

26<sup>th</sup> May 2016

**Corporate Services Department  
The Bombay Stock Exchange Ltd  
Rotunda Building, I Floor  
Samachar Marg  
Mumbai – 1**

**Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza , Bandra Kurla Complex,  
Mumbai-51**

Dear Sir/Madam,

**Sub: Audited Standalone & Consolidated Financial Results for the Year and  
Quarter Ended on 31<sup>st</sup> March 2016**

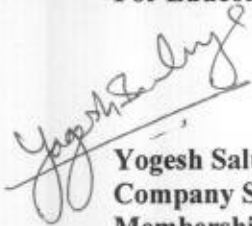
As per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find herewith enclosed audited Standalone & Consolidated Financial Results, along with Form A for standalone and consolidated basis and Form B for Consolidated basis, for the year and quarter ended on 31st March 2016, reviewed by the Audit Committee and approved by the Board of Directors in their meeting concluded today i.e 26<sup>th</sup> May 2016.

Further, the certificate as required form the Debenture Trsutee pursuant to Regulation 52(5) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are also enclosed herewith.

Kindly acknowledge the same.

Thanking you

**For Educomp Solutions Limited**



**Yogesh Saluja  
Company Secretary  
Membership Number: A21916**



**Address: 3/206, Subhash Nagar, New Delhi-110027**

**Educomp Solutions Limited  
CIN:-L74999DL1994PLC061353  
Corporate office: 514, Udyog Vihar, Phase III, Gurgaon – 122001, Haryana (INDIA).  
Tel.: 91-124-4529000. Fax: 91-124-4529039.  
Registered Office: 1211, Padma Tower I, 5, Rajendra Place, New Delhi-110008.  
Tel.: 91-11-25755920. Fax: 91-11-25766775.**

Web site [www.educomp.com](http://www.educomp.com)  
Bangalore, Mumbai, Chennai, Hyderabad.

# HARIBHAKTI & CO. LLP

Chartered Accountants

To

The Board of Directors

Educomp Solutions Limited

1. We have audited the accompanying Statement of Annual Standalone Financial Results of Educomp Solutions Limited ('the Company') for the year ended March 31, 2016 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. This Statement has been prepared on the basis of the annual financial statements. Our responsibility is to express an opinion on this Statement, based on our audit of such annual financial statements, which have been prepared in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Account) Rules, 2014 and other accounting principles generally accepted in India.
2. We conducted our audit of the Statement in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management.
3. We believe that the audit evidences obtained by us is sufficient and appropriate to provide a reasonable basis for our opinion on the Statement.
4. In our opinion and to the best of our information and according to the explanations given to us the Statement:
  - (i) is presented in accordance with the requirements of Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
  - (ii) gives a true and fair view of the net loss and other financial information of the Company for the year ended March 31, 2016.
5. We draw attention to Note 2 to the Statement with regard to the following matters:-
  - a) Note 2(a) regarding managerial remuneration paid to one of the whole time director of the Company during the quarter ended June 30, 2015, years ended March 31, 2015 and March 31, 2014 in non-compliance with the requirements of Section 197 and Section 198 read with Schedule V to the Companies Act, 2013 and Section 198, Section 269 and



# HARIBHAKTI & CO. LLP

Chartered Accountants



Section 309 read with Schedule XIII to the Companies Act, 1956 respectively, for which Central Government's approval has not been obtained.

- b) Note 2(b) with respect to Management's assessment of carrying value of investment in 6 of its subsidiary companies namely, Educomp Infrastructure and School Management Limited, Educomp Online Supplemental Service Limited, Educomp Child Care Private Limited, Educomp Professional Education Limited, Vidya Mandir Classes Limited, Educomp Intelliprop Ventures Pte. Ltd. (formerly known as Educomp Intelprop Ventures Pte. Ltd.) and in its associate, Greycells18 Media Limited. The Company has evaluated the carrying value of its investments using business valuations performed by independent experts/ its own assessment, according to which the management is of opinion that no provision for impairment is considered necessary in respect of these investments.
- c) Note 2(c) wherein, the Company has not considered impairment/diminution of trade receivables from/investment in Edu Smart Services Private Limited (ESSPL) in the intervening period, in view of proposed merger of ESSPL with the Company.
- d) Note 2(d) wherein, in the opinion of the management, despite incurring substantial losses including during the current financial year and erosion of net worth as at March 31, 2016, the audited standalone financial results have been prepared on a going concern basis in view of matters more fully explained in the said note.

