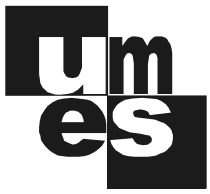
13th ANNUAL REPORT 2010



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Chairman
Mr. Prashant Jhawar

Directors
Mr. Rajeev Jhawar
Sir Stephen Waley Cohen Bt.
Dr. Saugata Banerjee
Mr. Shiva Kumar Barasia
Mr. Rahul Choudhary
Mr. Trivikram Khaitan
Mr. Subrata Kumar Mitra - Additional Director
(with effect from 3rd March 2010)
Mr. Debjit Bhattacharya - Wholetime Director

Company Secretary
Dr. R. N. Chakraborty

Bankers
The Hongkong & Shanghai Banking Corp Ltd
IndusInd Bank Ltd
ICICI Bank Ltd
Axis Bank Ltd.

Auditors
S. Swarup & Co.
21, Hemanta Basu Sarani
3rd Floor, Room No. 303
Kolkata - 700 001

Registered Office
Mangal Kalash
2A, Shakespeare Sarani, Kolkata – 700 071
Phone : 033-3980 0300, Fax : 033-3980 0400
E-mail : investors@umitl.co.in

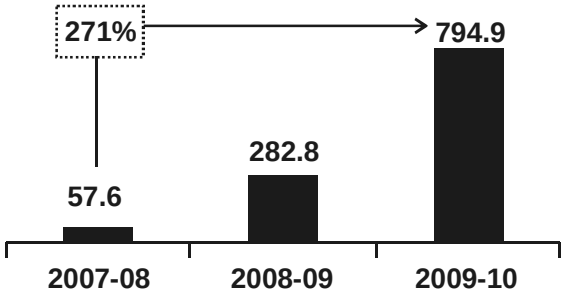
Corporate Office
PS Srijan Techpark, 4th Floor, DN - 52,
Sector-V, Salt Lake City, Kolkata - 700 091
Tel.: +91 33 4013 4700, Fax: +91 33 4013 4800
E-mail : contact@umitl.co.in

Registrar and Transfer Agent
MCS Limited
77/2A, Hazra Road, Kolkata – 700 029
Ph. : 2454 1892-93, Fax : 2454-1961
E-mail : mcskol@rediffmail.com

1 Financial Highlights

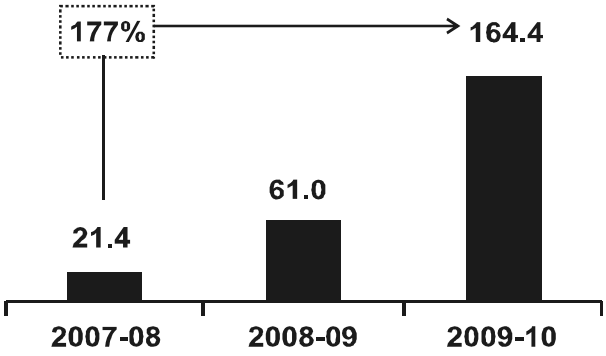
Income

(Rs. Lacs)



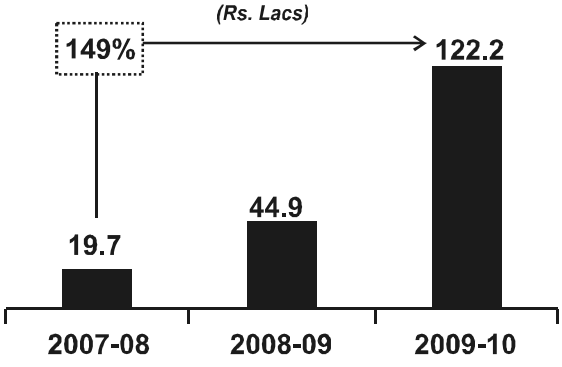
EBITDA

(Rs. Lacs)



Profit Before Tax

(Rs. Lacs)



CAGR in % (2007-08 to 2009-10)

NOTICE TO THE MEMBERS

NOTICE is hereby given that the 13th Annual General Meeting of the members of Usha Martin Education & Solutions Limited (Formerly Usha Martin Infotech Limited) will be held on Friday, 6th day of August, 2010 at 3.30 P.M. at ''Sripati Singhania Hall", Rotary Sadan, 94/2, Jawaharlal Nehru Road, Kolkata-700 020 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010, Profit & Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Prashant Jhawar who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a director in place of Mr. Rahul Choudhary who retires by rotation and being eligible offers himself for reappointment.
4. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution :**

   "RESOLVED THAT M/s. Swarup & Co., Chartered Accountants, be and are hereby appointed as the Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that their remuneration be determined by the Board of Directors."

Special Business

To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution:**

5. "RESOLVED THAT Mr. Subrata Kumar Mitra who was appointed as an additional director of the Company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of director, be and is hereby appointed a director of the Company, liable to retire by rotation."

To consider and, if thought fit, to pass with or without modification, the following resolution as a **Special Resolution:**

6. "RESOLVED THAT pursuant to sub-section 2A of Section 149 and other applicable provisions if any of the Companies Act, 1956, and pursuant to provisions of the Articles of Association of the Company, consent of the Company be and is hereby accorded to carry on the business activity of manpower deployment and staffing solutions as covered under the "Other Objects" Clause no. 20 of the Memorandum of Association of the Company".

   "RESOLVED FURTHER that Mr. Debjit Bhattacharya, Whole-time Director of the Company and Dr. R N Chakraborty, Company Secretary of the Company be and are hereby jointly and severally authorized on behalf of the Board of Directors to take all necessary, expedient and effective steps and execute all documents and writings as the case may be for implementation of the resolution and to do all such acts, deeds, matters and things as may be deemed fit and proper for giving effect to the above"

By Order of the Board of Directors,

Registered Office:
2A Shakespeare Sarani
Kolkata-700 071
Dated: 11th May 2010

R. N. Chakraborty
Company Secretary

gister of M

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint and, in case of a poll, vote instead of himself and proxy need not be a member of the Company.
2. Proxies in order to be effective must be received by the Company not later than 48 hours before the commencement of the meeting.
3. The related Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed.
4. The Register of Members and the Share Transfer Book of the Company will remain closed from 23rd July, 2010 to 6th August, 2010 (both days inclusive).
5. Members are requested to intimate to the Company queries, if any, on the Accounts at least 10 days before the meeting to enable the management to keep the required information available at the meeting.
6. All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company from 10 AM to 12 Noon on all working days until the date of Annual General Meeting or any adjournment(s) thereof.
7. Members are requested to bring their copy of Annual Report to the meeting.
8. Appointment/Reappointment of Directors:

   Mr. Prashant Jhawar, Director of the Company, retires by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offers himself for reappointment.

   Mr. Rahul Choudhary, Director of the Company, retires by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offers himself for reappointment.

   The information/details to be provided under Corporate Governance Code for the aforesaid directors are as under:

Mr. Prashant Jhawar

Mr. Prashant Jhawar, aged about 47 years, is a Commerce Graduate and has undergone Management Development Courses in Wharton Business School. He is a second generation entrepreneur and has vast experience and expertise in management of conglomerates. He is the Executive Chairman of Usha Communication Technology, a United States based Corporation, involved in convergent Customer Care and Billing communication and broadband services. He is the Vice Chairman of Usha Martin Limited which has diversified interest in steel, wire ropes, telecom cables and has been associated with the Company since its inception.

Under his leadership Usha Martin Group founded Usha Martin Telekom in 1994, a GSM Cellular Network in the city of Kolkata, in partnership with Telekom Malayasia and other international investors. In July 2000, Hutchison Whampoa of Hongkong has acquired this venture. He is also a Director on Board of Usha Martin Limited (Chairman), Usha Martin Finance Limited (Chairman), BlueXess Limited, UK.

He also holds Membership in the following committees :

Sl. No.	Name of Company	Name of Committee	Position held
1.	Usha Martin Limited	Share Transfer Committee	Member
2.	Usha Martin Limited	Investor Grievance Committee	Member

Mr. Rahul Choudhary

Mr. Rahul Choudhary aged about 38 years, is a Commerce Graduate and is member of the Institute of Chartered Accountant of India, Institute of Company Secretaries of India and Institute of the Cost and Works Accountant of India. He has vast knowledge and expertise in accounts, finance and secretarial functions.

Explanatory Statement under Section 173(2) of the Companies Act, 1956

Explanatory Statement under Section 173(2) of the Companies Act, 1956, for Item nos. 5 and 6 of the accompanying Notice is as under:

Item no. 5

As per the provisions of Section 260 of the Companies Act, 1956 the Act, Mr. Subrata Kumar Mitra was

appointed as an Additional Director of the Company by the Board of Directors to hold office up to the date of the forthcoming Annual General Meeting. Mr. Mitra vacates his office at this Annual General Meeting pursuant to Section 260 of the Act.

Pursuant to Section 257 of the Companies Act, 1956, the Company has received a notice in writing along with requisite deposit proposing his candidature for the office of director, liable to retire by rotation. Further the Company has received consent letter from Mr. Mitra to act as a Director of the Company, if appointed.

As required under the Corporate Governance Code, the brief profile of Mr. Mitra is given below:

Mr. Mitra is M.Sc. and holds Masters in Management Science. He has vast experience in financial sector. Mr. Mitra has been instrumental in setting up the Merchant Banking Divisions of Bank of India and Standard Chartered Bank in 1977 and 1978 respectively. He had been associated with American Express Bank as the Head, Corporate Banking and Investment Banking. He had been instrumental in setting up GIC Mutual Fund. He played key role in setting-up and overseeing a highly successful financial services business of the Aditya Birla Group as the Director, Financial Services. He has sound knowledge and experience in structuring project finances, raising fund from financial institutions, merger and acquisition activities, strategic counseling and asset management. Currently he is serving on the Board of several reputed companies in diverse industries as an Independent Director like, Hexaware Technologies Limited, Century Real Estate Holdings Pvt. Ltd., SKP Securities Ltd., Mangal Keshav Securities Ltd., LIC Mutual Fund AMC Ltd., Tecpro Systems Limited, and BDO Consulting Private Limited. Mr. Mitra is the National Vice President of Indo American Chamber of Commerce. He is also connected with several NGOs.

Mr. Mitra holds the following Chairmanship/Membership:

Sl.No.	Name of Company	Name of Committee	Position held
1.	Hexaware Technologies Ltd.	Audit Committee	Member
2.	Hexaware Technologies Ltd.	Remuneration & Compensation Committee	Member
3.	Reach (Cargo Movers) Pvt. Ltd.	Audit Committee	Chairman
4.	LIC Mutual Fund AMC Ltd	Audit Committee	Member

The Board recommends this resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in the resolution No. 5 other than Mr. Mitra which pertains to his appointment.

Item No. 6

The Company wishes to provide end-to-end solutions in education sector which includes manpower deployment and staffing solutions. The addition of this vertical will further strengthen the Company's reach in education sector. Hence, in order to harness the synergies presented by education sector, the Company proposes to take up manpower deployment and staffing solutions as a new vertical. The said activity is covered under Clause 20 of the ''Other Objects'' Clause of the Memorandum of Association of the Company.

Pursuant to the provisions of Section 149(2A) of the Companies Act, 1956, and other applicable provisions of the Companies Act, 1956, any company which commences new business activity covered under Other Objects clause of the Memorandum of Association of the company, is required to obtain an approval from the shareholders of the company by way of a Special Resolution.

Hence, the Board recommends passing of the above resolution.

None of the Directors is in anyway concerned or interested in the resolutions No. 6.

By Order of the Board of Directors,

Registered Office:
2A Shakespeare Sarani
Kolkata-700 071
Dated: 11th May 2010

R. N. Chakraborty
Company Secretary

Directors' Report to the Members

Your Directors have pleasure in presenting the 13th Annual Report, together with the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2010.

Financial Results:

(Rs in '000)

Particulars	Stand alone		Consolidated
	Year Ended 31st March, 2010	Year Ended 31st March, 2009	Year Ended 31st March, 2010
Gross Income	794,94	282,83	794,94
Gross Profit/(Loss) before Interest and Depreciation	164,35	61,23	164,35
Less Interest	0.00	22	0.00
Less Depreciation	42,17	16,14	42,17
Profit / (Loss) for the year	122,18	44,87	122,18
Less Provision for Tax (Net)	20,76	86	20,76
Profit / (Loss) After Tax	101,42	44,01	101,42
Amount Available for Appropriation	101,42	44,01	101,42
Dividend	–	–	–
Transfer (to) / from Reserves and Surplus	(101,42)	(44,01)	(101,42)
Balance Carried to Balance Sheet	–	–	–

Financial Review:

On a year-on-year comparison your Company's revenue showed an increase of 181% (from Rs, 282.83 Lakhs in the year 2009 to Rs. 794.94 Lakhs in the year ended 2010). The profit has increased by 172 %. The Company recorded a Profit after tax of Rs 101.42 Lakhs as compared to Rs 44.01 Lakhs in the preceding year. During the year, the Company has incurred capital expenditure of Rs 145.49 Lakhs and the entire amount was funded through internal accruals. The Company continues to be debt-free. Ratio analysis and future outlook of the Company has been included in Management Discussion and Analysis section. Since this is first year of operation of subsidiary company, the entire expenses have been debited to pre-operative expenses. Hence, there is no change in Profit/Loss position in consolidated results.

Dividend

In order to conserve cash to fund expansion, your Directors have decided not to recommend any dividend for the current financial year.

Subsidiaries

The Company has a wholly-owned non-material Indian Subsidiary under the name and style of Usha Martin Education Private Limited. The said subsidiary shall be instrumental in catering to Education Segment. Statement under Section 212 (1) of the Companies Act, 1956 is attached hereto and forms an integral part of this Report.

Consolidated Financial Statements

The Audited Consolidated Financial Statements based on the Financial Statements received from subsidiary company, as approved by its Board of Directors, have been prepared in accordance with the Accounting Standard 21 (AS-21) - Consolidated Financial Statements as notified under Section 211 (3C) of the Companies Act, 1956 read with Companies (Accounting Standards) Rules, 2006 as applicable. Further, the Consolidated Financial Statements are also presented in accordance with Clause 41 of the Listing Agreement entered into with the stock exchanges where the shares of the Company are listed.

Group

Pursuant to an intimation from the Promoters, the names of the Promoters and entities comprising 'group' as defined under the Monopolies and Restrictive Trade Practices ('MRTP') Act, 1969 are furnished in the Annual Report for the purpose of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Public Deposit

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

Change of Name of the Company

At an Extra-ordinary General Meeting of the Company held on 26th October 2009, you had approved a resolution for change of name of the Company. The changed name reflects the present area of focus. The new name has been successfully given effect and adhesive stickers had been sent out to all the members holding shares of the Company in physical form.

Restructuring of Capital

At an Extra-Ordinary General Meeting of the Company held on 23rd December 2009, you had approved a resolutions for restructuring of capita! of your Company subject however to the confirmation of the Hon'ble High Court at Calcutta. As per the said resolution, the Equity Share Capital of your Company shall stand reduced from 26,415,811 Equity Shares of Rs.5/- each to 26,415,811 Equity Shares of Re. 1/- each. Further, the value of Securities Premium Account shall stand reduced from Rs. 230,862,705/- to Rs. 120,249/- while the Capital Redemption Reserve having a balance of Rs. 50,000,000/- shall be utilized in full. The entire amount released shall be utilized to diminish the value of Investments made by the Company. You will be pleased to know that on 6th April 2010, the Hon'ble High Court at Calcutta has granted necessary approval to the Reduction of Capital. However, as per the provisions of Section 103(2) of the Companies Act, 1956, the said Reduction of Capital can be given effecl only from the date the Registrar of Companies, West Bengal registers the said order and the Registrar of Companies, West Bengal has registered the minutes on 4th May 2010. The Company is now taking all appropriate steps to make the changes effective.

