

BOARD OF DIRECTORS

Mr. Amrut P. Shah
(Chairman)

Mr. Hardik A. Shah
(Whole-time Director)

Mrs. Riddhi C. Gala
(Whole-time Director)

Mr. Chirag K. Gala
(Whole-Time Director) (upto 07-01-2013)

Mr. Shantilal P. Shah
(Non-Executive Director)

Mr. Hasmukh A. Gada
(Non-Executive Director) (upto 14-08-2014)

Mr. Paresh Kumar P. Jain
(Non-Executive Independent Director)

Mr. Jagdish J. Kothari
(Non-Executive Independent Director)

Mr. Manikandam P. Kammenchery (w.e.f. 14-08-2014)
(Additional Director)

Mr. Raichand P. Shah (w.e.f. 14-08-2014)
(Non-Executive Director)

COMPANY SECRETARY

Ms. Komal M. Khakhar

AUDITORS

M/s Bhuta Shah & Co.
Chartered Accountants,
Mumbai

BANKER

State Bank of India

REGISTERED OFFICE

3A, Aneesh Apt Co-op Hsg Soc Ltd., Ground Floor, Azad Lane,
Andheri (W), Mumbai- 400058.

REGISTRAR & SHARE TRANSFER AGENT

M/s Sharex Dynamic(India) Pvt. Ltd., Unit No.1, Luthra Ind. Premises,
Andheri-Kurla Road
Safed Pool, Andheri (East), Mumbai-400 072, INDIA

E-MAIL: info@e-class.in **WEBSITE:** www.e-class.in

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NOTICE

NOTICE is hereby given that the 5th Annual General Meeting of the Members of E-CLASS EDUCATION SYSTEM LIMITED will be held on Tuesday, 30th September, 2014 at 4.00 p.m., at the Registered Office of the Company at 3A, Aneesh Apartments, Ground Floor, Azad Lane, Andheri (West), Mumbai-400058, INDIA to transact the following businesses:

ORDINARY BUSINESS:

- 1.To receive, consider and adopt the Audited Statement of Profit & Loss for the year ended 31st March 2014, and Balance Sheet as on that date together with the Reports of the Board of Directors and Auditors thereon.
- 2.To appoint a Director in place of Mr. Paresh Kumar Jain (DIN: 05159799) who retires by rotation and being eligible, but does not offers himself for re-appointment.
- 3.To appoint a Director in place of Mr. Shantilal P. Shah (DIN:00033182) who retires by rotation and being eligible, offers himself for re-appointment.
- 4.To re-appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of sections 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made there under and pursuant to the recommendations of the Audit Committee and Board of Directors of the Company, M/s Bhuta Shah & Co., Chartered Accountants, Mumbai, (ICAI Firm Registration No. 101474W), be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the third consecutive Annual General Meeting hereafter (subject to ratification by the members at every Annual General Meeting held hereafter), at such remuneration plus service tax, travelling expenses and out of pocket expenses, as may be mutually agreed between the Board of Directors of the Company and the Auditors.

SPECIAL BUSINESS:

- 5.To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013('Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for time being in force), Mr. Jagdish J. Kothari (DIN: 0033271), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, w.e.f. 30th September 2014 to hold office for a term of five consecutive years up to 29th September 2019."

- 6.To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013('Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for time being in force), Mr. Manikandam P. Kammenchery (DIN:03323385) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 14th August, 2013 and who holds office up to the date of this Annual General Meeting in terms of Section 161(1) of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, w.e.f. 30th September 2014 to hold office for a term of five consecutive years up to 29th September 2019."

- 7.To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013('Act') and (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for time being in force Mr. Raichand P. Shah (DIN: 06949019), who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 14th August, 2014, and whose term of office expires at this Annual General Meeting whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as an Director (Non-Executive) of the Company."

8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Section II of Part II of Schedule V thereto (including any statutory modification(s) or re-enactment thereof for the time being in force), and such other modifications, recommendations, approval and sanction if and when necessary, desirable and expedient in law, and as per the recommendation(s) of the Nomination and Remuneration Committee, the Company do and hereby appoint Mrs. Riddhi C. Gala (DIN: 03007446), Director of the Company, as the Whole Time Director of the Company with effect from 15th July, 2014 for a period of five years, liable to retire by rotation, on the terms and conditions including remuneration as set out in the Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT for the purpose of giving effect to the foregoing resolutions the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard."

9. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT in supersession of the Ordinary Resolution passed at the 1st Annual General Meeting of the Members of the Company held on 1st September 2010 and pursuant to Section 180(1)(c) and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee Board Constituted or to be constituted for the purpose) to borrow moneys (including non-fund based facilities), whether by way of loans, advances, deposits, bill discounting, issue of debentures, bonds or any financial instruments or otherwise and whether secured or unsecured, from time to time at their discretion on such terms and conditions as they may deem fit and appropriate, for the purpose of business of the Company from any one or more banks, financial institutions, and other persons, firms, bodies corporate, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of ₹ 500 Crores (Rupees Five Hundred Crores) over and above the aggregate of the paid up share capital and free reserves of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board and/or its duly constituted Committee be and it is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may, in its absolute discretion think fit and authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and to execute all documents/deeds/papers/writings/agreements as may be necessary, proper, desirable or expedient."

10. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT in supersession of the Ordinary Resolution passed at the 1st Annual General Meeting of the Members of the Company held on 1st September 2010 and pursuant to Section 180(1)(a) and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and it is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall include a Committee of the Board of Directors constituted for the purpose) to sell, mortgage and/or create charge and/or hypothecate and/or lease the whole or substantially the whole of the undertaking(s) of the Company in addition to the mortgage(s)/ charge(s) created by the Company, in such form and manner and with such ranking and at such time(s) and on such terms as the Board may determine, all or any part of the movable and/or immovable properties of the Company wherever situated, both present and future, and/or create a floating charge on all or any part of the immovable property of the Company and the whole or any part of the undertaking or undertakings of the Company together with power to take over the management of the business and concern of the Company in certain events of default, in favour of the Company's bankers and development/investment financial institutions (hereinafter referred to as the "lenders")/Debenture Trustees to secure any loans, guarantee, financial assistance, working capital arrangement etc. already availed/to be availed by the Company together with interest thereon at the agreed rate, compound interest, additional interest, liquidated damages, premium on prepayment, costs, charges, expenses and other monies payable by the Company to the said lenders and/or any issue of non convertible debentures, bonds, foreign currency loans and/or compulsorily or optionally, fully or partly convertible debentures linked to equity shares, within the overall ceiling prescribed by the Members of the Company, from time to time, in terms of Section 180(1)(c) of the Companies Act, 2013.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board and/or its duly constituted Committee be and is hereby authorized to finalize and execute all such deeds, documents and writings, as may be necessary for creating or modifying the aforesaid mortgages and/or charges and to do all such acts, deeds, matters and things as may be necessary, desirable or expedient to give effect to the above resolution.”

11.To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

“RESOLVED THAT pursuant to provisions of Section 186 and all other applicable provisions, if any, of the Companies Act, 2013, read with relevant Rules thereof (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force), consent of Company be and is hereby accorded to the Board of Directors including Committee thereof (hereinafter referred to as “the Board”) (i) to give loan(s) to any person or any other body corporate, or (ii) to give on behalf of the Company any guarantee(s) or to provide any security(ies) in connection with a loan(s) made by any other person, or to any other person by, any body corporate or person, or (iii) acquire by way of subscription, purchase or otherwise make investment in securities of any other body corporate for such an amount that the aggregate of the loans and investments so far made, the amounts for which guarantee or security so far provided to or in all other bodies corporate or person, along with the investment, loan, guarantee or security proposed to be made or given by the Board may exceed sixty percent of the Company's paid up capital and its free reserves and securities premium account or one hundred percent of its free reserves and securities premium, whichever is more, as the Board of Directors may think fit, provided that the total loans or investments made, guarantees given, and securities provided shall not any time exceed ₹. 500 Crores (Rupees Five Hundred Crores Only) over and above sixty percent of the Company's paid up capital and its free reserves and securities premium account or one hundred percent of its free reserves and securities premium, whichever is more.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to take all such actions and to give all such directions as may be necessary or desirable and also to settle any question or difficulty that may arise in regard to the proposed investments or loans or guarantees or securities and to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in connection therewith.”

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), the existing Articles of Association of the Company be and are hereby substituted by a new set of Articles of Association, a draft of which has been initialed by the Chairman and made available for inspection by the shareholders at the registered office of the Company, be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the entire exclusion of all the Articles contained in the existing Articles of Association.

RESOLVED FURTHER THAT Board of Directors of the Company, be and are hereby severally authorized by the Company to undertake such acts, deeds and matters, as they may, in their discretion deem necessary, proper or desirable, including any amendment or modification to the proposed Articles of Association as per the suggestion/direction of the regulatory authorities and settle any question, difficulty or doubt that may arise in this regard, including but not limited to making requisite filings with the Registrar of Companies and the stock exchanges, that may be required to give effect to the alteration of the Articles of Association in accordance with this resolution.”

By Order of the Board of Directors
For **E-CLASS EDUCATION SYSTEM LIMITED**

Sd/-
Amrut P. Shah(DIN 00033120)
Chairman

Place: Mumbai
Date: 14th August, 2014

Registered Office:
Office no. 3A, Aneesh apartment, ground floor, Azad lane, Andheri (w), Mumbai-400058, INDIA

NOTES

1.The relative Explanatory Statement pursuant to section 102 of the Companies Act, 2013(Act) in respect of the business under Item Nos. 5 to 12 of the Notice, is annexed hereto.

2.A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of Limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

3.Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.

