

Date: 16-01-2023

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| The Secretary<br>Listing Department<br>BSE Limited<br>PJ Towers, Dalal Street,<br>Mumbai - 400 001<br><b>Script Code: 532696</b> | The Secretary<br>Listing Department<br>National Stock Exchange of India Limited<br>Exchange Plaza, 5th Floor,<br>Plot No. C/1, G Block, Bandra Kurla<br>Complex, Bandra (East), Mumbai 400051<br><b>Script Code: EDUCOMP</b> |
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**Sub: Submission of Audited Standalone and consolidated Financial Statements for the Financial Year ended, March 31, 2020.**

Dear Sir / Madam,

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, please find enclosed herewith the duly signed Audited Standalone and consolidated Financial Statements for the financial year ended March 31, 2020.

The Standalone Financial Statements of the Company for the year ended March 31, 2020 have been prepared by the Company, RP and his team. The Standalone and consolidated Financial Statements have been approved by the RP and presented to auditors for their report thereon and the Standalone and consolidated Financial Statements of the Company are closed by the RP with best of his knowledge and ability and with best available set of information that the RP and his team could gather, collate and present.

Kindly take the above on record and oblige.

Thanking You,

Yours Truly,

**For Educomp Solutions Limited  
(Under CIRP)**



**Mahender Khandelwal**  
**Resolution Professional in the matter of Educomp Solutions Limited**  
**Taken on record**  
**IBBI Reg. No IBBI/IPA-001/IP-P00033/2016-17/ 10086**  
**Encl: as above**

*Note: As informed earlier also vide various communications, pursuant to an application for Corporate Insolvency Resolution Process ("CIRP") under Section 10 of the Insolvency and Bankruptcy Code, 2016 ("the Code") on May 12, 2017, Hon'ble National Company Law Tribunal, Delhi ("Adjudicating Authority"), vide its order dated 30th May 2017, had ordered the commencement of CIRP in respect of the Company under the provisions of Code. Thereafter, in accordance with Section 17 of the Code, the powers of the Board stood suspended and Dr. Sanjeev Aggarwal was appointed as interim resolution professional of the Company. The IRP carried out his duties from May 30, 2017 till Mr. Mahender Khandelwal was appointed as Resolution Professional ("RP") vide the order of NCLT dated September 12, 2017 and took over the management of the affairs of the Company.*

**Educomp Solutions Limited**  
**(CIN: L74999DL1994PLC061353)**  
**Corporate office: 514, Udyog Vihar, Phase III, Gurgaon – 122001, Haryana (INDIA).**  
**Tel.: 91-124-4529000.**  
**Registered Office: 1211, Padma Tower I, 5, Rajendra Place, New Delhi-110008.**  
Web site [www.educomp.com](http://www.educomp.com); email: [investor.services@educomp.com](mailto:investor.services@educomp.com)



**INDEPENDENT AUDITOR'S REPORT**

**To the Members of Educomp Solutions Limited**

**Report on the Audit of the Standalone Ind AS Financial Statements**

**Adverse Opinion**

We have audited the accompanying Standalone Ind AS Financial Statements of **Educomp Solutions Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the Standalone Ind AS Financial Statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the aforesaid Standalone Ind AS Financial Statements do not give the information required by the Companies Act, 2013 ("the Act") in the manner so required and also do not give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act, of the state of affairs of the Company as at March 31, 2020, its loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

**Basis for Adverse Opinion**

1. As mentioned in note 3.3 to the Standalone Ind AS Financial Statements, the Management did not conduct physical verification of Property, plant and equipment at certain locations having a net carrying value of Rs.7.14 million as at March 31, 2020. In absence of the same, we are unable to comment over existence, valuation and the extent of the adjustment, if any, required in respect of these assets as at March 31, 2020 and the resultant possible impact of the same on the loss for the year ended on that date and on the equity as on that date.
2. The Company has not evaluated impairment on its Knowledge Based Content (Other Intangible Assets) having a net block of Rs. 5.51 million (Gross block Rs. 831.85 million, net of accumulated amortization and impairment of Rs. 826.34 million) as at March 31, 2020. In absence of such assessment, we are unable to comment upon the appropriateness of the carrying amount of such asset as at March 31, 2020 and possible impact of the same on the loss for the year ended on that date and on the equity as on that date.
3. As regards trade receivable amounting Rs. 1,462.85 million (net of accumulated loss allowance of Rs. 14,534.63 million) as on March 31, 2020, the management is of the view that the same are good and fully recoverable in due course and hence no further loss allowance is required. Out of the above, trade receivables only to the extent of Rs. 162.84 million have subsequently been realized/adjusted by the Company till March 31, 2022. In absence of appropriate audit evidences including balance confirmations, correspondences from parties and details of subsequent realization post March 31, 2022, we are unable to comment on the recoverability of balance outstanding trade receivables of Rs. 1,300.01 million and the possible impact of the same on the loss for the year ended March 31, 2020 and on the equity as on that date.



4. As mentioned in note 12.4 to the Standalone Ind AS Financial Statements, the Company has not accrued interest on borrowing post May 30, 2017, being Corporate Insolvency Resolution Process ("CIRP") commencement date. The amount of such interest not accrued is estimated to be Rs. 3,038.90 million for the reporting financial year and Rs. 8,020.39 million till March 31, 2020. This has resulted in understatement of financial liabilities by Rs. 8,020.39 million as at March 31, 2020; understatement of loss for the year by Rs. 3,038.90 million and overstatement of equity by Rs. 8,020.39 million as on that date.
5. As disclosed in Note.14 to the Standalone Ind AS Financial Statements, the advance from customers includes amount received from non-corporate entities which may be considered as deposit u/s 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules 2014 and thereby in violation of section 73 to 76 of the Companies Act, 2013. The impact of the non-compliance on the accompanying Standalone Ind AS Financial Statements is presently not ascertainable.
6. As mentioned in Note 25.2 to the Standalone Ind AS Financial Statements, the Company follows Expected Credit Loss (ECL) model for measuring impairment loss allowance of its trade receivables. The ECL allowance or loss rate is computed based on a provision matrix which takes into account historical credit loss experience. However, for the computed loss rate as mentioned in Note 25.2 to the Standalone Ind AS Financial Statements, we have not been provided with any underlying workings of such loss rate computed by the Company.

Further, the Company has not taken effect of aforesaid loss rate in computation of impairment loss allowance, if any on trade receivables over and above the existing provision in the books of account. In absence of relevant workings and other details, we are unable to comment on the appropriateness of the loss rate and the possible impact of not considering the effect of the loss rate in impairment loss allowance on the trade receivables balance as at March 31, 2020 and the loss for the year ended on that date and on the equity as on that date.

7. We have neither got the direct confirmations nor provided with the statements for borrowings from banks and financial institutions amounting to Rs.17,195.04 million as at March 31, 2020. Further, in case of bank borrowings amounting to Rs.920.72 million wherein we have received the confirmations or bank statements, the amount recorded in the Standalone Ind AS Financial Statements is short by Rs. 215.14 million (net) in comparison to amounts reported in the confirmations or bank statements. In the absence of reconciliations and other alternative audit evidence, we are unable to determine any possible impact thereof on the loss for the year ended 31st March 2020 and on balance of borrowings and equity as at March 31, 2020.
8. Balance in borrowings other than bank borrowings mentioned in paragraph 5 above, amounting to Rs. 7373.99 million as at March 31, 2020 are subject to confirmation. In the absence of any alternative audit evidence, we are unable to comment on any possible impact thereof on the loss for the year ended 31st March 2020 and on balance of borrowings and equity as at March 31, 2020.
9. As disclosed in Note 29 to the Standalone Ind AS Financial Statements, financial guarantees aggregating Rs. 13,204.41 were issued to banks on behalf of its erstwhile subsidiaries. As per Ind AS 109 "Financial Instruments", the said financial guarantees are required to be initially measured at fair value and subsequently measured at the higher of (i) the amount of loss allowance in accordance with Expected Credit Loss ("ECL") method and (ii) amount initially recognized less cumulative amount of income recognized in income statement. However, no measurement of financial guarantees at fair value and estimation of loss allowances in accordance with ECL method were performed during the year. In absence of such measurement, we are unable to comment on the resultant impact thereof on the loss for the year ended March 31, 2020 and corresponding liability and equity as on that date.



10. The Company has not determined the provision for penal interest for defaults on borrowings as per the contractual terms of the underlying agreements. In absence of such assessment, we are unable to comment on the possible impact thereof on the loss for the year ended March 31, 2020 and on the balance of borrowings and equity as on that date.
11. As explained in Note 35 to the Standalone Ind AS Financial Statements regarding managerial remuneration paid to one of the whole time directors of the Company during the quarter ended June 30, 2015 and during the 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 paid during the 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 the Central Government's approval is yet to be obtained.
12. As disclosed in Note 38 to the Standalone Ind AS Financial Statements, as per the Insolvency & Bankruptcy Code and Regulations issued there under, the RP has received, verified and admitted the claims submitted by the creditors (Operational and Financial), employees and workmen of the Company aggregating to Rs. 30,437.72 million as on May 30, 2017. These claims have been taken into cognizance by Committee of the Creditors (CoC) in its 12th meeting held on February 17, 2018, while approving the Resolution Plan of the Company. The details of such claims have been disclosed in the said note. As represented by the Management/RP, a reconciliation of the admitted claims vis-à-vis liabilities outstanding as at March 31, 2020 as per books of accounts has not been prepared and any impact thereof has not been considered in the preparation of these Standalone Ind AS Financial Statements as at and for the year ended March 31, 2020.

In absence of the above, we are unable to comment upon appropriateness of carrying value of such liabilities as at March 31, 2020 and any possible impact of the same on the loss for the year ended on that date and equity as at that date.

13. As disclosed in Note 39 to the Standalone Ind AS Financial Statements, the Company is currently subjected to the investigations by Serious Fraud Investigation Office (SFIO) and the Central Bureau of Investigation (CBI). As further explained to us, certain information have been requested by them from the Company and the investigations are currently underway and the Company is yet to get any orders or directions in this respect from the said Authorities till the date of signing this report. In absence of pending final outcome of the investigations, we are unable to comment on the consequential impact of these matters on these Standalone Ind AS Financial Statements as at and for the year ended March 31, 2020.
14. As disclosed in Note 40 to the Standalone Ind AS Financial Statements, the Company did not have any internal audit conducted during the year as required under section 138 of the Act. The impact of the non-compliance on the accompanying Standalone Ind AS Financial Statements is presently not ascertainable.
15. As disclosed in Note 41 to the Standalone Ind AS Financial Statements, the Company did not have a full-time company secretary during the financial year 2019.20. Consequently, these standalone Ind AS Financial Statements could not be authenticated by a company secretary ensuring compliance with all applicable provisions of the Act. Also, the impact of these non-compliances on the accompanying Standalone Ind AS Financial Statements is presently not ascertainable.
16. As disclosed in Note 42 to the Standalone Ind AS Financial Statements, these Standalone Ind AS Financial Statements are not approved by the Chief Financial Officer of the Company which is not in compliance with section 134 (1) of the Act. The impact of this noncompliance on the accompanying Standalone Ind AS Financial Statements is presently not ascertainable.



17. As disclosed in Note 43 to the Standalone Ind AS Financial Statements, the Company has not been in compliance with various other provisions of the Companies Act 2013, SEBI LODR Regulations, 2015, RBI circulars, Foreign Exchange Management Act, 1999 and Goods and Services Tax Act, 2017. The financial or other impact of these non-compliances on these Standalone Ind AS Financial Statements is presently not ascertainable.

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Ind AS Financial Statements under the provisions of the Act and Rules there under and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion on the Standalone Ind AS Financial Statements.

#### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2A(c) to the Standalone Ind AS Financial Statements, which indicates that the Company has incurred substantial losses during the year, its net worth has been completely eroded, has defaulted in repayment of its loans and related interest, and has negative working capital. Further, currently the Company is under the CIRP. These conditions indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. However, these Standalone Ind AS Financial Statements have been prepared on a going concern basis as the management is of the view that the Company has been able to discharge its operational liabilities from its internal accrual of funds till the date of this balance sheet and is also confident that the Company is having sufficient fund balance to continue as going concern as stated in the said note.

Our opinion is not modified in respect of this matter.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matters described in the Basis for Adverse Opinion section and Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

#### **Emphasis of Matter**

We draw attention to the following matters in the notes to the Standalone Ind AS Financial Statements:

- (a) Note 2A(a) to the Standalone Ind AS Financial Statements, wherein it is stated that CIRP has been initiated in case of the Company vide an order of the principal bench of the NCLT dated May 30, 2017 under the provisions of the Insolvency Code. Pursuant to the order, the management of the affairs of the Company and powers of board of directors of the Company are now vested with the Resolution Professional (RP), who is appointed by the CoC. Accordingly, these Standalone Ind AS Financial Statements have been prepared and approved by the RP.



- (b) Note 29 and note 1(c) to the Standalone Ind AS Financial Statements, considering the moratorium period, status of Contingent liabilities has been updated only uptill the date of admission of insolvency application of the Company under the Insolvency & Bankruptcy Code, 2016 i.e., till May 30, 2017. Further, claims aggregating Rs. 1,659.20 million have been admitted by the RP against guarantees issued on behalf of erstwhile subsidiaries companies but the same have not been recorded in the books of accounts and continues to be shown under contingent liabilities.
- (c) We draw attention to Note 12.2 & 34 on Trade Payable due to MSME where the company has not made further provision of interest on unpaid dues of the MSMEs as these liabilities pertain to the pre CIRP period and would be settled in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016.

Our opinion is not modified in respect of these matters.

#### **Other Information**

In view of ongoing CIRP, the Resolution Professional (RP) is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report, Report on Corporate Governance and Annexures to Board's Report, but does not include the Standalone Ind AS Financial Statements, Consolidated Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Board's Report, Report on Corporate Governance and Annexures to Board's Report are not made available to us as at the date of this auditor's report. We have nothing to report in this regard.

#### **Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements**

The Resolution Professional of the Company appointed by the Committee of Creditors ("CoC") pursuant to the order passed by the Hon'ble National Company Law Tribunal ("NCLT"), with whom the management of the affairs of the Company and the powers of the Board of Directors of the Company are now vested after the commencement of CIRP w.e.f. May 30, 2017 under the provisions of Insolvency and Bankruptcy Code, 2016 ("Insolvency Code"), are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act, read with relevant rules issued there under. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



Further, as per Section 134 of the Act, the Standalone Ind AS Financial Statements of a company is required to be authenticated by the Chairperson of the Board of Directors, where authorized by the Board or at least two Directors, of which one shall be the Managing Director or the CEO (being a Director), the CFO and the Company Secretary where they are appointed. In view of the pendency of CIRP, as per the Insolvency Code, and pursuant to the order passed by the Hon'ble NCLT, the powers of the Board of the Directors are now vested with the RP. Accordingly, these Standalone IndAS Financial Statements are approved by the RP [refer note 2A(a) of the Standalone Ind AS Financial Statements and paragraph (a) under Emphasis of Matter].

In preparing the Standalone Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Standalone Ind AS Financial Statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to Standalone Ind AS Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Directors/management/RP (refer note 2A(a) of the Standalone Ind AS Financial Statements and paragraph "(a)" under Emphasis of Matter paragraph).
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures, and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by section 143(3) of the Act, we report that:
  - a. We have sought and except for the matters described in the Basis for Adverse Opinion section of our report, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. Except for the possible effects of the matters described in the Basis for Adverse Opinion section of our report, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
  - d. Except for the possible effects of the matters described in the Basis for Adverse Opinion section of our report, in our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards specified under section 133 of the Act read with relevant rules issued thereunder;
  - e. The matters described under the Basis for Adverse Opinion and Material Uncertainty Related to Going Concern section of our report, in our opinion, may have an adverse effect on the functioning of the Company;
  - f. We have not received written representation from none of the director of the company as on March 31, 2019. In the absence of written representation received, we are unable to comment whether the director is disqualified as on March 31, 2019 from being appointed as a director in terms of section 164(2) of the Act.
  - g. The qualification/reservation/adverse remarks relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Adverse Opinion section of our report.
  - h. With respect to the adequacy of the internal financial controls with reference to Standalone Ind AS Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2". Our report expresses a Disclaimer of Opinion on the Company's internal financial controls with reference to Standalone Ind AS Financial Statements for the reasons stated therein;



- i. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended;  
In our opinion and to the best of our information and according to the explanations given to us, no remuneration has been paid by the Company to its directors during the year and accordingly the provisions of section 197 of the Act are not applicable. -
- j. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. Except for the matters described in the Basis for Adverse Opinion paragraph above, the Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements - Refer Note 29 to the Standalone Ind AS Financial Statements. Also refer paragraph "(b)" under Emphasis of Matter paragraph on Contingent Liabilities;
- ii. Except for the possible effects of matters described under Basis of Adverse Opinion paragraph, the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts and derivative contracts if any; and
- iii. The company has not transferred an amount of Rs. 0.31 million on account of unpaid dividend pertaining to FY 2011-12 (declared on 30th May, 2012) which was required to be transferred to Investor Education and Protection Fund by 05th July, 2019.

**For Kumar Vijay Gupta & Co.**

Chartered Accountants

ICAI Firm Registration No.: 007814N

  
**Rajneesh Ghei**

Partner

Membership No.: 086329



Place: New Delhi

Date: 12.01.2023

UDIN - 23086329BGXTCI 5586

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Educomp Solutions Limited on the Standalone Ind AS Financial Statements for the year ended March 31, 2020]

(i)

- The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- During the year, the fixed assets of the Company have not been physically verified by the management and hence, we cannot comment on material discrepancies existing, if any.
- The title deeds of immovable properties recorded as fixed assets in the books of account of the Company are held in the name of the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the year.

(iii) During the year, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.

(iv) In respect of loans, investments, guarantees, and securities, the Company has complied with the provisions of Section 185 and 186 of the Act, except as detailed below:

| Nature of non-compliance  | Name of Company/party                      | Amount granted during the year | Balance as at March 31, 2020 |
|---------------------------|--------------------------------------------|--------------------------------|------------------------------|
| Interest free Loan given* | Edu Smart Services Private Limited (ESSPL) | Nil                            | Rs. 258.19 million           |

\*Being amount recoverable from ESSPL on invocation of guarantee.

(v) In our opinion, the Company has accepted deposits through advance from customers which are outstanding for more than 365 days without appropriating such advance with provision of services and thereby in violation of section 73 to 76 of the Act and the rules framed there under. However, we have been informed that these advances pertain to the pre CIRP period and cannot be repaid by the resolution professional and would be settled in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 and regulations issued there under.

(vi) The maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Act and rules there under. We have broadly reviewed such records and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii) (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and other material statutory dues applicable to it though there have been slight delays in few cases. However, the Company has not been regular in depositing the undisputed statutory dues in respect of goods and service tax (GST) and tax deducted at source; the delays in deposit have been serious.

No undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, GST customs duty, excise duty, cess and any other material statutory dues applicable to it were outstanding, at the year end, for a period of more than six months from the date they became payable except the following: -



| Name of the statute                     | Nature of the dues | Amount       | Period to which the amount relates | Due Date        | Date of Payment |
|-----------------------------------------|--------------------|--------------|------------------------------------|-----------------|-----------------|
| Punjab Value Added Tax Act, 2005 (PVAT) | Works Contract Tax | 0.83 million | 2016-17                            | Various         | Not paid        |
| Assam VAT Act 2005                      | Assam-VAT          | 4.46 million | 2013-14                            | 15th July, 2017 | Not paid        |

(b) There are no dues outstanding with respect to, income tax, sales tax, service tax, value added tax, GST, customs duty or excise duty on account of any dispute except the following;

| Name of the Statute            | Nature of Dues         | Amount Disputed                                                                  | Amount paid under Protest | Period to which the amount Relates | Forum where dispute is pending                                                                                                                  |
|--------------------------------|------------------------|----------------------------------------------------------------------------------|---------------------------|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| BVAT Act 2005                  | Bihar-VAT              | 0.34 million                                                                     | 0.07 million              | 2011-12                            | Asstt. Commissioner Trade Tax, Patna                                                                                                            |
| DVAT Act 2004                  | Delhi-VAT              | 0.07 million                                                                     | NIL                       | 2013-14                            | Appeal/objection filed before Objection Hearing Authority (SOHO) Delhi(DVAT)                                                                    |
| DVAT Act 2004                  | Delhi-VAT              | 4.57 million                                                                     | NIL                       | 2014-15                            | Appeal/objection filed before Objection Hearing Authority (SOHO) Delhi(DVAT)                                                                    |
| DVAT Act 2004                  | Delhi-VAT              | 1.46 million                                                                     | NIL                       | 2015-16                            | Appeal/objection filed before Objection Hearing Authority (SOHO) Delhi(DVAT)                                                                    |
| DVAT Act 2004                  | Delhi-VAT              | 19.56 million                                                                    | NIL                       | 2016-17                            | Appeal/objection filed before Objection Hearing Authority (SOHO) Delhi(DVAT)                                                                    |
| DVAT Act 2004                  | Delhi-VAT              | 2.91 million                                                                     | NIL                       | 2017-18                            | Appeal/objection filed before Objection Hearing Authority (SOHO) Delhi(DVAT)                                                                    |
| MVAT Act 2002                  | Maharashtra-VAT        | 8.14 million                                                                     | NIL                       | 2015-16                            | Rectification application filed before DC of State Tax(MVAT) Mumbai                                                                             |
| MVAT Act 2002                  | Maharashtra-VAT        | 0.71 million                                                                     | NIL                       | 2016-17                            | Rectification application filed before DC of State Tax(MVAT) Mumbai                                                                             |
| PVAT Act, 2005 (UT Chandigarh) | Chandigarh-VAT         | 0.17 million                                                                     | NIL                       | 2012-13                            | Appeal pending before DC Excise, Chandigarh                                                                                                     |
| Finance Act 1994               | Ahmedabad(Service Tax) | Service Tax- 209.8 million<br>Penalty- 104.94 million (U/s 78)<br>Penalty- 0.010 | NIL                       | 2014-15                            | Appeal Pending before Gujarat High Court at Ahmedabad. Recovery proceedings stayed by Hon'ble High Court of Gujarat Vide Order dated 06-01-2021 |



|                                                                                         |                                                       |                                           |     |                                     |                                                                                               |
|-----------------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------|-----|-------------------------------------|-----------------------------------------------------------------------------------------------|
|                                                                                         |                                                       | million<br>(U/s 77)<br>Interest<br>u/s 75 |     |                                     |                                                                                               |
| THE<br>EMPLOYEES'<br>PROVIDENT<br>FUNDS AND<br>MISCELLANEOUS<br>PROVISIONS<br>ACT, 1952 | Provident<br>Fund<br>Contributions & other<br>charges | 8.78<br>million                           | NIL | March<br>2008 –<br>February<br>2014 | An Appeal Pending<br>before Central<br>Government Industrial<br>Tribunal Cum Labour<br>Court. |

(viii) The Company has defaulted in repayment of loans or borrowings to financial institutions, banks and dues to debenture holders as per details set out in Appendix "A" attached herewith. The amounts of defaults stated in the Appendix are as per contractual terms. The Company has not taken any loan or borrowing from the governments.

Refer our matters stated in our "Independent Auditor's Report - Basis of adverse opinion" paragraph "(7)" wherein we have not been able to obtain bank statement or direct confirmation, and wherein we have received bank confirmations or bank statements, there are reconciliation differences, paragraph "(8)" wherein borrowings other than bank borrowings are subject to confirmations and paragraph "(12)" wherein a reconciliation of the claims admitted by the RP vis a vis liabilities outstanding as at March 31, 2020 has not been prepared. In reference to the same we are unable to comment on the possible impact of such matters on the defaults as reported under this clause.

(ix) The Company has neither raised money by way of public issue offer nor has obtained any term loans during the year. Therefore, paragraph 3(ix) of the Order is not applicable to the Company.

(x) Based on the information and explanations provided to us by the Management, the Company is currently subjected to the investigations by Serious Fraud Investigation Office (SFIO) and the Central Bureau of Investigation (CBI). As further explained to us, certain information have been requested by them from the Company and the investigations are currently underway and the Company is yet to get any orders or directions in this respect from the said Authorities till the date of signing this report.

(xi) No managerial remuneration has been paid / provided by the Company during the current year. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.

Also refer our comment in paragraph 12 of the "Independent Auditors Report - Basis of adverse opinion" regarding managerial remuneration paid to one of the whole-time director of the Company during the quarter ended June 30, 2015, year ended March 31, 2015 and year ended March 31, 2014 for which Central Government's approval is yet to be obtained by the Company.

(xii) In our opinion, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) The transactions with the related parties during the year were not approved by the Audit Committee as required under section 177 of the Act as the Company did not have an audit committee during the year. Also refer our comment in paragraph 17 of the "Independent Auditors Report - Basis of adverse opinion" regarding non-compliance of various other provisions of the Companies Act 2013.

In our opinion and based on the information and explanations provided to us by the Management, the details have been disclosed in the Standalone Ind AS Financial Statements etc., as required by the applicable accounting standards.



(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) The Company has not entered into any non-cash transactions with directors or persons connected with him during the year.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934

**For Kumar Vijay Gupta & Co.**

Chartered Accountants

ICAI Firm Registration No.: 007814N

  
**Rajneesh Ghei**

Partner

Membership No.: 086329

Place: New Delhi

Date: 12.01.2023

**UDIN - 23086329BGXTCI5586**

**Appendix A-Details of Loan Defaults forming part of clause (iii) of CARO report of Educomp Solutions Limited for the year ended March 31, 2020**

**Default not rectified and existing at year end - Banks**

(Amount in Rs. millions)

| Particulars                      | Nature of Facility | Nature of Payment | Total amount of default as on March 31, 2020 | Period of default |
|----------------------------------|--------------------|-------------------|----------------------------------------------|-------------------|
| Canara Bank                      | Term Loan          | Principal         | 458.79                                       | More than 1 year  |
|                                  |                    | Interest          | 66.80                                        | More than 1 year  |
|                                  | Cash Credit        | Principal         | 32.13                                        | More than 1 year  |
|                                  |                    | Interest          | 0.67                                         | More than 1 year  |
| Central Bank of India            | Term Loan          | Principal         | 947.83                                       | More than 1 year  |
|                                  |                    | Interest          | 159.88                                       | More than 1 year  |
| ICICI Bank                       | Term Loan          | Principal         | 725.79                                       | More than 1 year  |
|                                  |                    | Interest          | 99.44                                        | More than 1 year  |
|                                  | Cash Credit        | Principal         | 11.49                                        | More than 1 year  |
|                                  |                    | Interest          | 1.10                                         | More than 1 year  |
| IndusInd Bank                    | Term Loan          | Principal         | 76.28                                        | More than 1 year  |
|                                  |                    | Interest          | 9.30                                         | More than 1 year  |
| State Bank of Bikaner and Jaipur | Term Loan          | Principal         | 304.51                                       | More than 1 year  |
|                                  |                    | Interest          | 33.8                                         | More than 1 year  |
|                                  | Cash Credit        | Principal         | 4.48                                         | More than 1 year  |
|                                  |                    | Interest          | 0.37                                         | More than 1 year  |
| Syndicate Bank                   | Term Loan          | Principal         | 369.61                                       | More than 1 year  |
|                                  |                    | Interest          | 54.47                                        | More than 1 year  |
| IDBI Bank                        | Term Loan          | Principal         | 4,550.00                                     | More than 1 year  |
|                                  |                    | Interest          | 657.49                                       | More than 1 year  |
| J and K Bank                     | Term Loan          | Principal         | 1,960.00                                     | More than 1 year  |
|                                  |                    | Interest          | 271.59                                       | More than 1 year  |
| Union Bank                       | Term Loan          | Principal         | 1,171.16                                     | More than 1 year  |
|                                  |                    | Interest          | 168.9                                        | More than 1 year  |
| Axis Bank                        | Term Loan          | Principal         | 3,237.70                                     | More than 1 year  |
|                                  |                    | Interest          | 461.39                                       | More than 1 year  |
|                                  | Cash Credit        | Principal         | 175.99                                       | More than 1 year  |
|                                  |                    | Interest          | 18.34                                        | More than 1 year  |
| Standard Chartered Bank          | Term Loan          | Principal         | 576.98                                       | More than 1 year  |
|                                  |                    | Interest          | 100.09                                       | More than 1 year  |
|                                  | Cash Credit        | Principal         | 117.08                                       | More than 1 year  |
|                                  |                    | Interest          | -                                            | More than 1 year  |
| Yes bank                         | Term Loan          | Principal         | 300.00                                       | More than 1 year  |
|                                  |                    | Interest          | 27.74                                        | More than 1 year  |
| State Bank of India              | Term Loan          | Principal         | 181.42                                       | More than 1 year  |
|                                  |                    | Interest          | 25.57                                        | More than 1 year  |
|                                  | Cash Credit        | Principal         | 52.49                                        | More than 1 year  |
|                                  |                    | Interest          | 8.28                                         | More than 1 year  |
| State bank of Patiala            | Term Loan          | Principal         | 1,922.45                                     | More than 1 year  |
|                                  |                    | Interest          | 163.99                                       | More than 1 year  |
|                                  | Cash Credit        | Principal         | 799.16                                       | More than 1 year  |
|                                  |                    | interest          | 53.64                                        | More than 1 year  |
| DBS Bank                         | Term Loan          | Principal         | 359.8                                        | More than 1 year  |
|                                  |                    | Interest          | 45.6                                         | More than 1 year  |



**Default not rectified and existing at year end - Financial Institutions**

(Amount in Rs. millions)

| Particulars                        | Nature of Facility | Nature of Payment | Total amount of default as on March 31, 2020 | Period of default |
|------------------------------------|--------------------|-------------------|----------------------------------------------|-------------------|
| External Commercial Borrowings     | Term Loan          | Principal         | 5,275.73                                     | More than 1 year  |
|                                    |                    | Interest          | 1,119.00                                     | More than 1 year  |
| Foreign Currency Convertible Bonds | Term Loan          | Principal         | 1,003.52                                     | More than 1 year  |
|                                    |                    | Interest          | -                                            | More than 1 year  |
| Reliance                           | Unsecured Loan     | Principal         | 12.00                                        | More than 1 year  |
|                                    |                    | Interest          | 2.69                                         | More than 1 year  |
| IBM Global Financing               | Unsecured Loan     | Principal         | 132.58                                       | More than 1 year  |
| HP Financial Services              | Unsecured Loan     | Principal         | 220.62                                       | More than 1 year  |
|                                    |                    | Interest          | 52.99                                        | More than 1 year  |

**Defaults not rectified and existing as on March 31, 2020 in respect of Debentures**

(Amount in Rs. millions)

| Particulars             | Total amount of default as on March 31, 2020 | Period of default |
|-------------------------|----------------------------------------------|-------------------|
| Principal on Debentures | 450.00                                       | More than 1 year  |
| Interest on Debentures  | 75.85                                        | More than 1 year  |

**Defaults in respect of guarantees invoked and not rectified as at March 31, 2020**

(Amount in Rs. millions)

| Particulars                                                       | Total amount of default as on March | Period of default |
|-------------------------------------------------------------------|-------------------------------------|-------------------|
| Corporate guarantee invoked - given on behalf of EduSmartServices | 258.19                              | More than 1 year  |



## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 2(h) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of **Educomp Solutions Limited** on the standalone Ind AS financial statements for the year ended March 31, 2020]

### **Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We were engaged to audit the internal financial controls with reference to financial statements of **Educomp Solutions Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the ICAI.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system over financial reporting of the Company.

#### **Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Disclaimer of Opinion**

According to the information and explanation given to us, the Company has not established its internal financial controls with reference to financial statements on criteria based on or considering the essential components of internal control stated in the Guidance Note issued by ICAI.



Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls with reference to financial statements and whether such internal financial controls were operating effectively as at March 31, 2020.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone Ind AS financial statements of the Company, and the disclaimer does not affect our opinion on the standalone Ind AS financial statements of the Company.

**For Kumar Vijay Gupta & Co.**

Chartered Accountants

ICAI Firm Registration No.: 007814N


**Rajneesh Ghei**

Partner

Membership No.: 086329

Place: New Delhi

Date: 12.01.2023

UDIN - 23086329BGXTCI5586

**Educomp Solutions Limited**  
**Balance sheet as at March 31, 2020**

(in Rs. millions)

| Particulars                                           | Notes | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------------------------------------|-------|-------------------------|-------------------------|
| <b>ASSETS</b>                                         |       |                         |                         |
| <b>Non-current assets</b>                             |       |                         |                         |
| Property, plant and equipment                         | 3     | 58.74                   | 93.44                   |
| Other intangible assets                               | 4     | 5.51                    | 29.38                   |
| Capital work-in-progress                              | 5     | -                       | -                       |
| Financial assets                                      |       |                         |                         |
| i) Investments                                        | 6.1   | 813.21                  | 862.83                  |
| ii) Loans                                             | 6.2   | 4.49                    | 6.75                    |
| iii) Other financial Assets                           | 6.3   | 7.51                    | 2.10                    |
| Income tax assets                                     |       | 53.41                   | 102.12                  |
| Other non-current assets                              | 7     | 0.12                    | 1.02                    |
| <b>Total</b>                                          |       | <b>942.99</b>           | <b>1,097.64</b>         |
| <b>Current assets</b>                                 |       |                         |                         |
| Inventories                                           | 8     | 2.46                    | 2.71                    |
| Financial assets                                      |       |                         |                         |
| i) Loans                                              | 6.2   | 24.21                   | 32.71                   |
| ii) Trade receivables                                 | 6.4   | 1,462.85                | 2,261.41                |
| iii) Cash and Cash equivalents                        | 6.5   | 143.21                  | 120.72                  |
| iv) Bank balances other than (iii) above              | 6.5 A | 28.00                   | 33.10                   |
| v) Other Financial Assets                             | 6.3   | 23.22                   | 8.41                    |
| Other current assets                                  | 9     | 50.03                   | 55.47                   |
| <b>Total</b>                                          |       | <b>1,733.98</b>         | <b>2,514.53</b>         |
| <b>Total Assets</b>                                   |       | <b>2,676.97</b>         | <b>3,612.17</b>         |
| <b>EQUITY AND LIABILITIES</b>                         |       |                         |                         |
| <b>EQUITY</b>                                         |       |                         |                         |
| a) Equity Share capital                               | 10    | 244.93                  | 244.93                  |
| b) Other equity                                       | 11    |                         |                         |
| i) Equity component of compound financial instruments |       | 524.45                  | 524.45                  |
| ii) Reserves and surplus                              |       | (29,788.86)             | (28,216.24)             |
| <b>Total Equity</b>                                   |       | <b>(29,019.48)</b>      | <b>(27,446.86)</b>      |
| <b>LIABILITIES</b>                                    |       |                         |                         |
| <b>Non-current liabilities</b>                        |       |                         |                         |
| Financial liabilities                                 |       |                         |                         |
| i) Borrowings                                         | 12.1  | 279.54                  | 245.20                  |
| Provisions                                            | 13    | 2.24                    | 6.50                    |
| <b>Total</b>                                          |       | <b>281.78</b>           | <b>251.70</b>           |

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**Educomp Solutions Limited**  
Balance sheet as at March 31, 2020

(in Rs. millions)

| Particulars                         | Notes | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------------------|-------|-------------------------|-------------------------|
| <b>Current liabilities</b>          |       |                         |                         |
| Financial liabilities               |       |                         |                         |
| i) Borrowings                       | 12.1  | 1,204.60                | 1,203.47                |
| ii) Trade payables                  | 12.2  |                         |                         |
| -due to micro and small enterprises |       | 10.02                   | 10.07                   |
| -due to others                      |       | 1,364.62                | 1,312.48                |
| iii) other financial liabilities    | 12.3  | 28,526.32               | 27,932.75               |
| Provisions                          | 13    | 0.55                    | 2.51                    |
| Other current liabilities           | 14    | 308.56                  | 346.05                  |
| <b>Total</b>                        |       | <b>31,414.67</b>        | <b>30,807.33</b>        |
| <b>Total liabilities</b>            |       | <b>31,696.45</b>        | <b>31,059.03</b>        |
| <b>Total Equity and liabilities</b> |       | <b>2,676.97</b>         | <b>3,612.17</b>         |

Summary of significant accounting policies

2

The accompanying notes form an integral part of these financial statements

As per our report of even date.

For **Kumar Vijay Gupta & Co.**

Chartered Accountants

ICAI Firm Registration No.: 007814N

**Rajneesh Ghei**

Partner

Membership No.: 086329

Place: New Delhi

Date: 12.01.2023

For and on behalf of Board of Directors of  
**Educomp Solutions Limited**

**Mahender Kumar Khandelwal**

Resolution Professional

Regn. No IBBI/IPA-001/IP-P00033/2016-17/10086

Place: New Delhi

Date: 12.01.2023

**UDIN - 23086329BGXTCI 5586**

Educomp Solutions Limited  
Statement of Profit and loss for the year ended March 31, 2020

| Particulars                                                             | Notes | Year ended<br>March 31, 2020 | (in Rs. millions)<br>Year ended<br>March 31, 2019 |
|-------------------------------------------------------------------------|-------|------------------------------|---------------------------------------------------|
| Revenue from operations                                                 | 15    | 96.61                        | 193.30                                            |
| Other Income                                                            | 16    | 9.97                         | 31.75                                             |
| <b>Total Income</b>                                                     |       | <b>106.58</b>                | <b>225.05</b>                                     |
| <b>Expenses</b>                                                         |       |                              |                                                   |
| Purchase of stock-in-trade                                              | 17    | -                            | 1.38                                              |
| Changes in inventories of stock-in-trade                                | 18    | 0.26                         | 9.68                                              |
| Employee benefit expense                                                | 19    | 69.95                        | 149.62                                            |
| Finance cost                                                            | 20    | 36.43                        | 31.88                                             |
| Depreciation and amortisation expense                                   | 3     | 31.81                        | 114.36                                            |
| Other expense                                                           | 21    | 1,404.77                     | 912.79                                            |
| <b>Total expenses</b>                                                   |       | <b>1,543.22</b>              | <b>1,219.71</b>                                   |
| <b>Loss before exceptional items and tax</b>                            |       | <b>(1,436.64)</b>            | <b>(994.66)</b>                                   |
| Exceptional items                                                       | 22    | 77.04                        | 55.63                                             |
| <b>Loss before tax</b>                                                  |       | <b>(1,513.68)</b>            | <b>(1,050.29)</b>                                 |
| <b>Tax expense</b>                                                      | 23    | -                            | -                                                 |
| a) Current tax                                                          |       | -                            | -                                                 |
| b) Deferred tax                                                         |       | -                            | -                                                 |
| <b>Loss for the year</b>                                                |       | <b>(1,513.68)</b>            | <b>(1,050.29)</b>                                 |
| <b>Other comprehensive income</b>                                       |       |                              |                                                   |
| Items that will not be reclassified to profit or loss                   |       |                              |                                                   |
| Re-measurement of the defined benefit plan                              |       | 3.54                         | (0.76)                                            |
| Income tax related to above item                                        |       | -                            | -                                                 |
| <b>Total comprehensive income for the year</b>                          |       | <b>3.54</b>                  | <b>(0.76)</b>                                     |
| <b>Total comprehensive loss for the year</b>                            |       | <b>(1,510.14)</b>            | <b>(1,051.05)</b>                                 |
| <b>Earnings/(loss) per equity share (Nominal value Rs. 2 per share)</b> |       |                              |                                                   |
| a) Basic                                                                | 32    | (12.36)                      | (8.58)                                            |
| b) Diluted                                                              |       | (12.36)                      | (8.58)                                            |
| Summary of significant accounting policies                              | 2     |                              |                                                   |

The accompanying notes form an integral part of these financial statements

As per our report of even date.

For **Kumar Vijay Gupta & Co.**

Chartered Accountants

ICAI Firm Registration No.: 007814N

Rajneesh Ghei

Partner

Membership No.: 086329

Place: New Delhi

Date: 12.01.2023



For and on behalf of Board of Directors of  
**Educomp Solutions Limited**

Mahender Kumar Khandelwal

Resolution Professional

Regn. No IBBI/IPA-001/IP-P00033/2016-17/10086

Place: New Delhi

Date: 12.01.2023



UDIN- 23086329 BGXTCI 5586

Educomp Solutions Limited  
Statement of Changes in equity for the year ended March 31, 2020

| A.) Equity share capital        | (in Rs. millions) |
|---------------------------------|-------------------|
| As at March 31, 2018            | 244.93            |
| Changes in equity share capital | -                 |
| As at March 31, 2019            | 244.93            |
| Changes in equity share capital | -                 |
| As at March 31, 2020            | 244.93            |

B.) Other equity

| Particulars                                                                          | Equity Component of Compound financial instruments | Other Comprehensive income | Reserves & Surplus |                          |        |                 | Other Reserves FCMITDA | Total       |
|--------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------|--------------------|--------------------------|--------|-----------------|------------------------|-------------|
|                                                                                      |                                                    |                            | Capital Reserve    | Security premium reserve | ESOP   | General reserve | Retained earnings      |             |
| Balance as at April 01, 2018                                                         | 524.45                                             | 31.30                      | 411.66             | 10,240.32                | 3.52   | 1,120.72        | (38,541.91)            | (26,602.51) |
| Loss for the year                                                                    | -                                                  | -                          | -                  | -                        | -      | -               | -                      | -           |
| Other comprehensive income                                                           | -                                                  | (0.76)                     | -                  | -                        | -      | -               | (1,050.29)             | (1,050.29)  |
| Total comprehensive loss during the year                                             | -                                                  | (0.76)                     | -                  | -                        | -      | -               | (1,050.29)             | (0.76)      |
| Employee stock compensation provided                                                 | -                                                  | -                          | -                  | -                        | -      | -               | -                      | -           |
| Employee stock option forfeited                                                      | -                                                  | -                          | -                  | -                        | -      | -               | -                      | -           |
| Foreign currency monetary item translation difference created during the year (Gain) | -                                                  | -                          | -                  | -                        | (3.52) | 3.52            | -                      | (338.43)    |
| Foreign currency monetary item translation difference amortised during the year      | -                                                  | -                          | -                  | -                        | -      | -               | -                      | -           |
| Total Additions/(Deletions) during the year.                                         | -                                                  | (0.76)                     | -                  | -                        | (3.52) | 3.52            | (1,050.29)             | (338.43)    |
| Balance as at March 31, 2019                                                         | 524.45                                             | 30.54                      | 411.66             | 10,240.32                | -      | 1,124.24        | (39,592.20)            | (27,691.79) |
| Balance as at March 31, 2020                                                         | 524.45                                             | 30.54                      | 411.66             | 10,240.32                | -      | 1,124.24        | (39,592.20)            | (27,691.79) |



**Educomp Solutions Limited**  
Statement of Changes in equity for the year ended March 31, 2020

| Particulars                                                                          | Equity Component of Compounded financial instruments | Other Comprehensive income | Capital Reserve | Security premium reserve | Reserves & Surplus |                 |                   | Other Reserves FCMITDA | Total       |
|--------------------------------------------------------------------------------------|------------------------------------------------------|----------------------------|-----------------|--------------------------|--------------------|-----------------|-------------------|------------------------|-------------|
|                                                                                      |                                                      |                            |                 |                          | ESOP               | General reserve | Retained earnings |                        |             |
| Balance as at April 01, 2019                                                         | 524.45                                               | 30.54                      | 411.66          | 10,240.32                | -                  | 1,124.24        | (39,592.20)       | (430.80)               | (27,691.79) |
| Loss for the year                                                                    | -                                                    | -                          | -               | -                        | -                  | -               | (1,513.68)        | -                      | (1,513.68)  |
| Opening difference/ adjustment                                                       | -                                                    | -                          | -               | -                        | -                  | -               | 0.14              | -                      | 0.14        |
| Other comprehensive income                                                           | -                                                    | 3.54                       | -               | -                        | -                  | -               | -                 | -                      | 3.54        |
| Total comprehensive loss during the year                                             | -                                                    | 3.54                       | -               | -                        | -                  | -               | (1,513.54)        | -                      | (1,510.00)  |
| Employee stock compensation provided                                                 | -                                                    | -                          | -               | -                        | -                  | -               | -                 | -                      | -           |
| Employee stock option forfeited                                                      | -                                                    | -                          | -               | -                        | -                  | -               | -                 | -                      | -           |
| Foreign currency monetary item translation difference created during the year (Gain) | -                                                    | -                          | -               | -                        | -                  | -               | -                 | -                      | -           |
| Foreign currency monetary item translation difference amortised during the year      | -                                                    | -                          | -               | -                        | -                  | -               | -                 | (486.89)               | (486.89)    |
| Total Additions/(Deletions) during the year                                          | -                                                    | 3.54                       | -               | -                        | -                  | -               | (1,513.54)        | 424.27                 | 424.27      |
| Balance as at March 31, 2020                                                         | 524.45                                               | 34.08                      | 411.66          | 10,240.32                | -                  | 1,124.24        | (41,105.74)       | (62.62)                | (1,572.62)  |
|                                                                                      |                                                      |                            |                 |                          |                    |                 |                   | (493.42)               | (29,264.41) |

As per our report of even date.

For Kumar Vijay Gupta & Co.  
Chartered Accountants  
ICAI Firm Registration No.: 007814N

Rajneesh Ghei  
Partner  
Membership No.: 086329

Place: New Delhi  
Date: 12.01.2023

For and on behalf of Board of Directors of  
Educomp Solutions Limited

Mahender Kumar Khandwal  
Resolution Professional  
Regn. No IBBI/PA-001/IP-P00033/2016-17/10086

Place: New Delhi  
Date: 12.01.2023

U01N-23086329 BGXTCI5586

Educomp Solutions Limited  
Statement of Cash Flows for the year ended March 31, 2020  
(All amount in Rs. million unless otherwise stated)

| Particulars                                                                                           | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|-------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>Cash flows from operating activities</b>                                                           |                              |                              |
| Loss before tax as per Statement of Profit and Loss                                                   | (1,513.68)                   | (1,050.29)                   |
| Adjustment for:                                                                                       |                              |                              |
| Impairment loss on building                                                                           | 27.42                        | -                            |
| Provision for diminution in the value of long term investment                                         | 49.62                        | 55.63                        |
| Provision for bad and doubtful debts                                                                  | 693.99                       | 115.26                       |
| Provision for sundry advances                                                                         | -                            | 5.34                         |
| Provision for capital work in progress                                                                | -                            | 20.00                        |
| Provision for Inventory                                                                               | -                            | 8.29                         |
| Provision for doubtful security deposits                                                              | 3.11                         | 0.75                         |
| Liabilities/provision no longer required written back                                                 | (0.35)                       | (14.78)                      |
| Sundry balances written off                                                                           | 0.54                         | 0.03                         |
| Bad debts written off                                                                                 | -                            | -                            |
| Provisions for employee benefits                                                                      | 0.93                         | 2.37                         |
| Depreciation and amortisation expense                                                                 | 31.81                        | 114.36                       |
| Net foreign exchange effects                                                                          | 607.32                       | 427.16                       |
| Interest income                                                                                       | (9.42)                       | (2.73)                       |
| Finance costs                                                                                         | 36.43                        | 31.88                        |
| Profit/(loss) on Sale of Fixed Assets (Net)                                                           | (0.06)                       | -                            |
| <b>Operating loss before working capital changes</b>                                                  | <b>(72.34)</b>               | <b>(286.73)</b>              |
| Decrease in trade receivables, loans, other financial assets and other assets                         | 104.23                       | 266.57                       |
| (Increase)/decrease in inventories                                                                    | 0.25                         | 3.41                         |
| (Increase) in bank balances other than cash and cash equivalents (restricted bank deposits)           | (0.25)                       | (0.42)                       |
| (Decrease) in trade and other payables, other financial liabilities, other liabilities and provisions | (66.15)                      | (34.51)                      |
| <b>Net Cash used in operations</b>                                                                    | <b>(34.26)</b>               | <b>(51.68)</b>               |
| Taxes (paid)/refund received, net                                                                     | 48.81                        | (14.55)                      |
| <b>Net cash used in operating activities (A)</b>                                                      | <b>14.55</b>                 | <b>(66.23)</b>               |
| <b>Cash flows from investing activities</b>                                                           |                              |                              |
| Purchase of property, plant and equipment                                                             | (0.77)                       | (0.02)                       |
| Proceeds from Sale of fixed assets                                                                    | 0.16                         | -                            |
| Interest received                                                                                     | 8.55                         | 1.64                         |
| <b>Net cash generated from investing activities (B)</b>                                               | <b>7.94</b>                  | <b>1.62</b>                  |
| <b>Cash flows from financing activities</b>                                                           |                              |                              |
| Payment of dividend (including dividend tax)                                                          | -                            | (0.30)                       |
| Interest on borrowings                                                                                | (1.13)                       | -                            |
| Proceeds of current borrowings (net of repayment)                                                     | 1.13                         | -                            |
| <b>Net cash used in financing activities (C)</b>                                                      | <b>(0.00)</b>                | <b>(0.30)</b>                |
| <b>Net (decrease) in cash and cash equivalents (A+B+C)</b>                                            | <b>22.49</b>                 | <b>(64.91)</b>               |
| Opening cash and cash equivalents                                                                     | 120.72                       | 185.63                       |
| <b>Closing cash and cash equivalents</b>                                                              | <b>143.21</b>                | <b>120.72</b>                |

Notes:

Reconciliation of components of cash and cash equivalents

Balances with banks-on current accounts (Refer note 6.5)  
Cash on hand (Refer note 6.5)

| Year Ended<br>March 31, 2020 | Year Ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| 143.21                       | 120.67                       |
| -                            | 0.05                         |
| <b>143.21</b>                | <b>120.72</b>                |



**Educomp Solutions Limited**

**Statement of Cash Flows for the year ended March 31, 2020**

(All amount in Rs. million unless otherwise stated)

**Reconciliation of liabilities arising from financing activities pursuant to Ind AS 7 Cash flows.**

|                                                       | Year Ended<br>March 31, 2020 | Year Ended<br>March 31, 2019 |
|-------------------------------------------------------|------------------------------|------------------------------|
| Net debt including interest accrued - Opening balance | 28,729.83                    | 28,317.06                    |
| Proceeds/(repayment) of current borrowings            | 1.13                         | -                            |
| Interest expenses                                     | -                            | -                            |
| Interest paid                                         | (1.13)                       | -                            |
| Non cash adjustments                                  | 628.19                       | 412.77                       |
| Net debt including interest accrued - closing balance | 29,358.02                    | 28,729.83                    |

**Note:** Statement of Cash Flow has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".

**Summary of significant accounting policies**

2

As per our report of even date.

For Kumar Vijay Gupta & Co.

Chartered Accountants

ICAI Firm Registration No.: 007814N

Rajneesh Ghei

Partner

Membership No.: 086329



Place: New Delhi

Date: 12.01.2023

For and on behalf of Board of Directors of  
**Educomp Solutions Limited**

Mahender Kumar Khandelwal

Resolution Professional

Regn. No IBBI/IPA-001/IP-P00033/2016-17/10086



Place: New Delhi

Date: 12.01.2023

UDIN - 2308632986XTCI5586

## 1. Background

- (a) Educomp Solutions Limited (the Company) was founded in September, 1994. The Company is engaged in providing end-to-end solutions in the education technology domain through licensing of digital content, solutions for bridging the digital divide (a government initiative to enhance computer literacy), professional development and retail & consulting initiatives. The Company's business can be categorized into four strategic business units namely School Learning Solutions (comprising of Smart Class & Edureach (ICT) business), K-12 Schools (comprising preschools & high schools), Higher Learning Solutions (comprising of vocational, higher education and professional development) and Online, Supplemental & Global business (comprising of internet based educational services and coaching) spreading education ecosystem. The Company is listed on the BSE and the NSE Stock Exchanges.
- (b) On May 30, 2017, the Company's application for Corporate Insolvency Resolution Process ("CIRP") under the provisions of Insolvency & Bankruptcy Code, 2016 ("IBC"), has been approved by the Hon'ble National Company Law Tribunal ("NCLT"), and accordingly CIRP proceedings have been initiated (for details refer note 2(a)). As per the provisions of the IBC, under CIRP, the RP is required to manage the operations of the Company as a going concern and accordingly, a resolution plan needs to be presented to and approved by the Committee of Creditors ("CoC") by a requisite majority (as per applicable provisions of the IBC at that time), and thereafter submission of the duly approved Resolution Plan to the Hon'ble NCLT for its approval.

Pursuant to initiation of CIRP, Ebix Singapore Pte. Ltd., submitted the resolution plan which was approved by the CoC consisting of all bankers of the Company on February 17, 2018 and accordingly the same was submitted with Hon'ble NCLT on March 07, 2018.

Subsequently, Ebix filed an application under Section 60(5) of IBC seeking withdrawal of its Resolution Plan. After multiple hearings, the application seeking withdrawal of Ebix's resolution plan was listed before the Principal Bench, the Hon'ble NCLT for the pronouncement of order on January 02, 2020. Vide Order dated January 02, 2020 passed by the Hon'ble NCLT, the withdrawal application of Ebix was allowed to the extent of granting leave to Resolution Applicant to withdraw the Resolution Plan pending approval u/s 30(6) before the Hon'ble NCLT with cost of Rs. 1 lakh to be paid by the Resolution Applicant into the corpus of the Corporate Debtor. Further, the Hon'ble NCLT, vide the same order, also granted 90 days-time commencing from November 16, 2019 to the RP and CoC to seek/expedite the possibility of achieving resolution of the stressed assets of the Corporate Debtor within such time of 90 days. Thereafter, the Hon'ble NCLT vide its Order dated January 03, 2020, dismissed the approval application as infructuous as a consequence of its order dated January 02, 2020 which allowed the withdrawal of the Resolution Plan by Ebix.

