software and broadband internet connectivity. All these machines in the cloud are managed online and supported remotely through **MKCL's IT Assets Management framework viz. WORM.**

The paperless management of this world's largest network of IT learning centers is facilitated by MKCL's homegrown web-based software framework- viz. **SOLAR**. This framework seamlessly facilitates a **complex management of learner life-cycle, center life-cycle, channel partner life-cycle and course life-cycle.**

**MKCL's eLearning Prowess:** MKCL's homegrown eLearning platform viz. **ERA (E-Learning Revolution for ALL)** includes **eContent Development Factory, eContent Distribution and Management System, Learning Management System**, diagnostic, formative and summative

**eAssessment Management and instant eCertification System.** ERA is available on the servers and LANs in a quasi-online mode at all the 5000+ learning centers for serving millions of learners undergoing various courses in self-paced, interactive and social-media enabled collaborative learning environment. ERA also connects itself to the mobile phones of the learners and learning facilitators and managers through millions of sms every month.

MKCL's ERA perhaps, is **the largest eLearning facility with largest user-base in India** operating in a stable manner at the grass-roots over a decade. It has overcome the barriers of long power outages on one hand and traditional and difficult-to-break teacher-centric mindsets on the other. ERA Platform today is not just accepted but highly sought after by millions of learners including even the senior citizens.

Rich, interactive and perform-type (and not just inform-type) of multimedia eContent in **English, Hindi and Marathi as well as many regional Indian languages and foreign languages**, world-class 4-colour and highly illustrated printed study material with learner-development-centric pedagogy and constructivist instructional design and seamless convergence of learning and assessment are some of the hallmarks of MKCL's education.

Over a period of time, over **15,000 trainers** have discovered that they do not get displaced by technology if they are ready to play a very creative role where technology reaches its limits. This offers them more meaningful and satisfying co-existence with technology and sets them free from traditional drudgery. This also makes overall learning process more affordable and self-replicable. A creative involvement of more than **15,000** certified and periodically re-certified trainers/ learning facilitators helps MKCL's education system assume a desirable blend of **high-tech with human touch**. The two together achieve incredible results!

The mainstreaming of this large-scale and unique educational transformation has been the result of continuous blend of **pedagogic innovations, technology innovations and business innovations**. This is a unique example of blend of four mega-trends of 21<sup>st</sup> century viz. **Digitization, Virtualization, Mobilization and Mass-Personalization**

**World-class Academy for Vocational Excellence – WAVE:** In addition to the IT literacy courses, MKCL, under its brand viz. WAVE, also offers employability skills development courses in many disciplines such as Digital Arts, Publishing, Illustrations, Multimedia and Animation, Web Designing, Video Editing, Programming, Hardware and Networking, Life Skills for Workplace Readiness, Retail Management, Selling, BFSI, Personal Financial Management, Financial Accounting, KPO, BPO, eEducation, etc.

The WAVE Learners enjoy the benefits of MKCL's unique eLearning environment ERA and MKCL's work-centric (and not mere book-centric or information-centric) vocational education approach. During the course, the learners are trained to produce **socially useful and productive work** (SUPW) as enshrined in Mahatma Gandhi's Naya Taleem. The learning process is so designed that it begins with work, from the work learner derives knowledge and then applies that knowledge to produce more wholesome and profound work. These

learners are assessed by using **MKCL's Evidenced-Based Assessment Technology** which enables assessors evaluate the skills of the remote assesses. This upward spiral continues to take the learner to higher levels of excellence and enhances his/her employability, knowledge, confidence and self-esteem. WAVE Learners are certified by the **Yashwantrao Chavan Maharashtra Open University**.

**Digital University & Digital College:** Under its Digital University and Digital College software framework provisioning to about **12 universities and 4000 colleges and one million+ students every year**, MKCL offers direct student facilitation services. Digital University is essentially a software framework for seamless management of life-cycles of millions of students, thousands of institutions and tens of thousands of courses/credits. The digitally empowered students' life-cycle management is the core of this framework.

**OASIS:** MKCL, under its Online Application Solutions and Integrated Services (OASIS) brand, offers online admission, selection, recruitment, CRM, government scheme implementation services to **one million+ students/candidates/beneficiaries every year** and thereby supports several government departments, local self government agencies, semi-government organizations, universities, directorates, boards, educational institutions, banks, etc. for their IT-enabled speedy and effective outreach to the masses on a state-wide scale including rural, tribal and hilly areas through MKCL Network. OASIS has offered job opportunities to thousands of needy youth from all these areas.

**MKCL's Talent Nurturance Program:** MKCL has been implementing Maharashtra Olympiad movement for last five years and has nurtured several talented school children from all over the state for their entry into international science, mathematics, astronomy and environment Olympiads.

Apart from these products and services, MKCL also has developed and successfully deployed state-of-the-art frameworks for various transformative purposes such as Employment Assistance Services to Youth- **EASY**, **Digital Schools**, **Libraria**, **eCRM**, **Meeting Management**, **MyPortal**, **Auto-Installer**, **Asset Tracker**, **eTendering** and **eAuctioning**, **Insynch**, etc. to name a few.

**Financials:** Since its very inception, MKCL has been a self-sustaining, wealth-creating and ever growing organization which has been simultaneously fulfilling its social obligations with a sense of social accountability. MKCL has built an **unbroken track record of annual double digit growth** in its turnovers and profits over last ten years of its existence. MKCL's turnover for the year 2010-11 has exceeded ` 2630 million (US \$ 60 million) and its profit has exceeded ` 310 million (US \$ 7 million). MKCL so far has never taken any state or central government funding or grant-in aid or loans except an initial equity of ` 25 million (US \$ 0.5 million) from the Government of Maharashtra. In return MKCL has paid more than ` 1000 million (US \$ 23 million) to the Government of Maharashtra in last nine years by way of dividends, fees, royalties, taxes, etc. and ` 450 million (US \$ 10 million) to the Government of India by way of taxes. However, MKCL's focus has been on the **maximization of social impact rather than the maximization of profits**.

Sr. No.	Financial Performance Indicator	F.Y. 2009-10	F.Y. 2010-11	% Rise/ (Decrease)
1.	Turnover Rupees in Crore	237.79	260.65	9.6
2.	Profit Before Tax (PBT) Rupees in Crore	30.94	29.34	(5.2)
3.	PBT as % of Turnover	13.01	11.26	(13.45)
4.	Profit After Tax (PAT) Rupees in Crore	20.26	18.90	(6.7)
5.	PAT as % of Turnover	8.52	7.25	(14.91)
6.	Earnings Per Share in Rupees	25.07	23.40	(6.66)

**Youth Empowerment:** Apart from offering the eLearning, eGovernance, and eEmpowerment services to millions of citizens in the state, leading to enhancement of their employability, upward mobility and social status, MKCL's state-wide network of 5000 centers has also provided direct opportunities of self-employment, employment and co-employment to about **25,000 youth** in the field of IT services at these centers in their native places without forced migration to big cities.

**Spread in India:** With a view to offer the benefits of MKCL's proven technologies, innovative business models, best practices, academic course offerings in eLearning mode and in Indian languages for enhancing employability, various IT-enabled solutions and services in education, governance and empowerment sectors to the masses outside Maharashtra at very low cost but with high quality, MKCL has established and is establishing Joint Venture Companies with the various state governments by investing MKCL's funds towards 30% of the initial equity. The **Rajasthan Knowledge Corporation Limited (RKCL)**, proposed the Orissa Knowledge Corporation Limited (OKCL) and proposed Madhya Pradesh Knowledge Corporation Limited (MPKCL) are a few notable examples of such collaborative endeavors.

In addition, MKCL also has State Lead Centers (SLCs) in 10 states of India and small networks of Authorized Learning Centers (ALCs) in those states under the coordination of respective SLCs.

The Department of Labour and Training, Government of India has appointed MKCL as the Assessing Body for the states of Gujarat, Karnataka and Goa under Government of India's Skill Development Initiative.

**Spread Abroad:** With a view to propagate the rich repertoire of its intellectual property, MKCL has also created joint ventures abroad through its subsidiary viz. **MKCL International Free Zone Establishment. MKCL Arabia (Kingdom of Saudi Arabia), MKCL Ghana and MKCL SEA Singapore (under formation)** are among the notable JVs abroad.



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

### 6.1 Conservation of Energy

The Company continues its focus on energy conservation. In existing facilities, energy usage was optimized by constant monitoring, avoiding wastage and strict preventive maintenance of all equipments to ensure their efficient operation.

### 6.2 Technology Absorption

During the period under review, the company has not incurred any costs on technology absorption.

### 6.3 Foreign Exchange Earnings And Outgo

During the period under review, the foreign exchange earnings was ` 118.08 Lacs and the foreign exchange outgo was ` 4.99 Lacs.

## 7.0 FIXED DEPOSITS

The Company did not accept any fixed deposits during the year under review. As such, no deposits were outstanding as on March 31, 2011.

## 8.0 PARTICULARS OF EMPLOYEES

No employees are falling within the limits specified under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the year ended March 31, 2011.

## 9.0 DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirements of section 217 (2AA) of the Companies, Act, 1956, the Directors confirm that:

- i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed and there are no material departures;
- ii) 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 as on March 31, 2011 and of the profit of the Company for the year ended on that date;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for

safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) the Directors have prepared the Annual Accounts on a going concern basis.

## 10.0 BOARD MEETINGS/BOARD COMMITTEE MEETINGS

### 10.1

During the year under Report, four meetings of Board of Directors were held.

### 10.2 Constitution, Re-constitution, Dissolution of Board Committees

During the year under Report, the Audit Committee, Shareholders' Committee and IPO Committee were re-constituted.

