Educomp
What Learning Can Be

13-02-2017

Listing Department National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1 G - Block, Bandra Kurla Complex, Mumbai-51	Corporate Service Department Bombay Stock Exchange Limited P.J Towers, Dalal Street Mumbai – 1

Dear Sir/Madam,

Sub: Un-audited Standalone Financial Results for the Quarter Ended on 31st December, 2016

As per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find herewith enclosed un-audited Standalone Financial Results for the quarter ended on 31st December, 2016, reviewed by the Audit Committee and approved by the Board of Directors in their meeting concluded today i.e 13th February, 2017. (The board meeting was commenced on 12:15 P.M and concluded at 08:35 P.M.)

Kindly acknowledge the same.

For Educomp Solutions Limited

EDUCOMP SOLUTIONS LIMITED NEW DELHI

Yogesh Saluja
(Company Secretary)
MemberShip No:- A21916
Address:-3/206, Subhash Nagar, New Delhi-110027

Limited Review Report Unaudited Financial Results for the quarter ended December 31, 2016 pursuant to the Regulation 63 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015

To The Board of Directors

Educomp Solutions Limited

1. We have reviewed the accompanying Statement of Unaudited Financial Results of Educomp Solutions Limited ('the Company') for the quarter ended December 31, 2016 ("the Statement") being submitted by the Company pursuant to the requirements of Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/CMD/15/2015 dated November 30, 2015, CIR/CFD/FAC/62/2016 dated July 5, 2016 and Circular No.CIR/IMD/DF1/9 /2015 dated November 27, 2015.

2. This Statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" as prescribed under Section 133 of Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

4. The Company has not recorded any provision against long outstanding trade receivables from Edu Smart Services Private Limited (ESSPL) amounting to Rs. 81,985.62 lacs (net of Rs. 27,866.05 lacs already provided) and has also not considered diminution in value of its

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investment in ESSPL amounting to Rs. 5,128.15 lacs despite ESSPL having significant losses and erosion of its net worth. We are unable to comment on the resultant impact on the losses for the quarter ended December 31, 2016.

5. Based on our review conducted as above, except for the matter described in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with aforesaid accounting standards and other recognised accounting practices and policies have not disclosed the information required to be disclosed in terms of Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Circular No. CIR/CFD/CMD/15/2015 dated November 30, 2015, Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 and Circular No.CIR/IMD/DF1/9 /2015 dated November 27, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We draw attention to Note 5 to the Statement with regard to following matters :-

a) Note 5(a) regarding managerial remuneration paid to one of the whole time directors of the Company during the quarter ended June 30, 2015 and year ended March 31, 2015 in non-compliance with the requirements of Section 197 and Section 198 read with Schedule V to the Companies Act, 2013 and year ended March 31, 2014 in non-compliance with the requirements of Section 198, Section 269 and Section 309 read with Schedule XIII to the Companies Act, 1956, for which Central Government's approval has not been obtained.

b) Note 5(b) with respect to Management's assessment of carrying value of investment in 5 of its subsidiary companies namely, Educomp Infrastructure and School Management Limited, Educomp Online Supplemental Service Limited, Little Millennium Education Private Limited (Formerly known as Educomp Child Care Private Limited), Educomp Professional Education Limited, Educomp Intelliprop Ventures Pte. Ltd. and in its associate, Greycells18 Media Limited. The Company has evaluated the carrying value of its investments using business valuations performed by independent experts/ its own assessment, according to which the management is of opinion that no provision for impairment is considered necessary in respect of these investments.

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Continuation Sheet

c) Note 5(c) wherein, in the opinion of the management, despite incurring substantial losses including during the quarter ended December 31, 2016 and erosion of net worth as at December 31, 2016, the unaudited financial results have been prepared on a going concern basis in view of matters more fully explained in the said note.

Our report is not modified in respect of these matters.