During the year under review the accumulated losses should have been Rs.242,910,807/- (after adjustment of Profits during the year Rs. 10,142,091/-). However, the Company has adjusted the entire accumulated losses against General Reserve of the Company thereby bringing the balance of General Reserve to Rs.164,758,421/-.

Directors

During the year under review, Mr. Subrata Kumar Mitra has been appointed as an Additional Director of the Company with effect from 3rd March 2010. In terms of Section 260 of the Companies Act, 1956, Mr. Mitra shall vacate his office at the ensuing Annual General Meeting. A suitable resolution has been proposed in the Notice of the Annual General Meeting for his re-appointment.

Mr Prashant Jhawar and Mr. Rahul Choudhary retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Corporate Governance

Your Company recognizes the importance of good Corporate Governance as step for building stakeholders' confidence, improving investor protection and enhancing long-term enterprise value. A detailed report on Corporate Governance is annexed.

Your Company has implemented revised Clause 49 of the Listing Agreement from 1st January 2006.

The practice has also been introduced for Senior Management personnel to make disclosures to the Board of Directors relating to any material financial and commercial transactions where they have any personal interest, with a potential conflict with the interest of the Company at large.

Management Discussion and Analysis

The management discussion and analysis on the operations and financial position of the Company is provided in a separate section forming part of the annual report.

CEO / CFO Certification

The Whole-time Director of the Company has submitted a certificate to the Board as required under Clause 49 of the Listing Agreement for the year ended 31st March 2010.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, the Directors confirm:

(i) that in preparation of the accounts for the financial year ended 31st March 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) that the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;

(iii) that 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 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) that the Directors have prepared the accounts for the financial year ended 31st March 2010 on a 'going concern' basis.

Auditors

M/s. S. Swarup & Co., Chartered Accountants, have communicated their willingness to act as the auditors of the Company subject to necessary approval at the forthcoming Annual General Meeting under Section 224 (IB) of the Companies Act, 1956 and the Board recommend for their appointment.

The qualifications made by auditors in their report have been sufficiently explained by way of Note 3 of the Schedule 'N' to Accounts.

Human Resources

The Company recognizes the importance and contribution of people in delivering existing business and identifying new business opportunities and is committed to the welfare of its staff by providing a congenial work environment.

The Board of Directors expresses its appreciation for sincere efforts made by the employees of your Company at all levels during the year and their co-operation in maintaining cordial relations.

The particulars required to be furnished under provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are not given as none of the employees of your Company is covered by the prescribed amount of remuneration in this regard.

Energy, Technology and Foreign Exchange Earning and Outgo

The particulars required to be furnished under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

(i) Part A and B pertaining to conservation of energy and technology absorption are not applicable to the Company,

(ii) Foreign Exchange earnings and outgo are as under:

Earnings	Rs. NIL
Outgo	Rs. 172,452

Compliance Certificate

A Certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this Report.

Acknowledgements

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, customers, vendors, bankers, and other business constituents for their support during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all employees during the year.

On behalf of the Board of Directors

Place : Kolkata
Date : 11th May, 2010

Prashant Jhawar Chairman
Debjit Bhattacharya Whole-time Director

Statement pursuant to Section 212 of the Companies Act. 1956 relating to subsidiary companies.

Sl No.	Name of Subsidiary Company	Usha Martin Education Pvt. Ltd.
1.	The financial year of the Subsidiary Company ended on	31.03.2010
2 a)	No of Equity Shares held by Usha Martin Education & Solutions Ltd. and its nominees in the Subsidiary on 31st March.2010	357,501 Equity Shares of Rs. 10/- each fully paid up.
b)	Extent of interest of Usha Martin Education & Solutions Ltd. in the Capital of the Subsidiary	100%
3.	Net aggregate amount of the Profit/(Losses) of the Subsidiary so far as it concerns the members of Usha Martin Education & Solutions Ltd. and is not dealt with in the Company's Account	
a)	Profit /(Losses) (after tax) for the Financial Year ended on 31st March.2010 of the Subsidiary.	(Rs. 1,664,681)
b)	Profit /(Losses) (after tax) for the previous financial years of the Subsidiary of Usha Martin Education & Solutions Ltd.	Nil
4.	Net aggregate amount of Profit/(Losses) of the Subsidiary so far as dealt with Provision is made for those Profit/(Losses) in Usha Martin Education & Solutions Ltd.'s Accounts	Nil
a)	For the Subsidiary's Financial year ended on 31st March.2010	Nil
b)	For the previous financial years since it became the Subsidiary of Usha Martin Education & Solutions Ltd.	

On behalf of the Board of Directors

Place : Kolkata
Date : 11th May, 2010

Prashant Jhawar Chairman
Debjit Bhattacharya Whole-time Director

Management Discussion & Analysis

Financial year 2009-10 has been an eventful year for the Company. During the year the Company revisited its strategies, identified new focus area and is in the process of making steady headway towards redefining itself.

Your Company plans to offer world-class instructional support, including curriculum, content, assessment, teacher training and support. In a period of 5-7 years the Company plans to enable and manage significant number of schools at affordable rates. The Company's decision to concentrate on non-metro towns and cities gains roots from various research reports and surveys which clearly indicate that the parents of children in non-metro areas are usually starved of choice in search of high quality English medium schools. With this focus in view, during the year the Company launched end-to-end school management services by enabling 12 schools in Eastern India. The Company's service delivery model includes provision of services through its Wholly-owned subsidiary.

In order to help the Company to maintain strong focus, the Company initiated action to restructure and reduce its large Capital base. This action is targeted to help the Company to retain its focus and simultaneously enhance Shareholder value by increasing Return on Net Worth and Capital Employed.

The Company's Revenues showed an increase of 181% over last year. Company's After-tax Profit was registered at Rs. 101.42 Lakhs (an improvement of 130 % over last financial year). During the last financial year the Company's Cash Profit stood at Rs.143.58 Lakhs. Several key ratios are mentioned below:

Particulars	**Financial Year 2009-10**	**Financial Year 2008-09**
	%	**%**
Profitability Ratio:		
EBDITA/ Net Sales	21	22
PBT/ Sales PAT/ Sales	15	16
PAT / Sales	13	16

Industry Overview:

[Sources: Ministry of Human Resource Development: www.education.nic.in; Company internal research; UN Paper on World Population Ageing 2009]

India presents a unique opportunity for growth in Education segment. A recent study by an education-focused PE fund puts the entire K-12 segment in Education industry to be an estimated US$ 20 Billion (Rs. 89,000 crore) business. With the current demographic distribution (Census 2001) an estimated 42% of the country's population forms part of children within age group 5-24. India has the world's largest population below the age of 29. UN report on World Population Ageing 2009 puts median age in India at 24.7 years (for China median age is 33.9 years). This makes Education a very promising business domain. Annual Report 2009-10 of Ministry of Human Resource Development reports Eleventh Five Year Plan [2007-12] [as approved by National Development Council (NDC)] at Rs. 2.70 lakh crore - Rs. 85 Thousand Crore for Department of Higher Education and Rs. 1.85 lakh crore for Department of School Education & Literacy. The approved Annual Plan outlay [2009-10] is Rs. 26,800 crore for Department of School Education & Literacy and Rs. 9,600 crore for the Department of Higher Education. These figures go a long way to show the Indian Government's commitment towards promotion of education in the country which also opens up a promising sector for your Company.

The Indian education market is currently under-serviced, with only around 210 million students enrolled in more than one million schools (K-12). The Indian Government (both at the central and state level) owns approximately 85% of all of the schools in India. It is estimated that there are currently approximately 120 million students who should be enrolled in school but are not a part of the system. Higher Education system also presents a huge demand-supply gap with around 14 million students as of 3rd March, 2007 in 378 universities and 18,064 colleges. The private, not for profit sector owns over 75% of institutions and accounts for 64% of enrolled students.

The overall growth of Education segment in India is very promising and presents a vast untapped market.

Company Outlook & Strategy for 2010-11

During the forthcoming year your Company plans to grow and towards this objective the Company wishes to deepen its reach in current focus area while acquiring and realigning various business segments to achieve growth. The Company plans to position itself as a Company catering as an integrated education service provider. For this purpose the Company wishes to undertake the following strategic moves:

- Scaling of number of managed schools;
- Deepening reach through Partnering and Franchise Model;
- Initiating vocational training courses;
- Providing best value-for-money education services using globally acclaimed methods;
- Provision of best quality education at affordable rates;
- Augmenting other verticals.

The Company targets to scale up its operations from the current level. Further, the Company's Higher Education business segment will continue to expand under "Usha Martin Academy" brand using own, partnered and franchise model. The Company plans to deepen its reach through launching courses which are more closely integrated with industry. In addition, new courses will be closely aligned with other business segments thereby realizing synergies with the K-12 business segment.

With your Company's expertise in education domain, the Company plans to launch low-cost-high-quality school management services specially designed for rural segment. To have scalability and flexibility your company plans to partner with related parties for creation of infrastructure and related facilities. Your Company will enable optimizing the usage of school infrastructure through synergies with higher education and through newer offerings such as vocational training. With the recent enactment of Right of Children to Free and Compulsory Education Act, 2009, the sector offers new opportunities and challenges. Your Company shall evaluate these opportunities and challenges and re-strategize its approach accordingly.

Business Review :

Learning Business Segment

The Company's school-finishing and higher learning courses have completed its second full year of operations. All existing 3 centers of higher learning courses continue their satisfactory performance. To further augment the growth story the Company successfully launched its Dhanbad center and the response is positive.

In education segment your Company has identified a new area for future growth. During the year under review, the Company has successfully launched end-to-end school management services and is managing and enabling 12 schools in Eastern India.

Opportunities

The current demographics of school going children in India (over 200 million) and only a network of 75,000 private schools coupled with low literacy rate of 64% (Census 2001) (with China having literacy levels of 90%) provides a unique opportunity for growth of education business in India. Indian Government's education policies further the opportunities for your Company.

On a Composite Educational Development Index released by Government of India in the year 2009, exclusively based on the District Information System for Education (DISE) data for the year 2007-08, the states of West Bengal, Jharkhand and Bihar rank 33rd, 32nd and 35th respectively.This further provides an opportunity for the Company to tap the vast untapped education market in Eastern India. After consolidating its position in Eastern India, the Company plans to expand its operations across India.

Risk & Concerns

The Company is exposed to the normal risk factors of Governmental policies which pose as a deterrent to entry of

private players in education business, demographic distribution and concentration, literacy rates, existence of competitors, credit risk, liquidity risk, etc.

Adequacy of Internal Controls

The Company has a proper and adequate system of internal controls to ensure that all of its assets are safeguarded and protected against loss from unauthorized use or disposition and transactions are authorized, recorded and reported correctly. The internal control system is supplemented by internal audits, review by management, documented policies and procedures.

Human Resources

The Company recognizes the importance and contribution of people in delivering existing business and identifying new business opportunities and is committed to the welfare of its staff by providing a congenial work environment.

The Board of Directors expresses its appreciation for sincere efforts made by the employees of your Company at all levels during the year and their co-operation in maintaining cordial relations.

Forward Looking Statements

This Report contains forward-looking statements that involve risks and uncertainties. Your Company undertakes no obligations to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise. Actual results, performances or achievements could differ materially from these expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

On behalf of the Board of Directors,

Place : Kolkata
Date : 11th May, 2010

Prashant Jhawar Chairman
Debjit Bhattacharya Whole-time Director

CORPORATE GOVERNANCE REPORT

The philosophy of the Company on Corporate Governance is to attain the highest level of transparency, accountability and equity in all areas of its operations and interaction with customers.

I. Board of Directors

The Board of Directors of the Company (herein after referred to as "the Board") consists of one Non–Executive Chairman, seven Non-Executive Directors and one Executive Director. The Board comprised of 4 Independent Directors out of total 9 members.

Composition of the Board of Directors as on 31st March, 2010

Name	Director Identification Number	Designation	No. of Outside Directorship held @	No. of Outside Committee position held @		No. of Equity Shares held
				Member	Chairman	
Mr. Prashant Jhawar	00353020	Chairman/Non-Executive/ Dependent	6	2	–	134,220
Mr. Rajeev Jhawar	00086164	Non Executive/ Dependent	5	2	–	36,957
Mr. Shiva Kumar Barasia	00111722	Non Executive/ Dependent	6	–	–	200
Mr. Trivikram Khaitan	00043428	Non Executive/ Independent	3	–	–	–
Dr. Saugata Banerjee	00647947	Non Executive / Dependent	1	–	–	625,562
Mr. Rahul Choudhary	00075875	Non Executive / Independent	–	–	–	–
Sir Stephen Waley Cohen Bt.	02249865	Non Executive / Independent	–	–	–	–
*Mr. Subrata Kumar Mitra	00029961	Non Executive / Independent	5	1	2	–
Mr. Debjit Bhattacharya	02560547	Whole-time Director, Executive	–	–	–	16,000

@Excluding foreign companies, private companies and companies under Section 25 of the Companies Act, 1956.

*Mr. Subrata Kumar Mitra was appointed as an Additional Director with effect from 3rd March 2010.

Summary of Composition of the Board of Directors

Directors	Number
Dependent, Non-Executive	Four
Independent, Non-Executive	Four
Executive	One

The dates on which the Board Meetings were held are as follows:

15th May. 2009, 31st July 2009, 27th October. 2009, 27th November. 2009 and18th January, 2010

Attendance of the Directors at the meeting of the Board and at the last AGM

Director	Board Meetings Held	Board Meetings Attended	Attended Last AGM
Mr. Prashant Jhawar	5	3*	Yes
Mr. Rajeev Jhawar	5	5	No
Mr. Shiva Kumar Barasia	5	5	Yes
Mr. Trivikram Khaitan	5	4	Yes
Dr. Saugata Banerjee	5	4	Yes
Mr. Rahul Choudhary	5	5	Yes
Sir Stephen Waley Cohen Bt.	5	1*	Yes
Mr. Debjit Bhattacharya	5	5	Yes
Mr. Subrata Kumar Mitra	N.A.	N.A	N.A.

* Mr. Prashant Jhawar and Sir Stephen Waley Cohen Bt. attended 2 (Two) meetings each through Telephonic Conference.

Compliance with Laws

Pursuant to Clause 49 of the Listing Agreement, the Board periodically reviews compliance report on all laws applicable to the Company, as prepared by the Company. There has been no non-compliance in this respect.

Code of Conduct

In pursuance of Clause 49 of the Listing Agreement, the Board has approved the 'Code of Conduct' for Board of Directors and Senior Management and the same has been circulated. The Board of Directors and the senior management staff have given their declarations confirming compliance of the provisions of the above Code of Conduct.

II. Audit Committee

The terms of reference of the Audit Committee include the power as laid out in Clause 49 II (C) of the listing agreement and role as stipulated in Clause 49 II (D) of the listing agreement.