### 10.3 Audit Committee

The dates on which the Audit Committee Meetings were held and the attendance of the Members at the said Meetings are as under :

Sr.No.	Dates on which Audit Committee Meetings were held	Attendance record of the Meeting		
		Mr.Avinash Patil (Non-executive Director)	Prof. Ashok Kolaskar (Non-executive Director)	Dr.K.B.Patil (Non-executive Director)
1	June 3, 2010	Attended	Leave of Absence	Attended
2	September 28, 2010	Attended	Attended	Leave of Absence
3	December 28, 2010 *	-----	-----	-----
	January 4, 2011	Attended	Leave of Absence	Leave of Absence
4	February 12, 2011*	-----	-----	-----
	February 19, 2011**	-----	-----	-----

\* Meeting could not be held for want of Quorum and it automatically stood adjourned pursuant to Section 288 of the Companies Act, 1956.

\*\* No member was present at the adjourned Meeting.

## 11.0 DIRECTORS

### 11.1 Appointment of Directors

Letter No.MKCL 2010/(145/10)/TE 5 dated June 17, 2010 was received from the Department of Higher and Technical Education, Government of Maharashtra regarding nomination of Mr. Mahesh Pathak, Secretary, Department of Higher and Technical

Education as nominee director of the Government of Maharashtra. Accordingly, he was appointed as nominee Director w.e.f. November 01, 2010 i.e. date of approval of his DIN.

Further, in the Board Meeting held on January 15, 2011, Hon'ble Dr. Rajan Welukar, Vice Chancellor, University of Mumbai was appointed as director in the casual vacancy caused by cessation of Vice Chancellorship of Hon'ble Dr.(Ms.) Kamal Singh.

In the Board Meeting held on January 15, 2011, Mr. Rajendra Barwale, was appointed as a Director (in the expert category 'Industry') in the casual vacancy caused by resignation of Dr. Vijay P. Bhatkar w.e.f. from January 15, 2011. Mr. Barwale is Managing Director of Maharashtra Hybrid Seeds Company Ltd. (MAHYCO). He is a graduate in Agriculture from G. B. Pant University of Agriculture and Technology, Pantnagar. After obtaining his graduation, B. Sc. (Hons.) Agriculture (Ag & AH), Mr. Barwale has been associated with MAHYCO in various capacities and has been its Managing Director since 1989. He is on the Board of Management of several companies, trusts and trade associations. He is member of the Joint Apex Committee of the Indo-Swiss Collaboration on Biotechnology, a collaborative effort of Government of India and Government of Switzerland. He is also a member of the Steering Committee of the National Agriculture Innovation Project (NAIP) (a project of Govt. of India and the World Bank). He is a member on Protection of Plant Varieties and Farmers' Rights Authority (PPV & FRA), Govt. of India, Ministry of Agriculture, New Delhi.

Letter MKCL2010/(145/10)/TE-5 dated January 13, 2011 was received from the Department of Higher and Technical Education, Government of Maharashtra regarding nomination of Mr. D.P.Sawant, Hon'ble Minister of State for Higher & Technical Education, Government of Maharashtra, as nominee director of the Government of Maharashtra. Accordingly he was appointed as nominee Director w.e.f. March 08, 2011 i.e. date of intimation of the Director Identification Number (DIN) by him.

In the Board Meeting held on January 15, 2011, Dr. (Mrs.) Nishigandha Dewoolkar, the acclaimed film and television actress, was appointed as an additional Director in the expert category 'Art & Culture' w.e.f. April 06, 2011 i.e. date of intimation of the Director Identification Number (DIN) by her. Dr. (Mrs.) Nishigandha Dewoolkar is an author of five books, of which three have been the recipients of prestigious State awards. Further, she holds degree of Doctorate from the University of Mumbai on research on 'Changing Role of Women In Society – Reflections from Marathi & British Theatres (1970-1990)'.

Letter No. MKCL-2010/(145/10)/TE-5 dated June 16, 2011 was received from the Department of Higher & Technical Education, Government of Maharashtra informing about the nomination of Mr. Sanjay Kumar, Principal Secretary, Department of Higher & Technical Education in place of Mr. Mahesh Pathak. Accordingly, he has been appointed as nominee Director in the 48<sup>th</sup> Board Meeting held on August 16, 2011.

## 11.2 Cessation of Directors

Particulars	Date of Cessation	Remarks
Dr. (Ms.) Kamal Singh	20.10.2010	Pursuant to office order no. SGBAU/1/102/1-1294/2010 dated 19.10.2010 of Sant Gadge Baba Amravati University.
Mr. Umesh Nagda	15.11.2010	Consequent to changes in the structure of Board of Directors vide Special Resolution passed in EoGM held on 15.11.2010.
Mrs. Varsha Gaikwad	13.01.2011	Pursuant to Letter No. MKCL 2010/(145/10)/TE 5 dated 13.01.2011 of Higher & Technical Education Dept. regarding change in nomination of Director on the Board of the Company.
Prof. Ashok Kolaskar	01.04.2011	Pursuant to Ordinary Resolution passed in the 9 <sup>th</sup> Annual General Meeting of members held on 27.09.2010.
Mr. Avinash Patil	01.04.2011	Pursuant to Ordinary Resolution passed in the 9 <sup>th</sup> Annual General Meeting of members held on 27.09.2010.
Mr. Mahesh Pathak	07.07.2011	Pursuant to Letter No. MKCL 2010/(145/10)/TE 5 dated 16.06.2011 of Higher & Technical Education Dept. regarding change in nomination of Director on the Board of MKCL

## 11.3 Directors retiring by rotation

Professor Ram Takwale and Hon'ble Mr. D.P.Sawant, Directors of the Company retire at the ensuing 10<sup>th</sup> Annual General Meeting and being eligible offer themselves for re-appointment.

## 11.4 Additional Director

Dr. (Mrs.) Nishigandha Dewoolkar, was appointed as additional Director with effect from April 06, 2011 in the expert category of 'Art & Culture' (Independent, Non Executive director) and would hold office upto the date of this Annual General meeting. The Company has received due notice in writing alongwith requisite deposit amount under Section 257 of the Companies Act, 1956 proposing her candidature for the office of Director.

## 12.0 AUDITORS:

The Auditors M/s P.V.Page & Co., Chartered Accountants, retire at the ensuing Annual General Meeting. They have confirmed their willingness to accept office, if re-appointed.

## 13.0 ACKNOWLEDGEMENTS:

Your Directors sincerely acknowledge the continued support and co-operation received from the State Government, Suppliers, Customers, Bankers, Consultants, Channel Partners and Business Partners of the Company. The Directors express their deep sense of appreciation for the total commitment, dedication and hard work put in by every employee of the Company. Lastly, your Directors are grateful for the confidence and faith shown by the members of the Company in them.

For and on behalf of the Board of Directors  
**Maharashtra Knowledge Corporation Limited**

**Rajesh Tope**  
Chairman

Place: Pune, INDIA  
Date: August 16, 2011

## **AUDITOR'S REPORT**

To  
The Members,  
**Maharashtra Knowledge Corporation Limited**

- 1) We have audited the attached Balance Sheet of Maharashtra Knowledge Corporation Limited as at 31<sup>st</sup> March 2011, and also the Profit & loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to in Paragraph (3) above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our Knowledge and belief were necessary for the purpose of our audit.

- b) In our opinion, the Company has kept proper books of account as required by law so far as appears from our examination of the books.
- c) The Balance sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report complies with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors as on 31<sup>st</sup> March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of Companies Act, 1956.

In our opinion, and to the best of our Information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:

1. In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2011;
2. In the case of the Profit and Loss Account, of the profit for the year ended on that date.

**For P.V.Page & Co.**  
CHARTERED ACCOUNTANTS

Place: Pune  
Date:

**Prakash V. Page**  
PARTNER  
M. no.30560  
FRN-107243W

**ANNEXURE REFERRED TO IN PARAGRAPH (3) OF OUR  
REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR  
ENDED ON 31 ST MARCH 2011**

I. In respect of the fixed assets:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- b) Majority of fixed assets have been physically verified during the year by the management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company and the nature of its assets. Reconciliation has been made between the book records and actual physical assets during the year and was found to be correct.
- c) Disposal of Fixed Assets during the year are minimal and the same have been properly accounted for.

II. In respect of its inventories:

- a) As explained to us, the Management physically verified the inventories of Study Material Books and Education Material during the year.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the inventory record maintenance system needs to be strengthened. The discrepancies noticed on verification between the physical stocks and the book records were not material.



- III. In our opinion and according to the information and explanations given to us, the company has neither granted nor taken any loans, secured or unsecured to/from companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- IV. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for sale of goods. We have not noted any continuing failure to correct major weakness in the internal controls during the course of the audit.
- V. (a) There are no transactions that need to be entered in to a register in pursuance of Section 301 of the Companies Act, 1956. Hence, clause V (b) is not applicable to the company.
- VI. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public, during the year to which the directives issued by the Reserve Bank Of India and the provisions of sections 58A and 58AA or other relevant provisions of the Companies Act, 1956 and the rules framed there under, are applicable.
- VII. The Company created Internal audit department during the year. Based on the review of the present system we strongly feel that the internal audit systems needed strong steps need to be strengthened.
- VIII. The Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of services carried out by the Company.
- IX. According to the information and explanation given to us, the Company has been generally regular in depositing undisputed statutory dues including provident fund, income-tax, service tax and other material statutory dues applicable to it.
- X. The company has been registered for a period of more than five years. Further, the company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year immediately preceding such financial year.

