

## Maharashtra Knowledge Corporation Limited

<b>BOARD OF DIRECTORS</b>	:	Shri. Rajesh Tope Mrs. Varsha Gaikwad Professor Ram Takwale Professor Ashok Kolaskar Shri. Avinash Patil Dr. K.B.Patil Shri. Vivek Sawant Shri. Umesh Nagda	<i>Chairman</i> <i>Vice-Chairperson</i>     <i>Managing Director</i> <i>Director Finance</i>
<b>COMPANY SECRETARY</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, Bank of India, State Bank of India, Citibank.	
<b>REGISTERED OFFICE</b>	:	ICC Trade Tower, 'A' Wing, 5th 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, 5th 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 & Catering Technology Bldg., 412-C, Shivajinagar, Pune 411 016. INDIA. Tel.: +91 20-2566 1317 / 18.	
<b>BRANCH OFFICE CST, MUMBAI</b>	:	1st Floor, Directorate Of Vocational Education & 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", 5th Floor, Unit No. 502 to 505, Plot Nos. 17 and 18, Sector 30A, Vashi, Navi Mumbai, 400	
<b>Website</b>	:	www.mkcl.org	



## DIRECTORS' REPORT

To the Members of Maharashtra Knowledge Corporation Limited

Your Directors are pleased to present the 9th Annual Report on the business and operations of the Company together with the Audited Accounts for the financial year ended March 31, 2010.

### 1.0 FINANCIAL HIGHLIGHTS

The summary of the financial results for the year ended March 31, 2010 vis-à-vis those of the previous year are summarized below:

	( ₹ In Lacs) 2009-2010	( ₹ In Lacs) 2008-2009
Gross Profit before interest, depreciation and tax	3218.40	2723.39
Less : Interest	0.00	0.00
Depreciation	124.75	119.20
<b>Profit/(Loss) Before Taxes</b>	<b>3093.65</b>	<b>2604.19</b>
Less : Provision for Current Tax	1069.37	891.00
Provision for Deferred Tax	(1.50)	(13.74)
Provision for Fringe Benefit Tax	0.00	6.25
<b>Profit After Taxes</b>	<b>2025.78</b>	<b>1720.68</b>
Less : Transfer to Foreign currency translation Reserve	2.42	(4.48)
Transfer to General Reserve	800.00	700.00
Interim Dividend on Equity Shares	80.80	80.80
Proposed Dividend on Equity Shares	80.80	80.80
Tax on Dividend	27.46	27.46
<b>Profit carried to Balance Sheet</b>	<b>1034.30</b>	<b>836.10</b>

## 2. RESULTS OF OPERATIONS

### 2.1 Business Performance

#### 2.1.1 Revenues

Total revenues for the year ended March 31, 2010 amounted to ₹ 23,778.67 Lacs as against ₹ 21,516.55 Lacs for the corresponding previous year, thereby registering a growth of 10.51% over previous year.

#### 2.1.2 Profits after Tax

The Profits after tax for the year ended March 31, 2010 amounted to ₹ 2,025.78 Lacs as against ₹ 1,720.68 Lacs for the previous year, which is 17.73% higher than previous year.

### 2.1.3 General Reserves

The Board of Directors proposes to transfer ₹ 800.00 Lacs to the General Reserves, out of profits earned by the Company for the year ended March 31, 2010.

### 2.1.4 Dividend

During the year under report, an Interim Dividend @ 10% was declared on March 30, 2010 and paid to those shareholders whose names appeared on the Register of Members of the Company at the close of business hours on March 30, 2010.

Your Directors are pleased to recommend final dividend @ ₹ 1/- per equity share of ₹ 10/- each, which if approved in the ensuing 9th Annual General Meeting, will be paid to those members whose name will appear in the Register of Members as on the date of the 9th 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 2009-10, internal cash flow have adequately covered working capital requirements, investments and dividend payments, leaving a surplus of ₹ 1,288.92 Lacs. As on March 31, 2010, we had liquid assets of ₹ 5,455.77 Lacs as against ₹ 3,448.42 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.

## 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 could book a turnover of ₹ 149.73 Lacs in 2009-10 as against ₹ 166.47 Lacs in 2008-09. There was reduction in turnover since, operations which were conducted directly by MKCL International FZE in 2008-09 in Saudi Arabia, were assigned to its newly formed joint venture Company, MKCL Arabia Ltd. in 2009-10.

## 5.0 REPORT OF PROGRAMS AND ACTIVITIES OF MKCL 2009-10

### Introduction

MKCL- Maharashtra Knowledge Corporation Limited (MKCL) was promoted by the Department of Higher and Technical Education, Government of Maharashtra, India and was incorporated under the Companies Act, 1956 on August 20, 2001 as a Public Limited Company under CIN. U 80302

MH 2001 PLC 133101 (now CIN U 80302 PN 2001 PLC135348 consequent to change of registered office from Mumbai to Pune w.e.f. January 01, 2010 within the State of Maharashtra), to create new paradigm in education and development through universalization and integration of Information Technology in teaching, learning and educational management processes in particular and socio-economic transformative processes in general.

### Transformative Agenda

Creating a knowledge-led economy and knowledge-based societies in the world is a key to survival and development of people in the emerging knowledge era.

MKCL believes that there exists a great potential in our society to emerge as a knowledge-led economy due to its large but latent talent pool of young population. The challenge exists, however, in transforming its predominantly agrarian or industrial economy into a new knowledge-led economy by developing its talent pool in right direction.

This transformation can be accomplished by imbibing a culture of life-long learning in the society at large. Life-long learning of such a highly populous and developing society can be sustained only if knowledge resources can be made available and accessible to the masses at affordable costs anytime and anywhere. A pervasive and appropriate use of Information Technology alone can sustain the life-long learning in the Indian context and bring the new actionable knowledge within the reach of all sections of the society as IT and Internet do not only provide a transformative medium of dissemination of knowledge but also form a platform for generation of almost 90% of our actionable knowledge resources. Bridging the Digital Divide thus becomes the prime agenda for socio-economic transformation in pole vaulting to the knowledge society and knowledge-led economy. The severe threat of marginalization of the masses emerging from the Digital Divide and resultant Knowledge Divide and moreover the Opportunity Divide can be effectively averted through mass IT Literacy Mission. Only an IT Literate society can enjoy a greater share of global knowledge resources, business opportunities and global job opportunities.

MKCL is an entrepreneurial endeavor to bridge this Digital Divide and the resultant Knowledge Divide and Opportunity Divide by offering actionable knowledge and essential services to masses for socio-economic transformation.

MKCL's synthesis of a new paradigm of transformation is to offer education, governance and empowerment solutions and services:

- to a very large population with various diversities : Bigger
- with high quality of relevance and applicability in life and work : Better
- at an affordable cost : Cheaper
- within a shortest possible time : Faster
- with a wide accessibility from metros to villages: Wider
- in a mass-personalized manner: Deeper personal experience

MKCL is attempting to address these six challenges simultaneously through the pervasive and appropriate use of IT and through its unique public-private-community partnership network.

MKCL is thus attempting to help lay the foundations of knowledge society so critical for the survival, development and empowerment of the masses in general and youth in particular.

### Focus

MKCL commenced its business operations in April 2002 over the entire state of Maharashtra ( the most industrialized state in India admeasuring about 300,000 sq. km. and having the population exceeding 100 million) and in a short span of eight years it has emerged as a high-tech and high-touch initiative focused on design, development and delivery of innovative eLearning, eGovernance, and eEmpowerment technologies, solutions and services to its ever growing base of millions of customers in public at large, Universities, Governments, and Communities.

### Unique Equity Profile and Identity

The Government of Maharashtra (GoM), ten Universities in the State of Maharashtra, educational institutions, community institutions, etc. are among the initial major equity holders. With GoM's equity at 37.13%, the company has a unique blend of governmental credibility and social responsibility on one hand and entrepreneurial competitiveness, market orientation, quality, flexibility, productivity, profitability and self-sustainability on the other.

The founders conceived a unique identity of MKCL as a fast-track IT enabler and a complimenting and supplementing partner of the universities, governments and communities for the fulfillment of the new and growing aspirations of students in particular and people in general in the emerging knowledge society and knowledge-led economy of the twenty-first century.

### Board of Directors

Hon'ble Minister, Hon'ble Minister of State and Secretary for Department of Higher and Technical Education, Government of Maharashtra (India) are respectively the Chairman, Vice-Chairman and Member of the Board of Directors of MKCL. Among the other members are Vice-Chancellors of two Universities, and eminent personalities from fields of Education, R & D, IT industry and Finance. The Managing Director and Director Finance are the two whole time directors on the Board.

### Financials

MKCL has created self-sustaining and wealth creating operations right from its inception.

MKCL's financial performance indicators are shown below:

Sr. No.	Financial Performance Indicator	F.Y. 2008-09	F.Y. 2009-10	% Rise
1.	Turnover Rupees in Crore	215.17	237.79	10.51
2.	Profit Before Tax (PBT) Rupees in Crore	26.04	30.94	18.82
3.	PBT as % of Turnover	12.10	13.01	7.52
4.	Profit After Tax (PAT) Rupees in Crore	17.21	20.26	17.72
5.	PAT as % of Turnover	08.00	8.52	6.50
6.	Earnings Per Share in Rupees	21.30	25.07	17.70

## MKCL Programs

MKCL, in its incessant pursuit for the accomplishment of its vision and mission and for the unfolding its focal transformative agenda in the fields of eLearning, eGovernance and eEmpowerment, implements various projects and operations under the following Main Programs under the leadership of its Board of Directors:

- 1 Enabling Programs
- 2 Educational Programs
- 3 Educational eGovernance Programs
- 4 eGovernance Programs
- 5 Community Development and eEmpowerment Programs
- 6 International Business Development Programs

### 1. Enabling Programs

These programs create the enabling environments and linkages, infrastructure and facilities, technological and managerial support for the other programs to take-off and sustain. They are themselves not the direct lines of business but are the lines to enable the business in other programs.

