


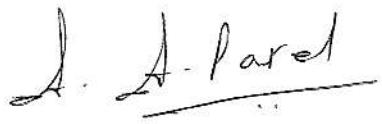


FORM A

Format of covering letter of the Annual Audit Report to be filed with the Stock Exchange

1.	Name of the company	Greycells Education Limited
2.	Annual Financial Statements for the year ended	31 st March, 2014
3.	Type of Audit observation	Matter of Emphasis: We draw attention to note 36 to the consolidated financial statements, which states that although the net worth of one of the subsidiary – EMDI (Overseas) FZ LLC is completely eroded the same is consolidated on going concern basis for the reasons stated in the said note.
4.	Frequency of observation	Appeared second time as at 31 st March, 2014
5.	To be signed by-	
	Nowshir Engineer Managing Director	
	Binal Gala CFO	
	Astha Kariya Partner – Ford, Rhodes, Parks & Co. (Chartered Accountants) Auditor of the Company	
	Abbas Patel Audit Committee Chairman	



GREYCELLS EDUCATION LIMITED

**Annual Report
2013 - 2014**

CORPORATE INFORMATION

Name of the Company : Greycells Education Limited
 Registered Office : Forum Building, 1st Floor, 11/12,
 Raghuvanshi Mills Compound,
 Senapati Bapat Marg,
 Lower Parel (West), Mumbai - 400013.
 CIN : L65910MH1983PLC030838
 Website : www.greycellsLtd.com
 E-mail : companysecretary@greycellsLtd.com
 Contact No. : 022 - 6147 9918

BOARD OF DIRECTORS

Mr. Nowshir Engineer : Managing Director
 Ms. Bela Desai : Promoter, Non-executive Director
 Mr. Abbas Patel : Independent, Non-executive Director
 Dr. Anil Naik : Independent, Non-executive Director
 Mr. Farhad Wadia : Non-Independent, Non-executive Director
 Mr. Dharmesh Parekh : Company Secretary & Compliance Officer

COMMITTEE OF BOARD

AUDIT COMMITTEE

Mr. Abbas Patel : Chairman & Member
 Dr. Anil Naik : Member
 Ms. Bela Desai : Member

NOMINATION & REMUNERATION COMMITTEE

Mr. Abbas Patel : Chairman & Member
 Ms. Bela Desai : Member
 Dr. Anil Naik : Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Ms. Bela Desai : Chairperson & Member
 Mr. Abbas Patel : Member
 Mr. Nowshir Engineer : Member

AUDITORS

Ford, Rhodes, Parks & Co.
 Chartered Accountants

BANKERS

The Federal Bank Limited
 Kotak Mahindra Bank Limited

REGISTRAR & SHARE TRANSFER AGENT

Bigshare Services Pvt. Ltd.
 E-2/3, Ansa Industrial Estate, Sakivihar Road,
 Saki Naka, Andheri (East), Mumbai – 400 072
 Tel : 28470652 / 28470653
 Fax : 28475207
 E-Mail : investor@bigshareonline.com

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NOTICE

NOTICE is hereby given that the ANNUAL GENERAL MEETING of the shareholders of GREYCELLS EDUCATION LIMITED will be held at the Registered office of the Company at Forum Building, 1st Floor, 11/12, Raghuvanshi Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400013 on Thursday, September 25, 2014 at 9.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Ms. Bela Desai (holding DIN - 00917442), who retires by rotation and, being eligible, offers herself for re-appointment.
3. To appoint auditors and fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, read with the Rules made thereunder, as amended from time to time and pursuant to the recommendations of the Audit Committee, M/s. Ford, Rhodes, Parks & Co., Chartered Accountants (Firm Registration No. 102860W), be and is hereby re-appointed as the Statutory Auditors of the Company to hold office, from the conclusion of the ensuing Annual General Meeting, upto the conclusion of the Annual General Meeting to be held in the year 2017 (subject to ratification of the appointment at every Annual General Meeting) at such remuneration plus service tax and out of pocket expenses as may be determined by the Board of Directors of the Company in consultation with Statutory Auditors."

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
 "RESOLVED THAT pursuant to Section 161 and all other applicable provisions, if any, of the Companies Act, 2013 Mr. Farhad Wadia (holding DIN - 06709037), who was appointed as an Additional Director of the Company on 8th August, 2014 and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."
5. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
 "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made thereunder, as amended from time to time and Clause 49 of the Listing Agreement, Mr. Abbas Patel (holding DIN - 00547281), a Non-Executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of five (5) consecutive years with effect from 25th September, 2014, not liable to retire by rotation."
6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:
 "RESOLVED THAT pursuant to the provisions of Sections 149, 152 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made thereunder, as amended from time to time and Clause 49 of the Listing Agreement, Dr. Anil Naik (holding DIN - 00002670), a Non-Executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director

of the Company for a period of five (5) consecutive years with effect from 25th September, 2014, not liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to provisions of Sections 196, 197 and 203 alongwith provisions of Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 read with Rules made thereunder, as amended from time to time and on recommendation and approval of Nomination and Remuneration Committee and subject to the approval of Central Government (Ministry of Corporate Affairs) and/or such other authority, as may be required, if any, approval of the Company be and is hereby accorded for re-appointment of Mr. Nowshir Engineer (holding DIN - 00932396) as Managing Director of the Company for a period of 3 years with effect from 1st July, 2014 on the terms and conditions as set out in explanatory statement as annexed hereto.

RESOLVED FURTHER THAT the Board be and is hereby authorized to vary, alter and modify such salary and perquisites as may be agreed to between the Board of Directors and Mr. Nowshir Engineer within the limits specified in Schedule V of the Companies Act, 2013 as amended from time to time.

RESOLVED FURTHER THAT notwithstanding anything herein above stated wherein any financial year during the currency of the tenure of Mr. Nowshir Engineer as Managing Director of the Company, the Company incurs loss or its profits are inadequate, the Company shall pay to Mr. Nowshir Engineer by way of salary, allowance and perquisites not exceeding the limits specified in Schedule V of the Companies Act, 2013 as amended from time to time as minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to execute such deeds, documents and writings and to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution."

8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the Ordinary Resolution passed at the Annual General Meeting held on September 22, 2008 and pursuant to the provisions of Section 180(1)(c) and any other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made thereunder, as amended from time to time and subject to such approvals, consents, sanctions and permissions, as may be necessary, and the Articles of Association of the Company and all other provisions of applicable laws, the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board", which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution) to borrow monies in excess of the aggregate of the paid-up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained / to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of ₹100 crores.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters, and things as it may in its absolute discretion deem fit, required or considered necessary or incidental thereto, for giving effect to this resolution."

By Order of the Board of Directors

Place : Mumbai
Date : 8th August, 2014

Dharmesh Parekh
Company Secretary

Regd.Office :
Forum Building, 1st Floor, 11/12,
Raghuvanshi Mills Compound,
Senapati Bapat Marg,
Lower Parel (West), Mumbai - 400 013.
CIN No.: L65910MH1983PLC030838
E-mail : companysecretary@greycellsld.com

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. Members are requested to bring their copy of the Annual Report to the meeting.
4. The Register of Members & Share Transfer Books of the Company will remain closed from September 22, 2014 to September 25, 2014 (both days inclusive).
5. Member/s desirous of getting any information on the accounts and operations of the Company are requested to write to the Company at least seven days before the date of the meeting.
6. In accordance with the provisions of Section 72 of the Companies Act, 2013, members are entitled to make nominations in respect of the equity shares held by them, in physical form. Members desirous of making nominations may procure the prescribed form from the Registrar & Share Transfer Agents, M/s. Bigshare Services Private Limited and have it duly filled and sent back to them.
7. Members are requested to intimate change of address, if any, in case of shares held in electronic form to the concerned depository participant quoting their DP Id number and in case of shares held in physical form to the Registrar & Share Transfer Agent, M/s. Bigshare Services Pvt. Ltd. at E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai – 400072.
8. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the meeting.
9. Attendance Slip is annexed to the Proxy Form. Members are requested to fill up the particulars of the attendance slip, affix their signature in the appropriate place and hand it over to the Company's officials/Registrars at the entrance of the Meeting venue.
10. To promote green initiative, members are requested to register their e-mail addresses through their Depository Participants for sending the future communications by e-mail. Members holding the shares in physical form may register their e-mail addresses through the RTA, giving reference of their Folio Number.
11. Members may also note that the Annual Report for FY 2013-14 will also be available on the Company's website www.greycellsindia.com for their download.
12. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered office of the Company on all working days except Saturdays, during business hours up to the date of the meeting.
13. **E-voting**

In compliance with Section 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement entered into with the Stock Exchange, the Company is pleased to provide Members facility to exercise their right to vote at the Annual General Meeting by electronic means and all the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL).

The E-voting period for all items of business contained in this Notice shall commence from Thursday, September 18, 2014 at 9.00 a.m. and will end on Saturday, September 20, 2014 at 6.00 p.m. During this period, members holding equity shares of the Company either in physical form or in dematerialized form as on the cutoff date of August 22, 2014, may cast their vote electronically. The E-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by any Member, he/she shall not be allowed to change it subsequently.

The voting rights of Members shall be in proportion to their equity shareholding in the paid up equity share capital of the Company as on August 22, 2014.

14. The Company has appointed M/s. A. K. Jain & Co, Company Secretaries (holding CP No. 6124), Practising Company Secretary to act as Scrutinizer to conduct E-voting in fair and transparent manner. The Scrutinizer, within a period of not exceeding 3 working days from the conclusion of the voting period, shall unblock the votes in presence of two witnesses, not in employment of the Company and after scrutinizing votes received shall make a report of the votes cast in favor of or against or invalid votes in connection with all resolutions mentioned in the Notice of AGM and submit the same forthwith to the Company.
15. The results of E-voting shall be declared at the AGM of the Company and the results along with Scrutinizer's report shall be placed on the website of the Company and shall also be communicated to the Stock Exchanges. The resolutions shall be deemed to be passed, if approved, on the date of AGM.
16. **The instructions for shareholders voting electronically are as under:**
 - (i) The voting period begins on 18th September, 2014 at 9.00 a.m. and ends on 20th September, 2014 at 6.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22nd August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (iii) Click on Shareholders.
 - (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (v) Next enter the Image Verification as displayed and Click on Login.
 - (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the folio/client id number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.

- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant "Greycells Education Limited" on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

ANNEXURE TO THE NOTICE

INFORMATION PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT REGARDING RE-APPOINTMENT OF DIRECTOR

Ms. Bela Desai, aged 49 years, is a Fellow member of the Institute of Company Secretaries of India and holds a Degree in Law. With a career spanning over 19 years in Corporate India, her expertise is in areas of corporate structuring, mergers and acquisitions, fund raising etc.

She is a non-independent, non-executive Director on the Company's Board. She is also a member of Audit Committee and Nomination & Remuneration Committee. She is a Chairperson of Stakeholders Relationship Committee of the Company. She holds 4,94,100 equity shares (being 6.25%) in the Company.

She is also on the Board of Value Line Advisors Private Limited and Eduhub Education Private Limited.

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 4

Mr. Farhad Wadia was appointed as an Additional Director of the Company w.e.f. 8th August, 2014 pursuant to Section 161 and all other applicable provisions, if any, of the Companies Act, 2013. His term as Director expires at this Annual General Meeting. The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Companies Act 2013, proposing Mr. Farhad Wadia as a candidature for the office of Director of the Company liable to retire by rotation.

Mr. Farhad Wadia aged about 51 years is graduated in B.A. Economic Honours (Elphinstone College Mumbai) and post graduated in Sound engineering / Music business course at the Elephant & Castle Polytechnic, London and he is also a Mechanical Engineer. He has over 29 years of experience in Media – Radio, Print, Television, Live Entertainment & Concerts, Media Sales, Brand Management, Brand Marketing & the Music / Recording industry in India, UAE & UK. He is directly responsible for business development, sales, planning & strategic alliances & key media relationships. He has created Independent Profit Centers & Restructuring Struggling divisions. He is having consistent record of strong business relationships with corporate clients, media buying houses, editors, agents, artistes, record companies, ad agencies & media companies in UK, USA, India & UAE. He is having comprehensive knowledge of the International & Indian Media & Entertainment Industry with great relationships built with market leaders across the industry. He is having in depth knowledge of Indian industry so as to quickly map out client needs and recommend appropriate solutions. He has extensive experience and a strong and proven track record of building & managing brands & in developing unique marketing & branding strategies in ATL / BTL / Digital contexts and finally converting these attributes into strong revenue streams.

Considering the overall experience and expertise of Mr. Farhad Wadia, his appointment on Board as Non Executive Director will be in the best interest of the Company.

Your Directors recommends the ordinary resolution for your approval.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP, except Mr. Farhad Wadia is concerned or interested in the Resolution at Item No. 4 of the Notice.

Item No. 5

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amended Listing Agreement. Accordingly, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company. In terms of Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term upto five (5) consecutive years on the Board of a company but shall be eligible for reappointment on passing of a special resolution by the company for a further period of upto five years.

Mr. Abbas Patel joined the Board of Directors of the Company on 21st July, 2006. He is a non-executive independent director of the Company and is considered as an Independent Director under Clause 49 of the Listing Agreement.

Mr. Abbas Patel is a fellow member of the Institute of Chartered Accountants of India. He has wide experience encompassing all the areas of finance & accountancy.

Mr. Abbas Patel is a Director on the Board of Ameen Mukhtar Developers Pvt. Ltd. He is also the Chairman of the Audit Committee, Nomination & Remuneration Committee and member of Stakeholders Relationship Committee of the Board of the Company. He holds 40,000 equity shares (being 0.51%) of ₹10/- each.

As per the provisions of Section 149 of the Companies Act, 2013 ("Act") which has come into force from 1st April, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by rotation. Mr. Abbas Patel has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act. The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Companies Act 2013, proposing Mr. Abbas Patel as a candidate for the office of Director of the Company. In the opinion of the Board, Mr. Abbas Patel fulfills the conditions specified in the Act and the Rules made thereunder for appointment as an Independent Director. Considering the overall experience and expertise of Mr. Abbas Patel, his appointment on Board as an Independent Director will be in the best interest of the Company.

The matter regarding appointment of Mr. Abbas Patel as an Independent Director was placed before the Nomination & Remuneration Committee, which re-commends his appointment as an Independent Director from 25th September, 2014 upto 24th September, 2019.

Copy of the draft letter for appointment of Mr. Abbas Patel would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. Abbas Patel as an Independent Director is now being placed before the Members in general meeting for their approval.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP, except Mr. Abbas Patel is concerned or interested in the Resolution at Item No. 5 of the Notice.

Item No. 6

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amended Listing Agreement. Accordingly, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company. In terms of Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term upto five (5) consecutive years on the Board of a company but shall be eligible for reappointment on passing of a special resolution by the company for a further period of upto five years.

Dr. Anil Naik joined the Board of Directors of the Company on 1st July, 2008. He is a non-executive independent director of the Company and is considered as an Independent Director under Clause 49 of the Listing Agreement.

Dr. Anil Naik, aged 70 years, is a Ph. D. from University of Mumbai (Doctoral Thesis on Turnaround Strategies), and M. Com University of Mumbai. He is recipient of the First Bidhan Chandra Roy Memorial Prize of IIM Calcutta for overall outstanding performance during 1964-66 and S. S. Nadkarni Fellowship at University of Mumbai for post Doctoral Research for the year 2000-01. He is awarded the post of Professor Emeritus & Dean Research by Principle L. N. Welingkar Institute of Management Development & Research in the year 2000, Tarneja Award of Bombay Management Association for the Best Management Paper in 1992 and awarded Best Teacher of Management for the year 2002-03 by the Bombay Management Association.

He is appointed as Counsellor by the British Council, Mumbai for Management Courses conducted by British Universities in India in 1999, appointed on Board of Advisors of Business Week, Asian Edition by McGraw Hill Publications in year 2005, appointed on Board of Studies for Management Education Programmes of the University for period of 5 years w.e.f. 1st September, 2005 by University of Mumbai. He is instrumental in designing and conducting Management Development Programmes for a number of corporates across sectors. He has written and published articles on Arthashastra, Industrial Sickness in India, Environment Scanning & Scenario Building, Evolving Role of Chartered Accountants in the New Economy, Hall Marks of New Economy and Winning Competencies.

Dr. Anil Naik is a Director on the Board of Oil Field Instrumentation India Limited, Neterson Technologies Limited, Dai Ichi Karkaria Limited, Indoco Remedies Limited and India Cancer Society. He is a member of Audit Committee and Nomination & Remuneration Committee of the Company. He does not hold any equity shares in the Company.

As per the provisions of Section 149 of the Companies Act, 2013 ("Act") which has come into force from 1st April, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by rotation. Dr. Anil Naik has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act. The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Companies Act 2013, proposing Dr. Anil Naik as a candidate for the office of Director of the Company. In the opinion of the Board, Dr. Anil Naik fulfills the conditions specified in the Act and the Rules made thereunder for appointment as an Independent Director. Considering the overall experience and expertise of Dr. Anil Naik, his appointment on Board as an Independent Director will be in the best interest of the Company.

The matter regarding appointment of Dr. Anil Naik as an Independent Director was placed before the Nomination & Remuneration Committee, which re-commends his appointment as an Independent Director from 25th September, 2014 upto 24th September, 2019.