- XI. In our opinion and according to the information and explanation given to us, the Company has neither taken any loans from a financial institution, nor a bank nor has it issued any debentures. Accordingly, the clause (XI) of the order is not applicable.
- XII. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the clause (XII) of the order is not applicable.
- XIII. The Company is not a chit fund or a nidhi or mutual benefit fund or society. Accordingly, the provisions of clause (XIII) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XIV. The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause (XIV) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
- XV. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- XVI. To the best of our knowledge and belief and according to the information and explanations given to us, the company has not applied for any type of term loans. Accordingly the provisions of clause (XVI) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
- XVII. In our opinion and according to the information and explanations given to us, the Company has not been raised any funds on short-term basis.
- XVIII. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- XIX. The Company has not issued any debentures.
- XX. The Company has not raised any money by public issue during the year.

XXI. According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the year.

**For P.V. Page & Co.**  
CHARTERED ACCOUNTANTS

**(Prakash V. Page)**

PARTNER

*M.No 030560*

*FRN-107243W*

Place: Pune

Date:

## BALANCE SHEET AS AT March 31, 2011

(As per schedule VI to the Companies Act, 1956)

(Amount in Rupees)

Particulars	Schedule	As at 31-Mar-11	As at 31-Mar-10
<b>SOURCES OF FUNDS</b>			
<b>Shareholders Funds</b>			
a) Share Capital	1	80,801,950	80,801,950
b) Reserves and Surplus	2	760,715,321	590,521,308
<b>Deferred Tax Liability</b>		8,249,783	5,466,779
<b>TOTAL</b>		<b>849,767,054</b>	<b>676,790,037</b>
<b>APPLICATION OF FUNDS</b>			
<b>a) Fixed Assets</b>			
<b>Gross block</b>	3	287,452,231	254,425,326
Less: Depreciation		93,670,206	75,751,843
<b>Net Block</b>		193,782,025	178,673,483
Capital work in progress	3	223,334	212,620
<b>Total Fixed Assets</b>		194,005,360	178,886,103
<b>Investments</b>	4	74,983,501	190,602,214
<b>b) Current Assets, Loans and Advances</b>	5	1,609,904,878	1,050,545,638
<b>Less: Current Liabilities &amp; Provisions</b>	6	1,034,773,000	747,975,379
<b>Net Current Assets</b>		575,131,878	302,570,259
<b>c) Deferred Tax Asset</b> (Refer Note 5 of Notes to Accounts)		4,181,499	3,266,645
<b>d) IPO Expenses</b>	7	1,464,816	1,464,816
<b>TOTAL</b>		<b>849,767,054</b>	<b>676,790,037</b>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES THEREON 14

The schedule referred to above and the notes thereon form an integral part of the Balance Sheet

This is the balance sheet referred to in our report of even date.

For **P. V. Page & Co.**  
Chartered Accountants

For and on behalf of the Board  
**Maharashtra Knowledge Corporation Ltd.**

**Prakash V. Page**  
Partner

**Rajesh Tope**  
Chairman

**Vivek Sawant**  
Managing Director

**Umesh Nagda**  
Chief Finance Officer

Place : Pune

Date : August 16, 2011

**Komal Chaubal**

Company Secretary & Head-Legal Affairs

Place : Pune

Date : August 16, 2011

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED March 31, 2011**

		(Amount in Rupees)	
		For the year ended	For the year ended
Particulars	Schedule	31-Mar-11	31-Mar-10
<b><u>I. INCOME</u></b>			
a) Income from Programs	8	2,582,715,872	2,330,618,722
b) Increase/ (Decrease) in Inventory	9	(5,570,825)	6,676,387
c) Other Income	10	29,327,008	40,573,171
<b>TOTAL Rs. (A)</b>		<b>2,606,472,055</b>	<b>2,377,868,280</b>
<b><u>II. EXPENDITURE</u></b>			
a) Expenses on Courses	11	2,129,709,618	1,897,350,655
b) Employees remuneration and other benefits	12	104,382,298	94,646,790
c) Administration Expenses	13	62,532,969	62,248,234
d) Interest on Application money		-	-
d) Depreciation	3	17,918,363	12,475,424
<b>TOTAL Rs. (B)</b>		<b>2,314,543,247</b>	<b>2,066,721,102</b>
<b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS (A)-(B)</b>		<b>291,928,808</b>	<b>311,147,178</b>
Provision for liabilities no longer required written back		1,477,826	-
Prior period items		-	(1,780,503)
<b>PROFIT BEFORE TAX</b>		<b>293,406,634</b>	<b>309,366,675</b>
Less: Provision for Taxation		102,500,000	106,937,126
Deferred tax expense (Net) (Refer Note 5 of Notes to Accounts)		1,868,150	(150,326)
<b>PROFIT AFTER TAX</b>		<b>189,038,484</b>	<b>202,579,875</b>
Transfer to Foreign Currency Translation Reserve		(11,241)	242,449
Transfer to General Reserve		30,000,000	80,000,000
Interim dividend		-	8,080,195
Proposed dividend		16,160,390	8,080,195
Corporate Dividend Tax		2,684,080	2,746,458
<b>BALANCE CARRIED TO THE BALANCE SHEET</b>		<b>140,205,255</b>	<b>103,430,578</b>

Earning Per Share (Basic & Diluted)

23.40

25.07

SIGNIFICANT ACCOUNTING POLICIES AND NOTES THEREON 14

The schedule referred to above and the notes thereon form an integral part of the Profit & Loss Account

This is the profit & loss account referred to in our report of even date.

For **P. V. Page & Co.**  
Chartered Accountants

For and on behalf of the Board  
**Maharashtra Knowledge Corporation Ltd.**

**Prakash V. Page**  
Partner

**Rajesh Tope**  
Chairman

**Vivek Sawant**  
Managing Director

**Umesh Nagda**  
Chief Finance Officer

Place : Pune  
Date : August 16, 2011

**Komal Chaubal**  
Company Secretary & Head-Legal Affairs

Place : Pune  
Date : August 16, 2011

**Cash Flow Statement March 31, 2011**

(Amount in Rupees)

PARTICULARS	2010-11	2009-10
<b>A. Cash flows from operating activities</b>		
Net profit before tax	293,406,634	309,366,675
<u>Adjustments for:</u>		
Depreciation	17,918,363	12,475,424
Interest income	(35,631,257)	(32,890,114)
Dividend income	(5,851,287)	(3,219,341)
Loss on redemption of Mutual Fund (Net)	(14,368,030)	(158,651)
Loss on disposal of Fixed assets	-	3,737
Operating profit before working capital changes	255,474,421	285,577,730
<u>Adjustments for:</u>		
Sundry debtors and other receivables	#REF!	(251,398,209)
Inventories	5,570,825	(6,676,387)
Current Liabilities and Provision for expenses	#REF!	241,892,238
Cash generated from operations	#REF!	269,395,372
Income taxes paid	(81,012,971)	(92,889,194)
Cash flow before extraordinary item	#REF!	<b>176,506,178</b>
<i>Net cash from operating activities</i>		#REF! 176,506,178
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets	(33,037,620)	(120,919,133)
Sale of Investments	115,618,713	53,197,763
Profit on Mutual Fund (Net)	14,368,030	158,651
Interest received (Net of TDS)	35,631,257	32,890,114
Dividends received	5,851,287	3,219,341
<i>Net cash used for investing activities</i>		138,431,668 <b>(31,453,264)</b>
<b>C. Cash flows from financing activities</b>		
Dividends paid	(16,160,390)	(16,160,390)
<i>Net cash from financing activities</i>		(16,160,390) (16,160,390)
<b>Net increase in cash and cash equivalents ( A + B + C )</b>		#REF! <b>128,892,524</b>
<b>Cash and cash equivalents at beginning of period</b>		473,735,310 <b>344,842,785</b>
<b>Cash and cash equivalents at end of period</b>		#REF! <b>473,735,309</b>

For **P. V. Page & Co.**  
Chartered Accountants

For and on behalf of the Board  
Maharashtra Knowledge Corporation Ltd.

**Prakash V. Page**  
Partner

**Rajesh Tope**  
Chairman

**Vivek Sawant**  
Managing Director

**Umesh Nagda**  
Chief Finance Officer

Place : Pune  
Date : August 16, 2011

**Komal Chaubal**  
Company Secretary & Head-Legal Affairs

Place : Pune  
Date : August 16, 2011

r ended

1/31/2011

Schedule- 3

Fixed Assets

(Amount in Rupees)

S No	Particulars	Rate(%)	Gross Block				Depreciation				Net Block	
			As on		As on		As on		As on		As on	
			01 APRIL 2010	Additions	Deletion/ Transfer	31-Mar-11	01 APRIL 2010	For the Year	On Deletion	31-Mar-11	31-Mar-11	31-Mar-10
1	Office Premises	5.00	146,658,845	-	171,108	146,487,737	11,377,268	6,754,785	-	18,132,053	128,355,684	135,281,577
2	Land	-	4,086,500	-	-	4,086,500	-	-	-	-	4,086,500	4,086,500
3	Air Conditioner	13.91	3,586,422	1,002,035	79,262	4,509,195	1,407,103	352,431	-	1,759,534	2,749,661	2,179,319
4	Electrical Fittings	13.91	8,485,164	2,843,384	125,498	11,203,050	2,730,380	954,454	-	3,684,834	7,518,216	5,754,784
5	Office Equipments and Appliances	13.91	24,836,680	926,256	29,011	25,733,925	12,699,273	1,745,659	-	14,444,932	11,288,993	12,137,407
6	Computers	40.00	46,627,848	22,925,952	39,972	69,513,828	38,718,266	5,678,115	-	44,396,381	25,117,447	7,909,582
7	Furniture & Fixtures	18.10	19,393,998	6,031,731	257,601	25,168,128	8,670,018	2,349,412	-	11,019,430	14,148,698	10,723,980
8	Solar Panel Generation Plant	13.91	645,868	-	-	645,868	45,535	83,507	-	129,042	516,826	600,333
9	Plant & Machinery	100.00	104,000	-	-	104,000	104,000	-	-	104,000	-	-
10	Capital Work In Process	-	212,620	10,714	-	223,334	-	-	-	-	223,334	212,620
	<b>Total</b>		<b>254,637,945</b>	<b>33,740,072</b>	<b>702,452</b>	<b>287,675,565</b>	<b>75,751,843</b>	<b>17,918,363</b>	<b>-</b>	<b>93,670,206</b>	<b>194,005,359</b>	<b>178,886,102</b>
	<b>As at 31.03.10</b>		<b>133,727,646</b>	<b>121,565,001</b>	<b>654,702</b>	<b>254,637,945</b>	<b>63,281,516</b>	<b>12,475,424</b>	<b>5,097</b>	<b>75,751,843</b>	<b>178,886,102</b>	<b>70,446,130</b>