Thereafter, after discussions and deliberation in the CoC meetings, an appeal under Section 61 of Insolvency and Bankruptcy Code, 2016 against the Order of the Hon'ble NCLT dated January 02, 2020 (allowing withdrawal of Resolution Plan) and Order dated January 03, 2020 was filed with the Hon'ble National Company Law Appellate Tribunal ("NCLAT") by CoC's legal Counsel. Multiple hearings took place in the Hon'ble NCLAT in the said matter. Further, due to lockdowns imposed by government authorities in view of the prevailing situation due to Covid-19, the Courts remained suspended till the month of May, 2020. The appeal was heard by the Hon'ble NCLAT on June 15, 2020 wherein the arguments made by CoC Counsel were heard in part and thereafter, the matter was adjourned to June 22, 2020 wherein the remaining submissions were made by the respective parties. On July 29, 2020, the appeal filed by COC was listed before Hon'ble NCLAT for the pronouncement of order. The Hon'ble NCLAT has allowed the appeal and has set aside the Hon'ble NCLT order dated January 02, 2020 vide CA No. 1816(PB)/2019 in C.P.(IB)No. 101 (PB) 2017.



Thereafter, Ebix challenged the NCLAT's final order and judgment dated July 29, 2020 before the Hon'ble Supreme Court of India by way of a civil appeal.

The question of law involved in Ebix's appeal is "Whether the withdrawal of Resolution Plan is permitted after it has been approved by the CoC". Considering the issues similar to those involved in Ebix's Appeal have also been raised in the matters of Gujarat Urja Vikas Nigam Ltd vs. Amit Gupta and Ors. (Civil Appeal No. 9241 of 2020) and Kundan Care Products Limited vs. Amit Gupta (Civil Appeal No. 3560 of 2020), all the three matters have been kept together for hearing. The Gujarat Urja Vikas Nigam Ltd. matter was being heard first and arguments in the said matter (to be followed by the other two matters) which were part-heard as on February 03, 2021, February 04, 2021 and February 9, 2021. Subsequently, on February 10, 2021, the Hon'ble Court heard the Gujarat Urja Vikas Nigam Ltd. matter and wherein the order was pronounced on March 08, 2021 in the Gujarat Urja matter. Later, the Hon'ble Supreme Court vide order dated September 13, 2021, dismissed the civil appeal preferred by Ebix.

The CoC's Appeal bearing No. 587 of 2020 assailing NCLT's order dated January 3, 2020 (in IA 195 of 2018) was further listed for pronouncement of the judgment before the Hon'ble National Company Law Appellate Tribunal, Bench-III at New Delhi ("Bench") on November 12, 2021 allowing the CoC's appeal and setting aside the Impugned Order. The Hon'ble Bench also directed the Adjudicating Authority to restore CA No. 195(PB)/2018 and proceed in accordance with law.

On November 29, 2021, an application for the restoration of Plan Approval Application has been filed by before the NCLT, Principal Bench at New Delhi. The Restoration Application has been registered as RA 39 of 2021 and after various hearings the matter is listed for next hearing on February 06, 2023. Further a Miscellaneous Application has been filed on November 18, 2022 before Hon'ble Supreme Court seeking appropriate direction for expeditious disposal of Plan Approval Application and the matter is pending for listing.

### **(c) Moratorium period**

The Hon'ble NCLT vide its letter dated May 30, 2017 has declared the moratorium period as per the provision of section 13 (1) (a) of the Insolvency and Bankruptcy Code, 2016 ("Insolvency Code") which is further extended to February 24, 2018. As the Resolution Plan is under consideration by Hon'ble NCLT therefore the moratorium period continue to be in effect till conclusion of the CIRP process.

As per section 14 of the IBC, under the moratorium period, the Company ("Corporate debtor") is prohibited for the following activities:

(a) the institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority; (b) transferring, encumbering, alienating or disposing of by the corporate debtor any of its assets or any legal right or beneficial interest therein; (c) any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002; (d) the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.

## **2A. Basis for preparation**

### **(a) Statement of compliance**



## Educomp Solutions Limited

### Notes to the Standalone Ind AS Financial Statements for the year ended March 31, 2020

The standalone Ind AS financial statements ("financial statements") of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, ("the Act") and other relevant provisions of the Act.

These financial statements for the year ended 31 March 2020 are the financial statements that are prepared in accordance with Ind AS.

A corporate insolvency resolution process ("CIRP") has been initiated in case of the Company vide an Order of the Principal Bench of the National Company Law Tribunal ("NCLT") dated May 30, 2017 under the provisions of the Insolvency Code. (for details refer note 1(b)). Pursuant to the Order, the management of the affairs of the Company and powers of board of directors of the Company are now vested with the Resolution Professional ("RP"), who is appointed by the Committee of Creditors ("CoC"). These standalone financial statements for the year ended March 31, 2020 have been prepared by the RP and his team. In view of the legal opinion received by the RP from a legal firm, the Financial Statements have been approved by the RP and presented to the auditors for their report thereon. The relevant extract of the opinion given by the legal firm is reproduced below:

*".... the RP in the present matter may sign the financial statements of the Corporate Debtor in terms of the provisions of the Code, Companies Act, 2013 and the Circular. However, we suggest that a disclaimer be inserted by the RP while signing the financial statements of the Corporate Debtor expressly stating that since the powers of the board of directors have been suspended and there is no CFO or Company Secretary appointed by the Corporate Debtor, therefore, the financial statements are being prepared and signed by the RP in terms of his duties as envisaged under Section 17 of the Code."*

The erstwhile CMD Mr Shantanu Prakash has also sought an opinion from DSK Legal which is reproduced below:

*"As regards signing the financial statements, it is pertinent to note that the financial statements are signed **"on behalf of the Board of Directors"**. Since, during a CIRP, the Board of Directors stands suspended, therefore, there can be no signing on behalf of the board of directors. However, the RP being vested with the powers of the Board of Directors can himself sign the financial statements of the Corporate Debtor"*

In view of the above opinion, and the fact that the Company Secretary and of the Company is not in place on the date of signing of these Financial Statements, the RP has relied upon the assistance provided by the members of the erstwhile board of directors and the employees of the Company, and certification, representation and statements made by the erstwhile management of the Company in relation to preparation of these financial statements.

Accordingly, these standalone financial statements of the Company for the year ended March 31, 2020 have been approved by the RP on January 12, 2023 on the basis of and relying on the aforesaid certifications, representations and statements of the erstwhile management of the Company.

#### (b) Historical cost convention

The financial statements have been prepared under the historical cost convention on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below.



- (c) The Company, has incurred substantial losses, its net worth has been completely eroded, has defaulted in repayment of its loans and related interest, has negative working capital and has applied under the IBC for CIRP. All these conditions has raised substantial doubt about the Company's ability to continue as a going concern.

The management is of the view that the Company has been able to fund its operational liabilities from its internal accrual of funds till the date of this balance sheet and is also confident that the Company would have sufficient fund balance to continue as going concern. Further, the management is also confident to agree on a resolution plan/business revival plan for the Company during this ongoing CIRP process. Accordingly, the financial statements 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.

**(d) Functional currency:**

The financial statements are presented in Indian Rupees (INR), which is also the functional currency of the Company as functional currency is the currency of the primary economic environment in which the entity operates.

**(e) Rounding off**

All the amounts have been rounded off to nearest millions or decimal thereof, unless otherwise indicated. The sign '0.00' in these financial statements indicates that the amounts involved are below INR ten thousand and the sign '-' indicates that amounts are nil.

**(f) Current/Non-current classification of assets/liabilities**

All assets and liabilities have been classified as current or non-current as per the criteria set out in the Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

**2B. Summary of significant accounting policies**

**a) Segment reporting**

**Identification of segments:**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company's operating businesses are organized and managed separately in according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

The board of directors of the Company through RP assesses the financial performance and position of the Company, and makes strategic decisions. The RP been identified as being the chief operating decision maker.

**Intersegment transfers:**

The Company generally accounts for intersegment sales and transfers at cost.



#### Allocation of common cost

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

#### Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment and include interest expense and income tax.

#### Segment accounting policy

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

### b) Property, Plant and Equipment

Freehold land is carried at historical cost. Other property, plant and equipment are stated at cost of acquisition net of recoverable taxes (wherever applicable), less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any cost attributable to bringing the assets to its working condition for its intended use.

Where cost of a part of the asset is significant to the total cost of the asset and the useful life of the part is different from the remaining asset, then useful life of that part is determined separately and accounted as separate component.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

Losses arising from the retirement of, and gain or losses arising from disposal of tangible asset are determined as the difference between the net disposal proceeds and the carrying amount of asset and recognised as income or expense in the Statement of Profit and Loss.

### c) Intangible assets

An intangible asset is recognized, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured.

Cost of an internally generated asset comprises of all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to create, produce and make the asset ready for its intended use.

Losses arising from the retirement of, and gain or losses arising from disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of asset and recognised as income or expense in the Statement of Profit and Loss.

Intangible assets are stated at cost of acquisition less accumulated amortization and impairment loss.



**d) Capital work-in-progress**

Capital work-in-progress represents expenditure incurred in respect of capital projects are carried at cost. Cost includes related acquisition expenses, development costs, borrowing costs (wherever applicable) and other direct expenditure.

**e) Depreciation and amortization methods, estimated useful lives and residual value**

Depreciation on all property, plant and equipment is charged to the statement of profit and loss on a straight line basis, except certain items of PPE which are depreciated using diminishing basis. The depreciation is charged upto 95% of the total cost of the asset over the useful life of assets as estimated by the management.

Pursuant to the notification of Schedule II of the Companies Act, 2013, by the Ministry of Corporate Affairs, effective 1 April 2014, the management has reassessed and revised, wherever necessary, the useful lives of the assets, so as to align them with the ones prescribed under schedule II of the Companies Act, 2013. Management reviews the method and estimations of residual values at each financial year end.

The useful lives estimated by the management are as follows:

| Particulars            | Useful life<br>(years) |
|------------------------|------------------------|
| Building*              | 60                     |
| Furniture and fixtures | 5-10                   |
| Office equipment       | 5                      |
| Vehicle                | 8                      |
| Computer equipment     | 3                      |
| Computer software      | 6                      |

\*The Management has assessed the estimate of useful life of the Electrical and External work 24 year and 15 year respectively.

Depreciation on addition to PPE is provided on pro-rata basis from the date the assets are ready to use. Depreciation on sale / deduction from assets is provided for upto the date of sale, deduction, discernment as the case may be.

Cost of leasehold improvements depreciation on a straight line basis over the period of lease or useful life of the underlying assets, whichever is shorter.

Amortization on the intangible assets is provided on pro-rata basis on straight-line method based on management's estimate of useful life, i.e. 3 years for software and 4 years for knowledge-based content. Licensed intangible assets are amortised over the period of license or expected useful life, whichever is shorter.

Depreciation and amortization methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

**f) Revenue recognition**

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognized. The Standard requires apportioning revenue earned from contracts to individual promises, or performance obligations, on a relative stand-alone selling price basis, using a five step model. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contract. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognized at the date of initial application (i.e. April 1, 2018) and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18.

Refer note 2B(f) – Significant accounting policies – Revenue recognition in the Annual report of the Company for the year ended March 31, 2018, for the revenue recognition policy as per Ind AS 18.

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the company and revenue can be reliably measured.

The Company derives its revenue from sale, supply and installation of educational products and rendering of educational services.

Revenue from sale of educational products including technology equipments are recognised as and when significant risk and rewards of the ownership of goods get transferred to the buyer.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, taxes and amounts collected on behalf of third parties, if any.

Revenue under Build, Own, Operate and Transfer (“BOOT model”) contracts is recognized on upfront basis in the statement of profit and loss on the initiation of the contracts. These contracts are considered and evaluated as per Appendix “C” to IND AS 17. Also, refer note 2B.1 of the significant accounting policies.

Revenue from educational support services are recognised in the accounting period in which services are rendered.

### **Interest income**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

### **g) Investment and other financial assets**

#### **g.1. Classification**

The Company classifies its financial assets in the following measurement categories:

- i. those to be measured at fair value (either through other comprehensive income, or through profit or loss),
- ii. those measured at amortized cost; and
- iii. Investment in equity of subsidiaries, joint ventures and associates are accounted and carried



at cost less impairment in accordance with Ind AS 27.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

## **g.2. Initial Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit and loss.

## **g.3. Subsequent Measurement:**

### **g.3.1 Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

#### **Amortised cost:**

Assets that are held for collection of contractual cash flows with specified dates and where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest rate method. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

#### **Fair value through other comprehensive income (FVOCI):**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit and loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.



**Fair value through profit or loss (FVTPL):**

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through statement of profit and loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the statement of profit and loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

**g.3.2 Equity instruments**

All equity investments in scope of Ind AS 109 are measured at fair value. For equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

**Investments in subsidiaries/ joint ventures/ associates**

Investments are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

**g.4. Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 25 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

**g.5. Derecognition of financial asset**

A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards



of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## **h) Financial Liabilities**

### **Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan.

The fair value of the liability portion of optionally convertible bonds is determined using a market interest rate for equivalent non-convertible bonds. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds is attributable to the equity portion of the compound instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently remeasured.

Borrowings, where there is a change in the terms of the agreements whether monetary, non-monetary or both shall be accounted for as a modification or an extinguishment of the original financial liability and the recognition of a new liability. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in the statement of profit and loss.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within the operating cycle of the business. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method, if any.

### **Financial Guarantee Contracts**

Financial guarantee contracts issued by the group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of impairment loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortisation.



### **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

### **i) Inventories**

Inventories are valued at cost or net realisable value, whichever is lower. Cost of inventories comprises all cost of purchases inclusive of custom duty (except the refundable component) and other incidental expenses incurred in bringing such inventories to their present location and condition. In determining the cost, moving weighted average cost method is used. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The comparison of cost and net realizable value is made on item by item basis.

### **j) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### **k) Income taxes**

Income tax expense for the year comprises of current tax and deferred tax. Income tax is recognized in the Statement of Profit and Loss except to the extent that it relates to items recognized in 'Other comprehensive income' or directly in equity and Regulatory Assets, in which case the tax is recognized in 'Other comprehensive income' or directly in equity, respectively.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities arising on the temporary differences and to unused tax losses.

### **Current tax**

Calculation of current tax is based on tax rates applicable for the respective years on the basis of tax law enacted or substantially enacted at the end of the reporting period. Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid/un-recovered at the reporting date. Current tax is payable on taxable profit, which differs from the profit or loss in the financial statements. Current tax is charged to statement of profit and loss. Provision for current tax is made after taking in to consideration benefits admissible under Income Tax Act, 1961.

### **Deferred taxes**



Deferred income taxes are calculated, without discounting using the balance sheet method on temporary differences between the carrying amounts of assets and liabilities and their tax bases using the tax laws that have been enacted or substantively enacted by the reporting date. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Tax losses available to be carried forward and other income tax credits available to the entity are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax arising during the holiday period is not recognised to the extent that the management expects its reversal during holiday period.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating income at each reporting date.

Deferred tax assets and liabilities are offset only when the entity has a right and intention to set off current tax assets and liabilities from the same taxation authority.

### **Minimum Alternative Tax (MAT)**

Minimum alternate tax credit entitlement paid in accordance with tax laws, which gives rise to future economic benefit in form of adjustment to future tax liability, is considered as an asset to the extent management estimates its recovery in future years.

## **1) Leases**

### **Operating lease**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

#### **Where the Company is lessee:**

Lease rentals in respect of operating lease arrangements including assets taken on operating lease are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term.

#### **Where the Company is lessor:**

Lease income on an operating lease arrangement is recognized in the Statement of Profit and Loss on straight line basis over the lease term.

### **Finance lease**

#### **Where the Company is lessee**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are



recognised as finance costs in the Statement of Profit and Loss. Lease management fees, legal charges and other initial direct costs of lease are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset as determined by the management or the useful life envisaged in Schedule II to the Act, whichever is lower. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term and the useful life envisaged in Schedule II to the Act.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

**Where the Company is the lessor:**

Leases in which the Company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognised in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

**m) Foreign exchange transactions**

**Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

**Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary item, which are measured in terms of historical cost denomination in a foreign currency, are reported using the exchange rate at the date of transaction. Except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Monetary assets and liabilities outstanding as at Balance Sheet date are restated at the rate of exchange ruling at the reporting date.

**Exchange difference**

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year or reported in previous Financial Statements (other than those relating to fixed assets and other long term monetary assets) are recognised as income or as expenses in the year in which they arise.



**n) Impairment of non-financial assets**

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Indefinite-life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary.

For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets is considered as a cash generating unit. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the company's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognizing the impairment loss as an expense in the Statement of Profit and Loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill (if any) allocated to the cash generating unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized. An impairment loss recognized for goodwill is not reversed in subsequent periods.

**o) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**p) Share-based payment**

The Company operates equity-settled share-based remuneration plans for its employees, where persons are rewarded using share-based payments, the fair values of services rendered by employees and others are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised using the Black Scholes model.

In the case of employees and others providing similar services, the fair value is measured at the grant date. In the case of franchisees, consultants and investors the fair value is determined as services are received, using average fair values during each year. The fair value excludes the impact of non-market vesting conditions.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market



vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

Upon exercise of share options, the proceeds received up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as additional paid-in capital.

**q) Borrowing Cost**

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**r) Contingent liabilities, contingent assets and provisions**

**Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Financial Statements.

**Contingent Assets**

Possible inflows of economic benefits to the entity that do not yet meet the recognition criteria of an asset are considered contingent assets.

**Provisions**

A provision is recognized when the Company has a present obligation or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

All repairs and maintenance cost of hardware sold under the contracts during the remaining contract period is borne by the Company on the basis of experience of actual cost incurred in servicing such hardware during the previous financial year. Provision are not recognised for future operating losses.

Provisions are discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain and the amount of recovery can be measured reliably. The expense relating to any provision is presented in the Statement of Profit and Loss net of any reimbursement.

**s) Equity and Reserves**

Share capital represents the nominal value of shares that have been issued.



Proceeds received in addition to the nominal value of the shares issued during the year have been included in "additional paid-in capital".

**t) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders after tax by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period, are adjusted for events of bonus issued to existing shareholders.

For the purpose of calculating diluted earnings per share, the net profit or loss attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares, if any.

**u) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

**v) Employee benefits**

**Short term employee benefits**

Short term benefits comprise of employee costs such as salaries, bonuses, and accumulated absents are accrued in the year in which the associated services are rendered by employees of the Company and are measured at the amounts expected to be paid when the liabilities are settled.

The liabilities are presented as current employee benefit obligations in the balance sheet.

**Other long term employee benefits**

The liabilities for accumulated absents are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields of Indian Government at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of profit and loss.

**Post-employment obligations**

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity, pension, post-employment medical plans; and
- (b) defined contribution plans such as provident fund.



### **Pension and gratuity obligations**

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

### **Defined contribution plan**

A defined contribution plan is a plan under which the Company pays fixed contributions into an independent fund administered by the government. The entity has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution.

Contributions to Provident Fund, Labour Welfare Fund and Employee State Insurance are deposited with the appropriate authorities and charged to the Statement of Profit and Loss on accrual basis. The Company has no further obligations under these plans beyond its monthly contributions.

### **w) Exceptional items**

Items of income or expense from ordinary activities which are of such size, nature or incidence that, their disclosure is relevant to explain the performance of the enterprises for the period, are disclosed separately in the Statement of Profit and Loss.

### **x) Measurement of fair values**

A number of the accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value



measurements, including Level 3 fair values.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values used in preparing these financial statements is included in the respective notes.

#### **y) Critical estimates and judgments**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

#### **Critical estimates and judgments**

The areas involving critical estimates or judgments are:

##### **■ Estimated useful life of property, plant and equipment and intangible asset**

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The Company reviews, at the end of each reporting date, the useful life of property, plant and equipment and intangible asset and changes, if any, are adjusted prospectively, if appropriate

##### **■ Recoverable amount of property, plant and equipment**

The recoverable amount of plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

##### **■ Estimation of defined benefit obligation**



Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

- Recognition of deferred tax assets for carried forward tax losses and current tax expenses

The Company review carrying amount of deferred tax assets and Liabilities at the end of each reporting period. The policy for the same has been explained under Note No 2(k).

- Going concern

When preparing financial statements, management make an assessment of an entity's ability to continue as a going concern. Financial statements prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed.

- Impairment of trade receivables

The Company review carrying amount of Trade receivable at the end of each reporting period and Provide for Expected Credit Loss. The policy for the same explained in the Note No.2 (g) (4).

- Fair value measurement

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.



| Particulars               | Current year                 |             |                       |                          | Net carrying amount |
|---------------------------|------------------------------|-------------|-----------------------|--------------------------|---------------------|
|                           | Gross carrying amount        |             |                       | Accumulated depreciation |                     |
|                           | Balance as at April 01, 2019 | Additions   | Disposals/ Adjustment |                          |                     |
| Freehold land             | 8.93                         | -           | -                     | -                        | 8.93                |
| Building (refer note 3.1) | 84.23                        | -           | 32.06                 | 14.32                    | 39.25               |
| Leasehold improvements    | 1.54                         | -           | 0.77                  | 1.54                     | -                   |
| Office equipment          | 18.77                        | -           | 0.41                  | 12.96                    | 6.22                |
| Furniture and fixtures    | 11.25                        | -           | 0.18                  | 7.48                     | 3.95                |
| Computers and equipment   | 20.87                        | 0.77        | 0.03                  | 16.06                    | 4.58                |
| Vehicles                  | 0.51                         | -           | -                     | 0.30                     | 0.21                |
| <b>Sub total</b>          | <b>146.10</b>                | <b>0.77</b> | <b>33.45</b>          | <b>52.66</b>             | <b>58.74</b>        |

[illegible]

3.1 Gross block of building includes amount of Rs. 32.06 million pertaining to school building constructed on land leased by Punjab Education Development Board on which the company has lost control owing to the termination of agreement with the Punjab Education Development Board and the same has been impaired and disclosed as exceptional item in the statement of profit and loss.

3.2 The Company's all assets are part of security for various loans availed. As per Master restructuring agreement (MRA), the Company shall not sell any of its property plant and equipments save and except Identified Assets and Shares as permitted in terms of approved Corporate Debt Restructuring (CDR) Package, without prior recommendation of Monitoring Committee and approval of CDR Implementation Group. However, the Company may sell its non-core assets, wherever applicable with prior approval of the Asset Sale Monitoring Committee.

3.3 The management has physically verified the fixed assets lying only at Corporate Office location Gurgaon on October 23, 2020. The offices at other locations of the company have been shutdown due to liquidity and business constraints, and the assets lying at these locations having a carrying value of Rs. 7.14 million (March 31, 2019 Rs. 11.08 million), have been shifted to the warehouse at Mahipalpur (New Delhi) and Chennai which could not be physically verified by the management.



**Educomp Solutions Limited**

Notes to the Ind AS financial statements for the year ended March 31, 2020  
(All amount in Rs. million, unless otherwise stated)

**Note 4 Other intangible assets**

| Current year                           |                              |           |           |                              |                              |                           |                                     |                          |                     |                              |
|----------------------------------------|------------------------------|-----------|-----------|------------------------------|------------------------------|---------------------------|-------------------------------------|--------------------------|---------------------|------------------------------|
| Particulars                            | Gross carrying amount        |           |           | Accumulated amortisation     |                              |                           |                                     |                          | Net carrying amount |                              |
|                                        | Balance as at April 01, 2019 | Additions | Disposals | Balance as at March 31, 2020 | Balance as at April 01, 2019 | Amortisation for the year | Impairment Loss/ Assets written off | On disposals/ Adjustment |                     | Balance as at March 31, 2020 |
|                                        |                              |           |           |                              |                              |                           |                                     |                          |                     |                              |
| Software                               | 3.09                         | -         | -         | 3.09                         | 2.62                         | 0.47                      | -                                   | -                        | 3.09                |                              |
| Knowledge-based Content (refer note i) | 831.85                       | -         | -         | 831.85                       | 802.94                       | 23.40                     | -                                   | -                        | 826.34              |                              |
| Total                                  | 834.94                       | -         | -         | 834.94                       | 805.56                       | 23.87                     | -                                   | -                        | 829.43              |                              |
| 5.51                                   |                              |           |           |                              |                              |                           |                                     |                          |                     |                              |

| Previous year                          |                              |           |           |                              |                              |                           |                                     |                          |                     |                              |
|----------------------------------------|------------------------------|-----------|-----------|------------------------------|------------------------------|---------------------------|-------------------------------------|--------------------------|---------------------|------------------------------|
| Particulars                            | Gross carrying amount        |           |           | Accumulated amortisation     |                              |                           |                                     |                          | Net carrying amount |                              |
|                                        | Balance as at April 01, 2018 | Additions | Disposals | Balance as at March 31, 2019 | Balance as at April 01, 2018 | Amortisation for the year | Impairment Loss/ Assets written off | On disposals/ Adjustment |                     | Balance as at March 31, 2019 |
|                                        |                              |           |           |                              |                              |                           |                                     |                          |                     |                              |
| Software                               | 3.09                         | -         | -         | 3.09                         | 2.07                         | 0.55                      | -                                   | -                        | 2.62                |                              |
| Knowledge-based content (refer note i) | 831.85                       | -         | -         | 831.85                       | 698.45                       | 104.49                    | -                                   | -                        | 802.94              |                              |
| Total                                  | 834.94                       | -         | -         | 834.94                       | 700.52                       | 105.04                    | -                                   | -                        | 805.56              |                              |
| 28.91                                  |                              |           |           |                              |                              |                           |                                     |                          |                     |                              |
| 29.38                                  |                              |           |           |                              |                              |                           |                                     |                          |                     |                              |

**Foot Notes:**

(i) Knowledge based content includes internally generated asset

|                                   | Gross carrying amount |           |           |                 | Accumulated amortisation |                           |                                     |                          | Net carrying amount |
|-----------------------------------|-----------------------|-----------|-----------|-----------------|--------------------------|---------------------------|-------------------------------------|--------------------------|---------------------|
|                                   | Opening balance       | Additions | Disposals | Closing balance | Opening balance          | Amortisation for the year | Impairment Loss/ Assets written off | On disposals/ Adjustment | Closing balance     |
|                                   |                       |           |           |                 |                          |                           |                                     |                          |                     |
| For the year ended March 31, 2020 | 447.31                | -         | -         | 447.31          | 447.31                   | -                         | -                                   | -                        | 447.31              |
| For the year ended March 31, 2019 | 447.31                | -         | -         | 447.31          | 405.80                   | 41.51                     | -                                   | -                        | 447.31              |



# **Educomp Solutions Limited**

**Notes to the Ind AS financial statements for the year ended March 31, 2020**  
(All amount in Rs. million, unless otherwise stated)

## **Note 5 Capital work-in-progress**

|                                        | 2019-20                         |           |                                                 | 2018-19                         |                                 |           |                                           |                                                 |                                 |
|----------------------------------------|---------------------------------|-----------|-------------------------------------------------|---------------------------------|---------------------------------|-----------|-------------------------------------------|-------------------------------------------------|---------------------------------|
|                                        | Balance as at<br>April 01, 2019 | Additions | Capitalised<br>during the year<br>/ written off | Balance as at<br>March 31, 2020 | Balance as at<br>April 01, 2018 | Additions | Impairment<br>Loss/ Assets<br>written off | Capitalised<br>during the year /<br>written off | Balance as at<br>March 31, 2019 |
| Capital work-in-progress               | 49.15                           | -         | -                                               | 49.15                           | 49.15                           | -         | -                                         | -                                               | 49.15                           |
| Provision for Capital work-in-progress | (49.15)                         | -         | -                                               | (49.15)                         | (29.15)                         | (20.00)   | -                                         | -                                               | (49.15)                         |
| Net block                              | -                               | -         | -                                               | -                               | 20.00                           | (20.00)   | -                                         | -                                               | -                               |

5.1 Capital work-in-progress represent expenditure incurred in respect of capital projects and carried at cost.

5.2 The balance amount of CWIP as of March 31, 2020, pertains to the work performed on the basis of a contract with the Chhattisgarh government. The Company has completed the work on certain schools but progress payment has not been received as per the Contract. The Company has initiated arbitration proceedings against the Directorate of Public Instruction, Government of Chhattisgarh, Raipur by appointing an Arbitrator invoking arbitration clause of Agreement dated January 27, 2011. The claim filed by the Company before the Arbitrator was to recover the due amount along with the revocation of Bank Guarantee. After completion of Arbitration proceedings, the award was passed in favour of the Company vide order dated March 21, 2017.

In order to execute the award, the Company has filed an execution case under section 36 of the Arbitration Act before a commercial court. The Directorate of Public Instruction, Government of Chhattisgarh, Raipur appeared before the court and is contesting the case. The Hon'ble Judge of the commercial court has held the mandate of the arbitral tribunal as null and void ab-initio and all the proceedings held by the arbitral tribunal have been quashed and consequently the company has fully provided the balance amount of CWIP. The Management of the Company has filed appeal against verdict of the commercial court before Chhattisgarh High Court. On November 23, 2022 matter is directed to be listed after four weeks.



**Educomp Solutions Limited**  
Notes to the Ind AS financial statements for the year ended March 31, 2020  
(All amount in Rs. million, unless otherwise stated)

**Note 6.1 Non-current investments**

**Particulars**

**Investments at cost (Un-quoted)**

**a) Investment in subsidiaries in equity instruments**

|                                                                        | Number of shares/units as at |                | Face value  | Proportion of the ownership interest |                | As at          |                |
|------------------------------------------------------------------------|------------------------------|----------------|-------------|--------------------------------------|----------------|----------------|----------------|
|                                                                        | March 31, 2020               | March 31, 2019 |             | March 31, 2020                       | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Whitestone Productions Private Limited                                 | 85,899                       | 85,899         | Rs. 10      | 51.00%                               | 51.00%         | 3.35           | 3.35           |
| Less: Provision for impairment of investment (refer note 22)           |                              |                |             |                                      |                | (3.35)         | (3.35)         |
| Savica Inc., Canada                                                    | 35,03,522                    | 35,03,522      | CAD 1       | 79.55%                               | 79.55%         | 150.72         | 150.72         |
| Less: Provision for impairment of investment (refer note 22)           |                              |                |             |                                      |                | (150.72)       | (150.72)       |
| Educomp Learning Private Limited (refer note 6.1.2)                    | 13,66,092                    | 13,66,092      | USD 1       | 100.00%                              | 100.00%        | 62.09          | 62.09          |
| Educomp School Management Limited (refer note 6.1.2)                   | 53,550                       | 53,550         | Rs. 10      | 51.00%                               | 51.00%         | (62.09)        | (62.09)        |
| Less: Provision for impairment of investment (refer note 22)           | 34,000                       | 34,000         | Rs. 10      | 68.00%                               | 68.00%         | 1.96           | 1.96           |
| Educomp Professional Education Limited (refer note 6.1.2)              | 42,84,095                    | 42,84,095      | Rs. 10      | 100.00%                              | 100.00%        | 50.00          | 50.00          |
| Educomp Intelliprop Ventures Pte Limited, Singapore (refer note 6.1.6) | 11,98,755                    | 11,98,755      | SGD 1       | 100.00%                              | 100.00%        | (42.32)        | (42.32)        |
| Less: Provision for impairment of investment (refer note 22)           |                              |                |             |                                      |                | 2,960.09       | 2,960.09       |
| Educomp Online Supplemental Services Limited (refer note 6.1.2)        | 9,04,056                     | 9,04,056       | Rs. 10      | 24.72%                               | 24.72%         | (2,385.80)     | (2,316.60)     |
| Less: Provision for impairment of investment (refer note 22)           |                              |                |             |                                      |                | 39.30          | 39.30          |
| Educomp Online Supplemental Services Limited - ₹ 5 paid up             | 43,51,675                    | 43,51,675      | Rs. 10      | 59.49%                               | 59.49%         | (39.30)        | (39.30)        |
| Less: Provision for impairment of investment (refer note 22)           |                              |                |             |                                      |                | 14.56          | 14.56          |
| Educomp Investment Management Limited (refer note 6.1.2)               | 6,89,045                     | 6,89,045       | Rs. 10      | 100.00%                              | 100.00%        | (14.56)        | (14.56)        |
| Less: Provision for impairment of investment (refer note 22)           |                              |                |             |                                      |                | 502.62         | 502.62         |
| Educomp Global Holding W.L.L., Kingdom of Bahrain (refer note 6.1.2)   | 2,475                        | 2,475          | BHD 100     | 100.00%                              | 100.00%        | (502.62)       | (502.62)       |
| Less: Provision for impairment of investment (refer note 22)           |                              |                |             |                                      |                | 7.32           | 7.32           |
| Educomp Global FZE, United Arab Emirates (refer note 6.1.2)            | 1                            | 1              | AED 100,000 | 100.00%                              | 100.00%        | (7.32)         | (7.32)         |
| Less: Provision for impairment of investment (refer note 22)           |                              |                |             |                                      |                | 29.61          | 29.61          |
|                                                                        |                              |                |             |                                      |                | (29.61)        | (29.61)        |
|                                                                        |                              |                |             |                                      |                | 1.46           | 1.46           |
|                                                                        |                              |                |             |                                      |                | (1.46)         | (1.46)         |



**Educomp Solutions Limited**  
**Notes to the Ind AS financial statements for the year ended March 31, 2020**  
 (All amount in Rs. million, unless otherwise stated)

**Note 6.1 Non-current investments**

| Particulars                                                                                                                                        | Number of shares/units as at |                | Face value | Proportion of the ownership interest |                | As at          |                |
|----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------|------------|--------------------------------------|----------------|----------------|----------------|
|                                                                                                                                                    | March 31, 2020               | March 31, 2019 |            | March 31, 2020                       | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| <b>b) Investment in associates in equity shares</b>                                                                                                |                              |                |            |                                      |                |                |                |
| Little Millennium Education Private Limited (refer note 6.1.2)                                                                                     | 1,61,10,239                  | 1,61,10,239    | Rs. 10     | 48.29%                               | 48.29%         | 161.10         | 161.10         |
| Less: Provision for impairment of investment (refer note 22)                                                                                       |                              |                |            |                                      |                | (49.62)        | -              |
| <b>c) Investment in others in equity shares</b>                                                                                                    |                              |                |            |                                      |                |                |                |
| Vidya Mandir Classes Private Limited                                                                                                               | 39,088                       | 39,088         | Rs. 10     | 14.10%                               | 14.10%         | 277.97         | 277.97         |
| Less: Provision for impairment of investment (refer note 22)                                                                                       |                              |                |            |                                      |                | (277.97)       | (277.97)       |
| Educomp Infrastructure & School Management Limited (refer note 6.1.3 and 6.1.4)                                                                    |                              | 2,67,26,448    | Rs. 10     |                                      | 83.38%         |                | 10,427.45      |
| Less: Provision for impairment of investment (refer note 22)                                                                                       |                              |                |            |                                      |                |                | (10,427.45)    |
| Educomp Asia Pacific Pte Ltd., Singapore (refer note 6.1.2 and 6.1.7)                                                                              | 2,40,85,351                  | 2,40,85,351    | USD 1      | 100.00%                              | 100.00%        | 1,220.51       | 1,220.51       |
| Less: Provision for impairment of investment (refer note 22)                                                                                       |                              |                |            |                                      |                | (1,220.51)     | (1,220.51)     |
| Greycells 18 Media Limited (refer note 6.1.2)                                                                                                      | 29,99,749                    | 29,99,749      | Rs. 10     | 10.31%                               | 10.31%         | 159.91         | 159.91         |
| Less: Provision for impairment of investment (refer note 22)                                                                                       |                              |                |            |                                      |                | (159.91)       | (159.91)       |
| 8% Cumulative Redeemable Non-convertible Preference Shares, in Edu Smart Services Private Limited (Equity component) (refer note 6.1.5 and 6.1.5A) |                              |                |            |                                      |                | 394.18         | 394.18         |
| Less: Provision for impairment of investment (refer note 22)                                                                                       |                              |                |            |                                      |                | (394.18)       | (394.18)       |
| <b>d) Investment in subsidiaries in preference shares</b>                                                                                          |                              |                |            |                                      |                |                |                |
| 0.10% Non Cumulative optionally convertible Preference shares                                                                                      | 11,50,772                    | 11,50,772      | Rs. 10     | 100.00%                              | 100.00%        | 269.98         | 269.98         |
| Educomp Professional Education Limited                                                                                                             |                              |                |            |                                      |                |                |                |
| Less: Provision for impairment of investment (refer note 22)                                                                                       |                              |                |            |                                      |                | (152.17)       | (221.37)       |



**Educomp Solutions Limited**

**Notes to the Ind AS financial statements for the year ended March 31, 2020**  
(All amount in Rs. million, unless otherwise stated)

**Note 6.1 Non-current investments**  
**Particulars**

|                                                                                                                                                            | Number of shares/units as at |                | Face value | Proportion of the ownership interest |                | As at          | As at          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------|------------|--------------------------------------|----------------|----------------|----------------|
|                                                                                                                                                            | March 31, 2020               | March 31, 2019 |            | March 31, 2020                       | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| c) Investment in others in preference shares                                                                                                               |                              |                |            |                                      |                |                |                |
| 0% Redeemable optionally fully convertible Preference shares, Educomp Infrastructure & School Management Limited (refer note 6.1.4)                        | 79,857                       |                | Rs. 1000   |                                      | 83.38%         |                | 79.86          |
| Less: Provision for impairment of investment (refer note 22)                                                                                               |                              |                |            |                                      |                |                |                |
| 0.10% Non Cumulative optionally convertible Preference shares Educomp Infrastructure & School Management Limited (refer note 6.1.4)                        | 20,327                       |                | Rs. 100    |                                      | 83.38%         |                | (79.86)        |
| Less: Provision for impairment of investment (refer note 22)                                                                                               |                              |                |            |                                      |                |                | 347.33         |
| 8% Cumulative Redeemable Non-convertible Preference Shares, Edu Smart Services Private Limited (Financial Liability portion) (refer note 6.1.5 and 6.1.5A) | 45,00,000                    | 45,00,000      | Rs. 100    |                                      |                | 121.72         | (347.33)       |
| Less: Provision for impairment of investment (refer note 22)                                                                                               |                              |                |            |                                      |                |                | 121.72         |
| <b>Net value of investments (Unquoted Investments)</b>                                                                                                     |                              |                |            |                                      |                | (121.72)       | (121.72)       |
| <b>Aggregate value of provision for diminution in value of investments (refer note 22)</b>                                                                 |                              |                |            |                                      |                | 813.21         | 862.83         |
|                                                                                                                                                            |                              |                |            |                                      |                | (5,615.24)     | (16,420.26)    |

6.1.1 Aggregate amount of quoted investments at market and carrying value Rs. Nil (March 31, 2019 Rs. Nil)

6.1.2 Shares are earmarked as per terms of Master Restructuring Agreement (MRA) pursuant to CDR. (Refer note 12 (1)(c)(x)).

6.1.3 51% shares are pledged to FCCB & ECB lenders and balance shares earmarked to CDR lenders of EISML. (Refer note 12 (i)).

6.1.4 The Company was undergoing CIRP under the Insolvency and Bankruptcy Code, 2016. The Hon'ble NCLT Chandigarh Bench vide its order dated December 14, 2020 has approved a resolution plan which has no provision for any distribution to the equity/ preference shareholders. Accordingly the investment has been written off against the provision for impairment.

6.1.5 The Company had a controlling power on Edu Smart Services Private Limited by virtue of Ind AS 110. The difference between the coupon rate and the market rate has been considered as investment in equity and is being valued at cost by virtue of Ind AS 27. The Company has valued the debt component in the investments at amortised cost as per Ind AS 109. Also refer note 6.1.7.

6.1.5A The Company is undergoing liquidation proceedings under the Insolvency and Bankruptcy Code, 2016 vide order dated March 23, 2021 passed by Hon'ble NCLT New Delhi.

6.1.6 This investment is pledged against loan taken by the subsidiary company.

6.1.7 One of the subsidiary namely Educomp Asia Pacific Pte Limited. (EAPL) is under liquidation in Singapore and all the powers to direct the state of affairs of this company rests with the liquidator. Accordingly, the Company has lost its controlling power over this subsidiary and hence the same has been disclosed as an investment in others.

6.1.8 As per MRA, the Company shall not sell any of its investments save and except Identified Assets and Shares as permitted in terms of approved CDR Package, without prior recommendation of Monitoring Committee and approval of CDR-Empowerment Group. However, the Company may sell its non-core assets including investments, wherever applicable with prior approval of the Asset Sale Monitoring Committee.



**Educomp Solutions Limited**

**Notes to the Ind AS financial statements for the year ended March 31, 2020**

(All amount in Rs. million, unless otherwise stated)

**Note 6.2 Loans**

| Particulars                     | As at March 31, 2020 |              | As at March 31, 2019 |              |
|---------------------------------|----------------------|--------------|----------------------|--------------|
|                                 | Non current          | Current      | Non current          | Current      |
| Security deposits               |                      |              |                      |              |
| Unsecured, considered good      | 4.15                 | 8.52         | 6.41                 | 15.81        |
| Unsecured, considered doubtful  | -                    | 156.64       | -                    | 153.53       |
| Less: Allowance for doubtful    | -                    | (156.64)     | -                    | (153.53)     |
| Loans to employees              |                      |              |                      |              |
| Unsecured, considered good      | -                    | 0.49         | -                    | 1.69         |
| Unsecured, considered doubtful* | -                    | 18.53        | -                    | 18.54        |
| Less: Allowance for doubtful    | -                    | (3.33)       | -                    | (3.33)       |
| Earnest money deposit           |                      |              |                      |              |
| Unsecured, considered good      | 0.34                 | -            | 0.34                 | -            |
| Unsecured, considered doubtful  | -                    | 10.47        | -                    | 10.47        |
| Less: Allowance for doubtful    | -                    | (10.47)      | -                    | (10.47)      |
| <b>Total</b>                    | <b>4.49</b>          | <b>24.21</b> | <b>6.75</b>          | <b>32.71</b> |

For explanation on the companies credit risk management refer note 25.

\* The advance given to employees is adjustable against provision for expenses amounting to Rs. 15.21 million (March 31, 2019 Rs. 15.21 million) as appearing under the head trade payable in current liabilities.

**Note 6.3 Other financial assets**

| Particulars                                                    | As at March 31, 2020 |              | As at March 31, 2019 |             |
|----------------------------------------------------------------|----------------------|--------------|----------------------|-------------|
|                                                                | Non current          | Current      | Non current          | Current     |
| <b>Considered good</b>                                         |                      |              |                      |             |
| Margin money (refer (i) below)                                 | 7.19                 | -            | 1.59                 | -           |
| Term deposit with bank more than 3 months maturity             | -                    | -            | 0.25                 | -           |
| Interest accrued but not due                                   | 0.32                 | 0.63         | 0.26                 | 0.92        |
| Unbilled revenue                                               | -                    | 22.59        | -                    | 7.49        |
| <b>Considered doubtful</b>                                     |                      |              |                      |             |
| Advances to related party (refer note (iii) below)             | -                    | 102.21       | -                    | 102.21      |
| Receivable against corporate guarantee (refer note (ii) below) | -                    | 258.19       | -                    | 258.19      |
| Less: Allowance for bad & doubtful advances                    | -                    | (360.40)     | -                    | (360.40)    |
| <b>Total</b>                                                   | <b>7.51</b>          | <b>23.22</b> | <b>2.10</b>          | <b>8.41</b> |

(i) Margin money deposit are given against borrowings, letter of credit and bank guarantees including to revenue authorities.

(ii) This receivable is recognised against the corporate guarantee given on behalf of Edu Smart Services Private Limited to a bank. Simultaneously a payable to the bank for the same amount is recognised as a liability against the guarantee given by the company. (refer note 12.3)

(iii) Advances to related parties comprise the following:

| Particulars                                          | As at March 31, 2020 |         | As at March 31, 2019 |         |
|------------------------------------------------------|----------------------|---------|----------------------|---------|
|                                                      | Non current          | Current | Non current          | Current |
| <b>Advance call money to subsidiary</b>              |                      |         |                      |         |
| Educomp Online Supplemental Services Limited (EOSSL) | -                    | 102.21  | -                    | 102.21  |
|                                                      | -                    | 102.21  | -                    | 102.21  |

(iv) For explanation on the Company's credit risk management, refer note 25.



Educomp Solutions Limited  
**Notes to the Ind AS financial statements for the year ended March 31, 2020**  
(All amount in Rs. million, unless otherwise stated)

**Note 6.4 Trade receivables**

**Particulars**

- (i) Unsecured Considered good  
- due from related parties - refer (i) below  
- due from other

- (ii) Trade Receivables which have significant increase in credit risk  
- due from related parties - refer (i) below  
- due from other  
Less: Loss allowance (Also, refer note 36)

| As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------|-------------------------|
| -                       | 10.80                   |
| 1,462.85                | 2,250.61                |
| 16.64                   | 5.69                    |
| 14,517.99               | 13,834.96               |
| (14,534.63)             | (13,840.65)             |
| <b>1,462.85</b>         | <b>2,261.41</b>         |

**(i) Trade receivables from related parties comprise:**

**Particulars**

**Considered good**

**Receivables from subsidiaries**

Educomp Infrastructure & School Management Limited\*

Educomp School Management Limited

Educomp Learning Private Limited

Educomp Online Supplemental Services Limited

Educomp software Limited

**Receivables from associates**

Little Millenium Education Private Limited

**Other related parties**

Learning Leadership Foundation

League India Education Foundation

| As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------|-------------------------|
| -                       | -                       |
| -                       | 0.31                    |
| -                       | 0.14                    |
| -                       | 0.90                    |
| -                       | 0.01                    |
| -                       | 0.26                    |
| -                       | 0.14                    |
| -                       | 9.04                    |
| -                       | <b>10.80</b>            |

**Trade Receivables which have significant increase in credit risk**

**Receivables from subsidiaries**

Savvica Inc.

Educomp School Management Limited

Educomp Learning Private Limited

Educomp Online Supplemental Services Limited

Educomp software Limited

Edu Smart Services Private Limited\*

**Receivables from associates**

Little Millenium Education Private Limited

**Other related parties**

Learning Leadership Foundation

League India Education Foundation

Siya Ram Educational Trust

**Total**

|              |             |
|--------------|-------------|
| 5.83         | 5.67        |
| 0.31         | -           |
| 0.14         | -           |
| 0.90         | -           |
| 0.01         | -           |
| -            | -           |
| 0.26         | -           |
| 0.14         | -           |
| 9.04         | -           |
| 0.01         | 0.02        |
| <b>16.64</b> | <b>5.69</b> |

\* Due to the cessation as a subsidiary, the closing balances has not been disclosed as a related party balance at the year end. Also, refer note 6.1.7.

(ii) For terms and conditions of transactions with related party refer note 28.

(iii) For explanation on the companies credit risk management refer note 25

(iv) The Company has initiated proceedings for recovery of outstanding amount from certain trade receivables amounting to Rs. 4,868.89 million ( March 31, 2019 Rs. 5,298.99 million), in respect of which the Company has created a provision of Rs. 3,640.14 million (March 31, 2019 Rs. 3,847.18 million), which in the opinion of the management is adequate to mitigate the risk of any possible non recovery from such receivables.



**Educomp Solutions Limited**

**Notes to the Ind AS financial statements for the year ended March 31, 2020**

(All amount in Rs. million, unless otherwise stated)

**Note 6.5 Cash and cash equivalents**

| Particulars        | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--------------------|-------------------------|-------------------------|
| Balance with banks |                         |                         |
| - current account  | 143.21                  | 120.67                  |
| Cash on hand       | -                       | 0.05                    |
| <b>Total</b>       | <b>143.21</b>           | <b>120.72</b>           |

**Note 6.5 A Bank balances other than cash & cash equivalents**

| Particulars                    | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--------------------------------|-------------------------|-------------------------|
| Margin money (refer (i) below) | 6.40                    | 11.06                   |
| Term deposit with bank         | 21.29                   | 21.73                   |
| Unpaid dividend                | 0.31                    | 0.31                    |
| <b>Total</b>                   | <b>28.00</b>            | <b>33.10</b>            |

(i) Margin money deposit given against borrowings, letter of credit and bank guarantees including to revenue authorities.

**Note 7 Other non-current assets**

| Particulars                                             | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------------------------------|-------------------------|-------------------------|
| <b>Others</b>                                           |                         |                         |
| Balance with government authorities                     | 19.88                   | 19.88                   |
| Less: Provisions on balance with government authorities | (19.88)                 | (19.88)                 |
| Prepaid expenses                                        | 0.12                    | 1.02                    |
| <b>Total</b>                                            | <b>0.12</b>             | <b>1.02</b>             |

**Note 8 Inventories (valued at lower of cost and net realisable value)**

| Particulars                      | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|----------------------------------|-------------------------|-------------------------|
| Stock in trade                   |                         |                         |
| Technology equipment             | 104.09                  | 104.34                  |
| Less: Provision for obsolescence | (101.63)                | (101.63)                |
| <b>Total</b>                     | <b>2.46</b>             | <b>2.71</b>             |



**Note 9 Other current assets**  
**Particulars**

Unsecured, considered good, unless stated otherwise

**(i) Advances other than capital advances**

Advance to suppliers

- considered good

- considered doubtful (Refer note 9.1)

- allowance for doubtful advances

Advance to others

- considered good

- considered doubtful (Refer note 9.1)

- allowance for doubtful advances

**(ii) Others**

Prepaid expenses

Balance with government authorities

**Total**

| As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------|-------------------------|
|                         |                         |
|                         |                         |
| 2.64                    | 0.02                    |
| 250.93                  | 252.98                  |
| (250.93)                | (252.98)                |
|                         |                         |
| 2.05                    | 2.05                    |
| (2.05)                  | (2.05)                  |
|                         |                         |
| 1.22                    | 8.30                    |
| 46.17                   | 47.15                   |
| <b>50.03</b>            | <b>55.47</b>            |

9.1 Includes advances to related parties as follows:

**Subsidiaries**

**Advance to suppliers**

Educomp Investment Management Limited

Educomp Software Limited

**Total**

**Advance to Others**

Educomp Learning Private Limited

India Education Fund

**Total**

|             |             |
|-------------|-------------|
| 0.91        | 0.91        |
| 0.86        | 0.86        |
| <b>1.77</b> | <b>1.77</b> |
|             |             |
| 1.95        | 1.95        |
| 0.10        | 0.10        |
| <b>2.05</b> | <b>2.05</b> |

9.2 For explanation on the companies credit risk management refer note 25.

**Note 10 Equity share capital**  
**Particulars**

**a) Authorized shares**

200,000,000 (March 31, 2019: 200,000,000) equity shares of Rs. 2 each

400.00 400.00

**b) Issued, subscribed and fully paid-up shares**

122,467,168 (March 31, 2019: 122,467,168) equity shares of Rs. 2 each fully paid up.

244.93 244.93

**Total**

**244.93 244.93**

**c) Movement in equity share capital**

|                                          | Year ended March 31, 2020 |               | Year ended March 31, 2019 |               |
|------------------------------------------|---------------------------|---------------|---------------------------|---------------|
|                                          | No. of Shares             | Amount        | No. of Shares             | Amount        |
| Outstanding at the beginning of the year | 12,24,67,168              | 244.93        | 12,24,67,168              | 244.93        |
| Issued during the year                   |                           |               |                           |               |
| Outstanding at the end of the year       | <b>12,24,67,168</b>       | <b>244.93</b> | <b>12,24,67,168</b>       | <b>244.93</b> |

**d) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 2 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting except where interim dividend is distributed.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

**e) Details of shareholders holding more than 5% equity shares in the Company**

|                                           | As at March 31, 2020 |              | As at March 31, 2019 |              |
|-------------------------------------------|----------------------|--------------|----------------------|--------------|
|                                           | No. of Shares        | % of holding | No. of Shares        | % of holding |
| Equity shares of Rs. 2 each fully paid-up |                      |              |                      |              |
| Mr. Shantanu Prakash                      | 4,43,15,205          | 36.19%       | 4,43,15,205          | 36.19%       |
| A.P. Eduvision Private Limited            | 72,84,600            | 5.95%        | 72,84,600            | 5.95%        |

**f) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date**

No equity shares has been issued by way of bonus shares during the period.

No equity shares fully paid up has been issued pursuant to contract(s) without payment being received in cash during the period.

No equity shares bought back pursuant to Section 68, 69 and 70 of the Act during the period.

**g) Share reserved for issue under option/contracts**

For details of shares reserved for issue on conversion of Zero Coupon Foreign Currency Convertible Bonds (refer note 12.1)

For details of shares reserved for issue on employee stock option, (refer note 31)

For details of shares reserved for issue to lender banks as per CDR scheme, (refer note 12.1 (c))



**Educomp Solutions Limited**  
**Notes to the Ind AS financial statements for the year ended March 31, 2020**  
(All amount in Rs. million, unless otherwise stated)

**Note 11 Other Equity**

(a) **Equity component of compound financial instruments**  
**Particulars**

Equity component of compound financial instruments (Refer note (i) & (ii) below)  
**Total**

| As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------|-------------------------|
| 524.45                  | 524.45                  |
| <b>524.45</b>           | <b>524.45</b>           |

(b) **Reserves & Surplus (refer note 2 below)**  
**Particulars**

Security premium reserves  
General reserves  
Employee stock option scheme  
Capital reserves  
Retained earnings  
Foreign currency monetary items translation difference account  
Other comprehensive income  
**Total**

| As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------|-------------------------|
| 10,240.32               | 10,240.32               |
| 1,124.24                | 1,124.24                |
| -                       | -                       |
| 411.66                  | 411.66                  |
| (41,105.74)             | (39,592.20)             |
| (493.42)                | (430.80)                |
| 34.08                   | 30.54                   |
| <b>(29,788.86)</b>      | <b>(28,216.24)</b>      |

(i) **Movement of Other Equity**

**1. Equity component of compound financial instruments**

**Particulars**

Opening Balance  
Add: Additions During the year (refer note 12.1(c) & 12.1(d))  
**Total**

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| 524.45                       | 524.45                       |
| -                            | -                            |
| <b>524.45</b>                | <b>524.45</b>                |

(ii) **Equity component of compound financial instruments**

These are balance portion of the compound financial instruments that evidence a residual interest in the assets of the Company after deducting financial liability component.

