

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF USHA MARTIN EDUCATION PRIVATE LIMITED****Report on the Financial Statements**

We have audited the accompanying financial statements of **USHA MARTIN EDUCATION PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the 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 whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.



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, of the state of affairs of the Company as at 31st March, 2015, and its profit/loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial position
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company



For R.S. Ray & Associates
Chartered Accountants
FRN: 320244E

A handwritten signature in blue ink, appearing to be "Chandi Prosad Bagchi".

Chandi Prosad Bagchi
(Partner)
Membership No. 052626

Place : Kolkata
Date: 7th May 2015

The Annexure referred to in our Report of even date to the members of USHA MARTIN EDUCATION PRIVATE LIMITED on the accounts of the company for the year ended 31st March, 2015.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
2. (a) As explained to us and according to the information and explanation given to us, the company does not keep any inventory. So, the requirements for physical verification of inventory [clause (a), (b) and (c)] are not applicable to the company.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and for sale of goods and services. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. The Company has not accepted any deposits from the public covered under sections 73 to 76 of the Act.
6. As per information & explanation given by the management, maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 148 of the Act.
7. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax and Value Added Tax or Cess, to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2015 for a period of more than six months from the date they became payable.



(b) According to the information and explanations given to us, there were no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty, value added tax or cess which have not been deposited on account of any disputes.

(c) There were no amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

8. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.

9. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

10. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.

11. Based, on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.

12. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

Date: 7th May 2015
Kolkata



For R.S. Ray & Associates
Chartered Accountants
FRN:320244E

A handwritten signature in blue ink, appearing to be "Chandi Prosad Bagchi".

Chandi Prosad Bagchi
(Partner)
Membership No. : 052626

USHA MARTIN EDUCATION PRIVATE LIMITED

Balance Sheet as at 31st March, 2015

(Amount in Rs.)

Particulars	Note no.	As at 31.03.2015	As at 31.03.2014
I EQUITY AND LIABILITIES			
1) Shareholders' Funds			
(a) Share Capital	1.1	5,500,010	5,500,010
(b) Reserves and Surplus	1.2	4,339,587	4,247,121
2) Current Liabilities			
(a) Trade Payables	1.3	71,998	30,000
(b) Other Current Liabilities	1.4	8,526	4,494
TOTAL		9,920,121	9,781,625
II ASSETS			
1) Non - Current Assets			
(a) Long Term Loans & Advances	1.5	158,081	202,581
(b) Other Non- Current Assets	1.6	8,577,288	7,981,530
2) Current Assets			
(a) Cash and Cash Equivalents	1.7	14,170	64,670
(b) Short Term Loans and Advances	1.8	1,170,582	1,199,907
(c) Other Current Assets	1.9	-	332,937
TOTAL		9,920,121	9,781,625

Significant Accounting Policies and Notes on Accounts 2.4

This is the Balance Sheet referred to in our report of even date

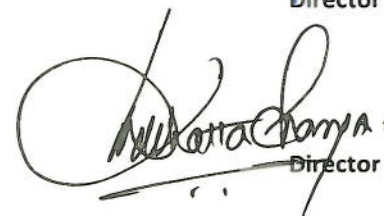
On behalf of the Board

For R.S.Ray & Associates
Chartered Accountants
FRN:320244E

(Chandi Prosad Bagchi)
Partner
Membership No: 052626

Kolkata
Dated: 7th May, 2015


Director


Director



USHA MARTIN EDUCATION PRIVATE LIMITED
Statement of Profit and Loss for the Year ended 31st March, 2015

(Amount in Rs.)