- 1.1 Corporate Management Program
- 1.2 Infrastructure Development and Management Program
- 1.3 IT Infrastructure Development and Management Program
- 1.4 Software Development Process Improvement Program
- 1.5 eLearning Frameworks Development Program
- 1.6 eContent Development Program
- 1.7 Channel Partner Network Management Program

### 2. Educational Programs

- 2.1 IT Literacy and Functionality Program
- 2.2 MKCL Finishing Schools
- 2.3 World-class Academy for Vocational Excellence (WAVE)

### 3. Educational eGovernance Programs

- 3.1 Digital Frameworks(Digital College, Digital University, etc.)
- 3.2 Online Application Solutions and Integrated Services (OASIS)

### 4. e-Governance Programs

- 4.1 eTendering Framework
- 4.2 Generalized eGovernance Framework

### 5. Community Development and eEmpowerment Programs

- 5.1 Talent Nurturance Program
- 5.2 Life Long Learning Community Development Program
- 5.3 Watershed Development Program
- 5.4 Rurban Sustainable Habitat Development Program
- 5.5 eEmpowerment Programs

### 6. International Business Development Programs

#### Performance Report for the Year 2009-10

#### 1. Enabling Programs

##### 1.1 Corporate Management Program

This program offers the backbone support to all the programs mentioned above by focusing on various operations, tasks and activities enlisted below in an ongoing manner :

Leadership Development,

Ideation and Goal Setting, Forecasting, Strategic Planning and Organizing,

Budgeting and Financing, Resource Mobilization,

Policy Formulation, Apex Governance, Coordination and Monitoring,

Cultural Ethos Enrichment, Change Management,

Company Matters, Equity Management, IPO Matters, Management of Subsidiaries- MKCL International FZE, Management of Joint Ventures- Knowledge Grid LLC, MKCL Arabia Ltd., Rajasthan Knowledge Corporation Ltd. (RKCL),

Due Diligences, Statutory Compliances, Secretarial Audit, Legal Affairs, Contracts Management, Intellectual Property Rights Management, Government Interface,

Business Analysis, Business Modeling, Business Development, Customer Relationship Management, National and International Extension of Business,



Strategic Partnerships Development and Management,  
 Brand Building, Brand Management, Brand Enhancement,  
 Corporate Communications and Media Relations, Publicity and Promotion, Event Management, Public Relations, Publications,  
 General Administration / Center Management, Human Resources Development, Library and Information Management, Materials Management, Financial Management and Budget Control, Accounts Management, Internal Audit and Statutory Audit Support,  
 Organizational Methods, Total Quality Management/Process Improvement/ CMMI, Management Information Systems, Decision Support Systems, Archival or Disposal of Records,  
 Knowledge Management,  
 Corporate Social Responsibility (CSR)

**1.2 Infrastructure Development Program**

- MKCL’s Registered Office was shifted with effect from January 1, 2010 in its own premises at International Convention Center (ICC) Trade Towers, ‘A’ Wing, 5th Floor, Senapati Bapat Road, Pune 411 016.
- MKCL also purchased another office premises in ICC Trade Towers, ‘B’ Wing, 5th Floor, Senapati Bapat Road, Pune 411 016 and developed therein a world-class software development facility with high aesthetic standards.
- MKCL endeavors to have globally competitive infrastructure facilities, while retaining the traditional hospitality.

**State-of-the-art Infrastructure at MKCL**



**MKCL Office at ICC ‘A’ Wing**



**MKCL Office at ICC ‘B’ Wing**

### 1.3 Information Technology Infrastructure Development Program

- MKCL upgraded its server infrastructure this year by integrating Server Virtualization technology and created a formidable resource to meet the ever increasing load due to growing customer demands. This facility includes state-of-the-art firewalls, load balancing, fault tolerance and performance monitoring and fine tuning features to offer high quality of services to growing customer base.
- This year IT under this program the state-wide network of about 40,000 desktops and 5,000 proxy servers with diversity of software was successfully managed.
- An Auto-installer of MKCL softwares was created for MS-CIT centers using which a center could install all the required softwares by a single click without worrying about the complexity of software installation.
- MKCL participated in eAsia 2009 International Conference in, Colombo. A paper was presented on 'Affordable and Greener Telecenters' on its behalf.

### 1.4 Software Development Process Improvement Program

- Software Development Process Improvement is MKCL's initiative which will enhance its current working of software development methodology by adopting latest best practices in the industry and bringing in new standards. This program aims to :
  - Identify current gaps, challenges and improvement opportunities
  - Propose, plan, coordinate and execute effective implementation of the company's process improvement
  - Contribute to communication and sharing of processes, software products/ components standardization of data across the organization, finally translating into organization wide policy

### 1.5 eLearning Frameworks Development Program

- About MKCL's ERA : MKCL's ERA i.e. eLearning Revolution for All is a framework developed with a view to offer high quality education uniformly at all MKCL's ALCs. The framework has been developed to offer high quality, self paced, personalized learning experience to all learners in the language(s) of their choice viz. English, Hindi and Marathi and uniformly across all the ALCs in order to overcome the scarcity of Learning Facilitators at the ALCs.
  - During the year under review, ERA was installed at 6068 ALCs/Satellite Centers in Maharashtra and 812439 learners of MS-CIT benefited using the ERA framework. Further, ERA was installed at 641 Centers in Rajasthan and 55088 learners of RS-CIT benefited using the ERA framework.
  - In the Kingdom of Saudi Arabia, 6194 students undertook IT Literacy training through MKCL's ERA framework.
  - MKCL's Digital School Framework was installed in 398 schools benefitting more than 2.5 lac learners.

- IPT's for MS-CIT learners : Evaluation has a key role to play in the process of learning. Evaluation can be transformed into a Learning Experience by experimenting different types of questions based on individual's learning path, thereby transforming evaluation into a learning experience. IPT are Interim Performance Test made available to the students of MS-CIT on different types of questions. During the year, more than 60 lac IPT records were uploaded.

### 1.6 eContent Development Program

- eContent Development Program has developed highly interactive, multimedia content for "Digital school for IT skills" for 5th to 9th Std. students.

#### Types of eContent developed and reviewed for various courses



### 1.7 Channel Partner Network Management Program

- In Maharashtra, through the SOLAR framework (which provides supports for various business process), 3862 existing ALCs (Authorized Learning Centers) of MKCL were renewed, and 598 new ALCs were added to MKCL network. 9,19,026 learners were admitted for 13 courses through 9 batches.
- 10403 secondary schools were mapped through SOLAR to 2317 MKCL's ALCs in Maharashtra to conduct various activities. In SOLAR, data of 18562 schools is available for various activities.
- SOLAR framework is satisfactorily used in Rajasthan Knowledge Corporation Limited (RKCL). 1187 centers (ITGK) were registered and renewed by RKCL using SOLAR framework and 62,323 learners were registered for RS-CIT course in 6 Batches.
- Successful implementation of Electronic Payment Interface (EPI) facility for speedy automated transfer of funds between MKCL and Channel Partners and 37959 online electronic payment transactions done through HDFC EPI of total transaction amount ₹ 91,61,91,270 /- deposited through this system.
- Integration with Maharashtra State Board of Technical Education (MSBTE) for Examination and MKCL's eLearning Revolution for All (MKCL's ERA) for Academics

done successfully with online learner data quality verification by TLC-LLC-RLC and MSBTE. This has drastically reduced the learner data rejection for examination.

- Implemented automated intake capacity calculation for admissions based on recommended infrastructure at ALC location.
- Personalized, dynamic, integrated BizClient desktop application released which provides admission facility dynamically to any batch as per MKCL's business process.
- Released SOLAR 3.0 framework with rich Graphic User Interface (GUI) and various automated business processes.
- Published 10th std results of 3,00,000+ students on SOLAR in Maharashtra State.
- 9.1 lac learners were admitted for various courses through SOLAR, this year.
- MKCL's SOLAR framework is fully integrated with internal BizClient, WORM software and external ERA, MSBTE and Online Application Solutions and Integrated Services (OASIS) frameworks. SOLAR framework shares real-time data with this framework as and when it is accessed through these frameworks.
- During the year under review, all the financial transactions (fees deposited) of HDFC and CITI bank account are reconciled automatically using bank statements and SOLAR database. Reconciliation process was integrated with Channel Partner's share calculation, so that the share disbursement is much faster (actually instantly) as compared to the previous years
- 'Satellite Centers' were introduced with a view to reach masses at the grass root level. 530 'Satellite Centers' were renewed and 1400 New Satellite Centers came into network this year, making the satellite center count from 1400 to 1900+ centers compared to last year. 163 WAVE exclusive centers were registered this year, thereby making the network grow to 6000+ ALCs.
- Thin Client and Extenda system were introduced in the network that allowed centers to reduce hardware costs while quickly enhancing the potential capability of the center.
- Centers were educated on using SOLAR energy resource for providing power supply to their center, thereby introducing the concept of a 'GREEN ALC'.
- A dedicated call center seating 20 well trained agents was introduced to provide assistance to channel partners and to all the learners. This call-center helpline proved to be a support center for Academic Services, Administrative Services, and Application for authorizations or simply for any additional facilitation.