Our report is not modified in respect of these matters.

6. The Statement includes the results for the Quarter ended March 31, 2016, being the balancing figure between audited figures in respect of full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

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

  
  
Pranav Jain  
Partner  
Membership No.: 098308

Place: Gurgaon

Date: May 26, 2016

# EDUCOMP SOLUTIONS LIMITED

CIN No:-L74999DL1994PLC061353

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

## Standalone Statement of Assets & Liabilities

(Rupees in Lacs)

Particulars	As at 31-03-16 Audited	As at 31-03-15 Audited
<b>A EQUITY AND LIABILITIES</b>		
<b>1 Shareholders' funds</b>		
(a) Share Capital	2,449.34	2,449.34
(c) Reserves and Surplus	10,586.13	46,475.69
(c) Money received against share warrants	-	-
<b>Sub-total-Shareholder's funds</b>	<b>13,035.47</b>	<b>48,925.03</b>
<b>2 Share application money pending allotment</b>	-	-
<b>3 Non-current liabilities</b>		
(a) Long-term borrowings	188,468.55	215,333.39
(b) Trade payables	-	-
(c) Deferred tax liabilities (net)	-	-
(d) Other long term liabilities	2,347.65	1,840.31
(e) Long-term provisions	1,792.20	7,254.16
<b>Sub-total - Non-current liabilities</b>	<b>192,608.40</b>	<b>224,427.86</b>
<b>4 Current liabilities</b>		
(a) Short-term borrowings	9,815.07	21,070.08
(b) Trade payables	8,510.91	8,923.49
(c) Other current liabilities	81,097.42	30,986.61
(d) Short-term provisions	4,685.89	5,421.91
<b>Sub-total - Current liabilities</b>	<b>104,109.29</b>	<b>66,402.09</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>309,753.16</b>	<b>339,754.98</b>
<b>B ASSETS</b>		
<b>1 Non-current assets</b>		
(a) Fixed assets	6,468.83	8,766.83
(b) Non-current investments	171,320.23	169,383.88
(c) Deferred tax assets (net)	-	-
(d) Long-term loans and advances	3,560.50	3,560.68
(e) Other non-current assets	248.10	136.39
<b>Sub-total - Non - current assets</b>	<b>181,597.66</b>	<b>181,847.78</b>
<b>2 Current assets</b>		
(a) Current investments	-	-
(b) Inventories	1,199.65	2,536.28
(c) Trade receivables	116,624.29	135,685.24
(d) Cash and bank balances	3,440.89	5,696.47
(e) Short-term loans and advances	4,651.83	13,899.26
(f) Other current assets	2,238.84	89.95
<b>Sub-total - Current assets</b>	<b>128,155.50</b>	<b>157,907.20</b>
<b>TOTAL - ASSETS</b>	<b>309,753.16</b>	<b>339,754.98</b>



