

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 31st 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 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st 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 31st 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: 25th 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
<u>SOURCES OF FUNDS</u>			
Shareholders Funds			
Share Capital	1	6,786,800	4,666,550
Share Application Money		3,642,975	-
Due to Holding Company (on current account)		701,954	528,462
TOTAL		11,131,729	5,195,012
<u>APPLICATION OF FUNDS</u>			
Fixed Assets	2		
Gross Block		1,032,252	281,400
Less : Depreciation		113,177	3,424
Net Block		919,075	277,976
Current Assets, Loans and Advances	3		
Cash and Bank Balance		1,395,394	239,051
Loan & Advances		269,942	316,726
		1,665,336	555,777
Less : Current Liabilities & Provisions	4		
Current Liabilities		1,467,858	547,957
Net Current Assets		197,478	7,820
Miscellaneous Expenditure			
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	
TOTAL		11,131,729	5,195,012
SIGNIFICANT ACCOUNTING POLICIES & NOTES	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

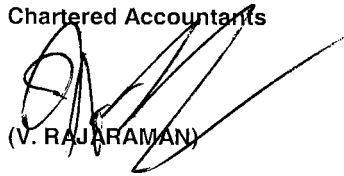
Place : New Delhi
 Date : 25 MAY 2011



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

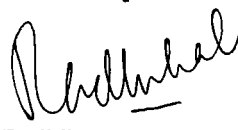
PARTICULARS	Schedule No.	For the Year Ended 31.03.2011 MRF	For the Period Ended 31.03.2010 MRF
<u>INCOME</u>			
School Fees			
- From Govt		12,073,023	3,234,152
- From Students		1,325,847	127,552
Other Income	5	132,737	14,070
		13,531,607	3,375,773
<u>EXPENDITURE</u>			
Personnel Expenses	6	15,094,163	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
Loss for the year		5,105,960	4,909,216
Add: Loss brought forward		4,909,216	-
Loss Carried to Balance Sheet		10,015,176	4,909,216
Basic and Diluted EPS (MRF)		(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
AUTHORISED CAPITAL		
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>
ISSUED, SUBSCRIBED AND PAID UP		
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	-
TOTAL	281,400	750,852	-	1,032,252	3,424	109,753	-	113,177	919,075	277,976
Previous Year		281,400		281,400		3,424		3,424		



SCHEDULE 3- CURRENT ASSETS, LOANS ADVANCES

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



SCHEDULE 4- CURRENT LIABILITIES AND PROVISIONS

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



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

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



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
	3,420,247	4,446,344



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)	(b)	(c)	(d)	(e)
Enterprises that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the reporting enterprise	Associates	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	Key Management Personnel	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.

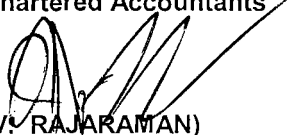


CASH FLOW STATEMENT PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

SHRI EDUCARE MALDIVES PVT. LIMITED

	For the Year 2010-2011 (MRF)	For the Year 2009-2010 (MRF)
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Taxation and Extra-ordinary items.	(5,105,960)	(4,909,216)
Adjustment for:		
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)
Adjustment for:		
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)
NET CASH FLOW FROM OPERATING ACTIVITIES	<u><u>(4,016,118)</u></u>	<u><u>(4,674,561)</u></u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(750,852)</u>	<u>(281,400)</u>
NET CASH FLOW FROM INVESTING ACTIVITIES	<u><u>(750,852)</u></u>	<u><u>(281,400)</u></u>
C CASH FLOW FROM FINANCING ACTIVITIES :		
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>
NET CASH FLOW FROM FINANCING ACTIVITIES	<u><u>5,923,314</u></u>	<u><u>5,195,012</u></u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	<u><u>1,156,343</u></u>	<u><u>239,051</u></u>
CASH AND CASH EQUIVALENTS - OPENING	<u><u>239,051</u></u>	<u><u>-</u></u>
CASH AND CASH EQUIVALENTS - CLOSING	<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

I	REGISTRATION DETAILS		
	Registration No.		0
	State Code		0
	Balance Sheet Date		31.03.2011
II	CAPITAL RAISED DURING THE YEAR		
	Public Issue		NIL
	Rights Issue		NIL
	Bonus Issue		0
	Private Placement		6786800
III	POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS		
	Total Liabilities		11,131,729
	Total Assets (*)		11,131,729
	<u>Sources of Funds-in MVR</u>		
	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		-
	Total		11,131,729
	<u>Application of Funds-in MVR</u>		
	Net Fixed Assets		919,075
	Investments		-
	Net Current Assets		197,478
	Miscellaneous Expenditure		-
	Accumulated Losses		10,015,176
	Total		11,131,729
	(*) Net of Current Liabilities and Provisions		
IV	PERFORMANCE OF THE COMPANY		
	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
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


V. RAJARAMAN
Partner




Radhika Roy
Director


Dheena Hussain
Director

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