## 2. Educational Programs

### 2.1 IT Literacy and Functionality Program

- During the year under review, about 9.2 lac learners enrolled for IT Literacy and Functionality Program.
- MS-CIT crossed the mark of 4.9 million registered learners cumulatively in the last

eight years and emerged as the de-facto brand in IT literacy training in the State of Maharashtra.

- MS-CIT started offering ‘On Demand Admission’ facility to learners giving them an ability to take admission as per his/ her convenience.
- The focus of the MS-CIT course was consciously moved towards more practical usages of IT in day to day life with case studies being introduced.
- 1000+ exam centers for examining over 5 lac examinees were set up by MSBTE in cooperation with MKCL.
- MS-CIT examination pattern has been changed from result oriented evaluation structure to a unique learning oriented evaluation structure which comprises of:
  - Learning Progression
  - Mid Term Examination and
  - Final MS-CIT Examination

## 2.2 World-class Academy For Vocational Excellence (WAVE) Program

- Under the World-class Academy for Vocational Excellence (WAVE) Program, MKCL intends to provide vocational courses under various verticals such as Graphics and Animation, Retail Management, Financial Accounting, Banking Finance and Insurance. In its first year, MKCL introduced 10 courses in more than 1000 centers across the state. All these courses having superior quality eContent were offered to the learners this year.

## 3. Educational eGovernance Programs

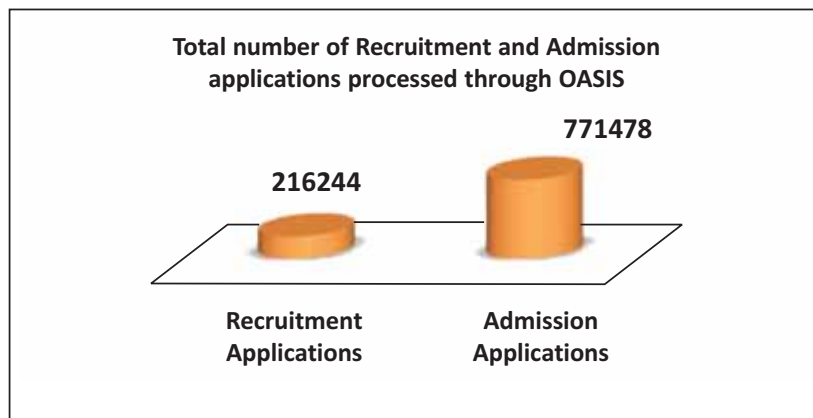
### 3.1 Digital Frameworks

- During the Year under review, around 6 lac students were facilitated through MKCL’s Digital University Framework.
- Introduction of new features in Digital University Framework made it possible for universities to declare their results in only 20 days, which was seen as a phenomenal achievement.
- Developed and implemented MKCL’s Library Management software called MKCL’s LIBRERIA in around more than 50 colleges under Rayat Shikshan Sanstha.

### 3.2 Online Application Solutions and Integrated Services (OASIS)

- eServices from OASIS admission framework have been given to 7.7 lac applicants spread across 18 institutes, for various admissions such as D. Ed, B.Ed, Engineering, First Year Junior College (FYJC), Mumbai, Post-Graduate etc
- Following new online e-admissions were added to the existing list:
  - B.Ed. and D.Ed. Online counseling for the state of Chhattisgarh
  - Polytechnic Admissions for Directorate of Technical Education, Mumbai

- Agriculture Diploma admissions of Maharashtra Agriculture Universities
- First Year Junior College Admissions, Mumbai
- B.Ed. And M.Ed. admissions of Yashwantrao Chavan Maharashtra Open University (YCMOU), Nashik
- Post Graduate admissions of Sant Gadge Baba University, Amravati
- eRecruitment services were given to more than 2 lac applicants spread over 15 Departments of Government of Maharashtra.
- Following new clients are added for e-recruitment services this year:
  - Maharashtra State Electricity Distribution Company Ltd.
  - Forest Department, Government of Maharashtra
  - Police Department, Government of Maharashtra
  - District Cooperative Bank, Yavatmal



**Applications processed in 2009-2010**

- Due to improvements in OASIS framework, the project configuration time was reduced from one month to one week. This was a major achievement that helped MKCL serve a large number of clients, this year.

**4. e-Governance Programs**

**4.1 eTendering Program**

- During the year under review, eTendering solutions along with database administration services were used successfully by various customers.
- Estimated ₹ 1460.51 crore value of tenders floated through the eTendering solutions powered by MKCL.
- SaaS model for eTendering has been initiated for clients.
- Business Facilitation has been initiated for LIC Mumbai and Thane region.

## 5. Community Development and eEmpowerment Programs

### 5.1 Talent Nurturance Program

- **Hobby Home:** Hobby Home is an enriched world of opportunities where children learn through observation and experience. Currently MKCL has 251 Hobby Homes across Maharashtra.
- **Nurturance of Excellence and Talent (NET):** In the year under review, MKCL had organized three online NET examinations. Top 35 students along with their parents, teachers and ALC coordinators were felicitated as 'Maharashtra Olympiad Scholars'. MCKL announced substantial scholarships for students who wished to pursue research in Fundamental Sciences as career.
- **Open Education Resources (OER):** This program was started by MKCL jointly with Dr. Homi Bhabha Science Center in the year 2006, with an aim to create open resource and simplify math and science concepts. High Quality content that is rich in visuals, animations and self-evaluation methodologies has been created under this program, so that learners self-study through perform-type content.
- **Digital School:** This is a unique project undertaken by MKCL, that provides the school children, a technology enabled and teacher facilitated learning environment inside their own brick and mortar school, by means of different activities and interactivities complementing the school curricula.



#### School children learning through Digital School framework

- During the year under review, Digital School project was launched at 397 schools under Rayat Shikshan Sanstha for the students of 5th to 10th std. Around 1000 learning facilitators were trained about use of technology given under Digital School. Around 400 servers with 2000 terminals were provided to these schools. By February 2010, all schools under Rayat Shikshan Sanstha were virtually connected. 1.8 lacs students were registered under Digital School spread across 13 districts in Maharashtra.
- **Kumar Nirman:** Kumar Nirman was started for 7th to 9th std. students with an aim to develop responsible citizenship amongst them. Due to this program, adolescents' children have become aware of various social issues in the society so that they are able to empathize with the oppressed and find solutions to these social problems. This program has been initiated through a series of story-telling amongst few schools in Maharashtra.

## 5.2 Life Long Learning Community Development Program

- eB.Ed-Bachelor of eEducation: A pilot project for eB.Ed was started at Nasik, Pune and Mumbai. 47 application forms have been finalized out of a total of 120 applications received. Distributed classroom sessions are arranged regularly every fortnight for these students.
- Youth in Search of Life Mission-Nirman: Nirman encourages self-search for the development of one's life mission and provides guidance, expertise and environment to inculcate self-learning amongst youth. From April 2009 to March 2010, five Nirman fellows have worked on issues like environment, eLearning, education to community health workers through eLearning, watershed development, rural employment guarantee scheme, and child education.

## 5.3 Watershed Development Program

- A status report, which included the research on techniques of rainwater retention in ancient India, Rain Water Harvesting, Ground Water Recharge, was submitted to NAMSAT center in August 2009.
- MKCL in collaboration with I-Consent, arranged a Conference "G77 PGTF" (Project for Sustainable Rainwater Harvesting and Ground Water Recharge in Developing Countries HRD and Knowledge Transfer) for experts from 16 countries. The workshop concluded in creating 'Pune Recommendations' for water retention in villages and urban areas.
- Awareness programs regarding importance of Continuous Contour Trenching (CCT) are broadcasted on Akashvaani Pune every quarter.

## 5.5 eEmpowerment Program

- MAC- MKCL Assessment Center: MAC aims to help students to assess their knowledge through various tests. This program provides an assessment that evaluates the knowledge of a person about English language. This program was started in February 2010 in Solapur through 19 MKCL centers.
- KNIT- Knowledge Networking Inspiring Transformation is a unique initiative under which MKCL is offering an Internet Based Knowledge and Data Management platform for NGOs. KNIT aims to help NGOs gain operational efficiencies using the internet and Information Technology, while ensuring a minimum learning curve. KNIT was launched in February 2010. Around 35 NGOs attended the KNIT launch program.

## 6. International Business Development Programs

MKCL Arabia Ltd, a joint venture company of MKCL International FZE, started Information Technology Training in the Preparatory Year Program of King Saud University, Riyadh, for its learners. The IT skills trainers have trained more than 7000 Male and Female Learners in the year 2009-10.



This program is being conducted at the following campuses in Saudi Arabia:

Preparatory Year Program, King Saud University (KSU) – for male learners

- Preparatory Year Program, KSU – for female learners
- Riyadh Community College – Malaz, Riyadh, KSU – for male learners
- Al Badiya College - Al Badiya, Riyadh, KSU – for female learners
- Tabuk University, Tabuk – for male and female learners

## 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 ₹ 72.74 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, 2010.

