

Independent Auditor's Report

To the Members of Shri Educare Maldives Pvt. Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Shri Educare Maldives Pvt. Ltd. which comprise the Balance Sheet as at 31st March 2013 and also 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

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 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that 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 and 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. 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 unqualified audit opinion.

Opinion

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

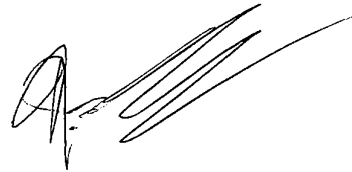
- (a) In the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2013
- (b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



Report on other Legal and Regulatory Requirements

- 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 Act;
- e. It may be noted that the above audit has been conducted to issue the audit report neither under the provisions of The Companies Act 1956(applicable in India) nor under the relevant provisions of the country in which the above company has been incorporated. Moreover this audit has been done for the limited purpose of the consolidation of these accounts in the holding company's accounts namely Shri Educare Ltd.

For **Thakur, Vaidyanath Aiyar & Co.**
Chartered Accountants
Reg. No. 000038N



(V. RAJARAMAN)
Partner
M. No.: 2705

Place : New Delhi

Date : 13 MAY 2013



SHRI EDUCARE MALDIVES PVT. LTD.

BALANCE SHEET AS AT MARCH 31, 2013




Particulars	Note No.	As at March 31, 2013 MVR	As at March 31, 2012 MVR
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share capital	1	13,794,805	12,650,255
Reserves and surplus	2	(12,809,072)	(12,500,048)
		985,733	150,207
Non-current liabilities			
Long term liabilities	3	-	<u>122,312</u>
		-	122,312
Current liabilities			
Current liabilities	4	1,392,639	1,488,024
		1,392,639	1,488,024
TOTAL EQUITY AND LIABILITIES		<u>2,378,372</u>	<u>1,760,543</u>
ASSETS			
Non-current assets			
Fixed assets	5		
Tangible assets		1,532,686	1,463,760
Intangible assets		9,981	12,433
Long-term loans and advances	6	28,231	-
		1,570,898	1,476,193
Current assets			
Trade receivables	7	264,263	87,913
Cash and cash equivalents	8	402,433	8,067
Short-term loans and advances	9	140,778	188,370
		807,474	284,350
TOTAL ASSETS		<u>2,378,372</u>	<u>1,760,543</u>

Accounting policies and general notes as given in annexure & Note from 1 to 15 forms part of the Financial Statement

In terms of our report attached
For Thakur Vaidyanath Aiyar & Co.
 Chartered Accountants


 V. Rajaraman
 Partner


 Neethi SriKumar
 Director


 Himanshu Jain
 Managing Director

Place: Delhi
 Date: 13/05/2013

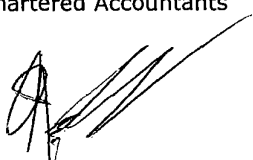


SHRI EDUCARE MALDIVES PVT. LTD.**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013**

Particulars	Note No.	Year ended March 31, 2013 MVR	Year ended March 31, 2012 MVR
REVENUE			
Revenue from Operation	10	<u>19,443,671</u> 19,443,671	<u>15,826,725</u> 15,826,725
Other Income	11	401,390	305,885
TOTAL REVENUE		<u>19,845,061</u>	<u>16,132,609</u>
EXPENSES			
Employee benefits expenses	12	15,362,367	14,017,941
Depreciation and amortization expenses	13	294,898	200,872
Other expenses	14	<u>4,496,820</u>	<u>4,398,668</u>
TOTAL EXPENSES		<u>20,154,085</u>	<u>18,617,481</u>
Loss transferred to Surplus		<u>309,024</u>	<u>2,484,872</u>
Earnings per share			
Basic (MVR)	15	(0.02)	(0.22)

Accounting policies and general notes as given in annexure & Note from 1 to 15 forms part of the Financial Statement

In terms of our report attached
For Thakur Vaidyanath Aiyar & Co.
 Chartered Accountants


 V. Rajaraman
 Partner
 M.No. 2705


 Neethi Srikumar
 Director


 Himanshu Jain
 Managing Director

Place: Delhi
 Date: 13/05/2013



1. Share Capital

a) Details of share capital

	As at 31-Mar-13 MVR	As at 31-Mar-12 MVR
AUTHORISED 30,000,000 (Previous Year 30,000,000) Equity Shares of MRF 1 each	30,000,000	30,000,000
ISSUED, SUBSCRIBED AND PAID UP 13,794,805 (Previous Year 12,650,255) Equity Shares of MRF 1 each fully paid up * The entire share capital is held by the Holding Company (SHRI EDUCARE LIMITED) and its nominees	13,794,805	12,650,255
	13,794,805	12,650,255

b) Reconciliation of equity shares

	Number of shares		Value Of Shares		
	As at 31-Mar-13	As at 31-Mar-12	As at 31-Mar-13	As at Mar-12	31-
Balance as at the beginning	12,650,255	6,786,800	12,650,255	6,786,800	
Share issued during the year	1,144,550	5,863,455	1,144,550	5,863,455	
Total	13,794,805	12,650,255	13,794,805	12,650,255	