**EDUCOMP SOLUTIONS LIMITED**

CIN No:-L74999DL1994PLC061353

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

PART 1		(Rupees in lacs)				
STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2016						
S.NO	Particulars	Quarter ended			Year ended	
		Audited	Unaudited	Audited	Audited	Audited
		March 31, 2016	December 31, 2015	March 31, 2015	March 31, 2016	March 31, 2015
<b>1</b>	<b>Income from operations</b>					
(a)	Net sales/income from operations	5,001.57	4,594.27	3,684.23	20,098.94	19,817.45
(b)	Other operating income	-	-	-	-	-
	<b>Total Income from operations (net)</b>	<b>5,001.57</b>	<b>4,594.27</b>	<b>3,684.23</b>	<b>20,098.94</b>	<b>19,817.45</b>
<b>2</b>	<b>Expenses</b>					
(a)	Purchases of stock-in-trade	802.06	210.37	61.30	3,560.82	1,895.90
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	103.04	230.79	447.34	316.18	440.55
(b)	Employee benefit expenses	2,752.44	2,819.28	3,285.80	11,500.28	12,885.74
(d)	Depreciation and amortisation expenses	984.76	1,005.40	1,242.63	4,007.20	4,783.26
(e)	Other expenses	2,771.61	2,230.94	2,269.92	9,156.75	7,159.54
(f)	Provision for doubtful trade receivables/advances	72.61	3.16	433.75	163.82	1,178.77
(g)	Foreign exchange fluctuation (Net)	494.08	616.80	212.45	2,495.98	1,731.95
	<b>Total Expenses</b>	<b>7,980.60</b>	<b>7,116.74</b>	<b>7,953.19</b>	<b>31,201.03</b>	<b>30,075.71</b>
<b>3</b>	<b>Loss from operations before other income , finance costs and exceptional items (1-2)</b>	<b>(2,979.03)</b>	<b>(2,522.47)</b>	<b>(4,268.96)</b>	<b>(11,102.09)</b>	<b>(10,258.26)</b>
<b>4</b>	<b>Other income</b>	<b>83.19</b>	<b>213.61</b>	<b>1,049.48</b>	<b>2,209.94</b>	<b>3,402.59</b>
<b>5</b>	<b>Loss from ordinary activities before finance costs and exceptional items (3+4)</b>	<b>(2,895.84)</b>	<b>(2,308.86)</b>	<b>(3,219.48)</b>	<b>(8,892.15)</b>	<b>(6,855.67)</b>
<b>6</b>	<b>Finance costs</b>	<b>6,213.36</b>	<b>6,174.04</b>	<b>5,391.58</b>	<b>24,712.00</b>	<b>22,954.43</b>
<b>7</b>	<b>Loss from ordinary activities after finance costs but before exceptional items (5-6)</b>	<b>(9,109.20)</b>	<b>(8,482.90)</b>	<b>(8,611.06)</b>	<b>(33,604.15)</b>	<b>(29,810.10)</b>
<b>8</b>	<b>Exceptional Items/Prior period items (refer note 3)</b>	<b>-</b>	<b>1,292.07</b>	<b>374.81</b>	<b>2,638.72</b>	<b>86,733.77</b>
<b>9</b>	<b>Loss from ordinary activities before tax (7-8)</b>	<b>(9,109.20)</b>	<b>(9,774.97)</b>	<b>(8,985.87)</b>	<b>(36,242.87)</b>	<b>(116,543.87)</b>
<b>10</b>	<b>Tax Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,909.08)</b>	<b>-</b>
<b>11</b>	<b>Net Loss from Ordinary activities after tax (9-10)</b>	<b>(9,109.20)</b>	<b>(9,774.97)</b>	<b>(8,985.87)</b>	<b>(34,333.79)</b>	<b>(116,543.87)</b>
<b>12</b>	<b>Extraordinary Item (net of tax expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>13</b>	<b>Net Loss for the period (11-12)</b>	<b>(9,109.20)</b>	<b>(9,774.97)</b>	<b>(8,985.87)</b>	<b>(34,333.79)</b>	<b>(116,543.87)</b>
<b>14</b>	<b>Paid up Equity share capital (Face Value Rs.2/- each)</b>	<b>2,449.34</b>	<b>2,449.34</b>	<b>2,449.34</b>	<b>2,449.34</b>	<b>2,449.34</b>
<b>15</b>	<b>Reserve excluding revaluation reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,475.69</b>
<b>16</b>	<b>(Loss)/ Earning Per Share (before and after extraordinary items) (not annualized)</b>					
(a)	Basic	(7.44)	(7.98)	(7.34)	(28.04)	(95.17)
(b)	Diluted	(7.44)	(7.98)	(7.34)	(28.04)	(95.17)
<b>17</b>	<b>Debt Equity Ratio</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19.47</b>	<b>5.14</b>
<b>18</b>	<b>Debt Service Coverage Ratio</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.25)</b>	<b>(0.29)</b>
<b>19</b>	<b>Interest Service Coverage Ratio</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.45)</b>	<b>(0.52)</b>