## 8.0 PARTICULARS OF EMPLOYEES

The particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the year ended March 31, 2010 are as follows:

Name	Age	Designation	Gross Remuneration ₹	Qualification	Experience in Years	Date of Commencement of Employment	Particulars of last Employment	
							Employer	Post Last held
Mr. Vivek Sawant	51	Managing Director	29,64,622	M.Sc., M.Phil, DHE	31	September 6, 2001	International Institute of Information Technology	Director

Notes:

- (a) Gross remuneration as above includes salary, House Rent Allowance (HRA), Performance Linked Award (PLA), other allowances, insurance premium, Company's contribution to Provident Fund, contribution to Gratuity Fund, leave travel assistance (LTA), leave encashment, medical and other facilities, Driver's Salary, Vehicle Maintenance, etc.
- (b) The nature of employment is contractual.

## 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, 2010 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 COMMITTEES

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

During the year under Report, the Audit Committee and IPO Committee were re-constituted. Further, two new Committees viz. Infrastructure Development Committee and Joint Venture Formation Committee were constituted.

The Finance Committee, which was constituted initially in the Board Meeting held on November 23, 2001 was dissolved by the Board in its meeting held on June 18, 2009 vide Board resolution no. 38BM/18.06.2009/14. The scope of the said Committee was to recommend to the Board, Budget and/or Work Plan. Previously, Budget and/or Work Plan was considered annually. However, as the operations of the Company are growing steadily, changes are happening more frequently and have to be dealt with on daily basis. Further, the Audit Committee was constituted in the Board Meeting held on February 13, 2008 with wide scope regarding Accounting matters. It was felt by the Board that the rationale by which the Finance Committee was constituted initially, did not any longer hold good. The said Committee was therefore dissolved.

## 11.0 DIRECTORS

### 11.1 Cessation of Directors

Dr. Rajan Welukar ceased as Vice-Chancellor of Yashwantrao Chavan Maharashtra Open University, Nashik w.e.f. September 21, 2009 and consequently ceased to be Director from the same date. The casual vacancy has yet to be filled by the Board.

In accordance with Letter No.MKCL2009/(443/09)/TE-5 dated December 08, 2009 received from the Department of Higher and Technical Education, Government of Maharashtra, Hon'ble Shri Suresh Shetty ceased to be Nominee Director of Government of Maharashtra.

The Company received letter on May 03, 2010 from Dr.Vijay P. Bhatkar, regarding relinquishment of his position as Director on the Board of MKCL in order to devote himself more and more to scientific, spiritual and service pursuits. His resignation was accepted by the Board in its meeting held on June 17, 2010.

Further, as per circular dated May 24, 2010, Shri J.S.Saharia ceased to be Principal Secretary of Department of Higher and Technical Education, Government of Maharashtra, and he consequently ceased to be Nominee Director of Government of Maharashtra.

Your Board places on record sincere appreciation and thanks for the valuable contributions made by Dr.Rajan Welukar, Hon'ble Shri Suresh Shetty, Dr.Vijay P. Bhatkar and Shri J.S.Saharia, during their association with the Company.

### 11.2 Appointment of Directors

Letter No.MKCL2009/(443/09)/TE-5 dated December 08, 2009 was received from the Department of Higher and Technical Education, Government of Maharashtra regarding nomination of Hon'ble Mrs. Varsha Gaikwad on the Board of the Company. Accordingly she was appointed as Director w.e.f. January 22, 2010 i.e. date of approval of her DIN. She was also unanimously elected as Vice-Chairperson of the Board in the Board Meeting held on March 30, 2010. Mrs. Varsha Gaikwad is M.Sc.(Maths), B.Ed. and is presently Minister of State for Higher and Technical Education, Government of Maharashtra.

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 Shri Mahesh Pathak, Secretary, Department of Higher and Technical Education as ex-officio nominee director of the Government of Maharashtra. The Director Identification Number (DIN) of Shri Pathak is awaited and his appointment shall become effective on obtaining of DIN.

Further, in the Board Meeting held on June 17, 2010, Dr. (Ms.) Kamal Singh, Hon'ble Vice Chancellor, Sant Gadge Baba Amravati University was appointed as director in the casual vacancy caused by cessation of Vice Chancellorship of Dr.Rajan Welukar. Dr.(Ms.) Kamal Singh is M.Sc. and Ph.D. and has a rich experience of more than 31 years in teaching and 38 years in research. The Director Identification Number (DIN) of Dr.(Ms.) Kamal Singh is awaited and her appointment shall become effective on obtaining of DIN.

### 11.3 Directors retiring by rotation

Professor Ashok Kolaskar and Shri Avinash Patil Directors of the Company retire at the ensuing 9th Annual General Meeting and being eligible offer themselves for re-appointment.

### 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 09, 2010

## 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 31st March 2010, 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 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 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 31st March 2010;
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, India  
Date: August 9, 2010

**Prakash V. Page**  
PARTNER  
M. no.30560

**ANNEXURE REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED ON 31 ST MARCH 2010****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 company should take steps to strengthen the Internal Audit System considering Company's present size and growth plans.
- 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

Place: Pune, India  
Date: August 9, 2010

**(Prakash V. Page)**  
PARTNER

**BALANCE SHEET AS AT 31<sup>st</sup> March, 2010**  
(As per schedule VI to the Companies Act, 1956)

(Amount in Rupees Lakhs)

Particulars	Schedule	As at 31-Mar-10	As at 31-Mar-09
<b>SOURCES OF FUNDS</b>			
<b>Shareholders Funds</b>			
a) Share Capital	1	808.02	808.02
b) Reserves and Surplus	2	5,905.22	4,068.49
Deferred Tax Liability		54.67	45.30
<b>TOTAL</b>		<b>6,767.91</b>	<b>4,921.81</b>
<b>APPLICATION OF FUNDS</b>			
a) <b>Fixed Assets</b>			
<b>Gross block</b>	3	2,544.25	1,333.14
Less: Depreciation		757.52	632.82
<b>Net Block</b>		1,786.73	700.32
Capital work in progress	3	2.13	4.14
<b>Total Fixed Assets</b>		1,788.86	704.46
<b>Investments</b>	4	1,906.02	2,438.00
b) <b>Current Assets, Loans and Advances</b>	5	10,505.46	6,070.19
Less: <b>Current Liabilities &amp; Provisions</b>	6	7,479.75	4,327.28
<b>Net Current Assets</b>		3,025.71	1,742.90
c) <b>Deferred Tax Asset</b> (Refer Note 5 of Notes to Accounts)		32.67	21.80
d) <b>IPO Expenses</b>	7	14.65	14.65
<b>TOTAL</b>		<b>6,767.91</b>	<b>4,921.81</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**  
Director Finance

Place : Pune, INDIA.  
Date : August 9, 2010

**Komal Chaubal**  
Company Secretary  
Place : Pune, INDIA.  
Date : August 9, 2010

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2010**

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

(Amount in Rupees Lakhs)

Particulars	Schedule	For the year ended 31-Mar-10	For the year ended 31-Mar-09
<b><i>I. INCOME</i></b>			
a) Income from Programs	8	23,306.19	21,304.08
b) Increase/ (Decrease) in Inventory	9	66.76	0.38
c) Other Income	10	405.72	212.09
<b>TOTAL Rs. (A)</b>		<b>23,778.67</b>	<b>21,516.55</b>
<b><i>II. EXPENDITURE</i></b>			
a) Expenses on Courses	11	18,973.51	17,482.46
b) Employees remuneration and other benefits	12	946.47	733.14
c) Administration Expenses	13	622.48	626.79
d) Depreciation	3	124.75	119.20
<b>TOTAL Rs. (B)</b>		<b>20,667.21</b>	<b>18,961.59</b>
<b>PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS (A)-(B)</b>		<b>3,111.46</b>	<b>2,554.96</b>
Provision for liabilities no longer required written back		-	44.41
Prior period items		(17.81)	4.82
<b>PROFIT BEFORE TAX</b>		<b>3,093.65</b>	<b>2,604.19</b>
Less: Provision for Taxation		1,069.37	891.00
Provision for Fringe Benefit Tax		-	6.25
Deferred tax expense (Net)		(1.50)	(13.74)
(Refer Note 5 of Notes to Accounts)			
<b>PROFIT AFTER TAX</b>		<b>2,025.78</b>	<b>1,720.68</b>
Transfer to Foreign Currency Translation Reserve		2.42	(4.48)
Transfer to General Reserve		800.00	700.00
Interim dividend		80.80	80.80
Proposed dividend		80.80	80.80
Corporate Dividend Tax		27.46	27.46
<b>BALANCE CARRIED TO THE BALANCE SHEET</b>		<b>1,034.30</b>	<b>836.10</b>
<b>Earning Per Share (Basic &amp; Diluted)</b>		<b>25.07</b>	<b>21.30</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES THEREON 14

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

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

For **P. V. Page & Co.**  
Chartered AccountantsFor and on behalf of the Board  
Maharashtra Knowledge Corporation Ltd.**Prakash V. Page**  
Partner**Rajesh Tope**  
Chairman**Vivek Sawant**  
Managing Director**Umesh Nagda**  
Director FinancePlace : Pune, INDIA.  
Date : August 9, 2010**Komal Chaubal**  
Company Secretary  
Place : Pune, INDIA.  
Date : August 9, 2010

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

(Amount in Rupees Lakhs)