Copy of the draft letter for appointment of Dr. Anil Naik would be available for inspection without any fee by the Members at the Registered Office of

the Company during normal business hours on any working day, excluding Saturday.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Dr. Anil Naik as an Independent Director is now being placed before the Members in general meeting for their approval.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP, except Dr. Anil Naik is concerned or interested in the Resolution at Item No. 6 of the Notice.

Item No. 7

The members of the company at their Annual General Meeting held on 29th September, 2011 had re-appointed Mr. Nowshir Engineer as a Managing Director for a period of three years with effect from 1st July, 2011. The present tenure of Mr. Nowshir Engineer expired on 30th June, 2014, hence it is proposed to re-appoint him for a further period of three years on such terms and conditions including remuneration in accordance with the Section 196, 197 and 203 read with provisions of Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the approval of members of the Company and Central Government (Ministry of Corporate Affairs) and/or such other authority, as may be required.

The Board of Directors at its meeting held on May 16, 2014 on recommendation and approval of Nomination and Remuneration Committee approved the re-appointment of Mr. Nowshir Engineer as Managing Director of the Company for a period of 3 years with effect from 1st July, 2014 on the following terms :

Details of terms of appointment of Mr. Nowshir Engineer.

1. Period : 3 years w.e.f. 1st July, 2014.
2. Remuneration : He is appointed as Managing Director without any remuneration with authority to Board to modify the terms in consultation with Nomination and Remuneration committee.

The particulars set out in the resolution(s) referred above together with the explanatory statement may be treated as an abstract of the terms and conditions of appointment under Section 190 of the Companies Act, 2013.

Your Directors recommends the ordinary resolution for your approval.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP, except Mr. Nowshir Engineer is concerned or interested in the Resolution at Item No. 7 of the Notice.

Item No. 8

The members of the Company at their Annual General Meeting held on September 22, 2008 approved, by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956, borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 50 crores (Rupees Fifty Crores only).

Section 180(1)(c) of the Companies Act, 2013 effective from September 12, 2013 requires that the Board of Directors shall not borrow monies in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained / to be obtained from the Company's bankers in the ordinary course of business, except with the consent of the Company accorded by way of a special resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, as set out at Item No. 8 of the Notice, to enable the Board of Directors to borrow monies not exceeding ₹ 100 crores (Rupees Hundred Crores only).

Your Directors recommends the special resolution for your approval.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP is concerned or interested in the Resolution set out at Item No. 8 of the Notice.

By Order of the Board of Directors

Place : Mumbai
Date : 8th August, 2014

Dharmesh Parekh
Company Secretary

Regd. Office :
Forum Building, 1st Floor, 11/12,
Raghuvanshi Mills Compound, Senapati Bapat Marg,
Lower Parel (West), Mumbai - 400 013.
CIN No.: L65910MH1983PLC030838
E-mail : companysecretary@greycellsLtd.com

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the Annual Report of the Company along with the Audited Statement of Accounts for the financial year ended 31st March, 2014.

Financial Results

During the year under review, the Company earned total consolidated revenue of ₹ 995.44 lacs for the year as against ₹ 878.82 lacs in the previous year. Standalone revenues during the year stood at ₹ 363.33 lacs as against ₹ 431.23 lacs in the previous year.

The consolidated profit before tax for the year stood at ₹ 57.05 lacs as against consolidated loss before tax ₹ 41.17 lacs in the previous year. Standalone loss before tax for the year was ₹ 20.69 lacs as against loss of ₹ 74.48 lacs in the previous year.

Dividend

The Directors have refrained from recommending dividend for the year.

Operations

The Company is currently engaged in the field of education in media, entertainment and sports management. It runs "EMDI Institute of Media & Communication" - a leader in Advertising, Event Management, PR and Journalism. The Company is currently conducting courses of EMDI at Mumbai, Delhi, Indore, Bhopal, Dubai and Uganda.

The Company through its associate company offers comprehensive program in Sports Management to train future sports marketing and management professionals under "Indian Institute of Sports Management (IISM)".

The Company also offers specialised course in wedding planning through a LLP venture Company.

Directors

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Ms. Bela Desai retires by rotation as Director at the ensuing Annual General Meeting and being eligible, offers herself for reappointment. Brief profile of Ms. Bela Desai is annexed to the Notice of Annual General Meeting as stipulated under Clause 49 of the Listing Agreement with the BSE.

To broad base the Board of Directors, at the Board Meeting held on August 8, 2014, Mr. Farhad Wadia was appointed as an Additional Director with immediate effect. He holds office upto the forthcoming Annual General Meeting pursuant to provisions of Section 161 of the Companies Act, 2013. The Company has received notice under Section 160 of the Companies Act, 2013, proposing his candidature for the office of Director liable to retire by rotation.

Pursuant to Section 149 of the Companies Act, 2013, the Board at its meeting held on August 8, 2014 recommended appointment of Mr. Abbas Patel and Dr. Anil Naik as Independent Directors of the Company, not liable to retire by rotation for a period of five consecutive years from the date of the ensuing Annual General Meeting subject to approval of the Members of the Company. These Directors have given the declarations to the Board that they meet the criteria of independence as provided under Section 149(6) of the said Act and also confirmed that they will abide by the provisions as mentioned in Schedule IV of the Companies Act, 2013. The Company has received notices under Section 160 of the Companies Act, 2013, proposing their candidature for the office of Director not liable to retire by rotation.

Mr. Nowshir Engineer has been re-appointed as Managing Director of the Company for a period of 3 years w.e.f. 1st July, 2014 subject to the approval of members and the Central Government at the ensuing Annual General Meeting.

Share Warrants

As per terms and conditions of share warrants, 16,00,000 share warrants of ₹ 10/- each issued at price of ₹ 21/- (including premium of ₹ 11/-) on 19.06.2012 have lapsed at the expiry of 18 months and initial amount of ₹ 5.25/- each (equivalent to 25% of value of share warrants) paid by warrant holders stands forfeited.

Preferential Issue of Equity Shares

The Company has issued and allotted 19,00,000 equity shares of ₹ 10/- each at par on 13th May, 2014 to Krisma Investments Private Limited (one of the Promoter's of the Company) on preferential allotment basis thereby triggering to an Open Offer. Krisma Investments Private Limited has acquired 2,024 equity shares from public shareholders in the Open Offer pursuant to Regulation 3(1) of SEBI (SAST) Regulations, 2011.

Subsidiary Company

Your Company has two subsidiary companies viz., EMDI (Overseas) FZ LLC, a wholly owned subsidiary and Eduhub Education Private Limited, a joint venture subsidiary. The Company is one of the partners in EMDI Wedding Academy LLP (50% share). A statement containing brief financial details of the Subsidiary Companies for the year ended 31st March, 2014 is included in the notes of the consolidated financial statement. As required under the Companies Act, 1956 and the Listing Agreements with the Stock Exchanges, the Company has prepared the Consolidated Financial Statements of the Company and its Subsidiaries as per Accounting Standard which form part of the Annual Report and Accounts.

The Annual Accounts of the Subsidiary Companies and related detailed information will be made available to the Shareholders of the Company seeking such information. The Annual Accounts of the Subsidiary Companies are also kept for inspection by any members at the Registered Office of your Company.

Auditors

The Company's statutory auditors, M/s. Ford, Rhodes, Parks & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received communication from the Statutory Auditors confirming that their re-appointment, if made, would be within the limits prescribed under the Companies Act, 2013 and they are not disqualified for re-appointment.

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, it is proposed to appoint M/s. Ford, Rhodes, Parks & Co., as Statutory Auditors of the Company from the conclusion of the forthcoming Annual General Meeting till the conclusion of the Annual General Meeting to be held in the year 2017, subject to ratification of their appointment at the subsequent AGMs.

The notes on accounts referred to in the Auditors' Report are self explanatory and therefore do not require further clarification by the Board of Directors.

Fixed Deposits

During the year under review, the Company has not accepted any deposits under Section 58-A of the Companies Act, 1956.

Particulars of employees

Since none of the employees of the Company was drawing remuneration in excess of the limits laid down pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, details therewith are not furnished.

Particulars of Conservation of Energy, technology absorption and foreign exchange earning and outgo

(a) Conservation of Energy

The Company is not involved in any manufacturing activity and hence has low energy consumption levels. Nevertheless, the Company makes all

efforts to conserve and optimize the use of energy by using energy-efficient infrastructure, computers and equipments with latest technologies.

(b) **Technology Absorption and Research and Development**

The Company's research and development focus is on developing new frameworks, processes and methodologies to improve the speed and quality of service delivery.

(c) **Foreign Exchange Earnings and Outgo**

The earnings and expenditure in foreign exchange were as under:

Earnings	₹ 14.68 lacs
Expenditure	₹ 0.62 lacs

Corporate Governance

A separate section on Corporate Governance along with Management Discussion & Analysis forming part of Director's Report and the certificate from the Secretary in Whole Time Practice regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement is annexed to and forms part of the Director's Report.

The Ministry of Corporate Affairs has made majority of the provisions of the Companies Act, 2013 effective from 1st April, 2014. Your Company is already in substantial compliance of most of the governance requirements provided under the new law. Pursuant to the revised Clause 49 of the Listing Agreement your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as prescribed under the Listing Agreement are complied with. Your Company has proactively adopted provisions related to formation of Nomination and Remuneration Committee and Stakeholder Relationship Committee, ahead of implementation of the new law. Your Company is committed to embrace the new law in letter and spirit.

Directors Responsibility Statement

In terms of Section 217 (2AA) of the Companies Act, 1956, in relation to financial statements for the year ended 31st March, 2014, the Board of Directors confirm/state that:

- i. In the preparation of the Annual Accounts the applicable accounting standards have been followed along with proper explanation relating to 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 at 31st March, 2014 and of the loss of the Company for the year ended as 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 and 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.

Acknowledgements

Your Directors wish to thank all Employees, Bankers, Investors, Business Associates, Advisors etc. for their continued support during the year.

By Order of the Board of Directors

Place: Mumbai
Date: 8th August, 2014

Abbas Patel
Chairman

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement)

Company's Philosophy on Corporate Governance

Your Company's philosophy on Corporate Governance is aimed at optimizing the balance between stakeholders' interest and corporate goals through the efficient conduct of its business and meeting their obligation in a manner that is guided by transparency, accountability and integrity. The Company endeavours to comply with the requirements of Corporate Governance not merely as a regulatory requirement but also in spirit.

The Board of Directors of the Company fully support and endorses Corporate Governance practices as per the provisions of the amended Clause 49 of the Listing Agreement as applicable from time to time. The following is a report on the status with respect to compliance with Corporate Governance for the year ended 31st March, 2014.

COMPLIANCE WITH SEBI CODE OF CORPORATE GOVERNANCE

1. Board of Directors:

Five meetings of the Board of Directors were held during the year ended March 31, 2014 on 30.05.2013, 02.08.2013, 11.11.2013, 06.02.2014 and 31.03.2014. Attendance of Directors at the Board Meetings & Annual General Meeting are as under:

Sr. No.	Names of Directors	Number of board meetings held whilst a Board member	Number of Board meetings attended	Whether attended last AGM held on 30.09.2013
1	Nowshir Engineer	5	4	No
2	Bela Desai	5	5	Yes
3	Abbas Patel	5	5	Yes
4	Anil Naik	5	5	Yes
5	Farhad Wadia *	N.A.	N.A.	N.A.

*Mr. Farhad Wadia appointed as an Additional Director w.e.f. August 8, 2014

The Directors of the Company possess highest personal and professional ethics, integrity and values, and are committed to representing the long term interest of the stakeholders. The Company's Board comprises 5 Directors with considerable experience in their respective fields. Of these 4 Directors are Non-Executive Directors. The Chairman of the Board is an Independent Non-Executive Director.

Details of Composition, Category of Directors, their other Directorships, Committee memberships:

Composition and category of Directors						
Sr. No.	Name	Designation	Category	Directorship in other Companies	Board Committees on which member	Board Committees on which Chairperson
1	Abbas Patel	Chairman & Director	Independent, Non-Executive Director	1	3	2
2	Nowshir Engineer	Managing Director	Non-independent, Executive Director	2	1	-
3	Bela Desai	Director	Promoter, Non-Executive Director	2	3	1
4	Anil Naik	Director	Independent, Non-Executive Director	5	2	-
5	Farhad Wadia	Director	Non-independent, Non Executive Director	-	-	-

*Mr. Farhad Wadia appointed as an Additional Director w.e.f. August 8, 2014

No Director is related to any other Director on the Board in terms of the definition of relative given under the Companies Act, 2013.

No compensation is paid to Non-Executive Directors except sitting fees. No sitting fee is paid to the Executive Director for attending the board meetings.

Equity Shares held by Non-Executive Directors are as follows:

Name of Director	Equity Shares held
Abbas Patel	40,000
Bela Desai	4,94,100
Anil Naik	Nil
Farhad Wadia	Nil

A brief profile of the Director offering herself for re-appointment and appointment as independent directors at the Annual General Meeting is provided in the annexure annexed to the notice convening the Annual General Meeting for the year 2014.

2. Audit Committee

The Company has a qualified and Independent Audit Committee with all its members being Non-Executive Directors, to oversee the accounting and financial governance of the Company. The Committee acts as a link between the management, statutory auditors and the Board of Directors. Details of Committee meetings held during the year ended 31st March, 2014 and attendance of members are as under:

Sr. No.	Name	Designation	Category	Number of Meetings	
				Held	Attended
1	Abbas Patel	Chairman & Member	Independent, Non-Executive Director	4	4
2	Bela Desai	Member	Promoter, Non-Executive Director	4	4
3	Anil Naik	Member	Independent, Non-Executive Director	4	4

The role and terms of reference of the Audit Committee covers the areas mentioned in the Clause 49 of the Listing Agreement with the Stock Exchange and Section 177 of the Companies Act, 2013, as amended from time to time, which inter alia includes:

- the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- review and monitor the auditor's independence and performance, and effectiveness of audit process;
- examination of the financial statement and the auditors' report thereon;
- approval or any subsequent modification of transactions of the company with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the company, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- monitoring the end use of funds raised through public offers and related matters.

3. Stakeholders Relationship Committee (formerly termed as Shareholders / Investors' Grievance Committee and Share Transfer Committee)

In accordance with Section 178 of Companies Act, 2013 and Clause 49 of the Listing Agreement, the Shareholders / Investors' Grievance Committee and Share Transfer Committee was merged and renamed as Stakeholders Relationship Committee with effect from

May 13, 2014. Stakeholders Relationship Committee shall consider transfer of shares and resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends.

During the year under review, the Committee met four times, details of attendance by the Committee members are as under:

Sr. No.	Name	Designation	Category	Number of Meetings	
				Held	Attended
1	Bela Desai	Chairperson & Member	Promoter, Non-Executive Director	4	4
2	Abbas Patel	Member	Independent, Non-Executive Director	4	4
3	Nowshir Engineer	Member	Non-Independent, Executive Director	4	3

Mr. Dharmesh Parekh – Company Secretary is the Compliance Officer of the Company as approved by the Board of Directors.

During the year ended March 31, 2014 the Company did not receive any complaints and there were no outstanding complaints pending for more than one month. There were no cases, which were not solved to the satisfaction of shareholders.

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

Particulars	Pending as on 1 st April, 2013	Received during the year	Disposed during the year	Pending as on 31 st March, 2014
No. of Complaints	Nil	Nil	Nil	Nil

4. Nomination and Remuneration Committee (formerly termed as Remuneration Committee)

In accordance with Section 178 of the Companies Act, 2013, Clause 49 of the Listing Agreement and Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time, the Remuneration Committee of the Board was re-named as Nomination & Remuneration Committee with effect from May 13, 2014.

During the year under review, the Committee met one time, details of attendance by the Committee members are as under:

Sr. No.	Name	Designation	Category	Number of Meetings	
				Held	Attended
1	Abbas Patel	Chairman & Member	Independent, Non-Executive Director	1	1
2	Bela Desai	Member	Promoter, Non-Executive Director	1	1
3	Anil Naik	Member	Independent, Non-Executive Director	1	1

The terms of reference of the Committee, as revised by the Board with effect from May 13, 2014, inter alia, consists of :

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;

- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

Remuneration Policy

The Company has a credible and transparent policy in determining and accounting for the remuneration of Directors. The remuneration policy is aimed at attracting and retaining high caliber talent. Executive Director are entitled for the remuneration by way of Salary and Commission not to exceed limits prescribed under the Companies Act, 2013 read with Schedule V of the said Act.

The Executive Director is appointed for a period of 3 years w.e.f. 1st July, 2014. The details of remuneration paid to Managing Director during the year ended 31st March, 2014, have been provided under Notes on Accounts.

5. Independent Directors Committee for Open Offer

During the year, Krisma Investments Private Limited, one of the promoter and promoter group of the Company made a Public Announcement for Open Offer for acquiring 20,56,006 fully paid up equity shares of the Company aggregating to 26% of the total share capital of the Company, from the public shareholders at the offer price of ₹ 10/- per share. In line with the requirements of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the Board of Directors constituted a Committee of Independent Directors to provide reasoned recommendation to the shareholders of the Company on the Open Offer made by Krisma Investments Private Limited. The Committee comprised of Dr. Anil Naik as the Chairman of the Committee and Mr. Abbas Patel as member of the Committee. The Committee met one time on 20th May, 2014 and submitted reasoned recommendations to the shareholders on 24th May, 2014. Being a special purpose Committee, the Committee was dissolved on conclusion of the Open Offer.