**Standalone Segment wise Revenue, Results and Capital Employed**

Particulars	(Rupees in lacs)			
	Quarter ended		Year ended	
	Audited March 31, 2016	Unaudited December 31, 2015	Audited March 31, 2015	Audited March 31, 2015
<b>Segment Revenue</b>				
Higher Learning Solutions	43.67	47.64	149.15	197.22
School Learning Solutions	4,850.81	4,505.29	3,481.79	19,059.49
K-12 Schools	-	-	-	-
Online Supplemental & Global	107.09	41.34	53.29	182.46
<b>Total Net Sales/ Income from Operations</b>	<b>5,001.57</b>	<b>4,594.27</b>	<b>3,684.23</b>	<b>19,817.45</b>
<b>Segment Results ((Loss)/Profit before Interest and tax from each segments)</b>				
Higher Learning Solutions	22.00	25.12	127.38	108.13
School Learning Solutions	(1,092.46)	(946.25)	(2,065.18)	(4,976.53)
K-12 Schools	-	-	-	-
Online Supplemental & Global	(216.00)	10.24	10.75	(167.89)
	<b>(1,286.46)</b>	<b>(910.89)</b>	<b>(1,927.05)</b>	<b>(89,606.56)</b>
Less : Interest				
: Other un-allocable expenses #	6,213.36	6,174.04	5,391.58	24,712.00
Add : Un-allocable Income	1,692.57	2,903.65	2,716.72	8,704.52
	83.19	213.61	1,049.48	2,209.94
<b>Total (Loss)/Profit before Tax</b>	<b>(9,109.20)</b>	<b>(9,774.97)</b>	<b>(8,985.87)</b>	<b>(116,543.87)</b>
<b>Capital Employed</b>				
(Segment Assets- Segment Liabilities)				
Higher Learning Solutions	(606.59)	(583.52)	(578.16)	(606.59)
School Learning Solutions	104,126.63	112,250.21	124,035.96	104,126.63
K-12 Schools	(1,109.23)	130.71	134.43	(1,109.23)
Online Supplemental & Global	174.45	151.02	(1,139.03)	174.45
Unallocated	(89,549.79)	(90,209.28)	(73,528.17)	(89,549.79)
<b>Total</b>	<b>13,035.47</b>	<b>21,739.14</b>	<b>48,925.03</b>	<b>13,035.47</b>
# including impact of exceptional items as refer to note no. 3 to the standalone financial results.				<b>48,925.03</b>



## Notes to the standalone financial results of Educomp Solutions Limited

1. The above standalone financial results for the quarter and for the year ended March 31, 2016 have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on May 26, 2016.
2. The auditors have drawn attention in their audit report on the standalone financial results of the Company for the year ended March 31, 2016 in respect of the following matters:
  - a) Due to inadequacy of the profits, managerial remuneration paid by the Company to one of its Whole Time Director during the quarter ended June 30, 2015 and year ended March 31, 2015, is in excess of limits prescribed under Section 197 and 198 read with Schedule V to the Companies Act, 2013.

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

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

- b) The Company has assessed the business projections of six of its subsidiary companies, namely Educomp Infrastructure and School Management Limited, Educomp Online Supplemental Services Limited, Educomp Child Care Private Limited, Educomp Professional Education Limited, Vidya Mandir Classes Limited, Educomp Intelliprop Ventures Pte Ltd. (Formerly known as Educomp Intelprop Ventures Pte Ltd.) and its associate Greycells18 Media Limited, having a total investment of Rs. 153,090.73 lacs and has concluded that their businesses are sustainable on a going concern basis. The Company evaluated the recoverability of its investments, using business valuations performed by independent experts, according to which the decline in the carrying value of these long term investments has been considered to be temporary. The said evaluation is based on the long term business plans of its subsidiaries and associate as on March 31, 2016 and concluded that no adjustments to the carrying value of its long term investments is required to be recorded in these audited standalone financial results of the Company for the year ended March 31, 2016.
- c) Pursuant to implementation of approved Corporate Debt Restructuring Scheme (CDR scheme), certain lenders have disbursed fresh corporate loans to the Company and corresponding trade receivables were bought from Edu Smart Services Private Limited (ESSPL) together with future business relating to these customers. Due to this restructuring, the remaining receivables in ESSPL may not yield adequate surplus to discharge its liability towards the Company for trade receivables and redemption of redeemable non convertible preference shares. However, the approved CDR scheme has mandated merger of ESSPL with the Company and accordingly, the Company has initiated the process and has taken the approval of Board of Directors in the board meeting held on 13<sup>th</sup> January 2015. The Board of Directors in their meeting held on 26<sup>th</sup> May 2016 has suggested certain changes in the scheme with respect to above said merger and revised scheme shall be placed in next board meeting. The impact for the amalgamation shall be given/recorded in the books of accounts upon obtaining approvals and implementation of the Scheme.
- d) The Company has incurred substantial losses and its net worth has significantly eroded. Based on Company's projected cash flows, it shall have sufficient funds to run its operations in foreseeable future. As regards availability of requisite funds to meet its debt related obligations including those overdue and falling due in financial year 2016-17 as per its CDR package executed with Company's lenders, the Company intends to monetize its identified investments, receivables and