4.Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, M/s Sharex Dynamic (India) Pvt. Ltd. To provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Company's Registrars and Transfer Agents, M/s Sharex Dynamic (India) Pvt. Ltd.

5.Members are requested to bring their attendance slip along with their copy of the Annual Report as copies of the same will not be distributed at the meeting. Attendance slip duly filled up should be submitted at the entrance of the AGM hall.

6.Members desirous of asking any questions at the Annual General Meeting are requested to send their questions so as to reach the Company at least 10 days before the Annual General Meeting to facilitate suitable reply.

By Order of the Board of Directors
For **E-CLASS EDUCATION SYSTEM LIMITED**

Sd/-
Amrut P. Shah(DIN 00033120)
Chairman

Place: Mumbai
Date: 14th August, 2014

Registered Office:
Office no. 3A, Aneesh apartment, ground floor, Azad lane, Andheri (w), Mumbai-400058, INDIA

EXPLANATORY STATEMENT

As required by Section 102 of the Companies Act, 2013, (hereinafter referred to as “the Act”) the following Explanatory Statement sets out the material facts relating to the Special Business under item Nos. 5 to 12 of the accompanying Notice dated 14th August, 2014.

ITEM NO. 5

The concept of appointment of Independent Directors has been introduced for the first time under the provisions of Companies Act, 2013 and was made effective from 1st April, 2014. Accordingly, Mr. Jagdish J. Kothari (DIN:00033271), Director of the Company, whose appointment has already been approved by the Board and the Members of the Company, is acting as Independent Director in compliance with the Listing requirement at the commencement of the Companies Act, 2013. However, his term is subject to liable by retirement by rotation as per erstwhile Companies Act, 1956.

Section 149 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rule 2014 every Public Company having paid-up capital of ten crores rupees or more shall have at least two Directors as Independent Directors and that every company existing on or before the date of commencement of this Act shall, within one year from such commencement or from the date of notification of the rules; comply with the said requirement. Further, Section 149 of the Companies Act, 2013, inter-alia, provides that an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and their office will not be subject to retirement by rotation. It is further clarified that any tenure of an Independent Director on the date of commencement of this Act shall not be counted as a term of appointment of Independent Directors.

Based on the declaration received from Mr. Jagdish J. Kothari (DIN: 00033271), Director of the Company, in terms of Section 149 (7) of the Companies Act, 2013, the Board is of the opinion that Mr. Jagdish J. Kothari (DIN: 00033271) fulfils the criteria of being appointed as Independent Directors as stipulated in Section 149 (6) and Schedule IV of the Companies Act, 2013 and other applicable provisions of Companies Act, 2013 and Rules made there under.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a member along with a deposit of requisite amount proposing the candidature for appointment of aforesaid Directors as Independent Directors. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Jagdish J. Kothari (DIN: 00033271) is proposed to be appointed as an Independent Director, not liable to retire by rotation, with effect from 30th September 2014, for a term of five years up to 29th September 2019.

Brief Profile and other details of Mr. Jagdish J. Kothari (DIN: 0033271) is as under:

Name of Directors & DIN	Mr. Jagdish J. Kothari (DIN:0033271)
Age	60 years
Date of Appointment	27 th May, 2013
Expertise in specific functional areas	He has a vast knowledge of accountancy, import & export
Qualification	Commerce Graduate
Directorship held in other public companies (excluding foreign companies)	Sundaram Multi Pap Limited

Your Board recommends the Ordinary Resolution as set out in Item No.5 for approval of Members.

None of the Directors and/or Key Managerial Personnel of the Company or their relatives, except Mr. Jagdish J. Kothari (DIN: 0033271) whose appointment is proposed in this resolution are in any way concerned or interested in the resolution.

ITEM NO. 6:

Mr. Manikandam P. Kammenchery (DIN: 03323385) was appointed as an Additional Directors of the Company by the Board with effect from 14th August, 2014. Pursuant to provisions of Section 161(1) of the Companies Act, 2013, Mr. Manikandam P. Kammenchery (DIN: 03323385) hold office only up to the date of this Annual General Meeting of the Company. Appropriate notice along with requisite amount of deposits under Section 160(1) of the Companies Act, 2013 has been received by the Company from member proposing appointment of Mr. Manikandam P. Kammenchery (DIN: 03323385) as a Director of the Company and requisite consent has been received from Mr. Manikandam P. Kammenchery (DIN: 03323385) pursuant to the provisions of Section 152 of the Companies Act, 2013. In opinion of the Board, Mr. Manikandam P. Kammenchery (DIN: 03323385) who is proposed to be appointed as an Independent Directors of the Company for the period up to 29th September, 2019 fulfils the conditions specified under Section 149(6) and Schedule IV of the Companies Act, 2013 and are Independent of the Management.

Brief Profile and other details of Mr. Manikandam P. Kammenchery (DIN: 03323385) is as under :

Name of Directors & DIN	Mr. Manikandam P. Kammenchery (DIN:03323385)
Age	55 years
Date of Appointment	14 th August, 2014.
Expertise in specific functional areas	He has vast experience in the field of manufacturing and trading of waste paper and recycle paper and also of construction materials business.
Qualification	Higher Secondary Certificate
Directorship held in other public companies (excluding foreign companies)	Sundaram Multi Pap Limited

Your Board recommends the Ordinary resolution as set out in Item No. 6 for approval of Members.

None of the Directors and/or Key Managerial Personnel of the Company or their relatives, except Mr. Manikandam P. Kammenchery (DIN: 03323385) whose appointment are proposed in these resolutions are in any way concerned or interested in the resolution.

ITEM NO. 7:

Mr. Raichand P. Shah (DIN: 06949019) was appointed as an Additional Directors of the Company by the Board with effect from 14th August 2014. Pursuant to provisions of Section 161(1) of the Companies Act, 2013, Mr. Raichand P. Shah (DIN: 06949019) hold office only up to the date of this Annual General Meeting of the Company. Appropriate notice along with requisite amount of deposits under Section 160(1) of the Companies Act, 2013 has been received by the Company from member proposing appointment of Mr. Raichand P. Shah (DIN: 06949019) as a Director of the Company and requisite consent and confirmation has been received from Mr. Raichand P. Shah (DIN: 06949019) pursuant to the provisions of Section 152 and Section 164 of the Companies Act, 2013.

Brief Profile and other details of Mr. Raichand P. Shah (DIN: 06949019) is as under:

Name of Directors & DIN	Mr. Raichand P. Shah (DIN: 06949019)
Age	52
Date of Appointment	14 th August, 2014
Expertise in specific functional areas	He has vast experience in the field of production & manufacturing of paper & paper stationery.
Qualification	S.S.C.
Directorship held in other public companies (excluding foreign companies)	NIL

Your Board recommends the Ordinary resolution as set out in Item No. 7 for approval of Members.

Mr. Raichand P. Shah holds 1 Equity Share of ₹. 10/- each as a nominee of Sundaram Multi Pap Limited. Except Mr. Amrut P. Shah, Chairman and Mr. Shantilal P. Shah, Director(Non-Executive), being his brother and Mr. Raichand P. Shah being the appointee, none of the Directors and/or Key Managerial Personnel of the Company or their relatives are in any way concerned or interested in the resolution.

ITEM NO. 8

The Board Of Directors of the Company, at its meeting held on 15th July, 2014 has, subject to the approval of Members, re-appointed Mrs. Riddhi C. Gala (DIN: 03007446) as a Whole-Time Director, for a period of five years w.e.f. 15th July, 2014 up to 14th July, 2019 (liable to retire by rotation).

It is proposed to seek the members' approval for the re-appointment (for five years) and remuneration payable (for a period of three years) to Mrs. Riddhi C. Gala as Whole-Time Director, in terms of applicable provisions of the Companies act, 2013.

Broad particulars of the terms of re-appointment of and remuneration payable to Ms. Ridhi C. Gala are as under:

Remuneration:

Mrs. Ridhhi C. Gala will be paid remuneration of ₹. 1, 25,000 /- (Rupees One Lac Twenty Five Thousand Only) per month (will be paid exclusive of the perquisites, as mentioned below), which shall not be included in the computation of ceiling stated herein.

·Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.

·Gratuity payable at the rate not exceeding half a month's salary for each completed year of service, and is not taxable under the Income-tax Act, 1961.

·Encashment of leave at the end the tenure.

Where in any financial year, during the currency of tenure of the Whole Time Director, the Company has adequate profits the Whole Time Director will be paid remuneration Subject to the limits of 5% of the net profits as the case may be, and the overall limits of 11% of the net profits as laid down in sub-section (1) of section 197 of the Companies Act, 2013 and in case of no profit or inadequacy of profit the remuneration shall be within the limit specified in the Schedule V of the Companies Act, 2013.

The Whole Time Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or committee thereof from the date of her appointment.

Statement as required under condition no. (IV) Of Section II of part II of Schedule V of the Companies Act, 2013 are as follows:

I GENERAL INFORMATION:**1)Nature of Industry:**

The company is into the business of providing digital educational content.

2)Date of Incorporation of Company:

Your Company has been incorporated on 20th July, 2009.

