

## Auditors' Report

To The Members of  
**SHRI EDUCARE MALDIVES PRIVATE LIMITED**

We have audited the attached balance sheet of Shri Educare Maldives Private Limited as at 31<sup>st</sup> March 2011, and also the profit and loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) 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.
- (iii) The balance sheet, profit and loss account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the balance sheet and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;



- (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- in the case of the balance sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2011;
  - in the case of the profit and loss account, of the loss for the year ended on that date; and

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



V. Rajaraman  
Partner  
M.No.2705

Place: New Delhi  
Date: 25<sup>th</sup> May, 2011



**SHRI EDUCARE MALDIVES PRIVATE LIMITED**  
**BALANCE SHEET AS AT 31, March, 2011**


PARTICULARS	Schedule No.	As At 31.03.2011 MRF	As At 31.03.2010 MRF
<b><u>SOURCES OF FUNDS</u></b>			
<b>Shareholders Funds</b>			
Share Capital	1	6,786,800	4,666,550
Share Application Money		3,642,975	-
<b>Due to Holding Company</b> (on current account)		701,954	528,462
<b>TOTAL</b>		<u>11,131,729</u>	<u>5,195,012</u>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>Fixed Assets</b>	2		
Gross Block		1,032,252	281,400
Less : Depreciation		113,177	3,424
<b>Net Block</b>		<u>919,075</u>	<u>277,976</u>
<b>Current Assets, Loans and Advances</b>	3		
Cash and Bank Balance		1,395,394	239,051
Loan & Advances		269,942	316,726
		<u>1,665,336</u>	<u>555,777</u>
<b>Less : Current Liabilities &amp; Provisions</b>	4		
Current Liabilities		1,467,858	547,957
<b>Net Current Assets</b>		<u>197,478</u>	<u>7,820</u>
<b>Miscellaneous Expenditure</b>			
Loss for the current year as per profit and loss account		5,105,960	4,909,216
Loss brought forward from previous year		4,909,216	
<b>TOTAL</b>		<u>11,131,729</u>	<u>5,195,012</u>
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES</b>	8		
Schedule 1 to 8 form an integral part of the Balance Sheet			

As per our report of even date  
For THAKUR, VAIDYANATH AIYAR & CO.  
Chartered Accountants

  
(V. RAJARAMAN)

Partner  
M no. 2705

  
Radhika Roy  
Director

  
Dheena Hussain  
Director

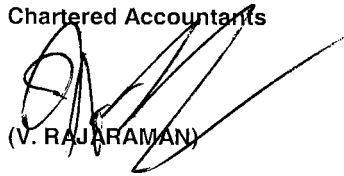
Place : New Delhi  
Date : 25 MAY 2011



**SHRI EDUCARE MALDIVES PRIVATE LIMITED**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31, March,2011**

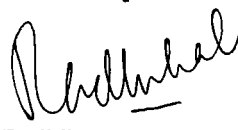
PARTICULARS	Schedule No.	For the Year Ended 31.03.2011 MRF	For the Period Ended 31.03.2010 MRF
<b><u>INCOME</u></b>			
School Fees			
- From Govt		12,073,023	3,234,152
- From Students		1,325,847	127,552
Other Income	5	132,737	14,070
		13,531,607	3,375,773
<b><u>EXPENDITURE</u></b>			
Personnel Expenses	6	15,094,163	3,835,221
Administration Expenses	7	3,420,247	4,446,344
Financial Expenses		13,404	-
Depreciation		109,753	3,424
		18,637,567	8,284,989
<b>Loss for the year</b>		5,105,960	4,909,216
Add: Loss brought forward		4,909,216	-
<b>Loss Carried to Balance Sheet</b>		10,015,176	4,909,216
<b>Basic and Diluted EPS (MRF)</b>		(0.82)	(1.05)


As per our Report of even date  
For THAKUR, VAIDYANATH AIYAR & CO.  
Chartered Accountants

  
(V. RAJARAMAN)

Partner  
M no. 2705



  
Radhika Roy  
Director

  
Dheena Hussain  
Director

Place : New Delhi

Date : 25 MAY 2011

**SCHEDULE 1 - SHARE CAPITAL**

PARTICULARS	As At	As At
	31.03.2011	31.03.2010
	MRF	MRF
<b>AUTHORISED CAPITAL</b>		
30000000 (Previous Year 5500000) ) Equity Shares of MRF 1 each	30,000,000	5,500,000
	<u>30,000,000</u>	<u>5,500,000</u>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
6,768,600 (Previous Year 4,666,550) Equity Shares of MRF 1 each fully paid up *	6,786,800	4,666,550
	<u>6,786,800</u>	<u>4,666,550</u>

\* The company has also received MRF 3,642,975 as Share Application Money from Shri Educare Limited - Holding Company.