2. Reserves and Surplus

	As at 31-Mar-13 (MVR)	As at 31-Mar-12 (MVR)
Surplus	<u>(12,809,072)</u>	(12,500,048)
Total Reserves and Surplus	<u>(12,809,072)</u>	<u>(12,500,048)</u>

Surplus

	As at 31-Mar-13 (MVR)	As at 31-Mar-12 (MVR)
Movement in surplus		
Loss as at the beginning of the year	12,500,048	10,015,176
Loss transferred from the statement of Profit & Loss	309,024	2,484,872
Loss as at the end of the year	<u>12,809,072</u>	<u>12,500,048</u>



3. Long term liabilities

	As at 31-Mar-13 (MVR)	As at 31-Mar-12 (MVR)
For purchase of Capital Assets	-	122,312
	<u>-</u>	<u>122,312</u>



4. Current liabilities

	As at 31-Mar-13 (MVR)	As at 31-Mar-12 (MVR)
Fee Received in Advance - From Students	251,127	72,857
Other payables		
-Due for Expenses incurred	566,714	502,256
-Due to Holding Company	486,342	791,823
-Security deposits	-	4,000
-Accrued salaries and benefits	88,456	117,088
	<u>1,392,639</u>	<u>1,488,024</u>



SHRI EDUCARE MALDIVES PVT. LTD.
5 : FIXED ASSETS

Description	Gross Block				Depreciation				Net Block	
	As at April 1, 2012	Additions	Deductions	As at March 31, 2013	Upto March 31, 2012	For the year *	On deductions	Upto March 31, 2013	As at March 31, 2013	As at March 31, 2012
	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR	MVR
a) Tangible assets										
Furniture and fixtures	694,714	-	-	694,714	58,398	65,264	-	123,662	571,052	636,316
Office Equipment*	571,998	274,594	11,375	835,217	50,785	47,214	4,720	93,279	741,938	521,213
Data Processing Equipments*	492,556	96,425	14,697	574,284	186,325	169,968	1,705	354,588	219,696	306,231
Tangible assets total	1,759,268	371,019	26,072	2,104,215	295,508	282,446	6,425	571,529	1,532,686	1,463,760
Previous year	1,001,278	757,990		1,759,268	104,960	190,548		295,508		1,463,760
b) Intangible Assets										
Software	30,974	10,000	-	40,974	18,541	12,452	-	30,993	9,981	12,433
Intangible Assets total	30,974	10,000	-	40,974	18,541	12,452	-	30,993	9,981	12,433
Previous year	30,974	-		30,974	8,217	10,324		18,541		12,433
Grand Total	1,790,242	381,019	26,072	2,145,189	314,049	294,898	6,425	602,522	1,542,667	1,476,193
Previous year	1,032,252	757,991	-	1,790,243	113,178	200,872	-	314,050	-	1,476,193
									1,542,667	1,476,193

* Fixed assets shown as deduction was lost during the year and loss to the company was recovered from Sunrise Security Services



6. Long term loans and advances

Unsecured considered good, unless otherwise stated

	As at 31-Mar-13 (MVR)	As at 31-Mar-12 (MVR)
Capital advances	28,231	-
Total long term loans and advances	28,231	-



7. Trade receivables

	As at 31-Mar-13 (MVR)	As at 31-Mar-12 (MVR)
Receivables past due for a period within six months		
Unsecured – considered good	264,263	87,913
Total trade receivables	<u>264,263</u>	<u>87,913</u>



8. Cash and cash equivalents

	As at 31-Mar-13 (MVR)	As at 31-Mar-12 (MVR)
Cash in hand	84,527	933
Balance with banks on Current accounts*	317,906	7,134
Total cash and bank balances	402,433	8,067

*Includes US \$888.27



9. Short-term loans and advances

	As at 31-Mar-13 (MVR)	As at 31-Mar-12 (MVR)
Prepaid Expenses	89,580	88,410
Loan to Employees	6,168	-
Advance to Employees	-	130
Security Deposit - Rent	-	32,000
Security deposits - Expat Quota	45,030	67,830
Total short-term loans and advances	<u>140,778</u>	<u>188,370</u>



10. Revenue from Operation

	Year ended 31-Mar-13 (MVR)	Year ended 31-Mar-12 (MVR)
School Fees		
- From Govt	8,595,283	10,589,959
- From Students	10,848,388	5,236,765
Total operating revenue	<u>19,443,671</u>	<u>15,826,725</u>