**SCHEDULE - 1**  
**SHARE CAPITAL**

*(Amount in Rupees)*

<b>PARTICULARS</b>	<b>As At 31-Mar-11</b>	<b>As At 31-Mar-10</b>
<b>Authorised Share Capital</b> 2,00,00,000 (Previous Year 2,00,00,000) Equity Shares of Rs. 10 each	200,000,000	200,000,000
<b>Issued, Subscribed and Paid Up Share Capital</b> 80,80,195 (Previous Year 80,80,195) Equity Shares of Rs. 10 each, fully paid up (Of the above shares 28,85,875 shares are allotted as fully paid-up by way of bonus shares by way of capitalization of Profits and General Reserve.)	80,801,950	80,801,950
<b>TOTAL</b>	<b>80,801,950</b>	<b>80,801,950</b>

**SCHEDULE - 2**  
**RESERVES AND SURPLUS**

*(Amount in Rupees)*

<b>PARTICULARS</b>	<b>As At 31-Mar-11</b>	<b>As At 31-Mar-10</b>
<b>General Reserve Account</b>		
Balance carried from Previous Year	360,000,000	280,000,000
Add : Transfer during the year from current profits	30,000,000	80,000,000
	390,000,000	360,000,000
<b>Profit and Loss Account</b>		
Balance carried from Previous Year	230,477,606	127,047,028
Add: Profit or Loss for the Current Year	140,205,255	103,430,578
	370,682,860	230,477,606
<b>Foreign Currency Translation Reserve</b>		
Balance carried from Previous Year	43,702	(198,747)
Profit or Loss for the Current Year	(11,241)	242,449
	32,461	43,702
<b>TOTAL</b>	<b>760,715,321</b>	<b>590,521,308</b>



**SCHEDULE - 4**  
**INVESTMENTS**

(Amount in Rupees)

<b>PARTICULARS</b>	<b>As At 31-Mar-11</b>	<b>As At 31-Mar-10</b>
Investments in Mutual Fund Units (At Cost) ( <i>Market value Rs 432.11 Lakhs as on 31st March 2011</i> )	67,102,685	182,721,398
Investment in Rajasthan Knowledge Corporation Limited	6,000,000	6,000,000
Investment in MKCL International FZE	1,880,816	1,880,816
	74,983,501	190,602,214
<b>TOTAL</b>	<b>74,983,501</b>	<b>190,602,214</b>

**SCHEDULE - 5**

**CURRENT ASSETS, LOANS AND ADVANCES**

(Amount in Rupees)

<b>PARTICULARS</b>	<b>As At 31-Mar-11</b>	<b>As At 31-Mar-10</b>
<b>A. CURRENT ASSETS</b>		
<b>a) INVENTORIES ( As certified by the Management )</b>		
Inventory of Books	648,075	7,243,370
Inventory of Educational Material	310,235	300,765
Inventory of Sugarcane Planter	970,000	-
Inventory of Contour Marker	45,000	-
(Value of Inventory held by Third Party Rs.12.67 Lacs)		
<b>TOTAL</b>	<b>1,973,310</b>	<b>7,544,135</b>
<b>b) DEBTORS (Unsecured, considered good)</b>		
Debts outstanding for a period exceeding six months	26,294,782	25,452,963
Other Debts	42,846,566	29,342,704
<b>TOTAL</b>	<b>69,141,348</b>	<b>54,795,667</b>
<b>c) CASH AND BANK BALANCES</b>		
Cash on Hand ( As certified by the Management )	-	-
DDs on Hand	-	-
<u>Balances with Scheduled Banks</u>		
In Current Accounts	44,607,497	112,757,637
In Fixed Deposits	657,892,080	360,977,673
<b>TOTAL</b>	<b>702,499,577</b>	<b>473,735,310</b>
<b>B. LOANS AND ADVANCES &amp; Receivables (Unsecured, Considered Good)</b>		
Advances, deposits & Receivables	5,059,824	32,983,437
Receivable from Subsidiaries - MKCL International FZE	1,139,356	6,287,685
Prepaid Expenses	1,181,249	1,828,807
Receivables from Various Programs	488,434,927	220,636,709
Interest Receivable	10,337,534	3,307,302
VAT Refund 2009-10	878,945	-
VAT Refund 2010-11	1,565,709	-
Advance Fringe Benefit Tax (AY 08-09)	545,500	545,500
Advance Fringe Benefit Tax (AY 09-10)	625,000	625,000
Advance Tax /Self Assessment Tax (AY 09-10)	84,050,000	84,050,000
Advance Tax (AY 11-12)	62,500,000	-
Advance Tax (AY 08-09)	59,000,000	59,000,000
Self Assessment Tax ( AY 2009-10)	-	-
Tax Deducted at Source ( AY 08-09)	851,609	851,609
Tax Deducted at Source ( AY 09-10)	4,982,519	4,982,519
Tax Deducted at Source (AY 11-12)	8,066,513	-
Tax Deducted at Source (AY 10-11)	8,171,959	8,171,959
<b>TOTAL</b>	<b>836,290,644</b>	<b>514,470,527</b>
<b>GRAND TOTAL</b>	<b>1,609,904,878</b>	<b>1,050,545,638</b>

**SCHEDULE - 6**  
**CURRENT LIABILITIES AND PROVISIONS**

*(Amount in Rupees)*

<b>PARTICULARS</b>	<b>As At 31-Mar-11</b>	<b>As At 31-Mar-10</b>
<b>CURRENT LIABILITIES</b>		
Liabilities towards Channel Partner	533,555,680	328,275,971
Deposits from Training Providers and Contractors	11,500,000	11,500,000
Share of Pune University Payable	7,686,583	38,683,107
Liabilities towards Various Projects	42,261,567	26,297,457
Creditors for materials & services	27,739,992	26,828,160
Other liabilities	3,342,989	7,396,733
<b>TOTAL</b>	<b>626,086,811</b>	<b>438,981,428</b>
<b>PROVISIONS</b>		
Provision for expenses	31,634,093	34,379,477
Provision For Taxation A.Y. 11-12	102,500,000	-
Provision For Taxation A.Y. 09-10	625,000	625,000
Provision For Taxation A.Y. 09-10	89,100,000	89,100,000
Provision For Fringe Benefit Tax A.Y. 09-10	545,500	545,500
Provision For Taxation A.Y. 10-11	106,937,126	106,937,126
Interim Dividend	-	8,080,195
Provision for Proposed Dividend	16,160,390	8,080,195
Provision For Taxation A.Y. 08-09	58,500,000	58,500,000
Corporate Dividend Tax Payable	2,684,080	2,746,458
<b>TOTAL</b>	<b>408,686,189</b>	<b>308,993,951</b>
<b>GRAND TOTAL</b>	<b>1,034,773,000</b>	<b>747,975,379</b>

**SCHEDULE - 7**  
**MISCELLANEOUS EXPENDITURE**

*(Amount in Rupees)*

<b>PARTICULARS</b>	<b>As At 31-Mar-11</b>	<b>As At 31-Mar-10</b>
IPO Expenses	1,464,816	1,464,816
<b>GRAND TOTAL</b>	<b>1,464,816</b>	<b>1,464,816</b>

SCHEDULE - 8  
INCOME FROM COURSES & PROGRAM

(Amount in Rupees)