6. Code of Conduct

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Management Personnel. The said code has been communicated to the Directors and the Members of the Senior Management Personnel which is also affirmed by them for the financial year ended 31st March, 2014. The declaration affirming compliance by Managing Director is annexed at the end of this report. The Code has also been posted on the Company's website at www.greycellsld.com.

7. Whistle Blower Policy

The Company has adopted a Whistle Blower Policy to provide appropriate avenues to the employees to bring to the attention of the management any issue which is perceived to be in violation of, illegal, unethical behavior or in conflict with the fundamental business principles of the Company. The employees are encouraged to raise any of their concerns by way of whistle blowing and none of the employees have been denied access to the Audit Committee. All cases registered under the Code of Business Principles and the Whistle Blower Policy of the Company, are reported to the Committee of Executive Directors and are subject to the review of the Audit Committee. The Whistle Blower Policy is available on the website of the Company www.greycellsld.com.

8. Subsidiary Company

During the year under review, the Company has two unlisted subsidiary companies namely EMDI (Overseas) FZ LLC and Eduhub Education Private Limited. The Audit Committee reviews the financial statement of the subsidiary companies. The statements of all significant transactions of the unlisted subsidiary companies are placed regularly before the Board of Directors for their review.

The Company is one of the partner in EMDI Wedding Academy LLP (50% share). The Audit Committee also reviews the financial statement of the LLP. The statements of all significant transactions of the LLP are placed regularly before the Board of Directors for their review.

9. Loans and advances in the nature of loan to subsidiaries:

Information pursuant to Clause 32 of the Listing Agreement

(₹ in Lakh)

Name of the Company	Balance as at 31 st March, 2014	Maximum Outstanding during the year
EMDI (Overseas) FZ LLC	31.31	149.79
Eduhub Education Pvt Ltd	7.50	32.23

10. Disclosures

There are no material transactions with related parties, which require separate disclosure. A comprehensive list of related party transactions as required by Accounting Standard (AS) 18 issued by the Institute of Chartered Accountants of India, forms part of note no.31 of Notes to Financial Statements in the Annual Report.

There were no materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

There is no material pecuniary transaction with any Non-Executive as well as Independent Directors of the Company that requires a separate disclosure.

The Board reviews the risk assessment and minimization procedure from time to time. The risk management issues are discussed in detail in the report of Management Discussion and Analysis.

The Management Discussion and Analysis Report is prepared in accordance with the requirements laid out in Clause 49 of the Listing Agreement.

The Company has complied with the requirements of the Listing Agreement as well as the regulations/guidelines prescribed by the Securities and Exchange Board of India. There has been no instance of non-compliance by the Company or no penalties were imposed on the Company by the Bombay Stock Exchange Limited or SEBI or any other statutory authority on any matter related to capital market during the last three years.

The details of compliance with mandatory requirements of Clause 49 are as contained in this Report.

11. Electronic Service of Documents to Members at the Registered Email Address

As a responsible corporate citizen, your Company has been continuously supporting the "Green Initiatives" taken by the Ministry of Corporate Affairs, Government of India (MCA) and Securities and Exchange Board of India (SEBI).

Accordingly, in respect of members who have registered their email addresses, the Company have been dispatching all documents vide electronic form.

In accordance with Rule 18 of the Companies (Management and Administration) Rules, 2014 notified under the Companies Act, 2013, the Companies may give Notice of the General Meetings through electronic mode. Further, the said Rule provides that advance opportunity should be given at least once in a financial year to the members for registering their email address and changes therein, as may be applicable.

Further Rule 11 of the Companies (Accounts) Rules, 2014 notified under the Companies Act, 2013 provides that in case of listed companies, financial statements may be sent by electronic mode to such members whose shareholding is in dematerialized form and whose email ids are registered with the Depository for

communication purposes. As regards members whose shareholding is held in physical form, the financial statements may be sent in electronic mode to those members who have positively consented in writing for receiving by electronic mode.

In view of the above, the Company shall send all documents to members like General Meeting Notices (including AGM), Annual Reports comprising Audited Financial Statements, Directors' Report, Auditors' Report and any other future communication (hereinafter referred as "documents") in electronic form, in lieu of physical form, to all those members, whose email address is registered with Depository Participant (DP)/Registrars & Share Transfer Agents (RTA) (hereinafter "registered email address") and made available to us, which has been deemed to be the member's registered email address for serving the aforesaid documents.

To enable the servicing of documents electronically to the registered email address, we request the members to keep their email addresses validated/updated from time to time. We wish to reiterate that members holding shares in electronic form are requested to please inform any changes in their registered e-mail address to their DP from time to time and members holding shares in physical form have to write to our RTA, M/s Bigshare Services Private Limited at their specified address, so as to update their registered email address from time to time.

Please note that the Annual Report of the Company will also be available on the Company's website www.greycellsld.com for viewing/downloading. However, in case you do desire to receive the Annual Report in physical form, you are requested to inform us by sending an email to companysecretary@greycellsld.com indicating your decision. You will be entitled to receive a copy of the annual report at free of cost. Physical copies of the Annual Report will also be available at our Registered Office in Mumbai for inspection during office hours. Physical copies will be sent to those shareholders who do not have valid e-mail address.

12. Managing Director and CFO Certification

Certificate on Financial Statement from Mr. Nowshir Engineer, Managing Director and Ms. Binal Gala, Chief Financial Officer of the Company in terms of Clause 49 (V) of the Listing agreement entered into with the BSE Limited was placed before the Board of Directors of the Company at their meeting held on 16th May, 2014 and is annexed to this report.

13. Company Secretary's Certificate on Corporate Governance

Certificate from M/s. A. K. Jain & Co, Company Secretaries in terms of Clause 49 (VII) of the Listing agreement is attached and forms part of this report.

14. General Body Meetings

Location and time of last three AGMs held

Year ended 31 st March	Date of AGM	Time of AGM	Venue
2013	September 30, 2013	9.30 A.M.	D-2, 1 st Floor, Poddar Chamber, 126, Mathuradas Compound, N.M. Joshi Marg, Lower Parel (W), Mumbai - 400013
2012	September 28, 2012	9.30 A.M.	D-2, 1 st Floor, Poddar Chamber, 126, Mathuradas Compound, N.M. Joshi Marg, Lower Parel (W), Mumbai - 400013
2011	September 29, 2011	9.30 A.M.	D-2, 1 st Floor, Poddar Chamber, 126, Mathuradas Compound, N.M. Joshi Marg, Lower Parel (W), Mumbai - 400013

Special Resolution passed in the last three Annual General Meetings:

1. Appointment of Firm for holding an office in which Director is a Proprietor - Annual General Meeting held on 29th September, 2011.
2. Appointment of Company for holding an office in which Director is a Director - Annual General Meeting held on 29th September, 2011.
3. Appointment of Company for holding an office in which Director is a Director – Annual General Meeting held on 30th September, 2013.

During the year under review, no special resolution(s) were passed by the Company's shareholders through postal ballot.

Further, no resolution proposed at the ensuing Annual General Meeting needs to be passed through Postal Ballot.

15. Means of communications

Quarterly/annual results are published in Free Press Journal & Nav Shakti. Up-to-date financial results, annual reports, shareholding patterns, press releases, information on new developments and business opportunities are also available on the Company's website www.greycellsltd.com. Shareholders information forms part of the Annual Report.

SHAREHOLDER INFORMATION

AGM: Date, Time and Venue	Thursday, September 25, 2014 at 9.30 a.m. at Forum Building, 1 st Floor, 11/12, Raghuvanshi Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400013.
Corporate Identity Number (CIN)	L65910MH1983PLC030838 With the MCA21 initiative of the Ministry of Corporate Affairs going live, the Company's master data and details of corporate filings made by the Company with the MCA may be viewed by the members and other stakeholders at www.mca.gov.in using the above mentioned CIN
Financial Calendar for 2014-15 (tentative and subject to change)	
- Financial reporting for the quarter ending June 30, 2014	On or before August 15, 2014
- Financial reporting for the quarter ending September 30, 2014	On or before November 15, 2014
- Financial reporting for the quarter ending December 31, 2014	On or before February 15, 2015
- Financial reporting for the year ending March 31, 2015	End May, 2015
Date of Book Closure	September 22, 2014 to September 25, 2014 (both days inclusive)
Dividend Payment Date	N.A.
Listing on Stock Exchanges	BSE Limited
Stock code	Code – 508918
Fees	The Listing fees paid to the BSE for the financial year 2014-15
Market price data	The Company's shares are frequently traded.
Registrar and Share Transfer Agents	Bigshare Services Private Limited E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai – 400 072 Phone : 28470652 / 53 Fax : 28475207 Email: investor@bigshareonline.com

Share Transfer System	Shares transfers in physical form are registered and returned within 15 days of lodgment, if documents are clear in all respects and demat request are normally confirmed within prescribed time from date of the receipt. During the year, the Company has not received any transfer of shares in physical form.
SEBI Complaints Redress System (SCORES)	The investors' complaints are also being processed through the centralized web base complaint redressal system. The salient features of SCORES are availability of centralized data base of the complaints, uploading online action taken reports by the Company. Through SCORES the investors can view online, the actions taken and current status of the complaints.
Dematerialization of shares and liquidity	The Company's equity shares have been admitted in electronic/dematerialized mode by both Central Depository Services (India) Limited and National Securities Depository Limited under the International Securities Identification Number (ISIN) INE791H01011. This number is required to be mentioned in each correspondence relating to the dematerialization of shares of the Company. As on 31 st March, 2014, 59,90,981 equity shares representing 99.72% of the company's total number of shares have been dematerialized. The Company has paid the custodial charges to the respective depository participant for the financial year 2014-15.
E-Voting facility to members	In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL). Pursuant to the amendments made in clause 35B of the Listing Agreement by SEBI, the company has sent assent/dissent forms to the members to enable those who do not have access to e-Voting facility to cast their vote on the shareholders resolution to be passed at the ensuing Annual General Meeting, by sending their assent or dissent in writing .
Plant Locations	N.A.
Registered Office and Address for correspondence	GREYCELLS EDUCATION LTD. Forum Building, 1st Floor, 11/12, Raghuvanshi Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400013

Stock Market Data

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

Month	Bombay Stock Exchange	
	High (₹)	Low (₹)
April' 13	13.65	12.97
May' 13	12.35	11.74
June' 13	-	-
July' 13	11.16	11.16
August' 13	-	-
September' 13	10.61	10.61
October' 13	10.08	10.00
November' 13	10.00	8.18
December' 13	9.80	8.14
January' 14	10.29	9.30
February' 14	9.50	9.50
March' 14	10.46	9.97

• Distribution of Shareholding as on March 31, 2014

Distribution – As on March 31, 2014				
Range	Shareholders		Shares	
No. of Shares	Numbers	% to Total	Numbers	% to Total
1 – 5000	636	73.10	90,487	1.51
5001 – 10000	67	7.70	56,547	0.94
10001 – 20000	48	5.52	81,579	1.36
20001 – 30000	21	2.41	52,081	0.87
30001 – 40000	13	1.49	46,850	0.78
40001 – 50000	12	1.38	57,930	0.96
50001 – 100000	25	2.87	1,90,325	3.17
100001 and above	48	5.52	54,31,916	90.41
Total	870	100.00	60,07,715	100.00

• Shareholding Pattern as on March 31, 2014

Category	No. of shares held	Percentage of shareholding
Promoter's holding		
- Indian Promoters	14,92,567	24.84%
- Foreign Promoters	--	--
Non-Promoters Holding		
Foreign Institutional Investors	4,30,279	7.16%
Bodies Corporate	13,79,086	22.96%
Indian Public	11,90,846	19.82%
Clearing Member	--	--
Non Resident Indians	15,14,937	25.22%
Total	60,07,715	100.00%

Certification on Financial Statement of the Company pursuant to Clause 49 of the Listing Agreement

We, Nowshir Engineer, Managing Director and Ms. Binal Gala, Chief Financial Officer (CFO) of Greycells Education Limited (the Company), certify that:

- A. We have reviewed the Financial Statements and the Cash Flow Statement of the Company both on Standalone and Consolidated basis for the year ended March 31, 2014 and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading; and
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2014 are fraudulent, illegal or violative to the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken to rectify those deficiencies.
- D. During the year:
 - i) There has not been any significant change in internal control over financial reporting;
 - ii) There have not been any significant changes in accounting policies; and
 - iii) There have been no instances of significant fraud of which we are aware that involve management or other employees having significant role in the Company's internal control system over financial reporting.

For Greycells Education Limited

Place: Mumbai
Date : May 16, 2014

Binal Gala
CFO

Nowshir Engineer
Managing Director

Declaration regarding compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct

This is to certify that the Company has laid down Code of Conduct for all Board Members and Senior Management Personnel of the Company and the copies of the same are uploaded on the website of the Company – www.greycells Ltd.com.

Further certified that the Members of the Board of Directors and Senior Management Personnel have affirmed having complied with the Code applicable to them during the year ended 31st March, 2014.

For Greycells Education Limited

Place: Mumbai
Date : May 16, 2014

Nowshir Engineer
Managing Director

Certificate on Corporate Governance pursuant to Clause 49 of the Listing Agreement

To
 The Members of
 Greycells Education Limited.

We have examined the compliance of conditions of Corporate Governance by Greycells Education Limited (The Company), for the year ended 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the Company with the BSE Ltd.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination in accordance with the guidance note on certification of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an express of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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

For A.K. Jain & Co
Company Secretaries

Mumbai
August 8, 2014

Ashish Jain
Proprietor
(C.P.No. 6124)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT
Education Industry

The Indian education sector is one of the largest sunrise sectors contributing to the country's economic and social growth. The Indian education system, considered as one of the largest in the world, is divided into two major segments of core and non-core businesses. While, schools and higher education for the core group, the non-core business consists of pre-schools, vocational training and coaching classes. The education sector in India is evolving, led by the emergence of new niche sectors like vocational training, finishing schools, child-skill enhancement and e-learning. India has emerged as a strong potential market for investments in training and education sector, due to its favorable demographics (young population) and being a services-driven economy.

The late Nelson Mandela once said, "No country can really develop unless its citizens are educated." Education plays an important part in the building of a nation.

It is expected that the Indian education sector's market size will increase to ₹ 602,410 crore (US\$ 100.23 billion) by FY 15 from ₹ 341,180 crore (US\$ 56.77 billion) in FY 12 due to the expected strong demand for quality education.

The inherent nature of the education business (strong operating margins) remains intact even when the enrolment slows down. Maintaining operating margins depends on institutes' ability to reduce costs, it added that strong and established players are comfortably placed to manage high debts. India ratings, however, didn't give any estimate of outstanding debt of education sector.

In India, we believe that education is the key to the task of nation-building. It is also a well-accepted fact that providing the right knowledge and skills to the youth can ensure the overall national progress and economic growth. The Indian education system recognizes the role of education in instilling the values of secularism, egalitarianism, respect for democratic traditions and civil liberties and quest for justice. Combine the thought with the fact that India is a nation of young people - out of a population of above 1.1

billion, 672 million people are in the age-group 15 to 59 years - which is usually treated as the "working age population". It is also being predicted that India will see a sharp decline in the dependency ratio over the next 30 years, which will constitute a major 'demographic dividend' for India.

Vocational Training in India

India has world's second largest working age population, yet many of the vacancies go unfilled in need of the desired candidate. With a near double digit growth during the last decade, the demand for skilled resources has increased manifold. The high proportion of school dropout along with rising impact of technology in almost all industries has expanded the demand of vocational training in India. Vocational training bridges the gap between theoretical classroom training and real work environment through its job-specific skill training.

Vocational Education and Training (VET) also called Career and Technical Education, prepares learners for jobs that are based in manual or practical activities, traditionally non-academic and totally related to a specific trade, occupation or vocation. Generally, vocation and career are used interchangeably.

The VET sector provides the technical skills required by employers, entry-level skills for those leaving the schools system and retraining for those already in or re-entering the workforce. VET provides for the other educational needs of the community and industry.

Media education not only needs theory education but also practical education for the students to build their career in different aspects of journalism and mass communication. The field of journalism includes reporting, editing, advertising, public relations, event management, content writing, cyber journalism and other branches. Presently, media education is one of the most growing disciplines in the academic scenario of India. We are one of the very few companies providing integrated vocational training in media and entertainment space in India, Dubai and Uganda.

Our Company attempts to bridge the widening gap between academia and industry requirements by catering to the students base at vocational level and making them industry ready. The mission of the Company is to create a global conglomerate that sets new standards of excellence in Education, Entertainment and Media and grooms future leaders of the industry.

The Company offers programs that range from skill enhancement courses to job-oriented. The comprehensive courses and content will provide segment specific guidance to make candidates the best in their chosen field. The Company focuses on imparting industry relevant skill to youth to make them industry-ready and skilled personnel using quality content and practices through a combination of class room training.

Media and Entertainment (M&E) Industry and Developments

The Indian Media and Entertainment Industry, one of the most vibrant and exciting industries in the world, has had a tremendous impact on the lives and the Indian economy and is expected to cross USD 2 trillion in 2018 at a CAGR of 6 percent from 2013 to 2018. According to the FICCI-KPMG Media & Entertainment Report 2014, in calendar year 2013, the Indian Media & Entertainment industry registered a growth of 11.8 percent over 2012 and touched INR 918 billion. The overall growth rate remained muted, with a slow GDP growth and a weak rupee. Lower GDP meant lower demand from the consumer and this impacted advertising. At the same time, the industry began to see some benefits from digitization of media products and services and growth in regional media. For projections till 2018, digital advertising is expected to have the highest CAGR of 27.7 percent while all other sub-sectors are expected to grow at a CAGR in the range of 9 to 18 percent. Overall, the industry is expected to register a CAGR of 14.2 percent to touch INR 1785.8 billion by 2018.