Terms of Reference for Audit Committee include the following:

1. To review the scope of audit (including the audit report) and any management letters issued by the statutory auditors.
2. To oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
3. To review before submission to the Board the quarterly, half yearly and annual financial statements, Management Discussion and Analysis and significant Related Party Transactions.
4. To review adequacy of internal control system and ensure compliance with the same including holding of discussions regarding internal control system.
5. To review performance of the statutory and internal auditors and to recommend the appointment, re-appointment, replacement or removal of the statutory auditors, the fixation of audit fees; and approval of payment to statutory auditors for any other services rendered.
6. To review the adequacy and the structure of the internal audit function, staffing, reporting structure and frequency of internal audit including appointment and removal and terms of remuneration of the Chief Internal Auditor.
7. To review the applications of the funds raised through issue of shares.
8. To look into the reasons for substantial defaults, if any, in the payment to the investors and creditors.
9. To review Corporate Governance & other Compliances.
10. To review any internal investigation reports and the functioning of the Whistle Blower mechanism, in case the same is existing.
11. To implement and monitor requirements as set out in Code of Conduct for Prevention of Insider Trading.
12. Any other functions as may be delegated by the Board.

Constitution of Audit Committee

The members of Audit Committee as on 31st March 2010:

Name	Designation
Mr. Rahul Choudhary	Independent, Non Executive
Dr. Saugata Banerjee	Dependent, Non Executive
Mr. Trivikram Khaitan	Independent, Non Executive

During the financial year ended 31st March 2010, four meetings were held on 15th May 2009, 31st July 2009, 27th October 2009 and 18th January 2010.

Directors	Audit Committee Meetings held	Audit Committee Meetings attended
Mr. Rahul Choudhary	4	4
Dr. Saugata Banejee	4	3
Mr. Trivikram Khaitan	4	4

The Company Secretary acts as the Secretary of the Committee.

Apart from the Annual Accounts, the Audit Committee had also reviewed the un-audited quarterly financial results of the Company during the year before its publication.

III. Details of remuneration paid to all Directors

A. Executive Directors

Executive Director	Relationship with other Directors	Business relationship with the Company	All elements of remuneration package	Fixed components and performance linked incentives	Service contracts, notice period	Stock options details, if any
Mr. Debjit Bhattacharya (appointed with effect from 01.03.09)	None	Whole-time Director	Pl. see note below	Pl. see note below	Pl. see note below	Pl. see note below

Notes: a) Details as per Note 8 of Schedule 'N' to the Notes to Accounts
b) The appointment is subject to termination by 3 months notice in writing from either side.
c) The Company does not have any scheme for grant of stock options to its Directors and Employees

B. Non Executive Directors

Directors	Sitting Fees Paid (Rs)
Mr Prashant Jhawar	6,000
Mr Rajeev Jhawar	10,000
Mr Shiva Kumar Barasia	10,000
Mr Trivikram Khaitan	8,000
Sir Stephen Waley Cohen Bt.	2,000
Mr. Rahul Choudhary	10,000
Mr. Subrata Kumar Mitra	N.A.
Dr. Saugata Banerjee	8,000

C. Audit Committee Members

Directors	Sitting Fees Paid (Rs)
Dr. Saugata Banerjee	6,000
Mr. Trivikram Khaitan	8,000
Mr. Rahul Choudhary	8,000

The Non Executive Directors of the Company are also eligible for commission for any financial year as per the Articles of Association of the Company, if approved by the Board. The Non Executive Directors were not paid any commission nor any other remuneration during the financial year under review.

Remuneration Committee (Non Mandatory)

Terms of Reference of Remuneration Committee are as follows:

1) To determine and recommend the remuneration package (including pension rights and compensation) and terms of reference of Executive Directors.
2) To review performance of Executive Directors.

The remuneration of wholetime director is approved by the Board as well as by the members at the General Meeting. The company has a Remuneration Committee, comprising of following members as on 31st March 2010:

Name	Designation
Mr. Rajeev Jhawar	Dependent/Non Executive
Mr. Shiva Kumar Barasia	Dependent/Non Executive

During the year there was no meeting of the Remuneration Committee.
The Company Secretary acts as Secretary of the Committee.

IV. Shareholders & Investors Grievance Committee

The said Committee was formed on 30th October, 2000. The terms of reference of this Committee are as follows:

1. To approve transfer/transmission of shares, issue new certificates against lost, defaced, mutilated, consolidations, subdivision etc.
2. To look into the redressing of shareholder complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividends etc.
3. To uphold the basic rights to transfer and registration of shares, redressal of complaints, obtaining relevant information on the Company on a timely basis.

The members of the Shareholders Committee as on 31st March 2010:

Name	Designation
Mr. Rajeev Jhawar	Dependent/Non Executive
Mr. Shiva Kumar Barasia	Dependent/Non Executive
Mr. Debjit Bhattacharya	Executive

The Company Secretary acts as the Compliance Officer in the meetings of the Committee.

Status of complaints for the period from 01-04-2009 to 31-03-2010

Complaints pending as on 1st April, 2009	Nil
Number of complaints received	14
Number of complaints attended to/resolved	14
Complaints pending as on 31st March, 2010	Nil
Number of share transfer pending for approval as on 31st March,2010	Nil

V. General Body Meetings

Particulars of Annual General Meetings (AGM) held during the three previous years

	Venue	Special Resolutions Passed
7th August, 2009 10.00 AM.	Shripati Singhania Hall, Rotary Sadan, 94/2, J. N. Road, Kolkata	None
22nd September, 2008 10.00 AM.	Shripati Singhania Hall, Rotary Sadan, 94/2, J. N. Road, Kolkata	None
26th September, 2007 10.00 AM.	Shripati Singhania Hall, Rotary Sadan, 94/2, J. N. Road, Kolkata	None

There was no resolution which was put through postal ballot last year nor there are resolutions proposed to be conducted through postal ballots in the notice issued for the ensuing AGM.

As required under Clause 49(IV)(4)(i) of the Listing Agreement, information on Directors who are retiring by rotation and offering themselves for reappointment are given in the notice of the Annual General Meeting.

VI. Compliance with other mandatory requirements

- **Management Discussion and Analysis Report**

  A Management Discussion and Analysis Report forms part of the annual report and includes discussion on various matters specified under clause 49(IV)(F) of the Listing Agreement.

- **Financial Performance of the Company**

  The Company's Revenues showed an increase of 181% over last year. Company's After-tax Profit was registered at Rs. 101.42 Lakhs (an improvement of 130% over last financial year). During the last financial year the Company's Cash Profit stood at Rs. 143.58 Lakhs.

- **Subsidiaries**

  During the year, the Company incorporated a subsidiary under the name and style of "Usha Martin Education Private Limited". Even though the subsidiary company is not a material non-listed Indian Subsidiary as per clause 49 (III) (i) of the Listing Agreement, an Independent Director of the Company is appointed as one of the Director of subsidiary company. The minutes of proceedings of meetings of the Board of Directors of subsidiary companies are placed before the Board of Directors of the Company and attention of the directors is drawn to significant transactions and arrangements entered into by the subsidiary company.

VII. Disclosures

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

  Transactions with the related parties are disclosed in Note 5 of Schedule 'N' to Accounts.

- As required by Clause 49 (V) (B) of the Listing Agreement, the management have given a declaration to the Board that they have no personal interest in any material, commercial and financial transactions that may have potential conflict with the interest of the Company at large.

- The financial statements are prepared on accrual basis of accounting and in accordance with Indian GAAP, provisions of the Companies Act, 1956 and comply in material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 read with the Companies (Accounting Standard) Rules, 2006.

- During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter relating to Capital Market.

Non Mandatory Conditions

The Board

The Board has not yet decided on maintenance of Chairman's Office.

Remuneration Committee

The Company has a Remuneration Committee as reported in paragraph III above.

Audit Qualification

With regards to the Auditor's observations, the same has been duly explained in the Note 3 of Schedule 'N' to Accounts.

The rest of the Non Mandatory Requirements such as Shareholders' Right, Training of Board Members, Mechanism of evaluating non-executive Board Members and Whistle Blower Policy will be implemented by the Company as and when required and / or deemed necessary by the Board.

VIII. Means of communication

The quarterly results of the Company are published in one English Newspaper and a vernacular (Bengali) Newspaper. The results are also promptly forwarded to stock exchanges in which the shares of the Company are listed.

IX. GENERAL SHAREHOLDERS INFORMATION

*	Date of Incorporation	18th August, 1997
*	Registered Office	'Mangal Kalash' 2A, Shakespeare Sarani, Kolkata – 700 071
*	Date and time of Annual General Meeting	6th August 2010, Friday at 3.30 P.M.
*	Financial Calendar(tentative and subject to change)	
	Financial reporting for the first quarter ending June 30, 2010	On or before 31st July, 2010
	Financial reporting for the second quarter ending September 30, 2010	On or before 31st October, 2010
	Financial reporting for the third quarter ending December 31, 2010	On or before 31st January, 2011
	Audited Results for the year ended March 31, 2011	On or before 30th May, 2011
	Annual General Meeting for the year ended March 31, 2011	On or before 30th September, 2011
*	Date of Book Closure	23rd July to 6th August 2010
*	Dividend Payment Date	Not Applicable
*	Listing on Stock Exchange and Code Number	Bombay Stock Exchange Ltd. - 532398 Phiroze Jeejeebhoy Towers, Dalal Street Mumbai – 400 001 National Stock Exchange of India Ltd. (UMESL) Exchange Plaza, 5th Floor. Plot No.C/1, G BlockBandra Kurla Complex, Bandra (E) Mumbai – 400 051 Societe De La Bourse de Luxembourg Societe Anonyme/R.C.B.6222, B. P. 165, L-2011 Luxembourg (For GDRs)
	– GDRs are listed at Luxembourg	
*	Registrar and Transfer Agents	M/s. MCS Limited 77/2A, Hazra Road Kolkata - 700 029 Ph. : 2454 1892-93, Fax : 2454-1961 E-mail : mcskol@rediffmail.com

Share Transfer System

The Company at its Registered Office or at M/s. MCS Ltd, Registrar and Transfer Agents, Kolkata receives the application for transfers, transmission, sub division and consolidation. As the Company's shares are currently traded in dematerialized form, the transfers are processed and approved in the electronic form by NSDL/CDSL through their depository participants. The Company on a regular basis processes the physical transfers and the certificates are dispatched by the Registrar directly to the transferees. A committee of the members of the Board is also formed to approve the share transfer on a fortnightly basis.

Market Price Data

Month	NSE High	NSE Low	BSE High	BSE Low	NSE Volume	BSE Volume
Mar 10	54.45	22.05	53.70	23.00	30,30,332	25,55,805
Feb 10	24.65	20.00	24.85	19.75	6,61,739	7,96,462
Jan 10	26.50	19.00	26.10	19.00	9,48,570	10,42,270
Dec 09	27.35	18.50	26.80	18.60	20,84,869	20,03,076
Nov 09	18.50	8.20	18.21	8.20	18,67,466	12,29,063
Oct 09	9.50	5.80	9.50	5.89	4,41,238	5,68,462
Sep 09	6.25	5.15	6.23	5.04	3,23,607	2,43,706
Aug 09	5.80	4.00	5.98	3.95	2,40,465	3,12,225
Jul 09	5.55	3.80	5.35	3.75	1,25,027	1,54,586
Jun 09	6.60	4.75	6.42	4.45	1,14,911	1,58,073
May 09	5.60	3.65	5.64	3.69	74,751	1,71,258
Apr 09	3.95	3.05	4.16	3.02	22,395	45,707

Performance of Company's Shares vis-a-vis BSE Sensex

Month	Closing Share Price	Closing BSE Index
Mar 10	53.70	17,527.77
Feb 10	23.50	16,429.55
Jan 10	21.05	16,357.96
Dec 09	18.75	17,464.81
Nov 09	18.21	16,926.22
Oct 09	9.08	15,896.28
Sep 09	5.95	17,126.84
Aug 09	5.97	15,666.64
Jul 09	4.19	15,670.31
Jun 09	5.26	14,493.84
May 09	5.40	14,625.25
Apr 09	3.89	11,403.25

Pattern of shareholding as on 31st March, 2010

Category		No. of Shares held	Percentage of shareholding
(A)	**Shareholding of Promoter and Promoter Group**		
(1)	Indian		
(a)	Individuals/Hindu Undivided Family	481741	1.8237
(b)	Central Government/State Government (s)	–	–
(c)	Bodies Corporate	8510364	32.2169
(d)	Financial Institutions/Banks	–	–
(e)	Any other (specify)	–	–
	Sub-Total (A) (1)	**8992105**	**34.0406**
(2)	Foreign		
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	–	–
(b)	Bodies Corporate	2388291	9.0411
(c)	Institutions	–	–
(d)	Any other (specify)	–	–
	Sub-Total (A) (2)	**2388291**	**9.0411**
Total Share holding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)		**11380396**	**43.0817**

Pattern of shareholding as on 31st March, 2010

Category	No. of Shares held	Percentage of shareholding
(B) Public Shareholding		
(1) Institutions		
(a) Mutual Funds / UTI	1634	0.0062
(b) Financial Institutions/Banks	5973	0.0226
(c) Central Government / State Government (s)	727	0.0028
(d) Venture Capital Funds	–	–
(e) Insurance Companies	929862	3.5201
(f) Foreign Institutional Investors	1216647	4.6058
(g) Foreign Venture Capital Investors	–	–
(h) Any other (specify)	–	–
Sub-Total (B) (1)	**2154843**	**8.1575**
(2) Non-Institutions		
(a) Bodies Corporate	2363298	8.9465
(b) Individuals		
i.Individual shareholders holding nominal share capital up to Rs. 1 Lakh.	5855250	22.1657
ii. Individual shareholders holding nominal share capital in excess of Rs. 1Lakh.	2557265	9.6808
(c) Any other (specify)	305304	1.1558
Sub-Total (B) (2)	**11081117**	**41.9488**
Total Pubic Shareholding (B)=(B)(1)+(B)(2)	13235960	50.1063
Total (A)+(B)	**24616356**	**93.1880**
C) Shares held by Custodians and against which Depository Receipts have been issued	1799455	6.812
Grand Total (A)+(B)+(C)	**26415811**	**100.00**

Distribution of Shareholding as on 31st March, 2010

Range	No. of Shareholders	Number of Shares
1 - 500	31637	2256488
501 - 1000	1157	1000789
1001 - 5000	901	2172961
5001 - 10000	122	948448
10001 & above	108	20037125
Total	**33925**	**26415811**

Dematerialization of Shares and Liquidity as on 31st March, 2010

Approximately 88.44% of the equity capital as on 31.03.2010 had been dematerialised.

Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity.

As on 31st March, 2010, there are 1,799,455 outstanding GDRs each representing one equity share of the Company.

Address for correspondence / enquiry

Usha Martin Education & Solutions Limited
'Mangal Kalash' 2A, Shakespeare Sarani,
Kolkata – 700 071
Phone : 033-39800300, Fax : 033-39800400
E-mail : investors@umitl.co.in, contact@umitl.co.in

Declaration

As provided under Clause 49 of the Listing Agreement with Stock Exchanges, it is hereby declared that all the board members and senior management personnel of the Company have affirmed the compliance of Code of Conduct for the year ended 31st March 2010.

Place : Kolkata
Date : 11th May, 2010

Debjit Bhattacharya
Whole-time Director

Persons constituting group coming within the definition of "group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969 include the following:

Usha Martin Ltd., UMIL Share and Stock Broking Services Ltd., Peterhouse Investment Ltd., Usha Martin Ventures Ltd., Usha Martin Finance Ltd., Prajeev Investments Ltd., Brij Investments Pvt. Ltd., Prashant Investments Ltd., Peterhouse Investments India Ltd. (Formerly Shauma Vanijya Pratisthan Limited), Anupriya Real Estate Pvt. Ltd., U-Tor Construction Steel Ltd., Kenwyn Overseas Ltd., UCT Properties Pvt. Ltd., Neutral Publishing House Ltd., Usha Communication Technology, BVI., Bonsai Network India Pvt. Ltd.