PARTICULARS	For the year ended 31-Mar-11	For the year ended 31-Mar-10
<b><i>Educational Programs</i></b>		
<b>IT Literacy &amp; Functionality Program</b>		
MS-CIT Course Fee	2,034,786,660	1,727,083,330
Forfeited Fees	24,759,800	14,277,470
MS-CIT Exam/ReExam Fees	221,455,690	228,631,040
Sale of Study Material -Rajasthan Knowledge Corporation Limited	6,000,000	7,000,000
Income from Computer Training -Gramsevak YASHADA	-	4,382,000
On Demand Online Exam Fees	-	9,265,350
MICIT Course Fee	1,572,217	2,152,598
Oncet Exam Fees	1,587,000	1,933,500
<b>TOTAL</b>	<b>2,290,161,367</b>	<b>1,994,725,288</b>
MS-ACIT Course Fee	-	1,579,500
<b>WAVE Program</b>	<b>7,144,700</b>	<b>2,718,950</b>
<b><i>eLearning &amp; eContent Development Program</i></b>		
LMS License Fees (Tutor CD Fees)	11,875,551	13,761,162
<b><i>Channel Partner Network Management Program</i></b>		
Renewal/Processing/Annual fee/Registration Fees	28,433,478	31,335,122
<b><i>Edutainment &amp; Infotainment Program</i></b>		
Triple Play Services	-	1,000,000
<b><i>eGovernance Program</i></b>		
<b>Educational eGovernance Programs ( IT Services)</b>		
<b>Digital University</b>		
BAOU Online Admission	-	-
Digital University	42,742,200	29,226,000
<b>TOTAL</b>	<b>42,742,200</b>	<b>29,226,000</b>
<b>OASIS</b>		
PU Online Admissions Project	84,371,345	113,615,660
Engineering/Medical/Pharmacy CET Project	40,003,925	21,680,245
Online Admission Project	18,298,187	22,772,290
B.Ed CET Admission Project	30,285,200	38,616,950
<b>TOTAL</b>	<b>172,958,657</b>	<b>196,685,145</b>
<b>Government Recruitment Projects</b>		
Collectorate Project	-	1,812,750
Various Recruitment Projects	8,086,490	41,484,875
<b>TOTAL</b>	<b>223,787,347</b>	<b>269,208,770</b>
<b>General eGovernance Program</b>		
MSEB eTendering Project	4,183,717	7,371,500
Supply of Computer Hardware & Support	1,015,893	-
NREGA Project	288,000	-
Web Portal Designing & Development	91,225	-
<b>TOTAL</b>	<b>5,578,835</b>	<b>7,371,500</b>
<b><i>Community Development and eEmpowerment Program</i></b>		
<b>Talent Nurturance</b>		
Sale of Educational Material & Income from Hobby Home	3,500	85,800
Income from e-Bed Project	1,025,000	-
Nurturing Excellence and Talent	2,719,650	1,532,700
Subscription towards Change for Better	173,810	-
Watershed Development Projects-Sale of Contour Markers	4,634	25,930
<b>TOTAL</b>	<b>3,921,960</b>	<b>1,618,500</b>
CCT - Pathargaon Project	-	-
<b><i>International Business Development Program</i></b>		
Royalty received from MKCL International FZE	11,808,000	7,274,000
Community Learning Information Centre (CLIC)	-	-
<b>TOTAL</b>	<b>11,808,000</b>	<b>7,274,000</b>
<b>GRAND TOTAL</b>	<b>2,582,715,872</b>	<b>2,330,618,722</b>

**SCHEDULE - 9**  
**INCREASE/(DECREASE) IN INVENTORY**

*(Amount in Rupees)*

<b>PARTICULARS</b>	<b>For the year ended 31-Mar-11</b>	<b>For the year ended 31-Mar-10</b>
<b>Closing Inventory as on date</b>		
Inventory of Books	648,075	7,243,370
Closing Stock of Sugarcane Planter	970,000	-
Inventory of Educational Material	310,235	300,765
Inventory of Contour Marker	45,000	-
	<b>1,973,310</b>	<b>7,544,135</b>
<b>Opening Inventory at the beginning of the year</b>		
Inventory of Books	7,243,370	532,516
Inventory of Educational Material	300,765	331,072
Inventory of Contour Marker	-	4,160
	<b>7,544,135</b>	<b>867,748</b>
<b>TOTAL</b>	<b>(5,570,825)</b>	<b>6,676,387</b>

**SCHEDULE - 10**  
**OTHER INCOME**

*(Amount in Rupees)*

<b>PARTICULARS</b>	<b>For the year ended 31-Mar-11</b>	<b>For the year ended 31-Mar-10</b>
Interest from Banks	35,631,257	32,890,114
Recruitment Fees	105,500	3,367,000
Dividend Received on Mutual Fund Units	5,851,287	3,219,341
Loss on Sale/Redemption of Mutual Fund	(14,368,030)	158,651
Miscellaneous Income	882,843	837,591
Gain on foreign Exchange	1,224,150	100,473
<b>TOTAL</b>	<b>29,327,008</b>	<b>40,573,171</b>

SCHEDULE - 11  
EXPENSES ON COURSES & PROGRAMS

(Amount in Rupees)

PARTICULARS	For the year ended 31-Mar-11	For the year ended 31-Mar-10
<b>Educational Programs</b>		
<b>IT Literacy &amp; Functionality Program</b>		
<b>MS-CIT Course Cost</b>		
Training Providers share in Course Fees	1,547,704,940	1,257,821,967
MSBTE's share in Exam/Re-Exam Fees	165,128,573	176,684,024
Channel Partners' share in Gramsevak- YASHADA	5,320	1,665,160
<b>MS-CIT Other Direct Cost</b>		
Course material expenses	100,564,583	111,340,914
LLC/WLC share	68,584,240	60,836,661
RLC share	18,860,666	17,580,360
Centre/Oncet Facilitation Expenses	-	296,307
Advertisement & Sales Promotion	36,826,296	38,085,197
Expenses of course material -Rajasthan Knowledge Corporation Limited	5,929,240	7,733,372
<b>Expenses on National Scale up MICIT Courses</b>	2,802,536	6,694,111
<b>TOTAL</b>	<b>1,946,406,394</b>	<b>1,678,738,073</b>
<b>MS-ACIT Course cost</b>		
	-	1,298,240
<b>WAVE Program</b>		
Franchisees' Share	-	903,320
Honorarium to Faculties & ESP's share	-	494,019
Advertisement	3,583,658	435,972
Expenses DST Course/Wave project	7,798,318	5,245,644
<b>TOTAL</b>	<b>11,381,976</b>	<b>7,078,955</b>
<b>eLearning &amp; eContent Development Program</b>		
Expenses on CDO	7,252,812	14,977,665
<b>Channel Partner Network Mng. Prog.</b>		
	7,844,028	1,871,559
<b>TOTAL</b>	<b>15,096,840</b>	<b>16,849,224</b>
<b>eGovernance Program</b>		
<b>Educational eGovernance Program</b>		
Digital University Expenses	17,861,145	9,754,254
SDO Charges	10,989,719	13,897,867
<b>TOTAL</b>	<b>28,850,864</b>	<b>23,652,121</b>
<b>OASIS</b>		
Pune University Admission Project (External+Repeater+DBT+JRF)	75,846,223	94,655,374
B.Ed. Admissions Projects	22,556,380	27,148,529
Other Online Admission Projects	12,213,707	9,148,107
<b>TOTAL</b>	<b>110,616,310</b>	<b>130,952,010</b>
<b>Government Recruitment Projects</b>		
Online Recruitment Expenses	5,737,256	30,324,824
<b>TOTAL</b>	<b>5,737,256</b>	<b>30,324,824</b>
<b>TOTAL</b>	<b>145,204,430</b>	<b>184,928,955</b>
<b>General eGovernance Program</b>		
MSEB eTendering Project	261,495	390,067
Purchase of Computer Hardware MSHRC	637,008	-
Expenses on eGovernance Program	352,852	-
Expenses on NREGA Project	103,578	-
<b>TOTAL</b>	<b>1,354,933</b>	<b>390,067</b>
<b>Community Development and eEmpowerment Program</b>		
Printing & Stationery	-	2,493
Content Development charges for Hobby Home	294,300	971,279
ALC/LLC/RLC Share & other expenses for Hobby Home	-	41,679
Expenses on Prayog Parivar	-	1,461,289
Social Dev Edu. Corp/ Virtual School	5,091,782	1,639,625
Expenses on NETs	2,651,566	1,033,450
Honorarium	186,000	402,505
Expenses on Nirman	19,003	37,596
Advertisement & Business Promotion	95,613	735,260
<b>TOTAL</b>	<b>8,338,264</b>	<b>6,325,176</b>
<b>Watershed Development Projects</b>		
Expenses on Water Shade Dev. Project	468,471	469,059
Purchase of contour marker	50,000	23,200
<b>Rurban Habitat Development Projects</b>		
RURBAN Project	-	46,223
<b>International Business Development Program</b>		
Royalty payable on International business	1,408,310	1,203,483
<b>TOTAL</b>	<b>1,408,310</b>	<b>1,203,483</b>
<b>GRAND TOTAL</b>	<b>2,129,709,618</b>	<b>1,897,350,655</b>

**SCHEDULE - 12****EMPLOYEES' REMUNERATION AND OTHER BENEFITS***(Amount in Rupees)*

<b>PARTICULARS</b>	<b>For the year ended 31-Mar-11</b>	<b>For the year ended 31-Mar-10</b>
Salary	96,777,384	86,431,262
Contribution to Provident Fund	6,238,239	4,862,853
Staff Welfare Expenses	1,191,072	849,605
Staff Recruitment & Training Expenses	175,603	2,503,070
<b>TOTAL</b>	<b>104,382,298</b>	<b>94,646,790</b>

**SCHEDULE - 13****ADMINISTRATION EXPENSES***(Amount in Rupees)*

<b>PARTICULARS</b>	<b>For the year ended 31-Mar-11</b>	<b>For the year ended 31-Mar-10</b>
Advertisement expenses/Sales Promotion	3,848,450	2,893,335
Auditors Remuneration incl. out of pocket expenses	1,786,390	1,682,207
Books /Periodicals & Subscription	41,506	93,999
Communication Expenses	3,368,823	4,491,202
Donations/Grants	-	11,507,125
Electricity charges	4,397,282	3,780,160
Provision for Doubtful Debts	-	1,677,291
Educational Program Partner Charges	-	599,993
Legal, Professional & Consultancy Charges	9,386,030	8,594,192
Bank Charges	1,213,255	1,751,015
Tender Fees	50,500	112,254
Empowerment Charges for Bandra Project	800,000	2,400,000
Meeting Expenses	698,547	593,085
Miscellaneous Expenses	1,726,474	1,912,718
Printing and Stationary	1,362,982	1,399,242
Rent Rates Taxes and Insurance	11,786,982	5,616,526
Repairs and maintenance - Building	6,322,687	3,985,172
Repairs and maintenance - Computer	493,569	353,550
Repairs and maintenance - Electrical	780,700	687,132
Repairs and maintenance - Office Equipments	560,001	713,923
Repairs and maintenance - Furniture & Fixture	870,143	130,433
Traveling and Conveyance	4,543,689	3,698,745
Website hosting and registration expenses	8,494,958	3,574,936
<b>TOTAL</b>	<b>62,532,969</b>	<b>62,248,234</b>

## Schedule 14

### NOTES ON ACCOUNTS

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### I. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The accompanying financial statements of the Company are prepared in accordance with the Generally Accepted Accounting Principles (GAAP) applicable in India, under historical cost convention and on the accrual basis.

GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (“ICAI”) and the provisions of the Companies Act, 1956.

##### II. USE OF ESTIMATES

The preparation of financial statement in conformity with GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent liabilities at the date of financial statement, and the reported amounts of revenue and expenses during the reported year. Actual results could differ from those estimates.

##### III. REVENUE RECOGNITION

###### a. *Project Income*

###### **Educational Programs**

*Course Fees* from the MS-CIT course primarily consist of revenue accrued based upon number of learners registered on web-based application of the Company during the current accounting period.

*Forfeiture fees:* Income from forfeiture fees include Rs.23.76 lacs pertaining to the batches of previous year. Expenses on account of forfeiture learners amounting to Rs.29.85 lacs pertains to previous year batches. Net effect of the previous year’s forfeiture is Rs.6.09 lacs.

*Exam Fees and Re-exam Fees* from the MS-CIT course are recognized on time basis

*Income from MS-ACIT Fees* are recognized on receipt basis.

*Income from OnCet Fees* are recognized on receipt basis.

*Income from Pune University* is recognized on receipt basis.

*Income from MKCL finishing School Fees* consist of revenue earned from delivery of course performed on “time” basis. The related revenue is accrued upon proportionate completion of course for number of learners registered during the current accounting period.

## eLearning & eContent Development Program

*LMS Fees* collected from centers are recognized on receipt basis.

## Channel Partner Network Management Program

*Registration Fees, Annual/Renewal Fees from centers* are recognized on receipt basis.

## Edutainment & Infotainment Programs

Income from *Triple play services* are recognized on accrual basis

## eGovernance Programs

*Revenue from Admission/recruitment Projects* is recognized as per the percentage of completion method i.e. determined by reference to the stage of completion of the contract activity or delivery of service as the case may be, at the end of each accounting period.

*Revenue from Digital University programe* is recognized on the basis of the stage of completion of the contract activity or delivery of service as the case may be, at the end of each accounting period.

## Community Development Programs

Income is recognized on accrual basis.

## International Business Development Programs

Income is recognized on accrual basis.

### ***b. Other Income***

Interest is recognized using time proportion method based on rates implicit in the transaction

Income from investments in mutual funds is recognized upon receipt of income from the respective fund.

## **IV. EXPENDITURE**

Expenses are accounted for on accrual basis and provision is made for all known losses and liabilities,

Charges relating to non-cancelable long-term operating charges are computed on the basis of lease rentals payable as per the relevant lease agreement and recognized as expense.



## **V. FIXED ASSETS**

Fixed assets are stated at cost less accumulated depreciation. Cost for the purpose includes cost of acquisition, installation, duties and taxes, and other incidental expenses incurred during acquisition, construction or installation of fixed assets. Computers include software purchased.

## **VI. DEPRECIATION**

The depreciation is charged on W.D.V. basis at the rates prescribed under Schedule XIV to the Companies Act, 1956.

Individual assets acquired for less than Rs. 5,000 are directly expensed out to profit and loss account in the year of acquisition.

## **VII. FOREIGN CURRENCY TRANSACTIONS**

Foreign currency transactions on initial recognition in the reporting currency are accounted for at the exchange rates prevailing on the date of transaction.

Foreign exchange gain or loss, resulting on account of reinstatement of monetary items on the date of balance sheet using exchange rate as on the date of balance sheet is recognized as income or expense for the period.

Exchange differences arising on the company's net investment in foreign subsidiary being a non-integral foreign operation are accumulated in a Foreign Currency Translation Reserve until the disposal of such investment, at which time they are recognized as income or as expenses.

## **VIII. EMPLOYEE BENEFITS**

Employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and are recognized in the period in which the employee renders the related service.

The company contributes to a Provident fund, which is a defined contribution plan, and is charged to profit and loss account.

The Company provided for gratuity, a defined benefit retirement plan covering all employees. It has subscribed to the Group Gratuity Plan of Life Insurance Corporation of India. The Plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of service; of an amount based on the respective employee's last drawn salary and tenure of employment. Liability with regard to Gratuity Plan is accrued based on actuarial valuation at the Balance Sheet date, carried out by an independent actuary. Actuarial gain or loss is recognized immediately in the statement of profit and loss as income or expense.

Leave encashment liability is provided on the basis of leave outstanding to the credits of employees at the balance sheet date.

## IX. DISCLOSURE OF TRANSACTIONS WITH RELATED PARTIES

Related Party disclosures have been set out in the following statement. The related parties, as defined by Accounting Standard 18 'Related Party Disclosures' issued by The Institute of Chartered Accountants of India, in respect of which the disclosures have been made, have been identified on the basis of disclosures made by the key managerial persons and taken on record by the Board.

Sr. No	Particulars	(AMOUNT IN RUPEES LACS)
<b>1</b>	<b>Investments</b>	
	Rajasthan Knowledge Corporation Limited	60.00
	MKCL International FZE	18.81
<b>2</b>	<b>Expenses</b>	
	Incurred on behalf of MKCL International FZE	62.88
<b>3</b>	<b>Income</b>	
	Sale of books to Rajasthan Knowledge Corporation Limited	60.00
	Royalty & other service charges from- Rajasthan Knowledge Corporation Limited	108.03
	Royalty from MKCL International FZE	118.08

Names of related parties and description of relationship –

MKCL International FZE– Subsidiary Company  
Rajasthan Knowledge Corporation Limited – Joint Venture

## X. TAXES ON INCOME

Tax expenses for the year comprise of current tax and deferred tax.

Current taxes are measured, at the amounts expected to be paid in respect of taxable income for the period, using the applicable tax rates and tax laws.

Deferred Tax Liability is recognized subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period.

Deferred Tax Assets is recognized only when it is certain that there is sufficient future income against which such deferred tax asset can be realized

## XI. CAPITALISATION OF PREMISES

Company has acquired new premises in ICC Trade Tower, Pune for a value of Rs.1024.69 lacs of which registration is pending on the date of Balance sheet. An appeal has been made with Inspector General of Registration & Controller of Stamps, Pune for partial exemption of stamp duty under Maharashtra State IT & ITES Policy. However, this asset has been capitalized considering the fact of deemed transfer under Transfer of Property Act, 1882. The cost of stamp duty and registration fees will be capitalized upon payment.

## 2. INVENTORY AND QUANTITATIVE DETAILS

Inventory includes set of a Study Materials and Project Materials. These stocks are valued at Cost or Fair Value whichever is lower. Cost for the purpose includes cost of purchase, freight and all incidental costs incurred to bring these inventories to company. Cost is arrived at by applying Weighted Average Formula.

Items	Opening Quantity (Nos)	Receipts Quantity (Nos)	Issues Quantity (Nos)	Closing Quantity (Nos)
Books	95,163	6,21,450	7,08,173	8,440
Educational Material	138	0	0	138
Contour Markers	0	20	2	18
Sugarcane Planters	0	10	0	10

## 3. OBLIGATIONS OF LONG-TERM NON-CANCELABLE OPERATING LEASES

The lease rentals charged during the period and maximum obligations on long-term non-concealable operating leases payable as per the rentals stated in the respective agreement are as follows:

Particulars	(AMOUNT IN RUPEES LACS)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
<b>Lease Rental recognized during the year</b>		
Mumbai Office	6.30	6.30
Pune Office	12.31	10.71
Delhi Office	-	2.65
<b>Total of Lease on Office premises</b>	<b>18.61</b>	<b>19.66</b>
	<b>Year Ended March 31, 2011</b>	<b>Year Ended March 31, 2010</b>
<b>Lease Obligations</b>		
Not later than one year	18.62	19.65
Later than one year and not later than five years	14.15	16.13
Later than five years	14.15	16.13

## 4. DEFERRED TAX EFFECTS

Particulars	(AMOUNT IN RUPEES LACS)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
<b>Deferred Tax Asset</b>		
On Other items	(9.15)	(10.86)
<b>Deferred Tax Liability</b>		
On Depreciation	27.83	(9.36)
<b>Net Tax (Asset)/Liability</b>	<b>18.68</b>	<b>(1.50)</b>

## 5. EARNING PER SHARE

Particulars	(AMOUNT IN RUPEES LACS)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
Net Profit attributable to equity shareholders	1,890.34	2,025.78
Weighted average number of equity shares outstanding	8,080	8,080
<b>Earnings Per Share Basic &amp; Diluted (Rs.)</b>	<b>23.40</b>	<b>25.07</b>

## 6. DIRECTORS' REMUNERATION

Particulars	(AMOUNT IN RUPEES LACS)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
1 Salary	20.06	20.82
2 Performance linked awards	6.18	6.13
2 Other Allowances	10.59	10.83
3 Contributions to PF	2.02	2.50
4 Perquisites	8.92	10.16
5 Gratuity	.70	0.40
<b>Total</b>	<b>48.47</b>	<b>50.84</b>

## 7. EARNINGS IN FOREIGN EXCHANGE:

Particulars	(AMOUNT IN RUPEES LACS)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
Royalty from MKCL International FZE	118.08	72.74
<b>Total</b>	<b>118.08</b>	<b>72.74</b>

## 8. EXPENSE IN FOREIGN CURRENCY:

Particulars	(AMOUNT IN RUPEES LACS)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
Foreign Travel Expenses	4.47	3.31
Other Expenses	0.52	1.68
<b>Total</b>	<b>4.99</b>	<b>4.99</b>

## 9. CONTINGENT LIABILITIES

Particulars	(AMOUNT IN RUPEES LACS)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
Outstanding Bank Guarantees for - Performance guarantee for services given	629.90	629.40
<b>Total Contingent Liabilities</b>	<b>629.90</b>	<b>629.40</b>

Out of the above, performance bank guarantees aggregating to Rs. 590 lacs were invoked by BSNL, unilaterally. In our opinion, such action of BSNL was not justifiable and tenable and hence the company has challenged the action of BSNL by invoking appropriate legal recourse. Arbitration proceeding in this matter has been initiated as per the order of Honourable Civil Court, Pune.