Particulars	Note no.	For the year ended 31.03.2015	For the year ended 31.03.2014
Revenue			
i Revenue from Operations	2.0	1,000,000	6,114,254
ii Other Income	2.1	719,876	3,710,231
iii Total Revenue		<u>1,719,876</u>	<u>9,824,485</u>
IV Expenses			
Employee Benefit Expenses	2.2	-	2,669,493
Depreciation and Amortization Expenses		-	165,151
Operating and Administrative Expenses	2.3	1,582,910	3,286,196
Total Expenses		<u>1,582,910</u>	<u>6,120,840</u>
v Profit before Tax		136,966	3,703,645
VI Tax Expense:			
Current Tax		44,500	503,148
VII Profit (Loss) for the period		<u>92,466</u>	<u>3,200,497</u>
Earnings per Equity Share:			
(1) Basic		0.17	5.82
(2) Diluted		0.17	5.82

Significant Accounting Policies and Notes on Accounts

2.4

This is the Statement of Profit & Loss referred to in our report of even date

For R.S.Ray & Associates
Chartered Accountants
N:320744E



(Chandi Prosad Bagchi)
Partner
Membership No: 052626
Kolkata
Dated: 7th May, 2015



On behalf of the Board

K. Manoj
Director
Subhadra
Director

USHA MARTIN EDUCATION PRIVATE LIMITED

Notes forming part of Balance Sheet

(Amount in Rs.)

NOTE : 1.1- SHARE CAPITAL

- a) The Company has authorized equity share capital of 5,000,000 (Previous year 5,000,000 of Rs. 10 each) of Rs. 10 each
- b) **No. of shares issued, subscribed and fully paid up and Par Value of Each Share :**
550,001 No. of Equity Shares of Rs. 10 each (Previous Year 550,001 No. of Equity Share of Rs. 10 each)
- c) There has been no Movement in No. of shares outstanding at the beginning and at the end of reporting period.
- d) The Company has only one class of issued shares i.e. ordinary equity shares having par value of Rs. 10 per share. Each holder of ordinary shares is entitled to one vote per share and equal right for dividend. No preference and/or restrictions on distribution of dividend and repayment of capital is attached to the above shares.
- e) The entire Equity Shares of the Company are held by its holding Company Usha Martin Education & Solutions Limited, except 1 share which is held by erstwhile Director of the Company

NOTE : 1.2- Reserve and Surplus

As at 31.03.2015

As at 31.03.2014

Surplus in the Statement of Profit & Loss

As per previous Financial Statement

4,247,121

1,046,624

Add: Profit for the year

92,466

3,200,497

4,339,587

4,247,121

NOTE : 1.3- Trade Payables

Other than Acceptance

For Micro and Small Enterprises

-

-

For Goods / Services

30,708

-

Accrued Expenses

41,290

30,000

71,998

30,000



USHA MARTIN EDUCATION PRIVATE LIMITED

Notes forming part of Balance Sheet

(Amount in Rs.)

As at 31.03.2015

As at 31.03.2014

NOTE : 1.4- Other Current Liabilities

Statutory Dues

8,526

4,494

8,526

4,494

NOTE : 1.5- Long Term Loans & Advances

MAT Credit Entitlement

158,081

202,581

158,081

202,581

NOTE : 1.6- Other Non-Current Assets

Fixed Deposit

8,577,288

7,981,530

8,577,288

7,981,530



USHA MARTIN EDUCATION PRIVATE LIMITED

Notes forming part of Balance Sheet

(Amount in Rs.)

As at 31.03.2015 As at 31.03.2014

NOTE : 1.7- Cash and Cash Equivalentents

(a) Cash on Hand	891	1,005
(b) Balances with Banks In current account	13,279	63,665
	<u>14,170</u>	<u>64,670</u>

NOTE : 1.8- Short Term Loans and Advances

Advance Income Tax (Net of provisions Rs. 8,85,729/-) (Previous Year- Rs. 8,85,729/-)	1,024,645	801,636
Others Unsecured, Considered good	-	265,644
Balances with Government Authorities Service Tax Input Credit	145,937	132,627
	<u>1,170,582</u>	<u>1,199,907</u>

NOTE : 1.9- Other Current Assets

Unamortised Expenses Pre- Operative Expenses	-	332,937
	<u>-</u>	<u>332,937</u>



USHA MARTIN EDUCATION PRIVATE LIMITED

Notes forming part of Statement of Profit & Loss

(Amount in Rs.)