**SCHEDULE 2: FIXED ASSETS**

(In MRF)

DESCRIPTION	GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK		
	AS AT 01.04.2010	Additions	Deletions	AS AT 31.03.2011	AS AT 01.04.2010	For The Year	Withdrawal	AS AT 31.03.2011	AS AT 31.03.10	
Furniture & Fixture	20,250	333,587	-	353,837	91	12,838	-	12,929	340,908	20,159
Data Processing	225,150	33,450	-	258,600	2,930	75,180	-	78,110	180,490	222,220
Office Equipments etc.	36,000	352,841	-	388,841	403	13,519	-	13,922	374,919	35,597
Software	-	30,974	-	30,974	-	8,217	-	8,217	22,757	-
<b>TOTAL</b>	<b>281,400</b>	<b>750,852</b>	<b>-</b>	<b>1,032,252</b>	<b>3,424</b>	<b>109,753</b>	<b>-</b>	<b>113,177</b>	<b>919,075</b>	<b>277,976</b>
Previous Year		<b>281,400</b>		<b>281,400</b>		<b>3,424</b>		<b>3,424</b>		



**SCHEDULE 3- CURRENT ASSETS, LOANS ADVANCES**

PARTICULARS	For the Year	For the Period
	Ended 31.03.2011 MRF	Ended 31.03.2010 MRF
<b>Cash and Bank balances</b>		
Cash in hand	9,990	10,031
With State Bank of India, Maldives		
- Current accounts	1,385,404	229,019
	<b>1,395,394</b>	<b>239,051</b>
<b>Debtors (Considered Good) - Fee Outstanding</b>		
Under Six Months	5,002	-
<b>Loans and Advances</b>		
Advance recoverable in cash or kind		
- Prepaid Expenses	126,225	202,396
<b>Advance</b>		
- Employees	70,385	-
- Others	68,330	114,330
	<b>269,942</b>	<b>316,726</b>
	<b>1,665,336</b>	<b>555,777</b>



**SCHEDULE 4- CURRENT LIABILITIES AND PROVISIONS**

PARTICULARS	For the Year	For the Period
	Ended	Ended
	31.03.2011	31.03.2010
	MRF	MRF
<b>Current Liabilities</b>		
- Fee received in Advance	30,840	5,783
- Other Liabilities	1,437,018	542,174
	<b>1,467,858</b>	<b>547,957</b>





**SCHEDULE 5- OTHER INCOME**

PARTICULARS	For the Year	For the Period
	Ended	Ended
	31.03.2011	31.03.2010
	MRF	MRF
Rent	64,984	5,200
Others	67,753	8,870
	<u>132,737</u>	<u>14,070</u>



## **SCHEDULE 6- PERSONNEL EXPENSES**

<b>PARTICULARS</b>	<b>For the Year Ended 31.03.2011 MRF</b>	<b>For the Period Ended 31.03.2010 MRF</b>
Salary and Allowances	15,091,443	3,788,691
Staff Welfare Expenses	2,720	46,530
	<b>15,094,163</b>	<b>3,835,221</b>



## SCHEDULE 7- ADMINISTRATION AND OTHER EXPENSES

PARTICULARS	For the Year	For the Period
	Ended 31.03.2011 MRF	Ended 31.03.2010 MRF
Repair & Maintenance		
-Building (Leased)	177,826	2,914,321
- Others	192,893	26,003
Legal & Professional	6,750	5,480
Audit Fees	5,883	5,333
Rates & Taxes	59,223	131,539
Telephone & Communication	111,952	48,993
Travel and Conveyance	363,639	138,052
Office Expenses	527,063	158,079
Water and Electricity	1,077,367	221,689
Festivals & Celebrations	325,790	-
Education & Academic Exp.	197,289	-
Printing and Stationery	283,195	107,390
Preliminary Expenses	-	323,075
Marketing & Advertisement	62,232	249,870
Currency Fluctuation	28,279	29,719
Miscellaneous Expenses	867	86,801
	<b>3,420,247</b>	<b>4,446,344</b>



**SCHEDULE 8: Significant Accounting Policies and Notes to Accounts**

**A. Accounting Policies**

1. All items of revenue, whether Expenditure or Income are accounted on accrual basis.
2. Income is recognized on the basis of Accounting Standard (AS-9) issued by the Institute of Chartered Accountants of India.
3. 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.

Data Processing Equipments	31.67%
Mobile Phones	100.00%
Furniture	9.50%
Software	33.33%

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.

**B. Notes to Accounts**

4. Shri Educare Maldives Private Limited has received a further investment during the year from the holding company Shri Educare Limited of Rs. 7,738,600, for which shares have been issued in the name of the Holding Company and a further sum of Rs. 12,735,175 as Share Application Money has also been received from the Holding Company.