11. Other income

	Year ended 31-Mar-13 (MVR)	Year ended 31-Mar-12 (MVR)
Rental Income	97,610	116,882
Late Fine	264,547	168,552
Non-operating income	39,233	20,451
Total other operating income	<u>401,390</u>	<u>305,885</u>



12. Employee benefits expenses

	Year ended 31-Mar-13 (MVR)	Year ended 31-Mar-12 (MVR)
Salaries and wages	14,832,522	13,505,354
Contribution to pension fund	480,517	424,574
Staff welfare expenses	49,328	88,013
Total Employee benefits expenses	<u>15,362,367</u>	<u>14,017,941</u>



13. Depreciation and amortization expenses

	Year ended 31-Mar-13 (MVR)	Year ended 31-Mar-12 (MVR)
Depreciation on tangible assets	282446	190548
Amortization on intangible assets	12452	10324
Total of Depreciation and amortization expenses	294898	200872



14. Other expenses

	Year ended 31-Mar-13 (MVR)	Year ended 31-Mar-12 (MVR)
Repair & Maintenance		
-Building (Leased)	224,895	215,266
- Others	184,500	142,019
Professional Expenses	39,614	260,154
Audit Fees	8,057	9,247
Rates & Taxes	46,392	37,853
Telephone & Communication	159,086	129,343
Traveling and Conveyance	447,210	532,607
Office Expenses	656,686	518,117
Security Expenses	184,440	174,000
Water and Electricity	1,135,247	983,783
Festivals & Celebrations	376,457	414,709
Education & Academic Exp.	548,240	336,021
Postage and Courier	1,030	1,968
Printing and Stationery	380,058	464,161
Promotional Expenses	68,146	78,180
Exchange Currency Fluctuation (net)	661	71,099
Bank Charges	36,101	30,141
Total other expenses	4,496,820	4,398,668



SHRI EDUCARE MALDIVES PVT. LTD.**15. EPS**

	As at 31-Mar-13 (MVR)	As at 31-Mar-12 (MVR)
Weighted Average Number of Shares*	12,889,370	11,174,959
Earnings available for Equity	(309,024)	(2,484,872)
Earning Per Share (EPS)	(0.02)	(0.22)

No financial instrument was issued which will have bearing on diluting the earning on equity.

***Computation of Weighted EPS**

Particulars	No. of shares	No. of days(weights)	Weighted no. of Shares	Date of Infusion
opening	12,650,255	365	12,650,255	-
Infusion during the year	149,960	131	53,821	21/11/2012
Infusion during the year	994,590	68	185,293	23/01/2013
closing	13,794,805		12,889,370	



SHRI EDUCARE MALDIVES PRIVATE LIMITED
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS

Registration No.	0
State Code	0
Balance Sheet Date	31.03.2013

II CAPITAL RAISED DURING THE YEAR

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	0
Private Placement	1,144,550

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

Total Liabilities	2,378,372
Total Assets (*)	2,378,372

Equity & Liability-in MVR

Paid Up Capital	13,794,805
Share Application Money	-
Reserve & Surplus	(12,809,072)
Non - Current Liabilities	-
Current Liabilities	1,392,639
Deferred Tax Liability	NIL
Profit & Loss	-

Total	2,378,372
--------------	------------------

Assets-in MVR

Non - Current Assets	1,570,898
(*) Net of Current Liabilities and Provisions	
Turnover including Other Income	19,845,061
Total Expenditure	20,154,085
Profit Before Tax	(309,024)
Profit After Tax	(309,024)
Earning Per Share in Mrf	(0.02)
Dividend Rate	NIL

**V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY
(AS PER MONETARY TERMS)**

Item Code No. (ITC CODE)	N.A.
Product Description	N.A.