7. The previously issued financial information of the Company for the quarter and nine months ended December 31, 2015 prepared in accordance with the Companies (Accounting Standard) Rules, 2006 have been restated to comply with Indian Accounting Standards ("Ind AS") and included in the Statement as comparative financial information. Adjustments made to previously issued financial information prepared in accordance with the Companies (Accounting Standard) Rules, 2006 to comply with Ind AS have been reviewed by us.

For **Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.103523W/W100048



Raj Kumar Agarwal
Partner
Membership No.:074715

Place: Gurgaon
Date: February 13, 2017

EDUCOMP SOLUTIONS LIMITED

CIN No:-L74999DL1994PLC061353

Regd. Office: 1211, Padma Tower I, Rajendra Place, New Delhi-110008

PART 1

(Rupees in lacs)

STATEMENT OF FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTH ENDED DECEMBER 31, 2016

S.NO	Particulars	Quarter ended			Nine month ended	
		Unaudited December 31, 2016	Unaudited September 30, 2016	Unaudited December 31, 2015	Unaudited December 31, 2016	Unaudited December 31, 2015
1	**Income from operations**					
(a)	Net sales/income from operations	3,399.73	4,330.17	4,170.37	12,939.28	13,690.38
(b)	Other operating income	-	-	-	-	-
	Total Income from operations (net)	**3,399.73**	**4,330.17**	**4,170.37**	**12,939.28**	**13,690.38**
2	**Expenses**					
(a)	Purchases of stock-in-trade	317.69	954.61	210.37	2,955.17	2,758.76
(b)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	274.49	206.69	230.79	467.32	213.13
(c)	Employee benefit expenses	2,168.19	2,924.02	2,916.30	7,780.60	8,997.08
(d)	Depreciation and amortisation expenses	740.93	740.77	815.82	2,177.83	2,461.71
(e)	Other expenses	1,789.42	1,981.81	2,234.10	5,216.50	6,388.29
(f)	Provision for doubtful trade receivables/advances	(16.18)	(22.26)	-	-	88.05
(g)	Foreign exchange fluctuation (Net)	871.20	359.47	621.12	2,062.31	2,014.14
	Total Expenses	**6,145.74**	**7,145.11**	**7,028.50**	**20,659.73**	**22,921.16**
3	**Loss from operations before other income , finance costs and exceptional items (1-2)**	**(2,746.01)**	**(2,814.94)**	**(2,858.13)**	**(7,720.45)**	**(9,230.78)**
4	Other income	659.60	1,141.15	1,079.79	2,827.21	5,807.06
5	**Loss from ordinary activities before finance costs and exceptional items (3+4)**	**(2,086.41)**	**(1,673.79)**	**(1,778.34)**	**(4,893.24)**	**(3,423.72)**
6	Finance costs	6,926.68	6,466.93	6,400.89	19,823.31	19,142.95
7	**Loss from ordinary activities after finance costs but before exceptional items (5-6)**	**(9,013.09)**	**(8,140.72)**	**(8,179.23)**	**(24,716.55)**	**(22,566.67)**
8	Exceptional Items/Prior period items (refer note 6)	4,077.28	(3,775.59)	1,291.09	(2,198.31)	1,291.09
9	**Loss from ordinary activities before tax (7-8)**	**(13,090.37)**	**(4,365.13)**	**(9,470.32)**	**(22,518.24)**	**(23,857.76)**
10	Tax Expense	-	-	-	-	(1,909.08)
11	**Net Loss from Ordinary activities after tax (9-10)**	**(13,090.37)**	**(4,365.13)**	**(9,470.32)**	**(22,518.24)**	**(21,948.68)**
12	Extraordinary Item (net of tax expense)	-	-	-	-	-
13	**Net Loss for the period (11-12)**	**(13,090.37)**	**(4,365.13)**	**(9,470.32)**	**(22,518.24)**	**(21,948.68)**
14	Other Comprehensive income	(10.71)	(77.82)	0.43	97.37	(12.12)
15	**Total Comprehensive income (13+14)**	**(13,101.08)**	**(4,442.95)**	**(9,469.89)**	**(22,420.87)**	**(21,960.80)**
16	Paid up Equity share capital (Face Value Rs.2/- each)	2,449.34	2,449.34	2,449.34	2,449.34	2,449.34
17	Reserve excluding revaluation reserves	-	-	-	-	-
18	**(Loss)/ Earning Per Share (before and after extraordinary items) (not annualized)**					
	(a) Basic	(10.70)	(3.63)	(7.73)	(18.31)	(17.93)
	(b) Diluted	(10.70)	(3.63)	(7.73)	(18.31)	(17.93)