**2. Reserves & Surplus**

(i) **Securities Premium**

**Particulars**

Opening Balance  
Closing Balance

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| 10,240.32                    | 10,240.32                    |
| <b>10,240.32</b>             | <b>10,240.32</b>             |

(ii) **General reserve**

**Particulars**

Opening Balance  
Add: Employee stock compensation cost reversal on forfeiture  
Closing Balance

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| 1,124.24                     | 1,120.72                     |
| -                            | 3.52                         |
| <b>1,124.24</b>              | <b>1,124.24</b>              |

(iii) **Employee stock option outstanding account**

**Particulars**

Opening Balance  
Add: Employee stock compensation provided  
Less: Employee stock compensation reversed  
Closing Balance

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| -                            | 3.52                         |
| -                            | -                            |
| -                            | (3.52)                       |
| <b>-</b>                     | <b>-</b>                     |



**Educomp Solutions Limited**

**Notes to the Ind AS financial statements for the year ended March 31, 2020**

(All amount in Rs. million, unless otherwise stated)

**(iv) Capital Reserve**

| Particulars     | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|-----------------|------------------------------|------------------------------|
| Opening Balance | 411.66                       | 411.66                       |
| Closing Balance | 411.66                       | 411.66                       |

**(v) Retained Earnings**

| Particulars                           | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|---------------------------------------|------------------------------|------------------------------|
| Opening Balance                       | (39,592.20)                  | (38,541.91)                  |
| Add: Loss for the year                | (1,513.68)                   | (1,050.29)                   |
| Less: Opening difference/ adjustment* | 0.14                         | -                            |
| Closing Balance                       | (41,105.74)                  | (39,592.20)                  |

\*The balance pertains to difference in closing balance as per Audited Financial Statement and Books of Accounts for FY 18-19. The same has been rectified during current FY 19-20.

**(vi) Foreign currency monetary item translation difference account**

| Particulars                        | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------------|------------------------------|------------------------------|
| Opening Balance                    | (430.80)                     | (392.57)                     |
| Add: Addition during the year      | (486.89)                     | (338.43)                     |
| Less: Amortisation during the year | 424.27                       | 300.20                       |
| Closing Balance                    | (493.42)                     | (430.80)                     |

**(vii) Other comprehensive income**

| Particulars                   | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|-------------------------------|------------------------------|------------------------------|
| Opening Balance               | 30.54                        | 31.30                        |
| Add: Addition during the year | 3.54                         | (0.76)                       |
| Closing Balance               | 34.08                        | 30.54                        |

**Securities premium reserve**

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

**Employee stock option outstanding account**

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under different Employee stock option plans issued by the company. The company did not have any outstanding share options as at March 31, 2020. (refer note 31)

**Capital Reserve**

The Company on July 26, 2012 had allotted 11,479,096 warrants to Promoter Group Entity at an issue price of Rs. 193.74 per warrant, as per the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009, convertible into equal number of equity shares of the face value of Rs. 2/- each convertible within a period of 18 months from the date of allotment. The Company on January 22, 2013 had allotted 2,979,939 equity shares of face value of Rs. 2/- each at a premium of Rs. 191.74/- per share on conversion of warrants issued under provisions of Chapter VII Of SEBI (ICDR) Regulations, 2009. During the year 2013-14 the Company had forfeited 8,499,157 warrants amounting to Rs. 411.66 million, due to non receipt of balance 75% of the issue price in the stipulated period of 18 months from the date of issuance of these warrants. The forfeited amount is disclosed as 'Capital Reserve' under the 'Reserve & Surplus'.

**Foreign currency monetary item translation difference account (FCMITDA)**

The Company has a policy for the long-term foreign currency monetary items recognised in the financial statements on or before March 31, 2016 and the exchange difference on foreign currency loan (including FCCB) is accounted for by addition or deduction to the cost of the assets so far it relates to depreciable capital asset and in other cases by transfer to "Foreign Currency Monetary Items Translation Difference Account" (FCMITDA) to be amortized over the period of such foreign currency loans.

**General reserve**

This represents appropriation of profit by the Company and is available for distribution of dividend.



**Educomp Solutions Limited**  
**Notes to the Ind AS financial statements for the year ended March 31, 2020**  
(All amount in Rs. million, unless otherwise stated)

**Note 12.1 Borrowings**

**(a) Non-current borrowings**  
**Particulars**

**(i) Secured\*\***

**Bonds and debentures**

13.25%, 100 Non Convertible Debentures of Rs. 1,000,000 each  
13.50%, 350 Non Convertible Debentures of Rs. 1,000,000 each  
10 Zero Coupon Foreign Currency Convertible Bonds of \$ 1,000,000 each  
(refer note (c) below)

**Term loans**

from banks  
from others-External Commercial Borrowings

| As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------|-------------------------|
| 100.00                  | 100.00                  |
| 350.00                  | 350.00                  |
| 1,003.52                | 922.48                  |
| 17,142.55               | 17,142.55               |
| 5,275.73                | 4,849.69                |
| 279.54                  | 245.20                  |
| 353.20                  | 353.20                  |
| (24,225.00)             | (23,717.92)             |
| 279.54                  | 245.20                  |

**(ii) Unsecured**

Loan from related parties (refer note (d) below)  
Loan from other parties  
Less: Current maturities of long term borrowings (refer note 12.3)

**Total**

\*Refer note 28 for terms and conditions of transaction with related parties

\*\*Refer note 12.1 (c) for details of security & terms of long term borrowings.

**(b) Current borrowings**  
**Particulars**

**(i) Borrowings repayable on demand**

-- Working capital loans from banks -secured

**(ii) Other Loans**

-- Loans from other parties- unsecured

**Total**

| As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------|-------------------------|
| 1,192.60                | 1,191.47                |
| 12.00                   | 12.00                   |
| 1,204.60                | 1,203.47                |

Refer note 12.1 (c) for details of security & terms of long term borrowings.

**Liability component of compounded financial instruments**

**(c) Foreign Currency Convertible Bond (FCCB)**

The Company had issued 10, zero coupon foreign currency convertible bonds of \$ 1,000,000 each. These FCCB were convertible into equity shares based on the ratio calculated in accordance with the terms of offering circular dated July 13, 2012. The bonds were convertible latest by July 24, 2017 at initial conversion price of Rs. 188.62 for each equity share at the applicable exchange rate (fixed). As on March 31, 2020 USD 10 million (March 31, 2019 USD 10 million) FCCB remained outstanding for conversion into equity shares of Rs. 2 each, as the Company has filed for corporate insolvency and resolution process on May 30, 2017.

Equity portion as at balance sheet date

Financial liability portion as on date (including 33.15% premium component)

| As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------|-------------------------|
| 50.03                   | 50.03                   |
| 1,003.52                | 922.48                  |
| 1,053.55                | 972.51                  |

**(d) Promoters contribution**

The Promoters of the Company has provided interest free loans amounting Rs. 614.65 million to the Company which has been fair valued at amortised cost and the balance portion due to the control of the promoter over the company has been considered to be equity and has been valued at cost.

Equity component as on date

Financial liability component as on date

| As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------|-------------------------|
| 474.42                  | 474.42                  |
| 279.54                  | 245.20                  |
| 753.96                  | 719.62                  |



Note 12 (1)(e) Particulars of security, interest and terms of repayment of Loans

| Particulars                                                                                 | Amount Outstanding as at |                          | Terms of repayment                                                                                                                                                                                                                                                                                                       | Security                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                             | March 31, 2020           | March 31, 2019           |                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Loan from Bank - CDR - Secured</b>                                                       |                          |                          |                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Term loan (i)                                                                               | 102.40                   | 102.40                   | Repayment in 10 quarterly equal installments of Rs. 10.25 million commencing from quarter ended December 31, 2015 and ending in quarter ending 31 March 2018                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Term loan (ii)                                                                              | 216.39                   | 216.39                   | Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ended December 31, 2015 and ending in quarter ending March 31, 2023.                                                                                                   | <ul style="list-style-type: none"> <li>- First pari passu charge on all fixed assets (movable and immovable) of the company, both present and future.</li> <li>- First pari passu charge on all the, intangible assets including without limitation computer software and knowledge based content, current assets, other non current assets and other receivables and unencumbered receivables of ESSPL, both present and future.</li> <li>- First charge on the borrower's bank accounts, including but not limited to Trust &amp; Retention Account.</li> <li>- Pledge of all unencumbered shares held by the Promoters Group in company.</li> <li>- Pledge of all unencumbered shares of subsidiaries of the borrower held by Mr. Shantanu Prakash in the share capital of such subsidiaries.</li> <li>- Pledge of all unencumbered shares of subsidiaries from Mr. Shantanu Prakash &amp; Mr. Jagdish Prakash and Corporate Guarantee of ESSPL.</li> <li>- First pari-passu charge by way of mortgage of personal property of Mr. Shantanu Prakash situated at Residential Plot No. P-63, Sector 56, Gurgaon, Haryana.</li> </ul> |
| Term loan (iii)                                                                             | 309.85                   | 309.85                   |                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Term loan (iv)                                                                              | 204.07                   | 204.07                   |                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Term loan (v)                                                                               | 62.72                    | 62.72                    | installments Amount per Inst.                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Working capital term loan                                                                   | 2,837.33                 | 2,837.33                 | 1-2 93.29                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Fund of capital term loan                                                                   | 910.34                   | 910.34                   | 3-14 139.94                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| FITL                                                                                        |                          |                          | 15-30 174.92                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Term loan (vi)                                                                              | 2,813.00                 | 2,813.00                 | Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ended December 31, 2015 and ending in quarter ending March 31, 2023.                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Term loan (vii)                                                                             | 4,550.00                 | 4,550.00                 | installments Amount per Inst.                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Term loan (viii)                                                                            | 397.65                   | 397.65                   | 1-2 357.85                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Term loan (ix)                                                                              | 1,960.00                 | 1,960.00                 | 3-14 536.77                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Term loan (x)                                                                               | 1,171.16                 | 1,171.16                 | 15-30 298.21                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Term loan (xi)                                                                              | 947.83                   | 947.83                   |                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Working capital facility                                                                    | 1,192.60                 | 1,191.47                 | Payable on demand                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Term loan (xii)                                                                             | 300.00                   | 300.00                   | Balance repayable up to quarter ending September 30, 2017.                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>- Sub-servient charge on the current assets of the Company.</li> <li>- Sub-servient charge on all current assets of Educomp Infrastructure &amp; School Management Limited (EISML).</li> <li>- Personal guarantee of Mr. Shantanu Prakash</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Term loan (xiii)                                                                            | 359.80                   | 359.80                   | Repayable in 14 unequal quarterly installments commencing from quarter ended December 31, 2015 and ended in quarter ending March 31, 2019.                                                                                                                                                                               | <ul style="list-style-type: none"> <li>- First ranking pari passu charge on the entire current assets of the Company.</li> <li>- Second pari-passu charge over the fixed assets of the Company.</li> <li>- Personal guarantee of the Mr. Shantanu Prakash and Mr. Jagdish Prakash and equitable mortgage on one of the personal property of Mr. Shantanu Prakash.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Loan from Other - Secured</b>                                                            |                          |                          |                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Non Convertible Debentures                                                                  | 450.00                   | 450.00                   | NCD aggregating Rs. 350.00 million and Rs. 100.00 million were issued on May 24, 2012 and July 20, 2012 respectively and are repayable at par on May 24, 2019 and July 20, 2019 respectively. Further, the investors have put option on May 24, 2017 and July 24, 2017, five years from their respective dates of issue. | <ul style="list-style-type: none"> <li>- Pari-passu charge with the CDR lenders, without any preference or priority to one over the other or others.</li> <li>- (The Company has created partial security on the assets of the Company and is taking necessary steps to create security in respect of these debentures.)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Foreign Currency Convertible Bonds (FCCB) - Debt component of compound financial instrument | Refer note 12.1(c) above | Refer note 12.1(c) above | Refer note 12.1(c) above                                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>- Second charge on following assets</li> <li>- 51% of the fully paid up equity shares of EISML held by the Company.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| External Commercial Borrowings (ECB)                                                        | 5,275.73                 | 4,849.69                 | Repayable in 11 half yearly equal installments of USD 6.36 million starting from January 15, 2016 and ending January 15, 2021.                                                                                                                                                                                           | <ul style="list-style-type: none"> <li>- First charge on following assets</li> <li>- 51% of the fully paid up equity shares of the EISML held by the Company.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

Educomp Solutions Limited  
Notes to the Ind AS financial statements for the year ended March 31, 2020  
(All amount in Rs. million, unless otherwise stated)

| Particulars                         | Amount Outstanding       |                          | Terms of repayment                                                                                        | Security                                                      |
|-------------------------------------|--------------------------|--------------------------|-----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|
|                                     | March 31, 2020           | March 31, 2019           |                                                                                                           |                                                               |
| <b>Loan from others - unsecured</b> |                          |                          |                                                                                                           |                                                               |
| From others - unsecured (a)         | 355.20                   | 355.20                   | There are two loans to repayable in 26 & 45 unequal monthly installments as per their repayment schedules | Not applicable                                                |
| From others - unsecured (b)         | 12.00                    | 12.00                    | Rs. 12.00 million is over due as on Balance Sheet date.                                                   | Pledge of shares of the Company held by Mr. Shantanu Prakash. |
| <b>From others - unsecured (c)</b>  | Refer note 12.1(d) above | Refer note 12.1(d) above | Interest free loan repayable after final settlement date as per CDR MRA.                                  | Not applicable                                                |

**Note:**

- (a) Term loan (a) to (b), working capital term loan, funded interest term loan, working capital facility are at interest rate ranging from 10% to 13% p.a. (March 31, 2019 10% to 13% p.a.)
- (b) Term loan (b) to (m) are at varying rate of interest ranging from 9% to 11% p.a. (March 31, 2019 9% to 11% p.a.)
- (c) Loans from other unsecured (a) and (b) are at varying rate of interest ranging from 12.50% to 18% p.a. (March 31, 2019 12.50% to 18% p.a.)
- (d) FCCB are zero coupon bonds and do not carry interest.
- (e) ECB are at interest rate of 4.5% p.a. + LIBOR (March 31, 2019 4.5% p.a. + LIBOR)
- (f) Non Convertible Debentures are at interest rate ranging from 13.25% to 13.50% p.a. (March 31, 2019 13.25% to 13.50% p.a.)
- (g) Aggregate of loan amount guaranteed by promoter Mr. Shantanu Prakash and Mr. Jagdish Prakash Rs. 18,334.01 million (March 31, 2019 Rs. 18,334.03 million)
- (h) Aggregate of loan amount guaranteed by Edu Smart Services Pvt. Ltd. Rs. 17,674.21 million (March 31, 2019 Rs. 17,674.23 million)
- (i) Working capital facility and loan from others unsecured (b) constitute short term borrowings.

**(x) Corporate debt restructuring scheme**

The Company executed the Master Restructuring Agreement (MRA) / other definitive documents on March 26, 2014 with the majority of its lenders banks, consequent to approval from Corporate Debt Restructuring Empowered Group (CDR-EG) to re-structure Company's existing debt obligations, including interest, additional funding and other terms (hereafter referred to as "the CDR Scheme"). As a part of the CDR Scheme, the promoters were required to contribute funds in accordance with letter of approval. As a consequence, the Company has received a contribution from its promoter amounting to Rs. 614.65 million as at March 31, 2020 (As at March 31, 2019 Rs. 614.65 million). The same has been received as interest free unsecured loan. Refer above loan from others - unsecured (c).

The MRA has been signed by all the lender banks and the Company has complied with all necessary conditions precedent. From April 01, 2013 (the "cut-off date"), the interest on the restructured debts has been recomputed and provided at the effective interest rates as per the CDR scheme on the balances as appearing in the books of account pending confirmations from various lenders. Accordingly, the interest payable to these banks has been recalculated in accordance with the CDR scheme. Considering the MRA have been signed by all the lender banks, the Company had accounted for CDR scheme (reclassifications and interest calculations) in the books during the year ended March 31, 2016 and March 31, 2015 as follows:

- (i) The rate of interest was changed and reduced to 11% with effect from April 01, 2013. The interest due with effect from April 01, 2013 till March 31, 2016 at revised rates amounting to Rs. 919.62 million in March 31, 2016 and Rs. 886.60 million in April 01, 2015 was converted into Funded Interest Term Loan (FITL (a)).
- (ii) The moratorium period for principle amount after restructure shall be 30 months from the cut off date of April 01, 2013.
- (iii) The CDR scheme envisages monetization of certain assets of the Company and its subsidiaries.
- (iv) The revised charge in favour of lenders as per the terms of MRA, is pending registration.

Pursuant to approved CDR scheme and in terms of Master Restructuring Agreement, the Company had acquired trade receivable of Edu Smart Services Private Limited (ESSPL). To acquire these receivables the Company had been granted loan by the CDR lenders. These receivables accrue to Edu Smart Services Private Limited under Tripartite agreement between, the Company, ESSPL and Schools/trust wherein in substance, the Company was key service provider. Towards settlement of rest of the consideration, the Company has adjusted its receivable from ESSPL. The Company took over these receivables to improve the recoverability and to provide uninterrupted services to these schools in future.

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 this customers, as explained above. 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 January 13, 2015.

Pursuant to MRA, the Company had committed default in payment or repayment of installments of principal amounts of the Restructured Loans, Corporate loans and/or the Additional Rupee Loan or interest thereon or any combination thereof, accordingly CDR Lenders, Corporate loan lenders and/or the Additional Rupee Lenders, at their discretion, have the right to convert at their option the whole of the outstanding amount or part of the defaulted amount into fully paid-up equity shares of the Company but the lenders have not exercised the rights as at balance sheet date.



**Educomp Solutions Limited**

**Notes to the Ind AS financial statements for the year ended March 31, 2020**

(All amount in Rs. million, unless otherwise stated)

(xi). Details of continuing default in repayment of loan or interest as at March 31, 2020 is given below:

a) Details of defaults of principal and interest for loans payable during the year.

| FY 2019-20             |                    |                       |                        |                          |
|------------------------|--------------------|-----------------------|------------------------|--------------------------|
|                        | Delay upto 3 month | Delay of 3 to 6 month | Delay of 6 to 12 month | Delay more than 12 month |
| Repayment of principal | -                  | -                     | -                      | -                        |
| Interest               | -                  | -                     | -                      | -                        |
|                        | -                  | -                     | -                      | -                        |
| FY 2018-19             |                    |                       |                        |                          |
|                        | Delay upto 3 month | Delay of 3 to 6 month | Delay of 6 to 12 month | Delay more than 12 month |
| Repayment of principal | -                  | -                     | -                      | -                        |
| Interest               | -                  | -                     | -                      | -                        |
|                        | -                  | -                     | -                      | -                        |
| FY 2019-20             |                    |                       |                        |                          |
|                        | Delay upto 3 month | Delay of 3 to 6 month | Delay of 6 to 12 month | Delay more than 12 month |
| Repayment of principal | -                  | -                     | -                      | 25,429.60                |
| Interest               | -                  | -                     | -                      | 3,679.01                 |
|                        | -                  | -                     | -                      | 29,108.61                |
| FY 2018-19             |                    |                       |                        |                          |
|                        | Delay upto 3 month | Delay of 3 to 6 month | Delay of 6 to 12 month | Delay more than 12 month |
| Repayment of principal | -                  | -                     | -                      | 24,921.39                |
| Interest               | -                  | -                     | -                      | 3,593.37                 |
|                        | -                  | -                     | -                      | 28,514.76                |

c) The above defaults are not remediated before the financial statements were approved.



**Educomp Solutions Limited**  
**Notes to the Ind AS financial statements for the year ended March 31, 2020**  
(All amount in Rs. million, unless otherwise stated)

**Note 12.2 Trade Payables**  
**Particulars**

|                                                     | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-----------------------------------------------------|-------------------------|-------------------------|
| <b>Sundry creditors</b>                             |                         |                         |
| Trade Payables                                      |                         |                         |
| -due to micro and small enterprises (refer note 34) | 10.02                   | 10.07                   |
| -due to others                                      | 1,364.62                | 1,312.48                |
| <b>Total</b>                                        | <b>1,374.64</b>         | <b>1,322.55</b>         |

Trade payables are generally due in 30-90 days and are non interest bearing. Accordingly, the carrying value of the same is considered as fair value.

**Note 12.3 Other financial liabilities**  
**Particulars**

|                                                                                       | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Current maturities of long term debts - ECB (refer note 12.1)                         | 5,275.73                | 4,849.69                |
| Current maturities of long term debts - FCCB (refer note 12.1)                        | 1,003.52                | 922.48                  |
| Current maturities of long term debts - Term Loans (refer note 12.1)                  | 17,142.55               | 17,142.55               |
| Current maturities of long term debts - Non- Convertible Debentures (refer note 12.1) | 450.00                  | 450.00                  |
| Current maturities of long term debts - from other parties (refer note 12.1)          | 353.20                  | 353.20                  |
| Payables against corporate guarantee (refer note 6.3)                                 | 258.19                  | 258.19                  |
| Interest accrued and due (Refer foot note 12.4 and 12.5)                              | 3,679.01                | 3,593.37                |
| Interest accrued and due to micro and small enterprises                               | 5.62                    | 5.62                    |
| Employee related payables                                                             | 337.19                  | 336.34                  |
| Security deposits                                                                     | 20.00                   | 20.00                   |
| Unpaid dividend                                                                       | 0.31                    | 0.31                    |
| Retention money                                                                       | 1.00                    | 1.00                    |
| <b>Total</b>                                                                          | <b>28,526.32</b>        | <b>27,932.75</b>        |

**Note 12.4:** The Company has not accrued interest on borrowing post May 30, 2017, being Corporate Insolvency Resolution Process ("CIRP") commencement date. The amount of such interest not accrued is estimated to be Rs. 3,038.90 Million for the year (for the year ended March 31, 2019 Rs. 2,813.66 Million). The cumulative amount of interest not accrued as at March 31, 2020 is estimated to be Rs. 8,020.39 million (March 31, 2019: Rs. 4,981.49 Million)

**Note 12.5.** The Company has not determined the provision for penal interest for defaults on borrowings as per the contractual terms of the underlying agreements.

**Note 13 Provisions**

| Particulars                                             | As at March 31, 2020 |             | As at March 31, 2019 |             |
|---------------------------------------------------------|----------------------|-------------|----------------------|-------------|
|                                                         | Non current          | Current     | Non current          | Current     |
| <b>Provisions for employee benefits</b>                 |                      |             |                      |             |
| Provisions for gratuity (refer note 13.1 below)         | 1.95                 | 0.48        | 5.69                 | 2.19        |
| Provisions for leave encashment (refer note 13.1 below) | 0.29                 | 0.07        | 0.81                 | 0.32        |
| <b>Total</b>                                            | <b>2.24</b>          | <b>0.55</b> | <b>6.50</b>          | <b>2.51</b> |

**Note 13.1 Post employment benefits**

**(i) Gratuity**

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Under its gratuity plan, every employee who has completed at least one year of service is entitled to gratuity on departure at 15 days of last drawn salary for each completed year of service.

**(ii) Leave encashment**

The employees are entitled for 18 days leave during the calendar year, which can be accumulated and 10 leave carried forward to next year. Privileged leaves can not be encashed during in service but encashed only at the time of departure.



a) Net employee benefit expense recognised

| Particulars                                                                   | Gratuity-<br>Unfunded<br>March 31, 2020 | Leave benefit -<br>Unfunded<br>March 31, 2020 | Gratuity-<br>Unfunded<br>March 31, 2019 | Leave benefit -<br>Unfunded<br>March 31, 2019 |
|-------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------|-----------------------------------------|-----------------------------------------------|
| Current service cost                                                          | 0.32                                    | 0.08                                          | 1.46                                    | 0.47                                          |
| Net interest cost                                                             | 0.6                                     | 0.09                                          | 0.91                                    | 0.13                                          |
| <b>Total expenses recognised in the Statement of Profit and Loss</b>          | <b>0.92</b>                             | <b>0.17</b>                                   | <b>2.37</b>                             | <b>0.60</b>                                   |
| Remeasurement actuarial (gain) / loss from changes in financial assumptions   | 0.10                                    | 0.01                                          | 0.02                                    | 0.00                                          |
| Remeasurement actuarial (gain) / loss from changes in demographic assumptions | (0.01)                                  | (0.00)                                        | 0.01                                    | 0.00                                          |
| Remeasurement actuarial (gain) / loss on arising from Experience Adjustment   | (3.63)                                  | (0.66)                                        | 0.73                                    | (0.61)                                        |
| <b>Total amount recognised in the Other comprehensive income</b>              | <b>(3.54)</b>                           | <b>(0.65)</b>                                 | <b>0.76</b>                             | <b>(0.61)</b>                                 |
| <b>Expected contribution for the next annual reporting period:</b>            | <b>March 31, 2020</b>                   | <b>March 31, 2020</b>                         | <b>March 31, 2019</b>                   | <b>March 31, 2019</b>                         |
| Service Cost                                                                  | Gratuity                                | Leave benefit                                 | Gratuity                                | Leave benefit                                 |
| Net interest cost                                                             | 0.32                                    | 0.08                                          | 1.45                                    | 0.39                                          |
| Expected expense                                                              | 0.17                                    | 0.02                                          | 0.60                                    | 0.09                                          |
|                                                                               | 0.49                                    | 0.10                                          | 2.05                                    | 0.48                                          |

b) Reconciliation of opening and closing balance of defined benefit obligation.

| Particulars                                                  | Gratuity-<br>Unfunded<br>Year ended<br>March 31, 2020 | Leave benefit -<br>Unfunded<br>Year ended<br>March 31, 2019 | Gratuity-<br>Unfunded<br>Year ended<br>March 31, 2020 | Leave benefit -<br>Unfunded<br>Year ended<br>March 31, 2019 |
|--------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------|
| Present value of obligation as at the beginning of the year  | 7.88                                                  | 1.13                                                        | 11.80                                                 | 1.72                                                        |
| Interest cost                                                | 0.60                                                  | 0.09                                                        | 0.91                                                  | 0.13                                                        |
| Current service cost                                         | 0.32                                                  | 0.08                                                        | 1.46                                                  | 0.47                                                        |
| Benefit paid                                                 | (2.83)                                                | (0.30)                                                      | (7.05)                                                | (0.58)                                                      |
| Actuarial (gain)/loss                                        | (3.54)                                                | (0.64)                                                      | 0.76                                                  | (0.61)                                                      |
| <b>Present value of obligation as at the end of the year</b> | <b>2.43</b>                                           | <b>0.36</b>                                                 | <b>7.88</b>                                           | <b>1.13</b>                                                 |
| Current                                                      | 0.48                                                  | 0.07                                                        | 2.19                                                  | 0.32                                                        |
| Non current                                                  | 1.95                                                  | 0.29                                                        | 5.69                                                  | 0.81                                                        |

Maturity Profile of Defined Benefit Obligation

|                           | March 31, 2020 |                  | March 31, 2019 |                  |
|---------------------------|----------------|------------------|----------------|------------------|
|                           | Gratuity       | Leave obligation | Gratuity       | Leave obligation |
| a) April 2019- March 2020 | 0.48           | 0.07             | 1.17           | 0.23             |
| b) April 2020- March 2021 | 0.24           | 0.06             | 0.74           | 0.15             |
| c) April 2021- March 2022 | 0.45           | 0.09             | 0.71           | 0.11             |
| d) April 2022- March 2023 | 0.12           | 0.03             | 0.48           | 0.08             |
| e) April 2023- March 2024 | 0.07           | 0.02             | 0.18           | 0.04             |
| f) April 2024- March 2025 | 1.07           | 0.10             | 2.41           | 0.21             |
| g) April 2025 onwards     | 2.43           | 0.36             | 7.88           | 1.13             |

c) Principal actuarial assumptions at the Balance Sheet date:

| Particulars                         | March 31, 2020                             | March 31, 2019                             |
|-------------------------------------|--------------------------------------------|--------------------------------------------|
| Discounting rate                    | 6.79%                                      | 7.65%                                      |
| Expected rate of increase in salary | F.Y 2020-21 to 2021-22 0% & There after 5% | F.Y 2018-19 to 2020-21 0% & There after 5% |
| Demographic assumptions             |                                            |                                            |
| i) Retirement age (Years)           | 58                                         | 58                                         |
| ii) Mortality table                 | IALM (2006-08)                             | IALM (2006-08)                             |
| iii) Ages                           | Withdrawal Rate (%)                        | Withdrawal Rate (%)                        |
| Up to 30 Years                      | 15                                         | 25                                         |
| From 31 to 44 years                 | 32                                         | 40                                         |
| Above 44 years                      | 1                                          | 1                                          |



**Educomp Solutions Limited**

**Notes to the Ind AS financial statements for the year ended March 31, 2020**

(All amount in Rs. million, unless otherwise stated)

d) The discount rate is based upon the market yields available on Government bonds at the accounting date for remaining life of employees.

e) The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market on long term basis.

**f) Sensitivity analysis**

| Changes in the significant actuarial assumptions | Gratuity-Unfunded<br>For the year ended<br>March 31, 2020 |                     | Leave benefit -Unfunded<br>For the year ended<br>March 31, 2020 |                     |
|--------------------------------------------------|-----------------------------------------------------------|---------------------|-----------------------------------------------------------------|---------------------|
|                                                  | Increase to<br>0.5%                                       | Decrease to<br>0.5% | Increase to<br>0.5%                                             | Decrease to<br>0.5% |
| Discount rate                                    |                                                           |                     |                                                                 |                     |
| Increase (decrease) in defined benefit liability | (0.06)                                                    | 0.07                | (0.01)                                                          | 0.01                |
| Salary growth rate                               |                                                           |                     |                                                                 |                     |
| Increase (decrease) in defined benefit liability | 0.07                                                      | (0.06)              | 0.01                                                            | (0.01)              |

The present value of the defined benefit obligation calculated with the same method (project unit credit) as the defined benefit obligation recognised in the statement of financial position. The sensitivity analyses are based on a change in one assumption while not changing all other assumptions. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

**Note 14 Other current liabilities**

**Particulars**

Advances from customers (refer note (i) and (ii) below)  
Statutory dues payable

| As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------|-------------------------|
| 299.42                  | 335.42                  |
| 9.14                    | 10.63                   |
| <b>308.56</b>           | <b>346.05</b>           |

(i) The Company had received advances from customers, which are outstanding for more than one year and still lying in the books as on March 31, 2020. These advances mainly pertain to the pre CIRP period and includes amount received from non corporate entities. The advances cannot be repaid after initiation of CIRP and the same will be settled, if any, in accordance with the provision of the Insolvency and Bankruptcy Code 2016 and regulations issued there under.

**(ii) Includes advances from related parties**

**Particulars**

Educomp Global Holding W.L.L.  
Edumatics Corporation Inc.  
Shri Hare Educational trust  
Vigyan Education Trust

| As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------|-------------------------|
| 42.52                   | 42.52                   |
| 16.21                   | 16.21                   |
| 0.37                    | 0.37                    |
| 0.60                    | 0.60                    |
| <b>59.70</b>            | <b>59.70</b>            |

\* for terms and conditions for transaction with related party refer note 28



**Educomp Solutions Limited**

**Notes to the Ind AS financial statements for the year ended March 31, 2020**

(All amount in Rs. million, unless otherwise stated)

**Note 15 Revenue from operation**

**Particulars**

Sale of education products and technology equipment  
Education and other services

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| 0.11                         | 0.48                         |
| 96.50                        | 192.82                       |
| <b>96.61</b>                 | <b>193.30</b>                |

**Note 16 Other income**

**Particulars**

Interest income  
- on Fixed deposits  
- on financial instruments measured at amortised cost  
- other interest  
Income from lease rental  
Profit on sale of fixed assets (net)  
Liabilities/provision no longer required written back  
Other non-operating income

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| 2.14                         | 2.06                         |
| 1.10                         | 0.67                         |
| 6.18                         | -                            |
| -                            | 7.74                         |
| 0.06                         | -                            |
| 0.35                         | 14.78                        |
| 0.14                         | 6.50                         |
| <b>9.97</b>                  | <b>31.75</b>                 |

**Note 17 Purchase of stock-in-trade**

**Particulars**

Technology equipments & accessories  
Educational products

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| -                            | 1.38                         |
| -                            | -                            |
| <b>-</b>                     | <b>1.38</b>                  |

**Note 18 Changes in inventories of stock-in-trade**

**Particulars**

**Opening -stock-in-trade (A)**

Technology Equipments  
Less: transfer to FA/Repair

**Closing -stock-in-trade (B)**

Technological Equipments

**Change in inventory (A-B)**

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| 2.72                         | 14.41                        |
| -                            | (2.01)                       |
| <b>2.72</b>                  | <b>12.40</b>                 |
| 2.46                         | 2.72                         |
| <b>2.46</b>                  | <b>2.72</b>                  |
| <b>0.26</b>                  | <b>9.68</b>                  |

**Note 19 Employee benefit expenses**

**Particulars**

**Employee benefit expenses**

Salaries wages and bonus  
Contribution to provident and other funds\*  
Gratuity expenses  
Staff welfare expenses

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| 63.63                        | 137.13                       |
| 4.92                         | 8.72                         |
| 0.93                         | 2.37                         |
| 0.47                         | 1.40                         |
| <b>69.95</b>                 | <b>149.62</b>                |

\* Contribution to provident and other funds comprise:

**Defined contribution plan**

Employer's contribution to provident fund (including admin charges)  
Employer's contribution to employee state insurance  
Employer's contribution to employee deposit linked insurance fund  
Employer's contribution to labour welfare fund

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| 3.92                         | 5.82                         |
| 0.86                         | 2.70                         |
| 0.14                         | 0.20                         |
| <b>4.92</b>                  | <b>8.72</b>                  |



**Educomp Solutions Limited**
**Notes to the Ind AS financial statements for the year ended March 31, 2020**

(All amount in Rs. million, unless otherwise stated)

**Note 20 Finance cost**
**Particulars**

 Interest expense on financial instruments measured at amortised cost  
 Interest expense (Refer note 12.4)  
 Interest on delay in payment of income taxes  
 Other borrowing costs

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| 35.30                        | 30.74                        |
| -                            | -                            |
| 0.04                         | 0.05                         |
| 1.09                         | 1.09                         |
| <b>36.43</b>                 | <b>31.88</b>                 |

**Note 21 Other expenses**
**Particulars**

 Lease Rent (refer note 33)  
 Rates and taxes  
 Travelling and conveyance  
 Recruitment and training  
 Legal and professional (refer note (i) below)  
 Communication  
 Printing and stationery  
 Project running/ implementation expenses  
 Repair and maintenance  
     -Building  
     -Machinery  
     -Others  
 Consumables /Spare parts  
 Power & Fuel  
 Advertisement, publicity and business promotion  
 Freight and forwarding  
 Sundry balances written off  
 Provision for doubtful security deposits  
 Provision for sundry advances  
 Provision for capital work in progress  
 Provision for doubtful debts  
 Foreign exchange loss (net)  
 Bad debts written off  
 Miscellaneous expenses

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| 8.65                         | 15.60                        |
| 2.51                         | 2.57                         |
| 3.37                         | 16.94                        |
| 0.03                         | 3.58                         |
| 45.35                        | 85.38                        |
| 17.36                        | 36.74                        |
| 0.27                         | 10.90                        |
| -                            | 15.65                        |
| 5.56                         | 11.58                        |
| 0.67                         | 10.23                        |
| 0.95                         | 6.01                         |
| 9.33                         | 112.46                       |
| 4.74                         | 8.76                         |
| 0.54                         | 4.69                         |
| 0.17                         | 1.05                         |
| 0.54                         | 0.03                         |
| 3.11                         | 0.75                         |
| -                            | 5.34                         |
| -                            | 20.00                        |
| 693.99                       | 115.26                       |
| 607.32                       | 427.16                       |
| -                            | -                            |
| 0.31                         | 2.11                         |
| <b>1,404.77</b>              | <b>912.79</b>                |

**(i) Legal & professional fees includes payment to auditors:**
**Payment to Auditors**
**As Auditors**

 -for Statutory audit  
 -for Consolidation  
 -For limited review

**for other services**

-Certification fee

for reimbursement of expenses

|             |             |
|-------------|-------------|
| 0.75        | 1.70        |
| 0.35        | 1.20        |
| -           | 1.18        |
| -           | -           |
| -           | 0.07        |
| <b>1.10</b> | <b>4.15</b> |



**Educomp Solutions Limited**

**Notes to the Ind AS financial statements for the year ended March 31, 2020**

(All amount in Rs. million, unless otherwise stated)

**Note 22 Exceptional items**

| Particulars                                                                           | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|---------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>Exceptional Items</b>                                                              |                              |                              |
| Provision for diminution in the value of long term investment (refer note 22.1 below) | 49.62                        | 55.63                        |
| Impairment loss on building (refer note 3.1)                                          | 27.42                        | -                            |
|                                                                                       | <b>77.04</b>                 | <b>55.63</b>                 |

22.1 During the current year the Company has carried out further assessment in the value of its investments and recorded the provision for impairment in investments of its associate:

(i) Little Millenium Education Private Limited amounting to Rs. 49.62 millions due to revised fair valuation.

During the previous year the Company has carried out assessment in the value of its investments and recorded the provision for impairment in investments of its subsidiaries and associate:

- (i) Educomp Professional Education Limited amounting to Rs. 26.80 millions due to operational losses;
- (ii) Educomp School Management Limited amounting to Rs. 0.03 millions due to operational losses;
- (iii) Vidya Mandir Classes Private Limited amounting to Rs. 28.80 millions due to operational losses;



**Educomp Solutions Limited****Notes to the Ind AS financial statements for the year ended March 31, 2020**

(All amount in Rs. million, unless otherwise stated)

**Note 23 Tax expense****(a) Tax expense****Current tax**

Current tax on the profits of the year

Total Current tax expense

Deferred tax expense

Total

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| -                            | -                            |
| -                            | -                            |
| -                            | -                            |
| -                            | -                            |

**(b) Significant estimates**

The Company has not recognised any deferred tax asset on deductible temporary differences, unused tax losses and unused tax credits as it is not probable that the Company will have sufficient future taxable profit which can be available against the available tax losses and unused tax credits.

**(c) During the year no amount of tax has been recognised directly into equity of the Company.**

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Notes to the Ind AS financial statements for the year ended March 31, 2020  
(All amount in Rs. million, unless otherwise stated)

## 24 Fair valuation measurements

| S.No. | Particulars                                                  | As at March 31, 2020 |          | As at March 31, 2019 |                  |                  |                  |
|-------|--------------------------------------------------------------|----------------------|----------|----------------------|------------------|------------------|------------------|
|       |                                                              | FVTPL                | FVTOCI   | Amortised cost       | FVTPL            | FVTOCI           | Amortised Cost   |
| 1     | <b>Financial assets</b>                                      |                      |          |                      |                  |                  |                  |
| 2     | Investments                                                  | 1,892.66             | -        | -                    | 121.72           | -                | 121.72           |
| 3     | Loans                                                        | -                    | -        | -                    | 28.70            | -                | 39.46            |
| 4     | Trade receivables                                            | -                    | -        | -                    | 1,462.85         | -                | 2,261.41         |
| 5     | Other financial assets                                       | -                    | -        | -                    | 30.73            | -                | 10.51            |
| 6     | Cash & Cash Equivalents                                      | -                    | -        | -                    | 143.21           | -                | 120.72           |
|       | Bank balances other than cash & cash equivalents             | -                    | -        | -                    | 28.00            | -                | 33.10            |
|       | <b>Total Financial Assets</b>                                | <b>1,892.66</b>      | <b>-</b> | <b>-</b>             | <b>1,815.21</b>  | <b>12,320.11</b> | <b>2,586.92</b>  |
|       | <b>Financial Liability</b>                                   |                      |          |                      |                  |                  |                  |
| 1     | Borrowings (including current maturities & interest accrued) | -                    | -        | -                    | 29,388.15        | -                | 28,759.96        |
| 2     | Trade & Other Payables                                       | -                    | -        | -                    | 1,374.64         | -                | 1,322.55         |
| 3     | Other financial Liabilities                                  | -                    | -        | -                    | 622.31           | -                | 621.46           |
|       | <b>Total Financial Liabilities</b>                           | <b>-</b>             | <b>-</b> | <b>-</b>             | <b>31,385.10</b> | <b>-</b>         | <b>30,703.97</b> |

- a) The carrying amounts of trade and other payables, working capital borrowings, current loans and cash equivalents are considered to be the same as their fair values, due to their short-term nature. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.
- b) The carrying amounts of trade receivables, loans, security deposits and investment in preference shares were calculated based on contractual cash flows, discounted using a current lending rate and the amortised values are considered to be the same as their fair values, as there is no change in the current and the previous year lending rates. These are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.
- c) The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.
- d) As all the financial instruments has been fair valued using amortised cost accounting considering the unobservable inputs as explained in the note b) and c) above therefore all the financial assets and financial liabilities would fall into level 3 in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk, own credit risk, contractual cash flows and lending rates.

## Note 24A

The company has valued the following investments in subsidiaries, associates and joint ventures at cost (less provision for diminution in value of investment), as per Ind AS 27.

|                                                                                              |                      |                      |
|----------------------------------------------------------------------------------------------|----------------------|----------------------|
| Investment in Equity shares (including equity component of compounded financial instruments) | As at March 31, 2020 | As at March 31, 2019 |
|                                                                                              | 695.40               | 814.22               |
| Investment in Preference shares                                                              | 117.81               | 48.61                |



**Note 25 FINANCIAL RISK MANAGEMENT**

**Risk management objectives and policies**

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarised in Note 24. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated by its board of directors through RP, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to volatile financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to, are described below:

**25.1 Market risk**

Market risk is the risk that changes in market prices will have an effect on Company's income or value of the financial assets and liabilities. The Company is exposed to various types of market risks which result from its operating and investing activities. The most significant financial risks to which the Company is exposed are described below:

**25.1(a) Foreign currency risk**

The Company is exposed to exchange rate fluctuations as it undertakes transaction in various currencies. Various operating and investing activities during the year, in currencies other than functional currency of the Company, resulted in foreign currency financial assets and liabilities as on each reporting date.

As the company is currently undergoing CIRP process (refer note 1(a)), Accordingly, a moratorium has been declared under section 14 of the Code. All the foreign currency liabilities have been crystallised into INR as on May 30, 2017. Accordingly, there is no foreign currency risk till the completion of CIRP.

The following table presents non-derivative instruments which are exposed to currency risk and are unhedged as at March 31, 2020 and March 31, 2019:

| Particulars              | Foreign currency  | As at<br>March 31, 2020 |          | As at<br>March 31, 2019 |          |
|--------------------------|-------------------|-------------------------|----------|-------------------------|----------|
|                          |                   | Foreign currency        | Amount   | Foreign currency        | Amount   |
| Trade payable            | US\$              | 12.87                   | 969.75   | 12.87                   | 891.44   |
|                          | Euro              | 0.01                    | 0.83     | 0.01                    | 0.78     |
| Trade receivable         | US\$              | 0.35                    | 26.00    | 0.35                    | 23.90    |
|                          | Canadian \$ (CAD) | 0.11                    | 5.83     | 0.11                    | 5.67     |
| Loans payable            | US\$              | 80.00                   | 6,279.25 | 80.00                   | 5,772.17 |
| Interest accrued and due | US\$              | 14.94                   | 1,119.00 | 14.94                   | 1,032.23 |

To mitigate the Company's exposure to foreign exchange risk, cash flows in foreign currencies are monitored and net cash flows are managed in accordance with Company's risk management policies. Generally, the Company's risk management procedures distinguish short term foreign currency cash flows (due within 6 months) from longer term cash flows (due after 6 months). Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no hedging activity is undertaken.

The following table gives the volatility in exchange rates for the respective reporting years for major currencies:

| Currencies | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------|------------------------------|------------------------------|
| INR/USD    | 6%                           | 7%                           |
| INR/EURO   | 8%                           | 8%                           |
| INR/CAD    | 7%                           | 9%                           |

These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis given in the table below is based on the Company's foreign currency financial instruments held at each reporting date.

**Sensitivity analysis for entities with foreign currency balances in INR**

The following tables illustrate the sensitivity of profit/loss and equity in regards to the Company's financial assets and financial liabilities and the movement of exchange rates of respective functional currencies' against INR, assuming 'all other things being equal'.

If the respective functional currencies had strengthened/weakened against the INR by the afore mentioned percentage of market volatility, then this would have had the following impact on profit/loss:

| March 31, 2020   | Profit and loss |               |           | Other Components of equity |           |
|------------------|-----------------|---------------|-----------|----------------------------|-----------|
|                  | Movement        | Strengthening | Weakening | Strengthening              | Weakening |
| USD Sensitivity  | 6%              | 123.76        | (123.76)  | 376.75                     | (376.75)  |
| EURO Sensitivity | 8%              | 0.07          | (0.07)    | -                          | -         |
| CAD Sensitivity  | 7%              | 0.41          | (0.41)    | -                          | -         |

| March 31, 2019   | Profit and loss |               |           | Other Components of equity |           |
|------------------|-----------------|---------------|-----------|----------------------------|-----------|
|                  | Movement        | Strengthening | Weakening | Strengthening              | Weakening |
| USD Sensitivity  | 7%              | 132.98        | (132.98)  | 404.05                     | (404.05)  |
| EURO Sensitivity | 8%              | 0.06          | (0.06)    | -                          | -         |
| CAD Sensitivity  | 9%              | 0.51          | (0.51)    | -                          | -         |



## 25.1(b) Price risk sensitivity

The Company does not have any financial asset or liability exposed to price risk as at reporting date.

## 25.1(c) Interest rate sensitivity

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company's policy is to minimise interest rate cash flow risk exposure on long-term financing. At March 31, 2020, the Company is exposed to changes in market interest rates majorly through ECB borrowings and borrowings restructured under MRA (refer note 12.1).

As the company is currently undergoing CIRP process (refer note 1(a)), Accordingly, a moratorium has been declared under section 14 of the Code. The debt liabilities have been crystallised as on May 30, 2017. Accordingly, there is no interest rate risk on the debt liabilities till the completion of CIRP.

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:  
The following table provides a break-up of the Company's fixed and floating rate borrowings:

|                                             | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------------------|-------------------------|-------------------------|
| Fixed-rate borrowings (Refer note below)    | 3,487.23                | 3,406.19                |
| Floating rate borrowings (Refer note below) | 22,557.02               | 22,129.85               |
| <b>Total borrowings</b>                     | <b>26,044.25</b>        | <b>25,536.04</b>        |

Note: The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

The following table illustrates the sensitivity of profit or loss and other components of equity to a reasonably possible change in interest rates of +/- 1% (March 31, 2017: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the LIBOR rate for each year, and the financial instruments held as at end of reporting year that are sensitive to changes in interest rates, all other variables held constant.

|                                            | Impact on profit and loss after tax |                                  |                                |                                  |
|--------------------------------------------|-------------------------------------|----------------------------------|--------------------------------|----------------------------------|
|                                            | Year ended March 31, 2020           |                                  | Year ended March 31, 2019      |                                  |
|                                            | Favourable change<br>of 100 bp      | Unfavourable<br>change of 100 bp | Favourable change<br>of 100 bp | Unfavourable change<br>of 100 bp |
| Loan amount                                | 22,557.02                           |                                  | 22,129.85                      |                                  |
| <b>Effect on profit and loss after tax</b> | 225.57                              | (225.57)                         | 221.30                         | (221.30)                         |

## 25.2 CREDIT RISK

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers, placing deposits etc. the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at different reporting dates.

The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties only.

In respect of trade and other receivables, the Company follows simplified approach that does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. However, the Company records full credit loss on the receivables for which the Company had filed litigation.

Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument.

The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Company estimates the following provision matrix at the reporting date.

| Default rate | 0-180 days | 180-365 days | more than 360 days |
|--------------|------------|--------------|--------------------|
|              | 6%         | 9%           | 38%                |

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

The credit risk for cash and cash equivalents and other financial instruments is considered negligible and no impairment has been recorded by the Company.



**Educomp Solutions Limited**  
**Notes to the Ind AS financial statements for the year ended March 31, 2020**  
(All amount in Rs. million, unless otherwise stated)

Reconciliation of loss allowance provision – Trade receivables

| Particulars                     | Amount    |
|---------------------------------|-----------|
| Loss allowance on 1 April 2018  | 13,726.60 |
| Changes in loss allowance       | 114.05    |
| Loss allowance on 1 April 2019  | 13,840.65 |
| Changes in loss allowance       | 693.98    |
| Loss allowance on 31 March 2020 | 14,534.63 |

**Significant estimates and judgements**

Impairment of financial assets

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**25.3 Liquidity risk**

Liquidity risk is the risk that the Company might not be able to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

As the company is currently undergoing CIRP (refer note 1(a)), the current liquidity risk management is therefore restricted to the management of current assets and liabilities and the day to day cash flows of the company.

As at end of reporting year, the Company's financial liabilities have contractual maturities\* as summarised below :

|                             | March 31, 2020   |              |             |               | Total            |
|-----------------------------|------------------|--------------|-------------|---------------|------------------|
|                             | Upto 1 year      | 1 to 3 years | 3 to 5 year | Above 5 years |                  |
| Borrowings                  | 25,429.60        | -            | -           | 614.65        | 26,044.25        |
| Trade payables              | 1,374.64         | -            | -           | -             | 1,374.64         |
| Other financial liabilities | 4,301.32         | -            | -           | -             | 4,301.32         |
| <b>Total</b>                | <b>31,105.56</b> | <b>-</b>     | <b>-</b>    | <b>614.65</b> | <b>31,720.21</b> |

|                             | March 31, 2019   |              |             |               | Total            |
|-----------------------------|------------------|--------------|-------------|---------------|------------------|
|                             | Upto 1 year      | 1 to 3 years | 3 to 5 year | Above 5 years |                  |
| Borrowings                  | 24,922.75        | -            | -           | 614.65        | 25,537.40        |
| Trade payables              | 1,322.55         | -            | -           | -             | 1,322.55         |
| Other financial liabilities | 4,214.83         | -            | -           | -             | 4,214.83         |
| <b>Total</b>                | <b>30,460.13</b> | <b>-</b>     | <b>-</b>    | <b>614.65</b> | <b>31,074.78</b> |

\*The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

Further Current maturities of long term loans have been reclassified from other financial liabilities to borrowings to reflect the maturity profile of borrowings in a better manner. Pursuant to delays in repayment of loan/interest payments and ongoing CIRP (refer note 1(a)), the future contractual interest payments has not been considered in above table.

The Company did not have access to any undrawn borrowing facilities at the end of the reporting period.



**Note 26 Capital management**

**(a) Risk Management**

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern as well as provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

In determining its capital structure, Company considers the robustness of future cash flows and to maintain an optimal structure to reduce the cost of capital.

The Company monitors gearing ratio i.e. Net debt in proportion to its overall financing structure, i.e. equity and debt. Equity comprises of all the components of equity (i.e. share capital, additional paid in capital, retained earnings etc.). Net debt comprises of total borrowings less cash and cash equivalents of the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount by issue of new shares or sell assets to reduce the debt. However, in view of certain adverse factors and liquidity problems faced by the Company, the net worth of the Company has been fully eroded and the Company is under going Corporate Insolvency Resolution Process (CIRP) and continues to operate as a going concern.

|                          | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------|----------------------|----------------------|
| Net debt                 | 25,565.93            | 25,045.87            |
| Equity                   | (29,019.48)          | (27,446.86)          |
| Net Debt to equity ratio | (0.88)               | (0.91)               |

**(i) Loan covenants**

Under the terms of the master restructuring agreement, the Company is required to comply with the following financial covenants:

-- Without the prior approval of CDR Lenders/Monitoring Institutions the Company shall not issue any debentures, raise any loans, deposits from public, issue equity or preference capital, change its capital structure or charge on its assets including its cashflow or give any guarantees save and except Permitted indebtedness.

-- Without the prior approval of CDR Lenders/Monitoring Institutions the Company shall not recognise or register any transfer of shares in the borrowers' capital made or to be made by Promoter, their friends or associates except as may be specified by the CDR Lenders.

As during the FY 2019-20, no such new debt or equity instruments were issued and holding % of promoter Mr. Shantanu Prakash is same as at March 31, 2019 and March 31, 2020 i.e. 36.19%.

The promoter has given interest free loan to the Company for smooth functioning of its day to day operation which as per the terms of MIRA will be payable only after the payment of CDR loans.

For details of defaults in payment of principal and interest, refer note 12.3

**(b) Dividend**

The Company has not proposed any dividend for the current and previous year due to losses.