assets to meet the necessary obligations. The Company is also taking several measures to improve operational efficiencies and other avenues of raising funds.

The management 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 and recover and recoup the erosion in its net worth through profitable operations and continue as a going concern. Accordingly, these standalone financial results have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that may be necessary, if the entity is unable to continue as a going concern.

### 3. Exceptional Items

- a) The Company has received an amount of Rs. 1,500 lacs from redemption of all its units held in India Education Fund, against total carrying value of Rs. 4,250 lacs. Accordingly, during the year the Company has recorded a loss on redemption of units amounting Rs. 2,750 lacs and it has been shown as exceptional item in the financial results.
  - b) During the year, the Company has sold one of its step down subsidiary i.e. Wizlearn Pte. Ltd. In respect of the said subsidiary, the Company had received Rs. 1,458.91 lacs as advance from subsidiary during earlier years. Pursuant to the sale, the Company has written back amount of advance received from subsidiary and the same has been shown as an exceptional item in the financial results.
4. During the quarter ended March 31, 2016, the Company has not granted any stock options under Employee Stock Option Scheme of the Company.
- During the quarter ended March 31, 2016, the Company has not allotted any equity Shares.
- Paid up Capital of the Company as on Balance Sheet date is Rs. 244,934,336 consisting of 122,467,168 Equity Shares of the face value of Rs. 2 each.
5. In respect of 350, 13.50% Secured Redeemable Non Convertible Debentures of Rs. 1,000,000 each aggregating Rs. 3,500 lacs, the Company has created partial security on the assets of the Company and is taking necessary steps to create further security in respect of these debentures.
  6. The segment wise revenue, results and capital employed have been prepared in accordance with the Accounting Standard -17 "Segment Reporting" specified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014.
  7. Disclosures under Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended March 31, 2016 are given in Annexure A.
  8. Interest Service Coverage Ratio (ISCR)= Earning before Interest and Tax/Interest Expense and Debt Service Coverage Ratio (DSCR)= Earning before Interest and Tax/(Interest + Principal Repayment)
  9. The basic and diluted earnings per share has been calculated in accordance with the Accounting Standard-20 "Earning Per Share" specified under section 133 of the Companies Act read with Rule 7 of Companies (Accounts) Rules, 2014.
  10. The standalone financial results of the Company for the year ended March 31, 2016 are also available on website of the Company ([www.educomp.com](http://www.educomp.com)), National Stock Exchange of India Limited ([www.nseindia.com](http://www.nseindia.com)) and Bombay Stock Exchange Limited ([www.bseindia.com](http://www.bseindia.com)).





11. Figures for the quarters ended March 31, 2016 and 2015 represents the balancing figures between the audited figures for the full financial year and the published year to date figures upto the third quarter of the respective financial year.
12. Previous period/year figures have been regrouped and rearranged, wherever considered necessary to conform to the classification in current period.

By order of the Board of Directors

For Educomp Solutions Limited



*Shantanu Prakash*  
Shantanu Prakash  
(Managing Director)

Place: Gurgaon  
Date: May 26, 2016



## Annexure-A

## Disclosures pursuant to Regulation 52(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended March 31, 2016

## 1. Credit Rating

Particulars	Rating Agency	Rating
Non Convertible Debenture Issue	CARE Rating	CARE D (Single D)

2. Asset Cover Available:- The Company has created partial security and is taking necessary steps to create further security in respect of these debentures.
3. Debt Equity Ratio:- 19.47:1
4. Previous Due date for payment of Principal/interest:- Principal has not been due for the payment. As on date, Interest on the debentures has been fully paid