3)In case of New Companies, expected date of commencement of activities as per project approved by financial institutions appearing on the prospectus:Not Applicable

4)Financial performance based on given indicators**(Amount in ₹)**

Particulars	31st March, 2014	31st March, 2013
Total income	22,863,111	75,191,574
Profit/(loss) before depreciation, interest, tax, extra-ordinary item and appropriation	(14,163,944)	9,938,944
Less: Interest/ finance charges	33,679,014	23,451,498
Profit /(loss) before tax & depreciation	(46,096,548)	(13,512,554)
Less: Depreciation	20,735,994	20,171,887
Less: Deferred tax	(29,952,801)	1,086,990
Less: short/(excess) provision for earlier years	22,410	45,715
Profit/(loss) after tax	(36,902,151)	(34,817,146)

5)Foreign investments or collaborations, if any: Not Applicable

II. INFORMATION ABOUT THE APPOINTEE**1)Background details:**

Mrs. Riddhi C. Gala is a Bachelor of Fine Arts (Commercial Arts) with an experience of Advertising, Marketing and Public Relations. She is an experienced strategist and began her career in the creative field. As an advertising professional, in last few years she has gained good experience in the field of advertising, marketing and management of public relation. She is actively involved in the corporate planning and development. She has made significant contribution to improve the performance of the company.

2)Past remuneration:

Up to maximum ₹. 1, 25,000 p.m. as approved by the members in its meeting held on 30th March 2011.

3) Recognition or awards: NIL**4) Job Profile and her suitability:**

Mrs. Riddhi C. Gala is most suitable for this position as proven by her experience in Advertising, Marketing and Public Relations. She is actively involved in the corporate planning and development. She has made significant contribution to improve the performance of the company. Her knowledge and experience will immensely help the Company to achieve a high growth rate in the sales.

5) Remuneration proposed:

₹. 1, 25,000 p.m (will be paid exclusive of the perquisites, as mentioned below), which shall not be included in the computation of ceiling stated herein.

- Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- Gratuity payable at the rate not exceeding half a month's salary for each completed year of service, and is not taxable under the Income-tax Act, 1961.
- Encashment of leave at the end the tenure.

6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):

The proposed remuneration (due to current constraints faced by the company) is comparatively lower than that paid by industry of comparative size to a person similar to the appointee. However as and when the performance and financial situation improves, higher remuneration will be considered.

7) Pecuniary relationship directly or indirectly with the Company, or relationship with managerial personnel, if any:

Mrs. Riddhi C. Gala, being the Director and Whole-Time Director of the Company and receiving remuneration. She is daughter of Mr. Amrut P. Shah, Chairman (DIN00033120) and sister of Mr. Hardik A. Shah, Whole-Time Director (DIN 06380442).

III. OTHER INFORMATION:**1. Reasons for loss or inadequate profit:**

The digital education is the new concept introduced India in the past few years, and has the gestation period of 5 to 10 years. The Company has contractual nature of business with private schools as well as with government agencies ranging from 3 to 5 years. As a result revenues are being blocked for that period and also increases the finance cost. Recant Changes in syllabus of State Board, up gradation in Technology and changes in political policies effect sales in current year

2. Steps taken or proposed to be taken for improvement:

Company is in the process of changing its business model to generate regular cash flow. Further the Company is introducing new syllabus, new product line and improving online sales. The Company is venturing into new states and to expand the business.

3. Expected increase in productivity and profits in measurable terms:

Exponential increase in productivity, sales and Profit is expected in coming years.

IV. DISCLOSURES**I. All elements of remuneration package of Mr. Hardik A. Shah, Whole-Time-Director (DIN 06380442)**

Salary and Perquisites: A salary of ₹.1,00,000/- (Rupees One Lac Only) per month (consolidated) will be paid exclusive of the perquisites, as mentioned below, which shall not be included in the computation of ceiling stated herein.

· Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.

· Gratuity payable at the rate not exceeding half a month's salary for each completed year of service, and is not taxable under the Income-tax Act, 1961.

· Encashment of leave at the end the tenure.

II. Details of fixed component and performance linked incentive along with the performance criteria: Not Applicable

III. Service contracts-3 years w.e.f 1st January 2013, notice period- 1 month notice period, severance fees: 1 months notice or 1 month salary in lieu of notice.

IV. Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable: N.A

The above may be treated as written memorandum setting out the terms of re-appointment of Mrs. Riddhi C. Gala as Whole-Time Director under section 190 of the Act.

The Board commends the Special Resolution set out at Item No. 8 of the Notice for approval by the members. Except Mrs. Riddhi C. Gala, being appointee and Mr. Amrut P. Shah (DIN00033120), Chairman being her father and of Mr. Hardik A. Shah, Whole-Time Director (DIN 06380442) being her brother, none of the other Directors and Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in the resolution set out at item No. 8.

ITEM NO. 9 & 10

The Board of Directors of the Company shall not, except with the consent of the Company by Special Resolution borrow money together with the money already borrowed, if any (apart from temporary loans obtained from Company's Banker in the ordinary course of business), exceeding the aggregate of paid up share capital and its free reserves as per the provisions of Section 180 (1) (c) of the Companies Act, 2013 ("the Act") and its Rules there under.

The Members by way of an Ordinary Resolution at the 1st Annual General Meeting of the Members of the Company held on 1st September 2010 had, inter alia, authorized the Board to borrow up to ₹ 500 Crores (Rupees Five Hundred Crores Only).

The Borrowings of the Company are in general required to be secured by suitable mortgage or charge on all or any of the moveable or immovable properties of the Company, in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, as per the terms of the credit facility so sanctioned by the lender(s).

The Members by way of Ordinary Resolution at the 1st Annual General Meeting of the Members of the Company held on 1st September 2010 had, inter alia, authorized Board to secure its borrowing(s) by mortgage/charge on any of the moveable and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company.

The Ministry of Corporate Affairs has issued clarification vide General Circular no.04/2014 dated March 25th, 2014 clarifying that the Ordinary Resolutions passed under section 293 of the Companies Act, 1956 are valid for one year from the date on which Section 180 of the Companies Act, 2013 made effective i.e. till September 11, 2014. Therefore, approval of Members is sought by way of passing Special Resolution for increasing the borrowing limit to ₹.500 Crore (Rupees Five Hundred Crore Only) over and above the aggregate of the paid up share capital and free reserves of the Company and for creation of Charge/Mortgage/Hypothecation on the assets of the Company for securing the amount not exceeding the borrowing limit of the Company as prescribed by the Members of the Company, from time to time, in terms of Section 180(1)(c) of the Companies Act, 2013.

The Board of Directors accordingly recommended the special resolution set out at Item No. 9 & 10 of the accompanying notice for the approval of the Members.

None of the Directors, Key Managerial Personnel or their Relatives are, in any way, concerned or interested, financial or otherwise, in the resolutions set out at the Item No. 9 & 10 above.

ITEM NO. 11

As per the provisions of Section 186 of the Companies Act, 2013, the Board of Directors of a Company can make any loan, investment or give guarantee(s) or provide any security (ies) beyond the prescribed ceiling of (i) 60% of the aggregate of the paid-up capital and free reserves and securities premium account or, (ii) 100% of its free reserves and securities premium account, whichever is more, if special resolution is passed by the Members of the Company.

The increase in business operations, cash flows and further growth plans of the Company necessitates financial flexibility to the Company as to invest in the area of business besides utilization of surplus funds available with the Company from time to time. The said investment/loans/guarantees/securities may exceed the limit prescribed under section 186 of the Companies Act, 2013; hence, approval of the Members is required by way of Special Resolution. It is therefore, proposed that the Board of Directors of the Company be authorized to invest into securities of anybody corporate and/or make loan(s) and/or give any guarantee(s)/ provide any security (ies) in connection with loan(s) for a amount not exceeding ₹. 500 crores (Rupees Five Hundred Crores Only) over and above the limit specified under section 186(3) of the Companies Act, 2013.

The Board recommends the passing of Special Resolution as set out in the Item No. 11 of the accompanying notice in the interest of the Company.

None of the Directors, Key Managerial Personnel or their Relatives are, in any way, concerned or interested, financial or otherwise, in the resolutions set out at the Item No. 11 above.

ITEM NO.12

The existing Articles of Association (AoA) of the Company are based on the provisions of the Companies Act, 1956 and regulations in the existing AoA contain special Sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the provisions of the Companies Act, 2013 ("Act"). The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs (MCA) has notified 98 Sections and on March 26, 2014, MCA has notified most of the remaining Sections barring few provisions. However, substantive Sections of the said Act which deal with the general working of the Companies stand notified. With the Act coming in to force, several regulations of the existing AoA of the Company require alteration or deletion in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table 'F' of the Act which sets out the model Articles of Association for a Company limited by Shares. Largely most of the provisions of TABLE 'F' have been retained and certain articles have been modified to facilitate smooth working and to protect the interest of the company and the members. The Proposed new draft AoA shall be open for inspection at the Registered Office of the Company during normal business hours on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

The Board recommends the Special Resolutions set out at Item No. 8 of the Notice for approval by the shareholders.

None of the Directors and/or Key Managerial Personnel of the Company or their relatives, are in any way concerned or interested in the resolution.

By Order of the Board of Directors

For Sd/-**E-CLASS EDUCATION SYSTEM LIMITED**

Sd/-

Amrut P. Shah(DIN 00033120)

Chairman

Place: Mumbai

Date: 14th August, 2014

Registered Office:

Office no. 3A, Aneesh apartment, ground floor, Azad lane, Andheri (w), Mumbai-400058, INDIA

DIRECTORS' REPORT

To,
The Members,
E-class Education System Limited

Your Directors are pleased to present the Fifth Annual Report of the Company with Audited Balance sheet and Statement of accounts for the Year ended 31st March 2014.

1.FINANCIAL HIGHLIGHTS & OPERATIONS:

The Financial Highlights of the Company are as follows:

(Amount in ₹.)