Note 27 Segment Reporting

- (i) The powers of board of directors of the Company stand suspended due to CIRP and such powers now vest with the RP who assesses the financial performance and position of the Company, and makes strategic decisions. The RP has been identified as being the chief operating decision maker. The Management has determined followings :-
- Higher Learning Solutions (HLS) comprising of vocational, higher education and professional development.
  - School Learning Solutions (SLS) comprising of Smart Class & Edureach (IC) business.
  - K-12 Schools comprising preschools & high schools.
  - Online, Supplemental & Global business (OSG) comprising of internet based educational services and coaching.
- Revenue and expenses directly attributable to segments are reported under each reportable segment. All other expenses, which are not attributable or allocable to segments, have been disclosed under the head "unallocable".
- Assets and liabilities that are directly attributable to segments are disclosed under respective reportable segment. All other assets and liabilities are disclosed under the head "unallocable".
- The chief operating decision maker primarily uses revenue to assess the performance of the operating segments. However, the chief operating decision maker also receives information about the segment assets on a monthly basis.

a) Business segment information

(i) Segment Capital Expenditure

|             | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|-------------|--------------------------------------|--------------------------------------|
| HLS         | -                                    | -                                    |
| SLS         | -                                    | -                                    |
| K-12        | -                                    | -                                    |
| OSG         | -                                    | -                                    |
| Unallocated | 0.77                                 | 0.02                                 |
|             | <u>0.77</u>                          | <u>0.02</u>                          |

(ii) Segment depreciation

|             | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|-------------|--------------------------------------|--------------------------------------|
| HLS         | -                                    | -                                    |
| SLS         | 27.54                                | 109.19                               |
| K-12        | -                                    | -                                    |
| OSG         | -                                    | -                                    |
| Unallocated | 4.27                                 | 5.17                                 |
|             | <u>31.81</u>                         | <u>114.36</u>                        |

(iii) Material Non-Cash Items

|             | As at March 31, 2020 | As at March 31, 2019 |
|-------------|----------------------|----------------------|
| HLS         | -                    | -                    |
| SLS         | 684.94               | 138.85               |
| K-12        | -                    | -                    |
| OSG         | 9.04                 | -                    |
| Unallocable | 53.73                | 4.28                 |
|             | <u>747.71</u>        | <u>143.13</u>        |

(iv) Segment Revenue & Expenses (External)

|                               | For the year ended March 31, 2020 |               |                   | For the year ended March 31, 2019 |               |                   |
|-------------------------------|-----------------------------------|---------------|-------------------|-----------------------------------|---------------|-------------------|
|                               | Revenue                           | Expenses      | Results           | Revenue                           | Expenses      | Results           |
| HLS                           | -                                 | -             | -                 | -                                 | -             | -                 |
| SLS                           | 96.55                             | 808.90        | (712.35)          | 192.03                            | 583.75        | (391.72)          |
| K-12                          | -                                 | -             | -                 | -                                 | -             | -                 |
| OSG                           | 0.06                              | 9.04          | (8.98)            | 1.27                              | 1.47          | (0.20)            |
|                               | <u>96.61</u>                      | <u>817.94</u> | <u>(721.33)</u>   | <u>193.30</u>                     | <u>585.22</u> | <u>(391.92)</u>   |
| Less: Unallocable Expenditure |                                   |               | 688.85            |                                   |               | 602.61            |
| Less: Finance cost            |                                   |               | 36.43             |                                   |               | 31.88             |
| Operating loss                |                                   |               | (1,446.61)        |                                   |               | (1,026.41)        |
| Other Income                  |                                   |               | 9.97              |                                   |               | 31.75             |
| Exceptional Items             |                                   |               | (77.04)           |                                   |               | (55.63)           |
| Loss before tax               |                                   |               | (1,513.68)        |                                   |               | (1,050.29)        |
| Less: Tax expense             |                                   |               |                   |                                   |               |                   |
| Net Profit/ (Loss)            |                                   |               | <u>(1,513.68)</u> |                                   |               | <u>(1,050.29)</u> |



(v) Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

|                                              | As at March 31, 2020 | As at March 31, 2019 |
|----------------------------------------------|----------------------|----------------------|
| <b>Segment assets</b>                        |                      |                      |
| HLS                                          | 0.03                 | 2.10                 |
| SLS                                          | 1,499.19             | 2,274.58             |
| K-12                                         | -                    | 0.58                 |
| OSG                                          | 61.67                | 116.56               |
| <b>Total Segment assets</b>                  | <b>1,560.89</b>      | <b>2,393.82</b>      |
| Unallocated corporate assets                 | 302.87               | 355.52               |
| Investments                                  | 813.21               | 862.83               |
| <b>Total assets as per the balance sheet</b> | <b>2,676.97</b>      | <b>3,612.17</b>      |

(vi) Segment liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operation of the segment.

|                                                   | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------------------------------|----------------------|----------------------|
| HLS                                               | 0.01                 | 0.01                 |
| SLS                                               | 1,235.71             | 1,230.50             |
| K-12                                              | 110.95               | 110.95               |
| OSG                                               | 43.74                | 44.19                |
| <b>Total Segment liabilities</b>                  | <b>1,390.41</b>      | <b>1,385.65</b>      |
| Unallocated corporate liabilities                 | 4,596.90             | 4,506.79             |
| Current Borrowings                                | 1,204.60             | 1,203.47             |
| Non-Current Borrowings                            | 24,504.54            | 23,963.12            |
| <b>Total liabilities as per the balance sheet</b> | <b>31,696.45</b>     | <b>31,059.03</b>     |

(b) Geographical Segments

|                            | For year ended<br>March 31, 2020 | For year ended<br>March 31, 2019 |
|----------------------------|----------------------------------|----------------------------------|
| <b>Revenue</b>             |                                  |                                  |
| India                      | 96.61                            | 193.30                           |
| Outside India              | -                                | -                                |
|                            | <b>96.61</b>                     | <b>193.30</b>                    |
| <b>Capital Expenditure</b> |                                  |                                  |
| India                      | 0.77                             | 0.02                             |
| Outside India              | -                                | -                                |
|                            | <b>0.77</b>                      | <b>0.02</b>                      |
| <b>Non-current Assets</b>  |                                  |                                  |
| India                      | 117.78                           | 225.96                           |
| Outside India              | -                                | -                                |
|                            | <b>117.78</b>                    | <b>225.96</b>                    |



## Note 28 Related party transactions

## (a) List of related parties and relationships:

## Subsidiary Companies (Direct and Indirect Holding)

## S. No. Name of Related Party

## Direct Subsidiary

- 1 Wheatstone Productions Private Limited
- 2 Edumatics Corporation Inc., USA
- 3 Educomp Learning Private Limited.
- 4 Educomp Infrastructure & School Management Limited (EISML)\*
- 5 Educomp School Management Limited.
- 6 Educomp Asia Pacific Pte. Ltd., Singapore (EAPL)\*\*
- 7 Vidya Mandir Classes Limited\*\*\*\*
- 8 Educomp Global Holding WLL
- 9 Educomp Global FZE.
- 10 Edu Smart Services Private Limited\*\*\*
- 11 Savvica Inc. Canada
- 12 Educomp Online Supplemental Service Limited (EOSSL)
- 13 Educomp Intelliprop Ventures Pte. Ltd., Singapore
- 14 Educomp Investment Management Limited
- 15 Educomp Professional Education Limited

## Indirect Subsidiary

## Subsidiary of EISML

- 16 Educomp Infrastructure Services Private Limited\*
- 17 Educomp APAC Services Ltd., BVI\*
- 18 Palcate Builders Private Limited\*
- 19 Newzone Infrastructure Private Limited\*
- 20 Rockstrong Infratech Private Limited\*
- 21 Reverie Infratech Private Limited\*
- 22 Herold Infra Private Limited\*
- 23 Growzone Infrastructure Private Limited\*
- 24 Hidream Constructions Private Limited\*
- 25 Leading Edge Infratech Private Limited\*
- 26 Strotech Infrastructure Private Limited\*
- 27 Markus Infrastructure Private Limited\*
- 28 Orlando Builders Private Limited\*
- 29 Crosshome Developers Private Limited\*
- 30 Good Luck Structure Private Limited\*
- 31 Evergreen Realtech Private Limited\*
- 32 Zeta Buildcon Private Limited\*
- 33 Onega Infrastructure Private Limited\*
- 34 Grider Infratech Private Limited\*
- 35 Boston Realtech Private Limited\*
- 36 Modzex Infrastructure Private Limited\*
- 37 Virtual Buildtech Private Limited\*
- 38 Laservision Estates Private Limited\*
- 39 Knowledge Vistas Limited\*
- 40 Learning Internet Inc., U.S.A. (Subsidiary of EAPL)\*
- 41 Educomp Learning Hour Private Limited (Subsidiary of EOSSL)\*
- 42 Educomp Software Limited (Subsidiary of EOSSL)

\* ceased to be a subsidiary due to loss of control as per Ind AS 110. Also refer note 6.1.4

\*\* ceased to be a subsidiary due to loss of control as per Ind AS 110. Also refer note 6.1.7

\*\*\* ceased to be a subsidiary due to loss of control as per Ind AS 110. Also refer note 6.1.5A

\*\*\*\* ceased to be a subsidiary w.e.f September 12, 2018.

## Associates

## S. No. Name of Related Party

- 1 Greycells18 Media Limited - (ceased to be a associates w.e.f FY 19)
- 2 Little Millenium Education Private Limited

## Joint Venture of Direct Subsidiary

## S. No. Name of Related Party

- 1 Educomp Raffles Higher Education Limited\*

\* ceased to be joint venture due to loss of control as per Ind AS 110

## Key Managerial Personnel (KMP) with whom transactions incurred during the year

## S. No. Name of Related Party

- 1 Mr. Shantanu Prakash
- 2 Mr. V. K. Dandona



**Educomp Solutions Limited**

**Notes to the Ind AS financial statements for the year ended March 31, 2020**

(All amount in Rs. million, unless otherwise stated)

**Resolution Professional (RP)**

**S. No. Name of Related Party**

- 1 Mr. Mahender Kumar Khandelwal (w.e.f. September 12, 2017)

**Enterprises owned or significantly influenced by KMP or their relatives with whom transactions incurred during the year**

**S. No. Name of Related Party**

- 1 Learning Leadership Foundation  
2 India Education fund  
3 Unnati Educational Trust  
4 League India Education Foundation  
5 Shri Hare Educational trust  
6 Siya Ram Educational trust  
7 Sri Vasudev Educational Trust  
8 Vigyan Education Trust

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(b) Transactions with related parties during the year:

(i) Subsidiaries

|                                          |  |
|------------------------------------------|--|
| Revenues (net of sales return)           |  |
| Provision for doubtful debts (Note 28.1) |  |

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| 1.36                         | -                            |
| 1.36                         | -                            |

(ii) Associates

|                                          |  |
|------------------------------------------|--|
| Provision for doubtful debts (Note 28.1) |  |
|------------------------------------------|--|

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| 0.26                         | -                            |
| 0.26                         | -                            |

(iii) Key Management Personnel

|                              |  |
|------------------------------|--|
| Professional fees paid to RP |  |
|------------------------------|--|

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| 3.60                         | 3.60                         |
| 3.60                         | 3.60                         |

(iv) Parties having significant Influence

|                                          |  |
|------------------------------------------|--|
| Provision for doubtful debts (Note 28.1) |  |
| Expenses paid for services (Note 28.2)   |  |

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| 9.18                         | -                            |
| -                            | 40.01                        |
| 9.18                         | 40.01                        |

Notes

28.1 Provision for doubtful debts

|                                              |      |   |
|----------------------------------------------|------|---|
| Educomp School Management Limited            | 0.31 | - |
| Educomp Learning Private Limited             | 0.14 | - |
| Educomp Online Supplemental Services Limited | 0.90 | - |
| Educomp software Limited                     | 0.01 | - |
| Little Millenium Education Private Limited   | 0.26 | - |
| Learning Leadership Foundation               | 0.14 | - |
| League India Education Foundation            | 9.04 | - |

28.2 Expenses paid for services

|                          |   |       |
|--------------------------|---|-------|
| Unnati Educational Trust | - | 40.01 |
|--------------------------|---|-------|

(c) Details of balances outstanding with related parties at the year end:

(i) Subsidiaries

|                                                                                                         |           |           |
|---------------------------------------------------------------------------------------------------------|-----------|-----------|
| Investment (including debt and equity portions of compounded financial instruments) (refer foot note 1) | 701.73    | 701.73    |
| Trade receivables (refer foot note 2)                                                                   | -         | 1.36      |
| Loans and advances and other current assets (refer foot note 3&4)                                       | -         | -         |
| Advance received from Customers                                                                         | 58.73     | 58.73     |
| Corporate guarantees (refer note 29)                                                                    | 13,204.41 | 13,076.60 |
|                                                                                                         | 13,964.87 | 13,838.42 |

|                                             |          |          |
|---------------------------------------------|----------|----------|
| 1 net of provision for impairment           | 3,391.33 | 3,391.33 |
| 2 net of provision for expected credit loss | 7.19     | 5.67     |
| 3 net of provision for impairment           | 102.21   | 102.21   |
| 4 net of provision for impairment           | 3.72     | 3.72     |

(ii) Associates

|                                                                                                         |        |        |
|---------------------------------------------------------------------------------------------------------|--------|--------|
| Investment (including debt and equity portions of compounded financial instruments) (refer foot note 1) | 111.48 | 161.10 |
| Trade receivables (refer foot note 2)                                                                   | -      | 0.26   |
|                                                                                                         | 111.48 | 161.36 |

|                                             |       |   |
|---------------------------------------------|-------|---|
| 1 net of provision for impairment           | 49.62 | - |
| 2 net of provision for expected credit loss | 0.26  | - |

(iii) Key Management Personnel

|                                                                                        |        |        |
|----------------------------------------------------------------------------------------|--------|--------|
| Unsecured Loan (including debt and equity portion of compounded financial instruments) | 753.96 | 719.62 |
|                                                                                        | 753.96 | 719.62 |

(iv) Parties having significant Influence

|                                          |       |       |
|------------------------------------------|-------|-------|
| Trade receivables (refer foot note 1)    | -     | 9.18  |
| Advance received from Customers          | 0.97  | 0.97  |
| Trade and other payables                 | 69.66 | 71.19 |
| Other current assets (refer foot note 4) | -     | -     |
|                                          | 70.63 | 81.34 |

|                                             |      |      |
|---------------------------------------------|------|------|
| 1 net of provision for expected credit loss | 9.19 | 0.02 |
| 4 net of provision for impairment           | 0.10 | 0.10 |

(d) Terms and conditions

(i) All outstanding balances are unsecured and repayable/ recoverable on demand.

(ii) The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables, other than disclosed.



## 29 Contingent Liabilities

29.1 The below mentioned details is based on the status till the date of commencement of CIRP under Insolvency and Bankruptcy Code 2016, i.e. May 30, 2017. Consequently, NCLT has declared the moratorium period as per the provision of section 13 (1) (a) of the Code which is further extended to February 24, 2018 via CoC meeting dated November 2, 2017. As the Resolution Plan is under consideration by Hon'ble NCLT therefore the moratorium period continue to be in effect till conclusion of the CIRP process. Refer Note 1(c) for further details.

29.2 The Company has contingent Liabilities at March 31, 2020 in respect of:

|                                                                                                                                           | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| (i) Guarantees excluding financial guarantees (refer note 29.3 & 29.4 below)                                                              |                         |                         |
| a) Corporate guarantee given to bank for secured loan and debenture on behalf of erstwhile subsidiaries                                   |                         |                         |
| (a-i) Educomp Infrastructure & School Management Limited                                                                                  | 9,371.69                | 9,371.69                |
| (a-ii) Edu Smart Services Private Limited*                                                                                                | 2,250.00                | 2,250.00                |
| (a-iii) Educomp Asia Pacific Pte Ltd. - Singapore**                                                                                       | 1,582.72                | 1,454.91                |
|                                                                                                                                           | <b>13,204.41</b>        | <b>13,076.60</b>        |
| * Includes Rs. 530.96 million for which claims have been admitted by the RP but not recorded in the books of the company.                 |                         |                         |
| ** Includes Rs. 1128.24 million for which claims have been admitted by the RP but not recorded in the books of the company.               |                         |                         |
| (ii) The Company is subject to legal proceedings and claims, estimated contingent liability in relation to these Legal cases is as under: |                         |                         |
| - Civil Cases                                                                                                                             | 41.48                   | 86.81                   |
| - Consumer/labour related cases                                                                                                           | 77.71                   | 98.59                   |
|                                                                                                                                           | <b>119.19</b>           | <b>185.40</b>           |

29.3 The loan outstanding to banks against the corporate guarantee as on March 31, 2020 was Rs. 8,225.52 million (March 31, 2019 Rs. 8,735.97 million).

29.4 The timing of future outflows in respect of the above will depend on crystallization and demand made by bank.

## Note 30. Commitments

### Capital commitments

Capital expenditure contracted but remaining to be executed at the end of the reporting period is as follows :

|                                                            | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|------------------------------------------------------------|-------------------------|-------------------------|
| Uncalled Liability on partly paid shares (net of advances) | 400.41                  | 400.41                  |
| <b>Total</b>                                               | <b>400.41</b>           | <b>400.41</b>           |

## Note 31. Share based payment

### (a) Employee option plan

The Company has certain stock option schemes which provide equity shares to employees and directors (excluding promoter director) of the Company. All the cost including the cost relating to the options granted to employees of subsidiary companies are borne by the Company. Employee stock options are convertible into equity shares in accordance with the respective employees' stock option scheme. The option vesting period is maximum ten years from the date of grant of option to employees at an exercise price approved by the remuneration committee. The exercise period is one year from the end of last vesting date of respective grants. There are no conditions for vesting other than continued employment/ directorship with the Company or its subsidiaries. There has been no cancellation or modification to any of the schemes during the year.

#### Employee Stock Option Scheme 2006

Pursuant to shareholder's resolution dated August 24, 2006, the Company had introduced "Educomp Employees Stock Option Scheme 2006" which provides for the issue of 3,125,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2020 the Company had Nil (March 31, 2019: Nil) number of shares outstanding for issue under the scheme.

#### Employee Stock Option Scheme 2007

Pursuant to shareholder's resolution dated September 13, 2007, the Company had introduced "Educomp Employees Stock Option Scheme 2007" which provides for the issue of 1,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2020 the Company had Nil (March 31, 2019: Nil) number of shares outstanding for issue under the scheme.



**Educomp Solutions Limited**

**Notes to the Ind AS financial statements for the year ended March 31, 2020**

(All amount in Rs. million, unless otherwise stated)

**Employee Stock Option Scheme 2008**

Pursuant to shareholder's resolution dated November 25, 2008, the Company had introduced "Educomp Employees Stock Option Scheme 2008" which provides for the issue of 1,250,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2020 the Company had Nil (March 31, 2019: Nil) number of shares outstanding for issue under the scheme.

**Employees Stock Option Scheme 2010**

Pursuant to shareholder's resolution dated 18 March 2010, the Company had introduced "Educomp Employees Stock Option Scheme 2010" which provides for the issue of 1,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2020 the Company had Nil (March 31, 2019: Nil) number of shares outstanding for issue under the scheme.

**Employees Stock Option Scheme 2011**

Pursuant to shareholder's resolution dated July 26, 2011, the Company had introduced "Educomp Employees Stock Option Scheme 2011" which provides for the issue of 1,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2020 the Company had Nil (March 31, 2019: Nil) number of shares outstanding for issue under the scheme.

**Employees Stock Option Scheme 2012**

Pursuant to shareholder's resolution dated July 16, 2012, the Company had introduced "Educomp Employees Stock Option Scheme 2012" which provides for the issue of 3,500,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 10 years from the date of respective grants. As at March 31, 2020 the Company had Nil (March 31, 2019: Nil) number of shares outstanding for issue under the scheme.

**Employees Stock Option Scheme 2014**

Pursuant to shareholder's resolution dated August 11, 2014, the Company had introduced "Educomp Employees Stock Option Scheme 2014" which provides for the issue of 5,000,000 equity shares to employees of the Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 10 years from the date of respective grants. As at March 31, 2020 the Company had Nil (March 31, 2019: Nil) number of shares outstanding for issue under the scheme.

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**Educomp Solutions Limited**  
**Notes to the Ind AS financial statements for the year ended March 31, 2020**  
 (All amount in Rs. million, unless otherwise stated)

(b) The information concerning stock options granted, exercised, forfeited and outstanding at the year end is as follows:

| Particulars                                             | As at March 31, 2020 |                              | As at March 31, 2019 |                              |
|---------------------------------------------------------|----------------------|------------------------------|----------------------|------------------------------|
|                                                         | No. of stock options | Weighted average price (Rs.) | No. of stock options | Weighted average price (Rs.) |
| <b>Employee Stock Option Scheme 2006</b>                |                      |                              |                      |                              |
| No. of shares under option                              |                      |                              |                      |                              |
| Outstanding at the beginning of the year                | -                    | -                            | -                    | -                            |
| Granted                                                 | -                    | -                            | -                    | -                            |
| Exercised                                               | -                    | -                            | -                    | -                            |
| Forfeited/expired during the year                       | -                    | -                            | -                    | -                            |
| Outstanding at the end of year                          | -                    | -                            | -                    | -                            |
| Weighted average remaining contractual life (in years)  | Nil                  |                              | Nil                  |                              |
| Payment received against share allotted during the year | Nil                  |                              | Nil                  |                              |
| <b>Employee Stock Option Scheme 2007</b>                |                      |                              |                      |                              |
| No. of shares under option                              |                      |                              |                      |                              |
| Outstanding at the beginning of the year                | -                    | -                            | 2,00,000             | 24.75                        |
| Granted                                                 | -                    | -                            | -                    | -                            |
| Exercised                                               | -                    | -                            | -                    | -                            |
| Forfeited/expired during the year                       | -                    | -                            | -                    | -                            |
| Outstanding at the end of year                          | -                    | -                            | 2,00,000             | 24.75                        |
| Weighted average remaining contractual life (in years)  | Nil                  |                              | Nil                  |                              |
| Payment received against share allotted during the year | Nil                  |                              | Nil                  |                              |
| <b>Employee Stock Option Scheme 2008</b>                |                      |                              |                      |                              |
| No. of shares under option                              |                      |                              |                      |                              |
| Outstanding at the beginning of the year                | -                    | -                            | -                    | -                            |
| Granted                                                 | -                    | -                            | -                    | -                            |
| Exercised                                               | -                    | -                            | -                    | -                            |
| Forfeited/expired during the year                       | -                    | -                            | -                    | -                            |
| Outstanding at the end of year                          | -                    | -                            | -                    | -                            |
| Weighted average remaining contractual life (in years)  | Nil                  |                              | Nil                  |                              |
| Payment received against share allotted during the year | Nil                  |                              | Nil                  |                              |
| <b>Employee Stock Option Scheme 2010</b>                |                      |                              |                      |                              |
| No. of shares under option                              |                      |                              |                      |                              |
| Outstanding at the beginning of the year                | -                    | -                            | -                    | -                            |
| Granted                                                 | -                    | -                            | -                    | -                            |
| Exercised                                               | -                    | -                            | -                    | -                            |
| Forfeited/expired during the year                       | -                    | -                            | -                    | -                            |
| Outstanding at the end of year                          | -                    | -                            | -                    | -                            |
| Weighted average remaining contractual life (in years)  | Nil                  |                              | Nil                  |                              |
| Payment received against share allotted during the year | Nil                  |                              | Nil                  |                              |
| <b>Employee Stock Option Scheme 2011</b>                |                      |                              |                      |                              |
| No. of shares under option                              |                      |                              |                      |                              |
| Outstanding at the beginning of the year                | -                    | -                            | -                    | -                            |
| Granted                                                 | -                    | -                            | -                    | -                            |
| Exercised                                               | -                    | -                            | -                    | -                            |
| Forfeited/expired during the year                       | -                    | -                            | -                    | -                            |
| Outstanding at the end of year                          | -                    | -                            | -                    | -                            |
| Weighted average remaining contractual life (in years)  | Nil                  |                              | Nil                  |                              |
| Payment received against share allotted during the year | Nil                  |                              | Nil                  |                              |



| Particulars                                             | As at March 31, 2020 |                              | As at March 31, 2019 |                              |
|---------------------------------------------------------|----------------------|------------------------------|----------------------|------------------------------|
|                                                         | No. of stock options | Weighted average price (Rs.) | No. of stock options | Weighted average price (Rs.) |
| <b>Employee Stock Option Scheme 2012</b>                |                      |                              |                      |                              |
| No. of shares under option                              |                      |                              |                      |                              |
| Outstanding at the beginning of the year                | -                    | -                            | 10,000               | 19.10                        |
| Granted                                                 | -                    | -                            | -                    | -                            |
| Exercised                                               | -                    | -                            | -                    | -                            |
| Forfeited/expired during the year                       | -                    | -                            | -                    | -                            |
| Outstanding at the end of year                          | -                    | -                            | 10,000               | 19.10                        |
| Weighted average remaining contractual life (in years)  | -                    | -                            | -                    | -                            |
| Payment received against share allotted during the year | -                    | -                            | -                    | -                            |
| <b>Employee Stock Option Scheme 2014</b>                |                      |                              |                      |                              |
| No. of shares under option                              |                      |                              |                      |                              |
| Outstanding at the beginning of the year                | -                    | -                            | 3,00,000             | 23.50                        |
| Granted                                                 | -                    | -                            | -                    | -                            |
| Exercised                                               | -                    | -                            | -                    | -                            |
| Forfeited/expired during the year                       | -                    | -                            | -                    | -                            |
| Outstanding at the end of year                          | -                    | -                            | 3,00,000             | 23.50                        |
| Weighted average remaining contractual life (in years)  | -                    | -                            | -                    | -                            |
| Payment received against share allotted during the year | -                    | -                            | -                    | -                            |

Share options outstanding at the end of the year have the following expiry date and exercise prices:

| Grant Date   | Expiry Date | Exercise Price (INR) | Share options outstanding as at March 31, 2020 | Share options outstanding as at March 31, 2019 |
|--------------|-------------|----------------------|------------------------------------------------|------------------------------------------------|
| 13-Aug-13    | 11-Aug-20   | 19.10                | -                                              | -                                              |
| 31-Mar-14    | 30-Mar-19   | 24.75                | -                                              | -                                              |
| 13-Feb-15    | 12-Feb-20   | 23.50                | -                                              | -                                              |
| <b>Total</b> |             |                      | -                                              | -                                              |

**Fair value of options granted**

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The Company has not granted any options during the year ended March 31, 2020 and March 31, 2019.

**(c) Expense arising from share-based payment transactions**

Total expenses arising from share-based payment transactions recognised in the statement of profit or loss as part of employee benefit expense were as follows:

|                                      | March 31, 2020 | March 31, 2019 |
|--------------------------------------|----------------|----------------|
| Employee share-based payment expense | -              | -              |



Educomp Solutions Limited  
Notes to the Ind AS financial statements for the year ended March 31, 2020  
(All amount in Rs. million, unless otherwise stated)  
**Note 32 Loss per share (EPS)**

| Particulars                                         | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|-----------------------------------------------------|------------------------------|------------------------------|
| <b>Net loss attributable to equity shareholders</b> |                              |                              |
| Loss after tax (before other comprehensive income)  | (1,513.68)                   | (1,050.29)                   |
| Nominal value of equity share (Rs.)                 | 2                            | 2                            |
| No of shares as at end of the year                  | 12,24,67,168                 | 12,24,67,168                 |
| No. of weighted average equity shares               | 12,24,67,168                 | 12,24,67,168                 |
| Loss per share Basic/ diluted                       | (12.36)                      | (8.58)                       |

\*The Company is having potential equity shares as mentioned in note 10.g . However, since these are anti- dilutive, the same are not considered for calculation of dilutive EPS. Consequently, the basic and diluted EPS of the Company remain the same.

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# Educomp Solutions Limited

Notes to the Ind AS financial statements for the year ended March 31, 2020  
(All amount in Rs. million, unless otherwise stated)

## Note 33. Leases

### Operating lease (the Company as a lessee)

- a) Assets taken on lease
- i) General description of lease terms:
- Assets are taken on lease over a period of one to five years.
  - Lease rentals are charged on the basis of agreed terms over the lease term.
  - There are no restrictions imposed by the lessor.
  - There are scheduled escalations.

ii) The Company has taken office space and technology equipment under non-cancellable operating lease. The lease rental expense recognized in the Statement of Profit and Loss for the year in respect of such leases is Rs. 8.65 million (March 31, 2019 Rs. 15.60 million). The future minimum lease rent payable (minimum lease payments) under non-cancellable operating leases are as follows:

|                                                   | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------------------------------|----------------------|----------------------|
| Within one year                                   |                      |                      |
| Later than one year but not later than five years | -                    | 2.00                 |
| Later than five years                             | -                    | -                    |
| Total                                             | -                    | 2.00                 |

### ii) Assets given on lease

- i) General description of lease terms:
- Assets are given on lease over a period of one to three years
  - Lease rentals are charged on the basis of agreed terms.
  - The lease are renewable after expiry of agreement period.
  - There are no escalations as per the lease agreement.

ii) The Company has given office space on lease. The primary use of these office spaces are only for business purpose and there is no intention of the Company to earn rentals for long period of time. Other income includes income from operating lease of Rs. Nil (March 31, 2019 Rs. 7.74 million). The future minimum lease payment expected to be received are as follows:

|                                                   | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------------------------------|----------------------|----------------------|
| Assets given on lease                             |                      |                      |
| Within one year                                   | -                    | -                    |
| Later than one year but not later than five years | -                    | -                    |
| Later than five years                             | -                    | -                    |
| Total                                             | -                    | -                    |

## Note 34 Amounts due to suppliers registered under Micro, Small and Medium Enterprise Development Act, 2006:

### Particulars

The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year included in trade payables and other current financial liabilities \*

|                                                             | As at March 31, 2020 | As at March 31, 2019 |
|-------------------------------------------------------------|----------------------|----------------------|
| Principal amount due to micro, small and medium enterprises | 10.02                | 10.07                |
| Interest due on above                                       | 5.62                 | 5.62                 |

The amount of interest paid by the buyer in terms of Section 16 of the MSMED ACT 2006 along with the amounts of the payment made to the supplier beyond appointed day.

The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under the MSMED Act, 2006.

The amount of interest accrued and remaining unpaid at the end of each accounting year.

The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible under Section 23 of the MSMED Act 2006.



These liabilities pertain to the pre CIRP period and will be settled in accordance with the provisions of Insolvency and Bankruptcy Code, 2016. Hence no further provision of interest has been made for the unpaid

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**Note 35.** 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, was 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 had filed an 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.

Since the Company had not received any response from the Central Government approving or granting any waiver for the said excess remuneration, pursuant to the provisions of Section 197(9) of the Companies Act, 2013, the Company (through its resolution professional) has sought a refund via email dated December 28, 2020, for the entire excess remuneration paid. The amount is however, yet to be refunded by the Whole Time Director.

**Note 36.** The Company could not hold the Annual General Meeting, and lay the financial statements for the year ended 31 March 2020 before the shareholders within the stipulated time due to delay in compiling information for preparation of the financial statements and completion of audit and accordingly could not ensure prescribed compliance under the provisions of sections 92, 96, 129(2) and 137 of the Companies Act. The company now proposes to immediately hold the Annual General Meeting and lay the audited financial statements before the shareholders and initiate appropriate steps to ensure due compliances as required under Act.

**Note 37.** The Company has filed a legal case against one former employee for recovery of certain damages amounting to Rs. 15 million arising from stealing of Company's intellectual property right. The Company is hopeful of favourable outcome of such proceedings/case. However, the amount likely to be realized on settlement of such proceedings/case is currently not ascertainable realistically. The Company does not expect any adverse impact on the financial position as a consequence of these proceedings/case. The Company has recorded all expenses pertaining to legal & professional charges in respect of all such proceedings/case.

**Note 38.** In accordance with the provisions of the Insolvency and Bankruptcy Code (Insolvency Code), public announcement was made for submission of proof of claims against the Company from financial creditors, operational creditors and employees and workmen. As per the Insolvency and Bankruptcy Code, the Resolution Professional (RP) has to receive, collate and admit all the claims submitted against the Company. Such claims can be submitted to the RP during the Corporate Insolvency Resolution Process (CIRP), till the approval of a resolution plan by Committee of Creditors (CoC).

The following claims have been filed against the Company by its creditors (financial and operational), workmen and employees, and taken into cognizance by the committee of the creditors in its meeting dated February 17, 2018:

|                         | Claimed Amount   | Admitted Amount  | Not Admitted  |
|-------------------------|------------------|------------------|---------------|
| Creditors (financial)   | 31,080.89        | 30,242.66        | 838.23        |
| Creditors (operational) | 219.84           | 164.13           | 55.71         |
| Workmen and employees   | 77.40            | 30.93            | 46.47         |
|                         | <b>31,378.13</b> | <b>30,437.72</b> | <b>940.41</b> |

A reconciliation of the claims admitted viz-a-viz liabilities outstanding in the books of accounts is yet to be prepared.

**Note 39.** The Company is currently subjected to the investigations by Serious Fraud Investigation Office (SFIO) and the Central Bureau of Investigation (CBI). Certain information have been requested by them from the Company and the investigations are currently underway. The Company is yet to get any orders or directions in this respect from the said Authorities till the date of signing these standalone Ind AS Financial Statements.

**Note 40.** The Company has not carried out any internal audit during the year as required under sections 138 of the Act.

**Note 41.** The Company did not have a full time company secretary during the financial year 2019-20. Consequently, these standalone Ind AS Financial Statements could not be authenticated by a company secretary ensuring compliance with all applicable provisions of the Companies Act, 2013.

**Note 42.** The Company did not have a Chief Financial Officer (CFO) during the financial year 2019-20 as required under section 203 of the Act. Consequently, these standalone Ind AS Financial Statements could not be authenticated by a CFO.

**Note 43.** The Company has not been in compliance with various other provisions of the Companies Act 2013, SEBI LODR Regulations, 2015 and Foreign Exchange Management Act, 1999.

**Note 44.** The previous year figures have been regrouped, rearranged or reclassified wherever necessary to conform to current year's classification.

As per our report of even date.

For Kumar Vijay Gupta & Co.

Chartered Accountants

ICAI Firm Registration No.: 007814N

Rajneesh Ghei

Partner

Membership No.: 086329

Place: New Delhi

Date: 12.01.2023



For and on behalf of Board of Directors

Educomp Solutions Limited

Mahender Kumar Khandelwal

Resolution Professional

Regn. No IBBI/1PA-001/1P-P00033/2016-17/10086

Place: New Delhi

Date: 12.01.2023



UDIN-23086329BGXTCI5586



**INDEPENDENT AUDITOR'S REPORT**

**To the Members of Educomp Solutions Limited**

**Report on the Audit of the Consolidated Ind AS Financial Statements**

**Adverse Opinion**

We have audited the accompanying consolidated Ind AS financial statements of Educomp Solutions Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated Ind AS financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us on separate Unaudited Ind AS financial statements and other financial information of the subsidiaries and associate, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the aforesaid consolidated Ind AS financial statements do not give the information required by the Companies Act, 2013 ("the Act") in the manner so required and also do not give a true and fair view in conformity with the accounting principles generally accepted in India including the Indian Accounting Standards ("Ind AS"), of the consolidated state of affairs of the Group and its associate as at March 31, 2020, their consolidated loss (including other comprehensive income), consolidated statement of changes in equity and their consolidated cash flows for the year ended on that date.

**Basis for Adverse Opinion**

1. As fully explained in Note 40A.2(ii) of the Consolidated Ind AS financial Statements, the Group Management, on the basis of their assessment, has concluded that the Group no longer controls 5 of the subsidiaries, incorporated outside India, namely Edumatics Corporation Inc. USA, Savicca Inc., Canada, Educomp IntelliProp Ventures Pte Ltd, Educomp Global Holding WLL, Bahrain and Educomp Global FZE and accordingly, has not consolidated financial statements of these subsidiaries as at and for the year ended March 31, 2020. We have not however, been provided with the management's assessment of loss of control in respect of these subsidiaries. In absence of such assessment, we are unable to comment on the appropriateness of the assessment of loss of control and consequential Impact of non-consolidation of financial statement of these 5 subsidiaries on the consolidated Ind AS Financial Statements, if any.
2. We draw attention to Note 40A.2 to the Consolidated Ind AS Financial Statements, which explains that as per Ind AS 110 "Consolidated Financial Statements", the Group was required to derecognise assets and liabilities of the subsidiaries on the date when the control was lost. As represented by the management of the Holding Company, since the financial statements of above 5 subsidiaries as on the date of loss of control are not prepared/available with the management, loss of control accounting has been done on the basis of last available unaudited financial statements i.e. for the year ended March 31, 2016 in respect of 1 subsidiary namely Savicca Inc., Canada; and based on the last available audited financial information i.e. for the year ended March 31, 2017 in respect of 4 subsidiaries namely Edumatics Corporation Inc. USA, Educomp IntelliProp Ventures Pte Ltd, Educomp Global Holding WLL- Bahrain and Educomp Global FZE. In absence of the financial statements on the date of loss of control, we are unable to comment upon any possible impact of the same on the consolidated statement of profit & loss for the year ended March 31, 2020 and on the consolidated financial position and the Equity as on that date.



3. We did not audit the Ind AS financial statements of 7 subsidiaries (Including one step down subsidiary company), whose Ind AS financial statements reflects total assets of Rs. 949.55 million and net assets of Rs. 643.25 million as at March 31, 2020, total revenues of Rs. 1.62 million and net cash outflow amounting to Rs. 0.74 million for the year ended on that date, as considered in the consolidated Ind AS financial statements. Management of holding company has provided Financial Statements of these 7 subsidiaries (Including 1 Step down subsidiary company) which are neither approved by management of these subsidiaries nor audited. In the absence of audited and approved financial statements, we are unable to comment on their correctness and completeness and whether any adjustment or disclosure is required in these Consolidated Ind AS Financial Statements. We also could not comment whether financial statements of these subsidiary companies (including one step down subsidiary) are in compliance with the Indian Accounting Standards as specified under section 133 of the Act read with relevant rules issued thereunder.
4. We draw attention to note 3.3 of the Consolidated Ind AS Financial Statements which states that financial statement of Educomp Professional Education Limited for March 31, 2020 includes an exceptional Item (Income) of Rs. 659.90 million credited to statement of Profit & Loss with corresponding increase in the land in the Balance Sheet. The management of the Holding Company could not provide any information or documentation in support of this transaction. In absence of sufficient and appropriate audit evidence, we are unable to comment upon the purposes and the appropriateness of such transaction and the resultant impact on the Consolidated Ind AS Financial Statements, if any.
5. Since the financial Statements of the subsidiary companies are neither approved by the management nor audited, hence in the absence of aforesaid we are unable to obtain the sufficient appropriate audit evidence as required under SA 600 "Using the work of another Auditor" with respect to scope and timing of their work on financial information and their findings, if any; and also, not able to ensure compliance of SA 560 "Subsequent events". Therefore, we are unable to comment whether this may lead to any possible adjustment or disclosure in these consolidated Ind AS Financial Statements had this procedure been performed.
6. The consolidated Ind AS Financial Statements for March 31, 2020 includes an exceptional item of Rs.43 million charged to the statement of Profit and Loss in which Rs.32 million pertain to ELPL on account of provision of Inventory and Trade Receivables and Rs.11 million pertain to EIML for Trade Receivables provided for. The management of the Holding Company could not provide any information or documentation in support of these transactions. In absence of sufficient and appropriate audit evidence, we are unable to comment upon the purposes and the appropriateness of such transaction and the resultant impact on the Consolidated Ind AS Financial Statements, if any.
7. We draw attention to Note 3.5 to the Consolidated Ind AS Financial Statements, which states that the Directorate of Enforcement vide its order dated March 28, 2022 has provisionally attached the land of EPEL measuring 23 acres and 18 guntas situated at district Ranga Reddy, Andhra Pradesh under the Prevention of Money Laundering Act, 2002, along with rent of Rs. 0.19 million and Rs. 2.12 million available in a Bank account and deposited with Delhi High Court respectively. The carrying value of the said land as at March 31, 2020 is revised to Rs. 891.10 million after revaluation (Increase) by Rs. 659.90 million. No adjustment has been made in these Consolidated Ind AS Financial Statement in respect of this provisional attachment made by the Directorate of Enforcement. As the further investigation is still under progress, we are unable to comment on the consequential impact of the said attachment on these consolidated Ind AS financial statements as at and for the year ended March 31, 2020.
8. The Financial statement of the Educomp Software Limited, a step-down Subsidiary, as considered in these Consolidated Ind AS Financial Statements (refer paragraph (b) of Other Matter below),



have been unaudited and furnished by the management of the Holding Company. On review of the aforesaid financial statements and enquiries with the Management of the Holding Company, we noted that the Subsidiary has a bank borrowing of Rs. 170.81 million outstanding for last several years, in respect of which the management of the Holding Company neither have any underlying documents like bank statement nor they provided any satisfactory explanation to us regarding completeness of this balance. In absence of that, we are unable to determine any possible impact thereof on the loss for the year ended March 31, 2020 and on the balance of borrowings and equity as at March 31, 2020.

9. We draw attention to Note 12, Inventories which include Rs. 17.79 million pertaining to Educomp School Management Ltd, in respect of which the management of the Holding Company neither have any underlying documents like physical verification report nor they provided any satisfactory explanation to us regarding completeness of this balance. In absence of that, we are unable to determine any possible impact thereof on the loss for the year ended March 31, 2020 and on the balance of inventory and on the equity as on that date.
10. As disclosed in Note 57 to the Consolidated Ind AS Financial Statements, the Educomp Solutions Limited, a step-down subsidiary didn't have any director on board and rest of the subsidiary Companies didn't have requisite number of directors on the board resulting in non-compliance with section 149 of the Companies Act 2013. Further the subsidiary companies are in non compliance with various other provisions of the Companies Act 2013 and other statutes. The financial or other impact of these non-compliances on these Consolidated Ind AS Financial Statements is presently not ascertainable.
11. We draw attention to note no. 6, The Holding Company did not perform an impairment assessment of its Knowledge Based Content (Other Intangible Assets) having a net block of Rs. 5.50 million (Gross block Rs. 831.85 million, net of accumulated amortization of Rs. 826.35 million) as at March 31, 2020. In absence of such assessment, we are unable to comment upon the appropriateness of the carrying amount of such asset as at March 31, 2020 and possible impact of the same on the carrying value of the asset and on the loss for the year ended on that date and on the equity as on that date.
12. As mentioned in Note 3.7 to the Consolidated Ind AS Financial Statements, the Management of the Holding Company did not conduct physical verification of property, plant and equipment at certain locations having a net carrying value of Rs. 7.14 million as at March 31, 2020. In absence of the same, we are unable to comment over existence, valuation and the extent of the adjustment, if any, required in respect of these assets as at March 31, 2020 and the resultant possible impact of the same on the loss for the year ended on that date and on the equity as on that date.
13. We draw attention to trade receivable at Note 13, which include trade receivable of the of Holding Company amounting to Rs. 1462.85 million (net of accumulated loss allowance of Rs. 14534.63 million) as on March 31, 2020, the management of the Holding Company is of the view that the same are good and fully recoverable in due course and hence no further loss allowance is required. Out of the above, trade receivables only to the extent of Rs. 162.84 million have subsequently been realized till March 31, 2022, being the date of subsequent realization testing for the purpose of audit of standalone financial statements. In absence of sufficient appropriate audit evidences including balance confirmations, correspondences from parties, we are unable to comment on the recoverability of balance outstanding trade receivables of Rs.1300.01 million and the possible impact of the same on the carrying value of trade receivables, loss for the year ended March 31, 2020 and, on the equity, as on that date.
14. As mentioned in Note 34.2 to the Consolidated Ind AS Financial Statements, the Group follows Expected Credit Loss (ECL) model for measuring impairment loss allowance of its trade receivables. The ECL allowance or loss rate is computed based on a provision matrix which takes



into account historical credit loss experience. However, for the computed loss rate as mentioned in Note 34.2 to the Consolidated Ind AS Financial Statements, we have not been provided with any underlying workings of such loss rate computed.

Further, the Group has not taken effect of aforesaid loss rate in computation of impairment loss allowance, if any on trade receivables over and above the existing provision in the books of account. In absence of relevant workings and other details, we are unable to comment on the appropriateness of the loss rate and the possible impact of not considering the effect of the loss rate in impairment loss allowance on the trade receivables balance as at March 31, 2020 and the loss for the year ended on that date and on the equity as on that date.

15. We draw attention to Note 14.1 of consolidated Ind AS Financial Statements, "Balance with banks in current accounts" includes Rs. 28.84 million pertaining to subsidiaries companies in which we have neither received bank confirmation nor bank statements. In absence of sufficient and appropriate audit evidence, we are unable to comment upon any possible impact of the same on the carrying value of the bank balance, loss for the year ended on that date and equity as at that date.
16. We have neither got any direct confirmations nor we been provided with the statements for borrowings from banks and financial institutions by the Holding Company amounting to Rs.17,195.04 million as at March 31, 2020. Further, in case of bank borrowings amounting to Rs.920.72 million wherein we have received the confirmations or bank statement, the amount recorded in the Standalone Ind AS Financial Statements is short by Rs.215.14 million (net) in comparison to amounts reported in the confirmations or bank statement. In the absence of reconciliation and other alternative audit evidence, we are unable to determine any possible impact thereof on the loss for the year ended March 31, 2020 and on the balance of borrowings and equity as at March 31, 2020.
17. Balance in borrowings other than bank borrowings mentioned in paragraph 16 above, amounting to Rs.7,373.99 million as at March 31, 2020 are subject to confirmation. In the absence of any alternative audit evidence, we are unable to comment on any possible impact thereof on the loss for the year ended 31st March, 2020 and on balance of borrowings and equity as at March 31, 2020.
18. As mentioned in note 20.1 to the Consolidated Ind AS Financial Statements, the Holding Company has not accrued interest on borrowing post May 30, 2017, being Corporate Insolvency Resolution Process ("CIRP") commencement date. The amount of such interest not accrued is estimated to be Rs. 3,038.90 million for the year ended and Rs. 8,020.39 million as at March 31, 2020. This has resulted in understatement of financial liabilities by Rs. 8,020.39 million as at March 31, 2020; understatement of loss for the year by Rs.3,038.90 million and overstatement of equity by Rs. 8,020.39 million as on that date.
19. The Holding Company has not determined the provision for penal interest for defaults on borrowings as per the contractual terms of the underlying agreements. In absence of such assessment, we are unable to comment on the possible impact thereof on the loss for the year ended March 31, 2020 and on the balance of borrowings and equity as on that date.
20. As disclosed in Note 47 to the Consolidated Ind AS Financial Statements, as per the Insolvency and Bankruptcy Code, 2016 and Regulations issued thereunder, the RP of the holding Company has received, verified and admitted the claims submitted by the creditors (Operational and Financial), employees and workmen of the Company aggregating to Rs. 30,437.72 million as on May 30, 2017. These claims have been taken into cognizance by Committee of the Creditors ("CoC") in its 12th meeting held on February 17, 2018, while approving the Resolution Plan of the Holding Company. The details of such claims have been disclosed in the said note. As represented by the Management/RP of the Holding Company, a reconciliation of the admitted claims vis-à-vis



liabilities outstanding as at March 31, 2020 as per books of accounts has not been prepared and any impact thereof has not been considered in the preparation of these Consolidated Ind AS Financial Statements as at and for the year ended March 31, 2020.

In absence of the above, we are unable to comment on appropriateness of carrying value of such liabilities as at March 31, 2020 and any possible impact of the same on the loss for the year ended on that date and equity as at that date.

21. As disclosed in Note 38.1 to the Consolidated Ind AS Financial Statements, financial guarantees aggregating Rs. 13,204.41 million were issued to banks on behalf of its erstwhile subsidiaries. As per Ind AS 109 "Financial Instruments", the said financial guarantees are required to be initially measured at fair value and subsequently measured at the higher of (i) the amount of loss allowance in accordance with Expected Credit Loss ("ECL") method and (ii) amount initially recognized less cumulative amount of income recognized in income statement. However, no measurement of financial guarantees at fair value and estimation of loss allowances in accordance with ECL method were performed during the year. In absence of such measurement, we are unable to comment on the resultant impact thereof on the loss for the year ended March 31, 2020 and on the corresponding liability and equity as on that date.
22. As disclosed in Note 22 to the Consolidated Ind AS Financial Statements, the advance from customers includes amount received from non-corporate entities which may be considered as deposit u/s 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules 2014 and thereby in violation of section 73 to 76 of the Companies Act, 2013. The impact of the non-compliance on the accompanying Consolidated Ind AS Financial Statements is presently not ascertainable.
23. The Holding Company has not performed any evaluation for impairment of goodwill on consolidation in respect of its investment in subsidiaries. In absence of such assessment, we are unable to comment upon the appropriateness of carrying amount of such goodwill as at March 31, 2020 and on the resultant impact of the same on the loss for the year ended on that date and equity as on that date.
24. As explained in Note 46 to the Consolidated Ind AS Financial Statements regarding managerial remuneration paid to one of the whole time directors of the Holding Company during the quarter ended June 30, 2015 and the 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 paid during the 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 the Central Government's approval is yet to be obtained.
25. As disclosed in Note 51 to the Consolidated Ind AS Financial Statements, the Holding Company is currently subjected to the investigations by Serious Fraud Investigation Office (SFIO), the Central Bureau of Investigation (CBI) and SEBI. As explained by the Management of the Holding Company, certain information has been requested by them from the Holding Company and the investigations are currently underway. As explained further, the Management (the Resolution Professional) is yet to get any orders or directions in this respect from the said Authorities till the date of signing this report. In absence of pending final outcome of the investigations, we are unable to comment on the consequential impact of these matters on these consolidated Ind AS financial statements as at and for the year ended March 31, 2020.
26. As disclosed in Note 52 to the Consolidated Ind AS Financial Statements, the Holding Company did not have any internal audit conducted during the year as required under sections 138 of the Act. The impact of the non-compliance on the accompanying Consolidated Ind AS financial statements is presently not ascertainable.



27. As disclosed in Note 53 to the Consolidated Ind AS Financial Statements, the Holding Company did not have a full-time company secretary during the financial year 2019-20. Consequently, these Consolidated Ind AS Financial Statements could not be authenticated by a company secretary ensuring compliance with all applicable provisions of the Act. Also, the impact of this non-compliance on the accompanying Consolidated Ind AS financial statements is presently not ascertainable.
28. As disclosed in Note 54 to the Consolidated Ind AS Financial Statements, these Consolidated Ind AS Financial Statements are not authenticated by the Chief Financial Officer of the Company which is not in compliance with section 134 (1) of the Act. The impact of this non-compliance on the accompanying Consolidated Ind AS Financial Statements is presently not ascertainable.
29. As disclosed in Note 55 to the Consolidated Ind AS Financial Statements, the Holding Company has not been in compliance with various other provisions of the Companies Act 2013, SEBI LODR Regulations, 2015, RBI circulars, Foreign Exchange Management Act, 1999 and Goods and Service Tax 2017. The financial or other impact of these non-compliances on these Consolidated Ind AS Financial Statements is presently not ascertainable.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group and its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements under the provisions of the Act and Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

#### **Material Uncertainty Related to Going Concern**

##### **In respect of Holding Company**

We draw attention to Note 2A(c) to the Consolidated Ind AS Financial Statements, which indicates that the Holding Company has incurred substantial losses during the year, its net worth has been completely eroded, has defaulted in repayment of its loans and related interest, and has negative working capital. Further, currently the Holding Company is under the CIR process. These conditions indicate that a material uncertainty exists that may cast significant doubt about the Holding Company's ability to continue as a going concern. However, these Consolidated Ind AS Financial Statements have been prepared on a going concern basis as the management is of the view that the Holding Company has been able to discharge its operational liabilities from its internal accrual of funds till the date of this balance sheet and is also confident that the Holding Company is having sufficient fund balance to continue as going concern as stated in the said note.

Our opinion is not modified in respect of this matter.

##### **In respect of Subsidiary and Step-down subsidiary Companies**

We draw attention to note 56 of the Consolidated Ind AS financial Statements of the Company wherein financial statements of these subsidiary companies (including one step down subsidiary company) have not been approved by the management nor audited, further no revenue from operation is reported in these financial statements. In the absence of sufficient and appropriate audit evidence we could not comment on the subsidiary Companies (including one step down subsidiary company) ability to continue as going concern.



## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matters described in the Basis for Adverse Opinion section and Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

## Emphasis of Matter

### We draw attention to the following matters in respect of Holding Company:

- (a) Note 2A(a) to Consolidated IND AS Financial Statements, wherein it is stated that CIRP has been initiated in the name of the Holding company vide an order of the principal bench of the Hon'ble NCLT dated May 30, 2017 under the provision of Insolvency and Bankruptcy Code, 2016. Pursuant to the order, the management of the affairs of the Holding company and powers of board of directors of the Holding company are now vested with the Resolution Professional (RP), who is appointed by the CoC. Accordingly, these consolidated Ind AS financial statement have been prepared and approved by RP.
- (b) Note 38.1 and Note 1(b) to the consolidated Ind AS Financial Statements, considering the moratorium period, status of contingent liabilities has been updated till the date of approval of insolvency application of the Holding company under the insolvency code i.e., till May 30, 2017.
- (c) Note 40A.2 of the Consolidated Ind AS Financial Statements in relation to non-consolidation of financial statements of one of its direct subsidiary namely Educomp Infrastructure & School Management Limited ("EISML") and twenty-four of its step down subsidiaries (subsidiaries of EISML) based on the management's assessment of non-existence of the control over these entities by virtue of appointment of resolution professional consequent to initiation of corporate insolvency resolution process of EISML on April 25, 2018. We have relied upon the management's representation in this respect.
- (d) Note 17 of the Consolidated Ind AS Financial Statements for investments written off pertaining to one of the subsidiary company Educomp School Management Ltd (ESML) which is holding investment in equity shares of Educomp Infrastructure & School Management Ltd (EISML) for Rs.72.55 Million. The Investee company EISML has undergone CIRP and a resolution plan has already been approved by Hon'ble NCLT Chandigarh vide its order dated 14.12.2020 which has no provision for any distribution to shareholders. Consequently the said investment of Rs. 72.55 Million has got fully impaired but the same has not been duly recognised and accounted for in the financial statements of ESML. However the same has been considered in the consolidated financial statements and said investment has been fully written off during the year.
- (e) We draw attention to Note 19 & 50 on Trade Payable due to MSME where the company has not made further provision of interest on unpaid dues of the MSMEs as these liabilities pertain to the pre CIRP period and would be settled in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016.

Our opinion is not modified in respect of the above matters (a) to (e).



### Other Information

In view of ongoing CIRP, the Resolution Professional ("the RP") is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report, Report on Corporate Governance and Annexures to Board's Report, but does not include the Standalone Ind AS Financial Statements, Consolidated Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Ind AS Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Board's Report, Report on Corporate Governance and Annexures to Board's Report are not made available to us as at the date of this auditor's report. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

The Resolution Professional of the Holding Company appointed by the Committee of Creditors (CoC) pursuant to the order passed by the Hon'ble NCLT, with whom the management of the affairs of the Holding Company and the powers of the Board of Directors of the Holding Company are now vested after the commencement of Corporate Insolvency Resolution Process ("CIRP") w.e.f. May 30, 2017 under the provisions of Insolvency & Bankruptcy Code, 2016 ("Insolvency Code"), are responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act, read with relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group and of its associate, are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Further, as per section 134 of the Act, the Consolidated Ind AS Financial Statements of a company are required to be authenticated by the chairperson of the Board of Directors, where authorised by the Board or at least two Directors, of which one shall be the Managing Director or the CEO (being a Director), the CFO and the Company Secretary where they are appointed. In view of the pendency of CIRP, as per the Insolvency Code, and pursuant to the order passed by the Hon'ble NCLT, the powers of the Board of Directors are now vested with the RP. Accordingly, these Consolidated Ind AS Financial Statements are approved by the RP [refer note 2A (a) of the Consolidated Ind AS Financial



Statements and paragraph (a) under Emphasis of Matter].