S. No.	ISIN	Series ID	Till 31.03.2016	
			Due date of Interest	Principal
1.	INE216H07016	948029	24 <sup>th</sup> May 2015	Not due

## 5. Next due date for payment of interest/ principal along with amount of interest

S. No.	ISIN	Series ID	From (1.04.2016 to 30.09.2016)	
			Due date of Interest	Principal
1.	INE216H07016	948029	24 <sup>th</sup> May 2016	Not due

6. Debt Service Coverage Ratio :- (0.25):1
7. Interest Service Coverage Ratio:- (0.45):1
8. Outstanding Redeemable Preference Shares:- NIL
9. Debenture Redemption Reserve:- Debenture Redemption Reserve is not created by the company due to unavailability of the profits of the company available for the payment of dividend.
10. Net Worth:-Rs. 13,035.47 Lacs
11. Net Profit After Tax:- (Rs.34,333.79 Lacs)
12. Earnings Per Share:- (28.04)



**FORM A ( for audit report with unmodified opinion)**

1.	Name of the Company:	Educomp Solutions Limited – Standalone
2.	Annual financial statements for the year ended	31st March 2016
3.	Type of Audit observation	<p>Matter of Emphasis- Paragraph inserted in Auditor's Report on Standalone financial statements</p> <p>a) We draw attention to Note 2(a) regarding managerial remuneration paid to one of the whole time director of the Company during the quarter ended June 30, 2015, years ended March 31, 2015 and March 31, 2014 in non-compliance with the requirements of Section 197 and Section 198 read with Schedule V to the Companies Act, 2013 and Section 198, Section 269 and Section 309 read with Schedule XIII to the Companies Act, 1956 respectively, for which Central Government's approval has not been obtained.</p> <p><b>Management Response:-</b></p> <p>In this regard the management of the Company is in the process of making necessary application to the Central Government to obtain its approval for the waiver/approval of the remuneration so paid in years ended March 31, 2014, March 31, 2015 and quarter ended June 30, 2015, in due course.</p> <p>b) We draw attention to Note 2(b) with respect to Management's assessment of carrying value of investment in 6 of its subsidiary companies namely, Educomp Infrastructure and School Management Limited, Educomp Online Supplemental Service Limited, Educomp Child Care Private Limited, Educomp Professional Education Limited, Vidya Mandir Classes Limited, Educomp Intelliprop Ventures Pte. Ltd. (formerly known as Educomp Intelprop Ventures Pte. Ltd.) and in its associate, Greycells18 Media Limited. The Company has</p>



evaluated the carrying value of its investments using business valuations performed by independent experts/ its own assessment, according to which the management is of opinion that no provision for impairment is considered necessary in respect of these investments.

**Management Response:-**

The Company has assessed the business projections of six of its subsidiary companies, namely Educomp Infrastructure and School Management Limited, Educomp Online Supplemental Services Limited, Educomp Child Care Private Limited, Educomp Professional Education Limited, Vidya Mandir Classes Limited, Educomp Intelliprop Ventures Pte Ltd. (Formerly known as Educomp Intelprop Ventures Pte Ltd.) and its associate Greycells18 Media Limited, having a total investment of Rs. 153,090.73 lacs and has concluded that their businesses are sustainable on a going concern basis. The Company evaluated the recoverability of its investments, using business valuations performed by independent experts, according to which the decline in the carrying value of these long term investments has been considered to be temporary. The said evaluation is based on the long term business plans of its subsidiaries and associate as on March 31, 2016 and concluded that no adjustments to the carrying value of its long term investments is required to be recorded in these audited standalone financial results of the Company for the year ended March 31, 2016.

c) We draw attention to Note 2(c) wherein, the Company has not considered impairment/ diminution of trade receivables from/investment in Edu Smart Services Private Limited (ESSPL) in the intervening period, in view of proposed merger of ESSPL with the Company.

**Management Response:-**



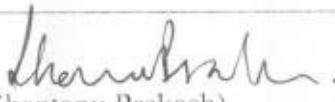



Pursuant to implementation of approved Corporate Debt Restructuring Scheme (CDR scheme), certain lenders have disbursed fresh corporate loans to the Company and corresponding trade receivables were bought from Edu Smart Services Private Limited (ESSPL) together with future business relating to these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

d) We draw attention to Note 2(d) wherein, in the opinion of the management, despite incurring substantial losses including during the current financial year and erosion of net worth as at March 31, 2016, the audited standalone financial results have been prepared on a going concern basis in view of matters more fully explained in the said note.