## 10. AUDITOR'S REMUNERATION

<b>Particulars</b>	<b>(AMOUNT IN RUPEES LACS)</b>	
	<b>2010-2011</b>	<b>2009-2010</b>
a) As Auditors		
Post-transaction audit	17.65	14.89
Out of pocket expenses	0.22	0.28
<b>Total</b>	<b>17.87</b>	<b>15.17</b>
b) As advisor, or in any other capacity, in respect of –		
Tax Audit fees	1.10	1.65
Corporate Advisory Services	1.32	1.98
Management services and	-	.03
In any other manner	-	-
<b>Total</b>	<b>20.29</b>	<b>18.83</b>

## 11. SEGMENT REPORTING

### Reportable Segment

IT Literacy and Functionality Program' is identified as reportable Primary segment on the basis of Business Segment as defined in Accounting Standard 17 - Segment Reporting issued by Institute of Chartered Accountants of India, since revenue from this activity constitutes more than 75% of the total revenue of the Company.

<b>(AMOUNT IN RUPEES LACS)</b>			
<b>PARTICULARS</b>	<b>PRIMARY SEGMENT IT Literacy &amp; Functionality Program</b>	<b>OTHER</b>	<b>TOTAL</b>
<b>Income</b>			
Income from Courses & Prog.	22,901.61	2,925.55	25,827.16
Other Income			293.27
<b>Expenses</b>			
Direct Expenses on courses	19,520.31	1,832.49	21,352.80
Other allocable expenses	54.56	1,904.82	1,959.37
Un-allocable expenses			(125.81)
<b>Total Expenses</b>			<b>23,186.36</b>
<b>Profit Before Tax</b>			<b>2,934.02</b>

## 12. RECLASSIFICATION

Figures for the corresponding year wherever necessary have been regrouped, recast and rearranged to conform to those of the current year

### 13. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### I. Registration Details

Registration No. 

1	3	5	3	4	8
---	---	---	---	---	---

State Code 

1	1
---	---

Balance Sheet Date 

3	1
---	---

0	3
---	---

1	1
---	---

  
Date Month Year

#### II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue  

-	-	N	I	L	-	-	-
---	---	---	---	---	---	---	---

Rights Issue  

-	-	N	I	L	-	-	-
---	---	---	---	---	---	---	---

Bonus Issue  

-	-	N	I	L	-	-	-
---	---	---	---	---	---	---	---

Private Placement  

-	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---

#### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities  

-	-	8	4	9	7	6	7
---	---	---	---	---	---	---	---

Total Assets  

-	-	8	4	9	7	6	7
---	---	---	---	---	---	---	---

#### Sources of Funds

Paid-up Capital  

-	-	-	8	0	8	0	2
---	---	---	---	---	---	---	---

Reserves & Surplus  

-	-	7	6	0	7	1	5
---	---	---	---	---	---	---	---

Secured Loans  

-	-	N	I	L	-	-	-
---	---	---	---	---	---	---	---

Unsecured Loans  

-	-	-	N	I	L	-	-
---	---	---	---	---	---	---	---

#### Application of Funds

Net Fixed Assets  

-	-	1	9	4	0	0	5
---	---	---	---	---	---	---	---

Investments  

-	-	-	7	4	9	8	4
---	---	---	---	---	---	---	---

Net Current Assets  

-	-	5	7	5	1	3	2
---	---	---	---	---	---	---	---

Misc. Expenditure  

-	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---

Accumulated Losses  

-	-	N	I	L	-	-	-
---	---	---	---	---	---	---	---

#### IV. Performance of Company (Amount in Rs. Thousands)

Turnover  

-	2	6	0	6	4	7	1
---	---	---	---	---	---	---	---

Total Expenditure  

-	2	3	1	4	5	4	7
---	---	---	---	---	---	---	---

Profit Before Tax  

-	-	2	9	3	4	0	2
---	---	---	---	---	---	---	---

Profit after Tax  

-	-	1	8	9	0	3	4
---	---	---	---	---	---	---	---

Earnings per Share in Rs.  

2	3	.	4	0
---	---	---	---	---

Dividend Rate %  

2	0
---	---

**13. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (CONTD...)**

**V. Generic Names of three Principal Products/ Services of company (as per monetary terms)**

Item Code No. 

N	.	A	.	-	-	-	-
---	---	---	---	---	---	---	---

  
(ITC Code)

Product 

I	T		E	D	U	C	A	T	I	O	N
---	---	--	---	---	---	---	---	---	---	---	---

  
Description

For **P.V.Page & Co.**  
*Chartered Accountants*

For and on behalf of the Board  
**Maharashtra Knowledge Corporation Ltd.**

**P.V.Page**  
*Partner*

**Rajesh Tope**  
*Chairman*

**Vivek Sawant**  
*Managing Director*

**Umesh Nagda**  
*Chief Finance Officer*

Place : Pune  
Date : August 16, 2011

**Komal Chaubal**  
*Company Secretary & Head Legal Affairs*

Maharashtra Knowledge Corporation Limited

**Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company:**

1	Name of the Subsidiary Company	<b>MKCL International FZE</b>
2	Financial period of the subsidiary	01/04/2010 to 31/03/2011
3	(a) No. of shares held in subsidiary company as at 31st March, 2011 (Value converted at initial foreign exchange rate of Rs 12.248 per AED) (b) Extent of holding	1 (One) share of Rs 18.37 lacs (150,000/- AED)  100%
4	The net aggregate profits less losses of subsidiary company as far as it concerns the members of the holding company :  (i) Not dealt with in the holding company's accounts :  (a) Of the subsidiary for the period 01/04/2010 to 31/3/2011  (b) For the previous financial years since it became the holding company's subsidiary  (ii) Dealt with in the holding company's accounts  (a) Of the subsidiary for the period 01/04/2010 to 31/3/2011  (b) For the previous financial years since it became the holding company's subsidiary	   Profit of Rs.171.56 lacs (AED 1,391, 667/-)  Not Applicable   Nil  Nil
5	Change in the interest of the holding company between the end of the financial year of the subsidiary and the end of the holding company's financial year	Not Applicable
6	Material changes between the end of the financial year of the subsidiary and the end of the holding company's financial year in respect of the subsidiary's : (i) Fixed assets (ii) Investments (iii) Moneys lent by the subsidiary (iv) Moneys borrowed by the subsidiary	Not Applicable Not Applicable Not Applicable Not Applicable

For and on behalf of the Board of Directors

**Maharashtra Knowledge Corporation Ltd**

Place: Pune ,INDIA Date: August 16, 2011	Sd/- <b>Rajesh Tope</b> <i>Chairman</i>	Sd/- <b>Vivek Sawant</b> <i>Managing Director</i>	Sd/- <b>Umesh Nagda</b> <i>Chief Finance Officer</i>
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Sd/-  
**Komal Chaubal**  
*Company Secretary & Head-Legal Affairs*



## **INDEPENDENT AUDITORS' REPORT**

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**The shareholder**  
**MKCL International (FZE),**  
**P.O. Box. 42283, HFZ, Sharjah, United Arab Emirates.**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **M/s. MKCL International (FZE)**, Hamriyah Free Zone, Sharjah, United Arab Emirates ("the Establishment") which comprise of the financial position as at 31st March, 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and as required by the provisions of the Emri decree issued in November 2, 1995 for entities in Hamriyah Free Zone, Sharjah. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that is free from material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimate that are reasonable under the circumstances.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standard on Auditing, to obtain reasonable assurance, whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, auditor consider internal control relevant to the (FZE's) preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the (FZE's) internal control. An audit also includes evaluating the appropriateness of accounting principles used and reasonableness of accounting estimate made by management, as well as evaluating the overall presentation of the financial statements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements.

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

## **Opinion**

An independent confirmation from the banks in respect of (FZE's) bank account balances and any related information are still awaited.

Subject to preceding paragraph in our opinion, the annual financial statements present fairly, in all material respects, the financial position of the **M/s. MKCL International (FZE)**, Hamriyah Free Zone, Sharjah, United Arab Emirates as at 31st March, 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

## **Report on Other Legal and Regulatory Requirement**

As required by the provisions of the Emiri decree issued on November 2, 1995 for the entities in Hamriyah Free Zone, Sharjah, we further confirm that.

1. We have obtained all the information and explanations necessary for our audit.
2. Proper books of accounts have been maintained by the company.
3. We are not aware of any contraventions during the year of the above mentioned law or the (FZE's) Articles of Association, which may have material effect on the financial position of the (FZE) or the result of its operations for the year.

## **For Axis Auditing & Accounting**

### **Auditors & Business Consultants**

## **Authorized Signatory**

Ref No: AAA/483/2011

Date: 14<sup>th</sup> June, 2011

MKCL International (FZE)  
Hamriyah Free Zone, Sharjah, U.A.E.