	For the year ended 31.03.2015	For the year ended 31.03.2014
NOTE : 2.0- Revenue From Operations		
Sale of Service (Learning Solution)	-	5,280,920
Licence Fees	1,000,000	833,334
	1,000,000	6,114,254
NOTE : 2.1- Other Income		
Interest Income (refer note- 1 below)	710,227	553,692
Profit on Sale of Business	-	3,101,976
Other Non- Operating Income (net of expenses directly attributable to such income) (refer note- 2 below)	9,649	54,563
	719,876	3,710,231
Note:		
(1) Interest Income comprises of :		
Interest from Bank on deposit	710,227	553,692
	710,227	553,692
(2) Other Non- Operating Income comprises of :		
Liabilities no longer written back	9,649	54,563
	9,649	54,563
NOTE : 2.2- Employee Benefit expenses		
Salaries and Bonus	-	2,539,181
Contribution to Provident Fund and other Funds	-	94,269
Staff Welfare Expenses	-	36,043
	-	2,669,493
NOTE : 2.3- Operating and Administrative Expenses		
Travelling and Conveyance	-	390,093
Communication	-	94,435
Power	-	131,860
Maintenance expenses	-	123,171
Computer Consumables	-	121,280
Professional and Consultancy charges	100,294	319,925
Infrastructure Charges	-	200,000
Marketing and Advertisement	-	171,514
Service Charges	1,106,159	48,298
Business Development	-	2,524
Printing and Stationery	-	55,948
Facility Management Services	-	532,746
Subscription	-	301
Auditors' Remuneration	10,000	20,000
Rates and Taxes	11,150	620,920
Loss on sale of Fixed Assets	-	54,563
Bank Charges	6,742	2,101
Pre- operative Expenses written off	332,937	332,936
Miscellaneous Expenses	15,628	63,581
	1,582,910	3,286,196



USHA MARTIN EDUCATION PRIVATE LIMITED
Cash Flow Statement for the Year ended 31st March, 2015

	For the year ended 31st March, 2015		For the year ended 31st March, 2014	
	Rs.	Rs.	Rs.	Rs.
A. Cash flow from Operating Activities :				
Profit after Non-recurring Items and before Taxation		136,966		3,703,645
Adjustments for :				
Depreciation	-		165,151	
Profit/Loss on Sale of Fixed Assets	-		54,563	
Profit from sale of Business	-		(3,101,976)	
Interest Income	(710,227)		(553,692)	
Provisions/Liabilities no longer required written back	(9,649)		(54,563)	
Pre-Operative Expenses written-off	332,937		332,936	
		<u>(386,939)</u>		<u>(3,157,581)</u>
Operating profit before working capital changes		<u>(249,973)</u>		<u>546,064</u>
Working Capital Changes				
Increase in Trade and other receivables	252,334		(78,166)	
Increase in Current Liabilities and Other Provisions	55,679		(1,121,643)	
		<u>308,013</u>		<u>(1,199,809)</u>
Cash generated from Operations		58,040		(653,745)
Direct taxes (paid)/refund (Net)		<u>(223,009)</u>		<u>122,140</u>
Net Cash Flow from Operating Activities		<u>(164,969)</u>		<u>(531,605)</u>
B. Cash flow from Investing Activities :				
Purchase of Fixed Assets	-		(52,924)	
Increase in Fixed Deposit	(595,758)		(7,981,530)	
Proceeds from Sale of Business	-		7,500,000	
Interest received	710,227		553,692	
		<u>114,469</u>		<u>19,238</u>
Net cash used in Investing Activities		<u>114,469</u>		<u>19,238</u>
C. Cash flow from Financing Activities :				
Finance Cost	-		-	
		<u>-</u>		<u>-</u>
Net Cash used in Financing Activities		<u>-</u>		<u>-</u>
Net increase in cash and cash equivalents during the year (A+B+C)		<u>(50,500)</u>		<u>(512,367)</u>
Cash and Cash Equivalents at the beginning of the year (Refer Note 1.7 to Accounts)	64,670		577,037	
Cash and Cash Equivalents at the end of the year (Refer Note 1.7 to Accounts)	<u>14,170</u>		<u>64,670</u>	
		<u>(50,500)</u>		<u>(512,367)</u>

- 1) The above Cash Flow Statement has been prepared under the Indirect method.
- 2) Previous year's figures have been re grouped or re arranged, wherever necessary
- 3) Cash & Cash equivalents at the Balance Sheet date are available for use

This is the Cash Flow Statement referred to in our report of even date.