Particulars	31 st March, 2014	31 st March, 2013
Total income	22,863,111	75,191,574
Profit/(loss) before depreciation, interest, tax, extra - ordinary item and appropriation	(14,163,944)	9,938,944
Less: Interest/ finance charges	33,679,014	23,451,498
Profit /(loss) before tax & depreciation	(46,096,548)	(13,512,554)
Less: Depreciation	20,735,994	20,171,887
Less: Deferred tax	(29,952,801)	1,086,990
Less: short/(excess) provision for earlier years	22,410	45,715
Profit/(loss) after tax	(36,902,151)	(34,817,146)

During the year under review, the Company recorded total revenue of ₹228.63 lakhs as against ₹ 751.92 Lakhs in the F.Y. 2012-13. Loss after tax is ₹. 369.02 lakhs as against ₹. 348.17 in the previous year. Delay in the implementation of project of the Local Municipal Corporations and Zilla Parishad School due to the legislative elections of Loksabha mainly resulted in to decline in sales. Further ours being the syllabus based content, the change in the syllabus has also affected cost and revenue during the year.

With the increasing Government initiatives to promote e-learning, growing adoption of technology, shortage of quality education and convenience and affordability factors, your management is positive for the future growth of the Company

2.DIVIDEND AND TRANSFER TO RESERVES:

Your Directors regret their inability to recommend any dividend during the year under review.
During the year under review the Company has not transferred any amount to reserves.

3.MATERIAL CHANGES AND COMMITMENTS:

During the year under review the Shareholders of the Company on 31st October, 2013 by passing special resolution approved the alteration of the main object of the Company to facilitate the expansion of the business operation in the education field.

There have been no such changes or commitments affecting the financial position from the end of the financial year 2013-2014 till date of this report as may be deemed to be material enough to affect the financial position of the Company, otherwise than in the normal course of business.

The Company has no subsidiary.

4.DIRECTORS:

During the year under review, Mr. Shantilal P. Shah, Non-Executive Directors of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for reappointment. Mr. Paresh Kumar Jain, Non-

Executive Independent Directors of the Company is liable to retire by rotation at the ensuing Annual General Meeting and do not offer himself for reappointment.

Mr. Chirag K. Gala, Whole-Time Director of the Company resigned as Director and Whole-Time Director of the Company w.e.f. 7th January 2014. Mr. Hasmukh A. Gada, Non-Executive Director of the Company resigned as Director w.e.f. 14th August 2014.

The Board of Directors recognizes its appreciation & recognition of the valuable services rendered by the Director(s) resigned.

·In terms of the provisions of the new Companies Act, 2013; your Company need to have on its Board at least 2 Directors as independent Directors who shall hold the office for term up to 5 consecutive years. Section 149 of the new Act further provides that any tenure of Independent Director on the date of commencement of the Companies Act, 2013 i.e. 1st April 2014 shall not be counted as term for aforesaid period of 5 years and also lays down criteria for becoming Independent Directors of the Company.

As a Good Corporate Governance practice, Mr. Jagdish J. Kothari (DIN 00033271) (Being the Independent Director of the Holding Company) was earlier appointed as Non-Executive Independent Director liable to retire by rotation under erstwhile Companies Act, 1956.

Mr. Jagdish J. Kothari has furnished declarations under Section 149 (7) of the new Act to the effect that he meets the criteria of Independent Directors and in the opinion of the Board of Directors, the said Independent Director fulfill the conditions specified in the Companies Act, 2013 and rules made there under and he is independent of the Management. In view of the same, he is eligible for appointment as Independent Directors of the Company, not liable to retire by rotation, to hold office as such with effect from 30th September, 2014 for a period of 5 (five) consecutive years up to 29th September, 2019; so long as his appointment is in compliance with the provisions of sub sections (6) and (8) of Section 149 read with Schedule IV.

The Company has received notice in writing from member along with the deposit of requisite amount under Section 160 of the Act, proposing the candidature of Mr. Jagdish J. Kothari, who retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment for the office of Independent Directors of the Company, not liable to retire by rotation, to hold office as such with effect from 30th September, 2014 for a period of 5 (five) consecutive years up to 29th September, 2019.

·During the year under review, your Board inducted Mr. Manikandam P. Kammenchery as an Additional Director (Non-Executive) of the Company. In terms of Section 161 of the Companies Act 2013 (corresponding Section 260 of the Companies Act 1956) Mr. Manikandam P. Kammenchery will hold office up to the date of the ensuing Annual General meeting. The Company has received notices in writing along with deposit pursuant to Section 160 of Companies Act, 2013, proposing appointment Mr. Manikandam P. Kammenchery as Independent Directors of the Company. Your Board has recommended appointment of Mr. Manikandam P. Kammenchery as Independent Directors, not liable to retire by rotation, with effect from 30th September 2014 for a period of 5(five) consecutive years up to 29th September 2019.

Pursuant to Sections 149 and 152 of the Companies Act, 2013, approval of the shareholders has been sought for the appointment of Mr. Jagdish J. Kothari & Mr. Manikandam P. Kammenchery as an Independent Directors not liable to retire by rotation for a period of 5 (five) consecutive years from 30th September, 2014 up to 29th September, 2019.

Brief Profile of the Directors proposed to be appointed / reappointed at the ensuing Annual General Meeting is mentioned in the notice of the Annual General Meeting, forms part of the Directors Report.

·During the year under review, your Board appointed Mr. Raichand P. Shah (DIN 06949019) as an Additional Directors (Non-Executive) of the Company. In terms of Section 161 of the Companies Act 2013 (corresponding Section 260 of the Companies Act 1956) Mr. Raichand P. Shah will hold office up to the date of the ensuing Annual General meeting. The Company has received notices in writing along with deposit pursuant to Section 160 of Companies Act, 2013, proposing appointment Mr. Raichand P. Shah as a Non-Executive Director of the Company. Your Board has recommended appointment of Mr. Raichand P. Shah as Non-Executive Director, liable to retire by rotation.

None of the Directors of your Company are disqualified as per the provision of Section 164 of the Companies Act, 2013. The Directors of the Company have made necessary disclosures, as required under various provisions of the Act.

5.AUDIT COMMITTEE:

Sr.no.	Name	Category	Designation	No. of Meetings attended
1.	Mr. Paresh Kumar P. Jain (DIN:05159799)	Non -Executive, Independent Director	Chairman	2
2	Mr. Jagdish J. Kothari (DIN:00033271) w.e.f 24 th May 2014	Non -Executive, Independent Director	Member	--
3	Mr. Hasmukh Gada * (DIN 00033151)	Non -Executive Director	Member	2
4	Mr. Shantilal P. Shah (DIN00033182)	Non -Executive Director	Member	2

During the year under review, two Audit Committee Meetings were held on 30-5-2013 and 14-11-2013. All the three directors were present in the meetings.

The Chairman of the Audit Committee Mr. Paresh Kumar Jain was present at the last Annual General Meeting held on 26-09-2013.

*Mr. Hasmukh A. Gada has resigned as Director of the Company w.e.f.14-08-2014.

6.NOMINATION & REMUNERATION COMMITTEE

As per the provisions of sub-section (1) of Section 178 of the Companies Act, 2013, the Nomination & Remuneration Committee has been constituted by the Board of Directors at their meeting held on 24th May 2014.

Sr.no.	Name	Category	Designation
1	Mr. Paresh Kumar P. Jain (DIN:05159799)	Non -Executive, Independent Director	Chairman
2	Mr. Jagdish J. Kothari (DIN:00033271)	Non -Executive, Independent Director	Member
3	Mr. Shantilal P. Shah (DIN00033182)	Non -Executive Director	Member

Terms of Reference:

The Broad terms of reference includes the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
5. To review performance and recommend remuneration of Executive Directors' to the Board;
6. Such other functions, as may be assigned by the Board of directors from time to time or as may be stipulated under any law, rule or regulation including listing agreement and the companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force)

7.AUDITORS' REPORT:

The observations made in the Auditor's Report are self-explanatory and therefore do not call for further comments under Section 217 of the Companies Act, 1956.

8.AUDITORS:

The Statutory Auditors of the Company M/s Bhuta Shah & Co., Chartered Accountants (Firm Registration No. 101474W), retires at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Your Company has received a letter from the retiring auditors to the effect that their appointment, if made, would be within the prescribed limits under section 141 of Companies Act, 2013 and rules made thereunder. Further the appointment will be in terms of provisions of section 141 of the Companies Act, 2013

The said Auditors have confirmed their willingness to accept office, if re-appointed. The Board on the recommendation of the Audit Committee have proposed the re-appointment of M/s Bhuta Shah & Co., as Statutory Auditors of the Company to hold office from the conclusion of forthcoming AGM till the conclusion of the eighth consecutive Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting held after this AGM) at such remuneration to be decided by the Board of Directors in consultation with the said Auditors.

M/s Bhuta Shah & Co., Chartered Accountants, Auditors, Mumbai, of the Company retire at the ensuing Annual General Meeting. However, being eligible, offer themselves for reappointment as the Statutory Auditors of the Company.

9.INSURANCE:

All the assets of the Company, wherever necessary and to the extent required, have been insured.

10.FIXED DEPOSITS:

The Company has not invited/accepted/renewed any fixed deposits as per the provisions of Section 58A of the Companies Act 1956 from the public during the year.

11.HOLDING COMPANY:

Your Company is a Wholly-Owned Subsidiary Company of Sundaram Multi Pap Limited, an Indian Listed Company.

12.CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGOINGS:

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed in terms of Section 217 (1) (e) of Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is as follows:

·Details of Energy Conservation:

Wherever possible and feasible, continuous efforts are being put for conservation of energy and minimize power cost.

·Technology Absorption:

This clause is not applicable to the Company during the financial year under consideration.

·Foreign Exchange Earnings and Outgo:

(Amount in ₹)

	2013 -2014	2012 -2013
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	1,34,398/ -	599,161/ -

13.PARTICULARS OF EMPLOYEES:

There were no employees of the Company during the financial year 2013-2014, as are required to be mentioned under Section 217 [2A]. Therefore the statement for the same is not attached.