**As per our Report of even date
For THAKUR VAIDYANATH AIYAR & CO.,
Chartered Accountants
Regd. No. 000038N**

**V. Rajaraman
Partner**

Neethi Srikumar
**Neethi Srikumar
Director**

Himanshu Jain
**Himanshu Jain
Managing Director**

**M No 2705
Place : DELHI
Date : 12/05/2013**



**CASH FLOW STATEMENT PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT
SHRI EDUCARE MALDIVES PVT. LIMITED**

	For the Year 2012-2013 (MRF)	For the Year 2011-2012 (MRF)
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Taxation and Extra-ordinary Items.	(309,024)	(2,484,872)
Adjustment for:		
Exchange Rate Difference (Net)	661	71,099
Profit on recovery of fixed assets	(5,047)	-
Depreciation	294,898	200,872
	<u>290,512</u>	<u>271,971</u>
Operating profit before working capital changes	(18,512)	(2,212,901)
Adjustment for:		
Trade & Other receivables excluding Income Tax	(128,758)	(6,341)
Trade payables & provisions	<u>(95,385)</u>	<u>(681,788)</u>
	<u>(224,143)</u>	<u>(688,129)</u>
Cash generated from operations	(242,655)	(2,901,030)
Exchange Rate Difference	(661)	(71,099)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	<u>(243,316)</u>	<u>(2,972,129)</u>
B) CASH FLOW FROM INVESTING ACTIVITIES		
Capital Advance for Purchase of fixed assets	(28,231)	-
Proceed from lost of fixed assets	24,694	-
Purchase of fixed assets	<u>(503,331)</u>	<u>(635,678)</u>
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	<u>(506,868)</u>	<u>(635,678)</u>
C) CASH FLOW FROM FINANCING ACTIVITIES :		
Issue of share capital	1,144,550	2,220,480
Application Money received for issue of equity shares	-	-
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	<u>1,144,550</u>	<u>2,220,480</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	<u>394,366</u>	<u>(1,387,327)</u>
CASH AND CASH EQUIVALENTS - OPENING BALANCE	<u>8,067</u>	<u>1,395,394</u>
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	<u>402,433</u>	<u>8,067</u>

For THAKUR, VAIDYANATH AIYAR & CO.
Chartered Accountants
Reg. No. 000038N

(V. RAJARAMAN)
Partner
M No.2705


(HIMANSHU JAIN)
Managing Director


(NEETHI SRIKUMAR)
Director

Place : DELHI
Date : 13/05/2013



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**ABOUT THE COMPANY**

Shri Educare Maldives Private Limited: "Shri Educare Maldives Private Limited a wholly owned subsidiary of Shri Educare Limited runs and manages a school in Maldives namely Ghiyasuddin International School (in partnership with "The Ministry of Education, Maldives")

1. ACCOUNTING POLICIES**(i) ACCOUNTING CONVENTION**

The financial statements are prepared under the historical cost convention, as modified to include the revaluation of certain fixed assets, and have been prepared in accordance with the applicable Accounting Standards and relevant presentational requirements of the Companies Act, 1956.

(ii) ACCRUAL BASIS

All items of revenue whether expenditure or income are accounted on accrual basis.

(iii) USE OF ESTIMATES

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balance of assets and liabilities, revenues and expenses and disclosures relating to contingent liabilities. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

(iv) RECOGNITION OF INCOME

Income is recognized on the basis of Accounting Standard (AS-9) issued by the Institute of Chartered Accountants of India.

(v) FIXED ASSETS

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost of acquisition or construction is inclusive of freight, duties, taxes, incidental expenses and interest on loans attributable to the acquisition of qualifying assets, up to the date of commissioning of the assets.

DEPRECIATION

- a. Depreciation on fixed assets is provided on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 or at rates arrived at on the basis of the balance useful lives of the assets based on technical evaluation / revaluation of the related assets, whichever is higher, except in case of the following assets where depreciation is provided at the rates indicated against each assets: -

Data Processing	-	31.67%
-----------------	---	--------

- b. Depreciation is calculated on a pro rata basis except that, assets costing upto Rs. 5,000 each are fully depreciated in the year of purchase.
- c. Depreciation (amortization) on intangibles is provided on straight line method as follows:
- Software over a period of three years



(vi) EMPLOYEE BENEFITS

It consists of contribution to pension fund which is a contribution plan.

Retirement Pension Scheme – For Maldivian employees

All employees of Maldives are entitled to Pension Fund benefits as per the Maldives Retirement Pension Scheme effective from 1st May 2011.

(vii) EXCHANGE RATE DIFFERENCE

Transactions in foreign currencies are recorded on initial recognition at the exchange rate prevailing on the date of transaction.

All monetary items are reinstated at the exchange rate prevailing as at the date of Balance Sheet and the loss or gain is taken to the statement of profit & loss as exchange fluctuation.

2. General Notes:

1. Related party disclosures under AS-18 "Related Party Disclosures"

As per Accounting standard AS –18 "Related Party Disclosures" the Company's related parties and transactions with them are disclosed below:

Enterprises that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the reporting enterprise		
Shri Educare Limited (SEL) (Holding Company)		
<i>Nature of Transaction</i>	<i>Year Ended 31.03.2013 (MVR)</i>	<i>Year Ended 31.03.2012 (MVR)</i>
<u>Balance Outstanding Payable to</u> Shri Educare Limited	486,342	791,823

2. Previous year figures have been regrouped/rearranged, wherever necessary.

In terms of our report attached
For Thakur Vaidyanath Aiyar & Co.
 Chartered Accountants



V. Rajaraman
 Partner
 M.No. 2705



Neethi Srikumar
 Director



Himanshu Jain
 Managing Director

Place : Delhi
 Date : 13/06/2013