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Segment wise Revenue, Results and Capital Employed

(Rupees in lacs)

Particulars	Quarter ended			Nine month ended	
	Unaudited December 31, 2016	Unaudited September 30, 2016	Unaudited December 31, 2015	Unaudited December 31, 2016	Unaudited December 31, 2015
Segment Revenue					
Higher Learning Solutions	-	-	47.64	-	153.54
School Learning Solutions	3,383.09	4,305.11	4,081.39	12,851.04	13,399.02
K-12 Schools	-	-	-	-	-
Online Supplemental & Global	16.64	25.06	41.34	88.24	137.82
Total Net Sales/ Income from Operations	**3,399.73**	**4,330.17**	**4,170.37**	**12,939.28**	**13,690.38**
Segment Results ((Loss)/Profit before Interest and tax from each segments)					
Higher Learning Solutions	(17.70)	(14.64)	25.12	(49.73)	86.12
School Learning Solutions	(801.23)	(949.93)	(1,179.58)	(2,105.97)	(3,832.94)
K-12 Schools	-	-	-	-	-
Online Supplemental & Global	6.84	(26.04)	10.24	(35.13)	48.11
	(812.09)	**(990.61)**	**(1,144.22)**	**(2,190.83)**	**(3,698.71)**
Less : Interest	6,926.68	6,466.93	6,400.89	19,823.31	19,142.95
: Other un-allocable expenses	6,011.20	(1,951.26)	3,005.00	3,331.31	6,823.16
Add : Un-allocable Income	659.60	1,141.15	1,079.79	2,827.21	5,807.06
Total Loss before Tax	**(13,090.37)**	**(4,365.13)**	**(9,470.32)**	**(22,518.24)**	**(23,857.76)**
Segment Assets					
Higher Learning Solutions	408.63	453.85	474.19	408.63	474.19
School Learning Solutions	1,12,845.32	1,16,493.73	1,29,247.13	1,12,845.32	1,29,247.13
K-12 Schools	3.54	6.67	130.71	3.54	130.71
Online Supplemental & Global	902.02	698.01	731.24	902.02	731.24
Unallocated	1,85,580.25	1,87,021.43	1,84,776.23	1,85,580.25	1,84,776.23
TotalSegment Assets	**2,99,739.76**	**3,04,673.69**	**3,15,359.50**	**2,99,739.76**	**3,15,359.50**
Segment Liabilities					
Higher Learning Solutions	1,050.04	1,052.99	1,057.71	1,050.04	1,057.71
School Learning Solutions	15,951.11	16,964.72	19,765.34	15,951.11	19,765.34
K-12 Schools	1,109.50	1,109.50	-	1,109.50	-
Online Supplemental & Global	480.14	478.61	580.22	480.14	580.22
Unallocated	2,86,540.55	2,76,899.20	2,70,016.77	2,86,540.55	2,70,016.77
TotalSegment Liabilities	**3,05,131.34**	**2,96,505.02**	**2,91,420.04**	**3,05,131.34**	**2,91,420.04**
Capital Employed					
(Segment Assets- Segment Liabilities)					
Higher Learning Solutions	(641.41)	(599.14)	(583.52)	(641.41)	(583.52)
School Learning Solutions	96,894.21	99,529.01	1,09,481.79	96,894.21	1,09,481.79
K-12 Schools	(1,105.96)	(1,102.83)	130.71	(1,105.96)	130.71
Online Supplemental & Global	421.88	219.40	151.02	421.88	151.02
Unallocated	(1,00,960.30)	(89,877.77)	(85,240.54)	(1,00,960.30)	(85,240.54)
Total	**(5,391.58)**	**8,168.67**	**23,939.46**	**(5,391.58)**	**23,939.46**

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Notes:

1 The above unaudited financial results for the quarter ended December 31, 2016 have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on February 13, 2017.