PARTICULARS		2009-10	2008-09
<b>A. Cash flows from operating activities</b>			
Net profit before tax	3,093.65		2,604.18
<u>Adjustments for:</u>			
Depreciation	124.75		119.21
Interest income	(328.90)		(91.68)
Dividend income	(32.19)		(71.64)
Loss on redemption of Mutual Fund (Net)	(1.59)		(20.80)
Loss on disposal of Fixed assets	0.04		0.43
Interest expense	-		-
Preliminary Expenses written off	-		-
Operating profit before working capital changes	2,855.76		2,539.70
<u>Adjustments for:</u>			
Sundry debtors and other receivables	(2,513.98)		(140.52)
Inventories	(66.76)		(0.38)
Current Liabilities and Provision for expenses	2,418.92		396.48
Cash generated from operations	2,693.94		2,795.28
Income taxes paid	(928.89)		(893.85)
<i>Net cash from operating activities</i>		1,765.05	1,901.43
<b>B. Cash flows from investing activities</b>			
Purchase of fixed assets	(1,209.19)		(23.57)
Sale of Fixed Assets	-		0.20
Sale of Investments	531.98		441.80
Profit on Mutual Fund (Net)	1.59		20.80
Interest received (Net of TDS)	328.90		91.68
Dividends received	32.19		71.64
<i>Net cash used for investing activities</i>		(314.53)	602.55
<b>C. Cash flows from financing activities</b>			
Proceeds from issuance of share capital (incl. Share Application Money)	-		-
Interest paid	-		-
IPO Expenses	-		-
Dividends paid	(161.60)		(121.20)
<i>Net cash from financing activities</i>		(161.60)	(121.20)
<b>Net increase in cash and cash equivalents (A + B + C)</b>		<b>1,288.92</b>	<b>2,382.78</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>3,448.43</b>	<b>1,065.64</b>
<b>Cash and cash equivalents at end of period</b>		<b>4,737.35</b>	<b>3,448.42</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**  
Director Finance

Place : Pune, INDIA.  
Date : August 9, 2010

**Komal Chaubal**  
Company Secretary  
Place : Pune, INDIA.  
Date : August 9, 2010

## SCHEDULE 1 SHARE CAPITAL

(Amount in Rupees Lakhs)

PARTICULARS	As At 31-Mar-10	As At 31-Mar-09
<b>Authorised Share Capital</b>		
2,00,00,000 (Previous Year 2,00,00,000) Equity Shares of Rs. 10 each	2,000.00	2,000.00
<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.)	808.02	808.02
<b>TOTAL</b>	<b>808.02</b>	<b>808.02</b>

## SCHEDULE 2 RESERVE AND SURPLUS

(Amount in Rupees Lakhs)

PARTICULARS	As At 31-Mar-10	As At 31-Mar-09
<b>General Reserve Account</b>		
Balance carried from Previous Year	2,800.00	2,100.00
Add : Transfer during the year from current profits	800.00	700.00
	3,600.00	2,800.00
<b>Profit and Loss Account</b>		
Balance carried from Previous Year	1,270.47	434.38
Add: Profit or Loss for the Current Year	1,034.31	836.10
	2,304.78	1,270.48
Balance carried from Previous Year	(1.99)	2.49
Profit or Loss for the Current Year	2.42	(4.48)
<b>Foreign Currency Translation Reserve</b>	0.44	(1.99)
<b>TOTAL</b>	<b>5,905.22</b>	<b>4,068.49</b>

**SCHEDULE 3  
FIXED ASSETS**

(Amount in Rupees Lakhs)

S. No.	Particulars	Rate (%)	Gross Block			Depreciation			Net Block		
			As on 1-Apr-09	Additions	Deletion/Transfer	As on 31-Mar-10	For the Year	On Deletion	31-Mar-10	31-Mar-09	
1	Office Premises	5.00	441.90	1,024.69	-	1,466.59	70.64	43.13	113.77	1,352.82	371.26
2	Land	-	-	40.87	-	40.87	-	-	-	40.87	-
3	Air Conditioner	13.91	24.10	11.76	-	35.86	12.09	1.99	14.08	21.78	12.01
4	Electrical Fittings	13.91	51.26	33.60	-	84.86	21.69	5.62	27.31	57.55	29.57
5	Office Equipments and Appliances	13.91	239.83	8.63	0.09	248.37	108.55	18.49	126.98	121.39	131.28
6	Computers	40.00	437.21	29.06	-	466.27	345.88	41.30	387.18	79.09	91.33
7	Furniture & Fixtures	18.10	137.80	56.14	-	193.94	72.93	13.77	86.70	107.24	64.87
8	Solar Panels	-	-	6.46	-	6.46	-	0.46	0.46	6.00	-
9	Generation Plant	100.00	1.04	-	-	1.04	1.04	-	1.04	-	-
10	Capital Work In Process	-	4.14	4.44	6.46	2.12	-	-	-	2.12	4.14
	<b>Total</b>		<b>1,337.28</b>	<b>1,215.65</b>	<b>6.55</b>	<b>2,546.38</b>	<b>632.82</b>	<b>124.76</b>	<b>757.52</b>	<b>1,788.86</b>	<b>704.46</b>
	<b>As at 31.03.09</b>		<b>1,314.62</b>	<b>28.78</b>	<b>6.12</b>	<b>1,337.28</b>	<b>513.89</b>	<b>119.20</b>	<b>632.82</b>	<b>704.46</b>	

## SCHEDULE 4 INVESTMENTS

(Amount in Rupees Lakhs)

PARTICULARS	As At 31-Mar-10	As At 31-Mar-09
Investments in Mutual Fund Units (At Cost) (Market value) <b>Rs 144,281,086.66 as on 31st March 2010</b>	1,827.21	2,359.19
Investment in Rajasthan Knowledge Corporation Limited	60.00	60.00
Investment in MKCL International FZE	18.81	18.81
	1,906.02	2,438.00
<b>TOTAL</b>	<b>1,906.02</b>	<b>2,438.00</b>

## SCHEDULE 5 CURRENT ASSETS, LOANS AND ADVANCES

(Amount in Rupees Lakhs)

PARTICULARS	As At 31-Mar-10	As At 31-Mar-09
<b>A. CURRENT ASSETS</b>		
<b>a) INVENTORIES ( As certified by the Management )</b>		
Inventory of Books	72.43	5.33
Inventory of Educational Material	3.01	3.31
Inventory of Contour Marker	-	0.04
<b>TOTAL</b>	<b>75.44</b>	<b>8.68</b>
<b>b) DEBTORS (Unsecured, considered good)</b>		
Debts outstanding for a period exceeding six months	254.53	210.24
Other Debts	293.43	236.94
<b>TOTAL</b>	<b>547.96</b>	<b>447.18</b>
<b>c) CASH AND BANK BALANCES</b>		
<u>Balances with Scheduled Banks</u>		
In Current Accounts	1,127.58	437.85
In Fixed Deposits	3,609.78	3,010.57
<b>TOTAL</b>	<b>4,737.35</b>	<b>3,448.42</b>
<b>B. LOANS AND ADVANCES &amp; Receivables (Unsecured, Considered Good)</b>		
Advances, deposits & Receivables	328.51	129.85
Receivable from Subsidiaries - MKCL International FZE	62.88	46.91
Prepaid Expenses	18.29	36.35
Receivables from Various Programs	2,206.37	-
Interest Receivable	34.39	24.13
Advance Fringe Benefit Tax (AY 09-10)	6.25	6.25
Advance Fringe Benefit Tax (AY 06-07)	-	5.50
Advance Fringe Benefit Tax (AY 07-08)	-	4.85
Advance Fringe Benefit Tax (AY 08-09)	5.46	5.46
Advance Tax (AY 09-10)	819.00	819.00
Advance Tax (AY 07-08)	-	420.00
Advance Tax (AY 08-09)	590.00	590.00
Advance Tax (AY 10-11)	912.00	-
Self Assessment Tax ( AY 2009-10)	21.50	-
Tax Deducted at Source ( AY 08-09)	8.52	8.52
Tax Deducted at Source ( AY 09-10)	49.83	49.83
Tax Deducted at Source (AY 07-08)	-	19.26
Tax Deducted at Source (AY 10-11)	81.72	-
<b>TOTAL</b>	<b>5,144.71</b>	<b>2,165.91</b>
<b>GRAND TOTAL</b>	<b>10,505.46</b>	<b>6,070.19</b>

## SCHEDULE 6 CURRENT LIABILITIES AND PROVISIONS

(Amount in Rupees Lakhs)

PARTICULARS	As At 31-Mar-10	As At 31-Mar-09
<b>CURRENT LIABILITIES</b>		
Liabilities towards Channel Partner	3,282.76	1,439.55
Liabilities towards B.Ed/CET Admission Project	-	0.17
Deposits from Training Providers and Contractors	115.00	125.00
Share of Pune University Payable	386.83	25.60
Liabilities towards Various Projects	262.97	15.31
Creditors for materials & services	268.28	288.96
Other liabilities	73.97	47.55
<b>TOTAL</b>	<b>4,389.81</b>	<b>1,942.14</b>
<b>PROVISIONS</b>		
Provision for expenses	343.79	372.55
Provision For Taxation A.Y. 07-08	-	420.00
Provision For Fringe Benefit Tax A.Y. 08-09	-	5.46
Provision For Taxation A.Y. 09-10	6.25	-
Provision For Fringe Benefit Tax A.Y. 06-07	-	5.50
Provision For Fringe Benefit Tax A.Y. 07-08	-	4.85
Provision For Taxation A.Y. 09-10	891.00	891.00
Provision For Fringe Benefit Tax A.Y. 09-10	5.46	6.25
Provision For Taxation A.Y. 10-11	1,069.37	-
Interim Dividend	80.80	-
Proposed Final Dividend	80.80	80.80
Provision For Taxation A.Y. 08-09	585.00	585.00
Corporate Dividend Tax Payable	27.46	13.73
<b>TOTAL</b>	<b>3,089.94</b>	<b>2,385.14</b>
<b>GRAND TOTAL</b>	<b>7,479.75</b>	<b>4,327.28</b>