Jehil Thakkar, Head of Media and Entertainment, KPMG said that "2013 was a year in which many parts of the M&E industry paused and took stock. In spite of a very challenging macro environment, the industry grew 12%, a far better performance than many other industries." (*Source : FICCI-KPMG Report*).

Investment in educational institutions providing specialized courses for skilled technicians is a step in right direction to develop talent and meet the demand of the industry. The curriculum in media schools can be made sensitive to the actual needs of the industry to impart basic and advanced skills. This will help in creating talent within M&E industry, thereby reducing the need to hire people from other sectors.

Our Company is one of the very few companies providing integrated vocational training in media and entertainment space in India, Dubai and Uganda. The brand name of the Company is dependent on the quality and scope of our course offerings, and we offer and develop new quality educational programs and services that are responsive to the evolving market.

Companies in the Indian media and entertainment industry are currently poised for substantial growth in the coming years. Regulatory interventions have been a key enabler of growth for the sector.

Event Industry

As India builds larger venues to accommodate world class events and the appetite for live events grows, this sector will increasingly grow in size and impact. In spite of being a fairly unorganised and fragmented sub-sector within the M&E market, 'live events' is set to experience fresh initiatives in brand and community building through experimental creations works, and niche event management. Based on KPMG in India analysis, 2014 is expected to be positive in terms of live events – especially intellectual property events (IP-Events) and outbound Meetings, Incentives, Conferences and Exhibitions (MICE). Companies operating in this space are positively investing in creating the necessary infrastructure and are spending significant amounts in 'Below-the-Line' (BTL) advertising. In 2014, the top 20 event firms are expected to see growth in profits from 13 per cent to 20 per cent. 17 Events such as Filmfare Awards, Sunburn, Jaipur Litfest, Lakme Fashion Week, IIFA, NH7 are now established properties in the live events sector.

The Experiential Marketing Industry is growing quite rapidly. However, to achieve quality results, both Brand and agency need to invest in the effort. This necessitates a 'partnership' approach rather than the current

'client-vendor' approach. A deeper understanding of the Brand and its objectives, budgets, relevant creativity, seamless execution of plans and measurability of effectiveness will result in a 'win win' said by Brian Tellis Chairman, Fountainhead and President, EEMA. EEMA estimates that over 12,000 full time event firms operate in India: ranging from the large and organised, to divisions of larger media agencies, to mom-n-pop shops, to in-house specialists, and right up to one man 'co-ordinators'. The sector is witnessing fierce price competition in all sub segments.

2014 will be a slightly better year. Some firms have added more than 25 per cent business in their pipeline, skewed towards the latter half of the year. The economic slowdown, which compelled some event firms to diversify into social events, especially in last couple of years, seems to be lifting. With higher spending on rural BTL, increasing importance of IP led events, and rebound in outbound MICE, this year looks positive across various segments.

Union Budget 2014-15

Education is the other high priority sector for the government. Arun Jaitley's maiden budget covered the whole education sector from end to end. Overall, the sector received an allocation of ₹ 68,728 crore for 2014-15, up from a revised budget estimate of ₹ 61,857 crore in 2013-14. That amounts to an increase of 11.1%. Of this year's total allocation, the school sector got ₹ 51,828 crore, or 9.9% more than the revised budget estimate of 2013-14. For higher education, the minister allocated ₹ 16,900 crore against ₹ 14,698 crore the previous year—up 14.98%. Of the total higher education budget, technical education, which comprises, among others, the Indian Institutes of Technology (IITs) and the Indian Institutes of Management (IIMs), got the lion's share of ₹ 7,138.97 crore. The finance minister pegged an allocation of ₹ 28,635 crore for the Sarva Shiksha Abhiyan, the main vehicle for implementing the Right to Education. The budget allocated ₹ 4,966 crore for the Rashtriya Madhyamik Shiksha Abhiyan, a programme to universalize secondary education. The country needs a large number of centres of higher learning which are world class, the minister said, a view which conflicts with the 12th Five-Year Plan document that had advocated a halt to government-funded higher education.

Outlook

Vocational education and training (VET) focuses on specific trades and imparts the practical skills which allow individuals to engage in a specific occupational activity. VET is not only important in providing employment opportunities to individuals but also helps in enhancing the productivity of firms:

The Company plans to continue to expand its brand and product portfolios and its service and distribution networks in India and abroad in the near future, both organically and inorganically via strategic acquisitions and associations. The Company believes that growth is planned & focused and based on efficient use of available resources to grow the business and we plan to retain and strengthen our leadership position in the marketplace.

Our objective is to impart quality education through standardized and innovative teaching methods and emerge as an integrated education service provider in India. Our vision has to be broad enough to be able to see how we make the individual productive in changing world and what role education and learning can play in it. A broad vision such as this helps craft a corporate strategy that creates superior value for our shareholders. Your Company has continued its journey towards capitalization of the opportunities presented by the rapidly expanding education market. The Company will continue to seek to pursue selective strategic acquisitions, majority investments and joint venture investments to augment its capabilities, broaden its service offerings and increase its geographic presence and to tap the huge unexplored markets both at domestic front as well as global front.

Opportunities and Threats

Opportunities

Being a largely under-penetrated field, the education industry in India holds enormous opportunities for growth. This is mainly due to the growing awareness of the need for quality education as well as the increasing population of students in the country, which are likely to lead to companies in the industry adopting operation models that can enable them to overcome

both rigid regulations as well as low scalability. In areas of services, expertise and knowledge, your Company with its team of professionals is expected to tap the potential opportunities for growth.

The Company is always trying to push the envelope on ways to leverage the opportunities to provide high quality education content to students. It is trying to bring these to the students in every manner in which they would like to utilize it – through varying formats, styles and different devices. The Company has been on the forefront of heralding the next advancement in learning, thus becoming a distinctive player in bringing knowledge to students across geographical and cultural borders.

The Company will look at presence both domestic and internationally as in locations, collaboration with leading universities/education institutions to deliver courses to their existing students and resource/research opportunities globally. This shall mean a multifaceted and multi cultural education imparting entities with focus on world class education and standards. The Company plans to continue to expand its brand, scalability and distribution networks through franchisee/ business associates in India and abroad.

The growing acceptance of vocational institutes and the focus on the media and entertainment sector as a serious career option in the minds of parents, key decision makers, students alike – will ensure that courses presented by Greycells are readily accepted in the market.

In this environment, Greycells strengthened its position by building strong credentials as one of the largest providers of vocational and professional skills across various service sectors. Given the above credentials, the Company is uniquely positioned to take advantage of both the long term trend towards improvement of education and skill levels as well as increasing outsourcing in India and overseas. The Company's diverse operations are testament to its firm focus and strength. The Company is continuously looking for avenues for future growth in education industry and geared up to grab the business opportunities available in India as well as internationally.

Threats

Indian Education system is facing challenges like “poor quality of education” and “access to education”. Both these challenges lead to the underperformance of the education system. The further challenges are uneducated & untrained population, irrelevance of courses, inadequate syllabus, inadequate practical training, poor enrolment, high drop-outs, lack of employment opportunities etc. One of the related challenges is to attract talented people to work with the Company and also retaining the pool of this talent. The management continuously reviews its talent pool for upgradation. The Company is focused on ensuring and has implemented employee friendly policies to retain talent.

The education business has seen the entry of host of new players in almost all the sectors we have established our presence. Education as a business is one of high growth prospects with presence of a mix of various professional academies, private and public schools, international schools/academies, private tutors, government schools etc. The Company operates in a highly competitive environment that is subject to innovations, changes and varying levels of resources available to each players. This can be a matter of concern if the company does not adapt to the changing face of the Industry. The company has been keeping itself abreast with the latest changes in the industry to implement the same in its operation to keep itself ahead of competition.

The key management is responsible for the day-to-day operations and they are indeed the key force in driving the business growth because of their experience and knowledge of industry. There is always a risk that we may lose our key management team. If key management unable or unwilling to continue with us, we may find it difficult to replace such people and our business may be adversely affected. As we are in service industry, our growth and operations are dependent on the management team.

Problem areas in present vocational education and training system

Some of the challenges that confront VET in India are low relevance of vocational education courses to job market needs which leads to low success of VET graduates. There is shortage of quality faculty in vocational training institutes as there is no provision for training of vocational teachers.

Our success is mainly attributable to our reach, experience and quality processes. We recognize that we can only grow and prosper if we can:

- acquire and retain top quality talent on a continual basis
- execute efficiently and manage growth challenges
- education for employability
- deliver relevant and innovative content to the students
- remain close to the students at all times
- on the job training
- earn while you learn
- placement opportunities
- reorientation of vocational courses

Another large challenge is managing expectation from students. Due to the previous achieved success in the field, especially when there was the first mover advantage - if the new courses or existing courses do not live upto expectations, it may lead to dissatisfaction. The Company is well aware of these risks and challenges and has put in place mechanisms to ensure that they are managed and mitigated with adequate timely actions.

Segment-wise Performance

The Company operates in one primary segment but through its subsidiary it operates in geographical segment they are India and International.

Subsidiaries

EMDI (Overseas) FZ LLC is a wholly owned subsidiary of the Company caters into vocation of education, including teaching graduates, undergraduate and working professionals in the field of Event Management & Innovative Marketing, Advertising & Design, Public Relations and Journalism, Wedding Planning, Radio Jockeying and Programming, Disc Jockeying and Music Promotion etc. in the form of class room training and workshops through general courses, specialist programs, comprehensive event and media management courses and training programs in the UAE.

An Associate Company (Eduhub) manages the International Institute of Sports Management (IISM) and imparts education and training in sports management and related areas through the Institute.

Through its LLP venture, the Company has launched specialised course in Wedding Planning.

Risks

Risk is an integral part of corporate world today for any going concern and our endeavor has been to maximize stakeholder value by achieving an appropriate balance between risks and return. Since risk taking is intrinsic to business growth, all business entities face risks either from external environment or from internal operations. The most significant risks which the company has identified with mitigation plan are :

- External Risks (Political, Environment, Slowdown in economic growth, Change in Education policy, Currency Rate Fluctuation, Competition, Changes in Law and Natural Calamities) and
- Internal Risks (Business Concentration, Investment Process, Human Resource Management, Core Faculty etc.)

Further any change in tax law in India, particularly income tax and service tax might be to increase tax liability of the company thereby putting pressure on profitability.

To mitigate the same, the Company has constantly endeavored to broaden the charter of risk management to include opportunities as well as threats. It uses an integrated risk management approach, based on a number of techniques to cover the full range of risks in the framework. Today, risk assessment and mitigation is an important part of decision making and management at all levels of the company. To mitigate this, the Company will initiate steps for rationalization of infrastructure.

Apart from the regular operational & business risks, the other major risks faced by the Company are:

- Business Concentration

The Company's business today is largely concentrated in vocational training primarily in few verticals of media and entertainment.

The poor performance of our Business Associates leads to downfall in projected revenues, which is out of our control. Further low quality services rendered by Business Associates to students may also one of the risk areas for the Company. To mitigate this risk, our senior officers frequently visit the centers and ensure that courses shall be conducted according to the Operational Manual established by the Company. The Company can also take corrective measures to keep up the requisite academic standards.

To mitigate the risk arising from this concentration, the Company will strive towards expanding the Company's business in additional areas of related service offerings.

b) Core Faculty

The faculty plays a pivotal role in the system of education. Further majority of our faculty members are visiting faculties from various industries and are in other occupation besides teaching at our centres. Any exodus by the visiting faculties can have adverse impact on business of the company. Failure to attract / retain qualified faculty members who have the necessary domain expertise or failure to provide continuous training to our faculty members so as to keep them abreast with the changing student expectations, examination pattern and other key trends that are necessary to effectively deliver the course may affect the pace of our growth and teaching quality across all our learning centres in different locations. Also, non availability of qualified faculty in one or more of our locations may have a material and adverse effect on our business.

To overcome, the Company has on full time basis core faculty for relevant streams with relevant experience. All faculty members lecture on subjects of their expertise, resulting in experience sharing, interaction and networking of these professional with the students. The faculty members contribute to our overall performance by providing good quality training to the students and thus enable us to maintain our brand and reputation. The team of outstanding and dedicated faculty members provides comprehensive and systematic guidance to students who aspire for nothing but the best.

c) Entry of other players

The lack of an entry barrier with respect to a private setup offering similar certificate courses is a threat. Centres offering similar courses are the first level of competition, however competition which enters the market, offers a poor product and then is forced to shut down later on is even worse as it spoils the education market and trust towards the other credible players.

d) Enrollment of students

The Company's ability to attract students to enroll for courses depend on several factors such as to offer new courses, enhancing existing courses in response to changing industry needs, student's demands, expanding our geographic reach, effectively marketing courses to a broader base of prospective students and responding to competitive pressures.

Social Responsibility

Your Company believes in being a responsible part of the community and contributing back to it in every possible manner. SWAT (Students Working Against Tobacco) is a youth initiative initiated by EMDI and its students against tobacco, operating at an awareness platform. The objective of SWAT is to urge India's youth to stay away from the ravages and dangers of smoking. The purpose is to persuade young people to never try smoking and to encourage those who are trying to get rid of the habit of smoking. The SWAT team has taken various initiatives in the form of events to spread this message over the years by organizing Smoke Free Bike Rally, College Festival Activities, Candle Walk, Loud and Proud Smoke Free Rock Concert etc.

Internal Control Systems

The Company recognizes the importance of internal controls and has suitable internal control systems and processes in place for the smooth conduct of the business. Internal control systems in the Company are intended to provide reasonable assurance that assets are safeguarded

against loss from unauthorized use and all transactions are executed in accordance with Management's authorization and properly and promptly recorded and accounting records are adequate for the preparation of financial statements and other financial information. The management duly considers and takes appropriate action on the recommendations made by the statutory auditors and independent Audit Committee.

Discussion on Financial Performance with respect to Operational Performance

The financial performance of the year ending March 31, 2014 reflects the steps have been initiated to become a more focused company, moving into areas where we have huge opportunities and greater long term potential.

The authorized share capital of the Company is ₹ 117,000,000/- divided into 11,700,000 equity shares of ₹ 10/- each. The paid up share capital of the Company is ₹ 60,077,150/-divided into 6,007,715 equity shares of par value of ₹ 10/- each.

Highlights of the Company's standalone financial performance are as under:

(₹ in thousand)

Particulars	2013-2014	2012-2013
Revenues	36333.49	43122.78
PBDIT	(5150.92)	(2757.11)
PBT and Exceptional Items	(6112.98)	(7447.76)
PBT	(2068.85)	(7447.76)
PAT	(1533.71)	(6271.79)
EPS :- Basic	(0.26)	(1.04)
Diluted	(0.26)	(0.82)

Human Resources

The Company firmly believes that its human resources are its true assets and constitute the most vital force in moving the organization forward. The key management is responsible for the day-to-day operations and they are indeed the key force in driving the business growth. The Company has strong management team with experience and expertise and focus in the areas of media and entertainment education. To reduce attrition levels, the Company has initiated a number of programs that include an empowered work environment, learning opportunities, employee friendly policies and competitive compensation packages.

FORWARD LOOKING STATEMENT

Forward-looking statement in this Annual Report should be read in conjunction with the following cautionary statements. Certain expectations and projections regarding future performance of the Company referenced in this Annual Report are forward – looking statements. These expectations and projections are based on currently available competitive, financial and economic data along with the Company's operating plans and are subject to certain future events and uncertainties, that could cause actual results to differ materially from those that may be indicated by such statements. The Company undertakes no obligations to publicly update or revise any forward-looking statements, whether as a new information, future events or otherwise.

INDEPENDENT AUDITOR'S REPORT

To the Members of Greycells Education Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Greycells Education Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 the Standards on Auditing issued by The Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in 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 policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of 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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply 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, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm's Registration No. 102860W

Astha Kariya
Partner
Membership No. 122491

Place : Mumbai
Date : 16th May, 2014

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph thereof)

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 (the Act), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of the audit, we further report that: -

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management during the year and there were no material discrepancies noticed on such physical verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its business.
- (c) During the year, the Company has not disposed off a substantial part of fixed assets so as to affect the going concern status of the Company.
2. The Company did not hold any inventories during the year.
3. (a) The Company has granted interest bearing unsecured loans to two companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 18,201,681 and the year-end balance of such loans granted was ₹ 13,373,909.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans given by the Company, are not prima facie prejudicial to the interest of the Company.
- (c) These loans given by the Company are repayable on demand.
- (d) Since the above loans are repayable on demand, the question of overdue amount does not arise.
- (e) The Company has not taken any loans from companies covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, with regard to purchase of fixed assets and for the sale of services. During the course of our audit, we have neither been informed nor have we observed any continuing failure to correct major weaknesses in internal controls.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) Based on the information and explanations given to us, we are unable to comment on whether such transactions exceeding the value of rupees five lakhs in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market prices, as no comparative prices were available in view of the exclusive nature of these transactions.
6. The Company has not accepted any deposits from the public within the meaning of the provisions of Sections 58A and 58AA or any relevant provisions of the Act.
7. *The Company has no internal audit system in operation during the year.* However, in our opinion, the Company had adequate internal controls in place during the year, commensurate with its size and the nature of its business.
8. The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956, of the Company.
9. (a) According to the information and explanations given to us by management and on the basis of the examination of the books of account carried out by us, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Excise Duty, Cess and other statutory dues, wherever applicable, with the appropriate authorities. There were no undisputed arrears of statutory dues outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth tax, service-tax, customs duty, and excise duty which have not been deposited as on 31st March, 2014 on account of any dispute.
10. The accumulated losses of the Company as at 31st March, 2014, are more than fifty percent of its net worth. The Company has incurred cash losses during the financial year ended on 31st March, 2014 and in the immediately preceding financial year.
11. In our opinion, and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of its dues to any financial institution or bank. The Company has not issued any debentures during the year.
12. As per the books and records of the Company examined by us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. Clause (xiii) of the Order is not applicable, as the Company is not a chit fund company or nidhi / mutual benefit fund / society.
14. The Company has not dealt or traded in shares, securities, debentures or other investments during the year.
15. According to the information given to us and as per the records examined by us, the Company has not given any guarantee for the loans taken by others from banks or financial institutions during the year.
16. As per the information and explanations given to us, the Company has not taken any term loan during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. According to the information and explanations given to us by the management and on the basis of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of fraud on or by the Company during the year.