In preparing the consolidated Ind AS financial statements, RP of the Holding Company and the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for overseeing the financial reporting process of the Group and of its associate.

#### **Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company, its subsidiaries and its associate, which are companies incorporated in India, have adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors/management/RP (refer note 2A(a) of the Consolidated Ind AS Financial Statements and paragraph "(a)" under Emphasis of Matter paragraph).
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the Ind AS financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which are neither approved by their management nor audited by other auditors, management of holding company remain responsible for the preparation and consolidation of these financial statements. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matters

- The consolidated Ind AS financial statements include Group's share of net profit of Rs. 16.85 million for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of 1 associate, whose Ind AS financial statement have not been audited by us. These Ind AS financial statements/financial information of the associate, have been audited by other auditors, whose reports have been furnished to us by the Management of the Holding Company and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, and our report in terms of section 143(3) of the Act, in so far as it relates to the associate company is based solely on such reports of other auditor of the associate.

Our opinion on the consolidated Ind AS financial statements and our report on the Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor on the associate company and the Ind AS financial statements/financial information certified by the management.

#### Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report, to the extent applicable, that:

- We have sought and, except for the matters described in the Basis for Adverse Opinion section of our report, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;



- b. Except for the matters described in the Basis for Adverse Opinion section of our report, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of these books and the reports of the other auditor in relation to associate company.;
- c. Except the matters described in the basis of opinion section of our report in our opinion, the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- d. In our opinion, except for the matters described in the Basis for Adverse Opinion section of our report, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act read with relevant rules issued thereunder;
- e. The matters described in the Material Uncertainty Related to Going Concern / Basis for Adverse Opinion section of our report, in our opinion, may have an adverse effect on the functioning of the Group including its associate;
- f. In respect of Holding Company, we have not received written representation from any of the directors of the holding company as on March 31, 2020. In the absence of written representation, we are unable to comment whether the directors are disqualified as on March 31, 2020 from being appointed as a director in terms of section 164(2) of the Act.

Further, we were not provided with approved and audited financial statements of 7 subsidiary companies (Including one step down subsidiary company). In absence of the auditor's report, we are unable to comment on the disqualification of directors of these subsidiary companies (including one step down subsidiary company) as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act;

- g. The qualification/ reservation/ adverse remarks relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Adverse Opinion section of our report;
- h. With respect to the adequacy of the internal financial controls over financial reporting of the Group and its associate incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure 1". Our report expresses a Disclaimer of Opinion on the Group's internal financial controls over financial reporting for the reasons stated therein;
- i. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended;

In our opinion and to the best of our information and according to the explanations given to us by the Holding Company, no remuneration has been paid to their directors during the year by the Holding Company and associate company and accordingly the provisions of section 197 of the Act are not applicable;

In relation to 7 subsidiary companies, audit report and director's report is not provided and hence we are unable to report under this clause;

- j. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - (i) Except for the matters described in the Basis of Adverse Opinion paragraph above, the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate– Refer Note 38.1 to the consolidated Ind AS financial statements; Also refer paragraph "(b)" under Emphasis of Matter



paragraph on Contingent Liabilities;

- (ii) Except for the possible effects of the matters described in the Basis of Adverse Opinion paragraph, provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
- (iii) In respect of Holding Company, an amount of Rs. 0.31 million on account of unpaid dividend pertaining to FY 2011-12 (declared on 30th May, 2012) has not been transferred to Investor Education fund which was required to be transferred to Investor Education and Protection Fund by 05th July, 2019.

In absence of auditor's report of its subsidiary companies (including one step down subsidiary company), we are unable to comment under this clause.

Further, in respect of Associate Company, no amount is required to be transferred to the Investor Education and Protection Fund.

For **Kumar Vijay Gupta & Co.**

Chartered Accountants

ICAI Firm Registration No.: 007814N

  
**Rajneesh Ghei**  
Partner  
Membership No.: 086329



Place: New Delhi

Date: 12.01.2023

UDIN- 23086329BGXTCJ8239

## **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph (h) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of Educomp Solutions Limited on the consolidated Ind AS financial statements for the year ended March 31, 2020]

### **Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of Educomp Solutions Limited ("Holding Company") as of and for the year ended March 31, 2020, we were engaged to audit the internal financial controls with reference to financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its associate, which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to the financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting with reference to the financial statements of Holding Company, its subsidiary companies and its associate companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the ICAI.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls with reference to financial statements of the Holding Company its subsidiary Companies and its associate companies, which are companies incorporated in India.

#### **Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisation of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



## Disclaimer of Opinion

### In respect of the Holding Company

According to the information and explanation given to us and based on our audit, the Holding Company has not established its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note issued by ICAI.

Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Holding Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2020.

### In respect of Subsidiary and Associate Companies

- I. In respect of 7 subsidiary companies (Including one step down subsidiary) which are the companies incorporated in India and whose financial statements have not been audited; in absence of any evidences provided by the management of the Holding Company with respect to establishment of an internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note issued by ICAI, we are unable to comment on the adequacy and operating effectiveness of the internal financial controls over financial reporting in respect of these subsidiary companies as at March 31, 2020.
- II. In respect of 1 associate company which is company incorporated in India, we considered the reporting of other auditor, which mention that section 143(3)(i) of the Companies Act 2013 is not applicable with respect to adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls vide notification number G.S.R. 583 (E) dated 13th June 2017.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated Ind AS financial statements of the Group and its associate, and resultant effect of it on our opinion on the consolidated Ind AS financial statements of the Group and its associates.

For Kumar Vijay Gupta & Co.

Chartered Accountants

ICAI Firm Registration No.: 007814N

Rajneesh Ghei

Partner

Membership No.: 086329



Place: New Delhi

Date: 12.01.2023

UDIN - 23086329 BGXTCJ8239

Educomp Solutions Limited  
Consolidated Balance sheet as at March 31, 2020

| Particulars                                           | Notes | (Rs. In millions unless otherwise stated) |                         |
|-------------------------------------------------------|-------|-------------------------------------------|-------------------------|
|                                                       |       | As at<br>March 31, 2020                   | As at<br>March 31, 2019 |
| <b>ASSETS</b>                                         |       |                                           |                         |
| <b>Non-current assets</b>                             |       |                                           |                         |
| Property, plant and equipment                         | 3     | 950.98                                    | 327.22                  |
| Capital work-in-progress                              | 4     | -                                         | -                       |
| Goodwill                                              | 5     | 2.22                                      | 2.22                    |
| Other Intangible assets                               | 6     | 5.50                                      | 29.38                   |
| Investments accounted using equity method             | 7A    | 181.95                                    | 214.89                  |
| <b>Financial assets</b>                               |       |                                           |                         |
| i) Investments                                        | 7B    | -                                         | 0.63                    |
| ii) Loans                                             | 8     | 4.78                                      | 7.05                    |
| iii) Other financial Assets                           | 9     | 7.71                                      | 2.20                    |
| Deferred tax assets (net)                             | 32    | 0.25                                      | 0.25                    |
| Non-current tax assets (net)                          | 10    | 53.54                                     | 102.26                  |
| Other non-current assets                              | 11    | 0.12                                      | 1.02                    |
| <b>Total</b>                                          |       | <b>1,207.05</b>                           | <b>687.12</b>           |
| <b>Current assets</b>                                 |       |                                           |                         |
| Inventories                                           | 12    | 20.27                                     | 31.74                   |
| <b>Financial assets</b>                               |       |                                           |                         |
| i) Trade receivables                                  | 13    | 1,464.00                                  | 2,290.27                |
| ii) Cash and Cash equivalents                         | 14.1  | 172.04                                    | 144.71                  |
| iii) Bank balances other than (ii) above              | 14.2  | 28.00                                     | 33.10                   |
| iv) Loans                                             | 8     | 24.22                                     | 32.71                   |
| v) Other Financial Assets                             | 9     | 23.34                                     | 8.52                    |
| Current tax assets (net)                              | 10    | 8.25                                      | 12.81                   |
| Other current assets                                  | 15    | 50.26                                     | 55.70                   |
| <b>Total</b>                                          |       | <b>1,790.38</b>                           | <b>2,609.56</b>         |
| <b>Total Assets</b>                                   |       | <b>2,997.43</b>                           | <b>3,296.68</b>         |
| <b>EQUITY AND LIABILITIES</b>                         |       |                                           |                         |
| <b>EQUITY</b>                                         |       |                                           |                         |
| a) Equity Share capital                               | 16    | 244.93                                    | 244.93                  |
| b) Other equity                                       | 17    |                                           |                         |
| i) Equity component of compound financial instruments |       | 524.45                                    | 524.45                  |
| ii) Reserves and surplus                              |       | (29,682.05)                               | (28,742.38)             |
|                                                       |       | <b>(28,912.67)</b>                        | <b>(27,973.00)</b>      |
| Non controlling interest                              | 40B   | 14.92                                     | 31.85                   |
| <b>Total Equity</b>                                   |       | <b>(28,897.75)</b>                        | <b>(27,941.15)</b>      |
| <b>LIABILITIES</b>                                    |       |                                           |                         |
| <b>Non-current liabilities</b>                        |       |                                           |                         |
| <b>Financial liabilities</b>                          |       |                                           |                         |
| i) Borrowings                                         | 18    | 279.54                                    | 245.20                  |
| Provisions                                            | 21    | 2.24                                      | 6.50                    |
| <b>Total</b>                                          |       | <b>281.78</b>                             | <b>251.70</b>           |



**Educomp Solutions Limited**  
**Consolidated Balance sheet as at March 31, 2020**

| Particulars                                | Notes | (Rs. In millions unless otherwise stated) |                         |
|--------------------------------------------|-------|-------------------------------------------|-------------------------|
|                                            |       | As at<br>March 31, 2020                   | As at<br>March 31, 2019 |
| <b>Current liabilities</b>                 |       |                                           |                         |
| Financial liabilities                      |       |                                           |                         |
| i) Borrowings                              | 18    | 1,375.45                                  | 1,355.15                |
| ii) Trade payables                         | 19    |                                           |                         |
| Due to micro and small enterprises         |       | 10.02                                     | 10.07                   |
| Due to others                              |       | 1,370.61                                  | 1,318.44                |
| iii) other financial liabilities           | 20    | 28,547.05                                 | 27,952.72               |
| Provisions                                 | 21    | 0.55                                      | 2.51                    |
| Other current liabilities                  | 22    | 309.72                                    | 347.24                  |
| <b>Total</b>                               |       | <b>31,613.40</b>                          | <b>30,986.13</b>        |
| <b>Total liabilities</b>                   |       | <b>31,895.18</b>                          | <b>31,237.83</b>        |
| <b>Total Equity and liabilities</b>        |       | <b>2,997.43</b>                           | <b>3,296.68</b>         |
| Summary of significant accounting policies | 2     |                                           |                         |

The accompanying notes form an integral part of these financial statements

As per our report of even date.

For Kumar Vijay Gupta & Co.  
Chartered Accountants  
ICAI Firm Registration No.:007814N

  
**Rajneesh Ghei**  
Partner  
Membership No.: 086329



For and on behalf of Board of Directors of  
**Educomp Solutions Limited**

  
**Mahender Kumar Khandelwal**  
Resolution Professional  
Regn No. IBBA/IPA/IP-P00033/2016-17/10086



Place: New Delhi  
Date: 12.01.2023

Place: New Delhi  
Date: 12.01.2023

**UDIN - 23086329BGXTCT8239**

Educomp Solutions Limited  
Consolidated Statement of Profit and loss for the year ended March 31, 2020

(Rs. In millions unless otherwise stated)

| Particulars                                                                                                            | Notes | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------------------------------------------------------------------------------------------------|-------|------------------------------|------------------------------|
| I. Revenue from operations                                                                                             | 23    | 96.61                        | 193.30                       |
| II. Other Income                                                                                                       | 24    | 11.59                        | 35.71                        |
| III. Total Income (I + II)                                                                                             |       | <u>108.20</u>                | <u>229.01</u>                |
| IV. Expenses                                                                                                           |       |                              |                              |
| Purchase of stock-in-trade                                                                                             | 25    | -                            | 1.38                         |
| Changes in inventories of work in progress and stock-in-trade                                                          | 26    | 0.25                         | 9.68                         |
| Employee benefit expense                                                                                               | 27    | 69.95                        | 149.62                       |
| Finance cost                                                                                                           | 28    | 55.57                        | 48.85                        |
| Depreciation, amortisation and impairment expense                                                                      | 29    | 33.26                        | 116.00                       |
| Other expense                                                                                                          | 30    | 1,404.05                     | 1,056.41                     |
| Total expenses (IV)                                                                                                    |       | <u>1,563.08</u>              | <u>1,381.94</u>              |
| V. Loss before exceptional items, share of net loss of investment accounted for using equity method and tax (III - IV) |       | <u>(1,454.88)</u>            | <u>(1,152.93)</u>            |
| VI. Share of profit/(loss) of associates (net of tax)                                                                  | 42    | 16.85                        | 16.99                        |
| VII. Loss before exceptional items and tax (V - VI)                                                                    |       | <u>(1,438.03)</u>            | <u>(1,135.94)</u>            |
| VIII. Exceptional items                                                                                                | 31    | (466.67)                     | 703.35                       |
| IX. Loss before tax (VIII - IX)                                                                                        |       | <u>(971.36)</u>              | <u>(1,839.29)</u>            |
| X. Tax expense                                                                                                         | 32    |                              |                              |
| a) Current tax                                                                                                         |       | -                            | -                            |
| b) Deferred tax                                                                                                        |       | -                            | -                            |
| XI. Loss for the year (X - XI)                                                                                         |       | <u>(971.36)</u>              | <u>(1,839.29)</u>            |
| XII. Other comprehensive Income                                                                                        |       |                              |                              |
| i. Items that will not be reclassified to profit or loss                                                               |       |                              |                              |
| Re-measurement of the defined benefit plan                                                                             |       | 3.54                         | (0.76)                       |
| Revaluation of Land                                                                                                    |       | -                            | -                            |
| ii. Share of profit/(loss) of associate (net of tax)                                                                   | 42    | (0.19)                       | 0.08                         |
| XIII. Total comprehensive loss for the year (XI + XII)                                                                 |       | <u>(968.01)</u>              | <u>(1,839.97)</u>            |
| Loss attributable to :                                                                                                 |       |                              |                              |
| Owners of the company                                                                                                  |       | (954.45)                     | (1,831.66)                   |
| Non-controlling interest                                                                                               |       | (16.91)                      | (7.63)                       |
| Other comprehensive income attributable to :                                                                           |       |                              |                              |
| Owners of the company                                                                                                  |       | 3.36                         | (0.68)                       |
| Non-controlling interest                                                                                               |       | -                            | -                            |
| Total comprehensive loss attributable to :                                                                             |       |                              |                              |
| Owners of the company                                                                                                  |       | (951.10)                     | (1,832.34)                   |
| Non-controlling interest                                                                                               |       | (16.91)                      | (7.63)                       |
| Earnings per equity share (Nominal value of Rs. 2 per share)                                                           | 48    |                              |                              |
| a) Basic                                                                                                               |       | (7.79)                       | (14.96)                      |
| b) Diluted                                                                                                             |       | (7.79)                       | (14.96)                      |
| Summary of significant accounting policies                                                                             | 2     |                              |                              |

The accompanying notes form an integral part of these financial statements

As per our report of even date.

For Kumar Vijay Gupta & Co.  
Chartered Accountants  
ICAI Firm Registration No.:007814N

Rajneesh Ghei  
Partner

Membership No.: 086329

Place: New Delhi

Date: 12.01.2023



For and on behalf of Board of Directors of  
Educomp Solutions Limited

Mahender Kumar Khandelwal

Resolution Professional

Regn No. IBBA/IPA/IP-P00033/2016-17/10086

Place: New Delhi

Date: 12.01.2023



UDIN - 23086329BGXTCTJ8239

Educomp Solutions Limited  
Consolidated Statement of Changes in equity for the year ended March 31, 2020  
(Rs. In millions unless otherwise stated)

| A.) Equity share capital        | Amount |
|---------------------------------|--------|
| As at April 01, 2018            | 244.93 |
| Changes in equity share capital | -      |
| As at March 31, 2019            | 244.93 |
| Changes in equity share capital | -      |
| As at March 31, 2020            | 244.93 |

| B.) Other equity<br>Particulars                                                 | Equity<br>Component of<br>Compounded | Reserves & Surplus               |                    |                                |                                                    |                    |          |                   | Total attributable<br>to owners of the<br>company | Non controlling<br>interest<br>(Refer note<br>40B) | Total equity |
|---------------------------------------------------------------------------------|--------------------------------------|----------------------------------|--------------------|--------------------------------|----------------------------------------------------|--------------------|----------|-------------------|---------------------------------------------------|----------------------------------------------------|--------------|
|                                                                                 |                                      | Other<br>Comprehensive<br>Income | Capital<br>Reserve | Security<br>premium<br>reserve | Employee stock<br>option<br>outstanding<br>account | General<br>reserve | FCMTDA   | Retained earnings | Foreign currency<br>translation<br>reserve        |                                                    |              |
| Balance as at April 01, 2018                                                    | 524.45                               | 32.20                            | 451.28             | 19,928.01                      | 22.11                                              | 1,580.80           | (392.57) | (45,621.47)       | (174.59)                                          | 830.55                                             | (22,819.23)  |
| Loss for the year                                                               | -                                    | -                                | -                  | -                              | -                                                  | -                  | -        | -                 | -                                                 | -                                                  | -            |
| Other comprehensive income for the year                                         | -                                    | -                                | -                  | -                              | -                                                  | -                  | -        | -                 | -                                                 | -                                                  | -            |
| - Re-measurement of the defined benefit plan                                    | -                                    | (0.68)                           | -                  | -                              | -                                                  | -                  | -        | (1,831.66)        | -                                                 | (7.63)                                             | (1,839.29)   |
| - Exchange differences on translation of foreign operations                     | -                                    | -                                | -                  | -                              | -                                                  | -                  | -        | -                 | -                                                 | -                                                  | -            |
| Total comprehensive loss during the year                                        | -                                    | (0.68)                           | -                  | -                              | -                                                  | -                  | -        | (1,831.66)        | -                                                 | -                                                  | (0.68)       |
| Employee stock compensation provided                                            | -                                    | -                                | -                  | -                              | -                                                  | -                  | -        | -                 | -                                                 | -                                                  | -            |
| Employee stock compensation reversed                                            | -                                    | -                                | -                  | -                              | (3.53)                                             | -                  | -        | -                 | -                                                 | -                                                  | -            |
| Foreign currency monetary item translation difference created during the year   | -                                    | -                                | -                  | -                              | -                                                  | -                  | (338.43) | -                 | -                                                 | -                                                  | (3.53)       |
| Foreign currency monetary item translation difference amortised during the year | -                                    | -                                | -                  | -                              | -                                                  | -                  | 300.20   | -                 | -                                                 | -                                                  | (338.43)     |
| Transfer to retained earnings on account of loss of control                     | -                                    | -                                | (39.62)            | (9,687.69)                     | (18.58)                                            | (460.09)           | -        | 10,031.39         | 174.59                                            | -                                                  | 300.20       |
| Impact of loss of control                                                       | -                                    | (1.19)                           | -                  | -                              | -                                                  | -                  | -        | (2,696.40)        | -                                                 | -                                                  | -            |
| Employee stock compensation cost reversal on forfeiture                         | -                                    | -                                | -                  | -                              | -                                                  | 3.53               | -        | -                 | -                                                 | -                                                  | -            |
| Total Additions/(Deletions) during the year.                                    | -                                    | (1.87)                           | (39.62)            | (9,687.69)                     | (22.11)                                            | (456.56)           | (38.23)  | 5,503.33          | 174.59                                            | -                                                  | (3,488.65)   |
| Balance as at March 31, 2019                                                    | 524.45                               | 30.33                            | 411.66             | 10,240.32                      | -                                                  | 1,124.24           | (430.80) | (40,118.14)       | -                                                 | 31.85                                              | (28,186.08)  |

Contd.....



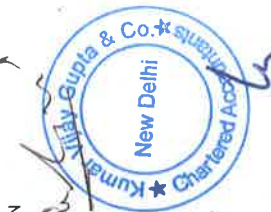
Educomp Solutions Limited  
Consolidated Statement of Changes in equity for the year ended March 31, 2020  
(Rs. In millions unless otherwise stated)

| Particulars                                                                     | Equity | Reserves & Surplus         |                 |                          |                                           |                 |          |                   | Total attributable to owners of the company | Non controlling interest (Refer note 40B) | Total equity |                                      |
|---------------------------------------------------------------------------------|--------|----------------------------|-----------------|--------------------------|-------------------------------------------|-----------------|----------|-------------------|---------------------------------------------|-------------------------------------------|--------------|--------------------------------------|
|                                                                                 |        | Other Comprehensive Income | Capital Reserve | Security premium reserve | Employee stock option outstanding account | General reserve | FCMTDA   | Retained earnings |                                             |                                           |              | Foreign currency translation reserve |
| Balance as at April 01, 2019                                                    | 524.45 | 30.33                      | 411.66          | 10,240.32                | -                                         | 1,124.24        | (430.80) | (40,118.14)       | -                                           | (28,217.93)                               | 31.85        | (28,186.08)                          |
| Loss for the year                                                               | -      | -                          | -               | -                        | -                                         | -               | -        | (954.45)          | -                                           | (954.45)                                  | (16.91)      | (971.35)                             |
| Other comprehensive income for the year                                         | -      | 3.36                       | -               | -                        | -                                         | -               | -        | -                 | -                                           | 3.36                                      | -            | 3.36                                 |
| - Re-measurement of the defined benefit plan                                    | -      | -                          | -               | -                        | -                                         | -               | -        | -                 | -                                           | -                                         | -            | -                                    |
| - Exchange differences on translation of foreign operations                     | -      | -                          | -               | -                        | -                                         | -               | -        | -                 | -                                           | -                                         | -            | -                                    |
| Total comprehensive loss during the year                                        | -      | 3.36                       | -               | -                        | -                                         | -               | -        | (954.45)          | -                                           | (951.08)                                  | (16.91)      | (968.00)                             |
| On issue of shares (including shares issued under employee stock)               | -      | -                          | -               | -                        | -                                         | -               | -        | -                 | -                                           | -                                         | -            | -                                    |
| Employee stock compensation provided                                            | -      | -                          | -               | -                        | -                                         | -               | -        | -                 | -                                           | -                                         | -            | -                                    |
| Employee stock compensation reversed                                            | -      | -                          | -               | -                        | -                                         | -               | -        | -                 | -                                           | -                                         | -            | -                                    |
| Foreign currency monetary item translation difference created during the year   | -      | -                          | -               | -                        | -                                         | -               | (486.89) | -                 | -                                           | (486.89)                                  | -            | (486.89)                             |
| Other Adjustments                                                               | -      | -                          | -               | -                        | -                                         | -               | -        | -                 | -                                           | -                                         | -            | -                                    |
| Foreign currency monetary item translation difference amortised during the year | -      | -                          | -               | -                        | -                                         | 74.05           | 424.27   | -                 | -                                           | 74.05                                     | -            | 74.05                                |
| Transfer to retained earnings on account of loss of control                     | -      | -                          | -               | -                        | -                                         | -               | -        | -                 | -                                           | 424.27                                    | -            | 424.27                               |
| Impact of loss of control                                                       | -      | -                          | -               | -                        | -                                         | -               | -        | -                 | -                                           | -                                         | -            | -                                    |
| Employee stock compensation cost reversal on forfeiture                         | -      | -                          | -               | -                        | -                                         | -               | -        | -                 | -                                           | -                                         | -            | 0.01                                 |
| Total Additions/(Deletions) during the year.                                    | -      | 3.36                       | -               | -                        | -                                         | 74.05           | (62.62)  | (954.45)          | -                                           | (939.64)                                  | (16.91)      | (956.56)                             |
| Balance as at March 31, 2020                                                    | 524.45 | 33.69                      | 411.66          | 10,240.32                | -                                         | 1,198.29        | (493.42) | (41,072.59)       | -                                           | (29,157.57)                               | 14.94        | (29,142.64)                          |

As per our report of even date.

For Kumar Vijay Gupta & Co.  
Chartered Accountants  
ICAI Firm Registration No.:007814N

Rajneesh Ghei  
Partner  
Membership No.: 086329



For and on behalf of Board of Directors of  
Educomp Solutions Limited

*Mahender Kumar Khandelwal*  
Mahender Kumar Khandelwal  
Resolution Professional  
Regn No. IBBA/IPA/IP-P00033/2016-17/10086



Place: New Delhi  
Date: 12.01.2023

Place: New Delhi  
Date: 12.01.2023

UDIN- 230863298GXTCTJ8239

Educomp Solutions Limited  
Consolidated Statement of Cash Flows for the year ended March 31, 2020  
(Rs. In millions unless otherwise stated)

| Particulars                                                                                     | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|-------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| <b>Cash flows from operating activities</b>                                                     |                              |                              |
| <b>Net (Loss) before taxation as per Statement of Profit and Loss</b>                           | <b>(971.36)</b>              | <b>(1,839.29)</b>            |
| Adjusted for :                                                                                  |                              |                              |
| Share of loss/(profit) of associates                                                            | (16.85)                      | (16.99)                      |
| Exceptional items - Revaluation of land                                                         | (659.90)                     | -                            |
| Exceptional items - Provision for diminution in the value of long term investment               | 50.25                        | 28.80                        |
| Exceptional items - Investments written off                                                     | 72.55                        | -                            |
| Exceptional items - Impairment loss on building                                                 | 27.42                        | -                            |
| Exceptional items - Provision for doubtful debts                                                | 31.78                        | -                            |
| Exceptional items - Provision for Inventory                                                     | 11.23                        | -                            |
| Loss allowance on advances                                                                      | -                            | 140.09                       |
| Loss allowance on trade receivable                                                              | 697.10                       | 120.75                       |
| Fair value gain on investment                                                                   | -                            | (0.63)                       |
| Provision for Inventory                                                                         | -                            | 8.29                         |
| Liabilities/provisions no longer required written back                                          | (0.35)                       | (14.78)                      |
| Bad debts and advances written off                                                              | 0.54                         | 1.39                         |
| Depreciation, amortisation and impairment expense                                               | 33.26                        | 790.55                       |
| Unrealised Foreign exchange loss (net)                                                          | 605.78                       | 427.66                       |
| Interest income                                                                                 | (9.89)                       | (2.74)                       |
| Finance cost                                                                                    | 55.57                        | 48.85                        |
| Other Income                                                                                    | (1.15)                       | -                            |
| Profit on sale of fixed assets                                                                  | (0.06)                       | -                            |
| Provisions for employee benefits                                                                | 0.93                         | 2.37                         |
| Provision for Capital work in progress                                                          | -                            | 20.00                        |
| Other non cash expenses                                                                         | 0.77                         | -                            |
| <b>Operating loss before working capital changes</b>                                            | <b>(72.38)</b>               | <b>(285.68)</b>              |
| Adjusted for :                                                                                  |                              |                              |
| (Increase)/ decrease in trade receivables                                                       | 100.95                       | 266.34                       |
| (Increase) in loans                                                                             | 6.13                         | (171.11)                     |
| (Increase) in other financial assets                                                            | (14.00)                      | (205.23)                     |
| (Increase) in other assets                                                                      | 5.25                         | (7.21)                       |
| Increase in trade & other payables                                                              | (25.82)                      | 27.28                        |
| Increase/(decrease) in financial liabilities                                                    | 0.88                         | (11.67)                      |
| Increase/(decrease) in others liabilities                                                       | (37.49)                      | 334.70                       |
| Increase/(decrease) in provisions                                                               | (3.61)                       | (7.63)                       |
| Increase/(decrease) in inventory                                                                | 0.25                         | 3.40                         |
| <b>Cash generated from/(used in) operations</b>                                                 | <b>(39.83)</b>               | <b>(56.81)</b>               |
| (Payment of Taxes)/ refunds, net                                                                | 53.78                        | (14.67)                      |
| <b>Net cash generated from/(used in) operating activities (A)</b>                               | <b>13.95</b>                 | <b>(71.48)</b>               |
| <b>Cash flows from investing activities</b>                                                     |                              |                              |
| Purchase of property, plant & equipment (including capital work in progress)                    | (0.77)                       | (0.02)                       |
| Proceeds from sale of fixed assets                                                              | 0.16                         | -                            |
| Movement in bank balances other than cash and cash equivalents (restricted bank deposits) (Net) | (0.25)                       | (0.40)                       |
| Impact of loss of control                                                                       | -                            | (104.70)                     |
| Interest received                                                                               | 8.56                         | 1.65                         |
| <b>Net cash generated from investing activities (B)</b>                                         | <b>7.70</b>                  | <b>(103.47)</b>              |



Educomp Solutions Limited  
Consolidated Statement of Cash Flows for the year ended March 31, 2020  
(Rs. In millions unless otherwise stated)

| Particulars                                                          | Year ended<br>March 31, 2020  | Year ended<br>March 31, 2019  |
|----------------------------------------------------------------------|-------------------------------|-------------------------------|
| Consolidated Cash Flows Statement for the year ended 31st March 2020 |                               |                               |
| Particulars                                                          | Year Ended<br>31st March 2020 | Year Ended<br>31st March 2019 |
| <b>Cash flows from financing activities</b>                          |                               |                               |
| Payment of dividend (including dividend tax)                         | -                             | (0.30)                        |
| Interest on borrowings                                               | (1.13)                        | -                             |
| <b>Net cash generated from /(used) in financing activities (C)</b>   | <b>(1.13)</b>                 | <b>(0.30)</b>                 |
| <b>Net (decrease) in cash and cash equivalents (A+B+C)</b>           | <b>20.52</b>                  | <b>(175.25)</b>               |
| Opening cash and cash equivalents                                    | (1,098.40)                    | (923.15)                      |
| <b>Closing cash and cash equivalents</b>                             | <b>(1,077.88)</b>             | <b>(1,098.40)</b>             |
| <b>Reconciliation of components of cash and cash equivalents</b>     |                               |                               |
|                                                                      | <b>As at</b>                  | <b>As at</b>                  |
|                                                                      | March 31, 2020                | March 31, 2019                |
| <b>Balances with banks-on current accounts</b>                       |                               |                               |
| Balances with banks-on current accounts (Refer note 14.1)            | 171.15                        | 143.77                        |
| Cash on hand (Refer note 14.1)                                       | 0.00                          | 0.05                          |
| Stamp in hand (Refer note 14.1)                                      | 0.89                          | 0.89                          |
| Bank overdrafts (Refer note 18.2)                                    | (1,249.92)                    | (1,243.11)                    |
|                                                                      | <b>(1,077.88)</b>             | <b>(1,098.40)</b>             |

**Notes:**

Statement of Cash Flow has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date.

For Kumar Vijay Gupta & Co.

Chartered Accountants

ICAI Firm Registration No.:007814N

  
Rajneesh Ghei  
Partner  
Membership No.: 086329



For and on behalf of Board of Directors of

Educomp Solutions Limited



Mahender Kumar Khandelwal

Resolution Professional

Regn No. IBBA/IPA/IP-P00033/2016-17/10086



Place: New Delhi

Date: 12.01.2023

Place: New Delhi

Date: 12.01.2023

UDIN - 23086329 BG, XTCJ 8239

## 1. Background

- (a) Educomp Solutions Limited (the Holding Company) and its subsidiaries, associates and joint ventures (collectively referred to as "the Group") are engaged in providing end-to-end solutions in the education technology domain through licensing of digital content, solutions for bridging the digital divide (a government initiative to enhance computer literacy), professional development and retail & consulting initiatives. The Group's business can be categorised into four strategic business units namely School Learning Solutions (comprising of Smart Class & Edureach (ICT) business), K-12 Schools (comprising preschools & high schools), Higher Learning Solutions (comprising of vocational, higher education and professional development) and Online, Supplemental & Global business (comprising of internet based educational services and coaching) spreading education ecosystem. The Holding Company was incorporated in September 7, 1994 under the erstwhile companies Act, 1956. The Holding Company is domiciled in India having its registered office at 1211, Padma tower-1, 5, Rajendra place, New Delhi-110008.

The Holding Company is listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange) NSE in India.

Currently, the Holding Company is under Corporate Insolvency Resolution Process. During the year, Educomp Infrastructure & School Management Limited (EISML), a subsidiary initiated CIRP process on April 25, 2018 by virtue of appointment of resolution professional. As the resolutions professionals have been appointed resulting in loss of control of the Group, this subsidiary along with step down subsidiaries of EISML are no longer part of the Group as at the date of Balance Sheet; and are not considered for preparation of these consolidated financial statements.

The Group management, on the basis of their assessment, has concluded that the group no longer controls 5 of the subsidiaries, incorporated outside india, namely Edumatics corporation Inc. USA, Savvica Inc., Canada, Educomp Intelliprop Ventures Pte Ltd, Educomp Global Holding WLL, Bahrain and Educomp Global FZE and accordingly, has not consolidated financial statements of these subsidiaries as at and for the year ended March 31'2019.

### (b) In respect of the Holding Company:

On May 30, 2017, the Company's application for Corporate Insolvency Resolution Process ("CIRP") under the provisions of Insolvency & Bankruptcy Code, 2016 ("IBC"), has been approved by the Hon'ble National Company Law Tribunal ("NCLT"), and accordingly CIRP proceedings have been initiated (for details refer note 2(a)). As per the provisions of the IBC, under CIRP, the RP is required to manage the operations of the Company as a going concern and accordingly, a resolution plan needs to be presented to and approved by the Committee of Creditors ("CoC") by a requisite majority (as per applicable provisions of the IBC at that time), and thereafter submission of the duly approved Resolution Plan to the Hon'ble NCLT for its approval.

Pursuant to initiation of CIRP, Ebix Singapore Pte. Ltd., submitted the resolution plan which was approved by the CoC consisting of all bankers of the Company on February 17, 2018 and accordingly the same was submitted with Hon'ble NCLT on March 07, 2018.

Subsequently, Ebix filed an application under Section 60(5) of IBC seeking withdrawal of its Resolution Plan. After multiple hearings, the application seeking withdrawal of Ebix's resolution plan was listed before the Principal Bench, the Hon'ble NCLT for the pronouncement of order on January 02, 2020. Vide Order dated January 02, 2020 passed by the Hon'ble NCLT, the withdrawal application of Ebix was allowed to the extent of granting leave to Resolution Applicant to withdraw the Resolution Plan pending approval u/s 30(6) before the Hon'ble NCLT



with cost of Rs. 1 lakh to be paid by the Resolution Applicant into the corpus of the Corporate Debtor. Further, the Hon'ble NCLT, vide the same order, also granted 90 days-time commencing from November 16, 2019 to the RP and CoC to seek/expedite the possibility of achieving resolution of the stressed assets of the Corporate Debtor within such time of 90 days. Thereafter, the Hon'ble NCLT vide its Order dated January 03, 2020, dismissed the approval application as infructuous as a consequence of its order dated January 02, 2020 which allowed the withdrawal of the Resolution Plan by Ebix.

Thereafter, after discussions and deliberation in the CoC meetings, an appeal under Section 61 of Insolvency and Bankruptcy Code, 2016 against the Order of the Hon'ble NCLT dated January 02, 2020 (allowing withdrawal of Resolution Plan) and Order dated January 03, 2020 was filed with the Hon'ble National Company Law Appellate Tribunal ("NCLAT") by CoC's legal Counsel. Multiple hearings took place in the Hon'ble NCLAT in the said matter. Further, due to lockdowns imposed by government authorities in view of the prevailing situation due to Covid-19, the Courts remained suspended till the month of May, 2020. The appeal was heard by the Hon'ble NCLAT on June 15, 2020 wherein the arguments made by CoC Counsel were heard in part and thereafter, the matter was adjourned to June 22, 2020 wherein the remaining submissions were made by the respective parties. On July 29, 2020, the appeal filed by CoC was listed before Hon'ble NCLAT for the pronouncement of order. The Hon'ble NCLAT has allowed the appeal and has set aside the Hon'ble NCLT order dated January 02, 2020 vide CA No. 1816(PB)/2019 in C.P.(IB)No. 101 (PB) 2017.

Thereafter, Ebix challenged the NCLAT's final order and judgment dated July 29, 2020 before the Hon'ble Supreme Court of India by way of a civil appeal.

The question of law involved in Ebix's appeal is "Whether the withdrawal of Resolution Plan is permitted after it has been approved by the CoC". Considering the issues similar to those involved in Ebix's Appeal have also been raised in the matters of Gujarat Urja Vikas Nigam Ltd vs. Amit Gupta and Ors. (Civil Appeal No. 9241 of 2020) and Kundan Care Products Limited vs. Amit Gupta (Civil Appeal No. 3560 of 2020), all the three matters have been kept together for hearing. The Gujarat Urja Vikas Nigam Ltd. matter was being heard first and arguments in the said matter (to be followed by the other two matters) which were part-heard as on February 03, 2021, February 04, 2021 and February 9, 2021. Subsequently, on February 10, 2021, the Hon'ble Court heard the Gujarat Urja Vikas Nigam Ltd. matter and wherein the order was pronounced on March 08, 2021 in the Gujarat Urja matter. Later, the Hon'ble Supreme Court vide order dated September 13, 2021, dismissed the civil appeal preferred by Ebix.

The CoC's Appeal bearing No. 587 of 2020 assailing NCLT's order dated January 3, 2020 (in IA 195 of 2018) was further listed for pronouncement of the judgment before the Hon'ble National Company Law Appellate Tribunal, Bench-III at New Delhi ("Bench") on November 12, 2021 allowing the CoC's appeal and setting aside the Impugned Order. The Hon'ble Bench also directed the Adjudicating Authority to restore CA No. 195(PB)/2018 and proceed in accordance with law.

On November 29, 2021, an application for the restoration of Plan Approval Application has been filed by before the NCLT, Principal Bench at New Delhi. The Restoration Application has been registered as RA 39 of 2021 and after various hearings the matter is listed for next hearing on February 06, 2023. Further a Miscellaneous Application has been filed on November 18, 2022 before Hon'ble Supreme Court seeking appropriate direction for expeditious disposal of Plan Approval Application and the matter is pending for listing.

#### Moratorium period

The Hon'ble NCLT vide its letter dated May 30, 2017 has declared the moratorium period as per the provision of section 13 (1) (a) of the Insolvency and Bankruptcy Code, 2016 ("Insolvency



## Educomp Solutions Limited

### Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2020

Code”) which is further extended to February 24, 2018. As the Resolution Plan is under consideration by Hon’ble NCLT therefore the moratorium period continue to be in effect till conclusion of the CIRP process.

As per section 14 of the IBC, under the moratorium period, the Holding Company (“Corporate debtor”) is prohibited for the following activities:

(a) the institution of suits or continuation of pending suits or proceedings against the corporate debtor including execution of any judgment, decree or order in any court of law, tribunal, arbitration panel or other authority; (b) transferring, encumbering, alienating or disposing of by the corporate debtor any of its assets or any legal right or beneficial interest therein; (c) any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002; (d) the recovery of any property by an owner or lessor where such property is occupied by or in the possession of the corporate debtor.

#### (c) In respect of EISML:

The EISML has filed an application under section 10 of the Insolvency Code with Hon’ble NCLT Chandigarh Bench on January 11, 2018.

Subsequent to the date of Balance Sheet, the Hon’ble NCLT vide order dated April 25, 2018, approved the application and COC of EISML in September 2019 approved a resolution plan submitted by Mr. Paramjit Gandhi. Accordingly the resolution professional of EISML on October 10, 2019 filed an application for the approval of resolution plan at NCLT, Chandigarh which has been approved on December 14, 2020. Pursuant to this Holding company has lost control over subsidiary, hence not considered as part of consolidation.

## 2A. Basis for preparation

### (a) Statement of compliance

These Consolidated Ind AS financial statements (“financial statements”) of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (“the Act”) and other relevant provisions of the Act.

These financial statements for the year ended March 31, 2020 are the financial statements that are prepared in accordance with Ind AS.

A corporate insolvency resolution process (“CIRP”) has been initiated in case of the Holding Company vide an Order of the Principal Bench of the National Company Law Tribunal (“NCLT”) dated May 30, 2017 under the provisions of the Insolvency Code. (For details refer note 1(b)). Pursuant to the Order, the management of the affairs of the Holding Company and powers of board of directors of the Holding Company are now vested with the Resolution Professional (“RP”), who is appointed by the Committee of Creditors (“CoC”). These consolidated financial statements for the year ended March 31, 2020 have been prepared by the Holding Company, RP and his team. In view of the legal opinion received by the RP from a legal firm, the Consolidated Financial Statements have been approved by the RP and presented to the auditors for their report thereon. The relevant extract of the opinion given by the legal firm is reproduced below:

*“..... the RP in the present matter may sign the financial statements of the Corporate Debtor in terms of the provisions of the Code, Companies Act, 2013 and the Circular. However, we*



**Educomp Solutions Limited**

**Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2020**

*suggest that a disclaimer be inserted by the RP while signing the financial statements of the Corporate Debtor expressly stating that since the powers of the board of directors have been suspended and there is no CFO or Company Secretary appointed by the Corporate Debtor, therefore, the financial statements are being prepared and signed by the RP in terms of his duties as envisaged under Section 17 of the Code."*

The erstwhile CMD Mr Shantanu Prakash has also sought an opinion from a Legal firm, which is reproduced below:

*"As regards signing the financial statements, it is pertinent to note that the financial statements are signed "on behalf of the Board of Directors". Since, during a CIRP, the Board of Directors stands suspended, therefore, there can be no signing on behalf of the board of directors. However, the RP being vested with the powers of the Board of Directors can himself sign the financial statements of the Corporate Debtor "*

In view of the above opinion, and the fact that the Holding Company did not have the Company Secretary and Chief Financial Officer during the financial year 2017-18, the RP has relied upon the assistance provided by the members of the erstwhile board of directors and the employees of the Company, and certification, representation and statements made by the erstwhile management of the Holding Company in relation to preparation of these Consolidated financial statements.

Accordingly, these consolidated financial statements of the Group for the year ended March 31, 2020 have been approved by the RP of the Holding Company on January 12, 2023 on the basis of and relying on the aforesaid certifications, representations and statements of the erstwhile management of the Holding Company.

**(b) Historical cost convention**

The consolidated financial statements have been prepared under the historical cost convention on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below.

**(c) Going Concern**

**i. In respect of ESL, the Holding Company**

The Holding Company, has incurred substantial losses, its net worth has been completely eroded, has defaulted in repayment of its loans and related interest, has negative working capital and has applied under the IBC for CIRP. All these conditions has raised substantial doubt about the Holding Company's ability to continue as a going concern.

The management is of the view that the Holding Company has been able to fund its operational liabilities from its internal accrual of funds till the date of this balance sheet and is also confident that the Holding Company is having sufficient fund balance to continue as going concern till foreseeable future. Further, the management is also confident to agree on a resolution plan/business revival plan for the Holding Company during this ongoing CIRP process. Accordingly, the financial statements 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.



ii. In respect of Educomp Infrastructure & School Management Limited (EISML), a Subsidiary Company of ESL:

EISML has incurred substantial losses and its net worth has been significantly eroded. Based on EISML's projected cash flows, it shall have sufficient funds to run its operation in foreseeable future. As regards availability of requisite funds to meet its debt related obligations including those falling due in financial year 2017-18 as per its CDR package executed with EISML's lenders, the EISML intends to monetize its identified investments, receivables and assets to meet the necessary obligations. The EISML is also taking several measures to improve operational efficiencies and other avenues of raising funds.

The EISML has also filed an application under section 10 of the Insolvency Code with Hon'ble NCLT Chandigarh Bench on January 11, 2018.

The management of EISML is confident that with the above measures and continuous efforts to improve the business, it would be able to generate sustainable cash flow, discharge its short term and long term liabilities & recover and recoup the erosion in its net worth through profitable operations and continue as a going concern.

Pursuant to this Holding company has lost control over subsidiary, hence not considered as part of consolidation.

(d) Principles of consolidation

**Subsidiaries**

The Holding Company determines the basis of control in line with the requirements of Ind AS 110, Consolidated Financial Statements.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The Group combines the financial statements of the Holding Company and its subsidiaries on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/ transactions and unrealized profits in full. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively. Even if this results in the non-controlling interests having a deficit balance.

**Joint Venture**

Interests in joint ventures are accounted for using the equity method after initially being recognize at cost in the consolidated balance sheet.

**Associates**

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, mentioned below, after initially being recognized at cost.



**Equity method**

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses of the investee in profit and loss, and the Company's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

When the Company's share of loss in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other shareholder(s).

Unrealized gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in these entities. Unrealized losses are also estimated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company.

The carrying amounts of investments in associates are reduced to recognized impairment, if any, when there is objective evidence of impairment.

The Consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Companies separate financial statements.

**Loss of control**

The Group treats transactions with non-controlling interests that do not result in a loss of control as transaction with equity owners of the Group. A change in the ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

**(e) Functional currency:**

The consolidated financial statements are presented in Indian Rupees (INR), which is also the functional currency of the Holding Company as Functional currency is the currency of the primary economic environment in which the entity operates.



**(f) Rounding off**

All the amounts have been rounded off to nearest millions or decimal thereof, unless otherwise indicated. The sign '0.00' in these consolidated financial statements indicates that the amounts involved are below INR ten thousand and the sign '-' indicates that amounts are nil.

**(g) Current/Non-current classification of assets/liabilities**

All assets and liabilities have been classified as current or non-current as per the criteria set out in the Schedule III to The Companies Act, 2013. The Group has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities. However, operating cycle for the business activities of the Group covers the duration of the specific project/contract/product line/service and extends up to the realisation of receivables within the agreed credit period normally applicable to the respective lines of business.

**2B. Summary of significant accounting policies**

**a) Segment reporting**

**Identification of segments:**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's operating businesses are organized and managed separately in accordance to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

The board of directors of the Holding Company through Resolution Professional assesses the financial performance and position of the Group, and makes strategic decisions. They together have been identified as being the chief operating decision maker.

**Intersegment transfers:**

The Group generally accounts for inter-segment sales and transfers at cost.

**Allocation of common cost**

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

**Unallocated items**

Unallocated items include general corporate income and expense items which are not allocated to any business segment and include interest expense and income tax.

**Segment accounting policy**

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the group as a whole.

**b) Property, Plant and Equipment**

Freehold land is carried at historical cost. Other property, plant and equipment are stated at cost of acquisition net of recoverable taxes (wherever applicable), less accumulated



depreciation and impairment losses, if any. Cost comprises the purchase price and any cost attributable to bringing the assets to its working condition for its intended use.

Where cost of a part of the asset is significant to the total cost of the asset and the useful life of the part is different from the remaining asset, then useful life of that part is determined separately and accounted as separate component.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

Losses arising from the retirement of, and gain or losses arising from disposal of tangible asset are determined as the difference between the net disposal proceeds and the carrying amount of asset and recognised as income or expense in the Consolidated Statement of Profit and Loss.

**c) Intangible assets**

An intangible asset is recognized, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured.

Cost of an internally generated asset comprises of all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to create, produce and make the asset ready for its intended use.

Losses arising from the retirement of, and gain or losses arising from disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of asset and recognised as income or expense in the Consolidated Statement of Profit and Loss.

Intangible assets are stated at cost of acquisition less accumulated amortization and impairment loss.

**d) Capital work-in-progress**

Capital work-in-progress represents expenditure incurred in respect of capital projects are carried at cost. Cost includes related acquisition expenses, development costs, borrowing costs (wherever applicable) and other direct expenditure.

**e) Depreciation and amortization methods, estimated useful lives and residual value**

Depreciation on all property, plant and equipment is charged to the statement of profit and loss on a straight line basis, except certain items of PPE which are depreciated using diminishing basis. The depreciation is charged upto 95% of the total cost of the asset over the useful life of assets as estimated by the management.

Pursuant to the notification of Schedule II of the Companies Act, 2013, by the Ministry of Corporate Affairs, effective 1 April 2014, the management has reassessed and revised wherever necessary the useful lives of the assets, so as to align them with the ones prescribed under schedule II of the Companies Act, 2013. Management reviews the method and estimations of residual values at each financial year end.



The useful lives estimated by the management are as follows:

| Particulars                                  | Useful life<br>(years) |
|----------------------------------------------|------------------------|
| Building*                                    | 60                     |
| Building on Leasehold Land (In case of ELPL) | 15                     |
| Furniture and fixtures                       | 5-10                   |
| Office equipment                             | 5                      |
| Vehicle                                      | 8                      |
| Computer equipment                           | 3                      |
| Computer software                            | 6                      |

\*The Management has assessed the estimate of useful life of the Electrical and External work as 24 years and 15 years respectively.

Depreciation on addition to fixed assets is provided on pro-rata basis from the date the assets are ready to use. Depreciation on sale / deduction of fixed assets is provided for upto the date of sale, deduction, discernment as the case may be.

Cost of leasehold improvements is charged to income on a straight line basis over the period of lease and the useful life of leasehold improvements, whichever is shorter.

Amortization on the intangible assets is provided on pro-rata basis on the straight-line method based on management's estimate of useful life, i.e. 3 years for software and 4 years for knowledge-based content. Licensed intangible assets are amortised over the period of license or expected useful life, whichever is shorter.

Depreciation and amortization methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

#### f) Revenue recognition

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognized. The Standard requires apportioning revenue earned from contracts to individual promises, or performance obligations, on a relative stand-alone selling price basis, using a five step model. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contract. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognized at the date of initial application (i.e. April 1, 2018) and the comparative information in the statement of profit and loss is not restated - i.e. the comparative information continues to be reported under Ind AS 18.

Refer note 2B(f) - Significant accounting policies - Revenue recognition in the Annual report of the Company for the year ended March 31, 2018, for the revenue recognition policy as per Ind AS 18.

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the group and revenue can be reliably measured.

The Group derives its revenue from sale, supply and installation of educational products & rendering of educational services and leasing out infrastructure facilities.

Revenue from sale of educational products including technology equipments are recognised as and when significant risk and rewards of the ownership of goods gets transferred to the buyer.



## Educomp Solutions Limited

### Notes to the Consolidated Ind AS Financial Statements for the year ended March 31, 2020

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, taxes and amounts collected on behalf of third parties, if any.

Revenue under Build, Own, Operate and Transfer ("BOOT model") contracts is recognized on upfront basis in the statement of profit and loss on the initiation of the contracts. These contracts are considered and evaluated as per Appendix "C" to IND AS 17. Also, refer note 2B.1 of the significant accounting policies.

Revenue from educational support services are recognised in the accounting period in which services are rendered.

#### Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

#### g) Investment and other financial assets

##### g.1. Classification

The Group classifies its financial assets in the following measurement categories:

- i. those to be measured at fair value (either through other comprehensive income, or through profit or loss),
- ii. those measured at amortized cost; and
- iii. Investment in equity of subsidiaries, joint ventures and associates are accounted and carried at cost less impairment in accordance with Ind AS 27.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

##### g.2. Initial Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of profit and loss.



**g.3. Subsequent Measurement:**

**g.3.1 Debt instruments**

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

**Amortised cost:**

Assets that are held for collection of contractual cash flows with specified dates and where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest rate method. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI):**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the consolidated statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of profit and loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss (FVTPL):**

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through consolidated statement of profit and loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the consolidated statement of profit and loss and presented net in the consolidated statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

**g.3.2 Equity instruments**

All equity investments in scope of Ind AS 109 are measured at fair value. For equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the Consolidated Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the Consolidated Statement of Profit and Loss.



#### Investments in joint ventures/associates

Investments are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments, the difference between net disposal proceeds and the carrying amounts are recognized in the Consolidated Statement of Profit and Loss.

#### g.4. Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

#### g.5. Derecognition of financial asset

A financial asset is derecognised only when the Group has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### h) Financial Liabilities

#### Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan.

The fair value of the liability portion of optionally convertible bonds is determined using a market interest rate for equivalent non-convertible bonds. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds is attributable to the equity portion of the compound instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently remeasured.



Borrowings, where there is a change in the terms of the agreements whether monetary, non-monetary or both shall be accounted for as an modification or an extinguishment of the original financial liability and the recognition of a new liability. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in the consolidated statement of profit and loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

#### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within the operating cycle of the business. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method, if any.

#### **Financial Guarantee Contracts**

Financial guarantee contracts issued by the group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of impairment loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortisation.

#### **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

#### **i) Inventories**

Inventories are valued at cost or net realisable value, whichever is lower. Cost of inventories comprises all cost of purchases inclusive of duties (except the refundable component) and other incidental expenses incurred in bringing such inventories to their present location and condition. In determining the cost, moving weighted average cost method is used. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The comparison of cost and net realizable value is made on item by item basis.



**j) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**k) Income taxes**

Income tax expense for the year comprises of current tax and deferred tax. Income tax is recognized in the Consolidated Statement of Profit and Loss except to the extent that it relates to items recognized in 'Other comprehensive income' or directly in equity, in which case the tax is recognized in 'Other comprehensive income' or directly in equity, respectively.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities arising on the temporary differences and to unused tax losses.

**Current tax**

Calculation of current tax is based on tax rates applicable for the respective years on the basis of tax law enacted or substantially enacted at the end of the reporting period. Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid/un-recovered at the reporting date. Current tax is payable on taxable profit, which differs from the profit or loss in the financial statements. Current tax is charged to consolidated statement of profit and loss. Provision for current tax is made after taking in to consideration benefits admissible under Income Tax Act, 1961.