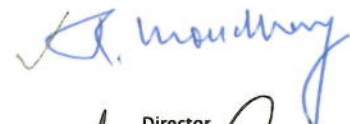
On behalf of the Board

For R.S.Ray & Associates
Chartered Accountants
FRN:320241E



Chandni Prosad Bagchi
Partner
Membership No: 052626

Kolkata
Dated: 7th May, 2015

Director

Director

USHA MARTIN EDUCATION PRIVATE LIMITED

Note- 2.4:

1. Significant Accounting Policies and Notes on Accounts

a. Basis of preparation of Financial Statements

The financial statements have been prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP) and comply with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006, and the provisions of the Companies Act, 2013 as adopted consistently by the Company. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

Pre-Operating expenses are to be written off over a period of five years. Accordingly, one fifth of the pre operating expenses as on 31.03.2010 have been charged as expenses during the year.

b. Fixed Assets

Fixed Assets have been stated at cost less depreciation.

c. Depreciation

Depreciation ((including amortization) on fixed assets is provided using straight-line method (SLM) at the rates prescribed in schedule II of the Companies Act 2013.

Further individual assets costing less than Rupees five thousand are depreciated in full in the year of Purchase.

d. Provident Fund

Contribution to Provident Fund as defined contribution scheme is made at the prescribed rates to the Provident Fund Commissioner and is charged to the Statement of Profit & Loss. There is no other obligation other than the contribution payable.

e. Employee Benefits

Liability for retrial, gratuity and un-availed earned leave is provided for based on an independent actuarial valuation report as per the requirements of Accounting Standard – 15 (revised) on “Employee Benefits”. However as on 31st March, 2015, the actuarial valuation was not done as the Company do not have any employee on roll as on that date.

- 2) During the Previous year, Company has changed its business model to licensing and consultancy and sold off its school management business ‘as a going concern’ to Usha Breco Education Infrastructure Limited. The sale was done on consideration as the Board of Directors deemed appropriate on the basis of independent valuation undertaken by a firm of Chartered Accountants.



However, it continues to own its 'Usha Martin School' brands and earn license fees by licensing the said brands to Usha Martin Schools.

3) Taxation

Current Tax in respect of taxable income is provided based on computation of tax as per taxation laws under the Income Tax Act, 1961. Deferred tax is recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets are not recognized unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Tax credit on Minimum Alternate Tax (MAT) is recognized when there is convincing evidence of its reliability against future normal tax liability.

4) Contingencies

Contingencies, which can be reasonably ascertained, are provided for if, in the opinion of the company, there is a probability that the future outcome may be materially adverse to the company.

5) Remuneration to Auditors

Statutory Audit Fees: Rs.10,000/- (Previous year Rs. 20,000/- including Tax Audit Fees Rs. 10,000/-).

6) Additional Information required under Part II of Schedule III of the Companies Act, 2013 to the extent not applicable is not provided.

7) There are no Micro, Small and Medium Enterprises to whom Company owes dues which are outstanding for more than 45 days as on 31st March, 2015 as identified on the basis of information available with the Company.

8) Related Party Disclosures:

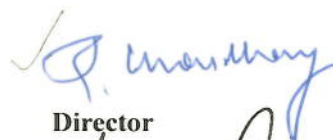
Name of Related Parties:

Usha Martin Education & Solutions Ltd.
Mr. Debjit Bhattacharya
Mr. Rahul Choudhary
Mr. Ravi Goenka

Relationship

Holding Company
Director
Director
Director

On behalf of the Board


Director


Director

Place: Kolkata
Dated: 7th May, 2015