Certificate in terms of Clause 49 of the Listing Agreement:

In terms of clause 49 of the Listing Agreement, it is certified as under that:

a. The financial statements and the cash flow statement for the year have been reviewed 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 statements that might be misleading;
   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. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company.

c. We accept responsibility of establishing and maintaining internal controls and have evaluated the effectiveness of the internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit Committee:
   i. significant changes in the internal control during the year;
   ii. significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and
   iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Place : Kolkata
Date : 11th May, 2010

Debjit Bhattacharya
Whole-time Director

Auditors' Certificate on compliance of conditions of Corporate Governance.

To the Members
Usha Martin Education & Solutions Limited

We have reviewed the compliance of conditions of Corporate Governance by Usha Martin Education & Solutions Limited, for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s) in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreements; through the Company's established risk assessment and minimization procedures (together with internal control system for financial reporting) are in the process of being formalized / updated.

We 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.

21,HemantaBasuSarani
(Old Court House Street)
3rd Floor, Room No. 303
Kolkata-700001

Date : May 11, 2010
Place : Kolkata

For **S.Swarup & Co.**
Chartered Accountants
Registration No. 310089E

S .S. Gupta
(Proprietor)
Membership No. 17897

AUDITORS' REPORT TO THE MEMBERS

1. We have audited the attached Balance Sheet of **USHA MARTIN EDUCATION & SOLUTIONS LIMITED** as on 31st March, 2010, the Profit & Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 (a) examining, on a test basis, evidence to support the financial statement amounts and disclosures in the financial statement; (b) assessing the accounting principles used in the preparation of financial statements; (c) assessing significant estimates made by the management in the preparation of the financial statements and (d) evaluating overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Sec.227(4A) of the Companies Act,1956, we have given in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order

   Further to our comments in the Annexure referred to in paragraph (3) above, 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 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 appears from our examination of the books of the Company;

c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of Accounts;

d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report 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, 2010, and taken on record by the Board of Directors, in our opinion, none of the directors is disqualified as on 31st March, 2010 from being appointed as director u/s 274(1)(g) of Companies Act,1956;

f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto give, in the prescribed manner the information required by the Act, and **read with the Note 2 on Schedule N regarding non-provision of diminution in the value of certain long-term investments for reasons indicated therein**, give a true and fair view in conformity with accounting principles generally accepted in India:

(i) in the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2010;

(ii) in the case of Profit & Loss Account of the Profit for the year ended on that date; and

(iii) in case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **S.Swarup & Co.**
Chartered Accountants
Registration No. 310089E

S .S. Gupta
(Proprietor)
Membership No. 17897

Place : Kolkata

Date : May 11, 2010

ANNEXURE TO THE AUDITORS' REPORT

(This is the Annexure referred to in our Report of even date)

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

(i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets were physically verified by the management during the year. As informed no material discrepancies were noticed on such verification.

(c) Since there was no disposal of fixed assets during the year, the same has not affected the company as a going concern.

(ii) The nature of company's activities during the year have been such that clause 4(ii) of the Order is not applicable.

(iii) As the company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under sec.301 of the Companies Act, 1956 so clause 4(iii) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, it appears that there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of fixed assets and for the sale of services. In our opinion there is no continuing failure to correct major weaknesses in internal control system.

(v) According to the information and explanations provided by the management, there have been no contracts or arrangements that need to be entered into the register maintained u/s.301 of the Companies Act, 1956.

(vi) The company has not accepted any deposits from the public.

(vii) The company has an internal audit system commensurate with its size and nature of its business.

(viii) The clause relating to maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 is not applicable to the company.

(ix) (a) As per records produced before us, the company is generally regular in depositing undisputed statutory dues like Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and Statutory dues to the extent applicable to it with the appropriate authorities and there were no arrears of such dues at the year end which have remained outstanding 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 are no disputed dues of Income-Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty or Cess to the extent applicable to it.

(x) The accumulated losses of the company are not more than fifty percent of its net worth. The company has neither incurred cash losses in the financial year under report nor in the financial year immediately preceding such financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management the company has not defaulted in the repayment of dues to any financial institution or banks. No debentures have been issued by the company and as such the question of default on the same does not arise.

(xii) According to the information and explanations given to us and based on the documents and records produced, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society and therefore the provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

(xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) Since no term loans have been raised by the company, clause 4(xvi) of the order is not applicable.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet, we find that the company has not utilized funds raised on short term basis for long term investments.

(xviii) No share capital has been raised by the company during the year and hence the question of making any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956, does not arise.

(xix) No debentures have been issued by the company and hence the question of creating securities or charge in respect thereof does not arise.

(xx) The company has not raised any money through a public issue during the year.

(xxi) On the basis of our examination and according to the information and explanations given to us, no fraud, on or by the Company, has been noticed or reported during the year.

For **S.Swarup & Co.**
Chartered Accountants
Registration No. 310089E

S .S. Gupta
(Proprietor)
Membership No. 17897

Place : Kolkata

Date : May 11, 2010

Balance Sheet as at 31st March, 2010

	Schedules		As at 31st March, 2010 (Rs.)		As at 31st March, 2009 (Rs.)
SOURCES OF FUNDS					
Shareholders' Funds					
Capital	**A**	**132,079,055**		132,079,055	
Reserves and Surplus	**B**	**445,621,126**	**577,700,181**	435,479,035	567,558,090
APPLICATION OF FUNDS	**Total**		**577,700,181**		567,558,090
Fixed Assets	**C**				
Gross Block		**33,047,545**		18,498,986	
Less : Depreciation		**8,755,435**		4,538,781	
Net Block			**24,292,110**		13,960,205
Investments	**D**		**544,980,700**		541,405,700
Current Assets, Loans and Advances					
Sundry Debtors	**E**	**3,512,505**		3,826,959	
Cash and Bank Balances	**F**	**6,680,920**		10,123,353	
Other Current Assets	**G**	**8,410,310**		4,644,016	
Loans and Advances	**H**	**4,369,378**		3,788,447	
		22,973,113		22,382,775	
Less : Current Liabilities and Provisions	**I**				
Liabilities		**12,011,842**		9,525,294	
Provisions		**2,533,900**		665,296	
		14,545,742		10,190,590	
Net Current Assets			**8,427,371**		12,192,185
	Total		**577,700,181**		567,558,090
Notes on Accounts and Significant Accounting Policies	**N**				

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

(S.S. Gupta)
Proprietor
Membership No. 17897

For and on hehalf of
S.SWARUP & CO.
Chartered Accountants
Registration No. 310089E

Place : Kolkata
Dated : 11th May, 2010

Schedules referred to above form an integral part of the Balance Sheet

On behalf of the Board

Prashant Jhawar	*Chairman*
Debjit Bhattacharya	*Whole-time Director*
R. N. Chakraborty	*Company Secretary*

Profit and Loss Account for the Year Ended 31st March, 2010

	Schedules	Year Ended 31st March, 2010 (Rs.)	Year Ended 31st March, 2009 (Rs.)
INCOME			
Revenue from Operations	**J**	**77,798,589**	23,088,212
Other Income	**K**	**1,695,389**	5,195,238
		79,493,978	28,283,450
EXPENDITURE			
Employee Costs	**L**	**18,840,839**	7,093,779
Operational and Administration Expenses	**M**	**44,217,834**	15,088,419
Depreciation		**4,216,654**	1,614,341
		67,275,327	23,796,539
Profit/(Loss) before Taxation		**12,218,651**	4,486,911
Provision for Tax			
For current year		**2,076,560**	—
Fringe Benefit Tax		**—**	85,800
Profit/ (Loss) after Taxation		**10,142,091**	4,401,111
Balance carried to Balance Sheet			
Basic and Diluted Earnings/(Loss) per share of Rs. 5 each (Refer Note 7 on Schedule N)		**0.38**	0.17
Notes on Accounts and Significant Accounting Policies	**N**		

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

(S.S. Gupta)
Proprietor
Membership No. 17897

For and on behalf of
S.SWARUP & CO.
Chartered Accountants
Registration No. 310089E

Place : Kolkata
Dated : 11th May, 2010

Schedules referred to above form an integral part of Profit & Loss Account

On behalf of the Board

Prashant Jhawar	*Chairman*
Debjit Bhattacharya	*Whole-time Director*
R. N. Chakraborty	*Company Secretary*

Schedules annexed to and forming part of the Balance Sheet

		As at 31st March, 2010 (Rs.)		As at 31st March, 2009 (Rs.)	
SCHEDULE - A					
Capital					
AUTHORISED					
40,000,000	Equity Shares of Rs 5/-each	**200,000,000**		200,000,000	
1,000,000	10.75% Cumulative Redeemable Preference Shares of Rs 50/- each	**50,000,000**	**250,000,000**	50,000,000	250,000,000
ISSUED, SUBSCRIBED AND PAID-UP					
26,415,811	Equity Shares of Rs 5/-each		**132,079,055**		132,079,055
			132,079,055		132,079,055

Note :

Paid up capital includes 26,414,411 Equity Shares issued as fully paid-up in terms of the Scheme of Demerger approved by the Calcutta High Court.

SCHEDULE - B				
Reserves and Surplus				
Securities Premium Account		**230,862,705**		230,862,705
Capital Redemption Reserve		**50,000,000**		50,000,000
General Reserve				
As per last Balance Sheet	**407,669,228**		407,669,228	
Less : Transferred from Profit & Loss Account (Debit Balance) as on 01.04.2010	**253,052,898**		257,454,009	
	154,616,330		150,215,219	
Add : Transferred from Profit & Loss Account (Credit Balance) as on 31.03.2010	**10,142,091**	**164,758,421**	4,401,111	154,616,330
		445,621,126		435,479,035

Schedules annexed to and forming part of the Balance Sheet (Contd.)

Schedule - C

Fixed Assets (Refer Notes 1(a) on Schedule N)

(Figs. in Rs.)

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Cost as on 1st April 2009	Additions during the year	**Cost as on 31st March 2010**	As on 1st April 2009	For the year	**Total as on 31st March 2010**	**As on 31st March 2010**	As on 31-March 2009
Plant and Machinery	9,522,788	3,289,882	**12,812,670**	3,481,143	3,252,994	**6,734,137**	**6,078,533**	6,041,645
Office Equipment	1,598,723	1,097,975	**2,696,698**	151,815	107,753	**259,568**	**2,437,130**	1,446,908
Furniture & Fixture	6,552,477	4,894,293	**11,446,770**	357,852	815,241	**1,173,093**	**10,273,677**	6,194,625
Vehicles	824,998	—	**824,998**	547,971	40,666	**588,637**	**236,361**	277,027
Sub-Total	18,498,986	9,282,150	**27,781,136**	4,538,781	4,216,654	**8,755,435**	**19,025,701**	13,960,205
Land & Building under Construction	—	5,266,409	**5,266,409**	—	—	—	**5,266,409**	—
Total	**18,498,986**	**14,548,559**	**33,047,545**	**4,538,781**	**4,216,654**	**8,755,435**	**24,292,110**	**13,960,205**
Previous Year	4,236,906	14,262,080	**18,498,986**	2,924,440	1,614,341	**4,538,781**	**13,960,205**	

Schedules annexed to and forming part of the Balance Sheet (Contd.)

		Year Ended 31st March, 2010 (Rs.)	Year Ended 31st March, 2009 (Rs.)
SCHEDULE-D			
Investments			
(Trade, Long Term, Unquoted)			
In Shares of Companies			
(Refer Note 2 on Schedule N)			
9,396,097	Ordinary Shares of US $ 0.50 each fully paid-up in Usha Communications Technology Limited, British Virgin Islands	**200,182,000**	200,182,000
528,974	Equity Shares of Rs. 10 each fully paid-up in Bonsai Network India Private Limited (Formerly, Usha Comm India Private Limited)	**341,223,700**	341,223,700
990,000	Equity Shares of Rs 10 each fully paid-up in eSamsung UMIT Infotech Ltd.	**46,935,900**	46,935,900
357,500	Equity Shares of Rs 10 each full paid-up in Usha Martin Education Private Limited	**3,575,000**	—
		591,916,600	588,341,600
Less : Provision for Dimunition in value of Investment		**46,935,900**	46,935,900
		544,980,700	541,405,700
SCHEDULE-E			
Sundry Debtors			
Unsecured			
Exceeding six months-			
Considered Doubtful		**415,611**	415,611
		415,611	415,611
Others -			
Considered Good		**3,512,505**	3,826,959
		3,928,116	4,242,570
Less: Provision for Doubtful Debts		**415,611**	415,611
		3,512,505	3,826,959

Schedules annexed to and forming part of the Balance Sheet (Contd.)

		Year Ended 31st March, 2010 (Rs.)		Year Ended 31st March, 2009 (Rs.)
SCHEDULE-F				
Cash and Bank Balances				
Cash in hand		**31,691**		25,694
Balances with Scheduled Banks on				
Current Accounts	**4,688,241**		2,346,149	
Fixed Deposit Account	**1,960,988**	**6,649,229**	7,751,510	10,097,659
		6,680,920		10,123,353
SCHEDULE-G				
Other Current Assets				
(Unsecured, Considered Good)				
Interest Receivable		—		124,397
Security Deposits		**5,752,935**		2,637,855
Others		**2,657,375**		1,881,764
		8,410,310		4,644,016
SCHEDULE-H				
Loans and Advances				
(Unsecured, Considered Good)				
Recoverable in cash or in kind or for value to be received		**751,467**		2,004,620
Advance Payment of Taxes		**3,617,911**		1,783,827
		4,369,378		3,788,447
SCHEDULE-I				
Current Liabilities and Provisions				
Current Liabilities				
Sundry Creditors (Other than Small Scale Undertakings)	**6,699,027**		6,803,544	
Other Liabilities	**5,312,815**		2,721,750	
		12,011,842		9,525,294
Provisions				
Retirement Benefits [Refer Note 1(f)(ii) on Schedule N]	**302,568**		510,524	
Provision for Fringe Benefit Tax	**154,772**		154,772	
Provision for Tax	**2,076,560**	**2,533,900**	—	665,296
		14,545,742		10,190,590

Schedules annexed to and forming part of the Profit and Loss Account

	Year Ended 31st March, 2010 (Rs.)	Year Ended 31st March, 2009 (Rs.)
SCHEDULE J		
Revenue from Operations		
Income from Learning Business	**73,289,919**	21,888,212
(Tax deducted at Source Rs.15,19,396/-, Previous Year Rs. Nil)		
Income from Consultancy	**4,508,670**	1,200,000
(Tax deducted at Source Rs. 501,313/-, Previous Year Rs. 123,600/-)	**77,798,589**	23,088,212
SCHEDULE K		
Other Income		
Interest Income		
On Fixed Deposit with Bank (Gross) (Tax deducted at Source Rs.80,867/-; Previous Year Rs. 251,017/-)	**494,086**	1,173,618
On Others	**48,926**	–
	543,012	1,173,618
Sundry Balances written-back (net)	**755,646**	2,312,640
Income from Project Management	**—**	1,708,870
Income from Dividend	**396,731**	–
Miscellaneous Receipts	**—**	110
	1,695,389	5,195,238
SCHEDULE L		
Employee Costs		
Salary and Allowances	**16,693,165**	5,906,650
Wholetime Director's Remuneration	**1,200,000**	760,000
Contribution to Provident and Other Funds	**851,359**	310,575
Gratuity	**96,315**	116,554
	18,840,839	7,093,779

Schedules annexed to and forming part of the Profit and Loss Account (Contd.)