**Management Response:-**

The Company has incurred substantial losses and its net worth has significantly eroded. Based on Company's projected cash flows, it shall have sufficient funds to run its operations in foreseeable future. As regards availability of requisite funds to meet its debt related obligations including those overdue and falling due in financial year 2016-17 as per its CDR



		<p>package executed with Company's lenders, the Company intends to monetize its identified investments, receivables and assets to meet the necessary obligations. The Company is also taking several measures to improve operational efficiencies and other avenues of raising funds.</p> <p>The management 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 and recover and recoup the erosion in its net worth through profitable operations and continue as a going concern. Accordingly, these standalone financial results have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that may be necessary, if the entity is unable to continue as a going concern.</p>
4.	Frequency of observation	Appeared since March 31, 2014 in the Annual Report
5.	To be signed by-	
	<ul style="list-style-type: none"> <li>Managing Director</li> </ul>	 (Mr. Shantanu Prakash)
	<ul style="list-style-type: none"> <li>CFO</li> </ul>	 (Mr. Ashish Mittal)
	<ul style="list-style-type: none"> <li>Audit Committee Chairman</li> </ul>	 (Mr. Vijay Kumar Choudhary)
	<ul style="list-style-type: none"> <li>Auditor of the company</li> </ul>	For Haribhakti & Co. LLP Chartered Accountants Firm Registration No. 103523W  Pranav Jain Partner Membership No. 098308



# HARIBHAKTI & CO. LLP

Chartered Accountants

To

The Board of Directors

Educomp Solutions Limited

1. We have audited the accompanying Statement of Annual Consolidated Financial Results of Educomp Solutions Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), its associate and jointly controlled entity for the year ended March 31, 2016 ("the Statement"), being submitted by the Holding Company pursuant to the requirement of Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. This Statement has been prepared on the basis of the annual consolidated financial statements. Our responsibility is to express an opinion on this Statement based on our audit of such annual consolidated financial statements, which have been prepared in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Account) Rules, 2014 and other accounting principles generally accepted in India.
2. We conducted our audit of the Statement in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts disclosed in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management.
3. We believe that the audit evidences obtained by us and obtained by the other auditors in terms of their report referred to in paragraph 7 below, is sufficient and appropriate to provide a reasonable basis for our opinion on the Statement.
4. As per the terms of Master Restructuring Agreement (MRA) dated December 28, 2013 entered into pursuant to approved Corporate Debt Restructuring Scheme to restructure debt of Educomp Infrastructure and School Management Limited (EISML), a subsidiary of the Company, certain tangible fixed assets of EISML and EISML's subsidiaries have been identified for sale in a time bound manner. As per the valuation of such tangible fixed assets as evaluated and disclosed in the approved Corporate Debt Restructuring Package, some of these assets are expected to have lower realizable value than their carrying values. Such tangible fixed assets having total carrying value of Rs. 32,075.33 lacs as at March 31, 2016 (as at March 31, 2015 Rs. 32,075.33 lacs) are included in the tangible fixed assets.

The Management has not carried out any evaluation of impairment of these assets at the close of the year and no provision for impairment has been recorded, as required by Accounting Standard 28 'Impairment of Assets'.



# HARIBHAKTI & CO. LLP

Chartered Accountants

As we are unable to obtain sufficient appropriate audit evidence about the extent of recoverability of carrying value of these assets, we are unable to determine whether any adjustments to these amounts are necessary.

Our audit opinion on the consolidated financial statements for the year ended March 31, 2015 and our limited review reports for the quarters ended December 31, 2015, September 30, 2015 and June 30, 2015 were also qualified in respect of aforesaid matter.