**Deferred taxes**

Deferred income taxes are calculated, without discounting using the balance sheet method on temporary differences between the carrying amounts of assets and liabilities and their tax bases using the tax laws that have been enacted or substantively enacted by the reporting date. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Tax losses available to be carried forward and other income tax credits available to the entity are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax arising during the holiday period is not recognised to the extent that the management expects its reversal during holiday period.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Group's forecast of future operating income at each reporting date.

Deferred tax assets and liabilities are offset only when the entity has a right and intention to set off current tax assets and liabilities from the same taxation authority.

**Minimum Alternative Tax (MAT)**

Minimum alternate tax credit entitlement paid in accordance with tax laws, which gives rise to future economic benefit in form of adjustment to future tax liability, is considered as an asset to the extent management estimates its recovery in future years.



**l) Leases**

**Operating lease**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

**Where the Group is lessee:**

Lease rentals in respect of operating lease arrangements including assets taken on operating lease are recognized as an expense in the Consolidated Statement of Profit and Loss on straight line basis over the lease term.

**Where the Group is lessor:**

Lease income on an operating lease arrangement is recognized in the Consolidated Statement of Profit and Loss on straight line basis over the lease term.

**Finance lease**

**Where the Group is lessee**

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the Consolidated Statement of Profit and Loss. Lease management fees, legal charges and other initial direct costs of lease are capitalised.

A leased asset is depreciated on a straight-line basis over the useful life of the asset as determined by the management or the useful life envisaged in Schedule II to the Act, whichever is lower. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset, the lease term and the useful life envisaged in Schedule II to the Act.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term.

**Where the Group is the lessor:**

Leases in which the Group transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Group apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognised in the Consolidated Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Consolidated Statement of Profit and Loss.



**m) Foreign exchange transactions**

**Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

**Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary item, which are measured in terms of historical cost denomination in a foreign currency, are reported using the exchange rate at the date of transaction. Except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Monetary assets and liabilities outstanding as at Balance Sheet date are restated at the rate of exchange ruling at the reporting date.

**Exchange difference**

Exchange differences arising on the settlement of monetary items or on restatement of the Group's monetary items at rates different from those at which they were initially recorded during the year or reported in previous Financial Statements (other than those relating to fixed assets and other long term monetary assets) are recognised as income or as expenses in the year in which they arise.

**n) Impairment of non-financial assets**

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Indefinite-life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary.

For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets is considered as a cash generating unit. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognizing the impairment loss as an expense in the Consolidated Statement of Profit and Loss. The impairment loss is allocated first to reduce the carrying amount of any goodwill (if any) allocated to the cash generating unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the



assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized. An impairment loss recognized for goodwill is not reversed in subsequent periods.

**o) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

**p) Share-based payment**

The Group operates equity-settled share-based remuneration plans for its employees, where persons are rewarded using share-based payments, the fair values of services rendered by employees and others are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised using the Black Scholes model.

In the case of employees and others providing similar services, the fair value is measured at the grant date. In the case of franchisees, consultants and investors the fair value is determined as services are received, using average fair values during each year. The fair value excludes the impact of non-market vesting conditions.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

Upon exercise of share options, the proceeds received up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as additional paid-in capital.

**q) Borrowing Cost**

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**r) Contingent liabilities, contingent assets and provisions**

**Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the Consolidated Financial Statements.



### Contingent Assets

Possible inflows of economic benefits to the entity that do not yet meet the recognition criteria of an asset are considered contingent assets.

### Provisions

A provision is recognized when the Group has a present obligation or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

All repairs and maintenance cost of hardware sold under the contracts during the remaining contract period is borne by the Group on the basis of experience of actual cost incurred in servicing such hardware during the previous financial year. Provision are not recognised for future operating losses.

Provisions are discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain and the amount of recovery can be measured reliably. The expense relating to any provision is presented in the Consolidated Statement of Profit and Loss net of any reimbursement.

### s) Equity and Reserves

Share capital represents the nominal value of shares that have been issued.

Proceeds received in addition to the nominal value of the shares issued during the year have been included in "additional paid-in capital".

### t) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders after tax by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period, are adjusted for events of bonus issued to existing shareholders.

For the purpose of calculating diluted earnings per share, the net profit or loss attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares, if any.

### u) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.



v) Employee benefits

**Short term employee benefits**

Short term benefits comprise of employee costs such as salaries, bonuses, and accumulated absences are accrued in the year in which the associated services are rendered by employees of the Group and are measured at the amounts expected to be paid when the liabilities are settled.

The liabilities are presented as current employee benefit obligations in the balance sheet.

**Other long term employee benefits**

The liabilities for accumulated absences are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields of Indian Government at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the consolidated statement of profit and loss.

**Post-employment obligations**

The Group operates the following post-employment schemes:

(a) defined benefit plans such as gratuity, pension, post-employment medical plans; and

(b) defined contribution plans such as provident fund.

**Pension and gratuity obligations**

The liability or asset recognised in the consolidated balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated statement of profit and loss as past service cost.

**Defined contribution plan**



A defined contribution plan is a plan under which the Group pays fixed contributions into an independent fund administered by the government. The entity has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution.

Contributions to Provident Fund, Labour Welfare Fund and Employee State Insurance are deposited with the appropriate authorities and charged to the Consolidated Statement of Profit and Loss on accrual basis. The Group has no further obligations under these plans beyond its monthly contributions.

**w) Exceptional items**

Items of income or expense from ordinary activities which are of such size, nature or incidence that, their disclosure is relevant to explain the performance of the enterprises for the period, are disclosed separately in the Consolidated Statement of Profit and Loss.

**x) Measurement of fair values**

A number of the accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:  
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.  
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).  
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values used in preparing these consolidated financial statements is included in the respective notes.

**y) Critical estimates and judgments**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and



assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

#### Critical estimates and judgments

The areas involving critical estimates or judgments are:

■ Estimated useful life of property, plant and equipment and intangible asset

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The Group reviews, at the end of each reporting date, the useful life of property, plant and equipment and intangible asset and changes, if any, are adjusted prospectively, if appropriate

■ Recoverable amount of property, plant and equipment

The recoverable amount of plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

■ Estimation of defined benefit obligation

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The Group considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have a material impact on the resulting calculations.

■ Recognition of deferred tax assets for carried forward tax losses and current tax expenses

The Group review carrying amount of deferred tax assets and Liabilities at the end of each reporting period. The policy for the same has been explained under Note No 2(k).

■ Provision for warranty

Provision for warranty-related costs are recognised when the product is sold or services provided to the customers. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

■ Going concern

When preparing consolidated financial statements, management make an assessment of an entity's ability to continue as a going concern. Financial statements prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast



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significant doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed.

■ **Impairment of trade receivables**

The Group review carrying amount of Trade receivable at the end of each reporting period and Provide for Expected Credit Loss. The policy for the same explained in the Note No.2 (g) (4).

■ **Fair value measurement**

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

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## Note 3 Property plant and equipment

## Current year

|                                       | Balance as at<br>April 01, 2019 | Additions   | Gross block<br>Disposals | Adjustments | Balance as at<br>March 31, 2020 | Balance as at<br>April 01, 2019 | Depreciation for<br>the year | Accumulated depreciation<br>On disposals/Adjustments<br>(Refer note 3.3<br>& 3.8) | Impairment<br>loss/Assets<br>written off<br>(Refer note 3.3<br>& 3.8) | Balance as at<br>March 31, 2020 | Net block<br>Balance as at<br>March 31, 2020 |
|---------------------------------------|---------------------------------|-------------|--------------------------|-------------|---------------------------------|---------------------------------|------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------|---------------------------------|----------------------------------------------|
| <b>Property plant and equipment</b>   |                                 |             |                          |             |                                 |                                 |                              |                                                                                   |                                                                       |                                 |                                              |
| Freehold land (refer note 3.3 to 3.5) | 914.69                          | -           | -                        | -           | 914.69                          | 674.55                          | -                            | -                                                                                 | (659.90)                                                              | 14.65                           | 900.04                                       |
| Leasehold land                        | -                               | -           | -                        | -           | -                               | -                               | -                            | -                                                                                 | -                                                                     | -                               | -                                            |
| Building (refer note 3.8)             | 89.80                           | -           | 32.06                    | -           | 57.74                           | 18.38                           | 4.25                         | 32.06                                                                             | 27.42                                                                 | 17.99                           | 39.75                                        |
| Leasehold improvements                | 2.96                            | -           | 0.77                     | -           | 2.19                            | 2.60                            | 0.26                         | 0.77                                                                              | -                                                                     | 2.09                            | 0.10                                         |
| Office equipment                      | 19.53                           | -           | 0.41                     | -           | 19.12                           | 13.53                           | 1.28                         | 0.36                                                                              | -                                                                     | 14.45                           | 4.67                                         |
| Vehicles                              | 0.51                            | -           | -                        | -           | 0.51                            | 0.30                            | -                            | -                                                                                 | -                                                                     | 0.21                            | 0.21                                         |
| Furniture and fixtures                | 12.85                           | -           | 0.18                     | -           | 12.67                           | 8.70                            | 0.59                         | 0.13                                                                              | -                                                                     | 9.16                            | 3.51                                         |
| Computers and equipment               | 21.58                           | 0.77        | 0.03                     | -           | 22.32                           | 16.64                           | 3.00                         | 0.02                                                                              | -                                                                     | 19.62                           | 2.70                                         |
| <b>Total</b>                          | <b>1,061.92</b>                 | <b>0.77</b> | <b>33.45</b>             | <b>-</b>    | <b>1,029.24</b>                 | <b>734.70</b>                   | <b>9.38</b>                  | <b>33.34</b>                                                                      | <b>(632.48)</b>                                                       | <b>78.26</b>                    | <b>950.98</b>                                |

## Previous year

|                                     | Balance as at<br>April 01, 2018 | Additions   | Gross block<br>Disposals | Adjustments<br>(Refer note 3.2) | Balance as at<br>March 31, 2019 | Balance as at<br>April 01, 2018 | Depreciation for<br>the year | Accumulated depreciation<br>On disposals/Adjustments<br>(refer note 3.2) | Impairment<br>loss/Assets<br>written off<br>(Refer note 3.4) | Balance as at<br>March 31, 2019 | Net block<br>Balance as at<br>March 31, 2019 |
|-------------------------------------|---------------------------------|-------------|--------------------------|---------------------------------|---------------------------------|---------------------------------|------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------|---------------------------------|----------------------------------------------|
| <b>Property plant and equipment</b> |                                 |             |                          |                                 |                                 |                                 |                              |                                                                          |                                                              |                                 |                                              |
| Freehold land                       | 6,208.98                        | -           | -                        | 5,294.29                        | 914.69                          | -                               | -                            | -                                                                        | 674.55                                                       | 674.55                          | 240.14                                       |
| Leasehold land                      | 101.86                          | -           | -                        | 101.86                          | -                               | 3.75                            | -                            | 3.75                                                                     | -                                                            | -                               | -                                            |
| Building                            | 5,393.09                        | -           | -                        | 5,303.29                        | 89.80                           | 260.30                          | 4.59                         | 246.51                                                                   | -                                                            | 18.38                           | 71.42                                        |
| Leasehold improvements              | 2.96                            | -           | -                        | 2.96                            | 2.96                            | 2.31                            | 0.29                         | -                                                                        | -                                                            | 2.60                            | 0.36                                         |
| Office equipment                    | 45.13                           | 0.02        | -                        | 25.62                           | 19.53                           | 29.17                           | 1.82                         | 17.46                                                                    | -                                                            | 13.53                           | 6.00                                         |
| Vehicles                            | 2.95                            | -           | -                        | 2.44                            | 0.51                            | 1.29                            | -                            | 0.99                                                                     | -                                                            | 0.30                            | 0.21                                         |
| Furniture and fixtures              | 86.76                           | -           | -                        | 73.91                           | 12.85                           | 54.79                           | 0.93                         | 47.02                                                                    | -                                                            | 8.70                            | 4.15                                         |
| Computers and equipment             | 35.89                           | -           | -                        | 14.31                           | 21.58                           | 25.22                           | 3.33                         | 11.91                                                                    | -                                                            | 16.64                           | 4.94                                         |
| <b>Total</b>                        | <b>11,877.62</b>                | <b>0.02</b> | <b>-</b>                 | <b>10,815.72</b>                | <b>1,061.92</b>                 | <b>376.83</b>                   | <b>10.96</b>                 | <b>327.64</b>                                                            | <b>674.55</b>                                                | <b>60.15</b>                    | <b>327.22</b>                                |

## Note:

3.1 As per Master Restructuring Agreement (MRA), the respective companies of the Group under CDR shall not sell any of its property, plant and equipment (PPE), save and except identified Assets and shares as permitted in terms of approved CDR Package, without prior recommendation of Monitoring Committee and approval of CDR-EG. However, these companies may sell its non-core assets, wherever applicable with prior approval of the Asset Sale Monitoring Committee. Fixed Assets of the respective companies of the group are part of security for various loan availed.

3.2 During the year ended March 31, 2019, the Holding Company has lost its control over 6 subsidiaries namely Educomp Infrastructure & School Management Limited and its subsidiaries (EISML group), Educomics Corporation Inc. USA, Savvica Inc., Canada, Educomp Intel/Prop Ventures Pte Limited, Educomp Global Holding FZE & Educomp Global WLL, for which loss of control accounting has been done in accordance with Ind AS 110 "Consolidated Financial Statements" and accordingly, Plant Property and Equipment of such subsidiaries have been de-recognized. Adjustment represents the said derecognition of assets.

3.3 During the year ended March, 2020, Educomp Professional Education Pvt Ltd ( Subsidiary company ) has revised land valuation and an amount of Rs. 659.9 million charged to the Statement of profit & loss ( Exceptional item ) with a corresponding increase in the freehold land in the Balance sheet for the year ended March 31, 2020. The Management of the Holding Company does not have any relevant information or document in respect of this transaction.

3.4 During the year ended March, 2019, Educomp Professional Education Pvt Ltd ( Subsidiary company ) Charged as expenses ( Exceptional item ) Rs. 674.55 million to the Statement of profit & loss with a corresponding reduction in the freehold land in the Balance sheet as appear in the XBRL Financial Statements of EPEL for the year ended March 31, 2019. The Management of the Holding Company does not have any relevant information or document in respect of this transaction.

3.5 The Directorate of Enforcement vide its order dated March 28, 2022 has provisionally attached the land of EPEL, measuring 23 acres and 18 guntas situated at district Ranga Reddy, Andhra Pradesh under the Prevention of Money Laundering Act, 2002 along-with rent of Rs. 0.19 Million and Rs. 2.12 million available in a Bank account and deposited with Delhi High Court respectively. The gross value of the land as at March 31, 2020 was Rs. 891.10 Million (carrying value : Rs. 231.21 million as at March 31, 2019). The further investigation is in progress and the Group Management is yet to get any directions in this respect from the said Authorities. This being a provisional Order, the Consolidated IndAS Financial Statement have not been adjusted in respect of this matter.

3.6 For details of assets given on lease refer note 43.

3.7 The management has physically verified the fixed assets lying only at Corporate Office location Gurgaon on October 23, 2020. The offices at other locations of the company have been shutdown due to liquidity and business constraints, and the assets lying at these locations having a carrying value of Rs. 7.14 million (March 31, 2019 Rs. 11.08 million), have been shifted to the warehouse at Mahipalpur (New Delhi) and Chennai which could not be physically verified by the management.

3.8 Gross block of building includes amount of Rs. 32.06 million pertaining to school building constructed on land leased by Punjab Education Development Board and the same has been impaired and disclosed as exceptional item in the statement of profit and loss.



Note 4 Capital work in progress

|                                        | 2019-20                         |           |                                | 2018-19                         |                                 |                                 |
|----------------------------------------|---------------------------------|-----------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|
|                                        | Balance as at<br>April 01, 2019 | Additions | Capitalised<br>during the year | Adjustments<br>(Refer note 4.2) | Balance as at<br>March 31, 2020 | Balance as at<br>April 01, 2018 |
| Capital work in progress               | 49.15                           | -         | -                              | -                               | 49.15                           | 457.01                          |
| Provision for Capital work in progress | (49.15)                         | -         | -                              | -                               | (49.15)                         | (29.15)                         |
| Net block                              | 0.00                            | -         | -                              | -                               | -                               | 427.86                          |
|                                        |                                 |           |                                |                                 |                                 | (20.00)                         |
|                                        |                                 |           |                                |                                 |                                 | (407.86)                        |
|                                        |                                 |           |                                |                                 |                                 | (49.15)                         |
|                                        |                                 |           |                                |                                 |                                 | (407.86)                        |

Note 4.1 Capital work-in-progress (CWIP) represents expenditure incurred in respect of capital projects and are carried at cost.

4.2 During the year ended March 31, 2019, the Holding Company has lost its control over Educomp Infrastructure & School Management Limited and its subsidiaries (EISML group) for which loss of control accounting has been done in accordance with Ind AS 110 "Consolidated Financial Statements" and accordingly Capital work in progress of EISML group have been de-recognized by the Holding Company. Adjustment represents the said derecognition of assets.

4.3 The balance amount of CWIP as of March 31, 2020, pertains to the work performed on the basis of a contract with the Chhattisgarh government. The Company has completed the work on certain schools but progress payment has not been received as per the Contract. The Company has initiated arbitration proceedings against the Directorate of Public Instruction, Government of Chhattisgarh, Raipur by appointing an Arbitrator invoking arbitration clause of Agreement dated January 27, 2011. The claim filed by the Company before the Arbitrator was to recover the due amount along with the revocation of Bank Guarantee. After completion of Arbitration proceedings, the award was passed in favour of the Company vide order dated March 21, 2017.

In order to execute the award, the Company has filed an execution case under section 36 of the Arbitration Act before a commercial court. The Directorate of Public Instruction, Government of Chhattisgarh, Raipur appeared before the court and is contesting the case. The Hon'ble Judge of the commercial court has held the mandate of the arbitral tribunal as null and void ab-initio and all the proceedings held by the arbitral tribunal have been quashed and consequently the company has fully provided the balance amount of CWIP. The Management of the Company has filed appeal against verdict of the commercial court before Chhattisgarh High Court. On November 23, 2022 matter is directed to be listed after four weeks.



## Note 5 Goodwill

|                                                      | As at March 31, 2020      | As at March 31, 2019      |
|------------------------------------------------------|---------------------------|---------------------------|
| Opening Balance                                      | Goodwill on Consolidation | Goodwill on Consolidation |
| Impairment Charge                                    | 2.22                      | 6.14                      |
| On account of Loss of Control (refer note 5.1 below) |                           | (3.92)                    |
|                                                      | 2.22                      | 2.22                      |
|                                                      |                           | Goodwill on Purchase      |

Note 5.1 During the year ended March 31, 2019, the Holding Company has lost its control over Educomp Infrastructure & School Management Limited and subsidiaries (EISML group) for which loss of control accounting has been done in accordance with Ind AS 110 "Consolidated Financial Statements". Accordingly goodwill on consolidation amounting to Rs 3.92 million pertaining to EISML group has been de-recognized.

## Note 6 Other Intangible Assets

## Current Year

|                                          | Gross block                  |           |           | Accumulated amortization     |                           |              | Net Block                    |
|------------------------------------------|------------------------------|-----------|-----------|------------------------------|---------------------------|--------------|------------------------------|
|                                          | Balance as at April 01, 2019 | Additions | Disposals | Balance as at March 31, 2020 | Amortization for the year | On disposals | Balance as at March 31, 2020 |
| Software                                 | 3.09                         | *         | *         | 3.09                         | 2.62                      | 0.47         | 3.09                         |
| Knowledge-based content (refer note 6.1) | 831.85                       | *         | *         | 831.85                       | 802.94                    | 23.41        | 826.35                       |
| Trade mark license                       | *                            | *         | *         | *                            | *                         | *            | *                            |
| Total                                    | 834.94                       | *         | *         | 834.94                       | 805.56                    | 23.88        | 829.44                       |

## Previous Year

|                                                | Gross block                  |           |           | Accumulated amortization     |                           |              | Net Block                    |
|------------------------------------------------|------------------------------|-----------|-----------|------------------------------|---------------------------|--------------|------------------------------|
|                                                | Balance as at April 01, 2018 | Additions | Disposals | Balance as at March 31, 2019 | Amortization for the year | On disposals | Balance as at March 31, 2019 |
| Software                                       | 3.17                         | *         | *         | 3.09                         | 1.92                      | 0.55         | 0.15                         |
| Knowledge-based content (refer note 6.1 & 6.5) | 848.21                       | *         | *         | 831.85                       | 692.85                    | 104.49       | 5.60                         |
| Trade mark license                             | 611.62                       | *         | *         | *                            | 143.97                    | *            | (143.97)                     |
| Total                                          | 1,463.00                     | *         | *         | 834.94                       | 838.74                    | 105.04       | (138.22)                     |
|                                                |                              |           |           |                              |                           |              | 805.56                       |
|                                                |                              |           |           |                              |                           |              | 29.38                        |

Note 6.1 Knowledge based content includes internally generated asset:

|                                   | Gross block     |           |           | Accumulated amortization |                              |                 | Net Block       |
|-----------------------------------|-----------------|-----------|-----------|--------------------------|------------------------------|-----------------|-----------------|
|                                   | Opening balance | Additions | Disposals | Opening balance          | Amortization during the year | Closing balance | Closing balance |
| For the year ended March 31, 2020 | 447.31          | *         | *         | 447.31                   | 447.31                       | *               | 447.31          |
| For the year ended March 31, 2019 | 447.31          | *         | *         | 447.31                   | 447.31                       | *               | 447.31          |

6.2 As per MRA, the respective Companies of Group under Corporate Debt Restructuring (CDR), shall not sell any of its Intangible Assets, save and except Identified Assets and shares as permitted in terms of approved CDR Package, without prior recommendation of Monitoring Committee and approval of CDR-EG. However, these companies shall sell its non-core assets, wherever applicable with prior approval of the Asset Sale Monitoring Committee. Intangible Assets of the Respective Companies of Group are part of security for various loan availed.

6.3 During the year ended March 31, 2019, the Holding Company has lost its control over 6 subsidiary namely Educomp Infrastructure & School Management Limited and its subsidiaries (EISML group), Edumatics Corporation Inc. USA, Savvica Inc., Canada, Educomp IntelProp Ventures Pte Limited, Educomp Global Holding FZE & Educomp Global WLL, for which loss of control accounting has been done in accordance with Ind AS 110 "Consolidated Financial Statements" and accordingly Intangible assets of such subsidiaries have been de-recognized and adjustment represents the said derecognition of assets.



**Note 7A Investments accounted using equity method**

| Particulars                                                  | Number of shares/units as at |                | Face value | Proportion of the ownership interest |                | Amount As at   |                |
|--------------------------------------------------------------|------------------------------|----------------|------------|--------------------------------------|----------------|----------------|----------------|
|                                                              | March 31, 2020               | March 31, 2019 |            | March 31, 2020                       | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Unquoted                                                     |                              |                |            |                                      |                |                |                |
| Associate companies (Refer note 42)                          |                              |                |            |                                      |                |                |                |
| Little Millenium Education Private Limited (refer note 7A.1) | 1,61,10,239                  | 1,61,10,239    | Rs. 10     | 48.29%                               | 48.29%         | 181.95         | 214.89         |
| <b>Net carrying value of Investment</b>                      |                              |                |            |                                      |                | <b>181.95</b>  | <b>214.89</b>  |

7A.1 Shares are earmarked as per terms of Master Restructuring Agreement (MRA) pursuant to CDR (Refer note 18.5).

**Note 7B Investments - Non-Current**

| Particulars                                                                                                                           | Number of shares/units as at |                | Face value  | Amount As at   |                |
|---------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------|-------------|----------------|----------------|
|                                                                                                                                       | March 31, 2020               | March 31, 2019 |             | March 31, 2020 | March 31, 2019 |
| <b>a) Investment in others in equity instruments</b>                                                                                  |                              |                |             |                |                |
| <b>Unquoted</b>                                                                                                                       |                              |                |             |                |                |
| Educomp Asia Pacific Pte Ltd., Singapore (Refer note 7B.1 & 7B.3)                                                                     | 2,40,85,351                  | 2,40,85,351    | USD 1       | 1,220.51       | 1,220.51       |
| Less : Provision for impairment of investment                                                                                         |                              |                |             | (1,220.51)     | (1,220.51)     |
| 8% Cumulative Redeemable Non-convertible Preference Shares in Edu Smart Services Private Limited (Equity component) (Refer note 7B.3) |                              |                |             | 394.18         | 394.18         |
| Less : Provision for impairment of investment                                                                                         |                              |                |             | (394.18)       | (394.18)       |
| Savica Inc., Canada (Refer note 7B.3)                                                                                                 | 35,03,522                    | 35,03,522.00   | CAD 1       | 150.72         | 150.72         |
| Less: Provision for impairment of investment                                                                                          |                              |                |             | (150.72)       | (150.72)       |
| Educomatics Corporation Inc, USA (Refer note 7B.1 & 7B.3)                                                                             | 13,66,092                    | 13,66,092.00   | USD 1       | 62.09          | 62.09          |
| Less: Provision for impairment of investment                                                                                          |                              |                |             | (62.09)        | (62.09)        |
| Educomp Intelliprop Ventures Pte Limited, Singapore (Refer note 7B.3 & 7B.5)                                                          | 11,98,755                    | 11,98,755.00   | SGD 1       | 39.30          | 39.30          |
| Less: Provision for impairment of investment                                                                                          |                              |                |             | (39.30)        | (39.30)        |
| Educomp Global Holding W.L.L, Kingdom of Bahrain (Refer note 7B.1 & 7B.3)                                                             | 2,475                        | 2,475.00       | BHD 100     | 29.61          | 29.61          |
| Less: Provision for impairment of investment                                                                                          |                              |                |             | (29.61)        | (29.61)        |
| Educomp Global FZE, United Arab Emirates (Refer note 7B.1 & 7B.3)                                                                     | 1                            | 1              | AED 100,000 | 1.46           | 1.46           |
| Less: Provision for impairment of investment                                                                                          |                              |                |             | (1.46)         | (1.46)         |
| Vidyamandir Classes Limited                                                                                                           | 39,088                       | 39,088         | Rs. 10      | 277.97         | 277.97         |
| Less: Provision for impairment in value of Investment                                                                                 |                              |                |             | (277.97)       | (277.97)       |
| Greycells 18 Media Limited (refer note 7A.1 & 7B.2)                                                                                   | 29,99,749                    | 29,99,749      | Rs. 10      | 159.91         | 159.91         |
| Less: Provision for impairment in value of Investment                                                                                 |                              |                |             | (159.91)       | (159.91)       |



b

| Particulars                                                                                                                        | Number of shares/units as at |                | Face value | Amount As at   |                |
|------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------|------------|----------------|----------------|
|                                                                                                                                    | March 31, 2020               | March 31, 2019 |            | March 31, 2020 | March 31, 2019 |
| (b) Investments in others in preference shares                                                                                     |                              |                |            |                |                |
| Unquoted                                                                                                                           |                              |                |            |                |                |
| 8% Cumulative Redeemable Non-convertible Preference Shares, (Refer note 7B.7)                                                      | 45,00,000                    | 45,00,000      | Rs. 100    | 121.72         | 121.72         |
| Edu Smart Services Private Limited (Financial Liability portion)                                                                   |                              |                |            |                |                |
| Less: Provision for impairment of investment                                                                                       |                              |                |            | (121.72)       | (121.72)       |
| 0% Redeemable optionally fully convertible Preference shares, Educomp Infrastructure & School Management Limited (Refer note 7B.6) |                              |                |            | 79.86          | 79.86          |
| Less: Provision for impairment of investment                                                                                       |                              |                |            | (79.86)        | (79.86)        |
| 0.10% Non Cumulative optionally convertible Preference shares Educomp Infrastructure & School Management Limited (Refer note 7B.6) |                              |                |            | 347.33         | 347.33         |
| Less: Provision for impairment of investment                                                                                       |                              |                |            | (347.33)       | (347.33)       |
| Net value of Investment (Unquoted)                                                                                                 |                              |                |            |                | 0.63           |
| Aggregate carrying amount of quoted investments and market value thereof                                                           |                              |                |            | 2,724.75       | 2,725.38       |
| Aggregate value of provision for impairment in value of investments                                                                |                              |                |            | (2,724.75)     | (2,724.75)     |

7B.1 Shares are earmarked as per terms of Master Restructuring Agreement (MRA) pursuant to CDR. (Refer note 18).

7B.2 As per MRA, the Company shall not sell any of its investments save and except Identified Assets and Shares as permitted in terms of approved CDR Package, without prior recommendation of Monitoring Committee and approval of CDR-EG. However, the Company shall sale its non-core assets including investments, wherever applicable with prior approval of the Asset Sale Monitoring Committee.

7B.3 During the year ended March 31, 2019, the Holding Company has lost its control over 6 subsidiaries namely Educomp Infrastructure & School Management Limited (EISML) including its subsidiaries (EISML group), Edumatics Corporation Inc. USA, Savvica Inc., Canada, Educomp IntelProp Ventures Pte Limited, Educomp Global WLL in accordance with Ind As 110 "Consolidated Financial Statements". Resultant, the same has been disclosed as an investment in others (Refer note 40A.3)

7B.4 51% shares are pledge to FCCB & ECB lenders and balance shares earmarked to CDR lenders of EISML. (Refer note 18.5).

7B.5 These investments are pledged against loan taken by the subsidiary companies.

7B.6 The Educomp infrastructure & School Management limited (EISML) was undergoing CIRP under the Insolvency and Bankruptcy Code, 2016. The Hon'ble NCLT Chandigarh Bench vide its order dated December 14, 2020 has approved a resolution plan which has no provision for any distribution to the equity/ preference shareholders. Accordingly the investment has been written off against the provision for impairment.

7B.7 The Company is undergoing liquidation proceedings under the Insolvency and Bankruptcy Code, 2016 vide order dated March 23, 2021 passed by Hon'ble NCLT New Delhi.

7B.8 As on March 31, 2020, one of the subsidiary company Educomp School Management Ltd (ESML) is holding investment in equity shares of Educomp Infrastructure & School Management Ltd (EISML) for Rs. 72.55 Million. The investee company EISML has undergone CIRP and a resolution plan has already been approved by Hon'ble NCLT Chandigarh vide its order dated 14.12.2020 which has no provision for any distribution to shareholders. Consequently the said investment of Rs. 72.55 Million has got fully impaired but the same has not been duly recognised and accounted for in the financial statements of ESML. However the same has been considered in the consolidated financial statements and said investment has been fully written off during the year.



**Note 8 Loans**

| Particulars                                                      | As at March 31, 2020 |              | As at March 31, 2019 |              |
|------------------------------------------------------------------|----------------------|--------------|----------------------|--------------|
|                                                                  | Non current          | Current      | Non current          | Current      |
| Security deposits                                                |                      |              |                      |              |
| Unsecured, considered good                                       | 4.45                 | 8.52         | 6.71                 | 15.81        |
| Security deposits which have significant increase in credit risk | -                    | 156.64       | -                    | 343.53       |
| Less: Allowance for doubtful                                     | -                    | (156.64)     | -                    | (343.53)     |
| Earnest money deposits                                           |                      |              |                      |              |
| Unsecured, considered good                                       | 0.33                 | -            | 0.34                 | -            |
| Unsecured, considered doubtful                                   | -                    | 10.47        | -                    | 10.47        |
| Less: Loss allowance                                             | -                    | (10.47)      | -                    | (10.47)      |
| Loans to employees                                               |                      |              |                      |              |
| Unsecured, considered good                                       | -                    | 0.49         | -                    | 16.90        |
| Unsecured, considered doubtful*                                  | -                    | 18.67        | -                    | 3.46         |
| Less: Loss allowance                                             | -                    | (3.46)       | -                    | (3.46)       |
| Loans to others                                                  |                      |              |                      |              |
| Unsecured, considered doubtful                                   | -                    | 137.59       | -                    | 137.59       |
| Less: Loss allowance                                             | -                    | (137.59)     | -                    | (137.59)     |
| <b>Total</b>                                                     | <b>4.78</b>          | <b>24.22</b> | <b>7.05</b>          | <b>32.71</b> |

For explanation on the group's credit risk management, please refer note 34.2.

\* The advance given to employees is adjustable against provision for expenses amounting to Rs. 15.21 million (March 31, 2019 Rs. 15.21 million) as appearing under the head trade payable in current liabilities.

**Note 9 Other financial assets**

(Unsecured, considered good, unless stated otherwise)

| Particulars                                                   | As at March 31, 2020 |              | As at March 31, 2019 |             |
|---------------------------------------------------------------|----------------------|--------------|----------------------|-------------|
|                                                               | Non current          | Current      | Non current          | Current     |
| Margin money (refer note 9.1 below)                           | 7.19                 | -            | 1.59                 | -           |
| Interest accrued but not due on loans                         |                      |              |                      |             |
| Unsecured, considered good                                    | 0.32                 | 0.75         | 0.51                 | 1.03        |
| Unbilled revenue                                              | -                    | 22.59        | -                    | 7.49        |
| Deposits with more than 12 months maturity                    | 0.20                 | -            | 0.10                 | -           |
| Receivable against corporate guarantee (refer note 9.2 below) |                      |              |                      |             |
| Receivable which have significant increase in credit risk     | -                    | 360.40       | -                    | 258.19      |
| Less: Loss allowance                                          | -                    | (360.40)     | -                    | (258.19)    |
| <b>Total</b>                                                  | <b>7.71</b>          | <b>23.34</b> | <b>2.20</b>          | <b>8.52</b> |

**Note 9.1** Margin money deposits are given against borrowings, letter of credit and bank guarantees including to revenue authorities.

**9.2** This receivable is recognised against the corporate guarantee given on behalf of Edu Smart Services Private Limited to a bank. Simultaneously a payable to the bank for the same amount is recognised as a liability against the guarantee given by the Holding Company (Refer note 20).

**9.3** For explanation on the companies credit risk management please refer note 34.2.



**Note 10 Tax assets**

| Particulars                                   | As at March 31, 2020 |             | As at March 31, 2019 |              |
|-----------------------------------------------|----------------------|-------------|----------------------|--------------|
|                                               | Non current          | Current     | Non current          | Current      |
| Advance income tax (net of provision for tax) | 53.54                | 8.25        | 102.26               | 12.81        |
|                                               | <b>53.54</b>         | <b>8.25</b> | <b>102.26</b>        | <b>12.81</b> |

**Note 11 Other non-current assets**

(Unsecured, considered good, unless stated otherwise)

| Particulars                                                                        | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Considered good                                                                    |                         |                         |
| Capital advances                                                                   |                         |                         |
| Unsecured, considered doubtful                                                     | 2,187.84                | 2,187.84                |
| Less: Loss allowance                                                               | (2,187.84)              | (2,187.84)              |
| Prepaid expenses                                                                   | 0.12                    | 1.02                    |
| Balance with government authorities                                                |                         |                         |
| Balance with government authorities which have significant increase in credit risk | 19.88                   | 19.88                   |
| Less: Loss allowance                                                               | (19.88)                 | (19.88)                 |
|                                                                                    | <b>0.12</b>             | <b>1.02</b>             |

**Note 12 Inventories (valued at lower of cost and net realisable value)**

| Particulars                                        | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|----------------------------------------------------|-------------------------|-------------------------|
| Work-in-progress (A)                               | 11.23                   | 11.23                   |
| Stock in trade (Refer note 12.1)                   |                         |                         |
| - Technology equipment                             | 121.89                  | 122.14                  |
| - Educational products                             |                         |                         |
|                                                    | 121.89                  | 122.14                  |
| Less: Provision for obsolescence (Refer note 12.2) | (112.85)                | (101.63)                |
| (B)                                                | <b>9.04</b>             | <b>20.51</b>            |
| <b>Total (A+B)</b>                                 | <b>20.27</b>            | <b>31.74</b>            |

12.1 Stock in trade includes inventory of Rs 17.80 million which pertains to Educomp School Management Limited (ESML), a subsidiary of Holding Company, and comprises educational books. Such inventory is outstanding for more than three years. The ESML has not made any provision for obsolescence as these are curriculum books and the management of ESML estimates its net realisable value more than its cost.

12.2 it includes Provision for obsolescence of Rs,101.63 Million pertains to holding co. & Rs.11.23 Million related to Educomp Learning Private limited.

**Note 13 Trade receivables**

| Particulars                                                      | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|------------------------------------------------------------------|-------------------------|-------------------------|
| Unsecured, Considered good                                       |                         |                         |
| - due from related parties (Refer note 13.1)                     | -                       | 9.45                    |
| - due from others                                                | 1,464.00                | 2,280.82                |
|                                                                  | <b>1,464.00</b>         | <b>2,290.27</b>         |
| Trade Receivables which have significant increase in credit risk |                         |                         |
| - due from related parties (Refer note 13.1)                     | 15.28                   | 0.02                    |
| - due from others                                                | 14,532.79               | 13,844.44               |
| Less: Loss allowance (also, refer note 13.5)                     | (14,548.07)             | (13,844.46)             |
|                                                                  | <b>1,464.00</b>         | <b>2,290.27</b>         |

**13.1 Trade receivable from related parties comprise:**

|                                            | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--------------------------------------------|-------------------------|-------------------------|
| Considered Good                            |                         |                         |
| Receivable from associate                  |                         |                         |
| Little Millenium Education Private Limited |                         | 0.26                    |
| Other related parties                      |                         |                         |
| Learning Leadership Foundation             |                         | 0.14                    |
| League India Education Foundation          |                         | 9.05                    |
|                                            |                         | <b>9.45</b>             |



**Trade Receivables which have significant increase in credit risk**

**Receivable from associate**

|                                            |              |             |
|--------------------------------------------|--------------|-------------|
| Little Millenium Education Private Limited | 0.26         | -           |
| <b>Other related parties</b>               |              |             |
| Savvica Inc.                               | 5.83         | 5.67        |
| Learning Leadership Foundation             | 0.14         | -           |
| League India Education Foundation          | 9.04         | -           |
| Siya Ram Educational Trust                 | 0.01         | 0.02        |
| <b>Total</b>                               | <b>15.28</b> | <b>5.69</b> |

13.2 For terms and conditions of transactions with related parties refer note 37.

13.3 No trade receivables are due from directors or other officers of the company either severally or jointly with any other person or from any firms or private companies in which any director is a partner, a director or a member.

13.4 For explanation on the company's credit risk management, please refer note 34.

13.5 The Holding company has initiated proceedings for recovery of outstanding amount from certain trade receivables amounting to Rs. 4,868.89 million ( March 31, 2019 Rs. 5,298.99 million), in respect of which the Company has created a provision of Rs. 3,640.14 million (March 31, 2019 Rs. 3,847.18 million), which in the opinion of the management is adequate to mitigate the risk of any possible non recovery from such receivables.

**Note 14.1 Cash and cash equivalents**

| Particulars            | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|------------------------|-------------------------|-------------------------|
| Balances with banks    |                         |                         |
| - in current accounts* | 171.15                  | 143.77                  |
| Stamp-in-hand          | 0.89                    | 0.89                    |
| Cash on hand           | 0.00                    | 0.05                    |
|                        | <b>172.04</b>           | <b>144.71</b>           |

\*It includes bank balance of subsidiaries companies amounting to Rs.28.84 Million.

**Note 14.2 Bank balances other than cash and cash equivalents**

| Particulars                                                                          | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Margin money deposit (refer note 14.2.1)                                             | 6.40                    | 11.06                   |
| Deposit with original maturity of more than three months but less than twelve months | 21.29                   | 21.73                   |
| Unpaid dividend                                                                      | 0.31                    | 0.31                    |
|                                                                                      | <b>28.00</b>            | <b>33.10</b>            |

14.2.1 Margin Money Deposits are given against borrowings, letter of credit and bank guarantees including to revenue authorities.

**Note 15 Other current assets**

| Particulars                                               | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-----------------------------------------------------------|-------------------------|-------------------------|
| <b>Unsecured considered good, unless stated otherwise</b> |                         |                         |
| (i) Advances other than capital advances                  |                         |                         |
| Advance to suppliers                                      |                         |                         |
| - considered good                                         | 2.64                    | 0.02                    |
| - which have significant increase in credit risk          | 252.98                  | 61.21                   |
| Less: Loss allowance                                      | (252.98)                | (61.21)                 |
| Advance to others (Refer note 15.1 below)                 |                         |                         |
| - considered good                                         | -                       | -                       |
| - which have significant increase in credit risk          | -                       | 0.10                    |
| Less: Loss allowance                                      | -                       | (0.10)                  |
| (ii) Others                                               |                         |                         |
| Receivable from employees                                 | -                       | -                       |
| Security Deposits                                         | -                       | -                       |
| Prepaid expenses                                          | 1.22                    | 8.30                    |
| Balance with government authorities                       | 46.40                   | 47.38                   |
| <b>Total</b>                                              | <b>50.26</b>            | <b>55.70</b>            |

**15.1 Includes advances to related parties as follows:**

|                      |          |             |
|----------------------|----------|-------------|
| India Education Fund | -        | 0.10        |
| <b>Total</b>         | <b>-</b> | <b>0.10</b> |

15.2 For explanation on the company's credit risk management, please refer note 34.2.



**Note 16 Equity share capital**  
**Particulars**

|                                                                                     | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------------------------------------------------------------------|-------------------------|-------------------------|
| a) <b>Authorized shares</b>                                                         |                         |                         |
| 200,000,000 (March 31, 2019: 200,000,000) equity shares of Rs. 2 each               | 400.00                  | 400.00                  |
| b) <b>Issued, subscribed and fully paid-up shares</b>                               |                         |                         |
| 122,467,168 (March 31, 2019: 122,467,168) equity shares of Rs. 2 each fully paid up | 244.93                  | 244.93                  |
|                                                                                     | <b>244.93</b>           | <b>244.93</b>           |

c) **Movement in equity share capital**

|                                                 | Year ended March 31, 2020 |        | Year ended March 31, 2019 |        |
|-------------------------------------------------|---------------------------|--------|---------------------------|--------|
|                                                 | No. of Shares             | Amount | No. of Shares             | Amount |
| Shares outstanding at the beginning of the year | 12,24,67,168              | 244.93 | 12,24,67,168              | 244.93 |
| Shares issued during the year                   | -                         | -      | -                         | -      |
| Shares outstanding at the end of the year       | 12,24,67,168              | 244.93 | 12,24,67,168              | 244.93 |

d) **Terms/ rights attached to equity shares**

The Holding Company has only one class of equity shares having a par value of Rs. 2 per share. Each holder of equity shares is entitled to one vote per share. The Holding Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting except where interim dividend is distributed.

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

e) **Details of shareholders holding more than 5% equity shares in the Holding Company**

|                                                  | As at March 31, 2020 |              | As at March 31, 2019 |              |
|--------------------------------------------------|----------------------|--------------|----------------------|--------------|
|                                                  | No. of Shares        | % of holding | No. of Shares        | % of holding |
| <b>Equity shares of Rs. 2 each fully paid-up</b> |                      |              |                      |              |
| Mr. Shantanu Prakash                             | 4,43,15,205          | 36.19%       | 4,43,15,205          | 36.19%       |
| A.P. Eduvision Private Limited                   | 72,84,600            | 5.95%        | 72,84,600            | 5.95%        |

f) **Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date**

No equity shares has been issued by way of bonus shares during the said period.

No equity shares fully paid up has been issued pursuant to contract(s) without payment being received in cash during the period.

No equity shares bought back pursuant to section 68, 69 and 70 of the Act during the period.

g) **Share reserved for issue under option/contracts**

For details of shares reserved for issue on conversion of Zero Coupon Foreign Currency Convertible Bonds (refer note 18.3)

For details of shares reserved for issue on employee stock option, (refer note 39)

For details of shares reserved for issue to lender banks as per CDR scheme (refer note 18.5)



Note 17 Other Equity

(A) Equity component of compound financial instruments  
Particulars

|                                                                      | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|----------------------------------------------------------------------|-------------------------|-------------------------|
| Equity component of compound financial instruments (Refer note 17.1) | 524.45                  | 524.45                  |
| <b>Total</b>                                                         | <b>524.45</b>           | <b>524.45</b>           |

(B) Reserves & Surplus (Refer note 17.2)  
Particulars

|                                                                | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|----------------------------------------------------------------|-------------------------|-------------------------|
| Security premium reserves                                      | 10,240.32               | 10,240.32               |
| General reserves                                               | 1,198.29                | 1,124.24                |
| Employee stock option outstanding account ( Refer note 39)     | -                       | -                       |
| Capital reserves                                               | 411.66                  | 411.66                  |
| Retained earnings                                              | (41,072.59)             | (40,118.14)             |
| Foreign currency monetary items translation difference account | (493.42)                | (430.80)                |
| Other comprehensive income                                     | 33.69                   | 30.33                   |
| <b>Total</b>                                                   | <b>(29,682.05)</b>      | <b>(28,742.39)</b>      |

Notes:

17.1 Movement of Other Equity

Equity component of compound financial instruments

| Particulars     | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|-----------------|------------------------------|------------------------------|
| Opening Balance | 524.45                       | 524.45                       |
| Closing Balance | <b>524.45</b>                | <b>524.45</b>                |

The above balance represents portion of the compound financial instruments that evidence a residual interest in the assets of the Company after deducting financial liability component.

17.2 Reserves & Surplus

(i) Securities premium reserves

| Particulars                                                                | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|----------------------------------------------------------------------------|------------------------------|------------------------------|
| Opening Balance                                                            | 10,240.32                    | 19,928.01                    |
| Less: transfer to retained earnings due to loss of control in subsidiaries | -                            | (9,687.69)                   |
| Closing Balance                                                            | <b>10,240.32</b>             | <b>10,240.32</b>             |

(ii) General reserve

| Particulars                                                                | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|----------------------------------------------------------------------------|------------------------------|------------------------------|
| Opening Balance                                                            | 1,124.24                     | 1,580.80                     |
| Add: Other Adjustments( refer note 17.2.i)                                 | 74.05                        | -                            |
| Add: Employee stock compensation cost reversal on forfeiture               | -                            | 3.53                         |
| Less: transfer to retained earnings due to loss of control in subsidiaries | -                            | (460.09)                     |
| Closing Balance                                                            | <b>1,198.29</b>              | <b>1,124.24</b>              |

- 17.2.i It Includes investment written off pertaining to one of the subsidiary company Educomp School Management Ltd (ESML) which is holding investment in equity shares of Educomp Infrastructure & School Management Ltd (EISML) for Rs.72.55 Million. The Investee company EISML has undergone CIRP and a resolution plan has already been approved by Hon'ble NCLT Chandigarh vide its order dated 14.12.2020 which has no provision for any distribution to shareholders. Consequently the said investment of Rs. 72.55 Million has got fully impaired but the same has not been duly recognised and accounted for in the financial statements of ESML. However the same has been considered in the consolidated financial statements and said investment has been fully written off during the year.



(iii) Employee stock option outstanding account

Particulars

|                                                                            | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|----------------------------------------------------------------------------|------------------------------|------------------------------|
| Opening Balance                                                            | -                            | 22.11                        |
| Add: Employee stock compensation provided                                  | -                            | -                            |
| Less: Employee stock compensation reversed                                 | -                            | (3.53)                       |
| Less: transfer to retained earnings due to loss of control in subsidiaries | -                            | (18.58)                      |
| Closing Balance                                                            | -                            | -                            |

(iv) Capital Reserve

Particulars

|                                                                            | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|----------------------------------------------------------------------------|------------------------------|------------------------------|
| On consolidation                                                           |                              |                              |
| Opening Balance                                                            | -                            | 39.62                        |
| Less: transfer to retained earnings due to loss of control in subsidiaries | -                            | (39.62)                      |
| Closing Balance                                                            | -                            | -                            |
| Others                                                                     |                              |                              |
| Opening Balance                                                            | 411.66                       | 411.66                       |
| Closing Balance                                                            | 411.66                       | 411.66                       |
| <b>Total</b>                                                               | <b>411.66</b>                | <b>411.66</b>                |

(v) Retained Earnings

Particulars

|                                                                             | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|-----------------------------------------------------------------------------|------------------------------|------------------------------|
| Opening balance                                                             | (40,118.14)                  | (45,621.47)                  |
| Add: Loss for the year                                                      | (954.45)                     | (1,831.67)                   |
| Add: transfer on account of loss of control from:                           |                              |                              |
| - security premium                                                          | -                            | 9,687.69                     |
| - general reserve                                                           | -                            | 460.09                       |
| - capital reserve                                                           | -                            | 39.62                        |
| - foreign currency translation reserve                                      | -                            | (174.59)                     |
| - other comprehensive Income                                                | -                            | 1.19                         |
| - Employee stock option outstanding account                                 | -                            | 18.58                        |
| Less: Impact of loss of control in a subsidiary (refer note 40A.3 & 40B(b)) | -                            | (2,697.58)                   |
| Closing Balance                                                             | (41,072.59)                  | (40,118.14)                  |

(vi) Foreign currency monetary item translation difference account (FCMITDA)

Particulars

|                                    | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------------|------------------------------|------------------------------|
| Opening balance                    | (430.80)                     | (392.57)                     |
| Add: Created during the year       | (486.89)                     | (338.43)                     |
| Less: Amortisation during the year | 424.27                       | 300.20                       |
| Closing Balance                    | (493.42)                     | (430.80)                     |

(vii) Other comprehensive income - Foreign currency translation reserve

Particulars

|                                                                           | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|---------------------------------------------------------------------------|------------------------------|------------------------------|
| Opening Balance                                                           | -                            | (174.59)                     |
| Net movement in FCTR during the year                                      | -                            | -                            |
| Add: transfer to retained earnings due to loss of control in subsidiaries | -                            | 174.59                       |
| Closing Balance                                                           | -                            | -                            |

(viii) Other comprehensive income

Particulars

|                                                                             | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|-----------------------------------------------------------------------------|------------------------------|------------------------------|
| Opening balance                                                             | 30.33                        | 32.20                        |
| Add: Profit( Loss) for the year                                             | 3.36                         | (0.68)                       |
| Less: Impact of loss of control in a subsidiary (refer note 40A.3 & 40B(b)) | -                            | (1.19)                       |
| Closing Balance                                                             | 33.69                        | 30.33                        |

Securities Premium Reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.



**Employee stock option outstanding account**

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under different Employee stock option plans issued by the company. (refer note 39)

**Capital Reserve**

The Holding Company on July 26, 2012 had allotted 11,479,096 warrants to Promoter Group Entity at an issue price of Rs. 193.74 per warrant, as per the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009, convertible into equal number of equity shares of the face value of Rs. 2/- each convertible within a period of 18 months from the date of allotment. The Holding Company on January 22, 2013 had allotted 2,979,939 equity shares of face value of Rs. 2/- each at a premium of Rs. 191.74/- per share on conversion of warrants issued under provisions of Chapter VII Of SEBI (ICDR) Regulations, 2009. During the year 2013-14 the Holding Company had forfeited 8,499,157 warrants amounting to Rs. 411.66 million, due to non receipt of balance 75% of the issue price in the stipulated period of 18 months from the date of issuance of these warrants. The forfeited amount is disclosed as 'Capital Reserve' under the 'Reserve & Surplus'.

**Foreign currency monetary item translation difference account (FCMITDA)**

The Group has a policy for the long-term foreign currency monetary items recognised in the financial statements on or before March 31, 2016 and the exchange difference on foreign currency loan (including FCCB) is accounted for by addition or deduction to the cost of the assets so far it relates to depreciable capital asset and in other cases by transfer to "Foreign Currency Monetary Items Translation Difference Account" (FCMITDA) to be amortized over the period of such foreign currency loans.

**General reserve**

This represents appropriation of profit by the Company and is available for distribution of dividend.



**Note 18 Borrowings****18.1 Non-current borrowings**

| Particulars                                                                                    | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| (i) Secured**                                                                                  |                         |                         |
| Bonds and debentures                                                                           |                         |                         |
| 13.25%, 100 Non Convertible Debentures of Rs. 1,000,000 each                                   | 100.00                  | 100.00                  |
| 13.50%, 350 Non Convertible Debentures of Rs. 1,000,000 each                                   | 350.00                  | 350.00                  |
| 10 Zero Coupon Foreign Currency Convertible Bonds of \$ 1,000,000 each (refer note 18.3 below) | 1,003.52                | 922.48                  |
| Term loans                                                                                     |                         |                         |
| from banks                                                                                     | 17,142.55               | 17,142.55               |
| from others                                                                                    |                         |                         |
| - External commercial borrowings                                                               | 5,275.73                | 4,849.69                |
| (ii) Unsecured                                                                                 |                         |                         |
| Loan from related parties (refer note 18.4 below)*                                             | 279.54                  | 245.20                  |
| Loan from other parties                                                                        | 353.20                  | 353.20                  |
| Less: Current maturities of long term borrowings (refer note 20)                               | (24,224.99)             | (23,717.92)             |
|                                                                                                | <b>279.54</b>           | <b>245.20</b>           |

**Notes:**

\* Refer note 37 for terms and conditions of transaction with related parties.

\*\* Refer note 18.5 for details of security &amp; terms of long term borrowings.

**18.2 Current borrowings**

| Particulars                               | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------------------------|-------------------------|-------------------------|
| (i) Term loan                             |                         |                         |
| - from bank-secured                       | 113.50                  | 100.04                  |
| (ii) Borrowing repayable on demand        |                         |                         |
| -Working capital loans from Banks-secured | 1,249.92                | 1,243.11                |
| (iii) Other loans                         |                         |                         |
| -Loans from other parties-unsecured       | 12.03                   | 12.00                   |
| Total                                     | <b>1,375.45</b>         | <b>1,355.15</b>         |

Refer note 18.5 for details of security &amp; terms of current borrowings.