		As at 31st March, 2010 (Rs.)		As at 31st March, 2009 (Rs.)
SCHEDULE-M				
Operational and Administration Expenses				
Rent		**7,383,435**		3,875,420
Electricty		**762,150**		410,079
Consultancy		**8,195,115**		3,766,495
Marketing		**12,606,509**		2,445,880
Travelling & Conveyance		**1,542,568**		691,305
Legal and Secretarial		**1,025,163**		616,274
Insurance		**21,183**		7,677
Repairs and Maintenance		**3,567,791**		565,299
Printing and Stationery		**677,233**		502,704
Postage and Communication		**1,563,196**		599,340
Brokerage / Commission		**120,000**		422,950
Registration and Courseware		**688,460**		306,380
Rates and Taxes		**5,150,171**		293,710
Directors' Meeting Fee [Note 8(b)on Schedule N)]		**76,000**		92,000
Auditors' Remuneration				
Audit Fees	**50,000**		50,000	
Tax Audit Fees	**10,000**	**60,000**	10,000	60,000
Staff Welfare		**159,998**		47,980
Interest Paid		**—**		22,049
Seminar fees		**—**		15,346
Miscellaneous Expenses		**618,862**		347,531
		44,217,834		15,088,419

SCHEDULE N : Notes on Accounts

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company are prepared on accrual basis and under historical cost convention. The significant accounting policies adopted by the Company are detailed below:

a) Fixed Assets and Depreciation

Fixed assets comprising both tangible and intangible items are stated at cost less depreciation. The Company capitalizes all costs relating to acquisition of fixed assets. Cost of Software expected to be used on long-term basis is capitalized.

Depreciation (including amortization) on fixed assets is provided using straight-line method (SLM) at the rates prescribed in schedule XIV of the Companies Act 1956, other than Computer & Computer Software and Laptops provided to students which are also depreciated under SLM over a period of 3 years and 2 years respectively.

Further individual assets costing less than Rupees Five Thousands are depreciated in full in the year of purchase.

Depreciation on additions and deletions to fixed assets is provided on a pro-rata basis.

b) Investments

Long-term investments are valued at their acquisition cost. Any decline in the value of the said investment, other than a temporary decline, is recognized and charged to the profit and loss account.

Current investments are stated at lower of cost or fair value.

c) Revenue Recognition

Revenue from software services and consultancy is recognized as follows:

- The revenue from time and material contracts is recognized on the basis of the time spent and materials consumed as per the terms of the contract.
- In case of fixed price contracts revenue is recognized on percentage completion basis based on milestones defined in the contract. Foreseeable losses, if any, on contract completion is provided for.

Revenue from training is recognized over the period of the course program.

d) Foreign Currency Transactions

Transactions in foreign currency are accounted for at the rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies at the year-end are restated at the exchange rates prevailing on that date. Gain/loss arising out of exchange fluctuation on settlement or such restatement are accounted for in the profit and loss account, except to the extent these relate to acquisition of fixed assets, in which case these are adjusted to the carrying value of the related fixed assets.

e) Leases

Lease payments under an operating lease recognized as expense in the statement of profit and loss as per terms of lease agreement.

f) Retirement Benefits

(i) Contribution to employee provident fund is charged to revenue on a monthly basis.

(ii) Liability for retiral, gratuity and unavailed earned leave is provided for based on an independent actuarial valuation report as per the requirements of Accounting Standard – 15 (revised) on "Employee Benefits".

(iii) Employee benefits of short-term nature are recognized as expense as and when it accrues. Long term employee benefits (e.g. long-service leave) and post employments benefits (e.g. gratuity), both funded and unfunded, are recognized as expense based on actuarial valuation.

g) Taxation

Current Tax in respect of taxable income of the year is provided for based on applicable tax rates and laws. Deferred tax is recognized subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets / liabilities are reviewed at each Balance Sheet date.

SCHEDULE N : Notes on Accounts (Contd.)

h) Borrowing Cost

Borrowing cost attributable to the acquisition and contribution of qualifying assets are added to the cost up to date when such assets are ready for their intended use. Other borrowings cost are recognized as expenses in the period in which these are incurred.

i) 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.

j) Prior Period and Extra Ordinary Items and Changes in Accounting Policies

Prior Period and Extra Ordinary Items and Changes in Accounting Policies having material impact on the financial affairs of the Company are disclosed.

k) Material Events

Material Events occurring after the Balance Sheet date are taken into consideration.

2. The Company has certain unquoted long term strategic investments [year –end aggregate book value Rs. 5450 lacs (refer Schedule D)] in Usha Communications Technology Limited, British Virgin Island and its subsidiary [Ushacomm India Private Limited merged into Bonsai Network India Pvt. Ltd. vide Hon'ble Calcutta High Court Order dated 22-02-2008] which develop and provide software solutions for billing and customer care to the telecom industry. During the current year the Company has invested Rs. 35.75 lacs in it's wholly owned subsidiary Usha Martin Education Pvt .Ltd. which caters to the assorted needs of education industry.

3. Note on Diminution in value of Investment and consequent reduction in Capital:

The Company at an Extra-ordinary General Meeting held on 23rd December 2009, had approved by a Special Resolution, utilization of Securities Premium Account, Capital Redemption Reserve and Equity Share Capital for diminishing the value of Investments as under:

Existing Investments	Revised Investments
Usha Communications Technology Limited, British Virgin Islands Valued at Rs.200,182,000	Usha Communications Technology Limited, British Virgin Islands Valued at Rs. 5,50,00,000/-
Bonsai Network India Private Limited Valued at Rs. 341,223,700	Bonsai Network India Private Limited Valued at Rs. 10,00,00,000/-

The Company had filed a petition before the Hon'ble High Court at Calcutta under Sections 78, 80, 100, 101, 102 and 103 of the Companies Act, 1956, for confirmation of the above mentioned Resolution of the Company. On 6th April 2010, the Hon'ble High Court at Calcutta has sanctioned the petition. The Registrar of Companies, West Bengal has issued Certificate of Registration on 4th May, 2010. Consequently the value of Investments of the Company shall stand revised to the values as shown above.

4. Expenditure in foreign currency

	2009-10	2008-09
Listing Fees	**Rs. 172,452**	Rs. 202,554

5. Related Party Disclosures Pursuant to Accounting Standard 18 issued by The Institute of Chartered Accountants of India.

(i) **Related Parties**

Name	**Relationship**
Usha Communications Technology Limited, British Virgin Islands	Substantial interest in voting power of the entity.
Usha Martin Ltd.	-do–
Usha Martin Education Pvt. Ltd.	-do–
ESamsung UMIT InfoTech Limited	-do-
Bonsai Network India Private Limited.	-do-
Debjit Bhattacharya (Whole-time Director)	Key Managerial Personnel

SCHEDULE N : Notes on Accounts (Contd.)

ii) **Particulars of Transactions during the year ended 31st March, 2010**

Particulars	Enterprises over which significant influence excercised by Key Management Personnel (Rs.)	Key Management Personnel (Rs.)
Rent Paid	**3,00,000** 2,25,000	
Director's Remuneration		Refer Note 8(a) of Schedule N to Accounts
Income from consultancy	**4, 508, 670** 1,200.000	
Investment in Usha Martin Education Pvt. Ltd.	**3,575,000** —	
Balances outstanding at year -end Usha Martin Ltd.	— 205,853	
Investments in Equity and Preference Shares	**Refer Schedule D to Accounts** **- do -**	

Figures in normal font relate to previous year

6. The Segment Information for the year ended 31st March,2010

I (a) The Company is engaged in two main business segments:

- Software business and Consultancy comprising of software development and support services
- Learning business comprising of learning solutions in the area of Technology & Management.

(b) During the year there were no inter-segment revenues.

II Segment Revenues, Results and Other Information (Amount in Rupees)

Particulars	Software	Learning	Total
Revenue from Operations	**4,508,670**	**73,289,919**	**77,798,589**
	1,200,000	21,888,212	23,088,212
Other Income	**818,368**	**334,008**	**1,152,376**
	4,021,620	–	4,021,620
Segment Revenues	**5,327,038**	**73,623,927**	**78,950,965**
	5,221,620	21,888,212	27,109,832
Segment Results [Profit/(Loss) before interest	**5,097,576**	**10,398,629**	**15,496,205**
and taxation]	1,582,721	2,492,149	4,074,870
Segment Assets	**3,462,772**	**41,841,463**	**45,304,235**
	5,878,150	22,713,320	28,591,470
Segment Liabilities	**4,188,681**	**10,357,061**	**14,545,742**
	4,770,140	5,420,450	10,190,590
Capital Expenditure	**—**	**14,548,559**	**14,548,559**
	8,320	14,253,760	14,262,080
Depreciation	**97,129**	**4,119,525**	**4,216,654**
	95,221	1,519,120	1,614,341
Non cash expenses	**—**	**—**	**—**
other than depreciation	–	–	–

SCHEDULE N : Notes on Accounts (Contd.)

III Reconciliation of Reportable Segments with the Financial Statements (Amount in Rupees)

Particulars	Revenues	Results	Assets	Liabilities*
Total of Reportable Segments	**78,950,965**	**15,496,205**	**45,304,235**	**14,545,742**
	27,109,832	4,074,870	28,591,470	10,190,590
Corporate – Unallocated (Net)	**—**	**(3,820,566)**	**546,941,688**	**—**
	–	(739,529)	549,157,210	–
Interest Expense	**—**	**—**	**—**	**—**
	–	(22,049)	–	–
Interest Income	**543,012**	**543012**	**—**	**—**
	1,173,618	1,173,618	–	–
As per Financial Statements	**79,493,977**	**12,218,650@**	**592,245,923**	**14,545,742**
	28,283,450	4,486,911 @	577,748,680	10,190,590

Figures in normal font relate to previous year

*Excluding Shareholders' Funds

@ Profit before taxation.

IV. Secondary Segment Reporting (by Geographical Segments) is not given as there is no export during the year.

7. Computation of Earning Per Equity Share (Basic and Diluted)

	As at 31st March, 2010 (Rs.)	As at 31st March, 2009 (Rs.)
(I) **Basic**		
(a) (i) Number of Equity Shares at the beginning of the year	**26,415,811**	26,415,811
(ii) Number of Equity Shares at the end of the year	**26,415,811**	26,415,811
(iii) Weighted average number of Equity Shares outstanding during the year	**26,415,811**	26,415,811
(iv) Face Value of each Equity Share-Rs.	**5**	5
(b) Profit/(Loss) after tax attributable to Equity Shareholders-Rs. Net Profit/(Loss) after Taxation	**10,142,091**	4,401,111
Basic Earning per Share [(b)/(a)(iii)]-Rs.	**0.38**	0.17
(II) **Diluted**		
(a) Diluted Potential Equity Shares	**—**	–
(b) Diluted Earning per Share [1(b)/1(a)(iii)] Rs.	**0.38**	0.17

8. Minimum Managerial Remuneration paid/payable

		2009-10		2008-09
	Rs.	**Rs.**	Rs.	**Rs.**
(a) Wholetime Director's Remuneration:				
Salary	**3,96,000**		754,453	
Contribution to Provident fund	**47,520**		3,960	
Contribution to Gratuity and Superannuation	**19,048**		1,587	
Other Benefits (actual and /or estimated)	**7,37,432**	**1,200,000**	—	760,000
(b) Other Directors				
Directors' Sitting Fees		**76,000**		92,000
		1,276,000		852,000

SCHEDULE N : Notes on Accounts (Contd.)

9. (a) The Company has unabsorbed depreciation and carried forward losses available for set off under the Income- tax Act, 1961. However, in view of inability to assess future taxable income, the extent of net deferred tax assets which may be adjusted in the subsequent years, is not ascertainable with virtual certainty at this stage and accordingly the same has not been recognized in the accounts on prudent basis.

10. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

11. Defined Benefit Plans / Long Term Compensated Absences – as per Actuarial Valuations as on March 31, 2010 and recognized in the financial statements in respect of Employee Benefit Schemes.

(Rs.)

	Gratuity (Funded)	**Leave Encashment (Unfunded)**
I. Components Employer Expense		
1 Current Service Cost	**151,987**	**8,167**
	103,863	79,586
2 Interest Cost	**15,700**	**11,806**
	7,218	8,233
3 Expected Return on Plan Assets	**(11,738)**	**—**
	–	–
4 Curtailment Cost / (Credit)	**—**	**—**
	–	–
5 Settlement Cost / (Credit)	**—**	**—**
	–	–
6 Past Service Cost	**—**	**—**
	–	–
7 Actuarial Losses / (Gains)	**(59,634)**	**(15,608)**
	7,060	46,733
8 Total expenses recognized in the Statement of Profit & Loss Account	**96,315**	**4,365**
	118,141	134,552

The Gratuity Expenses have been separately recognized and Leave Encashment in "Salaries and Allowances" under Schedule L.

II Actuarial Returns for the period ended March, 2010	–	–
III Net Asset / (Liability) recognized in Balance Sheet as at March 31, 2010		
1 Present Value of Defined Benefit Obligation	**263,364**	**154,987**
	155,311	159,850
2 Fair Value on Plan Assets	**311,146**	**—**
	–	–
3 Status [Surplus/(Deficit)]	**47,782**	**(154,987)**
	(155,131)	(159,850)
4 Unrecognised Past Service Cost	**—**	**—**
	–	–
5 Net Asset/(Liability) recognized in Balance Sheet	**47,782**	**(154,987)**
	(155,311)	(159,850)

SCHEDULE N : Notes on Accounts (Contd.)

(Rs.)

		Gratuity (Funded)	Leave Encashment (Unfunded)
IV	**Change in Defined Benefit Obligations (DBO) during the year ended March 31, 2010**		
1	Present Value of DBO at the Beginning of Period	**155,311**	**159,850**
		37,170	59,690
2	Current Service Cost	**151,987**	**8,167**
		103,863	79,586
3	Interest Cost	**15,700**	**11,806**
		7,218	8,233
4	Curtailment Cost / (Credit)	**—**	**—**
		–	–
5	Settlement Cost / (Credit)	**—**	**—**
		–	–
6	Plan Amendments	**—**	**—**
		–	–
7	Acquisitions	**—**	**—**
		–	–
8	Actuarial (Gains) / Losses	**(59,634)**	**(15,608)**
		7,060	46,733
9	Benefits Paid	**—**	**(9,288)**
		–	(34,392)
10	**Present Value of DBO at the End of Period**	**263,364**	**154,987**
		155,311	159,850
V	**Change in Fair Value of Assets during the year ended March 31, 2010**		
1	Plan Assets at the beginning of period	**—**	**—**
		–	–
2	Acquisition Adjustment	**—**	**—**
		–	–
3	Expected Return on Plan Assets	**11,738**	**—**
		–	–
4	Actuarial Gains / (Losses)	**—**	**—**
		–	–
5	Actual Company Contribution	**299,408**	**9,228**
		–	34,392
6	Benefits Paid	**—**	**(9,228)**
		–	(34,392)
7	**Present Value of DBO at the End of Period**	**311,146**	**—**
		–	–

(Rs.)

		Gratuity (Funded)	Leave Encashment (Unfunded)
VI	**Actuarial Assumptions**		
1	Discount Rate (%)	7,50%	7,50%
2	Expected Return on Plan Assets (%)	N.A.	N.A.

The estimates of future salary increases, considered in acturial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

Figures in normal font relate to previous year

SCHEDULE N : Notes on Accounts (Contd.)