14.DIRECTORS' RESPONSIBILITY STATEMENT:

In Compliance of Section 217 (2AA), as incorporated by the Companies (Amendment) Act, 2000 in the Companies Act, 1956 your Directors confirm that:

a) In the preparation of the annual accounts, the applicable accounting standards have been followed except as mentioned in notes to the accounts and no material departures have been made from the same,

(b) 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) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The Directors have prepared the annual accounts on a going concern basis.

15.ACKNOWLEDGEMENTS:

Your Directors would like to place on record its sincere appreciation for the wholehearted support and contribution made by all employees of the Company as well as its valuable clients, bankers and business associates for extending their full co-operation.

By Order of the Board of Directors
For **E-class Education System Limited**

Amrut P. Shah(DIN 00033120)
Chairman

Place: Mumbai
Date: 14th August 2014

REGISTERED OFFICE:

3A, Aneesh Apt Co-op Hsg Soc Ltd., Ground Floor, Azad Lane, Andheri (W), Mumbai- 400058,

INDEPENDENT AUDITORS' REPORT

To the Members of
E-CLASS EDUCATION SYSTEM LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of E-CLASS EDUCATION SYSTEM LIMITED (“the Company”), which comprise the Balance Sheet as at 31 March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility on Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in section 211(3C) of the Companies Act, 1956 (“the Act”). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
- (b) In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 (“the Order”) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, 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 purpose of our audit;

b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act;

e. On the basis of written representations received from the directors as on 31st March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2014, from being appointed as a director in terms of section 274(1)(g) of the Act.

f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Act nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **Bhuta Shah & Co.**
Chartered Accountants
Firm Reg. No.: 101474W

CA. Mitesh Kothari
Partner
Membership No.: 110822

Mumbai, 24th May, 2014

Annexure to Independent Auditors' Report

Referred to in paragraph 1 under the heading of “Report on Other Legal and Regulatory Requirements” of our Report of even date

(i) In respect of Fixed Assets:

(a) The company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.

(b) As explained to us, these fixed assets have not been physically verified by the management during the year but there is regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us, no substantial part of fixed asset has been disposed during the year and therefore does not affect the going concern principle.

(ii) In respect of its inventories:

(a) As explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. The discrepancies noticed on physical verification of stocks by the management and book records have been properly dealt with in the books of account.

(iii) In respect of the loans, secured or unsecured, granted or taken by the company to / from companies, firms or other parties covered in the register maintained under section 301 of the Act:

(a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Act. Consequently, the provisions of Clause 4 (iii)(a), (b), (c) and (d) of the Order are not applicable to the Company.

(e) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has taken loan from its holding company and one director. The maximum amount involved during the year is ₹ 18,89,77,745/-. And the year-end balance of loan taken from such party is ₹ 18,89,77,745/-

(f) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions on which loans have been given to the company are not, prima facie, prejudicial to the interest of the Company

(g) There is no stipulation for repayment of the above loans. Therefore, the question of repayment being regular does not arise.

(iv) In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories and fixed assets and payment for expenses and for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.

(v) In respect of the contracts or arrangements referred to in section 301 of the Act:

(a) In our opinion and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

(b) In our opinion and as per information and explanations given to us, the transaction entered into by the company with parties covered u/s 301 of the Act and exceeding the value of rupees five lakhs in respect of each party during the year has been made at prices which appear reasonable as per information available with the company.

(vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public as defined u/s 58A. Therefore, the provisions of Clause 4 (vi) of the Order are not applicable to the company.

(vii) As per information and explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.

(viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any products of the Company.

(ix) In respect of statutory dues:

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have been regularly deposited with the appropriate authorities, *though there have been delays in a few cases*. According to the information and explanations given to us there were no outstanding statutory dues as on 31 March 2014 for a period of more than six months from the date they became payable *except tax deducted at source in the month of August'13 amounting to ₹ 2,38,496/- including interest thereon*.

(b) According to the information and explanations given to us, there were no disputes pending in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty, Excise Duty and other statutory dues applicable to the company as on 31.03.2014.

(x) Since the company is registered for a period less than 5 years, provisions of Clause 4 (x) of the Order are not applicable to the Company.

(xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, *the Company has defaulted in repayment of dues to a financial institution. Year end total default in repayment to Financial institution amounts to ₹ 1,50,09,510/-*

(xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted 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. Therefore, the provisions of Clause 4 (xiii) of the Order are not applicable to the Company.

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

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

(xvi) According to the information and explanation given to us and the records examined, the term loans taken by the company have been applied for the purpose for which they were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31 March 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.

(xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

(xix) The Company has not issued any debentures and hence, the clause 4(xix) of the Order is not applicable to the company.

(xx) The Company has not raised any monies by way of public issues during the year.

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

For Bhuta Shah & Co.
Chartered Accountants
Firm Reg. No.: 101474W

CA. Mitesh Kothari
Partner
Membership No.: 110822

Mumbai, 24th May, 2014

E-class Education System Limited
BALANCE SHEET AS AT 31ST MARCH, 2014

Particulars	Note No.	As at 31 st March, 2014	As at 31 st March, 2013
		₹	₹
<u>EQUITY AND LIABILITIES</u>			
Shareholders' Funds			
Share Capital	1	150,000,000	150,000,000
Reserves And Surplus	2	(119,468,297)	(82,566,146)
		30,531,703	67,433,854
Non-Current Liabilities			
Long-Term Borrowings	3	10,254,843	18,827,826
Deferred Tax Liabilities (Net)		-	-
Other Long Term Liabilities		-	-
Long Term Provisions		-	-
		10,254,843	18,827,826
Current Liabilities			
Short-Term Borrowings	4	203,987,255	143,582,835
Trade Payables	5	5,947,926	4,415,650
Other Current Liabilities	6	20,860,791	18,531,534
Short-Term Provisions		-	-
		230,795,971	166,530,019
Total Equity & Liabilities		271,582,517	252,791,698
<u>ASSETS</u>			
Non-Current Assets			
Fixed Assets			
Tangible Assets	7A	8,517,993	9,416,966
Intangible Assets	7B	61,105,813	77,799,478
Intangible Assets under Development		-	-
		69,623,806	87,216,444
Non-Current Investments		-	-
Deferred Tax Assets (Net)	8	51,955,496	22,002,695
Long Term Loans And Advances	9	61,170,670	54,345,482
Other Non-Current Assets		-	-
		182,749,972	163,564,621
Current Assets			
Current Investments		-	-
Inventories	10	34,418,833	35,190,333
Trade Receivables	11	40,988,458	40,959,546
Cash And Cash Equivalents	12	9,178,753	9,328,924
Short-Term Loans And Advances	13	4,246,501	3,748,275
Other Current Assets		-	-
		88,832,546	89,227,077
Total Assets		271,582,517	252,791,698

Significant Accounting Policies
Notes on financial statements
As per our report of even date attached

1 to 31

For Bhuta Shah & Co.
Chartered Accountants
Firm Reg. No.: 101474W

For and on behalf of the Board

CA Mitesh Kothari
Partner
Membership No.: 110822

Amrut P. Shah
Chairman

Hardik A. Shah
Whole-time Director

Mumbai, 24th May, 2014

Komal M Khakhar
Company Secretary

E-class Education System Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	Notes	Year Ended 31st March, 2014	Year Ended 31st March, 2013
<u>INCOME</u>		₹	₹
Revenue From Operations	14	22,863,111	75,191,574
Other Income		-	-
Total Income (I)		22,863,111	75,191,574
<u>EXPENSES</u>			
Cost Of Materials Consumed	15	5,092,433	22,496,471
Purchase Of Stock-In-Trade		-	-
Changes In Inventories Of Finished Goods And Work-In-Progress		-	-
Employee Benefit Expenses	16	12,367,698	16,403,967
Finance Cost	17	33,679,014	23,451,498
Depreciation And Amortization Expenses	18	20,735,994	20,171,887
Other Expenses	19	17,820,514	26,352,192
Total Expenses (II)		89,695,653	108,876,015
Profit / (Loss) Before Tax (I) - (II)		(66,832,542)	(33,684,441)
<u>TAX EXPENSES:</u>			
(1) Current Tax		-	-
(2) Deferred Tax		(29,952,801)	1,086,990
(3) Short / (Excess) Provision Of Earlier Years		22,410	45,715
Total Tax Expenses		(29,930,391)	1,132,705
Profit / (Loss) For The Year		(36,902,151)	(34,817,146)
Earnings Per Equity Share (Face Value of ₹ 10/- each)			
(1) Basic		(2.46)	(2.32)
(2) Diluted		(2.46)	(2.32)

Significant Accounting Policies
Notes on financial statements
As per our report of even date attached