**Liability component of compounded financial instruments****18.3 Foreign Currency Convertible Bond (FCCB)**

The Holding Company had issued 10, zero coupon foreign currency convertible bonds of \$ 1,000,000 each. These FCCB were convertible into equity shares based on the ratio calculated in accordance with the terms of offering circular dated July 13, 2012. The bonds were convertible latest by July 24, 2017 at initial conversion price of Rs. 188.62 for each equity share at the applicable exchange rate (fixed). As on March 31, 2019 USD 10 million (March 31, 2018 USD 10 million) FCCB remained outstanding for conversion into equity shares of Rs. 2 each, as the Holding Company has filed for corporate insolvency and resolution process on May 30, 2017.

|                                                                             | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-----------------------------------------------------------------------------|-------------------------|-------------------------|
| Equity portion as at balance sheet date                                     | 50.03                   | 50.03                   |
| Financial liability portion as on date (including 33.15% premium component) | 1,003.52                | 922.48                  |
|                                                                             | <b>1,053.55</b>         | <b>972.51</b>           |

**18.4 Promoters contribution**

The Promoters of the Group have provided interest free loans amounting Rs. 614.65 million to the Holding Company which has been fair valued at amortised cost and the balance portion due to the control of the promoter over the Holding Company has been considered to be equity and has been valued at cost.

|                                          | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|------------------------------------------|-------------------------|-------------------------|
| Equity component as on date              | 474.42                  | 474.42                  |
| Financial liability component as on date | 279.54                  | 245.20                  |
|                                          | <b>753.96</b>           | <b>719.62</b>           |



## Note 18 .5 Particulars of security, interest and terms of repayment of Loans taken by the Group are as follows :

| Particulars                                                                                 | Amount Outstanding as at |                | Terms of repayment                                                                                                                                                                                                                                                                                                       |                | Security       |                |
|---------------------------------------------------------------------------------------------|--------------------------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|
|                                                                                             | March 31, 2020           | March 31, 2019 | March 31, 2020                                                                                                                                                                                                                                                                                                           | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| <b>Bonds, Debentures &amp; External Commercial Borrowings</b>                               |                          |                |                                                                                                                                                                                                                                                                                                                          |                |                |                |
| Non Convertible Debentures (NCD)                                                            | 450.00                   | 450.00         | NCD aggregating Rs. 350.00 million and Rs. 100.00 million were issued on May 24, 2012 and July 20, 2012 respectively and are repayable at par on May 24, 2019 and July 20, 2019 respectively. Further, the investors have put option on May 24, 2017 and July 24, 2017, five years from their respective dates of issue. |                |                |                |
| Foreign Currency Convertible Bonds (FCCB)-Debt component of compounded financial instrument |                          |                | Second charge on following assets<br>- 51% of the fully paid up equity shares of EISML held by the Company.                                                                                                                                                                                                              |                |                |                |
| External Commercial Borrowings (ECB)                                                        | 5,275.73                 | 4,849.69       | Repayable in 11 half yearly equal installments of USD 6.36 million starting from January 15, 2016 and ending January 15, 2021.<br>First charge on following assets<br>- 51% of the fully paid up equity shares of the EISML held by the Company.                                                                         |                |                |                |
| <b>Term Loans &amp; Working Capital Loan from Banks - CDR (Secured)</b>                     |                          |                |                                                                                                                                                                                                                                                                                                                          |                |                |                |
| Term loan (a)                                                                               | 102.40                   | 102.40         | Repayment in 10 quarterly equal installments of Rs. 10.25 million commencing from quarter ended December 31, 2015 and ending in quarter ending 31 March 2018.                                                                                                                                                            |                |                |                |
| Term loan (b)                                                                               | 216.39                   | 216.39         | Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ended December 31, 2015 and ending in quarter ending March 31, 2023.                                                                                                   |                |                |                |
| Term loan (c)                                                                               | 309.85                   | 309.85         | Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ended December 31, 2015 and ending in quarter ending March 31, 2023.                                                                                                   |                |                |                |
| Term loan (d)                                                                               | 204.07                   | 204.07         | Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ended December 31, 2015 and ending in quarter ending March 31, 2023.                                                                                                   |                |                |                |
| Term loan (e)                                                                               | 62.72                    | 62.72          | Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ended December 31, 2015 and ending in quarter ending March 31, 2023.                                                                                                   |                |                |                |
| Working capital term loan                                                                   | 2,837.33                 | 2,837.33       | Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ended December 31, 2015 and ending in quarter ending March 31, 2023.                                                                                                   |                |                |                |
| Funded interest term loan - FITL                                                            | 910.34                   | 910.34         | Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ended December 31, 2015 and ending in quarter ending March 31, 2023.                                                                                                   |                |                |                |
| Term loan (f)                                                                               | 2,813.00                 | 2,813.00       | Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ended December 31, 2015 and ending in quarter ending March 31, 2023.                                                                                                   |                |                |                |
| Term loan (g)                                                                               | 4,550.00                 | 4,550.00       | Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ended December 31, 2015 and ending in quarter ending March 31, 2023.                                                                                                   |                |                |                |
| Term loan (h)                                                                               | 397.65                   | 397.65         | Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ended December 31, 2015 and ending in quarter ending March 31, 2023.                                                                                                   |                |                |                |
| Term loan (i)                                                                               | 1,960.00                 | 1,960.00       | Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ended December 31, 2015 and ending in quarter ending March 31, 2023.                                                                                                   |                |                |                |
| Term loan (j)                                                                               | 1,171.16                 | 1,171.16       | Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ended December 31, 2015 and ending in quarter ending March 31, 2023.                                                                                                   |                |                |                |
| Term loan (k)                                                                               | 947.83                   | 947.83         | Repayment in 30 quarterly structured installments after moratorium of 30 months from the cut-off date i.e. April 01, 2013 commencing from quarter ended December 31, 2015 and ending in quarter ending March 31, 2023.                                                                                                   |                |                |                |
| Working capital facility (a) (Refer note (x))                                               | 1,192.83                 | 1,192.83       | Payable on demand                                                                                                                                                                                                                                                                                                        |                |                |                |



| Particulars                                                                               | Amount Outstanding as at |                 | Terms of repayment                                                                                                                         |                | Security                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------------------------------------------------------------------------|--------------------------|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                           | March 31, 2020           | March 31, 2019  | March 31, 2020                                                                                                                             | March 31, 2019 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Term Loans & Working Capital Loan from Banks other than CDR (Secured)                     |                          |                 |                                                                                                                                            |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Term loan (l)                                                                             | 300.00                   | 300.00          | Balance repayable upto quarter ending September 30, 2017                                                                                   |                | <ul style="list-style-type: none"><li>- Sub-servient charge on the current assets of the Company.</li><li>- Subservient charge on all current assets of Educomp Infrastructure &amp; School Management Limited (EISML).</li><li>- Personal guarantee of Mr. Shantanu Prakash</li></ul>                                                                                                                                                                                                                                       |
| Term loan (m)                                                                             | 359.80                   | 359.80          | Repayable in 14 unequal quarterly installments commencing from quarter ended December 31, 2015 and ended in quarter ending March 31, 2019. |                | <ul style="list-style-type: none"><li>-First ranking pari passu charge on the entire current assets of the Company.</li><li>-Second pari-passu charge over the fixed assets of the Company.</li><li>-Personal guarantee of the Mr. Shantanu Prakash and Mr. Jagdish Prakash and equitable mortgage on one of the personal property of Mr. Shantanu Prakash.</li></ul>                                                                                                                                                        |
| Working capital facilities from bank (Taken by Educomp Software Ltd.) (b) (Refer note ix) | 57.32                    | 52.85           | Repayable on demand                                                                                                                        |                | <ul style="list-style-type: none"><li>- Exclusive charge on all present and future receivables of ICT Project from AMTRON/ Assam Government and designated receivables of ESSPL.</li><li>- Exclusive charge on all present and future current assets of the borrower Group.</li><li>- Subservient charge on all present and future movable fixed assets and exclusive charge on entire intangible assets of the Group.</li><li>- Unconditional and irrevocable personal guarantee of promoter Mr. Shantanu Prakash</li></ul> |
| Loan From Bank (Loan Taken by Educomp Software Ltd.) (n) (Refer note ix)                  | 113.50                   | 100.04          | Repayment in four equal quarterly installments starting from December, 2016.                                                               |                | <ul style="list-style-type: none"><li>- First exclusive charge by way of assignment of specific ESSPL receivables (including arbitration awards) with a minimum receivable cover of 1.5x.</li><li>- DSRA in the form of subsequent quarter's Principal + Interest obligation to keep upfront.</li><li>- Personal guarantee of Shantanu Prakash.</li></ul>                                                                                                                                                                    |
| Loan from others-unsecured                                                                |                          |                 |                                                                                                                                            |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| From others - unsecured (a)                                                               | 353.20                   | 353.20          | There are two loans to repayable in 26 & 45 unequal monthly installments as per their repayment schedules.                                 |                | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| From others - unsecured (b) (Refer note ix)                                               | 12.00                    | 12.00           | Rs. 12.00 million is over due as on Balance Sheet date.                                                                                    |                | Pledge of shares of the Company held by Mr. Shantanu Prakash.                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| From others - unsecured (c)                                                               | Refer note 18.4          | Refer note 18.4 | Interest free loan repayable after final settlement date as per CDR MRA.                                                                   |                | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |



**Notes:**

- (i) Term loan (a) to (k), working capital term loan, funded interest term loan, working capital facility are at interest rate of ranging 10% to 13% p.a. (March 31, 2019 10% to 13% p.a.)
- (ii) Term loan (l) to (m), are at varying rate of interest ranging from 9% to 11% p.a. (March 31, 2019 9% to 11% p.a.).
- (iii) FCCB are zero coupon bonds and do not carry interest.
- (iv) ECB are at interest rate of 4.5% p.a.-LIBOR (March 31, 2019 4.5% p.a.-LIBOR)
- (v) Non Convertible Debentures are at interest rate ranging from 13.25% to 13.50% p.a. (March 31, 2019 13.25% to 13.50% p.a.)
- (vi) Aggregate of loan amount guaranteed by promoter Mr. Shantanu Prakash and Mr. Jagdish Prakash Rs. 18,504.82 million (March 31, 2019 Rs. 18,486.90 million)
- (vii) Loans from other unsecured (a) and (b) are at varying rate of interest ranging from 12.50% to 18.00% p.a. (March 31, 2019 12.5% to 18.00% p.a.)
- (viii) Aggregate of loan amount guaranteed by Edu Smart Services Pvt.Ltd. Rs.17,674.21 Million ( March 31,2019 Rs.17,674.23 Million)
- (ix) Working capital facility (a) to (b), term loan (n) and loan from others unsecured (b) constitute short term borrowings.
- (x) Corporate debt restructuring scheme- ESI

The Company executed the Master Restructuring Agreement (MRA)/other definitive documents on March 26, 2014 with the majority of its lenders banks, consequent to approval from Corporate Debt Restructuring Empowered Group (CDR-EG) to re-structure Company's existing debt obligations, including interest, additional funding and other terms (hereafter referred to as "the CDR Scheme").

As a part of the CDR Scheme, the promoters were required to contribute funds in accordance with letter of approval. As a consequence, the Company has received a contribution from its promoter amounting to Rs. 614.65 million as at March 31, 2020 (As at March 31, 2019 Rs. 614.65 million). The same has been received as interest free unsecured loan. Refer above loan from others - unsecured (c).

The MRA has been signed by all the lender banks and the Company has complied with all necessary conditions precedent. From April 01, 2013 (the "cut-off date"), the interest on the restructured debts has been recomputed and provided at the effective interest

- (i) The rate of interest was changed and reduced to 11% with effect from April 01, 2013. The interest due with effect from April 01, 2013 till March 31, 2016 at revised rates amounting to Rs. 919.62 million in March 31, 2016 and Rs. 886.60 million in April 01,
- (ii) The moratorium period for principle amount after restructure shall be 30 months from the cut off date of April 01, 2013.
- (iii) The CDR scheme envisages monetization of certain assets of the Company and its subsidiaries.
- (iv) The revised charge in favour of lenders as per the terms of MRA, is pending registration.



**Note 18.5 Particulars of security, interest and terms of repayment of Loans taken by the Group are as follows :**

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 this customers, as explained above. 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 January 13, 2015. The impact for the amalgamation shall be given/recorded in the books of accounts upon obtaining approvals and implementation of the Scheme.

Pursuant to MRA, the Company had committed default in payment or repayment of installments of principal amounts of the Restructured Loans, Corporate loans and/or the Additional Rupee Loan or interest thereon or any combination thereof, accordingly CDR Lenders, Corporate loan lenders and/or the Additional Rupee Lenders, at their discretion, have the right to convert at their option the whole of the outstanding amount or part of the defaulted amount into fully paid-up equity shares of the Company, but the lenders have not exercised the rights as at balance sheet date.

**Holding Company****a) Details of defaults of principal and interest for loans payable during the year**

| Particulars            | FY 2019-20         |                       |                        |
|------------------------|--------------------|-----------------------|------------------------|
|                        | Delay upto 3 month | Delay of 3 to 6 month | Delay of 6 to 12 month |
| Repayment of principal | -                  | -                     | -                      |
| Interest               | -                  | -                     | -                      |

| Particulars            | FY 2018-19         |                       |                        |
|------------------------|--------------------|-----------------------|------------------------|
|                        | Delay upto 3 month | Delay of 3 to 6 month | Delay of 6 to 12 month |
| Repayment of principal | -                  | -                     | -                      |
| Interest               | -                  | -                     | -                      |

**b) Details of carrying amount of loans payable in defaults (including interest due) at the end of the year**

| Particulars            | FY 2019-20         |                       |                        |
|------------------------|--------------------|-----------------------|------------------------|
|                        | Delay upto 3 month | Delay of 3 to 6 month | Delay of 6 to 12 month |
| Repayment of principal | -                  | -                     | 25,429.60              |
| Interest               | -                  | -                     | 3,679.01               |
|                        | -                  | -                     | 29,108.61              |

| Particulars            | FY 2018-19         |                       |                        |
|------------------------|--------------------|-----------------------|------------------------|
|                        | Delay upto 3 month | Delay of 3 to 6 month | Delay of 6 to 12 month |
| Repayment of principal | -                  | -                     | 24,921.39              |
| Interest               | -                  | -                     | 3,593.37               |
|                        | -                  | -                     | 28,514.76              |

**c) The above defaults are not remedied before the financial statements were approved.**

\*The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the borrowings at the reporting date.



**Note 19 Trade Payables**

| Particulars                                          | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|------------------------------------------------------|-------------------------|-------------------------|
| Trade Payables                                       |                         |                         |
| - due to micro and small enterprises( Refer Note 50) | 10.02                   | 10.07                   |
| - due to Others                                      | 1,370.61                | 1,318.44                |
| <b>Total</b>                                         | <b>1,380.63</b>         | <b>1,328.51</b>         |

Trade payables are generally due in 30-90 days and are non interest bearing. Accordingly, the carrying value of the same is considered as fair value.

**Note 20 Other current financial liabilities**

|                                                                      | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|----------------------------------------------------------------------|-------------------------|-------------------------|
| Current maturities of long term debts - ECB*                         | 5,275.73                | 4,849.69                |
| Current maturities of long term debts - FCCB *                       | 1,003.52                | 922.48                  |
| Current maturities of long term debts - Term Loans*                  | 17,142.55               | 17,142.55               |
| Current maturities of long term debts - Non- Convertible Debentures* | 450.00                  | 450.00                  |
| Current maturities of long term debts - from other parties*          | 353.20                  | 353.20                  |
| Payables against corporate guarantee (refer note 9.2)                | 258.19                  | 258.19                  |
| Interest accrued and due (refer note 20.1,20.2 & 20.3 below)         | 3,687.94                | 3,602.30                |
| Interest accrued and due to micro and small enterprises              | 5.62                    | 5.62                    |
| Employee related payables                                            | 337.77                  | 336.89                  |
| Security deposits                                                    | 22.30                   | 22.30                   |
| Unpaid dividend                                                      | 0.31                    | 0.31                    |
| Retention money                                                      | 1.00                    | 1.00                    |
| Expenses payable                                                     | 8.92                    | 8.19                    |
| <b>Total</b>                                                         | <b>28,547.05</b>        | <b>27,952.72</b>        |

\* Refer note 18

**Note 20.1:** The Holding Company has not accrued interest on borrowing post May 30, 2017; being Corporate Insolvency Resolution Process ("CIRP") commencement date. The amount of such interest not accrued is estimated to be Rs. 3,038.90 Million for the year (for the year ended March 31, 2019 Rs. 2,813.66 Million). The cumulative amount of interest not accrued as at March 31, 2020 is estimated to be Rs. 8,020.39 million (March 31, 2019: Rs. 4,981.49 Million)

**Note 20.2:** The Holding Company has not determined the provision for penal interest for defaults on borrowings as per the contractual terms of the underlying agreements.

**Note 20.3:** it includes Rs.89.29 Million as interest by Educomp software limited.

**Note 21 Provisions**

| Particulars                                             | As at March 31, 2020 |             | As at March 31, 2019 |             |
|---------------------------------------------------------|----------------------|-------------|----------------------|-------------|
|                                                         | Non current          | Current     | Non current          | Current     |
| Provisions for employee benefits                        |                      |             |                      |             |
| Provisions for gratuity (refer note 21.1 below)         | 1.95                 | 0.48        | 5.69                 | 2.19        |
| Provisions for leave encashment (refer note 21.1 below) | 0.29                 | 0.07        | 0.81                 | 0.32        |
| <b>Total</b>                                            | <b>2.24</b>          | <b>0.55</b> | <b>6.50</b>          | <b>2.51</b> |

**Note 21.1 Post employment benefits**

**Gratuity**

The Group, excluding foreign entities, provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Under its gratuity plan, every employee who has completed at least one year of service is entitled to gratuity on departure at 15 days of last drawn salary for each completed year of service.

**a) Net employee benefit expense recognised**

**Particulars**

|                                                                               | Gratuity-Unfunded |                |
|-------------------------------------------------------------------------------|-------------------|----------------|
|                                                                               | March 31, 2020    | March 31, 2019 |
| Current service cost                                                          | 0.32              | 1.46           |
| Net interest cost                                                             | 0.60              | 0.91           |
| <b>Total expenses recognised in the Statement of Profit and Loss</b>          | <b>0.92</b>       | <b>2.37</b>    |
| Remeasurement actuarial (gain) / loss from changes in financial assumptions   | 0.10              | 0.02           |
| Remeasurement actuarial (gain) / loss from changes in demographic assumptions | (0.01)            | 0.01           |
| Remeasurement actuarial (gain) / loss arising from Experience Adjustment      | (3.63)            | 0.73           |
| <b>Total amount recognised in the Other comprehensive income</b>              | <b>(3.54)</b>     | <b>0.76</b>    |



b) Reconciliation of opening and closing balance of defined benefit obligation.

Particulars

Present value of obligation as at the beginning of the year  
Impact of transfer of holding  
Interest cost  
Current service cost  
Benefit paid  
Actuarial (gain)/loss  
**Present value of obligation as at the end of the year**

| Gratuity-Unfunded            |                              |
|------------------------------|------------------------------|
| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
| 7.88                         | 11.89                        |
|                              | (0.09)                       |
| 0.60                         | 0.91                         |
| 0.32                         | 1.46                         |
| (2.83)                       | (7.05)                       |
| (3.54)                       | 0.76                         |
| <b>2.43</b>                  | <b>7.88</b>                  |
| Current                      | 0.48                         |
| Non current                  | 1.95                         |
|                              | 2.19                         |
|                              | 5.69                         |

c) Principal actuarial assumptions at the Balance Sheet date:

Discount rate\*  
Expected rate of increase in salary\*\*

| March 31, 2020                                  | March 31, 2019                                  |
|-------------------------------------------------|-------------------------------------------------|
| 6.79%                                           | 7.65%                                           |
| FY 2020-21 to<br>2021-22 0% &<br>There after 5% | FY 2018-19 to<br>2020-21 0% &<br>There after 5% |

Demographic assumptions

i) Retirement age (Years)  
ii) Mortality table  
iii) Ages  
Up to 30 Years  
From 31 to 44 years  
Above 44 years

|                     |                |
|---------------------|----------------|
| 58                  | 58             |
| IALM (2006-08)      | IALM (2006-08) |
| Withdrawal Rate (%) |                |
| 15                  | 25             |
| 32                  | 40             |
| 1                   | 1              |

\*The discount rate is based upon the market yields available on Government bonds at the accounting date for remaining life of employees.

\*\*The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market on long term basis.

Note 22 Other Current liabilities

Particulars

Advances from customers (refer note 22.1 and 22.2)  
Statutory dues  
**Total**

| As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------|-------------------------|
| 299.42                  | 335.45                  |
| 10.30                   | 11.79                   |
| <b>309.72</b>           | <b>347.24</b>           |

22.1 The Company had received advances from customers, which are outstanding for more than one year and still lying in the books as on March 31, 2020. These advances mainly pertain to the pre CIRP period and includes amount received from non corporate entites. The advances could not be repaid to the customers after initiation of CIRP and the same will be settled in accordance with the provision of the Insolvency and Bankruptcy Code 2016 and regulations issued there under.

22.2 Includes advances from related parties\*

Particulars

Shri Hare Educational Trust  
Vigyan Education Trust

| As At<br>March 31, 2020 | As At<br>March 31, 2019 |
|-------------------------|-------------------------|
| 0.37                    | 0.37                    |
| 0.60                    | 0.60                    |
| <b>0.97</b>             | <b>0.97</b>             |

\* for terms and conditions for transaction with related party refer note 37

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**Educomp Solutions Limited**

**Notes to Consolidated Ind AS Financial Statements for the year ended March 31, 2020**

(Rs. In millions unless otherwise stated)

**Note 23 Revenue from operations**

**Particulars**

Sale of educational products and technology equipment

Education and other services

**Total**

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| 0.11                         | 0.48                         |
| 96.50                        | 192.82                       |
| <b>96.61</b>                 | <b>193.30</b>                |

**Note 24 Other income**

**Particulars**

Interest income on

- Fixed deposits

- Financial instruments measured at amortised cost

- Other Interest

Profit on sale of Fixed Assets

Liabilities/Provisions no longer required written back

Income from sub-lease rental (Note 43.2)

Fair value gain on investment accounted using equity method

Other non operative Income

**Total**

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| 2.15                         | 2.07                         |
| 1.10                         | 0.67                         |
| 6.63                         | -                            |
| 0.06                         | -                            |
| 0.35                         | 14.78                        |
| -                            | 7.74                         |
| -                            | 0.63                         |
| 1.30                         | 9.82                         |
| <b>11.59</b>                 | <b>35.71</b>                 |

**Note 25 Purchase of stock-in-trade**

**Particulars**

Technology equipment & accessories

**Total**

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| -                            | 1.38                         |
| -                            | <b>1.38</b>                  |

**Note 26 Change in inventories of work in progress and stock-in-trade**

**Particulars**

**Opening balances**

Work in progress\*

Stock-in-trade

- Technology equipment

- Educational products

**Closing balances**

Work in progress\*

Stock-in-trade

- Technology equipment

- Educational products

Adjustment pursuant to loss of control in subsidiary

Provision for obsolescence inventory

**Change in inventory**

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| -                            | 11.23                        |
| 20.51                        | 32.20                        |
| -                            | 14.57                        |
| <b>20.51</b>                 | <b>58.00</b>                 |
| -                            | 11.23                        |
| 20.26                        | 20.51                        |
| -                            | -                            |
| <b>20.26</b>                 | <b>31.74</b>                 |
| -                            | 14.57                        |
| -                            | 2.01                         |
| <b>20.26</b>                 | <b>48.32</b>                 |
| <b>0.25</b>                  | <b>9.68</b>                  |

\* This is adjusted with provision for obsolescence of inventory of Rs.11.23 Million with corresponding debit to exceptional item (expenses).(Refer note 31)



**Educomp Solutions Limited**

**Notes to Consolidated Ind AS Financial Statements for the year ended March 31, 2020**

(Rs. In millions unless otherwise stated)

**Note 27 Employee benefit expenses**

**Particulars**

|                                            |
|--------------------------------------------|
| Salaries wages and bonus                   |
| Contribution to provident and other funds* |
| Gratuity expenses (refer note 21.1)        |
| Staff welfare expenses                     |
| <b>Total</b>                               |

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| 63.63                        | 137.13                       |
| 4.92                         | 8.72                         |
| 0.93                         | 2.37                         |
| 0.47                         | 1.40                         |
| <b>69.95</b>                 | <b>149.62</b>                |

\* Contribution to provident and other funds comprise:

**Defined contribution plan**

|                                                                     |
|---------------------------------------------------------------------|
| Employer's contribution to provident fund (including admin charges) |
| Employer's contribution to employee state insurance                 |
| Employer's contribution to employee deposit linked insurance fund   |
| <b>Total</b>                                                        |

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| 3.92                         | 5.82                         |
| 0.86                         | 2.70                         |
| 0.14                         | 0.20                         |
| <b>4.92</b>                  | <b>8.72</b>                  |

**Note 28 Finance cost**

**Particulars**

|                                                                      |
|----------------------------------------------------------------------|
| Interest expense (also, refer note 20.1 & foot note 1)               |
| Interest expense on financial instruments measured at amortised cost |
| Interest on delay in payment of income tax                           |
| Other borrowing charges                                              |
| <b>Total</b>                                                         |

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| 19.14                        | 16.97                        |
| 35.30                        | 30.74                        |
| 0.04                         | 0.05                         |
| 1.09                         | 1.09                         |
| <b>55.57</b>                 | <b>48.85</b>                 |

1 This pertains to interest on borrowing booked by Educomp Software Limited

**Note 29 Depreciation, amortisation and impairment expense**

**Particulars**

|                                                              |
|--------------------------------------------------------------|
| Depreciation on property, plant and equipment (Refer note 3) |
| Amortization on intangible assets (Refer note 6)             |
| <b>Total</b>                                                 |

| Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------|------------------------------|
| 9.38                         | 10.96                        |
| 23.88                        | 105.04                       |
| <b>33.26</b>                 | <b>116.00</b>                |



**Educomp Solutions Limited**

**Notes to Consolidated Ind AS Financial Statements for the year ended March 31, 2020**

(Rs. In millions unless otherwise stated)

**Note 30 Other expenses**

**Particulars**

|                                                 | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|-------------------------------------------------|------------------------------|------------------------------|
| Repair & Maintenance to                         |                              |                              |
| - Buildings                                     | 5.56                         | 11.58                        |
| - Machinery                                     | 0.67                         | 10.23                        |
| - Others                                        | 0.95                         | 6.01                         |
| Lease Rent (refer note 43.1)                    | 9.35                         | 16.27                        |
| Rates and taxes                                 | 2.51                         | 2.82                         |
| Legal and professional fees                     | 45.45                        | 86.63                        |
| Travelling and conveyance                       | 3.37                         | 16.94                        |
| Communication                                   | 17.36                        | 36.74                        |
| Advertisement, publicity and business promotion | 0.54                         | 4.69                         |
| Freight and forwarding                          | 0.17                         | 1.05                         |
| Recruitment and training                        | 0.03                         | 3.58                         |
| Printing and stationery                         | 0.27                         | 10.90                        |
| Consumables/Spare parts                         | 9.33                         | 112.46                       |
| Bad debts and advances written off              | -                            | 1.39                         |
| Loss allowance on trade receivables             | 697.10                       | 120.75                       |
| Loss allowance on Sundry advances               | -                            | 140.09                       |
| Foreign exchange loss (net)                     | 605.78                       | 427.66                       |
| Project running/ implementation expenses        | -                            | 15.65                        |
| Provision for Capital work in progress          | -                            | 20.00                        |
| Miscellaneous expenses                          | 5.61                         | 10.97                        |
| <b>Total</b>                                    | <b>1,404.05</b>              | <b>1,056.41</b>              |

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**Note 31 Exceptional items****Particulars**

|                                                                | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|----------------------------------------------------------------|------------------------------|------------------------------|
| Provision for diminution in the value of long term investment* | 50.25                        | 28.80                        |
| Impairment loss on Building(Refer Note 3.8)                    | 27.42                        | -                            |
| Revaluation of land(Refer Note 3.3)                            | (659.90)                     | 674.55                       |
| Provision for obsolescence Inventory( Refer Note 26)           | 11.23                        | -                            |
| Provision for doubtful debts                                   | 31.78                        | -                            |
| Investment Written off (refer note 17.2.(i))                   | 72.55                        | -                            |
|                                                                | <b>(466.67)</b>              | <b>703.35</b>                |

\* During the current year the Company has carried out further assessment in the value of its investments and recorded the provision for impairment in investments of its associate:

(i) Little Millenium Education Private Limited amounting to Rs. 49.62 millions due to revised fair valuation.

(ii) Greycell18 Media Limited amounting to Rs.0.63 million due to erosion of net worth.

During the year ended March 31, 2018, the holding company has recorded provision for impairment in investment in Vidya Mandir Classes Private Limited amounting to Rs.249.17 millions since the company is not operational and does not have adequate assets. During the Financial Year 2018-19, the holding company has further recorded a provision of Rs.28.80 million in aforesaid investment.

- 31.2 a) During the year ended March 31, 2017, pursuant to a negotiated settlement entered with ICICI Bank, the Holding Company had divested its entire holding of 48,776 number of equity shares comprising 67% shareholding in Vidya Mandir Classes Limited (VMCL), a subsidiary of the Holding Company and conditional sale of Educomp Learning Hour Private Limited (ELHPL), a step down subsidiary of the Holding Company. As per clause 2.2 of "Share Purchase Agreement" (SPA) executed on July 25, 2016 with KB Educational Society ("KBES" or "the Purchaser"), purchase and sale of shares shall be completed in two tranches in the following manner:

| Particulars                             | No. of shares to be transferred | Consideration (in Rs. Millions) | Referred in the agreement as |
|-----------------------------------------|---------------------------------|---------------------------------|------------------------------|
| On closing 1 i.e. execution date        | 9,688                           | 163.39                          | Tranche A Shares             |
| On or before March 31, 2019 (closing 2) | 39,088                          | 742.26                          | Tranche B Shares             |
| <b>Total</b>                            | <b>48,776</b>                   | <b>905.65</b>                   |                              |

**As per clause 2.3 of the agreement is reproduced here:**

"The Sellers hereby acknowledge and understand that the Purchaser has agreed to purchase the sale shares on the basis of representation that all of sale Share shall be available to the Purchaser to acquire upto March 31, 2019. The Purchaser accordingly and based on its cash flows, has agreed to purchase all of Sale Shares in two tranches. It is clarified that though sale of all shares would be consummated in two tranches, interest of purchaser has been created in all sale shares no sooner Closing 1 takes place in terms of clause 8."

Based on terms and condition of SPA, an unconditional interest of Purchaser has been created in all the shares upon transfer of tranche A shares. Further, all the nominee directors of the Holding Company on the board of VMC were replaced by the nominees of the buyers to protect its "interest" created pursuant to this agreement.

The Purchaser has not exercised such rights till the exercise lapse date i.e. March 31, 2019. Accordingly, the transaction is not enforceable. Consequently, the transaction of sale of Tranche B shares (53.69% shareholding) recorded during F.Y. 2016-17 was reinstated during the F.Y. 2017-18 and the related consideration of Rs. 602.43 million shown as recoverable as at March 31, 2017 was reversed. Also, profit recognised during the financial year 2016-17 on such transaction of Rs. 324.46 million was also reversed during the F.Y. 2017-18.

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**Note 32 Income tax expense**

**(a) Income tax expense**

|                                        | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|----------------------------------------|------------------------------|------------------------------|
| <b>Current tax</b>                     |                              |                              |
| Current tax on the profits of the year | -                            | -                            |
| Tax relating to earlier years          | -                            | -                            |
| <b>Total Current tax expense</b>       | -                            | -                            |
| <b>Deferred tax</b>                    |                              |                              |
| Decrease in deferred tax assets        | -                            | -                            |
| <b>Total Deferred tax expense</b>      | -                            | -                            |
| <b>Total Income tax expense</b>        | -                            | -                            |

**(b) Movement in deferred tax balances**

**Current Year**

|                                                                    | As At<br>March 31, 2019 | Recognized<br>in P&L | Recognized<br>in OCI | Other<br>Adjustments* | As At<br>March 31, 2020 |
|--------------------------------------------------------------------|-------------------------|----------------------|----------------------|-----------------------|-------------------------|
| <b>Deferred Tax Assets</b>                                         |                         |                      |                      |                       |                         |
| Carried forward losses and tax credits<br>(MAT credit entitlement) | 0.25                    | -                    | -                    |                       | 0.25                    |
| <b>Sub- Total (a)</b>                                              | <b>0.25</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>              | <b>0.25</b>             |
| <b>Deferred Tax Liabilities</b>                                    |                         |                      |                      |                       |                         |
| Property, plant and equipment and<br>intangibles                   | -                       | -                    | -                    |                       | -                       |
| <b>Sub- Total (b)</b>                                              | <b>-</b>                | <b>-</b>             | <b>-</b>             | <b>-</b>              | <b>-</b>                |
| <b>Net Deferred Tax Assets (a)-(b)</b>                             | <b>0.25</b>             | <b>-</b>             | <b>-</b>             | <b>-</b>              | <b>0.25</b>             |

**Previous Year**

|                                                                    | As at<br>April 1, 2018 | Recognized in<br>P&L | Recognized<br>in OCI | Other<br>Adjustments | As At<br>March 31, 2019 |
|--------------------------------------------------------------------|------------------------|----------------------|----------------------|----------------------|-------------------------|
| <b>Deferred Tax Assets</b>                                         |                        |                      |                      |                      |                         |
| Carried forward losses and tax credits<br>(MAT credit entitlement) | 111.08                 | -                    | -                    | (110.83)             | 0.25                    |
| <b>Sub- Total (a)</b>                                              | <b>111.08</b>          | <b>-</b>             | <b>-</b>             | <b>(110.83)</b>      | <b>0.25</b>             |
| <b>Deferred Tax Liabilities</b>                                    |                        |                      |                      |                      |                         |
| Property, plant and equipment and<br>intangibles                   | 0.53                   | -                    | -                    | (0.53)               | -                       |
| <b>Sub- Total (b)</b>                                              | <b>0.53</b>            | <b>-</b>             | <b>-</b>             | <b>(0.53)</b>        | <b>-</b>                |
| <b>Net Deferred Tax Asset (a)-(b)</b>                              | <b>110.55</b>          | <b>-</b>             | <b>-</b>             | <b>(110.30)</b>      | <b>0.25</b>             |

\*During the year ended March 31, 2019, the Holding Company has lost its control over 6 subsidiary namely Educomp Infrastructure & School Management Limited (EISML), Edumatics Corporation Inc. USA, Savvica Inc., Canada, Educomp IntelProp Ventures Pte Limited, Educomp Global Holding FZE & Educomp Global WLL, for which loss of control accounting has been done in accordance with Ind AS 110 "Consolidated Financial Statements" and accordingly Deferred Tax Assets and Liabilities of such subsidiaries have been de-recognized. Other adjustments represent the said derecognition.

**(c) Significant estimates**

The Holding company has not recognised any deferred tax asset on deductible temporary differences, unused tax losses and unused tax credits as it is not probable that the Company will have sufficient future taxable profit which can be available against the available tax losses and unused tax credits.

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## Note 33 Fair valuation measurements

| S.No.                       | Particulars                                                  | As at March 31, 2020 |        |                | As at March 31, 2019 |        |                |
|-----------------------------|--------------------------------------------------------------|----------------------|--------|----------------|----------------------|--------|----------------|
|                             |                                                              | FVTPL                | FVTOCI | Amortised cost | FVTPL                | FVTOCI | Amortised cost |
| Financial assets            |                                                              |                      |        |                |                      |        |                |
| 1                           | Investments                                                  | -                    | -      | -              | 0.63                 | -      | -              |
| 1                           | Loans                                                        | -                    | -      | 29.00          | -                    | -      | 39.76          |
| 2                           | Trade receivables                                            | -                    | -      | 1,464.00       | -                    | -      | 2,290.27       |
| 3                           | Other financial assets                                       | -                    | -      | 31.04          | -                    | -      | 10.72          |
| 4                           | Cash & Cash Equivalents                                      | -                    | -      | 172.04         | -                    | -      | 144.71         |
| 5                           | Bank balances other than cash & cash equivalents             | -                    | -      | 28.00          | -                    | -      | 33.10          |
| Total Financial Assets      |                                                              | -                    | -      | 1,724.08       | 0.63                 | -      | 2,518.56       |
| Financial Liability         |                                                              |                      |        |                |                      |        |                |
| 1                           | Borrowings (including current maturities & Interest Accrued) | -                    | -      | 29,567.93      | -                    | -      | 28,920.58      |
| 2                           | Trade & Other Payables                                       | -                    | -      | 1,380.63       | -                    | -      | 1,328.51       |
| 3                           | Other financial Liabilities                                  | -                    | -      | 634.12         | -                    | -      | 632.50         |
| Total Financial Liabilities |                                                              | -                    | -      | 31,582.68      | -                    | -      | 30,881.59      |

a) The carrying amounts of trade and other payables, working capital borrowings, current loans and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

b) The carrying amounts of trade receivables, loans, security deposits and investment in preference shares were calculated based on contractual cash flows, discounted using a current lending rate and the amortised values are considered to be the same as their fair values, as there is no change in the current and the previous year lending rates. These are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

c) The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

d) As all the financial instruments have been fair valued using amortised cost accounting considering the unobservable inputs as explained in the note b) and c) above therefore all the financial assets and financial liabilities would fall into level 3 in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk, own credit risk, contractual cash flows and lending rates.

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**Note 34 Financial Risk Management**

**Risk management objectives and policies**

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 33. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated by its board of directors through Resolution Professional, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to volatile financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to, are described below:

**34.1 Market risk**

Market risk is the risk that changes in market prices will have an effect on Group's income or value of the financial assets and liabilities. The Group is exposed to various types of market risks which result from its operating and investing activities. The most significant financial risks to which the Group is exposed are described below:

**a Foreign currency risk**

The Company is exposed to exchange rate fluctuations as it undertakes transaction in various currencies. Various operating and investing activities during the year, in currencies other than functional currency of the Company, resulted in foreign currency financial assets and liabilities as on each reporting date.

As the company is currently undergoing CIRP process (refer note 1(a)), Accordingly, a moratorium has been declared under section 14 of the Code. All the foreign currency liabilities have been crystallised into INR as on May 30, 2017. Accordingly, there is no foreign currency risk till the completion of CIRP..

The following table presents non-derivative instruments which are exposed to currency risk and are unhedged as at March 31, 2020 and March 31, 2019 :

| Particulars              | Foreign currency  | As at<br>March 31, 2020 |          | As at<br>March 31, 2019 |          |
|--------------------------|-------------------|-------------------------|----------|-------------------------|----------|
|                          |                   | Foreign currency        | Amount   | Foreign currency        | Amount   |
| Trade payable            | US\$              | 12.87                   | 969.75   | 12.87                   | 891.44   |
|                          | Euro              | 0.01                    | 0.83     | 0.01                    | 0.78     |
| Trade receivable         | US\$              | 0.35                    | 26.00    | 0.35                    | 23.90    |
|                          | Canadian \$ (CAD) | 0.11                    | 5.83     | 0.11                    | 5.67     |
| Loans payable            | US\$              | 80.00                   | 350.00   | 80.00                   | 350.00   |
| Interest accrued and due | US\$              | 14.94                   | 1,119.00 | 14.94                   | 1,032.23 |

To mitigate the Company's exposure to foreign exchange risk, cash flows in foreign currencies are monitored and net cash flows are managed in accordance with Company's risk management policies. Generally, the Company's risk management procedures distinguish short term foreign currency cash flows (due within 6 months) from longer term cash flows (due after 6 months). Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no hedging activity is undertaken.

The following table gives the volatility in exchange rates for the respective reporting years for major currencies:

| Currencies | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------|------------------------------|------------------------------|
| INR/USD    | 6%                           | 7%                           |
| INR/EURO   | 8%                           | 8%                           |
| INR/CAD    | 7%                           | 9%                           |

These percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis given in the table below is based on the Company's foreign currency financial instruments held at each reporting date.

**Sensitivity analysis for entities with foreign currency balances in INR**

The following tables illustrate the sensitivity of profit/loss and equity in regards to the Company's financial assets and financial liabilities and the movement of exchange rates of respective functional currencies' against INR, assuming 'all other things being equal'.

If the respective functional currencies had strengthened/weakened against the INR by the afore mentioned percentage of market volatility, then this would have had the following impact on profit/loss:

| March 31, 2020   | Profit and loss |               |           | Other Components of equity |           |
|------------------|-----------------|---------------|-----------|----------------------------|-----------|
|                  | Movement        | Strengthening | Weakening | Strengthening              | Weakening |
| USD Sensitivity  | 6%              | 123.76        | (123.76)  | 376.75                     | (376.75)  |
| EURO Sensitivity | 8%              | 0.07          | (0.07)    | -                          | -         |
| CAD Sensitivity  | 7%              | 0.41          | (0.41)    | -                          | -         |
| March 31, 2019   | Profit and loss |               |           | Other Components of equity |           |
|                  | Movement        | Strengthening | Weakening | Strengthening              | Weakening |
| USD Sensitivity  | 7%              | 132.98        | (132.98)  | 404.05                     | (404.05)  |
| EURO Sensitivity | 8%              | 0.06          | (0.06)    | -                          | -         |
| CAD Sensitivity  | 9%              | 0.51          | (0.51)    | -                          | -         |

**(b) Price risk sensitivity**

The Group does not have any financial asset or liability exposed to price risk as at reporting date.

**(c) Interest rate sensitivity**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's policy is to minimise interest rate cash flow risk exposure on long-term financing.



**Educomp Solutions Limited****Notes to Consolidated Ind AS Financial Statements for the year ended March 31, 2020**

(Rs. In millions unless otherwise stated)

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

The following table provides a break-up of the Group's fixed and floating rate borrowings:

| Particulars                                 | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------------------|-------------------------|-------------------------|
| Fixed-rate borrowings (Refer note below)    | 3,487.23                | 3,406.19                |
| Floating rate borrowings (Refer note below) | 22,727.87               | 22,281.53               |
| <b>Total borrowings</b>                     | <b>26,215.10</b>        | <b>25,687.72</b>        |

Note: The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

The following table illustrates the sensitivity of profit or loss and other components of equity to a reasonably possible change in interest rates of +/- 1% (March 31, 2019: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the LIBOR rate for each year, and the financial instruments held as at end of reporting year that are sensitive to changes in interest rates, all other variables held constant.

|                                     | Impact on profit and loss after tax |                                  |                                |                                  |
|-------------------------------------|-------------------------------------|----------------------------------|--------------------------------|----------------------------------|
|                                     | Year ended March 31, 2020           |                                  | Year ended March 31, 2019      |                                  |
|                                     | Favourable change<br>of 100 bp      | Unfavourable<br>change of 100 bp | Favourable<br>change of 100 bp | Unfavourable change<br>of 100 bp |
| Loan amount                         | 22,727.87                           |                                  | 22,281.53                      |                                  |
| Effect on profit and loss after tax | 227.28                              | (227.28)                         | 222.82                         | (222.82)                         |

**34.2 CREDIT RISK**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial assets, for example, by granting loans and receivables to customers, placing deposits, loans etc. the group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at different reporting dates.

The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties only.



In respect of trade and other receivables, the Group follows simplified approach which does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. However, the Group records full credit loss on the receivables for which the Group had filed litigation.

Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial asset.

The Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Group estimates the following provision matrix at the reporting date:

|              | 0-180 days | 180-365 days | more than 360 |
|--------------|------------|--------------|---------------|
| Default rate | 6%         | 9%           | 38%           |

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

The credit risk for cash and cash equivalents and other financial instruments is considered negligible and no impairment has been recorded by the Group.

#### Reconciliation of loss allowance provision at consolidated level - Trade receivables

| Particulars                                                    | Amount      |
|----------------------------------------------------------------|-------------|
| Loss allowance on 1 April 2018                                 | (15,363.40) |
| Derecognition on account of loss of control (refer note 40A.3) | 1,638.48    |
| Changes in loss allowance                                      | (119.54)    |
| Loss allowance on 31 March 2019                                | (13,844.46) |
| Derecognition on account of loss of control (refer note 40A.3) | -           |
| Changes in loss allowance                                      | (703.61)    |
| Loss allowance on 31 March 2020                                | (14,548.07) |

#### Significant estimates and judgements

##### Impairment of financial assets

The impairment provisions for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

#### 34.3 Liquidity risk

Liquidity risk is the risk that the Group might not be able to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

The Group's objective is to maintain sufficient cash and marketable securities to meet its liquidity requirements for 30-day periods at a minimum.

As the Holding Company is currently undergoing CIRP process (refer note 1(a)), the current liquidity risk management is therefore restricted to the management of current assets and liabilities and the day to day cash flows of the Holding Company.

As at end of reporting year, the Group's financial liabilities have contractual maturities\* as summarised below :

| March 31, 2020              |                  |              |               |                  |
|-----------------------------|------------------|--------------|---------------|------------------|
| Particulars                 | Upto 1 year      | 1 to 3 years | Above 3 years | Total            |
| Borrowings                  | 25,600.45        | -            | 614.65        | 26,215.10        |
| Trade payables              | 1,380.63         | -            | -             | 1,380.63         |
| Other financial liabilities | 4,322.06         | -            | -             | 4,322.06         |
| <b>Total</b>                | <b>31,303.14</b> | <b>-</b>     | <b>614.65</b> | <b>31,917.79</b> |

| March 31, 2019              |                  |              |               |                  |
|-----------------------------|------------------|--------------|---------------|------------------|
| Particulars                 | Upto 1 year      | 1 to 3 years | Above 3 years | Total            |
| Borrowings                  | 25,073.07        | -            | 614.65        | 25,687.72        |
| Trade payables              | 1,328.51         | -            | -             | 1,328.51         |
| Other financial liabilities | 4,234.80         | -            | -             | 4,234.80         |
| <b>Total</b>                | <b>30,636.38</b> | <b>-</b>     | <b>614.65</b> | <b>31,251.03</b> |

\*The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date. Further Current maturities of long term loans have been reclassified from other financial liabilities to borrowings to reflect the maturity profile of borrowings in a better manner. Pursuant to delays in repayment of loan/interest payments and ongoing CIRP process of the Holding Company (refer note 1(a)), the future contractual interest payments in respect of Holding Company has not been considered in above table.

The Group did not have access to any undrawn borrowing facilities at the end of the reporting period.



**Note 35 Capital management**

**(a) Risk Management**

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern as well as provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

In determining its capital structure, Group considers the robustness of future cash flows and to maintain an optimal structure to reduce the cost of capital.

The Group monitors gearing ratio i.e. Net debt in proportion to its overall financing structure, i.e. equity and debt. Equity comprises of all the components of equity (i.e. share capital, additional paid in capital, retained earnings etc.). Net debt comprises of total borrowings less cash and cash equivalents of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount by issue of new shares or sell assets to reduce the debt. However, in view of certain adverse factors and liquidity problems faced by the Holding Company, the net worth of the Holding Company has been fully eroded and the Holding Company is presently under CIRP process and however, continues to operate as a going concern.

|                          | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|--------------------------|-------------------------|-------------------------|
| Net debt                 | 25,707.95               | 25,173.56               |
| Equity                   | (28,897.75)             | (27,941.15)             |
| Net Debt to equity ratio | (0.89)                  | (0.90)                  |

**(i) Loan covenants**

Under the terms of the master restructuring agreement, the Group is required to comply with the following financial covenants:

- Without the prior approval of CDR Lenders/Monitoring Institutions the group shall not issue any debentures, raise any Loans, deposits from public, issue equity or preference capital, Change its capital structure or charge on its assets including its cashflow or give any guarantees save and except Permitted indebtedness.

- Without the prior approval of CDR Lenders/Monitoring Institutions the Group shall not recognise or register any transfer of shares in the borrowers' capital made or to be made by Promoter, their friends or associates except as may be specified by the CDR Lenders.

As during the FY 2019-20, no such new debt or equity instruments were issued and holding % of promoter Mr. Shantanu Prakash is same as at March 31, 2020 and March 31, 2019 i.e. 36.19%.

The promoter has given interest free loan to the Company for smooth functioning of its day to day operation which as per the terms of MRA will be payable only after the payment of CDR loans.

For details of defaults in payment of principal and interest, refer note 18 (5).

**(b) Dividend**

The Group has not proposed any dividend for the current and previous year.

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## Note 36 Segment Reporting

(i) The board of directors of the Holding Company through Resolution Professional assesses the financial performance and position of the Group, and makes strategic decisions. The RP has been identified as being the chief operating decision maker.

The Group has followings segments namely :-

- Higher Learning Solutions (HLS) comprising of vocational, higher education and professional development.
- School Learning Solutions (SLS) comprising of Smart Class & Edureach (ICT) business.
- K-12 Schools comprising preschools & high schools.
- Online, Supplemental & Global business (OSG) comprising of internet based educational services and coaching.

In accordance with the provision of Ind AS-108, "Operating Segment" the Group has identified business segment as primary segment. As its Secondary segment, the Group has only one geographical segment based on the geographical location of its customers.

Revenue and expenses directly attributable to segments are reported under each reportable segment. All other expenses, which are not attributable or allocable to segments, have been disclosed under the head "unallocable".

Assets and liabilities that are directly attributable to segments are disclosed under respective reportable segment. All other assets and liabilities are disclosed under the head "unallocable".

The chief operating decision maker primarily uses revenue to assess the performance of the operating segments. However, the chief operating decision maker also receives information about the segment assets on a monthly basis.

## a) Business segment information

## (ii) Segment Capital Expenditure

|             | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|-------------|--------------------------------------|--------------------------------------|
| HLS         | -                                    | -                                    |
| SLS         | -                                    | -                                    |
| K-12        | -                                    | -                                    |
| OSG         | -                                    | -                                    |
| Unallocated | 0.77                                 | 0.02                                 |
|             | <b>0.77</b>                          | <b>0.02</b>                          |

## (iii) Segment depreciation and amortisation

|             | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|-------------|--------------------------------------|--------------------------------------|
| HLS         | -                                    | 674.55                               |
| SLS         | 28.98                                | 110.82                               |
| K-12        | -                                    | -                                    |
| OSG         | 0.01                                 | 0.01                                 |
| Unallocated | 4.27                                 | 5.17                                 |
|             | <b>33.26</b>                         | <b>790.55</b>                        |

## (iv) Segment Revenue &amp; Expenses (External)

|                                                                                                                  | For the year ended March 31, 2020 |               |                   | For the year ended March 31, 2019 |                 |                   |
|------------------------------------------------------------------------------------------------------------------|-----------------------------------|---------------|-------------------|-----------------------------------|-----------------|-------------------|
|                                                                                                                  | Revenue                           | Expenses      | Results           | Revenue                           | Expenses        | Results           |
| HLS                                                                                                              | -                                 | 0.01          | (0.01)            | -                                 | 675.72          | (675.72)          |
| SLS                                                                                                              | 96.55                             | 809.53        | (712.98)          | 192.03                            | 586.98          | (394.95)          |
| K-12                                                                                                             | -                                 | 0.01          | (0.01)            | -                                 | 0.01            | (0.01)            |
| OSG                                                                                                              | 0.06                              | 9.11          | (9.04)            | 1.27                              | 140.87          | (139.60)          |
|                                                                                                                  | <b>96.61</b>                      | <b>818.66</b> | <b>(722.04)</b>   | <b>193.30</b>                     | <b>1,403.58</b> | <b>(1,210.28)</b> |
| Less: Unallocable Expenditure                                                                                    |                                   |               | 688.86            |                                   |                 | 632.86            |
| Less: Finance cost                                                                                               |                                   |               | <b>55.57</b>      |                                   |                 | 48.85             |
| <b>Operating loss</b>                                                                                            |                                   |               | <b>(1,466.47)</b> |                                   |                 | <b>(1,891.99)</b> |
| Other Income                                                                                                     |                                   |               | 11.59             |                                   |                 | 35.71             |
| <b>Loss before exceptional items, share of net loss of investments accounted for using equity method and tax</b> |                                   |               | <b>(1,454.88)</b> |                                   |                 | <b>(1,856.28)</b> |
| Share of Profit/(loss) in associates and joint venture                                                           |                                   |               | 16.85             |                                   |                 | 16.99             |
| <b>Loss before exceptional items and tax</b>                                                                     |                                   |               | <b>(1,438.03)</b> |                                   |                 | <b>(1,839.29)</b> |
| Exceptional Items (refer note 31)                                                                                |                                   |               | (466.67)          |                                   |                 | -                 |
| <b>Loss before tax</b>                                                                                           |                                   |               | <b>(971.36)</b>   |                                   |                 | <b>(1,839.29)</b> |
| Less: Tax expense                                                                                                |                                   |               | -                 |                                   |                 | -                 |
| a) Current tax                                                                                                   |                                   |               | -                 |                                   |                 | -                 |
| b) Deferred tax                                                                                                  |                                   |               | -                 |                                   |                 | -                 |
| <b>Net Loss after tax</b>                                                                                        |                                   |               | <b>(971.36)</b>   |                                   |                 | <b>(1,839.29)</b> |

## (v) Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

|                                              | As At<br>March 31, 2020 | As At<br>March 31, 2019 |
|----------------------------------------------|-------------------------|-------------------------|
| <b>Segment assets</b>                        |                         |                         |
| HLS                                          | 893.76                  | 234.80                  |
| SLS                                          | 1,508.52                | 2,315.81                |
| K-12                                         | 22.52                   | 23.10                   |
| OSG                                          | 87.80                   | 153.27                  |
| <b>Total Segment assets</b>                  | <b>2,512.60</b>         | <b>2,726.98</b>         |
| Unallocated corporate assets                 | 302.89                  | 354.18                  |
| Investments                                  | 181.94                  | 215.52                  |
| <b>Total assets as per the balance sheet</b> | <b>2,997.43</b>         | <b>3,296.68</b>         |



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(vi) Segment liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operation of the segment.

|                                                   | As At<br>March 31, 2020 | As At<br>March 31, 2019 |
|---------------------------------------------------|-------------------------|-------------------------|
| HLS                                               | 3.13                    | 3.12                    |
| SLS                                               | 1,240.48                | 1,234.54                |
| K-12                                              | 111.38                  | 111.42                  |
| OSG                                               | 63.21                   | 63.64                   |
| <b>Total Segment liabilities</b>                  | <b>1,418.20</b>         | <b>1,412.72</b>         |
| Unallocated corporate liabilities                 | 4,596.99                | 4,506.84                |
| Current Borrowings                                | 1,375.45                | 1,355.15                |
| Non-Current Borrowings                            | 24,504.54               | 23,963.12               |
| <b>Total liabilities as per the balance sheet</b> | <b>31,895.18</b>        | <b>31,237.83</b>        |

(b) Geographical Segments

|                            |                                          |                                          |
|----------------------------|------------------------------------------|------------------------------------------|
| <b>Revenue</b>             | <b>For year ended<br/>March 31, 2020</b> | <b>For year ended<br/>March 31, 2019</b> |
| India                      | 96.61                                    | 193.30                                   |
| Outside India              | -                                        | -                                        |
|                            | <b>96.61</b>                             | <b>193.30</b>                            |
| <b>Capital Expenditure</b> | <b>For year ended<br/>March 31, 2020</b> | <b>For year ended<br/>March 31, 2019</b> |
| India                      | 0.77                                     | 0.02                                     |
| Outside India              | -                                        | -                                        |
|                            | <b>0.77</b>                              | <b>0.02</b>                              |
| <b>Non-current Assets*</b> | <b>As At<br/>March 31, 2020</b>          | <b>As At<br/>March 31, 2018</b>          |
| India                      | 1,025.10                                 | 677.24                                   |
| Outside India              | -                                        | -                                        |
|                            | <b>1,025.10</b>                          | <b>677.24</b>                            |

\*Non-current assets are excluding financial instruments.