12) As required by AS – 29, on 'Provisions, Contingent Liabilities and Contingent Assets' the movement of provisions existing in the financial statements as on 31st March, 2010 are as under :

Particulars	Opening as at 1st April, 2009	Movements During the year	Closing as at 31st March, 2010
Provision for Contingencies	—	—	—
	2,709,460	2,709,460	–
Provision for diminution in the Value of Investments	**46,935,900**	—	**46,935,900**
	46,935,900	–	46,935,900
Provision for Doubtful Debts	**415,611**	—	**415,611**
	415,611	–	415,611

Figures in normal front relate to previous year

13. Balances of Sundry Debtors, Sundry Creditors and Loans & Advances (Dr. & Cr.) are subject to confirmation from the respective parties.

14. Previous year figures have been regrouped / rearranged wherever necessary.

(S.S. Gupta)
Proprietor
Membership No. 17897

For and on hehalf of
S.SWARUP & CO.
Chartered Accountants
Registration No. 310089E

Place : Kolkata
Dated : 11th May, 2010

On behalf of the Board

Prashant Jhawar	*Chairman*
Debjit Bhattacharya	*Whole-time Director*
R. N. Chakraborty	*Company Secretary*

Cash Flow Statement Prepared Pursuant to Clause 32 of Listing Agreement for the Year Ended 31st March, 2010

	For the year ended 31st March, 2010		For the year ended 31st March, 2009	
	(Rs.)	**(Rs.)**	(Rs.)	(Rs.)
A. Cash flow from Operating Activities :				
Profit after Non- recurring Items and before Taxation		**12,218,651**		4,486,911
Adjustments for :				
Depreciation	**4,216,654**		1,614,341	
Interest Income	**(543,012)**		(1,173,618)	
Interest Paid	**—**		22,049	
Sundry balances written back	**(755,646)**		(2,312,640)	
Provision for Retirals made	**96,315**		118,141	
Provision for Leave Encashment	**4,365**		134,552	
Deposits/ Advances written off	**98**		—	
		3,018,774		(1,597,175)
Operating profit before working capital changes		**15,237,425**		2,889,736
Increase / Decrease in :				
Trade and other receivables	**(4,343,891)**		(5,498,764)	
Current Liabilities and Other Provisions	**2,933,558**		(971,212)	
		(1,410,333)		(6,469,976)
Cash generated from operations		**13,827,092**		(3,580,240)
Direct taxes (paid)/refund (Net)		**267,492**		(55,000)
Net Cash Flow from Operating Activities		**14,094,584**		(3,635,240)
B. Cash flow from Investing Activities :				
Purchase of Fixed Assets and Refund of Capital Advances	**(14,548,559)**		(14,262,080)	
Purchase of Investments (including shares pending allotment)	**(3,575,000)**		—	
Interest received	**586,542**		1,025,324	
Net cash used in Investing Activities		**(17,537,017)**		(13,236,756)

Cash Flow Statement Prepared Pursuant to Clause 32 of Listing Agreement for the Year Ended 31st March, 2010 (Contd.)

	For the year ended 31st March, 2010		For the year ended 31st March, 2009	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
C. Cash flow from Financing Activities :				
Interest Paid	—		(22,049)	
Net Cash used in Financing Activities		—		(22,049)
Net decrease in cash and cash equivalents during the year (A+B+C)		**(3,442,433)**		(16,894,045)
Cash and Cash Equivalents at the beginning of the year [Refer Schedule F to Accounts]	**10,123,353**		27,017,398	
Cash and Cash Equivalents at the end of the year [Refer Schedule F to Accounts]	**6,680,920**		10,123,353	
		(3,442,433)		(16,894,045)

1. The above Cash Flow Statement has been prepared under the Indirect method as set out in the Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
2. Schedules referred to above form an integral part of the Cash Flow Statement.
3. Previous year's figures have been regrouped / rearranged wherever necessary.

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

(S.S. Gupta)
Proprietor
Membership No. 17897

For and on hehalf of
S.SWARUP & CO.
Chartered Accountants
Registration No. 310089E

Place : Kolkata
Dated : 11th May, 2010

On behalf of the Board

Prashant Jhawar	*Chairman*
Debjit Bhattacharya	*Whole-time Director*
R. N. Chakraborty	*Company Secretary*

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. L31300WB1997PLC085210 State Code : 21

Balance Sheet Date 31 (Date) 03 (Month) 10 (Year)

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	**Private Placement**
NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
57700	57700

Sources of Funds

Paid-up Capital	Reserves & Surplus
132079	445621
Secured Loans	**Unsecured Loans**
NIL	NIL

Application of Funds

Net Fixed Assets	Investments
24292	544981
Net Current Assets	**Misc. Expenditure**
8427	NIL
Accumulated Losses	
NIL	

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover (including other & nonrecurring income)	Total Expenditure
79494	67275
Profit before Tax	**Profit after Tax**
12219	10142
Earning per Share in Rs.	**Dividend rate %**
0.38	NIL

V. Generic names of three Principal Products/Services of the Company (as per monetary terms)

Item Code No. (ITC Code) 8524

Product Description: Software Solutions; Learning Solutions

On behalf of the Board

Prashant Jhawar *Chairman*

Debjit Bhattacharya *Whole-time Director*

R. N. Chakraborty *Company Secretary*

Place : Kolkata
Dated : 11th May, 2010

AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF USHA MARTIN EDUCATION & SOLUTIONS LIMITED AND ITS SUBSIDIARIES

1. We have examined the attached consolidated Balance Sheet of USHA MARTIN EDUCATION & SOLUTIONS LIMITED and its subsidiary as at 31st March, 2010, the consolidated Profit & Loss Account for the year ended 31st March 2010 and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes

   (a) examining, on a test basis, evidence to support the financial statement amounts and disclosures in the financial statement;

   (b) assessing the accounting principles used in the preparation of financial statements;

   (c) assessing significant estimates made by the management in the preparation of the financial statements and

   (d) evaluating overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of the subsidiary, whose financial statements reflect total assets of Rs 35,75,010 as at 31st March 2010 and as the operation of the subsidiary company will start from 1st April'2010, all the expenditure prior to 1st April,2010 has been shown under Pre-operative expenses which will be written off over a period of five years. These financial statements have been audited by another auditor whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.

4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirement of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of M/s USHA MARTIN EDUCATION & SOLUTIONS LIMITED and its subsidiary included in the consolidated financial statements.

5. On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of M/s USHA MARTIN EDUCATION & SOLUTIONS LIMITED and its aforesaid subsidiary we are of the opinion that

a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of M/s USHA MARTIN EDUCATION & SOLUTIONS LIMITED and its subsidiary as at 31st March 2010; and

b) The Consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operation of M/s USHA MARTIN EDUCATION & SOLUTIONS LIMITED and its subsidiary for the year then ended.

c) The consolidated cash flow statement, of the cash flows of M/s USHA MARTIN EDUCATION & SOLUTIONS LIMITED and its subsidiary for the year ended on that date.

For **S.Swarup & Co.**
Chartered Accountants
Registration No. 310089E

S .S. Gupta
(Proprietor)
Membership No. 17897

Place : Kolkata
Date : May 11, 2010

Consolidated Balance Sheet as at 31st March, 2010

	Schedules		As at 31st March, 2010 (Rs.)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	**A**	**132,079,055**	
Reserves and Surplus	**B**	**445,621,126**	**577,700,181**
	Total		**577,700,181**
APPLICATION OF FUNDS			
Fixed Assets	**C**		
Gross Block		**35,450,663**	
Less : Depreciation		**8,768,808**	
Net Block			**26,681,855**
Investments	**D**		**541,405,700**
Current Assets, Loans and Advances			
Sundry Debtors	**E**	**3,512,505**	
Cash and Bank Balances	**F**	**7,095,662**	
Other Current Assets	**G**	**8,410,310**	
Loans and Advances	**H**	**4,912,953**	
		23,931,430	
Less : Current Liabilities and Provisions	**I**		
Current Liabilities		**13,449,585**	
Provisions		**2,533,900**	
		15,983,485	
Net Current Assets			**7,947,945**
Pre Operative Expenses	**J**		**1,664,681**
	Total		**577, 700,181**
Notes on Accounts and Significant Accounting Policies	**O**		

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

(S.S. Gupta)
Proprietor
Membership No. 17897

For and on behalf of
S.SWARUP & CO.
Chartered Accountants
Registration No. 310089E

Place : Kolkata
Dated : 11th May, 2010

Schedules referred to above form an integral part of the Balance Sheet

On behalf of the Board

Prashant Jhawar	*Chairman*
Debjit Bhattacharya	*Whole-time Director*
R. N. Chakraborty	*Company Secretary*

Consolidated Profit and Loss Account for the Year Ended 31st March, 2010

	Schedules	Year Ended 31st March, 2010 (Rs.)
INCOME		
Revenue from Operations	**K**	**77,798,589**
Other Income	**L**	**1,695,389**
		79,493,978
EXPENDITURE		
Employee Costs	**M**	**18,840,839**
Operational and Administration Expenses	**N**	**44,217,834**
Depreciation		**4,216,654**
		67,275,327
Profit/(Loss) before Taxation		**12,218,651**
Provision for Tax		
For current year		**2,076,560**
Profit/ (Loss) after Taxation		**10,142,091**
Balance carried to Balance Sheet		
Basic and Diluted Earnings/(Loss) per share of Rs. 5 each (Refer Note 8 on Schedule O)		**0.38**
Notes on Accounts and Significant Accounting Policies	**O**	

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

(S.S. Gupta)
Proprietor
Membership No. 17897

For and on behalf of
S.SWARUP & CO.
Chartered Accountants
Registration No. 310089E

Place : Kolkata
Dated : 11th May, 2010

Schedules referred to above form an integral part of Profit & Loss Account

On behalf of the Board

Prashant Jhawar	*Chairman*
Debjit Bhattacharya	*Whole-time Director*
R. N. Chakraborty	*Company Secretary*

Schedules annexed to and forming part of the Consolidated Balance Sheet

			As at 31st March, 2010 (Rs.)
SCHEDULE - A			
Capital			
Authorised			
40,000,000	Equity Shares of Rs 5/-each	**200,000,000**	
1,000,000	10.75% Cumulative Redeemable Preference Shares of Rs 50/- each	**50,000,000**	**250,000,000**
Issued, Subscribed and Paid-up			**132,079,055**
26,415,811	Equity Shares of Rs 5/-each		
			132,079,055

Note :
Paid up capital includes 26,414,411 Equity Shares issued as fully paid-up in terms of the Scheme of Demerger approved by the Calcutta High Court.

SCHEDULE - B		
Reserves and Surplus		
Securities Premium Account		**230,862,705**
Capital Redemption Reserve		**50,000,000**
General Reserve		
As per last Balance Sheet	**407,669,228**	
Less : Transferred from Profit & Loss Account (Debit Balance) as on 01.04.2009	**253,052,898**	
	154,616,330	
Add : Transferred from Profit & Loss Account (Credit Balance) as on 31.03.2010	**10,142,091**	**164,758,421**
		445,621,126

Schedules annexed to and forming part of the Consolidated Balance Sheet (Contd.)

Schedule - C

Fixed Assets (Refer Notes 2(b) on Schedule O) (Figs. in Rs.)

	GROSS BLOCK			DEPRECIATION			NET BLOCK
Description	Cost as on 1st April 2009	Additions during the year	**Cost as on 31-Mar-10**	As on 1st April 2009	For the year	**Total as on 31st March 2010**	**As on 31st March 2010**
Plant and Machinery	9,522,788	3,289,882	**12,812,670**	3,481,143	3,252,994	**6,734,137**	**6,078,533**
Office Equipment	1,598,723	1,248,163	**2,846,886**	151,815	107,852	**259,667**	**2,587,219**
Furniture & Fixture	6,552,477	7,147,223	**13,699,700**	357,852	828,515	**1,186,367**	**12,513,333**
Vehicles	824,998	—	**824,998**	547,971	40,666	**588,637**	**236,361**
Sub-Total	18,498,986	11,685,268	**30,184,254**	4,538,781	4,230,027	**8,768,808**	**21,415,446**
Land & Building under construction	—	5,266,409	**5,266,409**	—	—	**—**	**5,266,409**
Total	18,498,986	16,951,677	**35,450,663**	4,538,781	4,230,027	**8,768,808**	**26,681,855**

		Year Ended 31st March, 2010 (Rs.)
SCHEDULE-D		
Investments		
(Trade, Long Term, Unquoted)		
In Shares of Companies		
(Refer Note 3 on Schedule O)		
9,396,097	Ordinary Shares of US $ 0.50 each fully paid-up in Usha Communications Technology Limited, British Virgin Islands	200,182,000
528,974	Equity Shares of Rs. 10 each fully paid-up in Bonsai Network India Private Limited (Formerly, Usha Comm India Private Limited)	341,223,700
990,000	Equity Shares of Rs 10 each fully paid-up in eSamsung UMIT Infotech Ltd.	46,935,900
		588,341,600
Less : Provision for Dimunition in value of Investment		46,935,900
		541,405,700

Schedules annexed to and forming part of the Consolidated Balance Sheet (Contd.)

		Year Ended 31st March, 2010 (Rs.)
SCHEDULE -E		
Sundry Debtors		
Unsecured		
Exceeding six months-		
Considered Doubtful		415,611
		415,611
Others -		
Considered Good		3,512,505
		3,928,116
Less: Provision for Doubtful Debts		415,611
		3,512,505
SCHEDULE -F		
Cash and Bank Balances		
Cash in hand		**31,691**
Balances with Scheduled Banks on		
Current Accounts	**5,102,983**	
Fixed Deposit Account	**1,960,988**	**7,063,971**
		7,095,662
SCHEDULE -G		
Other Current Assets		
(Unsecured, Considered Good)		
Security Deposits		**5,752,935**
Others		**2,657,375**
		8,410,310
SCHEDULE -H		
Loans and Advances		
(Unsecured, Considered Good)		
Recoverable in cash or in kind or for value to be received		**1,295,042**
Advance Payment of Taxes		**3,617,911**
		4,912,953
SCHEDULE - I		
Current Liabilities and Provisions		
Current Liabilities		
Sundry Creditors (Other than Small Scale Undertakings)	**6,699,027**	
Other Liabilities	**6,750,558**	**13,449,585**
Provisions		
Retirement Benefits [Refer Note 2(g)(ii) on Schedule O]	**302,568**	
Provision for Fringe Benefit Tax	**154,772**	
Provision for Tax	**2,076,560**	**2,533,900**
		15,983,485

Schedules annexed to and forming part of the Consolidated Profit and Loss Account

		Year Ended 31st March, 2010 (Rs.)
SCHEDULE-J		
Preoperative expenses		
Travelling and Conveyance		**436,115**
Communication		**60,957**
Power		**7,721**
Repairs and Maintenance		**70,033**
Rent		**20,000**
Consultancy		**25,561**
Donation		**100,000**
Training and Seminar		**14,236**
Advertisement		**14,250**
Business Development		**125,594**
Secretarial expenses		**382,500**
Printing and Stationery		**9,357**
Auditors' Remuneration		**15,000**
Rates and Taxes		**5,430**
Finance and Bank Charges		**24,957**
Miscellaneous Expenses		**339,597**
Depreciation		**13,373**
		1,664,681
SCHEDULE - K		
Revenue from operations		
Income from learning business		**73,289,919**
(Tax deducted at Source Rs. 15,19,396/- Previous Year Rs.Nil)		
Income from Consultancy		
(Tax deducted at Source Rs. 501,313/- Previous Year Rs. 123,600/-)		**4,508,670**
		77,798,589
SCHEDULE-L		
Other Income		
Interest Income		
On Fixed Deposit with Bank (Gross)	**494,086**	
(Tax deducted at Source Rs.80,867/-; Previous Year Rs. 251,017/-)		
On Others	**48,926**	**543,012**
Sundry Balances written-back (net)		**755,646**
Income from Dividend		**396,731**
		1,695,389

Schedules annexed to and forming part of the Consolidated Profit and Loss Account (Contd.)