For Ford, Rhodes, Parks & Co.
 Chartered Accountants
 Firm's Registration No. 102860W

Astha Kariya
 Partner
 Membership No. 122491

Place : Mumbai
 Date : 16th May, 2014

Balance Sheet as at 31st March, 2014

	Notes	As At 31st March, 2014 ₹	As At 31st March, 2013 ₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2	60,081,025	60,081,025
(b) Reserves and Surplus	3	187,589,129	180,722,843
(c) Money Received Against Share Warrants	4	-	8,400,000
Non - Current Liabilities			
(a) Long-Term Provisions	5	456,973	408,852
Current Liabilities			
(a) Trade Payables	6	2,700,566	1,988,546
(b) Other Current Liabilities	7	8,025,794	8,127,168
(c) Short-Term Provisions	8	67,653	75,854
Total		258,921,140	259,804,288
ASSETS			
Non-current Assets			
(a) Fixed Assets	9		
(i) Tangible Assets		1,658,861	2,540,377
(ii) Intangible Assets		800,000	1,000,000
(iii) Capital WIP		1,155,050	-
(b) Non-Current Investments	10	213,114,810	213,014,810
(c) Deferred Tax Assets (net)	11	3,378,182	2,843,048
(d) Long-Term Loans and Advances	12	3,874,479	3,005,806
Current Assets			
(a) Current Investments	13	14,060,182	4,000,000
(b) Trade Receivables	14	3,247,038	787,997
(c) Cash and Cash Equivalents	15	2,227,661	14,320,397
(d) Short-Term Loans and Advances	16	15,404,877	17,958,039
(e) Other Current Assets	17	-	333,815
Total		258,921,140	259,804,288
Summary of significant accounting policies	1		
Notes to Financial Statements	1-33		

As Per Our Report of Even Date

For and on behalf of the board

 For Ford, Rhodes, Parks & Co.
 Chartered Accountants
 Firm's Registration No. 102860W

 Nowshir Engineer
 Managing Director

 Abbas Patel
 Director

 Astha Kariya
 Partner
 Membership No: 122491
 Place : Mumbai
 Dated : 16th May, 2014

 Dharmesh Parekh
 Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2014

	Notes	Year Ended 31st March, 2014 ₹	Year Ended 31st March, 2013 ₹
Revenue from Operations	18	32,729,186	39,030,790
Other Income	19	3,604,303	4,091,987
Total Revenue		<u>36,333,489</u>	<u>43,122,777</u>
Expenses:			
Direct Expenses	20	10,966,939	15,231,325
Employee Benefit Expenses	21	5,872,661	6,219,183
Other Expenses	23	24,644,812	24,429,379
Depreciation and Amortization Expense	9	962,056	4,534,487
Finance Costs	22	-	156,167
Total Expenses		<u>42,446,467</u>	<u>50,570,541</u>
Profit/ (Loss) Before Tax Exceptional Items		<u>(6,112,979)</u>	<u>(7,447,764)</u>
Exceptional Items	28	4,044,132	-
Profit Before Tax		(2,068,847)	(7,447,764)
Tax Expense :		<u>(535,133)</u>	<u>(1,175,973)</u>
Current Tax		-	-
Deferred Tax	11	(535,133)	(1,274,988)
Prior Years Tax Adjustments		-	99,015
Profit/(Loss) for the Year		<u>(1,533,714)</u>	<u>(6,271,791)</u>
Earnings per equity share in ₹ -Basic	32	(0.26)	(1.04)
-Diluted		(0.26)	(0.82)
Summary of significant accounting policies	1		
Notes to the financial statements.	1-33		

As Per Our Report of Even Date

 For Ford, Rhodes, Parks & Co.
 Chartered Accountants
 Firm's Registration No. 102860W

 Astha Kariya
 Partner
 Membership No: 122491
 Place : Mumbai
 Dated : 16th May, 2014

For and on behalf of the board

 Nowshir Engineer
 Managing Director

 Abbas Patel
 Director

 Dharmesh Parekh
 Company Secretary

Cash Flow Statement for the year ended 31st March, 2014

	31st March, 2014	31st March, 2013
	₹	₹
Cash Flow from Operating Activities		
Net Profit/ (Loss) before Tax and Exceptional Items	(6,112,979)	(7,447,764)
Adjustments for:		
Depreciation / Amortization	962,056	4,534,487
Provision for Doubtful Debts and Advances	1,823,000	2,099,922
Loss on Sale of Assets	366,536	11,175
Interest Expenses	-	156,167
Interest on Loan to Subsidiaries	(1,735,750)	(2,370,990)
Interest on Fixed Deposits	(178,022)	(663,559)
Gain on Redemption of Mutual Funds	(60,182)	-
Interest on Income Tax Refund	(69,891)	(12,392)
Net Exchange Fluctuation Gain	(1,385,596)	(916,583)
Operating Profit/(Loss) before working capital changes	(6,390,828)	(4,609,536)
Adjustments for:		
Trade and other Payables	712,020	153,851
Provisions	39,920	164,812
Other Current Liabilities	(164,703)	(1,239,687)
Trade Receivables	(4,282,041)	50,515
Loans and Advances	(1,382,645)	600,882
Other Current Assets	333,815	2,999,916
Unrealised Exchange Gain	1,385,596	916,583
	(3,358,038)	3,646,872
Cash generated / (used in) operations	(9,748,867)	(962,665)
Direct taxes (paid) / refund	1,009,142	(154,190)
Interest on Income Tax Refund	69,891	12,392
Net prior year adjustments	-	(99,014)
Extraordinary items / Exceptional Items	4,044,132	-
Net Cash from Operating Activities	(4,625,702)	(1,203,477)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(1,351,298)	-
Proceeds from sale/scrap of Fixed Assets	12,500	160
Redemption of Current Investments	2,000,000	-
Investment in Joint Venture LLP	(100,000)	-
Purchase of Current Investments	(12,060,182)	(4,000,000)
Repayment of Loan from Subsidiaries	2,057,992	6,040,671
Interest on Loan to Subsidiaries	1,735,750	2,370,990
Interest Income	178,022	663,559
Gain on Redemption of Mutual Funds	60,182	-
Net Cash from Investing Activities	(7,467,034)	5,075,380
Cash Flow from Financing Activities		
Share Warrant money received	-	8,400,000
Interest Paid	-	(156,167)
Net Cash from Financing Activities	-	8,243,833
Net Increase/(Decrease) in cash and cash equivalents	(12,092,737)	12,115,737
Cash and cash equivalents at the beginning of the year (Opening Balances)	14,320,398	2,204,661
Cash and cash equivalents at the end of the year (Closing Balances)	2,227,662	14,320,398
Components of Cash and Cash Equivalents:		
Cash on Hand	20,834	15,169
Balance with Bank	2,206,827	14,305,228
	2,227,661	14,320,397

Notes:

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 "Cash Flow Statement".
2. Previous year figures have been re-grouped and rearranged wherever necessary.

As Per Our Report of Even Date

For and on behalf of the board

For Ford, Rhodes, Parks & Co.
 Chartered Accountants
 Firm's Registration No. 102860W

Nowshir Engineer
 Managing Director

Abbas Patel
 Director

Astha Kariya
 Partner
 Membership No: 122491
 Place : Mumbai
 Dated : 16th May, 2014

Dharmesh Parekh
 Company Secretary

Notes to Financial Statements for the year ended 31st March, 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. **Accounting Convention**

The accompanying Financial Statements have been prepared in accordance with the historical cost convention and in accordance with the Companies Act, 1956 and in all material aspects with applicable accounting standards issued by the Institute of Chartered Accountants of India.

b. **Revenue Recognition**

The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis. Income from the student fees are recognized over the period of instruction of course. Non-refundable premier relationship fees receivable under business association agreements are taken to income as and when due.

Dividend income is accounted for as and when declared.

c. **Fixed assets and depreciation**

Fixed assets are carried at cost of acquisition less accumulated depreciation / amortization.

a) The Company provides depreciation on tangible fixed assets as per written down value method at the rates prescribed under Schedule XIV to the Companies Act, 1956.

b) Intangible assets are amortized as under :

i) Goodwill over the period of five years.

ii) Trade Mark over the period of ten years.

iii) Capital expenditure on office improvement is amortized equally over the lease period.

d. **Impairment of Assets**

At each balance sheet date, the Company reviews the carrying value of assets for any possible impairment. An impairment loss is recognized when the carrying amount of asset exceeds its recoverable amount which is the higher of net realizable amount as on the Balance Sheet date and the present value of the economic benefit resulting from the future use of the asset.

e. **Investments**

Investments are capitalized at cost of acquisition plus direct incidental expenses. Provision for diminution in the value of long term investments is made in accordance with Accounting Standard 13 issued by the Institute of Chartered Accountants of India.

f. **Employee Benefits**

The Company provides for gratuity benefits to its employees as per the provisions of The Payment of Gratuity Act, 1972. The gratuity benefit scheme is unfunded and provision for the same is made on actuarial basis.

g. **Foreign Currency Translation**

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the statement of profit and loss of the year.

Monetary assets and liabilities in foreign currency, which are outstanding as at the year end are translated at the year end at the closing exchange rate and resultant exchange difference are recognized in the statement of profit and loss.

Non monetary assets and non-monetary liabilities denomination in foreign currency are measured at historical cost and are translated at exchange rate prevailing at the date of transaction.

h. **Provisions and Contingent Liabilities**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are disclosed in the notes to accounts.

i. **Taxation**

Provision for taxation has been made in accordance with the Income Tax laws prevailing for the relevant assessment years.

j. **Deferred Tax**

Deferred tax assets / liabilities resulting from timing differences between book and tax profits is accounted for at the current rate of tax to the extent that the timing differences are expected to crystallize in future. Deferred tax assets in respect of carried forward business losses and unabsorbed depreciation as per Income Tax provisions is recognized only if there is virtual certainty of recoupment of the same out of future taxable income.

Notes to Financial Statements for the year ended 31st March, 2014

	31st March, 2014	31st March, 2013
	₹	₹
2 Share Capital:		
Authorized :		
11,700,000 (previous year 11,700,000) Equity shares of ₹10 each	117,000,000	117,000,000
	117,000,000	117,000,000
Issued, subscribed and fully paid-up		
6,007,715 Equity shares of ₹ 10 each	60,077,150	60,077,150
Forfeited Shares		
Amount paid up on 1,550 forfeited Equity Shares	3,875	3,875
	60,081,025	60,081,025
a Terms and Rights:		
The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share.		
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
b The above issued, subscribed and paid up share capital includes 540,000 equity shares which were issued to Mr. Nowshir Engineer pursuant to acquisition of EMDI (Overseas) FZ LLC for consideration other than cash in the past five years		
The above issued, subscribed and paid up share capital includes 2,276,215 Equity shares of ₹10 each fully paid up which were issued on rights basis at the premium of ₹40 per share in last five years.		
c The Company has issued a postal ballot notice to the shareholders of the Company on 31.03.2014 for issuing 1,900,000 equity shares of ₹ 10/- each to Krisma Investments Private Limited (one of the member of the promoter and promoter group of the Company) on preferential allotment basis in accordance with the provisions of Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other applicable laws. The same is subject to approval of shareholders through postal ballot process.		
d Shareholders holding more than 5% of Shares		
<u>Name of the Shareholder</u>		
Bela Naishadh Desai	No. of Shares 494,100	494,100
	% holding 8.22%	8.22%
Krisma Investments Pvt Ltd	No. of Shares 711,317	711,317
	% holding 11.84%	11.84%
Koppara Sajeev Thomas	No. of Shares 784,390	884,390
	% holding 13.06%	14.72%
Nowshir Rusi Engineer	No. of Shares 421,000	421,000
	% holding 7.01%	7.01%
Religare Finvest Ltd	No. of Shares 687,162	687,162
	% holding 11.44%	11.44%
3 Reserves and Surplus:		
Securities Premium		
As per last Balance Sheet	285,579,100	285,579,100
Closing Balance	285,579,100	285,579,100
General Reserve		
As per last Balance Sheet	880,566	880,566
Closing Balance	880,566	880,566
Capital Reserve		
As per last Balance Sheet	17,875,000	-
Add: Share Warrant Forfeited	8,400,000	17,875,000
Closing Balance	26,275,000	17,875,000
Deficit in Statement of Profit and Loss:		
As per Last Balance sheet	(123,611,823)	(117,340,032)
Add: Deficit for the year as per the Statement of Profit and Loss	(1,533,714)	(6,271,791)
Closing Balance	(125,145,537)	(123,611,823)
	187,589,129	180,722,843

Notes to Financial Statements for the year ended 31st March, 2014

	31st March, 2014	31st March, 2013
	₹	₹
4 Share Warrants:		
Equity Share Warrants		
1,300,000 partly paid share warrants of ₹ 55 each, ₹ 13.75 paid up	-	17,875,000
1,600,000 partly paid share warrants of ₹ 21 each, ₹ 5.25 paid up	8,400,000	8,400,000
Less: Share Warrants forfeited transferred to Capital Reserve	8,400,000	17,875,000
	-	8,400,000
The company had also issued 1,600,000 Share Warrants of ₹ 10 each in the financial year 2012-13 at a price of ₹ 21 (including premium of ₹ 11). As per the terms of the issue, since the 18 months period expired and holders did not opt for conversion, the same is forfeited by the Company during the year and shown under 'Capital Reserve'.		
5 Non Current Liabilities:		
Long-term Provisions		
Provision for Employee Benefits:		
Gratuity	456,973	408,852
	456,973	408,852
6 Current Liabilities:		
Trade Payables	2,700,566	1,988,546
	2,700,566	1,988,546
7 Other Current Liabilities:		
Advance Fees Received	6,451,202	7,403,246
Other Payables	1,199,487	723,922
Creditors for Capital Goods	63,329	-
Statutory dues Payable	311,776	-
	8,025,794	8,127,168
8 Short-term Provisions:		
Provision for Employee Benefits		
Gratuity	15,446	12,206
Leave Encashment	52,207	63,648
	67,653	75,854

9 Fixed Assets:

Amount in ₹

	Gross Block				Depreciation/ Amortisation				Net Block	
	As at 31/03/2013	Additions During the Year	Disposals During the Year	As at 31/03/2014	Up to 31/03/2013	For the Year	On Disposals	Up to 31/03/2014	W.D.V. as on 31/03/2014	W.D.V. as on 31/03/2013
Tangible Assets:										
Furniture And Fixtures	1,151,226	14,700	408,587	757,339	679,073	85,496	224,452	540,117	217,222	472,153
Office Equipments	2,348,527	37,891	343,136	2,043,282	935,652	206,968	148,235	994,385	1,048,898	1,412,875
Computer System	3,392,591	37,000	-	3,429,591	3,010,335	160,485	-	3,170,820	258,771	382,256
Library Books	172,149	-	-	172,149	172,149	-	-	172,149	-	-
Office Improvements	6,269,110	169,986	-	6,439,096	5,996,017	309,107	-	6,305,125	133,970	273,093
Total A	13,333,603	259,577	751,723	12,841,457	10,793,226	762,056	372,687	11,182,596	1,658,861	2,540,377
Intangible Assets:										
Goodwill	7,635,920	-	-	7,635,920	7,635,920	-	-	7,635,920	-	-
Trade Marks	2,000,000	-	-	2,000,000	1,000,000	200,000	-	1,200,000	800,000	1,000,000
Computer Software	350,000	-	-	350,000	350,000	-	-	350,000	-	-
Total B	9,985,920	-	-	9,985,920	8,985,920	200,000	-	9,185,920	800,000	1,000,000
Total (A+B)	23,319,523	259,577	751,723	22,827,377	19,779,146	962,056	372,687	20,368,516	2,458,861	3,540,377
Capital WIP Previous Year	23,354,903	-	35,380	23,319,523	15,268,705	4,534,487	24,046	19,779,146	1,155,050	-
									3,540,377	