2 The unaudited financial results for the quarter ended December 31, 2016 have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS) prescribed under section 133 of the Companies Act, 2013 and other recognized accounting practices and policies, to the extent applicable. Beginning FY 16-17, the company has for the first time adopted Ind-AS together with Ind-AS compliant comparatives for FY15-16 (transition date April 01, 2015). Accordingly, figures for the previous period are re-casted/regrouped as per new requirements wherever necessary.

3 Reconciliation of financial results of corresponding quarter and nine months ended December 31, 2016 pertaining to financial year 2015-16 to those reported under previous Generally Accepted Accounting Principles (GAAP) are summarised as follows:

Particular	**For the quarter ended December 31, 2015 Rs. in lacs**	**For the Nine month ended Dedembe 31, 2015 Rs. in lacs**
Profit/ (Loss) after tax as reported under previous GAAP	(9,774.97)	(25,224.59)
Adiustments on account of:		
(i) Measurement of financial assets and financial liabilities at amortised	578.13	2,721.26
(ii) Adjustment for recording actuarial (gains)/losses in OCI	(0.43)	12.12
(iii) Adjustment of lease as per Ind AS 17	(177.44)	(543.73)
(iv) Adjustment of Prior period item	0.98	1,347.63
(v) Adjustment of recognising the cost of the employee stock option	(96.59)	(261.37)
Profit/ (Loss) after tax as reported under Ind AS	**(9,470.32)**	**(21,948.68)**
Other comprehensive income	0.43	(12.12)
Total Comprehensive income as reported under Ind AS	**(9,469.89)**	**(21,960.80)**

4 Pursuant to implementation of approved Corporate Debt Restructuring Scheme (CDR scheme), certain lenders have disbursed fresh corporate loans to the Company and corresponding trade receivables were bought from Edu Smart Services Private Limited (ESSPL) together with future business relating to these customers. Due to this restructuring, the remaining receivables in ESSPL may not yield adequate surplus to discharge its liability towards the Company for trade receivables and redemption of redeemable non convertible preference shares. However, the approved CDR scheme has mandated merger of ESSPL with the Company and accordingly, the Company has initiated the process and has taken the approval of Board of Directors in the board meeting held on 13th January 2015. The Board of Directors in their meeting held on 26th May 2016 has suggested certain changes in the scheme with respect to above said merger and revised scheme shall be placed before the board for consideration. The impact for the amalgamation shall be given/recorded in the books of accounts upon obtaining approvals and implementation of the Scheme.

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5. The auditors have drawn attention in their review report on the unaudited financial results of the Company for the quarter and nine months ended December 31, 2016 in respect of the following matters:

a) Due to inadequacy of the profits, managerial remuneration paid by the Company to one of its Whole Time Director during the quarter ended June 30, 2015 and year ended March 31, 2015, is in excess of limits prescribed under Section 197 and 198 read with Schedule V to the Companies Act, 2013.

Similarly, managerial remuneration paid during the financial year ended March 31, 2014 to one of its Whole Time Director was also in excess of limits prescribed under Section 198, 269 and 309 read with Schedule XIII of the Companies Act, 1956.