## SCHEDULE 7 MISCELLANEOUS EXPENDITURE

(Amount in Rupees Lakhs)

PARTICULARS	As At 31-Mar-10	As At 31-Mar-09
IPO Expenses	14.65	14.65
<b>GRAND TOTAL</b>	<b>14.65</b>	<b>14.65</b>



## SCHEDULE 8 INCOME FROM COURSES & PROGRAM

(Amount in Rupees Lakhs)

PARTICULARS	For the year ended 31-Mar-10	For the year ended 31-Mar-09
<b><i>Educational Programs</i></b>		
<b>IT Literacy &amp; Functionality Program</b>		
MS-CIT Course Fee	17,270.83	16,137.41
Forfeited Fees	142.77	131.45
MS-CIT Exam/ReExam Fees	2,286.31	2,205.80
Income from Study Material -Rajasthan Knowledge Corporation Limited	70.00	-
Income from Computer Training -Gramsevak YASHADA	43.82	-
On Demand Online Exam Fees	92.65	263.35
MICIT Course Fee	21.53	1.26
Oncet Exam Fees	19.34	56.47
<b>Total</b>	<b>19,947.25</b>	<b>18,795.74</b>
MS-ACIT Course Fee	15.80	17.86
<b>WAVE Program</b>	27.19	6.04
<b>eLearning &amp; eContent Development Program</b>		
LMS License Fees (Tutor CD Fees)	137.61	75.96
<b>Channel Partner Network Management Program</b>		
Renewal/Processing/Annual fee/Registration Fees	313.35	182.18
<b>Edutainment &amp; Infotainment Program</b>		
Triple Play Services	10.00	15.79
<b>eGovernance Program</b>		
<b>Educational eGovernance Programs ( IT Services)</b>		
<b>Digital University</b>		
Digital University	292.26	222.14
<b>Total</b>	<b>292.26</b>	<b>222.14</b>
<b>OASIS</b>		
PU Online Admissions Project	1,136.16	673.28
Engineering/Medical/Pharmacy CET Project	216.80	141.57
Online Admission Project	227.72	155.93
B.Ed CET Admission Project	386.17	387.02
<b>Total</b>	<b>1,966.85</b>	<b>1,357.80</b>
<b>Government Recruitment Projects</b>		
Water Resources Dept. (Mahayantriki)	-	195.36
RTO Project	-	14.54
Collectorate Project	18.13	11.65
Zillah Parishad Project	-	168.96
Various Recruitment Projects	414.85	140.27
PWD Recruitment Program	-	8.48
<b>Total</b>	<b>2,692.09</b>	<b>2,119.20</b>
<b>General eGovernance Program</b>		
MSEB eTendering Project	73.72	33.89
<b>Total</b>	<b>73.72</b>	<b>33.89</b>
<b>Community Development and eEmpowerment Program</b>		
<b>Talent Nurturance</b>		
Sale of Educational Material & Income from Hobby Home	0.86	8.88
Nurturing Excellence and Talent	15.33	32.26
<b>Total</b>	<b>16.19</b>	<b>41.14</b>
<b>Watershed Development Projects</b>		
Sale of Contour Markers	0.26	0.28
<b>International Business Development Program</b>		
Royalty received from MKCL International FZE	72.74	16.00
<b>Total</b>	<b>72.74</b>	<b>16.00</b>
<b>GRAND TOTAL</b>	<b>23,306.19</b>	<b>21,304.08</b>

## SCHEDULE 9 INCREASE/(DECREASE) IN INVENTORY

(Amount in Rupees Lakhs)

PARTICULARS	For the year ended 31-Mar-10	For the year ended 31-Mar-09
<b>Closing Inventory as on date</b>		
Inventory of Books	72.43	5.33
Inventory of Educational Material	3.01	3.31
Inventory of Contour Marker	-	0.04
	<b>75.44</b>	<b>8.68</b>
<b>Opening Inventory at the beginning of the year</b>		
Inventory of Books	5.33	1.55
Inventory of Educational Material	3.31	6.44
Inventory of Contour Marker	0.04	0.31
	<b>8.68</b>	<b>8.30</b>
<b>TOTAL</b>	<b>66.76</b>	<b>0.38</b>

## SCHEDULE 10 OTHER INCOME

(Amount in Rupees Lakhs)

PARTICULARS	For the year ended 31-Mar-10	For the year ended 31-Mar-09
Interest from Banks	328.90	91.68
Recruitment Fees	33.67	-
Dividend Received on Mutual Fund Units	32.19	71.64
Miscellaneous Income	8.38	27.97
Gain on foreign Exchange	1.00	-
Profit on Mutual Fund (Net)	1.59	20.80
<b>TOTAL</b>	<b>405.72</b>	<b>212.09</b>

## SCHEDULE 11 EXPENSES ON COURSES & PROGRAMS

(Amount in Rupees Lakhs)

PARTICULARS	For the year ended 31-Mar-10	For the year ended 31-Mar-09
<b>Educational Programs</b>		
<b>IT Literacy &amp; Functionality Program</b>		
<b>MS-CIT Course Cost</b>		
Training Providers share in Course Fees	12,578.22	11,697.28
MSBTE's share in Exam/Re-Exam Fees	1,766.84	1,837.89
Channel Partners' share in Gramsevak- YASHADA	16.65	-
Course material expenses	1,113.41	1,159.56
LLC/WLC share	608.37	559.85
RLC share	175.80	167.32
Centre/Oncet Facilitation Expenses	2.96	12.42
Software expenses for ALC	-	23.22
Advertisement & Sales Promotion	380.85	362.29
Expenses of course material -Rajasthan Knowledge Corporation Limited	77.33	-
Expenses on National Scale up MICIT Courses	66.94	103.19
<b>Total</b>	<b>16,787.38</b>	<b>15,923.02</b>
<b>MS-ACIT Course cost</b>	12.98	10.12
<b>WAVE Program</b>		
Franchisees' Share	9.03	1.81
Honorarium to Faculties & ESP's share	4.94	2.39
Advertisement	4.36	0.10
Expenses DST Course/Wave project	52.46	2.01
<b>Total</b>	<b>70.79</b>	<b>6.31</b>
<b>eLearning &amp; eContent Development Program</b>		
Expenses on CDO	149.78	113.61
<b>Channel Partner Network Mng. Prog.</b>	18.72	25.95
<b>Edutainment &amp; Infotainment Program</b>		
Share of Triple Play Services	-	20.75
<b>eGovernance Program</b>		
<b>Educational eGovernance Program</b>		
Digital University Expenses	97.54	54.98
SDO Charges	138.98	117.13
<b>Total</b>	<b>236.52</b>	<b>172.11</b>
<b>OASIS</b>		
Pune University Admission Project (+DBT-JRF)	946.55	564.67
Agriculture Admission Project	-	26.43
B.Ed. Admissions Projects	271.49	275.62
Other Online Admission Projects	91.48	15.54
<b>Total</b>	<b>1,309.52</b>	<b>882.26</b>
<b>Government Recruitment Projects</b>		
Mahayantriki (WRD)	-	78.12
Online Recruitment Expenses	303.25	67.94
ZP Program	-	108.93
RTO Project	-	3.39
PWD Project	-	5.14
<b>Total</b>	<b>303.25</b>	<b>263.52</b>
<b>General eGovernance Program</b>		
MSEB eTendering Project	3.90	-
	3.90	-
<b>Community Development and eEmpowerment Program</b>		
<b>Talent Nurturance</b>		
Printing & Stationery	0.02	-
Content Development charges for Hobby Home	9.71	12.75
ALC/LLC/RLC Share & other expenses for Hobby Home	0.42	2.89
Expenses on Prayog Parivar	14.61	-
Social Dev Edu. Corp/ Virtual School	16.40	-
Expenses on NETs	10.33	22.94
ALC/LLC/RLC Share MH-CET Test Series	-	0.13
Honorarium	4.03	4.04
Expenses on Nirman	0.38	-
Advertisement & Business Promotion	7.35	22.05
<b>Total</b>	<b>63.25</b>	<b>64.80</b>
<b>Watershed Development Projects</b>		
Expenses on Water Shade Dev. Project	4.69	-
Purchase of contour marker	0.23	-
RURBAN Project	-	0.46
<b>International Business Development Program</b>		
Royalty payable on International business	12.03	-
<b>Total</b>	<b>12.03</b>	<b>-</b>
<b>GRAND TOTAL</b>	<b>18,973.51</b>	<b>17,482.44</b>

## SCHEDULE 12 EMPLOYEES' REMUNERATION AND OTHER BENEFITS

(Amount in Rupees Lakhs)

PARTICULARS	For the year ended 31-Mar-10	For the year ended 31-Mar-09
Salary	864.31	678.56
Contribution to Provident Fund	48.63	36.25
Staff Welfare Expenses	8.50	8.59
Staff Recruitment & Training Expenses	25.03	9.74
<b>TOTAL</b>	<b>946.47</b>	<b>733.14</b>

## SCHEDULE 13 ADMINISTRATION EXPENSES

(Amount in Rupees Lakhs)

PARTICULARS	As At 31-Mar-10	As At 31-Mar-09
Advertisement expenses/Sales Promotion	28.93	55.33
Auditors Remuneration and out of pocket expenses	16.82	15.39
Books /Periodicals & Subscription	0.94	0.96
Communication Expenses	44.91	50.83
Donations/Grants	115.07	117.05
Electricity charges	37.80	37.13
Provision for Doubtful Debts	16.77	-
Educational Program Partner Charges	6.00	8.00
Prior Period Items	-	2.53
Legal, Professional & Consultancy Charges	85.94	86.38
Bank Charges	17.51	30.96
Tender Fees	1.12	-
Empowerment Charges for Bandra Project	24.00	24.00
Meeting Expenses	5.93	9.40
Miscellaneous Expenses	19.13	12.16
Printing and Stationary	13.99	17.00
Rent Rates Taxes and Insurance	56.17	54.84
Repairs and maintenance - Building	39.85	28.45
Repairs and maintenance - Computer	3.54	4.78
Repairs and maintenance - Electrical	6.87	6.37
Repairs and maintenance - Office Equipments	7.14	10.21
Repairs and maintenance - Furniture & Fixture	1.30	1.05
Traveling and Conveyance	36.99	33.27
Website hosting and registration expenses	35.75	20.71
<b>TOTAL</b>	<b>622.48</b>	<b>626.80</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.