1 to 31

For Bhuta Shah & Co.
Chartered Accountants
Firm Reg. No.: 101474W

For and on behalf of the Board

CA Mitesh Kothari
Partner
Membership No.: 110822

Amrut P. Shah
Chairman

Hardik A. Shah
Whole-time Director

Mumbai, 24th May, 2014

Komal M Khakhar
Company Secretary

E-class Education System Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars		April 1, 2013 - March 31, 2014	April 1, 2012 - March 31, 2013
		Amount in ₹	Amount in ₹
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit/(Loss) before Tax and Extraordinary items	(66,832,542)	(33,684,441)
	Adjustment For :		
	Depreciation	20,735,994	20,171,887
	Interest Income	(1,746,410)	-
	Dividend Income	-	-
	Preliminary Expenses W/Off	-	-
	Interest Paid	33,679,014	23,451,498
	(Profit)/ Loss On Sale Of Assets (Net)	-	-
		52,668,598	43,623,385
		(14,163,944)	9,938,944
	Operating Profit Before Working Capital Changes		
	Adjustment For :		
	Trade Receivables	(28,913)	(8,425,286)
	Inventories	771,500	2,737,978
	Loans & Advances	(7,323,414)	(51,986,616)
	Other Current Assets	-	-
	Trade Payables	1,532,276	1,166,330
	Other Liabilities & Provisions	2,329,257	11,507,081
		(2,719,294)	(45,000,513)
	Cash Generated From Operations	(16,883,238)	(35,061,569)
	Direct Taxes Paid(Net)	(22,410)	-
	Net Cash Flow Operating Activities	(16,905,648)	(35,061,569)
B.	Cash Flow From Investing Activities		
	Purchase Of Tangible Fixed Assets (Net)	(3,143,356)	(4,327,344)
	Sale Of Tangible Fixed Assets	-	-
	Purchase Of Equity Shares Of subsidiary	-	-
	Dividend Received	-	-
	Net Cash Flow From Investing Activities	(3,143,356)	(4,327,344)
C.	Cash Flow From Financing Activities:		
	Additional/ (Repayment) Of Loan To Holding Company	62,394,910	30,984,893
	Proceeds From Borrowings	(10,563,473)	38,827,826
	Proceeds From Issue Of Share Capital	-	-
	Interest Received	1,746,410	-
	Interest Paid	(33,679,014)	(23,451,498)
	Dividend Paid (Incl. Of Tax)	-	-
	Net Cash Flow From Financing Activities	19,898,833	46,361,221
	Net Increase/(Decrease) In Cash And Cash Equivalents (A+B+C)	(150,171)	6,972,308
	Cash And Cash Equivalent At Beninning Of The Year	9,328,924	2,356,616
	Cash And Cash Equivalent At End Of The Year	9,178,753	9,328,923
	Net Increase/(Decrease)	(150,171)	6,972,308

Note:

- 1.Cash And Cash Equivalents Consists Of Cash On Hand And Balance With Banks.
- 2.The Above Cash Flow Statement Has Been Prepared Under The Indirect Method As Set Out In Accounting Standard - 3 "Cash Flow Statement" Issued By The Institute Of Chartered Accountants Of India.
- 3.Previous Year's Figures Have Been Re-Grouped/Re-Arranged Wherever Necessary.

Significant Accounting Policies**Notes on financial statements**

As per our report of even date attached

For Bhuta Shah & Co.

Chartered Accountants

Firm Reg. No.: 101474W

For and on behalf of the Board

CA Mitesh Kothari

Partner

Membership No.: 110822

Amrut P. Shah

Chairman

Hardik A. Shah

Whole-time Director

Komal M Khakhar

Company Secretary

Mumbai, 24th May, 2014

SIGNIFICANT ACCOUNTING POLICIES

i.Accounting Conventions:

The financial statements are prepared on accrual basis under historical cost convention and as a going concern and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India referred to in section 211 (3C) of the Companies Act, 1956. Accounting policies not disclosed separately otherwise are in consonance with Generally Accepted Accounting Principles.

ii.Use of Estimates:

Preparation of financial statements in conformity of Generally Accepted Accounting Principles requires that the Management of the Company makes estimates and assumptions that affect the reported amount of income and expenses of the period, the reported balances of assets and liabilities and the assumptions relating to contingent liabilities as on the date of the financial statements. Examples of such estimates include the useful life of tangible and intangible fixed assets, provision for doubtful debts/advances, future obligation in respect of retirement benefit plans, etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

iii.Fixed Assets:

All fixed assets are stated at cost of acquisition less accumulated depreciation and impairment, if any. Direct costs are capitalized until fixed assets are ready for use. Capital work-in-progress comprises of cost of fixed assets that are not yet ready for their intended use as at reporting date. Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

iv.Depreciation / Amortization:

Depreciation on fixed assets is provided on straight line method at the rates prescribed in Schedule XIV of the Companies Act, 1956 or estimates made by the management. Depreciation on addition/deletion of assets during the year is provided on pro-rata basis. Knowledge Based Content is amortized over a period of six years on straight line basis as decided by the management.

v.Investment:

Long term investments are stated at cost. Provision for diminution in the value is made only if such decline is other than temporary. Current investments are valued at lower of the cost or market value, determined on individual investment basis.

vi.Valuation of Inventories:

Raw materials, stores and packing materials are valued at lower of cost or net realizable value. Cost is assigned on FIFO basis. Semi - finished goods are valued at raw material cost plus proportionate manufacturing overheads. Finished goods are valued at lower of the cost or net realizable value. Unrealized profit, if any, in inter unit transaction is eliminated to the extent possible.

vii.Revenue Recognition:

- a)Income is recognized on transfer of property in goods, as per the agreed terms. The Company recognizes revenue on sale of products upon dispatch to the customer or when delivered to the ocean carrier for export sales, which is when risks and rewards of ownership are passed to the customer. Sales are shown net of returns, discounts, excise duty and sales tax.
- b)Interest income is recognized on the time proportion basis.

viii.Employee Benefits:

a)Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries and wages, leave salary etc. and the expected cost of ex-gratia are recognized in the period in which the employee renders the related service.

b)Post-Employment Benefits:

i)Defined contribution plans:

The Company makes specified monthly contributions towards employee provident fund. The Company's contribution paid / payable under the schemes is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

ii)Defined benefit plan:

The Company's gratuity benefit scheme is a defined benefit plan. The Company contributes to a gratuity fund which has taken a group policy with Life Insurance Corporation of India for future payments of gratuity to retiring employees. The premium has been so adjusted as to cover the liability under the scheme in respect of all employees at the end of their future anticipated services with the company.

c)Leave encashment:

Liability on account of Leave Encashment up to year end has been provided/ paid during the year. None of the employee is allowed to carry forward leave to subsequent period.

ix.Foreign Currency Transactions:

Transactions in foreign currency are recorded at the rate of exchange in force at the time transactions are affected. Exchange differences arising on settlement of these transactions are recognized in the Statement of Profit and Loss.

Monetary items (other than those related to acquisition of fixed assets) denominated in foreign currency are revalued using the exchange rate prevailing at date of the Balance Sheet and resulting exchange difference is recognized in the Statement of Profit and Loss. Non monetary foreign currency items are carried at cost.

x.Borrowing Cost:

Borrowing Costs that are attributable to acquisition or construction of a qualifying asset are capitalized as a part of the cost of such asset. A Qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are charged to Statement of Profit and Loss.

xi.Provision for Taxes:

Provision for current tax is determined in accordance with the Income Tax laws prevailing for the relevant assessment years.

Deferred tax arising due to timing difference between the book profit and tax profit for the year is accounted for, using the tax rate and laws that are substantively enacted as of the Balance Sheet date. Deferred Tax assets arising from timing differences are recognized to the extent there is reasonable certainty that this would be realized in future.

xii.Impairment of Fixed Assets:

At each Balance Sheet date, the Company reviews the carrying amount of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

xiii.Leases:

Lease of assets under which all the risk and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with respective lease agreements.

xiv.Contingent Liability:

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.

A disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not result in outflow of resources.

When there is a possible obligation or present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

E-class Education System Limited

NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE 1 : SHARE CAPITAL

	₹	₹
	As at 31 st March, 2014	As at 31 st March, 2013
Authorized Capital		
25,000,000 (P.Y. 25,000,000) Equity Shares Of ₹ 10/- Each	250,000,000	250,000,000
	250,000,000	250,000,000
Issued, Subscribed & Paid - Up Capital		
15,000,000 (P.Y. 15,000,000) Equity Shares Of ₹ 10/- Each fully paid up	150,000,000	150,000,000
Total Of Issued, Subscribed And Fully Paid Up Share Capital	150,000,000	150,000,000

a) The Reconciliation Of The Number Of Shares Is Set Out Below:

Particulars	31-Mar-14		31-Mar-13	
	Equity Shares		Equity Shares	
	Number	₹	Number	₹
Shares Outstanding At The Beginning Of The Year	15,000,000	150,000,000	15,000,000	150,000,000
Shares Issued During The Year	-	-	-	-
Shares Bought Back During The Year	-	-	-	-
Shares Outstanding At The End Of The Year	15,000,000	150,000,000	15,000,000	150,000,000

b) Terms And Rights Attached To Equity Shareholders:

The company has only one class of equity shares having a face value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per equity share. A member shall not have any right to vote whilst any call or other sum shall be due and payable to the company in respect of any of the shares of such member. All equity shares of the company rank pari passu in all respects including the right to dividend.

In the event of winding-up, subject to the rights of holders of shares issued upon special terms and conditions, the holders of equity shares shall be entitled to receive remaining assets, if any, in proportion to the number of shares held at the time of commencement of winding-up.

The shareholders have all other rights as available to equity shareholders as per the provisions of the Companies' Act, 1956, read together with the memorandum of association and articles of association of the company, as applicable.

c) The company is a wholly owned subsidiary company of Sundaram Multi Pap Limited.

d) The Details Of Share Holders Holding More Than 5% Shares

Name of Shareholder	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sundaram Multi Pap Limited	15,000,000	100	15,000,000	100

NOTE 2 : RESERVES & SURPLUS

	₹	₹
	As at 31 st March, 2014	As at 31 st March, 2013
General Reserve	-	-
Surplus/ (Deficit) In Statement Of Profit And Loss		
Opening Balance	(82,566,146)	(47,749,000)
Add: Net Profit/ (Loss) For The Year	(36,902,151)	(34,817,146)
Balance Available For Appropriation	(119,468,297)	(47,749,000)
<u>Less: Appropriations</u>		
- Proposed Dividend	-	-
- Dividend Distribution Tax	-	-
- Transfer To General Reserve	-	-
Closing Balance	(119,468,297)	(82,566,146)
Total Of Reserves & Surplus	(119,468,297)	(82,566,146)

NOTE 3 : LONG TERM BORROWINGS

	₹	₹
	As at 31 st March, 2014	As at 31 st March, 2013
<u>Term Loan</u>		
<u>Unsecured</u>		
From Other Financial Institutions** (Refer Note 5 For Current Maturities Of Long Term Debt)	10,254,843	18,827,826
Total Of Long Term Borrowings	10,254,843	18,827,826

**It is taken against pledge of promoters shares in the company carrying interest rate of 18% and repayable by March 2016.

