



Date: 16-01-2023

The Secretary Listing Department BSE Limited PJ Towers, Dalal Street, Mumbai - 400 001 Script Code: 532696	The Secretary Listing Department National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051 Script Code: EDUCOMP
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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.**  
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**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 non-compliance 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 - 23086329BGXTCI5586

## 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 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 Penalty-104.94 million (U/s 78) 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 (U/s 77) Interest u/s 75			
THE EMPLOYEES' PROVIDENT FUNDS AND MISCELLANEOUS PROVISIONS ACT, 1952	Provident Fund Contributions & other charges	8.78 million	NIL	March 2008 – February 2014	An Appeal Pending before Central Government Industrial Tribunal Cum Labour 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

  
A circular blue stamp of Kumar Vijay Gupta & Co., Chartered Accountants, New Delhi, is overlaid on the signature. The stamp contains the text 'Kumar Vijay Gupta & Co.', 'New Delhi', and 'Chartered Accountants'.

**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
IDBIBank	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 March 31, 2020	As at 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>

Contd.....



Educomp Solutions Limited  
Balance sheet as at March 31, 2020

(in Rs. millions)

Particulars	Notes	As at March 31, 2020	As at 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 - 23086329B6XTCI5586



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

Particulars	Notes	(in Rs. millions)	
		Year ended March 31, 2020	Year ended 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- 23086329BGXTCI 5586



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

As per our report of even date.

For Kumar Vijay Gupta & Co.  
Chartered Accountants  
ICAI Firm Registration No.: 007514N

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 Khandehwal  
Resolution Professional  
Regn. No IBB/IPA-001/IP-P00033/2016-17/10086

Place: New Delhi  
Date: 12.01.2023

U01N-23086329 67 XTC I 5586



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 March 31, 2020	Year ended 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 March 31, 2020	Year Ended 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 March 31, 2020	Year Ended 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



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



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Place: New Delhi  
Date: 12.01.2023

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.





## Educomp Solutions Limited

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

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 convection

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.





## Educomp Solutions Limited

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

- (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**

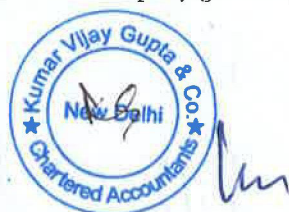
**Identification of segments:**

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 yearend.

The useful lives estimated by the management are as follows:

Particulars	Useful life (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**