Notes to Financial Statements for the year ended 31st March, 2014

	31st March 2014 ₹	31st March 2013 ₹
10 Non Current Investments:		
Trade Investments (Unquoted, at cost)		
In subsidiaries:		
50 Equity Shares of AED 1000 each in EMDI (Overseas) FZ LLC	161,002,810	161,002,810
10,400 Equity Shares of ₹ 10 each in Eduhub Education Pvt. Ltd.	1,612,000	1,612,000
Non Trade Investment (Unquoted, at cost)		
In Others:		
245,554 Equity Shares of ₹ 10 each in AAT Academy India Ltd.	50,400,000	50,400,000
50,000 Equity Shares of ₹ 10 each in Minds Eye Production Pvt.Ltd.	13,000,000	13,000,000
	63,400,000	63,400,000
Less: Provision For Diminution in Value of Investment in Minds Eye Production Pvt.Ltd.	13,000,000	13,000,000
In Limited Liability Partnership:		
EMDI Wedding Academy LLP		
Partner's Capital - (50% share in profit/ (loss))	100,000	-
	213,114,810	213,014,810
11 Deferred Tax Assets / (Liabilities):		
Deferred Tax Asset (Gross) :		
On Depreciation Differential	2,064,094	2,064,065
On Provision of Gratuity	145,978	130,107
On Provision for Doubtful Debts	1,168,110	648,876
	3,378,182	2,843,048
Deferred Tax Liability (Gross) :	-	-
Deferred Tax Asset (Net) :	3,378,182	2,843,048
No Deferred tax asset has been recognized on unabsorbed depreciation and carried forward business losses as there is no virtual certainty that the same will be realized out of future taxable income.		
12 Long Term Loans and Advances		
(Unsecured and Considered Good):		
Capital Advance	720,000	-
Security Deposits	2,574,000	2,226,000
Advance Tax (Net of Provision)	580,479	779,806
	3,874,479	3,005,806
13 Current Investments:		
Quoted units of Mutual Fund (valued at lower of cost or market value)		
9,85,719.15 units (Previous Year 2,83,838.92 units) IDFC Dynamic Bond Fund- Growth	14,060,182	4,000,000
	14,060,182	4,000,000
Market Value in ₹	14,530,585	4,003,236
14 Trade Receivable - Unsecured:		
Debts overdue for more than six months :		
Considered Good	-	190,045
Considered Doubtful	1,823,000	142,630
Other Debts Considered Good	3,247,038	597,952
	5,070,038	930,627
Less : Provision for Doubtful Debts	1,823,000	142,630
	3,247,038	787,997

Notes to Financial Statements for the year ended 31st March, 2014

	31st March 2014	31st March 2013
	₹	₹
15 Cash and Cash Equivalents:		
Balances with Bank:		
In Current Account	2,206,827	3,763,511
In Fixed Deposit having maturity upto 3 Months	-	10,541,717
Cash on hand	20,834	15,169
	<u>2,227,661</u>	<u>14,320,397</u>
16 Short Term Loans / Advances:		
(Unsecured, Considered Good)		
Loans to Subsidiaries:		
Loan to EMDI (Overseas) FZ LLC	10,923,909	12,231,901
Loan to Eduhub Education Pvt Ltd.	2,450,000	3,200,000
Advance Tax (net of Provisions)	-	809,815
Other Advances	53,000	-
Balances with Statutory Authorities	894,096	855,713
Loan to Employees	33,000	61,800
Prepaid Expenses	1,050,872	798,810
	<u>15,404,877</u>	<u>17,958,039</u>
17 Other Current assets		
Accrued Interest on Fixed Deposit	-	333,815
Receivable From Business Associate	1,957,292	1,957,292
Less: Provision For Doubtful Receivable (Refer Note No 27)	1,957,292	-
	<u>-</u>	<u>333,815</u>
18 Revenue from Operations		
Course Fees	32,729,186	37,830,790
Income from Premier Relationship fees	-	1,200,000
	<u>32,729,186</u>	<u>39,030,790</u>
19 Other Income		
Interest Income on:		
Bank Fixed Deposits	178,022	663,559
Loan to Subsidiaries	1,735,750	2,370,990
Loan to Business Associate	-	34,592
	<u>1,913,772</u>	<u>3,069,141</u>
Gain on Redemption of Mutual Fund	60,182	-
Provision No Longer Required Written Back	142,630	-
Exchange Gain Fluctuation (Net)	1,385,596	916,583
Sundry Balances Written Back	4,748	74,340
Interest on Income Tax Refund	69,891	12,392
Miscellaneous Income	27,484	19,531
	<u>3,604,303</u>	<u>4,091,987</u>
20 Cost of Services Rendered (Direct)		
Faculty Fees	2,039,963	3,228,967
Business Auxiliary Services	8,153,090	10,630,590
Certification Fees	709,065	1,050,516
Student Activities	64,821	321,252
	<u>10,966,939</u>	<u>15,231,325</u>
21 Employee Benefit Expenses		
Salaries, Wages and Bonus	5,653,658	5,911,851
Staff Welfare Expenses	115,435	134,750
Leave Encashment	52,207	71,418
Gratuity Expenses	51,361	101,164
	<u>5,872,661</u>	<u>6,219,183</u>

Notes to Financial Statements for the year ended 31st March, 2014

	31st March 2014	31st March 2013
	₹	₹
22 Finance Cost:		
Interest	-	156,167
	-	156,167
23 Other Expenses:		
Electricity Charges	652,535	618,793
Rent	8,545,601	8,426,559
Repair and Maintenance	442,880	310,510
Rates and Taxes	10,779	41,620
Auditors Remuneration		
Audit Fees	100,000	80,000
Others	21,050	60,000
Limited Review Fees	45,000	45,000
Legal and Professional Fees	6,016,215	5,553,663
Advertisement and Marketing Expenses	4,309,275	4,713,705
Directors Sitting Fees	15,000	16,000
Postage and Courier	15,004	61,274
Printing and Stationery	163,980	193,084
Company Law Matter and Listing Fees	204,233	561,923
Telephone Expenses	438,673	424,944
Travelling Expenses	646,972	521,533
Conveyance Expenses	281,050	442,657
Loss on Sale/Scrapping of Fixed Assets	366,536	11,175
Provision For Doubtful Debts	1,823,000	142,630
Provision For Doubtful Receivable from Business Associate	-	1,957,292
Other Miscellaneous Expenses	547,029	247,017
	24,644,812	24,429,379

24 Contingent Liability:

Capital commitment not provided for (net of advances) ₹ 443,968 (Previous Year Nil)

25 The Company has carried out business operations only in the segment of 'Vocational Education' during the year. The Company does not have more than one segment eligible for reporting in terms of Accounting Standard 17 issued by The Institute of Chartered Accountant of India.

26 No vendors have informed the Company of their being registered under the Micro, Small and Medium Enterprises Development Act, 2006. Hence, as per the information available with the Company, there are no amounts payable to such vendors as at the year end.

27 The business association with Mrs. Ruchi Mahajan has concluded in terms of Understanding in the previous year. The balance outstanding amount of ₹19,57,292 which is doubtful of recovery has been provided for in the financial statement under the head "Other Current Assets".

28 The exceptional item of ₹ 4,044,132 (previous year Nil) shown in the statement of profit and loss represents compensation (net of related expenses) received from past Business Associate in terms of consent decree as full and final settlement of the claim against them.

29 Foreign Currency Income and Expenses

PARTICULARS	2013-14 (₹)	2012-13 (₹)
Earnings In Foreign Currency		
Interest	1,468,050	1,935,293
Expenses in Foreign Currency		
Travelling	62,182	106,074

30 The Company operates an unfunded gratuity scheme for its employees. The disclosures in respect of the scheme as required in the Accounting Standard 15 – 'Employee Benefits', issued by the Institute of Chartered Accountants of India' are given below :

Defined Benefit Plans**Gratuity Scheme (Unfunded Scheme)**

In accordance with Accounting Standard 15 (Revised 2005), actuarial valuation was performed in respect of the aforesaid defined benefit plans based on the following assumptions:-

I	Assumptions as at	Valuation Date 31st March, 2014	Valuation Date 31st March, 2013
	Mortality	LIC(1994-96)Ult	LIC(1994-96)Ult
	Discount Rate	9.20%	8.05%
	Rate of increase in compensation	6%	6%
	Rate of return (expected) on plan assets	-	-
	Withdrawal rates	2%	2%
II	Changes in present value of obligations	Valuation Date 31st March, 2014	Valuation Date 31st March, 2013
	PVO at beginning of period	421,058	319,894
	Interest cost	33,895	27,991
	Current Service Cost	132,578	133,936
	Benefits Paid (transfer out as at 31.12.2011)	-	-
	Actuarial (gain)/loss on obligation	(115,112)	(60,763)
	PVO at end of period	472,419	421,058

Notes to Financial Statements for the year ended 31st March, 2014

III	Changes in fair value of plan assets	Valuation Date 31st March, 2014	Valuation Date 31st March, 2013
	Fair Value of Plan Assets at beginning of period	-	-
	Adjustment to Opening Fair Value of Plan Assets	-	-
	Expected Return on Plan Assets	-	-
	Contributions	-	-
	Benefit Paid	-	-
	Actuarial gain/(loss) on plan assets	-	-
	Fair Value of Plan Assets at end of period	-	-
IV	Fair Value of Plan Assets	Valuation Date 31st March, 2014	Valuation Date 31st March, 2013
	Fair Value of Plan Assets at beginning of period	-	-
	Adjustment to Opening Fair Value of Plan Assets	-	-
	Actual Return on Plan Assets	-	-
	Contributions	-	-
	Benefit Paid	-	-
	Fair Value of Plan Assets at end of period	-	-
	Funded Status	(472,419)	(421,058)
	Excess of actual over estimated return on Plan Assets	-	-
V	Actuarial Gain/(Loss) Recognized	Valuation Date 31st March, 2014	Valuation Date 31st March, 2013
	Actuarial Gain/(Loss) for the period (Obligation)	115,112	60,763
	Actuarial Gain/(Loss) for the period (Plan Assets)	-	-
	Total Gain/(Loss) for the period	115,112	60,763
	Actuarial Gain/(Loss) recognized for the period	115,112	60,763
	Unrecognized Actuarial Gain/(Loss) at end of period	-	-
VI	Amounts to be recognized in the Balance Sheet and statement of Profit & Loss Account	Valuation Date 31st March, 2014	Valuation Date 31st March, 2013
	PVO at end of period	472,419	421,058
	Fair Value of Plan Assets at end of period	-	-
	Funded Status	(472,419)	(421,058)
	Unrecognized Actuarial Gain/(Loss)	-	-
	Net Asset/(Liability) recognized in the balance sheet	(472,419)	(421,058)
VII	Expense recognized in the statement of P & L A/C	Valuation Date 31st March, 2014	Valuation Date 31st March, 2013
	Current Service Cost	132,578	133,936
	Interest cost	33,895	27,991
	Expected Return on Plan Assets	-	-
	Net Actuarial (Gain)/Loss recognized for the period	(115,112)	(60,763)
	Expense recognized in the statement of P & L A/C	51,361	101,164

VIII	Movements in the Liability recognized in Balance Sheet	Valuation Date 31st March, 2014	Valuation Date 31st March, 2013
	Opening Net Liability	421,058	319,894
	Adjustment to Opening Fair Value of Plan Assets	-	-
	Expenses as above	51,361	101,164
	Contribution paid	-	-
	Closing Net Liability	472,419	421,058
IX	Experience Analysis - Liabilities	Valuation Date 31st March, 2014	Valuation Date 31st March, 2013
	Actuarial (Gain)/Loss due to change in bases	(71,142)	36,391
	Experience (Gain) / Loss due to Change in Experience	(43,970)	(97,154)
	Total	(115,112)	(60,763)
	Experience Analysis - Plan Assets		
	Experience (Gain) / Loss due to Change in Plan Assets	-	-
X	Schedule VI Details	Valuation Date 31st March, 2014	Valuation Date 31st March, 2013
	Current Liability	15,446	12,206
	Non-Current Liability	456,973	408,852

31 Related Party Disclosures :

(A) List of Companies under Common Control

Subsidiaries

EMDI (Overseas) FZ LLC

Eduhub Education Pvt Ltd

Joint Venture

EMDI Wedding Academy LLP - (50% Share in Profit/(Loss))

(B) Names of related parties with whom transactions have taken place during the year / (previous year) :

- a) Key Management Personnel : (No transaction during the year/ previous year) Mr. Nowshir Engineer
- b) Transactions with Related Parties :

Nature of Transactions	Joint Venture	Subsidiaries
Loan given received back		
EMDI (Overseas) FZ LLC	-	3,131,283
	-	(5,578,811)
Eduhub Education Pvt Ltd	-	750,000
	-	(1,300,000)
Business auxiliary services paid		
Eduhub Education Pvt Ltd	-	1,354,340
	-	(3,231,731)
Business auxiliary services received		
EMDI Wedding Academy LLP	490,000	-
	-	-
Interest Received		
EMDI (Overseas) FZ LLC	-	1,468,050
	-	(1,935,293)
Eduhub Education Pvt Ltd	-	267,700
	-	(435,697)
Balances of related enterprises at the year end		
Receivable:		
EMDI (Overseas) FZ LLC	-	10,923,909
	-	(12,231,901)
Eduhub Education Pvt Ltd	-	2,450,000
	-	(3,200,000)

* Figures in bracket indicate previous year figures

Notes to Financial Statements for the year ended 31st March, 2014

32 Earning Per Equity Share	31st March 2014	31st March 2013
Profit After Tax	(1,533,714)	(6,271,791)
Number of Equity Shares- Basic	6,007,715	6,007,715
Number of Equity Shares- Diluted	6,007,715	7,607,715
Earning Per Share (Basic)	(0.26)	(1.04)
Earning Per Share (Diluted)	(0.26)	(0.82)

33 Previous period figures have been regrouped / recast wherever necessary to make them comparable.

As Per Our Report of Even Date

For and on behalf of the board

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm's Registration No. 102860W

Nowshir Engineer
Managing Director

Abbas Patel
Director

Astha Kariya
Partner
Membership No: 122491
Place : Mumbai
Dated : 16th May, 2014

Dharmesh Parekh
Company Secretary

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

Name of the Subsidiary	EMDI (Overseas) FZ LLC	Eduhub Education Pvt.Ltd.
(A) The Financial Year of the Subsidiary Company	31st March, 2014	31st March, 2014
(B) Shares of the Subsidiary held by GREYCELLS EDUCATION LIMITED on the above dates		
(a) Number and face value	50 Equity Shares of AED 1000 each fully paid up.	20,400 Equity Shares of ₹10 each fully paid up.
(b) Extent of holding	100%	51%
(C) The net aggregate of Profit/(Loss) of the Subsidiary Companies so far as it concerns the members of GREYCELLS EDUCATION LTD.		
(a) not dealt with in the accounts of GREYCELLS EDUCATION LTD. for the year ended March 31, 2014 amounted to-		
(i) For the subsidiary's financial year ended as in (A) above.	AED 4,88,987	₹ 6,26,452
(ii) For the previous financial years of the subsidiary since they became the Holding Company's Subsidiary.	AED (1,62,557)	₹ (30,94,165)
(b) dealt with in the accounts of the GREYCELLS EDUCATION LTD. for the year ended March 31, 2014 amounted to-		
(i) For the Subsidiary's financial year ended as in (A) above.	NIL	NIL
(ii) For the previous financial years of the Subsidiary since they became the Holding Company's Subsidiary.	NIL	NIL

Name of the Company	Share Capital	Reserves	Total Assets	Total Liabilities	Details of Investment	Turnover	Profit Before Taxation	Provision for Taxation	Profit/(loss) After Taxation	Proposed Dividend
	AED	AED	AED	AED	AED	AED	AED	AED	AED	AED
EMDI (Overseas) FZ LLC	50,000	(771,894)	829,627	1,551,521	-	3,467,040	488,987	-	488,987	-
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Eduhub Education Pvt. Ltd	204,000	(3,330,652)	3,041,195	6,167,847	-	12,199,006	1,075,829	(152,509)	1,228,338	-

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Greycells Education Limited

We have audited the accompanying consolidated financial statements of Greycells Education Limited ("the Company") and its subsidiaries (the Company and its subsidiaries constitutes "the group"), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

Other Matter

We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of ₹ 232.22 lacs as at 31st March, 2014, total revenues of ₹ 657.13 lacs and total expenditure ₹ 600.62 lacs for the year ended on that date, as considered in the consolidated financial statements.

These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of the subsidiaries, is based solely on the report of the other auditors.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, loss of the Group for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Matter of Emphasis

We draw attention to note 34 to the consolidated financial statements, which states that although the net worth of one of the subsidiary – EMDI (Overseas) FC LLC is completely eroded the same is consolidated on going concern basis for the reasons stated in the said note.