		As at 31st March, 2010 (Rs.)
SCHEDULE - M		
Employee Costs		
Salary and Allowances		**16,693,165**
Wholetime Director's Remuneration		**1,200,000**
Contribution to Provident and Other Funds		**851,359**
Gratuity		**96,315**
		18,840,839
SCHEDULE - N		
Operating and Administrative Expenses		
Rent		**7,383,435**
Electricty		**762,150**
Consultancy		**8,195,115**
Marketing		**12,606,509**
Travelling & Conveyance		**1,542,568**
Legal and Secretarial		**1,025,163**
Insurance		**21,183**
Repairs and Maintenance		**3,567,791**
Printing and Stationery		**677,233**
Postage and Communication		**1,563,196**
Brokerage / Commission		**120,000**
Registration and Courseware		**688,460**
Rates and Taxes		**5,150,171**
Directors' Meeting Fee [Note 9(b)on Schedule O)]		**76,000**
Auditors' Remuneration		
Audit Fees	**50,000**	
Tax Audit Fees	**10,000**	**60,000**
Staff Welfare		**159,998**
Miscellaneous Expenses		**618,862**
		44,217,834

SCHEDULE O : Consolidated Notes on Accounts

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

a) The consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS-21)- 'Consolidated Financial Statements'. These financial statements comprise Usha Martin Education & Solutions Limited and it's wholly owned subsidiary Usha Martin Education Private Limited. The financial statements of each of these companies are prepared using uniform accounting policies in accordance with the generally accepted accounting principles in India.

b) The Company has one subsidiary Company named Usha Martin Education Private Limited which has been considered in the preparation of these consolidated financial statements.

2. The financial statements of the Company are prepared on accrual basis and under historical cost convention. The significant accounting policies adopted by the Company are detailed below:

a) Consolidation

Consolidated Financial Statements relate to Usha Martin Education & Solutions Limited, Parent Company and its subsidiary. The Consolidated Financial Statements are in conformity with the Accounting Standard (AS)-21 on Consolidated Financial Statements, prescribed under the Companies Act,1956 (the 'Act') and are prepared as set out below:

The financial statements of the Parent Company and its subsidiary have been combined on a line by line basis by adding together book values of like items of assets, liabilities, income and expenses after adjustments/elimination of inter-company balances and transactions.

The paid up share capital of the subsidiary company comprises of Rs.3,575,010/- divided into 357,501 equity shares of Rs 10/- each out of which 357,500 shares are held by the parent company and one shares is held by each nominee beneficial interest of which vests in the parent company.

The consolidated financial statements relate to Usha Martin Education & Solutions Limited, Parent Company and its subsidiary, Usha Martin Education Private Limited, which is incorporated in India, and in which the company owns 100% of Equity Shares.

The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances in all material respect and are presented to the extent possible, in the same manner as the Parent Company's separate financial statements.

As the operation of the subsidiary company will start from 1st April 2010, all the expenditure prior to 1st April 2010 has been shown under Pre-operative expenses which will be written off over a period of five years.

Since this is the first year of operation of the subsidiary company, the previous year's figures have not been given.

b) Fixed Assets and Depreciation

Fixed assets comprising both tangible and intangible items are stated at cost less depreciation. The Company capitalizes all costs relating to acquisition of fixed assets. Cost of Software expected to be used on long-term basis is capitalized.

Depreciation (including amortization) on fixed assets is provided using straight-line method (SLM) at the rates prescribed in schedule XIV of the Companies Act 1956, other than Computer & Computer Software and Laptops provided to students which are also depreciated under SLM over a period of 3 years and 2 years respectively.

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

Depreciation on additions and deletions to fixed assets is provided on a pro-rata basis.

c) Investments

Long-term investments are valued at their acquisition cost. Any decline in the value of the said investment, other than a temporary decline, is recognized and charged to the profit and loss account.

Current investments are stated at lower of cost or fair value.

d) Revenue Recognition

Revenue from software services and consultancy is recognized as follows:

SCHEDULE O : Consolidated Notes on Accounts (Contd.)

- The revenue from time and material contracts is recognized on the basis of the time spent and materials consumed as per the terms of the contract.
- In case of fixed price contracts revenue is recognized on percentage completion basis based on milestones defined in the contract. Foreseeable losses, if any, on contract completion is provided for.

  Revenue from training is recognized over the period of the course program.

e) Foreign Currency Transactions

Transactions in foreign currency are accounted for at the standard exchange rates as determined by the Company on a monthly basis. The 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 exchange, which are outstanding as at the year end , are translated at year end at the closing exchange rate and the resultant exchange differences are recognized in Profit and Loss Account.

The premium or discount on forward exchange contracts is amortized on a straight line method

f) Leases

Lease payments under an operating lease recognized as expense in the statement of profit and loss as per terms of lease agreement.

g) Retirement Benefits

(i) Contribution to employee provident fund is charged to revenue on a monthly basis.

(ii) 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".

(iii) Employee benefits of short-term nature are recognized as expense as and when it accrues. Long term employee benefits (e.g. long-service leave) and post employments benefits (e.g. gratuity), both funded and unfunded, are recognized as expense based on actuarial valuation..

h) Taxation

Current Tax in respect of taxable income of the year is provided for based on applicable tax rates and laws. Deferred tax is recognized subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets / liabilities are reviewed at each Balance Sheet date.

i) Borrowing Cost

Borrowing cost attributable to the acquisition and contribution of qualifying assets are added to the cost up to date when such assets are ready for their intended use. Other borrowings cost are recognized as expenses in the period in which these are incurred.

j) 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.

k) Prior Period and Extra Ordinary Items and Changes in Accounting Policies

Prior Period and Extra Ordinary Items and Changes in Accounting Policies having material impact on the financial affairs of the Company are disclosed.

l) Material Events

Material Events occurring after the Balance Sheet date are taken into consideration.

3. The Company has certain unquoted long term strategic investments [year –end aggregate book value Rs.5450 lacs (refer Schedule D)] in Usha Communications Technology Limited, British Virgin Island and its subsidiary [Ushacomm India Private Limited merged into Bonsai Network India Pvt. Ltd. vide Hon'ble Calcutta High Court Order dated 22-02-2008] which develop and provide software solutions for billing and customer care to the telecom industry. During the current year the Company has invested Rs. 35.75 lacs in it's wholly owned subsidiary Usha Martin Education Pvt .Ltd. which caters to the assorted needs of education industry.

SCHEDULE O : Consolidated Notes on Accounts (Contd.)

4. Note on Diminution in value of Investment and consequent reduction in Capital:

The Company at an Extra-ordinary General Meeting held on 23rd December 2009, had approved by a Special Resolution, utilization of Securities Premium Account, Capital Redemption Reserve and Equity Share Capital for diminishing the value of Investments as under:

Existing Investments	Revised Investments
Usha Communications Technology Limited, British Virgin Islands Valued at Rs.200,182,000	Usha Communications Technology Limited, British Virgin Islands Valued at Rs. 5,50,00,000/-
Bonsai Network India Private Limited Valued at Rs. 341,223,700	Bonsai Network India Private Limited Valued at Rs. 100,000,000

The Company had filed a petition before the Hon'ble High Court at Calcutta under Sections 78, 80, 100, 101, 102 and 103 of the Companies Act, 1956, for confirmation of the proposed reduction in capital of the Company. On 6th April 2010, the Hon'ble High Court at Calcutta has sanctioned the petition. The Registrar of Companies, West Bengal has issued Certificate of Registration on 4th May, 2010. Consequently the value of Investments of the Company shall stand revised to the values as shown above.

5. Expenditure in foreign currency — **2009-10**

Listing Fees — Rs. 172,452

6. Related Party Disclosures Pursuant to Accounting Standard 18 issued by The Institute of Chartered Accountants of India.

(i) **Related Parties**

Name	Relationship
Usha Communications Technology Limited, British Virgin Islands	Substantial interest in voting power of the entity.
Usha Martin Ltd.	- do –
Usha Martin Education Pvt. Ltd.	- do –
ESamsung UMIT InfoTech Limited	- do –
Bonsai Network India Private Limited.	- do –
Debjit Bhattacharya (Whole-time Director)	Key Managerial Personnel

ii) **Particulars of Transactions during the year ended 31st March, 2010**

Particulars	Enterprises over which significant influence excercised by Key Management Personnel (Rs.)	Key Management Personnel (Rs.)
Rent Paid	**3,00,000** —	
Director's Remuneration		Refer Note 9(a) of Schedule O to Accounts
Income from Consultancy	**4,508,670** —	
Investments in Equity and Preference Shares	**Refer Schedule D to Accounts - do -**	

SCHEDULE O : Consolidated Notes on Accounts (Contd.)

7. The Segment Information for the year ended 31st March,2010

I (a) The Company is engaged in two main business segments:

- Software business and Consultancy comprising of software development and support services
- Learning business comprising of learning solutions in the area of Technology & Management.

(b) During the year there were no inter-segment revenues.

II Segment Revenues, Results and Other Information (Amount in Rupees)

Particulars	Software	Learning	Others#	Total
Revenue from Operations	**4,508,670**	**73,289,919**		**77,798,589**
Other Income	**818,368**	**334,008**		**1,152,376**
Segment Revenues	**5,327,038**	**73,623,927**		**78,950,965**
Segment Results [Profit/(Loss) before interest and taxation]	**5,097,576**	**10,398,629**		**15,496,205**
Segment Assets	**3,462,772**	**41,840,905**	**5,013,301**	**50,316,978**
Segment Liabilities	**4,188,681**	**10,357,061**	**1,437,743**	**15,983,485**
Capital Expenditure	**—**	**14,548,559**	**2,403,118**	**16,951,677**
Depreciation	**97,129**	**4,119,525**	**13,373@**	**4,230,027**
Non cash expenses other than depreciation	**—**	**—**	**—**	**—**

#Figures related to subsidiaries
@ considered as per operative expense

III Reconciliation of Reportable Segments with the Financial Statements (Amount in Rupees)

Particulars	Revenues	Results	Assets	Liabilities*
Total of Reportable Segments	**78,950,965**	**15,496,205**	**50,316,978**	**15,983,485**
Corporate – Unallocated (Net)	–	**(3,820,566)**	**543,366,688**	–
Interest Income	**543,012**	**543012**	–	–
As per Financial Statements	**79,493,977**	**12,218,650@**	**593,683,666**	**15,983,485**

*Excluding Shareholders' Funds

@ Profit before taxation.

IV. Secondary Segment Reporting (by Geographical Segments) is not given as there is no export during the year.

SCHEDULE O : Consolidated Notes on Accounts (Contd.)

8. Computation of Earning Per Equity Share (Basic and Diluted)

	As at 31st March, 2010 (Rs.)
(I) **Basic**	
(a) (i) Number of Equity Shares at the beginning of the year	**26,415,811**
(ii) Number of Equity Shares at the end of the year	**26,415,811**
(iii) Weighted average number of Equity Shares outstanding during the year	**26,415,811**
(iv) Face Value of each Equity Share-Rs.	**5**
(b) Profit/(Loss) after tax attributable to Equity Shareholders-Rs. Net Profit/(Loss) after Taxation	**10,142,091**
Basic Earning per Share [(b)/(a)(iii)]-Rs.	**0.38**
(II) **Diluted**	
(a) Diluted Potential Equity Shares	**-**
(b) Diluted Earning per Share [1(b)/1(a)(iii)] Rs.	**0.38**

9. Minimum Managerial Remuneration paid/payable

	Rs.	2009-10 Rs.
(a) Wholetime Director's Remuneration:		
Salary	**3,96,000**	
Contribution to Provident fund	**47,520**	
Contribution to Gratuity and Superannuation	**19,048**	
Other Benefits (actual and /or estimated)	**7,37,432**	**1,200,000**
(b) Other Directors		
Directors' Sitting Fees		**76,000**
		1,276,000

10. The Company has unabsorbed depreciation and carried forward losses available for set off under the Income- tax Act, 1961. However, in view of inability to assess future taxable income, the extent of net deferred tax assets which may be adjusted in the subsequent years, is not ascertainable with virtual certainty at this stage and accordingly the same has not been recognized in the accounts on prudent basis.

11. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

SCHEDULE O : Consolidated Notes on Accounts (Contd.)

12. Defined Benefit Plans / Long Term Compensated Absences – as per Actuarial Valuations as on March 31, 2010 and recognized in the financial statements in respect of Employee Benefit Schemes.

(Rs.)

		Gratuity (Funded)	Leave Encashment (Unfunded)
I.	**Components Employer Expense**		
1	Current Service Cost	**151,987**	**8,167**
2	Interest Cost	**15,700**	**11,806**
3	Expected Return on Plan Assets	**(11,738)**	**—**
4	Curtailment Cost / (Credit)	**—**	**—**
5	Settlement Cost / (Credit)	**—**	**—**
6	Past Service Cost	**—**	**—**
7	Actuarial Losses / (Gains)	**(59,634)**	**(15,608)**
8	Total expenses recognized in the Statement of Profit & Loss Account	**96,315**	**4,365**

The Gratuity Expenses have been separately recognized and Leave Encashment in "Salaries and Allowances" under Schedule M.

II	**Actuarial Returns for the period ended March, 2010**	**—**	**—**
III	**Net Asset / (Liability) recognized in Balance Sheet as at March 31, 2010**		
1	Present Value of Defined Benefit Obligation	**263,364**	**154,987**
2	Fair Value on Plan Assets	**311,146**	**—**
3	Status [Surplus/(Deficit)]	**47,782**	**(154,987)**
4	Unrecognised Past Service Cost	**—**	**—**
5	**Net Asset/(Liability) recognized in Balance Sheet**	**47,782**	**(154,987)**
IV	**Change in Defined Benefit Obligations (DBO) during the year ended March 31, 2010**		
1	Present Value of DBO at the Beginning of Period	**155,311**	**159,850**
2	Current Service Cost	**151,987**	**8167**
3	Interest Cost	**15,700**	**11,806**
4	Curtailment Cost / (Credit)	**—**	**—**
5	Settlement Cost / (Credit)	**—**	**—**
6	Plan Amendments	**—**	**—**
7	Acquisitions	**—**	**—**
8	Actuarial (Gains) / Losses	**(59,634)**	**(15,608)**
9	Benefits Paid	**—**	**(9,288)**
10	**Present Value of DBO at the end of Period**	**263,364**	**154,987**

SCHEDULE O : Consolidated Notes on Accounts (Contd.)

V	Change in Fair Value of Assets during the year ended March 31, 2010	Gratuity (Funded)	(Rs.) Leave Encashment (Unfunded)
1	Plan Assets at the beginning of period	—	—
2	Acquisition Adjustment	—	—
3	Expected Return on Plan Assets	**11,738**	—
4	Actuarial Gains / (Losses)	—	—
5	Actual Company Contribution	**299,408**	**9,228**
6	Benefits Paid	—	**(9,228)** (34,392)
7	**Present Value of DBO at the End of Period**	**311,146**	—

VI	Actuarial Assumptions		
1	Discount Rate (%)	7,50%	7,50%
2	Expected Return on Plan Assets (%)	N.A.	N.A.