The management of the Company is in the process of making necessary applications to the Central Government to obtain its approval for the waiver/approval of the remuneration so paid in years ended March 31, 2014, March 31, 2015 and quarter ended June 30, 2015 in due course.

b) The Company has assessed the business projections of five of its subsidiary companies, namely Educomp Infrastructure and School Management Limited, Educomp Online Supplemental Services Limited, Little Millennium Education Private Limited (Formerly known as Educomp Child Care Private Limited), Educomp Professional Education Limited, Educomp Intelliprop Ventures Pte Ltd. (Formerly known as Educomp Intelprop Ventures Pte Ltd.) and its associate Greycells18 Media Limited, having a total investment of Rs. 149,622.06 lacs and has concluded that their businesses are sustainable on a going concern basis. The Company evaluated the recoverability of its investments, using business valuations performed by independent experts, according to which the decline in the carrying value of these long term investments has been considered to be temporary. The said evaluation is based on the long term business plans of its subsidiaries and associate as on March 31, 2016 and concluded that no adjustments to the carrying value of its long term investments is required to be recorded in these unaudited results of the Company for the quarter ended December 31, 2016.

c) The Company has incurred substantial losses and its net worth has been fully eroded. The Company has not been able to meet its debt related obligations including those as per its CDR package executed with Company's lenders. Further, based on a Techno Economic Viability study carried out by Pricewaterhouse Coopers, an independent expert on the proposal submitted by the company to the lenders, the Company may not be able to generate sufficient funds to service its entire debt obligations. Consequently the said proposal is under consideration with lenders.

As per the proposal, the Company intends to monetize its identified investments, receivables and assets besides taking several measures to improve operational efficiencies. Further, borrowings are sought to be restructured again and that with the above measures alongwith continuous efforts to improve the business it would be able to generate cash flows as per the proposal to discharge its short term and long term liabilities and continue as a going concern. Accordingly, these financial results have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that may be necessary, if the entity is unable to continue as a going concern.

6. **Exceptional Items**

The Company had entered into an exclusive license and distribution agreement on August 1,2015 with Digital Learning Solutions SDN BHD (DLS) for exclusive distribution post customization of the Company's learning and education software known as Smart class, in Malaysia. Digital Learning Solutions SDN BHD (the claimant) served a notice of arbitration on the Company in Kuala Lumpur Regional Center for Arbitration (KLRCA) stating the issues arising from the Distribution agreement for non-providing of localize software for DLS's end users as per the contracted timelines. Under the aegis of KLCRA, a sole arbitrator was appointed by agreement of the parties. Sole arbitrator

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appointed by KLRCA has passed an award for damages on December 19, 2016 against the Company and accordingly the Company has recorded a liability of Rs. 4,077.28 lacs (USD 6 million) as "Judgment Debtors" and the same has been shown as an exceptional item in the unaudited financial results of the Company for the quarter ended December 31, 2016.

7. Subsequent to the quarter ended December 31, 2016, the Company has received Income Tax refund amounting Rs. 726.72 lacs pertaining to Assessment Year 2014-15.

8. During the quarter ended December 31, 2016, the Company has not granted any stock options under Employee Stock Option Scheme of the Company.

During the quarter ended December 31, 2016, the Company has not allotted any equity Shares.

Paid up Capital of the Company as on Balance Sheet date is Rs. 244,934,336 consisting of 122,467,168 Equity Shares of the face value of Rs. 2 each.

9. In respect of 350, 13.50% Secured Redeemable Non Convertible Debentures of Rs. 1,000,000 each aggregating Rs. 3,500 lacs, the Company has created partial security on the assets of the Company and is taking necessary steps to create further security in respect of these debentures.

10. The segment wise revenue, results and capital employed have been prepared in accordance with the IND AS -108 "Operating Segments".

11. The basic and diluted earnings per share has been calculated in accordance with the IND AS - 33 "Earnings Per Share".

12. The financial results of the Company for the quarter and nine months ended December 31, 2016 are also available on website of the Company (www.educomp.com), National Stock Exchange of India Limited (www.nseindia.com) and Bombay Stock Exchange Limited (www.bseindia.com).

13. Previous period/year figures have been regrouped and rearranged, wherever considered necessary to conform to the classification in current period.

By order of the Board of Directors

For Educomp Solutions Limited

EDUCOMP SOLUTIONS LIMITED GURGAON

Shantanu Prakash
(Managing Director)

Place: Gurgaon
Date : February 13, 2017

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