*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* are 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 programme* 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,

The cost of software purchased and provided to channel partners for imparting IT Education under different courses is charged to revenues in the year of acquisition.

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.

### **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	70.00
	Royalty & other service charges from- Rajasthan Knowledge Corporation Limited	146.30
	Royalty from MKCL International FZE	72.74

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	5,891	10,34,260	9,44,988	95,163
Educational Material	154	0	16	138
Contour Markers	2	10	12	0

## 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:



(AMOUNT IN RUPEES LACS)

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
<b>Lease Rental recognized during the year</b>		
Mumbai Office	6.30	6.57
Pune Office	10.71	19.51
Delhi Office	2.65	15.71
<b>Total of Lease on Office premises</b>	<b>19.66</b>	<b>41.79</b>
<b>Lease Obligations</b>	<b>Year Ended March 31, 2010</b>	<b>Year Ended March 31, 2009</b>
Not later than one year	19.65	41.79
Later than one year and not later than five years	16.13	25.10
Later than five years	16.13	25.10

**4. DEFERRED TAX EFFECTS**

(AMOUNT IN RUPEES LACS)

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
<b>Deferred Tax Asset</b>		
On Other items	(10.86)	(12.73)
<b>Deferred Tax Liability</b>		
On Depreciation	(9.36)	1.01
<b>Net Tax (Asset)/Liability</b>	<b>(1.50)</b>	<b>(13.74)</b>

**5. EARNING PER SHARE**

(AMOUNT IN RUPEES LACS)

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
Net Profit attributable to equity shareholders	2,025.78	1,720.68
Weighted average number of equity shares outstanding	8,080	8,080
<b>Earning Per Share Basic &amp; Diluted (Rs.)</b>	<b>25.07</b>	<b>21.30</b>

## 6. DIRECTORS' REMUNERATION

(AMOUNT IN RUPEES LACS)

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
1 Salary	20.82	17.66
2 Performance linked awards	6.13	7.13
2 Other Allowances	10.83	7.72
3 Contributions to PF	2.50	1.65
4 Perquisites	10.16	9.95
5 Gratuity	0.40	0.26
<b>Total</b>	<b>50.84</b>	<b>44.37</b>

## 7. EARNINGS IN FOREIGN EXCHANGE:

(AMOUNT IN RUPEES LACS)

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
Royalty from MKCL International FZE	72.74	16.00
<b>Total</b>	<b>72.74</b>	<b>16.00</b>

## 8. EXPENSE IN FOREIGN CURRENCY:

(AMOUNT IN RUPEES LACS)

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
Foreign Travel Expenses	3.31	3.17
Other Expenses	1.68	-
<b>Total</b>	<b>4.99</b>	<b>3.17</b>

## 9. CONTINGENT LIABILITIES

(AMOUNT IN RUPEES LACS)

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
Outstanding Bank Guarantees for		
- Payment guarantee for services purchased	-	-
- Performance guarantee for services given	629.90	629.40
<b>Total Contingent Liabilities</b>	<b>629.90</b>	<b>629.40</b>

**10. AUDITOR'S REMUNERATION**

(AMOUNT IN RUPEES LACS)

Particulars	2009-2010	2009-2010
a) As Auditors		
Post-transaction audit	14.89	13.24
Out of pocket expenses	0.28	0.50
<b>Total</b>	15.17	13.74
b) As advisor, or in any other capacity, in respect of –		
Tax Audit fees	1.65	1.12
Corporate Advisory Services	1.98	1.64
Management services and In any other manner	.03 -	0.29 2.64
<b>Total</b>	18.83	19.43

**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.

(AMOUNT IN RUPEES LACS)

PARTICULARS	PRIMARY SEGMENT IT Literacy & Functionality Program	OTHER	TOTAL
Income			
Income from Courses & Prog.	19,963.05	3,343.14	23,306.19
Other Income			405.73
Expenses			
Direct Expenses on courses	16,733.25	2,173.49	18,906.74
Other allocable expenses	54.81	1,524.81	1,579.62
Un-allocable expenses			131.89
Total Expenses			20,618.25
Profit Before Tax			3,093.67

**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
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 State Code 

1	1
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Balance Sheet Date 

3	1
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0	3
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1	0
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Date      Month      Year

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

Public Issue	Rights Issue																
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-	-	N	I	L	-	-	-										
-	-	N	I	L	-	-	-										
Bonus Issue	Private Placement																
<table border="1"><tr><td>-</td><td>-</td><td>N</td><td>I</td><td>L</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	N	I	L	-	-	-	<table border="1"><tr><td>-</td><td>-</td><td>N</td><td>I</td><td>L</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	N	I	L	-	-	-
-	-	N	I	L	-	-	-										
-	-	N	I	L	-	-	-										

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

Total Liabilities	Total Assets																
<table border="1"><tr><td>-</td><td>-</td><td>6</td><td>7</td><td>6</td><td>7</td><td>9</td><td>1</td></tr></table>	-	-	6	7	6	7	9	1	<table border="1"><tr><td>-</td><td>-</td><td>6</td><td>7</td><td>6</td><td>7</td><td>9</td><td>1</td></tr></table>	-	-	6	7	6	7	9	1
-	-	6	7	6	7	9	1										
-	-	6	7	6	7	9	1										

**Sources of Funds**

Paid-up Capital	Reserves & Surplus																
<table border="1"><tr><td>-</td><td>-</td><td>-</td><td>8</td><td>0</td><td>8</td><td>0</td><td>2</td></tr></table>	-	-	-	8	0	8	0	2	<table border="1"><tr><td>-</td><td>-</td><td>5</td><td>9</td><td>0</td><td>5</td><td>2</td><td>2</td></tr></table>	-	-	5	9	0	5	2	2
-	-	-	8	0	8	0	2										
-	-	5	9	0	5	2	2										
Secured Loans	Unsecured Loans																
<table border="1"><tr><td>-</td><td>-</td><td>N</td><td>I</td><td>L</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	N	I	L	-	-	-	<table border="1"><tr><td>-</td><td>-</td><td>N</td><td>I</td><td>L</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	N	I	L	-	-	-
-	-	N	I	L	-	-	-										
-	-	N	I	L	-	-	-										

**Application of Funds**

Net Fixed Assets	Investments																
<table border="1"><tr><td>-</td><td>-</td><td>1</td><td>7</td><td>8</td><td>8</td><td>8</td><td>6</td></tr></table>	-	-	1	7	8	8	8	6	<table border="1"><tr><td>-</td><td>-</td><td>1</td><td>9</td><td>0</td><td>6</td><td>0</td><td>2</td></tr></table>	-	-	1	9	0	6	0	2
-	-	1	7	8	8	8	6										
-	-	1	9	0	6	0	2										
Net Current Assets	Misc. Expenditure																
<table border="1"><tr><td>-</td><td>-</td><td>3</td><td>0</td><td>2</td><td>5</td><td>7</td><td>1</td></tr></table>	-	-	3	0	2	5	7	1	<table border="1"><tr><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	-	-	-	-	-	-
-	-	3	0	2	5	7	1										
-	-	-	-	-	-	-	-										
Accumulated Losses																	
<table border="1"><tr><td>-</td><td>-</td><td>N</td><td>I</td><td>L</td><td>-</td><td>-</td><td>-</td></tr></table>	-	-	N	I	L	-	-	-									
-	-	N	I	L	-	-	-										

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

Turnover	Total Expenditure																
<table border="1"><tr><td>-</td><td>2</td><td>3</td><td>7</td><td>7</td><td>8</td><td>6</td><td>7</td></tr></table>	-	2	3	7	7	8	6	7	<table border="1"><tr><td>-</td><td>2</td><td>0</td><td>6</td><td>6</td><td>7</td><td>2</td><td>1</td></tr></table>	-	2	0	6	6	7	2	1
-	2	3	7	7	8	6	7										
-	2	0	6	6	7	2	1										
Profit Before Tax	Profit after Tax																
<table border="1"><tr><td>-</td><td>-</td><td>3</td><td>0</td><td>9</td><td>3</td><td>6</td><td>5</td></tr></table>	-	-	3	0	9	3	6	5	<table border="1"><tr><td>-</td><td>-</td><td>2</td><td>0</td><td>2</td><td>5</td><td>7</td><td>8</td></tr></table>	-	-	2	0	2	5	7	8
-	-	3	0	9	3	6	5										
-	-	2	0	2	5	7	8										
Earning per Share in Rs.	Dividend Rate %																
<table border="1"><tr><td>2</td><td>5</td><td>.</td><td>0</td><td>7</td></tr></table>	2	5	.	0	7	<table border="1"><tr><td>2</td><td>0</td></tr></table>	2	0									
2	5	.	0	7													
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.  
(ITC Code)