The estimates of future salary increases, considered in acturial valuations take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

13. As required by AS – 29, on 'Provisions, Contingent Liabilities and Contingent Assets' the movement of provisions existing in the financial statements as on 31st March, 2010 are as under :

Particulars	Opening as at 1st April, 2009	Movements During the year	Closing as at 31st March, 2010
Provision for Contingencies	—	—	—
Provision for diminution in the Value of Investments	**46,935,900**	—	**46,935,900**
Provision for Doubtful Debts	**415,611**	—	**415,611**

14. Balances of sundry Debtors, Sundry Creditors and Loans & Advances (Dr.&Cr.) are subject to confirmation, from the respective parties.

(S.S. Gupta)
Proprietor
Membership No. 17897

For and on hehalf of
S.SWARUP & CO.
Chartered Accountants
Registration No. 310089E

Place : Kolkata
Dated : 11th May, 2010

On behalf of the Board

Prashant Jhawar	*Chairman*
Debjit Bhattacharya	*Whole-time Director*
R. N. Chakraborty	*Company Secretary*

Consolidated Cash Flow Statement for the Year Ended 31st March, 2010

		For the year ended 31st March, 2010
	(Rs.)	(Rs.)
A. Cash flow from Operating Activities :		**12,218,651**
Profit after Non-recurring Items and before Taxation		
Adjustments for :		
Depreciation	**4,230,027**	
Interest Income	**(543,012)**	
Sundry balances written back	**(755,646)**	
Provision for Retirals made	**96,315**	
Provision for Leave Encashment	**4,365**	
Deposits/ Advances written off	**98**	**3,032,147**
Operating profit before working capital changes		**15,250,798**
Increase / Decrease in :		
Trade and other receivables	**(4,887,466)**	
Current Liabilities and Other Provisions	**4,371,301**	**(516,165)**
Cash generated from operations		**14,734,633**
Direct taxes (paid)/refund (Net)		**267,492**
Net Cash Flow from Operating Activities		**15,002,125**
B. Cash flow from Investing Activities :		
Purchase of Fixed Assets and Refund of Capital Advances	**(16,951,677)**	
Pre operative Expenses	**(1,664,681)**	
Interest received	**586,542**	
Net Cash from Investing Activities		**(18,029,816)**

Consolidated Cash Flow Statement for the Year Ended 31st March, 2010 (Contd.)

		For the year ended 31st March, 2010
	(Rs.)	(Rs.)
C. Cash flow from Financing Activities :		
	—	
Net Cash used in Financing Activities		—
Net increase in cash and cash equivalents during the year (A+B+C)		**(3,027,691)**
Cash and Cash Equivalents at the beginning of the year [Refer Schedule F to Accounts]	**10,123,353**	
Cash and Cash Equivalents at the end of the year [Refer Schedule F to Accounts]	**7,095,662**	
		(3,027,691)

1. The above Cash Flow Statement has been prepared under the Indirect method as set out in the Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
2. Schedules referred to above form an integral part of the Cash Flow Statement.

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

(S.S. Gupta)
Proprietor
Membership No. 17897

For and on hehalf of
S.SWARUP & CO.
Chartered Accountants
Registration No. 310089E

Place : Kolkata
Dated : 11th May, 2010

On behalf of the Board

Prashant Jhawar	*Chairman*
Debjit Bhattacharya	*Whole-time Director*
R. N. Chakraborty	*Company Secretary*

USHA MARTIN EDUCATION PRIVATE LIMITED

A Subsidiary Company of
Usha Martin Education & Solutions Limited
(Formerly Usha Martin Infotech Limited)

First Annual Report 2009-2010

Directors
Dr. Saugata Banerjee
Mr. Debjit Bhattacharya
Mr. Rahul Choudhary - Additional Director

Auditors
R. S. Ray & Associates
Mercantile Building, 'E' Block, 4th Floor,
9/12, Lal Bazar Street, Kolkata-700 001

Registered Office
Mangal Kalash
2A, Shakespeare Sarani, Kolkata – 700 071
Phone : 033-3980 0300, Fax : 033-3980 0400

Corporate Office
PS Srijan Techpark, 4th Floor, DN - 52,
Sector-V, Salt Lake City, Kolkata - 700 091
Tel.: +91 33 4013 4700, Fax: +91 33 4013 4800

Bankers
HSBC Limited
Axis Bank Limited

DIRECTORS' REPORT

Dear Member,

We have pleasure in presenting the First Annual Report of business and operations of your Company and Audited Accounts for the year ended 31st March 2010.

FINANCIAL RESULTS

	(Rs in lacs) Year ended 31st March, 2010
Total Income	Nil
Total Pre-operative Expenses	16.65

DIVIDEND

This being the first year of operations of the Company, Board of Directors of the Company do not recommend any dividend for the year under consideration.

REVIEW OF OPERATIONS

During the year under review the Company incurred Rs. 16.65 Lakhs towards pre-operative expenses and the same has been capitalized. This being first year of operations of the company since its incorporation, previous year figures are not available.

HOLDLING COMPANY

The Company is 100% subsidiary of Usha Martin Education & Solutions Limited. (Formerly Usha Martin Infotech Limited)

INTERNAL CONTROL SYSTEM

Your Company has a sound, proper and adequate system of internal controls to ensure that all of its assets are safeguarded and protected against loss from unauthorized use or disposition, and all transactions are authorized, recorded and reported correctly. The internal control systems are further supplemented by periodical review by management and documented policies and procedures.

FIXED DEPOSITS

The Company has not accepted any deposit during the period within the meaning of Section 58A of the Companies Act, 1956 and Rules made there under.

DIRECTORS' RESPONSIBILITIES STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, the Directors wish to certify the following:-

a) That in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure, if any.

b) That 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 at the end of the financial year and of the profit or loss of the Company for that period.

c) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) That the Directors have prepared the Annual Accounts on a going concern basis

DIRECTORS

As per the provisions of Section 260 of the Companies Act, 1956, Mr. Rahul Choudhary was appointed as an Additional Director of the Company by the Board of Directors to hold office up to the date of the forthcoming Annual General Meeting. He is hereby proposed to be appointed as a Director on the Board of the Company, subject to the approval of the members.

AUDITORS

The auditors, M/s R S Ray & Co., Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, have offered themselves for reappointment.

EMPLOYEES

We take this opportunity to express our appreciation of the sincere efforts made generally by the Company's employees at all levels during the year and their co-operation in maintaining cordial relations. The statement containing the information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is given as an annexure forming part of this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING AND OUTGO

The particulars required to be furnished under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules,1988:

(i) Part A and B pertaining to conservation of energy and technology absorption are not applicable to the Company.

(ii) Foreign Exchange earnings and outgo are as under:

Earning - Nil

Outgo - Nil

ACKNOWLEDGEMENTS

We wish to place on record our sincere appreciation of the valuable co-operation and assistance of Customers, Courts, Investors, Government authorities, Department of Electronics, Ministry of Communication and Information Technology, Financial Institutions, Banks and Collaborators. We would also like to thank our strategic alliances and other business associates for their continued support towards conduct of efficient operations of the Company.

On behalf of the Board

Saugata Banerjee
Director

Debjit Bhattacharya
Director

Regd. Office:
2A Shakespeare Sarani
Kolkata 700 071
Date : 10th May, 2010

AUDITORS' REPORT TO THE MEMBERS

To the Members
Usha Martin Education Private Limited

We have audited the attached Balance Sheet of Usha Martin Education Private Limited, as at 31st March 2010 and the related Statement of Pre-operative Expenditure for the period ended on that date. 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.

1) We conducted our audit in accordance with 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 mis-statement. 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.

2) 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. In our opinion, the company has kept proper books of account as required by Law so far, as appears from our examination of such books. The Balance Sheet and Statement of Pre-operative Expenditure dealt with by this report are in agreement with the books of account.

3) In our opinion, the Balance Sheet and the Statement of Pre-operative Expenditure complies with the mandatory accounting standards applicable if any, referred in Section 211(3C) of the Companies Act 1956.

4) On the basis of written representation received from the Directors and taken on record by Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as directors in terms of clause (g) of Section 274(1) of the Companies Act 1956.

5) The Company is not required to make any payment of Cess Under Section 441A of the Companies Act, 1956.

6) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to accounting policies and other notes appearing thereon give the information required by the Companies Act 1956 in the manner so required and also give a true and fair view :-
   i) In case of the Balance Sheet of the state of affairs as on 31st march 2010 and
   ii) In the case of Statement of Pre-operative Expenditure of the Expenses for the period ended on that date.

7) The company being a Private Limited Company with a Paid up capital & Reserve not more than Rupees Fifty Lacs and has not accepted any Public deposits and does not have any loan outstanding exceeding Rupees Twenty Five Lacs from any Bank or Financial institution and does not have a Turnover exceeding Rupees Five Crore at any period of time during the Financial Year ended 31.03.2010, hence the provisions of Companies (Auditor's Report), Amendment Order 2004 are not applicable for the year under review.

For **R. S. Ray & Associates**
Chartered Accountants
Registration No. 320244E

Ram Shankar Ray
Partner
Membership No. 055425

Mercantile Building, 'E' Block, 4th Floor,
9/12, Lal Bazar Street, Kolkata-700 001

Date : 10th May, 2010
Place : Kolkata

Balance Sheet as on 31st March, 2010

Particulars	Schedule	As at 31st March, 2010 (Rs.)	As at 31st March, 2010 (Rs.)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1		3,575,010
			3,575,010
APPLICATION OF FUNDS			
Fixed Assets	2		
Gross Block		2,403,118	
Less : Depreciation/Amortisation		13,373	2,389,745
Current Assets, Loans and Advances			
Cash and Bank Balances	3	414,742	
Loans and Advances	4	544,133	
		958,875	
Less :			
Current Liabilities and Provisions	5		
Current Liabilities		1,438,291	
Net Current Assets			(479,416)
Pre Operative Expenses			1,664,681
NOTES ON ACCOUNTS	6		**3,575,010**

This is the First Account since incorporation of the Company

The Schedules referred to above form an intregal part of the Accounts

For **R. S. Ray & Associates**
Chartered Accountants
Registration No. 320244E

On behalf of the Board

(Ram Shankar Ray)
Partner
Membership No. 055425

Saugata Banerjee
Director

Debjit Bhattacharya
Director

Date : 10th May, 2010
Place : Kolkata

Statement of Pre operative expenditure for the priod ended 31st March, 2010

Particulars		Period ended 31st March, 2010 (Rs.)
Travelling and Conveyance		436,115
Communication		60,957
Power		7,721
Repairs and Maintenance		70,033
Rent		20,000
Consultancy		25,561
Training and Seminar		14,236
Advertisement		14,250
Business Development		125,594
Donation to Usha Martin School		100,000
Secretarial expenses		382,500
Printing and Stationery		9,357
Auditors' Remuneration		15,000
Rates and Taxes		5,430
Finance and Bank Charges		24,957
Miscellaneous Expenses		339,597
Depreciation		13,373
Notes on Accounts	**6**	**1,664,681**

This is the First Account since incorporation of the Company

The Schedules referred to above form an intregal part of the Accounts

For **R. S. Ray & Associates**
Chartered Accountants
Registration No. 320244E

(Ram Shankar Ray)
Partner
Membership No. 055425

On behalf of the Board

Saugata Banerjee
Director

Debjit Bhattacharya
Director

Date : 10th May, 2010
Place : Kolkata

Schedules Forming Part of Balance Sheet

	As at 31st March, 2010 (Rs.)
1. Share Capital	
Authorised	
5,000,000 Equity Shares of Rs.10/- each	50,000,000
	50,000,000
Issued, Subscribed and Paid-up	
357,501 Equity shares of Rs.10 each fully paid up	3,575,010
	3,575,010

2. FIXED ASSETS

PARTICULARS	GROSS BLOCK		DEPRECIATION		NET BLOCK
	Addition during the period	Cost/Valution as at 31st March 2010	For the Period	Total as at 31st March 2010	**As at 31st March , 2010**
	Rs.	Rs.	Rs.	Rs.	Rs.
Electrical Fittings	26,319	26,319	5	5	**26,314**
Office Equipments	150,188	150,188	99	99	**150,089**
Furniture and Fixtures	2,226,611	2,226,611	13,269	13,269	**2,213,342**
Total	**2,403,118**	**2,403,118**	**13,373**	**13,373**	**2,389,745**

3. Cash and Bank Balances	
Balances with Scheduled Banks:	
Current Accounts	414,742
	414,742
4. Loans and Advances	
(unsecured considered good unless otherwise stated)	
Advances recoverable in cash or in kind or value to be received	
Considered Good	544,133
	544,133
5. Current Liabilities and Provisions	
Current Liabilities	
Sundry Creditors	
- Other than Micro Small & Medium Enterprises	1,438,291
	1,438,291

SCHEDULE – 6: Notes on Accounts

1. SIGNIFICANT ACCOUNTING POLICIES

a. System of Accounting

These accounts have been prepared on historical cost concept. All expenditures, unless otherwise stated have been accounted for on accrual basis. As the operation /session of the school under the company will start from 1st April 2010 all the expenditure prior to 1st April 2010 has been shown under Pre-operating expenses which will be written off over a period of five years.

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 XIV of the Companies Act 1956,

d. Gratuity, Pension and Leave Encashment

Since there has been no employee during the period no provision for pension, leave encashment and gratuity has been made for as prescribed in AS-15.

e. 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.

2. Remuneration to Auditors

Audit Fees Rs. 15,000

3. Additional Information required under Part II of Schedule VI of the Companies Act, 1956 to the extent not applicable is not provided.

4. 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 2010 as identified on the basis of information available with the Company.

5. Related Party Disclosures

Name of Related Parties:	**Relationship**
Usha Martin Education & Solutions Ltd.	Holding Company
Dr. Saugata Banerjee	Director
Mr. Debjit Bhattacharya	Director
Mr. Rahul Choudhary	Additional Director

On behalf of the Board

Saugata Banerjee
Director

Debjit Bhattacharya
Director

Date : 10th May, 2010
Place : Kolkata

NOTES :

USHA MARTIN EDUCATION & SOLUTIONS LIMITED

(Formerly : Usha Martin Infotech Limited)

Regd. Office : 2A, Shakespeare Sarani, Kolkata 700 071

PROXY FORM

I/We.....of.....being a member/members Usha Martin Education & Solutions Limited, hereby appoint ..... of .... or failing him.....of.....or failing him.....of .....as my / our Proxy to attend and vote for me/is and on my/our behlaf at the Annual General Meeting of the Company to be held at ''Sripati Singhania Hall", Rotary Sadan, 94/2, Jawaharlal Nehru Road, Kolkata-700 020 on Friday, 6th day of August, 2010 at 3.30 P.M. and at any adjournment thereof.

Signed this .....day of .....Two Thousand Ten.

Signature(s) of the Shareholder(s).....

DP ID No.....

Folio No. / Client ID No.....

No. of Shares.....

Affix Revenue Stamp

Note : This form must be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meetting.

USHA MARTIN EDUCATION & SOLUTIONS LIMITED

(Formerly : Usha Martin Infotech Limited)

Regd. Office : 2A, Shakespeare Sarani, Kolkata 700 071

ADMISSION SLIP

DP ID No.....

Folio No./ Client ID No..... No. of Shares.....

I certify that I am the registered Shareholder/Proxy for the registered shareholder of the Company, I hereby record my presence at the Thirtheenth Annual General Meetting of the Company to be held at ''Sripati Singhania Hall", Rotary Sadan, 94/2, Jawaharlal Nehru Road, Kolkata-700 020 on Friday, 6th day of August, 2010 at 3.30 P.M. and at any adjournment thereof.

Name of the Shareholder/Proxy
In BLOCK LETTERS

Signature of the Shareholder/Proxy

Note : Please fill this admission slip and hand it over at the entrance of the hall.