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm's Registration No. 102860W

Astha Kariya
Partner

Membership No. 122491

Mumbai : 16th May, 2014

Consolidated Balance Sheet as at 31st March, 2014

	Notes	As At 31st March, 2014	As At 31st March, 2013
		₹	₹
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2	60,081,025	60,081,025
(b) Reserves and Surplus	3	185,857,472	171,051,782
(c) Money Received Against Share Warrants	4	-	8,400,000
Minority Interest		(1,538,676)	(2,163,680)
Non - Current Liabilities			
(a) Long-Term Provisions	5	1,996,782	2,232,791
Current Liabilities			
(a) Short-Term Borrowings	6	1,000,000	1,000,000
(b) Trade Payables	7	2,700,566	2,003,563
(c) Other Current Liabilities	8	23,982,007	25,014,125
(d) Short-Term Provisions	9	67,653	75,854
Total		274,146,828	267,695,461
ASSETS			
Non-Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		4,780,248	4,749,170
(ii) Intangible Assets		174,000,263	174,213,263
(iii) Capital WIP		1,155,050	-
(b) Non-Current Investments	11	50,400,000	50,400,000
(c) Deferred Tax Assets (net)	12	3,682,928	2,995,285
(d) Long-Term Loans and Advances	13	4,689,269	3,785,706
Current Assets			
(a) Current Investments	14	14,060,182	4,000,000
(b) Trade Receivables	15	3,411,727	1,634,941
(c) Cash and Cash Equivalents	16	13,969,928	19,914,527
(d) Short-Term Loans and Advances	17	3,997,233	5,668,754
(e) Other Current Assets	18	-	333,815
Total		274,146,828	267,695,461
Significant accounting policies	1		
Notes to the Financial Statements.	1-37		

As Per Our Report of Even Date

For and on behalf of the board

 For Ford, Rhodes, Parks & Co.
 Chartered Accountants
 Firm's Registration No. 102860W

 Nowshir Engineer
 Managing Director

 Abbas Patel
 Director

 Astha Kariya
 Partner
 Membership No: 122491
 Place : Mumbai
 Dated : 16th May, 2014

 Dharmesh Parekh
 Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31st March, 2014

	Notes	Year Ended 31st March, 2014 ₹	Year Ended 31st March, 2013 ₹
Revenue from Operations	19	96,898,364	86,953,280
Other Income	20	2,646,005	929,052
Total Revenue		<u>99,544,369</u>	<u>87,882,332</u>
Expenses:			
Direct Expenses	21	20,191,370	16,001,930
Employee Benefit Expenses	22	21,190,474	20,931,737
Finance Costs	23	-	156,657
Depreciation and Amortization	10	1,628,796	5,616,298
Other Expenses	24	56,238,389	49,292,745
Total Expenses		<u>99,249,029</u>	<u>91,999,366</u>
Profit/ (Loss) Before Exceptional Items And Tax		295,340	(4,117,035)
Exceptional Items	25	4,044,132	-
Profit/ (Loss) Before Prior Period Items		<u>4,339,472</u>	<u>(4,117,035)</u>
Prior Period Items			
Prior Period Income - Depreciation Reversal		1,365,776	-
Profit / (Loss) After Prior Period Items and Before Tax		<u>5,705,248</u>	<u>(4,117,035)</u>
Tax Expense :		<u>(687,642)</u>	<u>(1,288,343)</u>
Current Tax		-	-
Deferred Tax	12	(687,642)	(1,387,358)
Previous Year Tax		-	99,015
Profit/(Loss) for the Year		<u>6,392,890</u>	<u>(2,828,691)</u>
Less: Minority Interest		625,003	(184,030)
Profit/(Loss) for the Year		<u>5,767,887</u>	<u>(2,644,662)</u>
Earnings per equity share in ₹ -Basic	34	0.96	(1.45)
-Diluted		0.96	(1.19)
Significant accounting policies	1		
Notes to the Financial Statements.	1-37		

As Per Our Report of Even Date

 For Ford, Rhodes, Parks & Co.
 Chartered Accountants
 Firm's Registration No. 102860W

 Astha Kariya
 Partner
 Membership No: 122491
 Place : Mumbai
 Dated : 16th May, 2014

For and on behalf of the board

 Nowshir Engineer
 Managing Director

 Abbas Patel
 Director

 Dharmesh Parekh
 Company Secretary

Consolidated Cash Flow Statement for the year ended 31st March, 2014

	31st March 2014 ₹	31st March 2013 ₹
Cash Flow from Operating Activities		
Net Profit/ (Loss) before Tax and Exceptional Items	295,340	(4,117,035)
Adjustments for:		
Depreciation / Amortization	1,628,796	5,616,298
Provision for Doubtful Debts and Advances	2,665,798	2,329,439
Loss on Sale of Assets	349,293	240,427
Interest Expenses	-	156,657
Interest on Fixed Deposits	(178,022)	(663,559)
Gain on Redemption of Mutual Funds	(60,182)	-
Interest on Income Tax Refund	(74,486)	(12,392)
Operating Profit / (Loss) before working capital changes	4,626,537	3,549,835
Adjustments for:		
Trade and other Payables	697,003	143,164
Provisions	(244,211)	878,873
Other Current Liabilities	(1,095,447)	3,580,742
Trade Receivables	(4,442,584)	(408,261)
Loans and Advances	(189,414)	44,726
Other Current Assets	333,815	2,999,916
	(4,940,837)	7,239,160
Cash generated / (used in) operations	(314,301)	10,788,995
Direct taxes (paid) / refund	957,372	(227,040)
Interest on Income Tax Refund	74,486	12,392
Net Prior Year Adjustments Due to Tax	-	(99,009)
Cash Flow before extraordinary items	717,557	10,475,338
Extraordinary items / Exceptional Items	4,044,132	-
Prior Period Items	1,365,776	-
Foreign Currency Translation Reserve	637,802	(192,500)
Net Cash from Operating Activities	6,765,267	10,282,837
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(2,927,697)	(138,669)
Proceeds from sale/scrap of Fixed Assets	39,809	28,863
Proceeds from sale of Current Investments	2,000,000	-
Purchase of Current Investments	(12,060,182)	(4,000,000)
Interest Income	178,022	663,559
Gain on Redemption of Mutual Funds	60,182	-
Net Cash used in Investing Activities	(12,709,866)	(3,446,247)
Cash Flow from Financing Activities		
Share Warrant money received	-	8,400,000
Interest	-	(156,657)
Short Term Loans Taken During The Year	-	300,000
Short Term Loans Repaid During The Year	-	(82,683)
Net Cash from Financing Activities	-	8,460,660
Net Increase / (Decrease) in Cash and Cash Equivalents	(5,944,599)	15,297,251
Cash and Cash Equivalents at the Beginning of The Year (Opening Balances)	19,914,527	4,617,276
Cash and Cash Equivalents at the End of The Year (Closing Balances)	13,969,928	19,914,527
Components of Cash and Cash Equivalents:		
Cash on Hand	26,122	32,105
Balance with Bank	13,943,806	19,882,422
	13,969,928	19,914,527

Notes:

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 "Cash Flow Statement".
- Previous year figures have been re-grouped and rearranged wherever necessary.

As Per Our Report of Even Date

For and on behalf of the board

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm's Registration No. 102860W

Nowshir Engineer
Managing Director

Abbas Patel
Director

Astha Kariya
Partner
Membership No: 122491
Place : Mumbai
Dated : 16th May, 2014

Dharmesh Parekh
Company Secretary

Notes to Consolidated Financial Statements for the year ended 31st March, 2014
1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:
a. Accounting Convention

The accompanying Financial Statements have been prepared in accordance with the historical cost convention and in accordance with the Companies Act, 1956 and in all material aspects with applicable accounting standards issued by the Institute of Chartered Accountants of India.

Principles of Consolidation

The consolidated financial statements are prepared on following basis:

- i) The Financial Statements of Subsidiaries have been combined on the line by line basis by adding together the book value of like items of assets, liabilities, income, expenditure after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses.
- ii) The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions or other events in similar circumstances and are presented to the extent possible, in the same manner as the parent company's financial statement. Necessary adjustments have been made to the audited accounts of the subsidiary for adopting uniform accounting policies for the purpose of consolidation.
- iii) The functional currency of the Parent Company is Indian Rupee. The functional currency of the subsidiary is its respective local currency. Its accounts are converted from its local currency to Indian Rupees in the following manner :

All income and expenses items are translated at the average rate of exchange applicable for the period. All monetary and non-monetary assets and liabilities are translated at the closing rate as on Balance Sheet date. The equity share capital is stated at the exchange rate at the date of investment. The exchange difference arising out of the year/period end translation is debited or credited to Foreign Currency Translation Account.

- iv) The difference between the Company's cost of investment in the subsidiaries over its portion of equity at the time of acquisition of shares is recognized in the consolidated financial statements as Goodwill or Capital Reserve as the case may be.

b. Revenue Recognition

The Group follows the mercantile system of accounting and recognizes income and expenditure on accrual basis. Income from the student fees are recognized over the period of instruction of course. Non-refundable premier relationship fees receivable under business association agreements are taken to income as and when due.

Dividend income is accounted for as and when declared.

c. Fixed assets and depreciation

Fixed assets are carried at cost of acquisition less accumulated depreciation / amortization.

- a) The Group provides depreciation on tangible fixed assets as per written down value method at the rates prescribed under Schedule XIV to the Companies Act, 1956.
- b) Intangible assets are amortized as under :
 - i) Goodwill over the period of five years.
 - ii) Trade Mark over the period of ten years.
 - iii) Capital expenditure on office improvement is amortized equally over the lease period.

d. Impairment of Assets

At each balance sheet date the Group reviews the carrying value of assets for any possible impairment. An impairment loss is recognized when the carrying amount of asset exceeds its recoverable amount which is the higher of net realizable amount as on the Balance Sheet date and the present value of the economic benefit resulting from the future use of the asset.

e. Investments

Investments are capitalized at cost of acquisition plus direct incidental expenses. Provision for diminution in the value of long term investments is made in accordance with Accounting Standard 13 issued by the Institute of Chartered Accountants of India.

f. Employee Benefits

The Company provides for gratuity benefits to its employees as per the provisions of The Payment of Gratuity Act, 1972. The gratuity benefit scheme is unfunded and provision for the same is made on actuarial basis.

g. Foreign Currency Translation

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the profit and loss account of the year.

Monetary assets and liabilities in foreign currency, which are outstanding as at the year end are translated at the year end at the closing exchange rate and resultant exchange difference are recognized in the profit and loss account.

Non monetary assets and non-monetary liabilities denomination in foreign currency are measured at historical cost and are translated at exchange rate prevailing at the date of transaction.

h. Provisions and Contingent Liabilities

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are disclosed in the notes to accounts.

i. Taxation

Provision for taxation has been made in accordance with the Income Tax laws prevailing for the relevant assessment years.

j. Deferred Tax

Deferred tax assets / liabilities resulting from timing differences between book and tax profits is accounted for at the current rate of tax to the extent that the timing differences are expected to crystallise in future. Deferred tax assets in respect of carried forward business losses and unabsorbed depreciation as per Income Tax provisions is recognized only if there is virtual certainty of recoupment of the same out of future taxable income.

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

	31st March, 2014	31st March, 2013
	₹	₹
2 Share Capital:		
Authorized :		
11,700,000 (previous year 11,700,000) Equity shares of ₹ 10 each	117,000,000	117,000,000
	117,000,000	117,000,000
Issued, subscribed and fully paid-up		
6,007,715 Equity shares of ₹ 10 each	60,077,150	60,077,150
Forfeited Shares		
Amount paid up on 1,550 forfeited Equity Shares	3,875	3,875
	60,081,025	60,081,025
a Terms and Rights:		
The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.		
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		
b The above issued, subscribed and paid up share capital includes 540,000 equity shares which were issued to Mr. Nowshir Engineer pursuant to acquisition of EMDI (Overseas) FZ LLC for consideration other than cash in the past five years.		
The above issued, subscribed and paid up share capital includes 2,276,215 Equity shares of ₹ 10 each fully paid up which were issued on rights basis at the premium of ₹ 40 per share in last five years.		
c The Company has issued a postal ballot notice to the shareholders of the Company on 31.03.2014 for issuing 1,900,000 equity shares of ₹ 10/- each to Krisma Investments Private Limited (one of the member of the promoter and promoter group of the Company) on preferential allotment basis in accordance with the provisions of Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other applicable laws. The same is subject to approval of shareholders through postal ballot process.		
d Shareholders holding more than 5% of Shares		
<u>Name of the Shareholder</u>	No. of Shares	
Bela Naishadh Desai	494,100	494,100
	% holding	8.22%
Krisma Investments Pvt Ltd	711,317	711,317
	% holding	11.84%
Koppara Sajeeve Thomas	784,390	884,390
	% holding	13.06%
Nowshir Rusi Engineer	421,000	421,000
	% holding	7.01%
Religare Finvest Ltd	687,162	687,162
	% holding	11.44%
3 Reserves and Surplus:		
Securities Premium:		
As per last Balance Sheet	285,579,100	285,579,100
Closing Balance	285,579,100	285,579,100
General Reserve :		
As per last Balance Sheet	880,566	880,566
Closing Balance	880,566	880,566
Capital Reserve:		
As per last Balance Sheet	17,875,000	-
Add: Share Warrant Forfeited	8,400,000	17,875,000
Closing Balance	26,275,000	17,875,000
Exchange Fluctuation Reserve:		
As per last Balance sheet	(3,158,432)	(2,965,932)
Add: Addition during the year	637,802	(192,500)
Closing Balance	(2,520,630)	(3,158,432)
Deficit in Statement of Profit and Loss:		
As per last Balance sheet	(130,124,451)	(127,479,789)
Add: Profit for the year as per the Statement of Profit And Loss	6,392,890	(2,828,692)
Less: Minority Interest	(625,003)	184,030
Closing Balance	(124,356,564)	(130,124,451)
	185,857,472	171,051,782

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

	31st March, 2014	31st March, 2013
	₹	₹
4 Share Warrants:		
Equity Share Warrants		
1,300,000 partly paid share warrants of ₹ 55 each, ₹ 13.75 paid up	-	17,875,000
Add: 1,600,000 partly paid share warrants of ₹ 21 each, ₹ 5.25 paid up.	8,400,000	8,400,000
Less: Share Warrants forfeited transferred to Capital Reserve	8,400,000	17,875,000
	<u>-</u>	<u>8,400,000</u>
<p>The company had also issued 1,600,000 Share Warrants of ₹ 10 each in the financial year 2012-13 at a price of ₹ 21 (including premium of ₹ 11). As per the terms of the issue, since the 18 months period expired and holders did not opt for conversion, the same is forfeited by the Company during the year and shown under 'Capital Reserve'.</p>		
5 Non Current Liabilities:		
Long-term Provisions		
Provision for Employee Benefits	1,996,782	2,232,791
	<u>1,996,782</u>	<u>2,232,791</u>
6 Current Liabilities:		
Short Term Borrowings		
Loan from Directors	300,000	300,000
Other Loans	700,000	700,000
	<u>1,000,000</u>	<u>1,000,000</u>
7 Trade Payables	2,700,566	2,003,563
	<u>2,700,566</u>	<u>2,003,563</u>
8 Other Current Liabilities:		
Advance Fees Received	21,758,319	23,829,533
Other Creditors	1,802,035	1,140,747
Creditors for Capital Goods	63,329	-
Statutory dues Payable	358,325	43,845
	<u>23,982,008</u>	<u>25,014,125</u>
9 Short-term Provisions		
Provision for Employee Benefits		
Gratuity	15,446	12,206
Leave Encashment	52,207	63,648
	<u>67,653</u>	<u>75,854</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2014
10 Fixed Assets:
Amount ₹

	Gross Block				Depreciation					Net Block	
	As at 31/03/2013	Additions During the Year	Disposals During the Year	As at 31/03/2014	Up to 31/03/2013	Prior Period Adjustment (Depreciation Written Back)	For the Year	On Disposals	Up to 31/03/2014	W.D.V. as on 31/03/2014	W.D.V. as on 31/03/2013
Tangible Assets:											
Furniture And Fixtures	3,920,820	14,700	408,587	3,526,933	2,175,231	159,978	370,476	224,452	2,161,277	1,365,658	1,745,588
Office Equipments	4,836,884	111,391	343,136	4,605,139	2,802,265	992,249	419,968	148,235	2,081,750	2,523,388	2,034,619
Computer System	4,218,635	174,123	257,319	4,135,439	3,611,215	4,641	278,498	247,253	3,637,818	497,620	607,420
Motor Car	475,410	-	-	475,410	386,961	208,908	37,746	-	215,798	259,612	88,450
Library Books	185,879	-	-	185,879	185,879	-	-	-	185,879	-	-
Office Improvements	6,269,110	169,986	-	6,439,096	5,996,017	-	309,108	-	6,305,125	133,970	273,093
Total A	19,906,738	470,200	1,009,042	19,367,896	15,157,568	1,365,776	1,415,796	619,940	14,587,647	4,780,248	4,749,170
Intangible Assets:											
Goodwill	7,635,920	-	-	7,635,920	7,635,920	-	-	-	7,635,920	-	-
Goodwill on Consolidation	173,187,263	-	-	173,187,263	-	-	-	-	-	173,187,263	173,187,263
Computer Software	350,000	-	-	350,000	350,000	-	-	-	350,000	-	-
Trade Marks	2,065,000	-	-	2,065,000	1,039,000	-	213,000	-	1,252,000	813,000	1,026,000
Total B	183,238,183	-	-	183,238,183	9,024,920	-	213,000	-	9,237,920	174,000,263	174,213,263
Total (A+B)	203,144,921	470,200	1,009,042	202,606,079	24,182,488	1,365,776	1,628,796	619,940	23,825,567	178,780,511	178,962,433
Capital WIP											
Previous Year	203,425,813	138,669	419,561	203,144,921	18,716,460	-	5,616,298	150,271	24,182,487	1,155,050	-
										178,962,433	-

31st March 2014
31st March 2013

₹

₹

11 Non Current Investments:
Non Trade Investment (Unquoted, at cost)
In Others:

245,554 Equity Shares of ₹10 each in AAT Academy India Ltd.

50,400,000

50,400,000

50,000 Equity Shares of ₹10 each in Minds Eye Production Pvt.Ltd.