NOTE 4 :SHORT TERM BORROWINGS

	₹	₹
	As at 31 st March, 2014	As at 31 st March, 2013
<u>Loan Repayable On Demand</u>		
<u>Secured</u>		
From Public Financial Institutions ***	15,009,510	-
<u>Unsecured</u>		
From Other Parties		
From Other Financial Institutions##	-	20,000,000
<u>Loan And Advances From Related Parties</u>		
Unsecured		
Loans & Advances From Holding Company, Sundaram Multipap Limited	185,977,745	123,582,835
Loan From Directors*	3,000,000	-
Total Of Short Term Borrowings	203,987,255	143,582,835

In case of delay/default as on the Balance Sheet date in repayment of loans and interest with respect to above :

- (1) Period of Default : 6 month
- (2) Amount : 15,009,510

*** Secured by pledge of unencumbered listed shares of Sundaram Multipap Ltd held by promoter, subservient charge on movable assets of the company by way of hypothecation as well as personal guarantee of Director Mr Amrut P Shah and letter of Comfort from Sundaram Multipap Ltd, carrying interest of 15.50%.

* Loan from Director is interest free.

The loan is taken @ 17% interest rate against pledge of promoter's shares in the Company

NOTE 5 : TRADE PAYABLES

	₹	₹
	As at 31 st March, 2014	As at 31 st March, 2013
Trade Payables	5,947,926	4,415,650
(Refer Note 25 For Details Of Dues To Micro, Small And Medium Enterprises)	-	-
	-	-
Total Of Trade Payable	5,947,926	4,415,650

NOTE 6 : OTHER CURRENT LIABILITIES

	₹	₹
	As at 31 st March, 2014	As at 31 st March, 2013
Current Maturities Of Long-Term Borrowings (Refer Note 3)		
From Other Financial Institutions	9,859,064	7,172,174
Advance From Customers	1,373,908	2,162,974
Other Payables		
Outstanding Expenses	5,330,980	3,559,270
Outstanding Statutory Liabilities	3,816,839	5,077,116
Trade Deposits	480,000	560,000
Total Of Other Current Liabilities	20,860,791	18,531,534

NOTE 8 : DEFERRED TAX ASSETS (NET)

	₹	₹
	As at 31 st March, 2014	As at 31 st March, 2013
Assets related to losses	56,731,313	28,547,766
Less: Liability Related To Fixed Assets	(4,775,817)	6,545,072
Net	51,955,495	22,002,694
Less: Opening Net Deferred Tax Asset	22,002,695	23,089,684
Total Of Deferred Tax (Liability) / Asset (Charged)/Credited To Statement Of Profit And Loss	29,952,800	(1,086,990)

NOTE 9 : LONG TERM LOANS AND ADVANCES

	₹	₹
	As at 31 st March, 2014	As at 31 st March, 2013
Security Deposit		
Secured, Considered Good	3,720,525	3,080,025
Unsecured, Considered Good	1,577,760	2,627,760
Other Loans & Advances		
Unsecured Considered Good	55,872,385	48,637,697
Total Of Long Term Loans And Advances	61,170,670	54,345,482

NOTE 10 : INVENTORIES

	₹	₹
	As at 31 st March, 2014	As at 31 st March, 2013
Raw Material	34,418,833	35,190,333
Total of Inventories	34,418,833	35,190,333

E-CLASS EDUCATION SYSTEM LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

NOTE : 7 - FIXED ASSETS

(Amount in ₹)

Particulars	Gross Block			Depreciation			Net Block	
	As on 1st April, 2013	Additions During the Year	Deductions During the Year	As on 31st March, 2014	As on 1st April, 2013	For the Year	Deductions During the Year	As on 31st March, 2014
(A) Tangible Assets (Owned)								
Furniture & Fixtures	7,873,377	-	-	7,873,377	1,073,037	498,385	-	6,301,955
Office Equipments *	3,952,174	240,061		4,192,235	1,335,546	640,649		2,216,039
Total Tangible Assets	11,825,551	240,061	-	12,065,612	2,408,584	1,139,034	-	8,517,993
(B) Intangible Assets								
Knowledge Based Content	114,452,158	2,903,295	-	117,355,453	37,550,116	19,409,891	-	60,395,446
Website	1,122,192		-	1,122,192	224,757	187,069	-	710,366
Total Intangible Assets	115,574,350	2,903,295	-	118,477,645	37,774,873	19,596,961	-	61,105,812
TOTAL (A+B)	127,399,901	3,143,356	-	130,543,257	40,183,457	20,735,995	-	69,623,806
Previous Year	123,072,557	4,327,344	-	127,399,901	20,011,569	20,171,888	-	87,216,445

* The above amount includes Rs 240,000 being cost of new computer product underdevelopment, hence no depreciation is charged for the year

NOTE 11 : TRADE RECEIVABLES

₹

₹

	As at 31 st March, 2014	As at 31 st March, 2013
Debts Overdue By Six Months		
Unsecured, Considered Good	39,836,934	-
Others		
Unsecured, Considered Good	1,151,524	40,959,546
Total Of Trade Receivables	40,988,458	40,959,546

NOTE 12 : CASH & CASH EQUIVALENT

₹

₹

	As at 31 st March, 2014	As at 31 st March, 2013
Cash-In-Hand		
Cash Balance	3,644,754	4,132,263
Sub Total (A)	3,644,754	4,132,263
Bank Balance		
In Current Accounts	30,118	95,729
In Deposit Accounts*	5,503,881	5,100,932
Sub Total (B)	5,533,999	5,196,661
Total Of Cash & Cash Equivalent (A) + (B)	9,178,753	9,328,924

* Includes Deposit with banks of ₹ 55,03,881/- (Previous Year: 51,00,932) With original maturity of More Than 12 Months

NOTE 13 : SHORT TERM LOANS AND ADVANCES

₹

₹

	As at 31 st March, 2014	As at 31 st March, 2013
Others		
Advance To Suppliers	899,706	1,238,993
Balance With Revenue Authorities	3,323,027	2,468,737
Prepaid Expenses	23,769	28,545
Advance To Employees	-	12,000
Total Of Short Term Loans And Advances	4,246,501	3,748,275

NOTE 14 : REVENUE FROM OPERATIONS

₹

₹

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Local		
Sale Of Products	22,863,111	75,191,574
Total Of Revenue From Operations	22,863,111	75,191,574

NOTE 15 : COST OF MATERIAL CONSUMED

	₹	₹
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Raw Material Consumed		
Opening Stock	35,190,333	37,928,311
Add: Purchases	4,320,933	19,758,493
	39,511,266	57,686,804
Less: Closing Stock	34,418,833	35,190,333
Total Of Cost Of Materials Consumed	5,092,433	22,496,471

NOTE 16 : EMPLOYMENT BENEFIT EXPENSES

	₹	₹
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Salaries & Wages	8,187,971	12,619,197
Contribution To Provident Fund, Gratuity Fund & Other Funds	267,919	230,055
Directors' Remuneration	3,770,565	3,300,000
Staff Welfare	141,243	254,715
Total Of Employee Benefits Expenses	12,367,698	16,403,967

NOTE 17 : FINANCE COST

	₹	₹
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Interest Expenses	35,376,385	23,939,308
Other Borrowing Costs	49,039	198,034
Less: Interest Capitalised	-	-
	35,425,424	24,137,342
Less :-Interest Income	1,746,410	685,844
Total Of Financial Cost	33,679,014	23,451,498

NOTE 18 : DEPRECIATION & AMORTIZATION EXPENSE

	₹	₹
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Depreciation	1,139,034	1,137,263
Amortisation Of Intangibles	19,596,960	19,034,624
Total Of Depreciation & Amortisation Expenses	20,735,994	20,171,887

NOTE 19 : OTHER EXPENSES

	₹	₹
	Year Ended 31st March, 2014	Year Ended 31st March, 2013
Note 19 A: Manufacturing Expenses		
Job Work Expenses	3,532,954	4,992,572
Sub Total Note 19 A	3,532,954	4,992,572
Note 19 B: Selling & Distribution Expenses		
Sales Promotion & Advertisement Expenses	3,575,178	5,620,207
Freight, Clearing & Forwarding Charges	42,679	763,884
Commission Charges	8,390	431,148
Sub Total Note 19 B	3,626,247	6,815,239
Note 19 C: Administrative Expenses		
Repair & Maintenance to Building	127,781	179,994
Rent Expenses	2,427,148	3,303,384
Insurance Expenses	56,864	53,737
Motor Car Expenses	459,745	406,233
Travelling Expenses	254,794	978,501
Computer Maintenance	15,895	204,466
Conveyance Expenses	85,480	88,188
Postage & Courier	113,091	116,892
Legal, Professional & Consultancy Charges	5,849,606	7,254,559
Printing & Stationery	125,957	350,752
Auditors Remuneration (Refer Note 24)	110,000	112,360
Donation	7,000	200,000
Electricity Expenses	226,540	260,580
Listing & Registration Fees	49,792	32,614
Subscription Charges	9,750	-
Stamp Duty	96,850	286,000
Sundry Balance written off	28,418	186,357
Telephone Expenses	520,482	452,931
Sundry Expenses	96,119	76,833
Sub Total Note 19 C	10,661,313	14,544,381
Total of Other Expenses (Note 19 A+ 19 B+ 19 C)	17,820,514	26,352,192

Notes forming part of Financial Statements for the year ended 31st March, 2014.**Note 20**

Contingent Liability: NIL (P.Y. NIL)

Note 21

In the opinion of the management, current assets, loans, advances and deposits are approximately of the value stated, if realized in the ordinary course of business. The provision of all known liabilities is adequate and not in excess of the amount reasonably necessary.