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

Product  
Description

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

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**  
*Director Finance*

Place : Pune, INDIA.  
Date : August 9, 2010

**Komal Chaubal**  
*Company Secretary*

**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	01/04/2009 to 31/03/2010
3	(a) No. of shares held in subsidiary company as at 31st March, 2010 (Value converted at initial foreign exchange rate of ₹ 12.248 per AED)	1 (One) share of ₹ 18.37 lacs (150,000/- AED)
	(b) Extent of holding	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 01/04/2009 to 31/3/2010	Profit of ₹ 46.92 lacs (AED 383, 092/-)
	(b) For the previous financial years since it became the holding company's subsidiary	Not Applicable
	(ii) Dealt with in the holding company's accounts	
	(a) Of the subsidiary for the period 01/04/2009 to 31/3/2010	Nil
	(b) For the previous financial years since it became the holding company's subsidiary	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	Not Applicable
	(ii) Investments	Not Applicable
	(iii) Moneys lent by the subsidiary	Not Applicable
	(iv) Moneys borrowed by the subsidiary	Not Applicable

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

Place : Pune, INDIA.  
Date : August 9, 2010

**Rajesh Tope**  
*Chairman*

**Vivek Sawant**  
*Managing Director*

**Umesh Nagda**  
*Director Finance*

**Komal Chaubal**  
*Company Secretary*

Ref No.: AAA/140/10

Date: 31st May, 2010

## INDEPENDENT AUDITOR'S REPORT

The Shareholders  
M/s. MKCL International FZE  
P.O.Box:42283  
HFZA, Sharjah – U.A.E.

### 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 balance sheet as at 31st March, 2010 the income statement, statement of changes in shareholder's equity, the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

### Responsibility for the preparation & presentation of the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standard 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 are 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, we consider internal control relevant to the company'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 company'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

The management has compiled the financial statements on the basis of information, data, evidence that was available.

Independent confirmation from the bank in respect of FZE's bank account balances and any related information is still awaited.

Subject to preceding paragraphs in our opinion, the financial statements present fairly, in all material respects, the financial position of **M/s. MKCL International FZE, Hamriyah Free Zone, Sharjah – United Arab Emirates**, as at 31st March, 2010, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

## Report on other legal and regulatory requirements

As required by the provisions of the Emari decree issued in November 2, 1995 for 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 company's Articles of Association, which may have material effect on the financial position of the company or the result of its operations for the year.

## For Axis Auditing & Accounting

## Auditors & Business Consultants

## Authorized Signatory



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

**Balance Sheet As at 31st March, 2010**

Assets Employed	Note	2010 AED	2009 AED
<b>Investments</b>	4	751,177	240,420
<b>Current Assets</b>			
Trade receivables		122,896	978,869
Cash and bank balances	5	966,548	855,036
		<b>1,089,444</b>	<b>1,833,905</b>
<b>Current Liabilities</b>			
Trade payables		-	1,010
Due from related parties		593,810	504,163
Other payables and provisions	6	-	705,433
		<b>593,810</b>	<b>1,210,606</b>
<b>Net Current Assets</b>		<b>495,634</b>	<b>623,299</b>
		<b>1,246,811</b>	<b>863,719</b>
<b>Funds Employed</b>			
<b>Equity</b>			
Share capital	2	150,000	150,000
Retained earnings		1,096,811	713,719
		<b>1,246,811</b>	<b>863,719</b>

The notes on pages 7 to 12 form an integral part of these financial statements.

These financial statements have been approved by the board of directors and signed on their behalf by the undersigned on 31st May, 2010.

**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.

**Income Statement For the year ended 31st March, 2010**

	Note	2010 AED	2009 AED
Sales		-	-
Cost of sales		-	-
<b>Gross profit</b>		-	-
<b>Operating expenses</b>			
Administration and selling expenses	7	<b>(787,438)</b>	<b>(1,297,444)</b>
Financial charges		(310)	(57,666)
Other income		1,170,620	1,404,734
Exchange Gains / Loss		220	(4,533)
<b>Net (Loss) / profit for the year</b>		<b>383,092</b>	<b>45,091</b>
Retained earnings at beginning of the year		713,719	668,628
<b>Retained earnings at end of the year</b>		<b>1,096,811</b>	<b>713,719</b>

The notes on pages 7 to 12 form an integral part of these financial statements.

These financial statements have been approved by the board of directors and signed on their behalf by the undersigned on 31st May, 2010.

**For MKCL International FZE**

**Authorized Signatory**

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

**Cash Flow Statement For the year ended 31st March, 2010**

	<b>2010 AED</b>
<b>Cash flows from operating activities</b>	
Net profit for the year	383,092
Adjustment for :	
Depreciation	-
Operating cash flow before changes in net operating assets	<b>383,092</b>
Trade receivables	855,973
Decrease in trade payables	(1,010)
Increase in due to related parties	89,647
Decrease in other payable and provision	(705,433)
Net cash flow from operating activities	<b>622,269</b>
<b>Cash flows from investing activities</b>	
Increase in investments	(510,757)
Net cash flow used in investing activities	<b>(510,757)</b>
<b>Net increase in cash and cash equivalents</b>	<b>111,512</b>
Cash and cash equivalents at beginning of the year	855,036
<b>Cash and cash equivalents at end of the year</b>	<b>966,548</b>

The notes on pages 7 to 12 form an integral part of these financial statements.

These financial statements have been approved by the board of directors and signed on their behalf by the undersigned on 31st May, 2010.

**For MKCL International FZE**

**Authorized Signatory**

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

**Statement of Changes in Equity For the year ended 31st March, 2010**

	Statutory reserve AED	Retained earnings AED	Total AED
At 1st April, 2008	150,000	668,628	818,628
Profit for the period	-	45,091	45,091
<b>At 31st March, 2009</b>	<b>150,000</b>	<b>713,719</b>	<b>863,719</b>
Profit for the period	-	<b>383,092</b>	<b>383,092</b>
<b>At 31st March, 2010</b>	<b>150,000</b>	<b>1,096,811</b>	<b>1,246,811</b>

The notes on pages 7 to 12 form an integral part of these financial statements.

These financial statements have been approved by the board of directors and signed on their behalf by the undersigned on 31st May, 2010.

**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.

**Notes to the Financial Statements For the year ended 31st March, 2010**

**1 Legal status and activities**

MKCL International FZE was registered in Hamriyah Free Zone Authority, Sharjah, on 12th October, 2006 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 company is P.O. Box 42283 Hamriyah Free Zone, Sharjah, United Arab Emirates.

The company is primarily engaged in the business of Information technology ( It enabled services ).

The company is controlled and managed by Mrs. Patricia Karthikeyah an Indian national.

**2 Shareholding**

The shareholding of the company is as follows:

Name	Nationality	No. of shares	Value per share AED	Total value AED	% age
M/S. Maharashtra Knowledge Corporation Limited	Indian	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 company is AED 150,000/- divided into 1 share of AED 150,000/-.

**3 Significant accounting policies**

**3.1 Statement of compliance**

These financial statements have been prepared in accordance with the International Financial Reporting Standards. (IFRSs).

**3.2 Accounting convention**

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.

### 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.

### 3.5 Trade receivables

Trade receivables are reported at net of allowances to reflect the estimated recoverable amount.

### 3.6 Staff terminal benefits - Gratuity

Amounts payable to employees under the U.A.E. Labour Law applicable to employees' accumulated period of service at the balance sheet date are accounted for on payment basis.

	2010 AED	2009 AED
<b>4 Investments</b>	<b>751,177</b>	<b>240,420</b>
<b>5 Cash and bank balances</b>		
Cash in hand	-	-
Cash at bank	966,548	855,036
	<b>966,548</b>	<b>855,036</b>
<b>6 Other payables and provisions</b>		
Accrued expenses	-	-
Other payables	-	705,433
	-	<b>705,433</b>
<b>7 Administration and selling expenses</b>		
Salaries and benefits	11,472	416,334
Rent	25,000	266,064
Travelling, transportation and conveyance	41,154	50,509
Legal, professional and visa charges	3,000	8,395
Business promotion and commission expenses	-	285,040
Lodging and accommodation expenses	750	2,550
Communication and utilities	300	4,095
Other expenses	705,762	264,457
	<b>787,438</b>	<b>1,297,444</b>

## 8 Fair value of financial instruments

The company'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 company's financial instruments is not materially different from the carrying value at 31st March, 2010.

## 9 Interest rate risk

Significant financial instruments, other assets and other liabilities of the company as at 31st March, 2010 are not interest based.

## 10 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 company is not exposed to a significant exchange rate risk.

## 11 Contingencies and commitments

As at 31st March, 2010, the company had no contingencies and commitments.

## 12 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 company have been rounded off to nearest AED 1/-.

The notes on pages 7 to 12 form an integral part of these financial statements.

These financial statements have been approved by the board of directors and signed on their behalf by the undersigned on 31st May, 2010.

**For MKCL International FZE**

### Authorized Signatory

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