13,000,000

13,000,000

63,400,000

63,400,000

Less: Provision For Diminution in the Value of Investment in Minds Eye Production Pvt.Ltd.

13,000,000

13,000,000

50,400,000

50,400,000

12 Deferred Tax Assets / (Liabilities):
Deferred Tax Asset (Gross) :

On Depreciation Differential

2,139,941

2,124,602

On Provision of Gratuity

145,978

130,107

On Provision for Doubtful Debts

1,168,110

648,876

On Provision of Temporary Disallowance

228,899

91,700

3,682,928

2,995,285

Deferred Tax Liability (Gross) :

-

-

Deferred Tax Asset (Net) :
3,682,928

2,995,285

No Deferred tax asset has been recognized on unabsorbed depreciation and carried forward business losses as there is no virtual certainty that the same will be realized out of future taxable income.

13 Long Term Loans and Advances
(Unsecured and Considered Good):

Capital Advance

720,000

-

Security Deposits

3,388,790

3,005,900

Advance Tax And TDS (Net of Provision)

580,479

779,806

4,689,269

3,785,706

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

	31st March 2014	31st March 2013
	₹	₹
14 Current Investments		
Quoted units of Mutual Fund (valued at lower of cost or market value)		
985,719.15 units (Previous Year 283,838.92 units) IDFC Dynamic Bond Fund- Growth	14,060,182	4,000,000
	<u>14,060,182</u>	<u>4,000,000</u>
Market Value in ₹	14,530,585	4,003,236
15 Trade Receivable - Unsecured:		
Debts overdue for more than six months :		
Considered Good	536,282	1,114,753
Considered Doubtful	1,823,000	142,360
Other Debts Considered Good	3,248,083	753,123
	<u>5,607,365</u>	<u>2,010,236</u>
Less : Provision for Doubtful Debts	<u>2,195,638</u>	<u>375,295</u>
	<u>3,411,727</u>	<u>1,634,941</u>
16 Cash and Cash Equivalents		
Balances with Bank:		
In Current Account	13,943,806	9,340,705
In Fixed Deposit having maturity upto 3 Months	-	10,541,717
Cash on hand	26,122	32,105
	<u>13,969,928</u>	<u>19,914,527</u>
17 Short Term Loans/ Advances:		
(Unsecured, Considered Good)		
Advance Tax (Net of Provisions)	190,385	948,430
Other Advances	276,593	867,188
Balances with Statutory Authorities	894,096	61,800
Loans and Advances to Employees	33,000	74,481
Advance to a Director	-	211,663
Prepaid Expenses	2,603,159	3,505,192
	<u>3,997,233</u>	<u>5,668,754</u>
18 Other Current Assets:		
Accrued Interest on Fixed Deposit	-	333,815
Receivable From Business Associate	1,957,292	1,957,292
Less: Provision For Doubtful Receivable (Refer Note No 27)	<u>1,957,292</u>	<u>1,957,292</u>
	-	-
	<u>-</u>	<u>333,815</u>
19 Revenue from Operations		
Course Fees	90,962,264	85,753,280
Event Income	5,936,100	-
Income from Premier Relationship fees	-	1,200,000
	<u>96,898,364</u>	<u>86,953,280</u>
20 Other Income		
Interest Income on:		
Bank Fixed Deposits	178,022	663,559
Loan to Business Associate	-	34,592
	<u>178,022</u>	<u>698,151</u>
Gain on redemption of mutual fund	60,182	-
Provision No Longer Required Written Back	2,187,752	-
Interest on Income Tax Refund	74,486	12,392
Sundry Balance Written Back	4,748	92,340
Miscellaneous Income	140,815	126,169
	<u>2,646,005</u>	<u>929,052</u>

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

	31st March 2014	31st March 2013
	₹	₹
21 Cost of Services Rendered (Direct):		
Faculty Fees	6,563,593	6,711,748
Business Auxiliary Services	6,511,168	7,486,333
Certification Fees	709,065	1,050,516
Event Expenses	5,648,377	-
Student Activities	759,167	753,333
	<u>20,191,370</u>	<u>16,001,930</u>
22 Employee Benefit Expenses:		
Salaries, Wages and Bonus	19,466,888	19,819,768
Staff Welfare Expenses	375,037	291,302
Leave Encashment Expenses	75,353	93,284
Gratuity Expenses	1,273,196	727,383
	<u>21,190,474</u>	<u>20,931,737</u>
23 Finance Cost		
Interest	-	156,657
	<u>-</u>	<u>156,657</u>
24 Other Expenses		
Electricity Charges	740,913	709,843
Rent and Other Compensation	15,086,913	15,023,714
Repair and Maintenance	1,484,997	1,256,258
Rates and Taxes	246,076	506,988
Auditors Remuneration		
Audit Fees	261,888	234,263
Others	36,050	95,000
Limited Review Fees	45,000	45,000
Legal and Professional Fees	12,999,839	8,568,989
Advertisement and Marketing Expenses	17,485,093	15,406,425
Directors Sitting Fees	15,000	16,000
Postage and Courier	34,598	80,112
Printing and Stationery	609,575	381,929
Company Law Matter and Listing Fees	204,233	561,923
Telephone Expenses	1,161,526	1,136,542
Travelling Expenses	1,079,689	912,928
Conveyance Expenses	494,528	505,449
Loss on Sale/Scrapping of Fixed Assets	349,293	240,427
Bad Debts Written-off	3,135	209,308
Less: Provision on Bad Debts Adjusted	-	-
Provision For Doubtful Debts	2,665,798	372,147
Provision For Doubtful Receivable from Business Associate	-	1,957,292
Other Miscellaneous Expenses	1,234,245	1,072,208
	<u>56,238,389</u>	<u>49,292,745</u>
25 The exceptional item of ₹ 4,044,132 (previous year Nil) shown in the statement of profit and loss represents compensation (net of related expenses) received from past Business Associate in terms of consent decree as full and final settlement of the claim against them.		
26 Contingent Liability:		
Capital commitment not provided for (net of advances) ₹ 443,968 (Previous Year Nil)		
27 The business association with Mrs. Ruchi Mahajan has concluded in terms of Memorandum of Understanding in the previous year. The balance outstanding amount of ₹ 19,57,292 which is doubtful of recovery has been provided for in the financial statement under the head "Other Current Assets".		
28 No vendors have informed the Company of their being registered under the Micro, Small and Medium Enterprises Development Act, 2006. Hence, as per the information available with the Company, there are no amounts payable to such vendors as at the year end.		

Notes to Consolidated Financial Statements for the year ended 31st March, 2014
29 Managerial Remuneration:

PARTICULARS	31st March, 2014 (₹)	31st March, 2013 (₹)
Salary and Allowances	6,909,666	6,355,063

- 30** The Group is presently engaged in the business of vocational education in Media, Entertainment, Finance and Sports Management. The Geographical segments has been identified as primary segment and reported as per AS-17 as below:

Geographical Segments are:

- a. India
b. International

	31st March 2014 ₹	31st March 2013 ₹
Segment Revenue		
a. India	43,384,602	47,737,515
b. International	53,513,762	39,215,765
Total	96,898,364	86,953,280
Less: Inter Segment Revenue	-	-
Net Sales / Income From Operations	96,898,364	86,953,280
Segment Result		
a. India	(17,383,443)	(11,546,962)
b. International	15,032,782	6,552,908
Total	(2,350,661)	(4,994,054)
Add: Other Income	2,646,004	929,052
Less: (i) Interest	-	156,657
(ii) other Un-allocable expenditure net off un-allocable income	-	-
Add: Exceptional Items	4,044,132	-
Add: Prior Period Items	1,365,776	-
Total Profit before Tax	5,705,251	(4,221,659)
Capital Employed		
a. India	2,058,406	2,378,629
b. International	253,681	(5,793,297)
Total	2,312,087	(3,414,668)
Add: Un-allocable corporate assets less liabilities	237,647,445	238,128,980
Total Capital Employed in Company	239,959,532	234,714,312

- 31** The Company operates an unfunded gratuity scheme for its employees. The disclosures in respect of the scheme as required in the Accounting Standard 15 – 'Employee Benefits', issued by the Institute of Chartered Accountants of India' are given below :

Defined Benefit Plans

Gratuity Scheme (Unfunded Scheme)

In accordance with Accounting Standard 15 (Revised 2005), actuarial valuation was performed in respect of the aforesaid defined benefit plans based on the following assumptions:-

Assumptions as at	Valuation Date 31st March, 2014	Valuation Date 31st March, 2013
Mortality	LIC(1994-96)Ult	LIC(1994-96)Ult
Discount Rate	9.20%	8.05%
Rate of increase in compensation	6%	6%
Rate of return (expected) on plan assets		
Withdrawal rates	2%	2%

II	Changes in present value of obligations	Valuation Date 31st March, 2014	Valuation Date 31st March, 2013
	PVO at beginning of period	421,058	319,894
	Interest cost	33,895	27,991
	Current Service Cost	132,578	133,936
	Benefits Paid (transfer out as at 31.12.2011) #	-	-
	Actuarial (gain)/loss on obligation	(115,112)	(60,763)
	PVO at end of period	472,419	421,058
III	Changes in fair value of plan assets	Valuation Date 31st March, 2014	Valuation Date 31st March, 2013
	Fair Value of Plan Assets at beginning of period	-	-
	Adjustment to Opening Fair Value of Plan Assets	-	-
	Expected Return on Plan Assets	-	-
	Contributions	-	-
	Benefit Paid	-	-
	Actuarial gain/(loss) on plan assets	-	-
	Fair Value of Plan Assets at end of period	-	-
IV	Fair Value of Plan Assets	Valuation Date 31st March, 2014	Valuation Date 31st March, 2013
	Fair Value of Plan Assets at beginning of period	-	-
	Adjustment to Opening Fair Value of Plan Assets	-	-
	Actual Return on Plan Assets	-	-
	Contributions	-	-
	Benefit Paid	-	-
	Fair Value of Plan Assets at end of period	-	-
	Funded Status	(472,419)	(421,058)
	Excess of actual over estimated return on Plan Assets	-	-
V	Actuarial Gain/(Loss) Recognized	Valuation Date 31st March, 2014	Valuation Date 31st March, 2013
	Actuarial Gain/(Loss) for the period (Obligation)	115,112	60,763
	Actuarial Gain/(Loss) for the period (Plan Assets)	-	-
	Total Gain/(Loss) for the period	115,112	60,763
	Actuarial Gain/(Loss) recognized for the period	115,112	60,763
	Unrecognized Actuarial Gain/(Loss) at end of period	-	-
VI	Amounts to be recognized in the Balance Sheet and statement of Profit & Loss Account	Valuation Date 31st March, 2014	Valuation Date 31st March, 2013
	PVO at end of period	472,419	421,058
	Fair Value of Plan Assets at end of period	-	-
	Funded Status	(472,419)	(421,058)
	Unrecognized Actuarial Gain/(Loss)	-	-
	Net Asset/(Liability) recognized in the balance sheet	(472,419)	(421,058)

Notes to Consolidated Financial Statements for the year ended 31st March, 2014

VII	Expense recognized in the statement of P & L A/C	Valuation Date 31st March, 2014	Valuation Date 31st March, 2013
	Current Service Cost	132,578	133,936
	Interest cost	33,895	27,991
	Expected Return on Plan Assets	-	-
	Net Actuarial (Gain)/Loss recognized for the period	(115,112)	(60,763)
VIII	Movements in the Liability recognized in Balance Sheet	Valuation Date 31st March, 2014	Valuation Date 31st March, 2013
	Opening Net Liability	421,058	319,894
	Adjustment to Opening Fair Value of Plan Assets	-	-
	Expenses as above	51,361	101,164
	Contribution paid	-	-
IX	Experience Anyalisis - Liabilities	Valuation Date 31st March, 2014	Valuation Date 31st March, 2013
	Actuarial (Gain)/Loss due to change in bases	(71,142)	36,391
	Experience (Gain) / Loss due to Change in Experience	(43,970)	(97,154)
	Total	(115,112)	(60,763)
	Experience Anyalisis - Plan Assets		
X	Schedule VI Details	Valuation Date 31st March, 2014	Valuation Date 31st March, 2013
	Current Liability	15,446	12,206
	Non-Current Liability	456,973	408,852

- 32 The Consolidated Financial Statement of the Group includes financial statements of two subsidiaries consolidated as per AS 21 'Consolidated Financial Statements' issued by ICAI :

Name of the Subsidiaries	Country of Incorporation	Proportion of ownership interest	Accounting year ending on
EMDI (Overseas) FZ LLC	U.A.E.	100%	31/03/2014
Eduhub Education Pvt. Ltd.	India	51%	31/03/2014

The Group has adopted and accounted for interest in the jointly controlled entity 'EMDI Wedding Academy LLP' using the 'Proportionate Consolidation Method' as per AS 27 'Financial Reporting of Interest in Joint Ventures' issued by ICAI.

- 33 Related Party Disclosures:

- (a) List of Companies under Common Control - Nil
 (b) Key Management Personnel :
 Mr. Nowshir Engineer
 Mrs. Rasika Kulkarni
 (c) Transactions with Related Parties

Nature of Transactions	With Key Managerial Personnel	
	2013-14 (₹)	2012-13 (₹)
Managing Director's Remuneration	6,909,666	6,355,063

34 Earning Per Share	31st March 2014	31st March 2013
Profit After Tax	5,767,887	(2,644,662)
Number of Equity Shares	6,007,715	6,007,715
Number of Equity Shares- Diluted	6,007,715	7,307,715
Earning Per Share (Basic)	0.96	(1.45)
Earning Per Share (Diluted)	0.96	(1.19)

- 35 The negative minority interest (debit balance) has not been adjusted against the majority interest since the minority has a binding obligation to make good the losses and have confirmed this status as of the balance sheet date.
- 36 The financial results of one of the subsidiary - EMDI (Overseas) FZ LLC are consolidated in the above financial statement as a going concern basis although the net worth of the subsidiary has got completely eroded. The continuation of the business was then dependent on the financial support provided by the parent holding company. During the financial years ended 31st March, 2013 and 31st March, 2014, the subsidiary has made profits and has repaid part of the loans given by the parent holding company alongwith interest. The trend for the last three years being positive, the trend continuing, the management is hopeful of a turnaround for the subsidiary company.
- 37 Previous period figures have been regrouped / recast wherever necessary to make them comparable.

As Per Our Report of Even Date

For Ford, Rhodes, Parks & Co.
 Chartered Accountants
 Firm's Registration No. 102860W

Astha Kariya
 Partner
 Membership No: 122491
 Place : Mumbai
 Dated : 16th May, 2014

For and on behalf of the board

Nowshir Engineer
 Managing Director

Abbas Patel
 Director

Dharmesh Parekh
 Company Secretary



ATTENDANCE SLIP

GREYCELLS EDUCATION LIMITED

CIN: L65910MH1983PLC030838

Forum Building, 1st Floor, 11/12, Raghuvanshi Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400013

(Please complete this Attendance Slip and hand it over at the entrance of the meeting hall)

I hereby record my presence at the Annual General Meeting of the Shareholders of the Company being held on Thursday, September 25, 2014 at 9.30 a.m. at Forum Building, 1st Floor, 11/12, Raghuvanshi Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400013.

DP Id. : _____ Folio No.: _____

Client Id.: _____ No. of Shares held: _____

NAME OF THE SHAREHOLDER: _____
(1st name)

(Joint Holder)

Name of Proxy _____

(To be filled in case of the proxy attends instead of shareholder)

Signature of Shareholder/Proxy*

Tear Here



GREYCELLS EDUCATION LIMITED

CIN: L65910MH1983PLC030838

Forum Building, 1st Floor, 11/12, Raghuvanshi Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400013

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management Administration) Rules, 2014)

Name of Member(s): _____

Registered address: _____

E-mail Id : _____

Folio No./ Client Id. : _____

DP ID : _____

I/We, being the member(s) of _____ Shares of Greycells Education Limited, hereby appoint

1. Name : _____ E-mail Id : _____

Address: _____

Signature : _____, or failing him

2. Name : _____ E-mail Id : _____

Address: _____

Signature : _____, or failing him

3. Name : _____ E-mail Id : _____

Address: _____

Signature : _____,

as my/our proxy to attend and vote (in a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, September 25, 2014 at 9.30 a.m. at Forum Building, 1st Floor, 11/12, Raghuvanshi Mills Compound, Senapati Bapat Marg, Lower Parel (West), Mumbai – 400013 and at any adjournment thereof in respect of such resolutions as are indicated below:



Tear Here



I wish my above proxy to vote in the manner as indicated in the box below:

Resolutions	For	Against
1. Adoption of Audited Financial Statements of the Company for the financial year ended March 31, 2014		
2. Re-appointment of Ms. Bela Desai as Director		
3. Re-appointment of Auditors and fixing their remuneration		
4. Appointment of Mr. Farhad Wadia as Director of the Company		
5. Appointment of Mr. Abbas Patel as an Independent Director		
6. Appointment of Dr. Anil Naik as an Independent Director		
7. Re-appointment of Mr. Nowshir Engineer as a Managing Director		
8. Approve borrowing limits of the Company		

Signed this _____ day of _____ 2014

Signature of Shareholder _____

Signature of Proxy holder(s) _____

Affix a
₹ 1/-
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

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COURIER



If undelivered please return to:

GREYCELLS EDUCATION LIMITED

Forum Building, 1st Floor, 11/12,
Raghuvanshi Mills Compound,
Senapati Bapat Marg,
Lower Parel (West), Mumbai - 400013.