Annual Financial Statements for the year ended 31st March, 2011  
Statement of Financial Position

	Notes	2011 AED	2010 AED
<b>Assets</b>			
<b>Non Current Asset</b>			
Investments	4	510,757	751,177
<b>Current Asset</b>			
Other receivables	5	392,063	122,896
Cash and cash equivalents	6	1,830,828	966,548
		2,222,891	1,089,444
<b>Total Assets</b>		<b>2,733,648</b>	<b>1,840,621</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	2	150,000	150,000
Retained earnings		2,488,477	1,096,811
		<b>2,638,477</b>	<b>1,246,811</b>
<b>Current Liabilities</b>			
Amounts due to related parties	7	92,171	593,810
Other payables	8	3,000	-
<b>Total Liabilities</b>		<b>95,171</b>	<b>593,810</b>
<b>Total Equity and Liabilities</b>		<b>2,733,648</b>	<b>1,840,621</b>

The notes on pages 7 to 9 form an integral part of these financial statements.

These financial statements have been approved and signed by the undersigned on 13th June 2011.

**For MKCL International (FZE)**

**Authorized Signatory**

The report of the Auditors is set on page 1 and 2.

MKCL International (FZE)  
Hamriyah Free Zone, Sharjah, U.A.E.

Annual Financial Statements for the year ended 31st March, 2011

**Statement of Comprehensive Income**

	Notes	2011 AED	2010 AED
Administrative expenses	9	(1,303,418)	(787,438)
<b>Operating loss</b>		<b>(1,303,418)</b>	<b>(787,438)</b>
Other income	10	2,813,764	1,170,620
Interest income		18,590	-
Gain / (Loss) on exchange	11	(61,555)	220
Loss on investments		(74,863)	-
Finance cost		(851)	(310)
<b>Net profit for the year</b>		<b>1,391,667</b>	<b>383,092</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>1,391,667</b>	<b>383,092</b>

The notes on pages 7 to 9 form an integral part of these financial statements.

These financial statements have been approved and signed by the undersigned on 13th June 2011.

**For MKCL International (FZE)**

**Authorized Signatory**

The report of the Auditors is set on page 1 and 2.

MKCL International (FZE)  
Hamriyah Free Zone, Sharjah, U.A.E.

Annual Financial Statements for the year ended 31st March, 2011

**Statement of Changes in Equity**

	Share Capital	Retained Earnings	Total
	AED	AED	AED
<b>Balance as on 1st April, 2009</b>	<b>150,000</b>	<b>713,719</b>	<b>863,719</b>
Total comprehensive income for the year	-	383,092	383,092
<b>Balance at 31st March, 2010</b>	<b>150,000</b>	<b>1,096,811</b>	<b>1,246,811</b>
Total comprehensive income for the year	-	1,391,667	1,391,667
<b>Balance at 31st March, 2011</b>	<b>150,000</b>	<b>2,488,477</b>	<b>2,638,477</b>

The notes on pages 7 to 9 form an integral part of these financial statements.

These financial statements have been approved and signed by the undersigned on 13th June 2011.

**For MKCL International (FZE)**

**Authorized Signatory**

The report of the Auditors is set on page 1 and 2.

MKCL International (FZE)  
Hamriyah Free Zone, Sharjah, U.A.E.

Annual Financial Statements for the year ended 31st March, 2011

**Statement of Cash Flows**

	<b>2011 AED</b>	<b>2010 AED</b>
<b>Cash flows from operating activities</b>		
Profit for the year	1,391,667	383,092
<b>Changes in working capital:</b>		
Other receivables	(269,167)	855,973
Amounts due to related parties	(501,639)	89,647
Other payables	3,000	(706,443)
<b>Cash generated from operations</b>	<b>623,860</b>	<b>622,269</b>
<b>Net cash (used in) / generated from operating activities</b>	<b>623,860</b>	<b>622,269</b>
<b>Cash flows from investing activities</b>		
Investments	240,420	(510,757)
<b>Net cash used in investing activities</b>	<b>240,420</b>	<b>(510,757)</b>
<b>Net cash movement for the year</b>	<b>864,280</b>	<b>111,512</b>
Cash and cash equivalents at the beginning of the year	966,548	855,036
<b>Cash and cash equivalents at end of the year</b>	<b>1,830,828</b>	<b>966,548</b>

The notes on pages 7 to 9 form an integral part of these financial statements.

These financial statements have been approved and signed by the undersigned on 13th June 2011.

**For MKCL International (FZE)**

**Authorized Signatory**

The report of the Auditors is set on page 1 and 2.

# MKCL International (FZE)

## Hamriyah Free Zone, Sharjah, U.A.E.

### Annual Financial Statements for the year ended 31st March, 2011

#### Notes to the Financial Statements

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#### 1 Legal status and activities

MKCL International (FZE) was registered in Hamriyah Free Zone, Sharjah, on 12th October, 2006 registration number 1324, commercial licence number 2066, as a free zone establishment with limited liability pursuant to Emiri Decree No. (6) of 1995 of H.H Sheikh Dr.Sultan Bin Mohammad Al Qasimi, Ruler of Sharjah, and the implementing rules and regulations thereto issued by the Hamriyah Free Zone Authority. The registered address of the (FZE) is P.O. Box 42283, Hamriyah Free Zone, Sharjah, United Arab Emirates.

The (FZE) is primarily engaged in the business of Information Technology (IT Enabled Services).

The (FZE) is controlled and managed by Mr. Sameer Shivshankar Pande an Indian national.

#### 2 Shareholding

The shareholding of the (FZE) is as follows:

Name	No. of shares	Value per share AED	Total value AED	% age
1. M/s Maharashtra Knowledge Corporation Limited	1	150,000	150,000	100%
	<b>1</b>		<b>150,000</b>	<b>100</b>

The authorized and paid up share capital of the (FZE) is AED 150,000/- divided into 1 share of AED 150,000/- only.

#### 3 Significant Accounting Policies

##### Statement of compliance

- 3.1** These financial statements have been prepared in accordance with the International Financial Reporting Standards. (IFRSs).
- 3.2** These financial statements have been prepared under the historical cost convention. The fair / net realizable value concept of measurement of assets and liabilities has also been applied wherever applicable under (IFRSs).

##### 3.3 Revenue recognition

Revenue from sale of goods is recognized when all significant risks and rewards of ownership are transferred to the buyers. In most cases this coincides with the transfer of legal title or passing of possession of goods to the buyers.

**MKCL International (FZE)**  
**Hamriyah Free Zone, Sharjah, U.A.E.**

**3.4 Foreign currency transactions**

Foreign currency transactions are recorded in U.A.E. Dirhams at the approximate rate of exchange ruling at the time of the transaction. Assets and liabilities expressed in foreign currencies at the balance sheet date are translated into U.A.E. Dirhams at the year end rate of exchange. All foreign currency gains or losses are booked in the statement of income as and when they arise.

	<b>2011</b>	<b>2010</b>
	<b>AED</b>	<b>AED</b>
<b>4 Investments</b>		
Investments	510,757	751,177
<b>5 Other receivables</b>		
Other receivables	392,063	122,896
<b>6 Cash and cash equivalents</b>		
Cash at bank	1,830,828	966,548
<b>7 Amounts due to related parties</b>		
Amounts due to related parties	92,171	593,810
<b>8 Other payables</b>		
Accrued expenses	3,000	-
<b>9 Administration expenses</b>		
Salary and benefits	27,694	11,472
Rent	-	25,000
Travelling, transportation and conveyance	50,177	41,154
Legal, professional and visa charges	1,117	3,000
Business promotion and commission expenses	39	-
Loading and accommodation expenses	6,053	750
Communication and utilities	-	300
Other expenses	1,218,338	705,762
	<b>1,303,418</b>	<b>787,438</b>
<b>10 Other Income</b>		
Income from MKCL Arabia project		
Share of profits from KSU Project	2,813,764	1,170,620



MKCL International (FZE)  
Hamriyah Free Zone, Sharjah, U.A.E.

	2011 AED	2010 AED
<b>11 Gain / (Loss) on exchange</b>	<b>(61,555)</b>	<b>220</b>

During the year 2010-11, MKCL International (FZE) has reimbursed to MKCL India all expenses incurred by MKCL India on account of MKCL Arabia project. Foreign exchange remittance are done at prevailing exchange rate as on date of remittance. Foreign exchange loss on account of reimbursement of expenses is recorded as foreign exchange loss.

**12 Fair value of financial instruments**

The (FZE's) financial instruments are accounted for under the historical cost convention. Fair value represents the amount at which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction, therefore, differences can arise between values under the historical cost method and fair value estimates. The fair value of the (FZE's) financial instruments is not materially different from the carrying value at 31st March, 2011.

**13 Interest rate risk**

Significant financial instruments, other assets and other liabilities of the (FZE) as at 31st March, 2011 are not interest based.

**14 Exchange rate risk**

Since the main underlying currencies of the financial instruments, other assets, other liabilities and transactions including purchases and sales are in U.A.E. Dirhams and U.S. Dollars, the (FZE) is not exposed to a significant exchange rate risk.

**15 Contingencies and commitments**

As at 31st March, 2011 the (FZE) had no contingencies and commitments.

**16 Comparative figures**

Previous year's figures have been reclassified / regrouped wherever necessary to conform to the presentation adopted in these financial statements. Figures of the (FZE) have been rounded off to nearest AED 1/-.

The notes on pages 7 to 9 form an integral part of these financial statements.

These financial statements have been approved and signed by the undersigned on 13th June 2011.

**For MKCL International (FZE)**

**Authorized signatory**

The report of the Auditors is set on page 1 and 2.

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