Note: For the year ended March 31, 2020 and March 31, 2019, there is no single major customer with respect to consolidated revenue of the Group.

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**Note 37 Related party transactions****(a) List of related parties and relationships:****Associates****S. No. Name of Related Party**

- 1 Little Millennium Education Private Limited
- 2 Greycells18 Media Limited (till previous year, Refer note 7A.2)

**Key Managerial Personnel (KMP) with whom transactions incurred during the year****S. No. Name of Related Party**

- 1 Mr. Shantanu Prakash, Managing Director
- 2 Mr. V. K. Dandona, Director
- 3 Mr. Mahender Kumar Khandelwal, Resolution Professional (RP)

**Enterprises owned or significantly influenced by KMP or their relatives with whom transactions incurred during the year****S. No. Name of Related Party**

- 1 Learning Leadership Foundation
- 2 India Education Fund
- 3 Unnati Educational Trust
- 4 League India Education Foundation
- 5 Shri Hare Educational trust
- 6 Siya Ram Educational trust
- 7 Sri Vasudev Educational Trust
- 8 Vigyan Education Trust

**(b) Transactions with related parties:\***

| Particulars                            | Associates | KMP  | Others | Total |
|----------------------------------------|------------|------|--------|-------|
| Expenses paid for services ( note d.1) | -          | -    | -      | -     |
|                                        | -          | -    | 40.01  | 40.01 |
| Remuneration paid (note d.2)           | (-)        | 3.60 | -      | 3.60  |
|                                        | (-)        | 3.60 | -      | 3.60  |
| Provision for doubtful debts(note d.3) |            |      | 9.21   | 9.21  |
|                                        |            |      | -      | -     |

\* Figures given in parenthesis represent previous year figures.



## (c) Balances with related parties:\*

| Particulars                                                                                          | Associate<br>(Little Millennium<br>Education Private<br>Limited ) | KMP      | Others  | Total    |
|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|----------|---------|----------|
| Investment (Refer Note 7)                                                                            | 181.95                                                            | -        | -       | 181.95   |
|                                                                                                      | (214.89)                                                          | -        | -       | (214.89) |
| Trade receivable (note d.3)                                                                          | -                                                                 | -        | -       | -        |
|                                                                                                      | (0.26)                                                            | -        | (9.21)  | (9.47)   |
| Trade and other payables (note d.4)                                                                  | -                                                                 | -        | 69.66   | 69.66    |
|                                                                                                      | -                                                                 | -        | (71.19) | (71.19)  |
| Advance received from customers (note d.5)                                                           | -                                                                 | -        | 0.97    | 0.97     |
|                                                                                                      | -                                                                 | -        | (0.97)  | (0.97)   |
| Unsecured Loan (including debt and equity portion<br>of compounded financial instruments) (note d.7) | -                                                                 | 753.96   | -       | 753.96   |
|                                                                                                      | -                                                                 | (719.62) | -       | (719.62) |
| Other Current Assets (note d.6)                                                                      | -                                                                 | -        | 0.10    | 0.10     |
|                                                                                                      | -                                                                 | -        | (0.10)  | (0.10)   |

\* Figures given in parenthesis represent previous year figures.

## (d) Notes

| Particulars                               | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
|-------------------------------------------|--------------------------------------|--------------------------------------|
| <b>1. Expenses paid for services:</b>     |                                      |                                      |
| Unnati Educational Trust                  | -                                    | 40.01                                |
|                                           | -                                    | 40.01                                |
| <b>2. Remuneration paid:</b>              |                                      |                                      |
| Mr. Mahender Kumar Khandelwal, RP         | 3.60                                 | 3.60                                 |
| <b>3. Trade receivable</b>                |                                      |                                      |
| Learning Leadership Foundation            | -                                    | 0.14                                 |
| League India Education Foundation         | -                                    | 9.05                                 |
| Siya Ram Educational Trust                | -                                    | 0.02                                 |
|                                           | -                                    | 9.21                                 |
| <b>4. Trade and other payables</b>        |                                      |                                      |
| Unnati Educational Trust                  | 69.66                                | 71.19                                |
| <b>5. Advance received from customers</b> |                                      |                                      |
| Shri Hare Educational Trust               | 0.37                                 | 0.37                                 |
| Vigyan Education Trust                    | 0.60                                 | 0.60                                 |
|                                           | 0.97                                 | 0.97                                 |
| <b>6. Other Current Assets</b>            |                                      |                                      |
| India Education Fund                      | 0.10                                 | 0.10                                 |
| <b>7. Unsecured Loan taken</b>            |                                      |                                      |
| Mr. Shantanu Prakash                      | 753.96                               | 719.62                               |

## Terms and conditions

(i) All outstanding balances are unsecured and repayable/ recoverable on demand.

(ii) The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables, other than disclosed.



**Note 38 Contingent Liabilities and Commitments****Note 38.1 Contingent Liabilities**

The below mentioned details is based on the status provided by the Group till the date of approval of insolvency under the Code i.e. May 30, 2017. Consequently, NCLT has declared the moratorium period as per the provision of section 13 (1) (a) of the Code which is further extended to February 24, 2018 via CoC meeting dated November 2, 2017. As the Resolution Plan is under consideration by Hon'ble NCLT therefore the moratorium period continue to be in effect till conclusion of the CIRP process. Refer Note 1(c) for further details.

The Group has contingent Liabilities at March 31, 2020 in respect of:

| Particulars                                                                                                                                                             | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| i. Legal proceedings and claims, which have arisen in the ordinary course of business, the contingent liability estimated in relation to these Legal cases is as under: |                         |                         |
| - Civil Cases :                                                                                                                                                         | 41.48                   | 86.81                   |
| - Consumer/labour related cases :                                                                                                                                       | 77.71                   | 98.58                   |
|                                                                                                                                                                         | <b>119.19</b>           | <b>185.39</b>           |
| ii. Corporate guarantee given to bank for secured loan and debenture on behalf of erstwhile subsidiaries                                                                |                         |                         |
| - Edu Smart Services Private Limited*                                                                                                                                   | 2,250.00                | 2,250.00                |
| - Educomp Infrastructure & School Management Limited                                                                                                                    | 9,371.69                | 9,371.69                |
| - Educomp Asia Pacific Pte Ltd. - Singapore**                                                                                                                           | 1,582.72                | 1,454.91                |
|                                                                                                                                                                         | <b>10,954.41</b>        | <b>10,826.60</b>        |

\* Includes Rs. 530.96 million for which claims have been admitted by the RP but not recorded in the books of the company.

\*\*Includes Rs. 1128.24 million for which claims have been admitted by the RP but not recorded in the books of the company.

38.1(a) The loan outstanding to banks against the corporate guarantee as on March 31, 2020 was Rs. 8,225.52 million (March 31, 2019 Rs. 8,735.97 million).

38.2(b) The timing of future outflows in respect of the above will depend on crystallization and demand made by bank.

**Note 38.2 Commitments****Capital commitments**

Capital expenditure contracted but remained to be executed at the end of the reporting period are as follows :

| Particulars                                               | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-----------------------------------------------------------|-------------------------|-------------------------|
| Uncalled liability on partly paid shares (net of advance) | 400.41                  | 400.41                  |
| <b>Total</b>                                              | <b>400.41</b>           | <b>400.41</b>           |

**Note 39 Share based payment****i) Educomp Solutions Limited**

The Holding Company has certain stock option schemes which provide equity shares to employees and directors (excluding promoter director) of the Holding Company. All the cost including the cost relating to the options granted to employees of subsidiary companies are borne by the Holding Company. Employee stock options are convertible into equity shares in accordance with the respective employees' stock option scheme. The option vesting period is maximum ten years from the date of grant of option to employees at an exercise price approved by the remuneration committee. The exercise period is one year from the end of last vesting date of respective grants. There are no conditions for vesting other than continued employment/ directorship with the Holding Company or its subsidiaries. There has been no cancellation or modification to any of the schemes during the year.

**Employee Stock Option Scheme 2006**

Pursuant to shareholder's resolution dated August 24, 2006, the Holding Company had introduced "Educomp Employees Stock Option Scheme 2006" which provides for the issue of 3,125,000 equity shares to employees of the Holding Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2019 the Holding Company had Nil (March 31, 2018: Nil) number of shares outstanding for issue under the scheme.



#### Employee Stock Option Scheme 2007

Pursuant to shareholder's resolution dated September 13, 2007, the Holding Company had introduced "Educomp Employees Stock Option Scheme 2007" which provides for the issue of 1,000,000 equity shares to employees of the Holding Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2019 the Holding Company had Nil (March 31, 2018: 200,000) number of shares outstanding for issue under the scheme.

#### Employee Stock Option Scheme 2008

Pursuant to shareholder's resolution dated November 25, 2008, the Holding Company had introduced "Educomp Employees Stock Option Scheme 2008" which provides for the issue of 1,250,000 equity shares to employees of the Holding Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2019 the Holding Company had Nil (March 31, 2018: Nil) number of shares outstanding for issue under the scheme.

#### Employees Stock Option Scheme 2010

Pursuant to shareholder's resolution dated 18 March 2010, the Holding Company had introduced "Educomp Employees Stock Option Scheme 2010" which provides for the issue of 1,000,000 equity shares to employees of the Holding Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2019 the Holding Company had Nil (March 31, 2018: Nil) number of shares outstanding for issue under the scheme.

#### Employees Stock Option Scheme 2011

Pursuant to shareholder's resolution dated July 26, 2011, the Holding Company had introduced "Educomp Employees Stock Option Scheme 2011" which provides for the issue of 1,000,000 equity shares to employees of the Holding Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 7 years from the date of respective grants. As at March 31, 2019 the Holding Company had Nil (March 31, 2018: Nil) number of shares outstanding for issue under the scheme.

#### Employees Stock Option Scheme 2012

Pursuant to shareholder's resolution dated July 16, 2012, the Holding Company had introduced "Educomp Employees Stock Option Scheme 2012" which provides for the issue of 3,500,000 equity shares to employees of the Holding Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 10 years from the date of respective grants. As at March 31, 2019 the Holding Company had Nil (March 31, 2018: 10,000) number of shares outstanding for issue under the scheme.

#### Employees Stock Option Scheme 2014

Pursuant to shareholder's resolution dated August 11, 2014, the Holding Company had introduced "Educomp Employees Stock Option Scheme 2014" which provides for the issue of 5,000,000 equity shares to employees of the Holding Company and its subsidiaries. All the above options granted are planned to be settled in equity at the time of exercise and have maximum vesting period of 10 years from the date of respective grants. As at March 31, 2019 the Holding Company had Nil (March 31, 2018: 300,000) number of shares outstanding for issue under the scheme.

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The information concerning stock options granted, exercised, forfeited and outstanding at the year end is as follows:

(i) Educomp Solutions Limited

| Particulars                                             | As at March 31, 2020 |                              | As at March 31, 2019 |                              |
|---------------------------------------------------------|----------------------|------------------------------|----------------------|------------------------------|
|                                                         | No. of stock options | Weighted average price (Rs.) | No. of stock options | Weighted average price (Rs.) |
| <b>Employee Stock Option Scheme 2006</b>                |                      |                              |                      |                              |
| No. of shares under option                              |                      |                              |                      |                              |
| Outstanding at the beginning of the year                | -                    | -                            | -                    | -                            |
| Granted                                                 | -                    | -                            | -                    | -                            |
| Exercised                                               | -                    | -                            | -                    | -                            |
| Forfeited/expired during the year                       | -                    | -                            | -                    | -                            |
| Outstanding at the end of year                          | -                    | -                            | -                    | -                            |
| Weighted average remaining contractual life (in years)  | Nil                  |                              | Nil                  |                              |
| Payment received against share allotted during the year | Nil                  |                              | Nil                  |                              |
| <b>Employee Stock Option Scheme 2007</b>                |                      |                              |                      |                              |
| No. of shares under option                              |                      |                              |                      |                              |
| Outstanding at the beginning of the year                | -                    | -                            | 2,00,000             | 24.75                        |
| Granted                                                 | -                    | -                            | -                    | -                            |
| Exercised                                               | -                    | -                            | -                    | -                            |
| Forfeited/expired during the year                       | -                    | -                            | 2,00,000             | 24.75                        |
| Outstanding at the end of year                          | -                    | -                            | -                    | -                            |
| Weighted average remaining contractual life (in years)  | Nil                  |                              | Nil                  |                              |
| Payment received against share allotted during the year | Nil                  |                              | Nil                  |                              |
| <b>Employee Stock Option Scheme 2008</b>                |                      |                              |                      |                              |
| No. of shares under option                              |                      |                              |                      |                              |
| Outstanding at the beginning of the year                | -                    | -                            | -                    | -                            |
| Granted                                                 | -                    | -                            | -                    | -                            |
| Exercised                                               | -                    | -                            | -                    | -                            |
| Forfeited/expired during the year                       | -                    | -                            | -                    | -                            |
| Outstanding at the end of year                          | -                    | -                            | -                    | -                            |
| Weighted average remaining contractual life (in years)  | Nil                  |                              | Nil                  |                              |
| Payment received against share allotted during the year | Nil                  |                              | Nil                  |                              |
| <b>Employee Stock Option Scheme 2010</b>                |                      |                              |                      |                              |
| No. of shares under option                              |                      |                              |                      |                              |
| Outstanding at the beginning of the year                | -                    | -                            | -                    | -                            |
| Granted                                                 | -                    | -                            | -                    | -                            |
| Exercised                                               | -                    | -                            | -                    | -                            |
| Forfeited/expired during the year                       | -                    | -                            | -                    | -                            |
| Outstanding at the end of year                          | -                    | -                            | -                    | -                            |
| Weighted average remaining contractual life (in years)  | Nil                  |                              | Nil                  |                              |
| Payment received against share allotted during the year | Nil                  |                              | Nil                  |                              |
| <b>Employee Stock Option Scheme 2011</b>                |                      |                              |                      |                              |
| No. of shares under option                              |                      |                              |                      |                              |
| Outstanding at the beginning of the year                | -                    | -                            | -                    | -                            |
| Granted                                                 | -                    | -                            | -                    | -                            |
| Exercised                                               | -                    | -                            | -                    | -                            |
| Forfeited/expired during the year                       | -                    | -                            | -                    | -                            |
| Outstanding at the end of year                          | -                    | -                            | -                    | -                            |
| Weighted average remaining contractual life (in years)  | Nil                  |                              | Nil                  |                              |
| Payment received against share allotted during the year | Nil                  |                              | Nil                  |                              |
| <b>Employee Stock Option Scheme 2012</b>                |                      |                              |                      |                              |
| No. of shares under option                              |                      |                              |                      |                              |
| Outstanding at the beginning of the year                | -                    | -                            | 10,000               | 19.10                        |
| Granted                                                 | -                    | -                            | -                    | -                            |
| Exercised                                               | -                    | -                            | -                    | -                            |
| Forfeited/expired during the year                       | -                    | -                            | 10,000               | 19.10                        |
| Outstanding at the end of year                          | -                    | -                            | -                    | -                            |
| Weighted average remaining contractual life (in years)  | Nil                  |                              | Nil                  |                              |
| Payment received against share allotted during the year | Nil                  |                              | Nil                  |                              |



|                                                         |     |   |          |       |
|---------------------------------------------------------|-----|---|----------|-------|
| <b>Employee Stock Option Scheme 2014</b>                |     |   |          |       |
| No. of shares under option                              |     |   |          |       |
| Outstanding at the beginning of the year                | -   | - | 3,00,000 | 23.50 |
| Granted                                                 | -   | - | -        | -     |
| Exercised                                               | -   | - | -        | -     |
| Forfeited/expired during the year                       | -   | - | 3,00,000 | 23.50 |
| Outstanding at the end of year                          | -   | - | -        | -     |
| Weighted average remaining contractual life (in years)  | Nil |   | Nil      |       |
| Payment received against share allotted during the year | Nil |   | Nil      |       |

Share options outstanding at the end of the year have the following expiry date and exercise prices:

| Grant Date   | Expiry Date | Exercise Price (INR) | Share options outstanding as at |                |
|--------------|-------------|----------------------|---------------------------------|----------------|
|              |             |                      | March 31, 2020                  | March 31, 2019 |
| 13-Aug-13    | 11-Aug-20   | 19.10                | -                               | -              |
| 31-Mar-14    | 30-Mar-19   | 24.75                | -                               | -              |
| 13-Feb-15    | 12-Feb-20   | 23.50                | -                               | -              |
| <b>Total</b> |             |                      | -                               | -              |

#### Fair value of options granted

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The Company has not granted any options during the year ended March 31, 2020 and March 31, 2019.

#### (c) Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

|                                      | March 31, 2020 | March 31, 2019 |
|--------------------------------------|----------------|----------------|
| Employee share-based payment expense | -              | -              |

#### (ii) Educomp Online Supplemental Service Limited (EOSSL) :

Pursuant to shareholder resolution dated November 21, 2011, EOSSL introduced "EOSSL Employees Stock Option Scheme 2011" which provides for the issue of 350,000 equity shares to employees of EOSSL and its holding/ subsidiaries. The maximum option vesting period is not more than Ten Years from the date of award of option to employees at an exercise price approved by the compensation committee. Till reporting date 49,350 stock options have been granted.

All the above options are planned to be settled in equity at the time of exercise and have maximum period of 10 years from the date of respective grants.

The information concerning stock options granted, exercised, forfeited and outstanding at the year end is as follows:

| Particulars                                             | As at March 31, 2020 |                              | As at March 31, 2019 |                              |
|---------------------------------------------------------|----------------------|------------------------------|----------------------|------------------------------|
|                                                         | No. of stock options | Weighted average price (Rs.) | No. of stock options | Weighted average price (Rs.) |
| <b>Employee Stock Option Scheme 2011</b>                |                      |                              |                      |                              |
| No. of shares under option                              |                      |                              |                      |                              |
| Outstanding at the beginning of the year                | 49,350               | 230                          | 49,350               | 230                          |
| Granted                                                 | -                    | -                            | -                    | -                            |
| Exercised                                               | -                    | -                            | -                    | -                            |
| Forfeited/expired during the year                       | -                    | -                            | -                    | -                            |
| Outstanding at the end of year                          | 49,350               | 230                          | 49,350               | 230                          |
| Exercisable at the end of the year                      | -                    | -                            | -                    | -                            |
| Weighted average remaining contractual life (in years)  | 3.64 yrs.            |                              | 3.64 yrs.            |                              |
| Payment received against share allotted during the year | Nil                  |                              | Nil                  |                              |

[The Space has been left blank intentionally]



Note 40A Particulars of Subsidiaries, Joint Venture and Associate considered in the Consolidated Financial Statements are:

| Particulars                                                      | Principal Place of business | Extent of Control    |                      | Non Controlling Interest                                                                                |                      | Principal Activities                                                                           |
|------------------------------------------------------------------|-----------------------------|----------------------|----------------------|---------------------------------------------------------------------------------------------------------|----------------------|------------------------------------------------------------------------------------------------|
|                                                                  |                             | As At March 31, 2020 | As At March 31, 2019 | As At March 31, 2020                                                                                    | As At March 31, 2019 |                                                                                                |
| (i) Subsidiaries                                                 |                             |                      |                      |                                                                                                         |                      |                                                                                                |
| Directly held                                                    |                             |                      |                      |                                                                                                         |                      |                                                                                                |
| Wheatstone Productions Private Limited                           | India                       | 51.00%               | 51.00%               | 49.00%                                                                                                  | 49.00%               | Providing Internet based educational services and coaching                                     |
| Educomp Learning Private Limited (ELPL)                          | India                       | 51.00%               | 51.00%               | 49.00%                                                                                                  | 49.00%               | Sale/development of Educational Contents                                                       |
| Educomp School Management Limited (ESML)                         | India                       | 68.35%               | 68.35%               | 31.65%                                                                                                  | 31.65%               | Licensing of Copyright Content, Intellectual Properties (IP)                                   |
| Educomp Professional Education Limited (EPEL) (refer note 40A.5) | India                       | 100.00%              | 100.00%              | Nil                                                                                                     | Nil                  | Vocational, higher education and professional development                                      |
| Educomp Online Supplemental Service Limited (EOSSL)              | India                       | 95.15%               | 95.15%               | 4.85%                                                                                                   | 4.85%                | Refer note 40A.1                                                                               |
| Educomp Investment Management Limited (EIML)                     | India                       | 100.00%              | 100.00%              | Nil                                                                                                     | Nil                  | Provision of Investment Consultancy Services to Venture Capital Funds in the Education Sector. |
| Indirectly Held                                                  |                             |                      |                      |                                                                                                         |                      |                                                                                                |
| Educomp Software Limited, Subsidiary of EOSSL (Refer Note 40A.1) | India                       | 95.15%               | 95.15%               | 4.85%                                                                                                   | 4.85%                | Refer Note 40A.1                                                                               |
| (ii) Associates                                                  |                             |                      |                      |                                                                                                         |                      |                                                                                                |
| Little Millennium Education Private Limited                      | India                       | 48.29%               | 48.29%               | Sale and supply of educational products and rendering of educational services comprising of Pre-School. |                      |                                                                                                |

40A.1 These represents EOSSL and it's subsidiaries. They are engaged in providing internet based educational services and coaching.

40A.2 Loss of control:

(i) During the year ended March 31, 2019, 1 subsidiary namely Educomp infrastructure and school management limited (EISML) has filed for insolvency on April 25, 2018 consequent to which Resolution Professionals (RP) have been appointed in the company and all the powers to direct the state of affairs of the company rests with the RP. Accordingly, by virtue of provisions of Ind AS 110 Consolidated Financial Statement, the Holding Company has lost its controlling power over the EISML and its 24 step-down subsidiaries (EISML group) and have not been consolidated in Previous year.

(ii) In absence of financial or other information from the overseas subsidiaries since beginning of CIRP period despite best efforts, it has been determined by the management of the holding company, that the Group has lost control over 5 overseas subsidiaries namely Edumatics Corporation Inc. USA, Sawica Inc., Canada, Educomp IntelProp Ventures Pte Limited, Educomp Global Holding FZE and Educomp Global WLL, during the financial year 2018-19.

Further, According to Ind AS 110 "Consolidated Financial Statements", the Group was required to derecognised assets and liabilities of the subsidiaries on the date when the control was lost. Since the financial statements of these subsidiaries as on the date of loss of control are not prepared/available with the management, loss of control accounting, has been done on the basis the unaudited financial statements for the year ended March 31, 2016 in respect of 1 subsidiary namely Savicca Inc., Canada, and based on the audited financial information for the year ended March 31, 2017 in respect of 4 subsidiaries namely Edumatics Corporation Inc. USA, Educomp IntelliProp Ventures Pte Ltd, Educomp Global Holding WLL- Bahrain and Educomp Global FZE and for the year ended March 31, 2018 in respect of EISML including its step-down subsidiaries.



40B Non- Controlling Interest (NCI)

(a) Set out below is the summarised financial information for each subsidiary that has non- controlling interest in the Group. The amounts disclosed for each subsidiary are before inter- company eliminations.

i) Summarised Balance Sheet

As at March 31, 2020

| Entity                                      | Share of NCI | Current assets (A) | Current liabilities (B) | Net current assets/(liabilities) (C) = (A-B) | Non- current assets (D) | Non- current liabilities (E) | Net non- current assets/(liabilities) (F) = (D-E) | Net Assets/(liabilities) (G) = (C+F) | Accumulated NCI |
|---------------------------------------------|--------------|--------------------|-------------------------|----------------------------------------------|-------------------------|------------------------------|---------------------------------------------------|--------------------------------------|-----------------|
| Educomp Learning Private Limited            | 49.00%       | 7.40               | 6.86                    | 0.54                                         | 1.28                    | -                            | 1.28                                              | 1.82                                 | 0.89            |
| Educomp School Management Limited           | 31.65%       | 20.88              | 0.80                    | 20.08                                        | 72.65                   | -                            | 72.65                                             | 92.73                                | 29.35           |
| Wheatstone Productions Private Limited      | 49.00%       | 0.02               | 1.79                    | (1.77)                                       | -                       | -                            | -                                                 | (1.77)                               | (0.87)          |
| Educomp Software limited                    | 4.85%        | 14.08              | 174.15                  | (160.07)                                     | 0.05                    | 32.27                        | (32.22)                                           | (192.29)                             | (9.33)          |
| Educomp Online Supplemental Service Limited | 4.85%        | 11.50              | 117.08                  | (105.58)                                     | 0.11                    | -                            | 0.11                                              | (105.47)                             | (5.12)          |
| <b>Total</b>                                |              | <b>53.88</b>       | <b>300.68</b>           | <b>(246.80)</b>                              | <b>74.09</b>            | <b>32.27</b>                 | <b>41.83</b>                                      | <b>(204.98)</b>                      | <b>14.92</b>    |

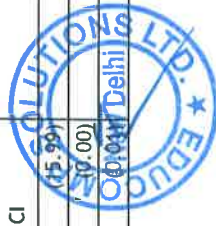
As at March 31, 2019

| Entity                                      | Share of NCI | Current assets (A) | Current liabilities (B) | Net current assets/(liabilities) (C) = (A-B) | Non- current assets (D) | Non- current liabilities (E) | Net non- current assets (F) = (D-E) | Net Assets/(liabilities) (G) = (C+F) | Accumulated NCI |
|---------------------------------------------|--------------|--------------------|-------------------------|----------------------------------------------|-------------------------|------------------------------|-------------------------------------|--------------------------------------|-----------------|
| Educomp Learning Private Limited            | 49.00%       | 37.88              | 6.13                    | 31.75                                        | 2.70                    | -                            | 2.70                                | 34.45                                | 16.88           |
| Educomp School Management Limited           | 31.65%       | 20.88              | 0.78                    | 20.09                                        | 72.65                   | -                            | 72.65                               | 92.75                                | 29.36           |
| Wheatstone Productions Private Limited      | 49.00%       | 0.02               | 1.78                    | (1.76)                                       | -                       | -                            | -                                   | (1.76)                               | (0.86)          |
| Educomp Software limited                    | 4.85%        | 13.67              | 155.03                  | (141.36)                                     | 0.05                    | 32.27                        | (32.21)                             | (173.57)                             | (8.41)          |
| Educomp Online Supplemental Service Limited | 4.85%        | 11.38              | 117.07                  | (105.69)                                     | -                       | -                            | -                                   | (105.69)                             | (5.12)          |
| <b>Total</b>                                |              | <b>83.82</b>       | <b>280.78</b>           | <b>(196.97)</b>                              | <b>75.41</b>            | <b>32.27</b>                 | <b>43.14</b>                        | <b>(153.82)</b>                      | <b>31.85</b>    |

ii) Summarised statement of profit and loss

For the year ended March 31, 2020

| Entity                                 | Revenue | Profit/(loss) for the year | Other Comprehensive Income | Total Comprehensive Income | Total comprehensive income allocated to NCI | Dividend allocated to NCI |
|----------------------------------------|---------|----------------------------|----------------------------|----------------------------|---------------------------------------------|---------------------------|
| Educomp Learning Private Limited       | -       | (32.63)                    | -                          | (32.63)                    | (15.90)                                     | -                         |
| Educomp School Management Limited      | -       | (0.01)                     | -                          | (0.01)                     | (0.00)                                      | -                         |
| Wheatstone Productions Private Limited | -       | (0.01)                     | -                          | (0.01)                     | (0.00)                                      | -                         |



Educomp Solutions Limited  
Notes to Consolidated Ind AS Financial Statements for the year ended March 31, 2020  
(Rs. In millions unless otherwise stated)

|                                             |             |                |          |                |                |          |
|---------------------------------------------|-------------|----------------|----------|----------------|----------------|----------|
| Educomp Online Supplemental Service Limited | 0.01        | (0.01)         | -        | (0.01)         | (0.00)         | -        |
| Educomp Software Limited                    | 0.45        | (18.72)        | -        | (18.72)        | (0.91)         | -        |
| <b>Total</b>                                | <b>0.46</b> | <b>(51.38)</b> | <b>-</b> | <b>(51.38)</b> | <b>(16.92)</b> | <b>-</b> |

For the year ended March 31, 2019

| Entity                                      | Revenue     | Profit/(loss) for the year | Other Comprehensive Income | Total Comprehensive Income | Total comprehensive income allocated to NCI | Dividend allocated to NCI |
|---------------------------------------------|-------------|----------------------------|----------------------------|----------------------------|---------------------------------------------|---------------------------|
| Educomp Learning Private Limited            | 2.16        | (0.09)                     | -                          | (0.09)                     | (0.05)                                      | -                         |
| Educomp School Management Limited           | -           | (0.01)                     | -                          | (0.01)                     | (0.00)                                      | -                         |
| Wheatstone Productions Private Limited      | -           | (0.01)                     | -                          | (0.01)                     | (0.01)                                      | -                         |
| Educomp Online Supplemental Service Limited | 0.02        | (1.55)                     | -                          | (1.55)                     | (0.08)                                      | -                         |
| Educomp Software Limited                    | -           | (154.76)                   | -                          | (154.76)                   | (7.50)                                      | -                         |
| <b>Total</b>                                | <b>2.18</b> | <b>(156.42)</b>            | <b>-</b>                   | <b>(156.42)</b>            | <b>(7.64)</b>                               | <b>-</b>                  |

iii) Summarised Cash Flows

For the year ended March 31, 2020

| Entity                                      | Cash flow from Operating activities | Cash flow from Investing activities | Cash flow from Financing activities | Net increase/ (decrease) in cash and cash equivalents |
|---------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------------------------|
| Educomp Learning Private Limited            | (0.00)                              | -                                   | -                                   | (0.00)                                                |
| Educomp School Management Limited           | -                                   | -                                   | -                                   | -                                                     |
| Wheatstone Productions Private Limited      | -                                   | -                                   | -                                   | -                                                     |
| Educomp Software Limited                    | (0.74)                              | -                                   | -                                   | (0.74)                                                |
| Educomp Online Supplemental Service Limited | (0.20)                              | -                                   | -                                   | (0.20)                                                |

For the year ended March 31, 2019

| Entity                                      | Cash flow from Operating activities | Cash flow from Investing activities | Cash flow from Financing activities | Net increase/ (decrease) in cash and cash equivalents |
|---------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------------------------|
| Educomp Learning Private Limited            | (0.21)                              | -                                   | -                                   | (0.21)                                                |
| Educomp School Management Limited           | -                                   | -                                   | -                                   | -                                                     |
| Wheatstone Productions Private Limited      | -                                   | -                                   | -                                   | -                                                     |
| Educomp Software Limited                    | (5.15)                              | -                                   | -                                   | (5.15)                                                |
| Educomp Online Supplemental Service Limited | (0.20)                              | 0.01                                | -                                   | (0.19)                                                |



Note 41. Goodwill and Capital Reserve on consolidation as on the Balance Sheet date comprises the following:

|                                                               | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------------------------------------|-------------------------|-------------------------|
| <b>a) Goodwill on consolidation</b>                           |                         |                         |
| Educomp Learning Private Limited                              | 0.66                    | 0.66                    |
| Edumatics Corporation Inc.                                    | -                       | -                       |
| Educomp Infrastructure & School Management Limited            | -                       | 3.92                    |
| Educomp School Management Limited                             | 1.56                    | 1.56                    |
| The Learning Internet Inc                                     | -                       | -                       |
| Educomp Online Supplemental Services Limited                  | -                       | -                       |
| <b>Total Goodwill</b>                                         | <b>2.22</b>             | <b>6.14</b>             |
| <b>Less: Provision for impairment of goodwill related to:</b> |                         |                         |
| Edumatics Corporation Inc.                                    | -                       | -                       |
| Educomp Infrastructure & School Management Limited            | -                       | 3.92                    |
| Educomp School Management Limited                             | -                       | -                       |
| Educomp Online Supplemental Services Limited                  | -                       | -                       |
| <b>Net Goodwill</b>                                           | <b>2.22</b>             | <b>2.22</b>             |

|                                                                                   | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-----------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>b) Capital Reserve on consolidation</b>                                        |                         |                         |
| Educomp Infrastructure & School Management Limited                                | -                       | 39.62                   |
| <b>Less: Transfer to retained earnings due to loss of control in subsidiaries</b> | -                       | (39.62)                 |
| <b>Total</b>                                                                      | -                       | -                       |

Note 42 Interest in Associates & Joint Ventures accounted using Equity Method

(i) Details of carrying value of Associates

| Name of the entity                          | Place<br>Business/country<br>of<br>Incorporation | Year                 | % of ownership<br>Interest | Carrying Amount |
|---------------------------------------------|--------------------------------------------------|----------------------|----------------------------|-----------------|
| <b>Associate</b>                            |                                                  |                      |                            |                 |
| Little Millennium Education Private Limited | India                                            | As at March 31, 2020 | 48.29%                     | 181.93          |
|                                             |                                                  | As at March 31, 2019 | 48.29%                     | 214.89          |

**Little Millennium Education Private Limited**

Little Millennium Education Private Limited is a Company incorporated in India. The Company is engaged in sale and supply of educational products and rendering of educational services comprising of Pre-School.

(ii) Summarised financial information for Associates & Joint venture

The tables below provide summarised financial information for the associates & joint venture. The information disclosed reflects the amounts presented in the financial statements of the relevant associates, joint ventures and not Educomp solutions Limited's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method and modifications for differences in accounting policies, if any.

a) Summarised balance sheet

| Particulars                   | Associates                          |                         |
|-------------------------------|-------------------------------------|-------------------------|
|                               | Little Millennium Education Limited |                         |
|                               | As at<br>March 31, 2020             | As at<br>March 31, 2019 |
| Total current assets          | 242.84                              | 189.31                  |
| Total non-current assets      | 153.86                              | 156.58                  |
| Total assets                  | 396.70                              | 345.89                  |
| Total current liabilities     | 139.35                              | 125.60                  |
| Total non-current liabilities | 8.03                                | 5.48                    |
| Total liabilities             | 147.38                              | 131.08                  |
| <b>Net assets</b>             | <b>249.32</b>                       | <b>214.81</b>           |



b) Reconciliation to carrying amounts

| Particulars                                           | Associates                           |                                      |
|-------------------------------------------------------|--------------------------------------|--------------------------------------|
|                                                       | Little Millennium Education Limited  |                                      |
|                                                       | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
| Opening carrying value                                | 214.89                               | 197.82                               |
| Share of post acquisition profit/(loss)               | 16.85                                | 16.99                                |
| Other comprehensive income/ (expense)                 | (0.19)                               | 0.08                                 |
| <b>Carrying Cost of Investment</b>                    | <b>231.55</b>                        | <b>214.89</b>                        |
| Less: Provision for Diminution in value of Investment | (49.62)                              | -                                    |
| <b>Closing carrying value</b>                         | <b>181.93</b>                        | <b>214.89</b>                        |

c) Summarised statement of profit and loss

| Particulars                           | Associates                           |                                      |
|---------------------------------------|--------------------------------------|--------------------------------------|
|                                       | Little Millennium Education Limited  |                                      |
|                                       | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 |
| Revenue                               | 415.84                               | 353.36                               |
| Other Income                          | 13.88                                | 9.67                                 |
| Profit/ (loss) before tax             | 42.27                                | 22.31                                |
| Profit/ (loss) after tax              | 34.89                                | 35.18                                |
| Other comprehensive income/ (expense) | (0.39)                               | 0.17                                 |
| <b>Total comprehensive income</b>     | <b>34.50</b>                         | <b>35.35</b>                         |

No dividend has been distributed by the Associate during the year.

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**Note 43. Leases**

**43.1 Operating leases (the Group as a lessee)**

**(a) Assets taken on lease**

**(i) General description of lease:**

- Assets are taken on lease for a period of one to five years.
- Lease rentals are charged on the basis of agreed terms over the lease term.
- There are no restrictions imposed by the lessor.
- There are scheduled escalations.

- (ii) The Company has taken office space and technology equipment under non-cancellable operating lease. The lease rental expense recognized in the Statement of Profit and Loss for the year in respect of such leases is Rs. 9.35 million (March 31, 2019 Rs. 16.27 million). The future minimum lease rent payable (minimum lease payments) under non-cancellable operating leases are as follows:

| Particulars                                       | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------------------------|-------------------------|-------------------------|
| Within one year                                   | -                       | 2.00                    |
| Later than one year but not later than five years | -                       | -                       |
| Later than five years                             | -                       | -                       |
| <b>Total</b>                                      | -                       | <b>2.00</b>             |

**43.2 Operating leases (the Group as a lessor)**

**(b) Assets given on sub lease - office space**

**(i) General description of lease:**

- Assets are given on lease over a period of one to three years.
- Lease rentals are charged on the basis of agreed terms.
- the lease are renewable after expiry of agreement period.
- There are no escalations as per the lease agreement.

- (ii) The Company has given office space on lease. The primary use of these office spaces are only for business purpose and there is no intention of the Company to earn rentals for long period of time. Other income includes income from operating lease of Rs. Nil (March 31, 2019 Rs. 7.74 million). The future minimum sublease payment expected to be received are as follows:

| Asset Given on Sub Lease - office space           | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|---------------------------------------------------|-------------------------|-------------------------|
| Within one year                                   | -                       | -                       |
| Later than one year but not later than five years | -                       | -                       |
| Later than five years                             | -                       | -                       |
| <b>Total</b>                                      | -                       | <b>0</b>                |

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**Note 44. Unhedged foreign currency exposures**

(i) Unhedged foreign currency exposure relating to financial instruments - refer note 34.

(ii) There is no unhedged foreign currency exposure relating to non-financial instruments.

**Note 45.** The Holding Company has filed a legal case against one former employee for recovery of certain damages amounting to Rs. 15 million arising from stealing of Holding Company's intellectual property right. The Management of Holding Company is hopeful of favourable outcome of such proceedings/case. However, the amount likely to be realized on settlement of such proceedings/case is currently not ascertainable realistically. The Holding Company does not expect any adverse impact on the financial position as a consequence of these proceedings/case. The Holding Company has recorded all expenses pertaining to legal & professional charges in respect of all such proceedings/case.

**Note 46. Managerial Remuneration:**

Due to inadequacy of the profits, managerial remuneration paid by the Holding Company to one of its Whole Time Director during the quarter ended June 30, 2015 and year ended March 31, 2015, was 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 Holding Company had filed an 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.

Since the Holding Company has not received any response from the Central Government approving or granting any waiver for the said excess remuneration, pursuant to the provisions of Section 197(9) of the Companies Act, 2013, the Holding Company (through its resolution professional) has sought a refund via email dated December 28, 2020, for the entire excess remuneration paid. The amount is however, yet to be refunded by the Whole Time Director

**Note 47.** In accordance with the provisions of the Insolvency and Bankruptcy Code (Insolvency Code), public announcement has been made for submission of proof of claims against the Holding Company from financial creditors, operational creditors and employees and workmen. As per the Insolvency Code, the Resolution Professional (RP) has to receive, collate and admit all the claims submitted against the Holding Company. Such claims can be submitted to the RP during the Corporate Insolvency Resolution Process (CIRP), till the approval of a resolution plan by Committee of Creditors (CoC).

The following claims were filed against the Holding Company by its creditors (financial and operational), workmen and employees, and taken into cognizance by the committee of the creditors in its meeting dated February 17, 2018

|                         | Claimed Amount   | Admitted Amount  | Not Admitted  |
|-------------------------|------------------|------------------|---------------|
| Creditors (financial)   | 31,080.89        | 30,242.66        | 838.23        |
| Creditors (operational) | 219.84           | 164.13           | 55.71         |
| Workmen and employees   | 77.40            | 30.93            | 46.47         |
|                         | <b>31,378.13</b> | <b>30,437.72</b> | <b>940.41</b> |

A reconciliation of the claims admitted viz-a-viz liabilities outstanding in the books of accounts is yet to be prepared.

**Note 48 Loss per share (EPS)**

| Particulars                                                | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 |
|------------------------------------------------------------|------------------------------|------------------------------|
| Net loss attributable to equity shareholders of the parent | (954.45)                     | (1,831.66)                   |
| Nominal value of equity share (Rs.)                        | 2                            | 2                            |
| No of shares as at end of the year (No.'s)                 | 12,24,67,168                 | 12,24,67,168                 |
| No. of weighted average equity shares (No.'s)              | 12,24,67,168                 | 12,24,67,168                 |
| Loss per share Basic/ diluted                              | (7.79)                       | (14.96)                      |

\*The Company is having potential equity shares as mentioned in note 16(g). These are however, not considered for calculation of dilutive EPS, being anti-dilutive. Consequently, the basic and diluted EPS of the Group remain the same.

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49. Statement of net assets and profit or loss attributable to owner and minority interest

| Name of the Entity                                    | Net Assets, i.e. total assets minus total liabilities |                | Share in profit or (loss)             |                | Share in other comprehensive income             |                | Share in total comprehensive income |                |
|-------------------------------------------------------|-------------------------------------------------------|----------------|---------------------------------------|----------------|-------------------------------------------------|----------------|-------------------------------------|----------------|
|                                                       | As % of consolidated net assets                       | Amount (in Rs) | As % of consolidated profit or (loss) | Amount (in Rs) | As % of Consolidated other comprehensive income | Amount (in Rs) | As % of total comprehensive income  | Amount (in Rs) |
| <b>For the financial year ended on March 31, 2020</b> |                                                       |                |                                       |                |                                                 |                |                                     |                |
| Educomp Solutions Limited                             | 100.37%                                               | (29,019.48)    | 98.18%                                | (1,513.68)     | 0.53%                                           | 3.54           | 171.89%                             | (1,510.14)     |
| <b>Indian Subsidiaries</b>                            |                                                       |                |                                       |                |                                                 |                |                                     |                |
| Educomp Investment Management Limited                 | 0.01%                                                 | (2.12)         | 0.71%                                 | (11.00)        | 0.00%                                           | -              | 1.25%                               | (11.00)        |
| Educomp Learning Private Limited                      | -0.01%                                                | 1.82           | 2.12%                                 | (32.63)        | 0.00%                                           | -              | 3.71%                               | (32.63)        |
| Educomp Online Supplemental Services Limited          | 0.36%                                                 | (105.48)       | 0.00%                                 | (0.01)         | 0.00%                                           | -              | 0.00%                               | (0.01)         |
| Educomp Professional Education Limited                | -3.08%                                                | 890.63         | -0.07%                                | 1.14           | 99.49%                                          | 659.90         | -75.24%                             | 661.03         |
| Educomp School Management Limited                     | -0.32%                                                | 92.73          | 0.00%                                 | (0.01)         | 0.00%                                           | -              | 0.00%                               | (0.01)         |
| Educomp Software Limited                              | 0.55%                                                 | (160.02)       | 1.21%                                 | (18.72)        | 0.00%                                           | -              | 2.13%                               | (18.72)        |
| Wheatstone Productions Private Limited                | 0.01%                                                 | (1.77)         | 0.00%                                 | (0.01)         | 0.00%                                           | -              | 0.00%                               | (0.01)         |
| <b>Investment as per equity method</b>                |                                                       |                |                                       |                |                                                 |                |                                     |                |
| Associates - Indian                                   |                                                       |                |                                       |                |                                                 |                |                                     |                |
| Little Millennium Education Pvt Ltd.                  | NA                                                    | NA             | -1.09%                                | 16.85          | -0.03%                                          | (0.19)         | -1.90%                              | 16.66          |
| <b>Non Controlling Interest</b>                       |                                                       |                |                                       |                |                                                 |                |                                     |                |
| <b>Indian Subsidiaries</b>                            |                                                       |                |                                       |                |                                                 |                |                                     |                |
| Educomp Learning Private Limited                      | 0.00%                                                 | (0.89)         | -1.04%                                | 15.99          | 0.00%                                           | -              | -1.82%                              | 15.99          |
| Educomp School Management Limited                     | 0.10%                                                 | (29.35)        | 0.00%                                 | 0.00           | 0.00%                                           | -              | 0.00%                               | 0.00           |
| Educomp Online Supplemental Services Limited          | -0.02%                                                | 5.12           | 0.00%                                 | 0.00           | 0.00%                                           | -              | 0.00%                               | 0.00           |
| Educomp Software Limited                              | -0.03%                                                | 9.33           | -0.06%                                | 0.91           | 0.00%                                           | -              | -0.10%                              | 0.92           |
| Wheatstone Productions Private Limited                | 0.00%                                                 | 0.87           | 0.00%                                 | 0.01           | 0.00%                                           | -              | 0.00%                               | 0.01           |
| Total Eliminations                                    | 2.05%                                                 | (594.00)       | 0.04%                                 | (0.63)         | 0.00%                                           | -              | 0.07%                               | (0.63)         |
|                                                       | 1.00                                                  | (28,912.61)    | 100.00%                               | (1,541.78)     | 100.00%                                         | 663.25         | 100.00%                             | (878.54)       |

**For the financial year ended on March 31, 2019**

|                           |        |             |        |            |         |        |        |            |
|---------------------------|--------|-------------|--------|------------|---------|--------|--------|------------|
| Educomp Solutions Limited | 98.12% | (27,446.89) | 57.34% | (1,050.30) | 112.31% | (0.76) | 57.36% | (1,051.06) |
|---------------------------|--------|-------------|--------|------------|---------|--------|--------|------------|



49. Statement of net assets and profit or loss attributable to owner and minority interest

| Name of the Entity                           | Net Assets, i.e. total assets minus total liabilities |                    | Share in profit or (loss)             |                   | Share in other comprehensive income             |                | Share in total comprehensive income |                   |
|----------------------------------------------|-------------------------------------------------------|--------------------|---------------------------------------|-------------------|-------------------------------------------------|----------------|-------------------------------------|-------------------|
|                                              | As % of consolidated net assets                       | Amount (in Rs)     | As % of consolidated profit or (loss) | Amount (in Rs)    | As % of Consolidated other comprehensive income | Amount (in Rs) | As % of total comprehensive income  | Amount (in Rs)    |
| <b>Indian Subsidiaries</b>                   |                                                       |                    |                                       |                   |                                                 |                |                                     |                   |
| Educomp Investment Management Limited        | -0.03%                                                | 8.88               | 0.00%                                 | -                 | 0.00%                                           | -              | 0.00%                               | -                 |
| Educomp Learning Private Limited             | -0.12%                                                | 34.45              | 0.00%                                 | (0.09)            | 0.00%                                           | -              | 0.00%                               | (0.09)            |
| Educomp Online Supplemental Services Limited | 0.38%                                                 | (105.47)           | 0.08%                                 | (1.55)            | 0.00%                                           | -              | 0.08%                               | (1.55)            |
| Educomp Professional Education Limited       | -0.82%                                                | 229.59             | 42.18%                                | (772.53)          | 0.00%                                           | -              | 42.16%                              | (772.53)          |
| Educomp School Management Limited            | -0.33%                                                | 92.74              | 0.00%                                 | (0.01)            | 0.00%                                           | -              | 0.00%                               | (0.01)            |
| Educomp Software Limited                     | 0.51%                                                 | (141.31)           | 8.45%                                 | (154.76)          | 0.00%                                           | -              | 8.45%                               | (154.76)          |
| Wheatstone Productions Private Limited       | 0.01%                                                 | (1.76)             | 0.00%                                 | (0.01)            | 0.00%                                           | -              | 0.00%                               | (0.01)            |
| Investment as per equity method              |                                                       |                    |                                       |                   |                                                 |                |                                     |                   |
| <b>Associates - Indian</b>                   |                                                       |                    |                                       |                   |                                                 |                |                                     |                   |
| Little Millennium Education Pvt Ltd.         | NA                                                    | NA                 | -0.93%                                | 16.99             | -11.76%                                         | 0.08           | -0.93%                              | 17.07             |
| Non Controlling Interest                     |                                                       |                    |                                       |                   |                                                 |                |                                     |                   |
| <b>Indian Subsidiaries</b>                   |                                                       |                    |                                       |                   |                                                 |                |                                     |                   |
| Educomp Learning Private Limited             | 0.06%                                                 | (16.88)            | 0.00%                                 | 0.05              | 0.00%                                           | -              | 0.00%                               | 0.05              |
| Educomp School Management Limited            | 0.10%                                                 | (29.36)            | 0.00%                                 | -                 | 0.00%                                           | -              | 0.00%                               | -                 |
| Educomp Online Supplemental Services Limited | -0.05%                                                | 13.53              | -0.41%                                | 7.59              | 0.00%                                           | -              | -0.41%                              | 7.59              |
| Wheatstone Productions Private Limited       | 0.00%                                                 | 0.86               | 0.00%                                 | -                 | 0.00%                                           | -              | 0.00%                               | -                 |
| <b>Total Eliminations</b>                    | <b>18.77%</b>                                         | <b>(611.38)</b>    | <b>-12.29%</b>                        | <b>122.96</b>     | <b>-5.52%</b>                                   | <b>-</b>       | <b>-12.30%</b>                      | <b>122.96</b>     |
|                                              | <b>100.00%</b>                                        | <b>(27,973.00)</b> | <b>100.00%</b>                        | <b>(1,831.66)</b> | <b>100.00%</b>                                  | <b>(0.68)</b>  | <b>100.00%</b>                      | <b>(1,832.34)</b> |

Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the group financial statements



Educomp Solutions Limited  
Notes to Consolidated Ind AS Financial Statements for the year ended March 31, 2020  
(Rs. In millions unless otherwise stated)

50. Amounts due to suppliers registered under Micro, Small and Medium Enterprise Development Act, 2006:

| Particulars                                                                                                                                                                                                                                     | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year included in trade payables and other current financial liabilities*                                                    |                         |                         |
| Principal amount due to micro, small and medium enterprises                                                                                                                                                                                     | 10.02                   | 10.07                   |
| Interest due on above                                                                                                                                                                                                                           | 5.62                    | 5.62                    |
| The amount of interest paid by the buyer in terms of Section 16 of the MSME ACT 2006 along with the amounts of the payment made to the supplier beyond appointed day.                                                                           | -                       | -                       |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointment day during the year) but without adding the interest specified under the MSME Act, 2006.                      | -                       | -                       |
| The amount of interest accrued and remaining unpaid at the end of each accounting year.                                                                                                                                                         | 5.62                    | 5.62                    |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible under Section 23 of the MSME Act 2006. | -                       | -                       |

\* These liabilities pertain to the pre CIRP period and will be settled in accordance with the provisions of Insolvency and Bankruptcy Code 2016. Hence no further provision of interest has been made for the unpaid dues.



**Note 51.** The Holding Company is currently subjected to the investigations by Serious Fraud Investigation Office (SFIO), the Central Bureau of Investigation (CBI) and SEBI. Certain information have been requested by them from the Holding Company and the investigations are currently underway. The Holding Company is yet to get any orders or directions in this respect from the said Authorities till the date of signing these consolidated financial statements.

**Note 52.** The Holding Company has not carried out any internal audit during the year as required under sections 138 of the Act.

**Note 53.** The Company did not have a full time company secretary during the financial year 2019-20. Consequently, these standalone Ind AS Financial Statements could not be authenticated by a company secretary ensuring compliance with all applicable provisions of the Companies Act, 2013.

**Note 54.** The Company did not have a Chief Financial Officer (CFO) during the financial year 2019-20 as required under section 203 of the Act. Consequently, these standalone Ind AS Financial Statements could not be authenticated by a CFO.

**Note 55.** The Holding Company has not been in compliance with various other provisions of the Companies Act 2013, SEBI LODR Regulations, 2015 and Foreign Exchange Management Act, 1999.

**Note 56.** The Financial statement of Subsidiary companies namely Educomp Investment Management Limited, Educomp Learning Private Limited, Educomp Online Supplemental Services Limited, Educomp Professional Education Limited, Educomp School Management Limited, Educomp Software Limited, Wheatstone Productions Private Limited are neither approved by respective management of companies nor audited. Further, these company did not have revenue from operations in their respective financial statements. further these are in non-compliance with various provisions of the Companies Act 2013 and other statutes.

**Note 57.** The step down subsidiary i.e Educomp software limited did not have any director on board. Further rest of subsidiary companies did not have minimum number of directors on board as required u/s 149(1) of companies Act 2013

**Note 58.** The previous year figures have been regrouped and reclassified wherever necessary to conform to current year's classification.

As per our report of even date.

For Kumar Vijay Gupta & Co.  
Chartered Accountants  
ICAI Firm Registration No.:007814N

  
Rajneesh Ghei  
Partner  
Membership No.: 086329

Place: New Delhi  
Date: 12.01.2023

UDIN- 23086329BGXTCJ8239

For and on behalf of Board of Directors of  
Educomp Solutions Limited

  
Mahender Kumar Khandelwal  
Resolution Professional  
Regn No. IBBA/IPA/IP-P00033/2016-17/10086

Place: New Delhi  
Date: 12.01.2023