Note 22

Balances of certain Trade Receivables, Trade Payables, loans and advances are subject to confirmations / reconciliation and consequential adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation / adjustments.

Note 23**Auditors Remuneration:**

(Amount in ₹)

Particulars	Current Year	Previous Year
Audit fees	80,000/-	75,000/-
Tax Audit Fees	30,000/-	25,000/-
Others	NIL	12,360/-
Total	110,000/-	112,360/-

Note 24**Disclosure under MSMED Act, 2006:**

The Company has not received any information from the “suppliers” regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to the amounts as at year end together with interest paid / payable as required under the said act have not been given.

Note 25

Since none of the employees of the company have completed five years of service, the provisions of Gratuity Act, 1972 are not applicable to the Company; and hence no provision is made towards Gratuity Liability.

Note 26**Segment Reporting:**

The Company operates in single business segment of development and sale of software & hardware for educational content. Hence, further disclosure required as per Accounting Standard AS-17 “Segment Reporting” is not given.

Note 27**Related Party Disclosures:**

a) List of related parties with whom the company has entered into transactions during the year in the ordinary course of business:

Relationship	Name	Nature
Holding Company	Sundaram Multi Pap Limited	Company
Key Management Personnel (KMP)	Mr. Amrut P. Shah	Director
	Mr. Chirag K. Gala*	Whole-Time Director
	Mrs. Riddhi C. Gala	Whole-Time Director
	Mr. Shantilal P. Shah	Director
	Mr. Hasmukh A. Gada	Director
	Mr. Hardik A. Shah	Whole-Time Director

* Mr. Chirag K. Gala resigned from post of Director & Whole time Director on 27/05/2013 & was re-appointed as same subsequently on 16/06/2013 & again resigned from being Director & Whole time Director on 07/01/2014.

b) Transactions with Related Parties:
(Amount in ₹)

Particulars	Holding Company	KMP
Loan Taken from Sundaram Multi Pap Limited	139,719,074/- (111,226,939)/-	- (-)
Loan Taken from Mr. Amrut P. Shah	- (-)	3,000,000/- (-)
Repayment of loan taken to Sundaram Multi Pap Limited	77,324,165/- (101,218,681)/-	- (-)
Interest paid to Sundaram Multi Pap Limited	23,009,388/- (23,307,373)/-	- (-)
Remuneration	- (-)	3,770,565/ (4,100,000)/-
Details are as under:		
Mr. Chirag K. Gala	- (-)	1,070,565/- (1,500,000)/-
Ms. Riddhi A Shah	- (-)	1,500,000/- (1,500,000)/-
Mr. Hardik A. Shah	- (-)	1,200,000/- (1,100,000)/-

Figures in bracket reflects previous year's amount

c) Outstanding Balances of Related Parties:
(Amount in ₹)

Particulars	Holding Company	KMP
Payables	185,977,745/- (123,582,835)/-	7,889,672/- (2,382,394)/-

Figures in bracket reflects previous year's amount

Note 28

Computation of Basic and Diluted Earnings per share:

Particulars	Current Year	Previous Year
Net Loss After Tax available to equity Share holders (in Rs.)	(36,902,151)/-	(34,817,146)/-
Weighted Average Number of Equity Shares (in nos)	15,000,000	15,000,000
Basic and diluted earnings per share (Face Value-Rs. 10/-) (in Rs)	(2.46)	(2.32)

Note 29

Value of Raw Material Consumed:

Particulars	Current Year		Previous Year	
	Amount	%	Amount	%
	₹		₹	
Hardware				
(i) Imported	-	-	-	-
(ii) Indigenous	5,092,433/-	100.00%	22,496,471/-	100.00%
Total	5,092,433/-	100.00%	22,496,471/-	100.00%

Note 30

Earnings and Expenditure in Foreign Currency:

Amount in ₹

	Particulars	Current Year	Previous Year
i.	F.O.B value of Exports	Nil	Nil
ii.	<u>C.I.F Value of Imports:</u>		
iii.	Raw Materials	Nil	Nil
iv.	<u>Expenditure:</u>		
v.	Traveling Expenses	134,398/-	599,161/-

Note 31

Previous year figures have been re-grouped/re-classified wherever considered necessary to compare with current year figures.

As per our report of even date attached
For Bhuta Shah & Co.
Chartered Accountants
Firm Regn. No. 101474W

For and on behalf of the Board

CA Mitesh Kothari
Partner
Membership No. 110822

Amrut P. Shah
(Chairman)

Hardik A. Shah
(Whole Time Director)

Komal M. Khakhar
Company Secretary

Mumbai, 24th May, 2014

E-class Education System Limited

Registered Office: 3A, Aneesh Apt Co-op Hsg Soc Ltd., Ground Floor, Azad Lane, Andheri (W), Mumbai- 400058,
CIN: U80212MH2009PLC194231, Tel No. : 022- 6760 2200, Fax No. : 022- 6760 2200, Email: info@e-class.in, Web: www.e-class.in

Form No. MGT-11
PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014] Name of the Member(s): _____

Registered address: _____

E-mail ID: _____ Folio No./DP ID and Client ID: _____

I/We, being the Member(s) of _____ shares of the above named Company, hereby appoint

1. Name: _____

E-mail ID: _____

Address: _____

Signature: _____

Or failing him/her

2. Name: _____

E-mail ID: _____

Address: _____

Signature: _____

as my/our proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the 5th Annual General Meeting of the Company, to be held on Tuesday, 30th September, 2014 at 4.00 p.m. at 3A, Aneesh Apt Co-op Hsg Soc Ltd., Ground Floor, Azad Lane, Andheri (W), Mumbai- 400058 and at any adjournment thereof in respect of such resolutions as are indicated below: -

Resolution No.	Description
1	Adoption of Annual Accounts and Reports thereon for the financial year ended 31st March, 2014.
2	To appoint a Director in place of Mr. Paresh Kumar Jain (DIN: 05159799) who retires by rotation and being eligible, but does not offers himself for re-appointment.
3	To appoint a Director in place of Mr. Shantilal P. Shah (DIN: 00033182) who retires by rotation and being eligible, offers himself for re-appointment.
4	To appointment of M/s Bhuta Shah & Co., Chartered Accountants, Mumbai, (ICAI Firm Registration No. 101474W), as Statutory Auditors of the Company and to fix their remuneration.
5	To appointment of Mr. Jagdish J. Kothari (DIN: 00033271) as an Independent Director of the Company.
6	To appointment of Mr. Manikandam P. Kammenchery (DIN:03323385) as an Independent Director of the Company.
7	To appointment of Mr.Raichand P. Shah (DIN: 06949019)as Non-Executive Director of the Company.
8	To appoint Ms. Riddhi C. Gala(DIN 03007446) as a Whole-time Director of the Company
9	To authorize the Board of Directors of the Company or a Committee thereof to borrow money in excess of aggregate of its paid up share capital and free reserves up to ` 500 Crores, under the provisions of Section 180(1)(c) of the Companies Act, 2013.
10	To authorize the Board of Directors of the Company or a Committee thereof to sell, lease, mortgage or otherwise dispose of the whole or substantially the whole of the undertaking(s), the movable and immovable properties of the company both present and future. under the provisions of Section 180(1)(a) of the Companies Act, 2013.
11	Increase of limit for inter corporate loans, investments etc. under section 186 of the Companies act, 2013.
12	Adoption of new Articles of Association of the Company

Signed this _____ day of _____ 2014.

Affix
Revenue
Stamp

Notes:

1. A Proxy need not be a Member of the Company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty Members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as proxy for any other Member.

2. This form of Proxy, to be effective, should be deposited at the Registered Office of the Company at 3A, Aneesh Apt Co-op Hsg Soc Ltd., Ground Floor, Azad Lane, Andheri (W), Mumbai: 400058 INDIA not later than FORTY-EIGHT HOURS before the commencement of the aforesaid meeting.

E-class Education System Limited

Registered Office: 3A, Aneesh Apt Co-op Hsg Soc Ltd., Ground Floor, Azad Lane, Andheri (W), Mumbai- 400058,
CIN: U80212MH2009PLC194231, Tel No. : 022- 6760 2200, Fax No. : 022- 6760 2200, Email: info@e-class.in,
Website: www.e-class.in

(PLEASE FILL THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL).
ATTENDANCE SLIP

I/We hereby record my/our presence at the 5th Annual General Meeting of the Company to be held on Tuesday, 30th September, 2014 at 4.00 p.m. at the Registered Office of the company at 3A, Aneesh Apt Co-op Hsg Soc Ltd., Ground Floor, Azad Lane, Andheri (W), Mumbai- 400058.

For Physical Holding for Electronic Form (Demat) NSDL/CDSL No. of Shares:

Folio No. DP ID/CLIENT ID

Name of the Member/Proxy (in Block Capitals):

Signature of the Member / Proxy_____

(Only members/proxies and representatives are allowed to attend the Meeting)

Notes: Shareholder/Proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance of the venue of the meeting.