**5. Related Party Transactions**

As per AS-18, the Company's related parties and transactions with them are as under:

(a) Enterprises that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the reporting enterprise	(b) Associates	(c) Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual	(d) Key Management Personnel	(e) Enterprises over which any person described in (c) or (d) is able to exercise significant influence.
* Shri Educare Limited (SEL) (Holding Company)	Nil	Nil	Nil	Nil

Nature of Transaction	(a)	
	Year Ended 31.03.2011	Year Ended 31.03.2010
Expenses incurred by Shri Educare Limited	701,954	528,462
Balances outstanding	Year Ended 31.03.2011	Year Ended 31.03.2010
Payable to Shri Educare Limited	701,954	528,462

6. Previous period figures correspond to only three months of operations and hence, are not comparable.

7. Previous period figures have been regrouped/rearranged where ever necessary.

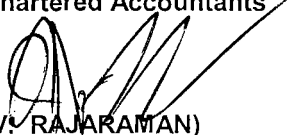


**CASH FLOW STATEMENT PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT**

**SHRI EDUCARE MALDIVES PVT. LIMITED**

	For the Year 2010-2011 (MRF)	For the Year 2009-2010 (MRF)
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before Taxation and Extra-ordinary items.	(5,105,960)	(4,909,216)
<b>Adjustment for:</b>		
Interest & Finance Charges	13,404	-
Depreciation	109,753	3,424
	<u>123,157</u>	<u>3,424</u>
Operating profit before working capital changes	(4,982,803)	(4,905,792)
<b>Adjustment for:</b>		
Trade & Other receivables excluding Income Tax	46,784	(316,726)
Trade payables & provisions	<u>919,901</u>	<u>547,957</u>
	<u>966,685</u>	<u>231,231</u>
Cash generated from operations	(4,016,118)	(4,674,561)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<u><u>(4,016,118)</u></u>	<u><u>(4,674,561)</u></u>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>(750,852)</u>	<u>(281,400)</u>
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<u><u>(750,852)</u></u>	<u><u>(281,400)</u></u>
<b>C CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from Short Term term borrowing (Net)	173,492	528,462
Issue of share capital	2,120,250	4,666,550
Application Money received for issue of equity shares	3,642,975	-
Interest & Finance charges paid	<u>(13,404)</u>	<u>-</u>
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<u><u>5,923,314</u></u>	<u><u>5,195,012</u></u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<u><u>1,156,343</u></u>	<u><u>239,051</u></u>
<b>CASH AND CASH EQUIVALENTS - OPENING</b>	<u><u>239,051</u></u>	<u><u>-</u></u>
<b>CASH AND CASH EQUIVALENTS - CLOSING</b>	<u><u>1,395,394</u></u>	<u><u>239,051</u></u>

For THAKUR, VAIDYANATH AIYAR & CO.  
Chartered Accountants

  
(V. RAJARAMAN)  
Partner

  
(Radhika Roy)  
Director

  
(Dheena Hussain)  
Director

M No.2705  
Place : New Delhi  
Date : 25 MAY 2011



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

<b>I</b>	<b>REGISTRATION DETAILS</b>		
	Registration No.		0
	State Code		0
	Balance Sheet Date		31.03.2011
<b>II</b>	<b>CAPITAL RAISED DURING THE YEAR</b>		
	Public Issue		NIL
	Rights Issue		NIL
	Bonus Issue		0
	Private Placement		6786800
<b>III</b>	<b>POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS</b>		
	Total Liabilities		<b>11,131,729</b>
	Total Assets (*)		<b>11,131,729</b>
	<b><u>Sources of Funds-in MVR</u></b>		
	Paid Up Capital		6,786,800
	Share Application Money		3,642,975
	Capital Reserve		NIL
	Secured Loan		NIL
	Unsecured Loan		701,954
	Deferred Tax Liability		NIL
	Profit & Loss		-
	<b>Total</b>		<b>11,131,729</b>
	<b><u>Application of Funds-in MVR</u></b>		
	Net Fixed Assets		919,075
	Investments		-
	Net Current Assets		197,478
	Miscellaneous Expenditure		-
	Accumulated Losses		10,015,176
	<b>Total</b>		<b>11,131,729</b>
	(*) Net of Current Liabilities and Provisions		
<b>IV</b>	<b>PERFORMANCE OF THE COMPANY</b>		
	Turnover including Other Income		13,531,607
	Total Expenditure		18,637,567
	Profit Before Tax		(5,105,960)
	Profit After Tax		(5,105,960)
	Earning Per Share in Mrf		(0.82)
	Dividend Rate		NIL
<b>V</b>	<b>GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)</b>		
	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

  
**V. RAJARAMAN**  
Partner



  
**Radhika Roy**  
Director

  
**Dheena Hussain**  
Director

M No 2705  
Place : New Delhi  
Date : 25 MAY 2011