5. In our opinion and to the best of our information and according to the explanations given to us, and on consideration of the reports of the other auditors and subject to the possible effects of the matter described in paragraph 4 above, the Statement:

(i) includes the annual financial results of the following entities:

Sr. No.	Name of the Entity	Relationship
1.	Edumatics Corporation Inc.	Subsidiary
2.	Wheatstone Productions Private Limited	Subsidiary
3.	Educomp Learning Private Limited	Subsidiary
4.	Educomp Infrastructure & School Management Limited	Subsidiary
5.	Educomp School Management Limited	Subsidiary
6.	Educomp Professional Education Limited	Subsidiary
7.	Educomp Asia Pacific Pte Ltd.	Subsidiary
8.	Savvica Inc.	Subsidiary
9.	Educomp Child Care Private Limited	Subsidiary
10.	Educomp Intelliprop Ventures Pte Ltd.	Subsidiary
11.	Educomp Global FTZ	Subsidiary
12.	Educomp Online Supplemental Service Limited	Subsidiary
13.	Vidya Mandir Classes Limited	Subsidiary
14.	Educomp Investment Management Limited	Subsidiary
15.	Educomp Global Holding WLL	Subsidiary
16.	Educomp Infrastructure Services Private Limited	Step-Down Subsidiary
17.	Educomp APAC Services Limited	Step-Down Subsidiary
18.	Wiz learn Technologies Pte Ltd (earlier known as AsknLearn Pte Ltd)	Step-Down Subsidiary
19.	Wiz tech Pte Ltd.	Step-Down Subsidiary
20.	Pave Education Pte Ltd.	Step-Down Subsidiary
21.	Singapore Learning.Com Pte Ltd.	Step-Down Subsidiary
22.	The Learning Internet Inc	Step-Down Subsidiary
23.	Falcate Builders Private Limited	Step-Down Subsidiary
24.	Newzone Infrastructure Private Limited	Step-Down Subsidiary
25.	Rockstrong Infratech Private Limited	Step-Down Subsidiary
26.	Reverie Infratech Private Limited	Step-Down Subsidiary
27.	Herold Infra Private Limited	Step-Down Subsidiary
28.	Growzone Infrastructure Private Limited	Step-Down Subsidiary





29.	Hidream Constructions Private Limited	Step-Down Subsidiary
30.	Leading Edge Infratech Private Limited	Step-Down Subsidiary
31.	Strotech Infrastructure Private Limited	Step-Down Subsidiary
32.	Markus Infrastructure Private Limited	Step-Down Subsidiary
33.	Orlando Builders Private Limited	Step-Down Subsidiary
34.	Crosshome Developers Private Limited	Step-Down Subsidiary
35.	Good Luck Structure Private Limited	Step-Down Subsidiary
36.	Evergreen Realtech Private Limited	Step-Down Subsidiary
37.	Zeta Buildcon Private Limited	Step-Down Subsidiary
38.	Onega Infrastructure Private Limited	Step-Down Subsidiary
39.	Grider Infratech Private Limited	Step-Down Subsidiary
40.	Modzex Infrastructure Private Limited	Step-Down Subsidiary
41.	Virtual Buildtech Private Limited	Step-Down Subsidiary
42.	Laservision Estates Private Limited	Step-Down Subsidiary
43.	Educomp Learning Hour Private Limited	Step-Down Subsidiary
44.	Knowledge Vistas Limited	Step-Down Subsidiary
45.	Educomp Software Limited	Step-Down Subsidiary
46.	Gateforum Educational Services Private Limited	Step-Down Subsidiary
47.	Millennium InfraDevelopers Limited	Step-Down Subsidiary
48.	Boston Realtech Private Limited	Step-Down Subsidiary
49.	Educomp - Raffles Higher Education Limited	Joint-Venture
50.	Greycells18 Media Pvt. Limited	Associate

- (ii) is presented in accordance with the requirements of Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
- (iii) gives a true and fair view of the consolidated net loss and other financial information of the Group including its associate and jointly controlled entity for the year ended March 31, 2016.
6. We draw attention to Note 3 to the Statement with regard to the following matters:-
- a) Note 3(a) regarding managerial remuneration paid to one of the whole time director of the Holding Company for the quarter ended June 30, 2015, year ended March 31, 2015 and year ended March 31, 2014 and managing directors of one of its subsidiary Company, Educomp Infrastructure and School Management Limited during the year ended March 31, 2014, in non-compliance with the requirements of section 197 and section 198 read with schedule V to the Companies Act, 2013 and Section 198, Section 269 and Section 309 read with Schedule XIII to the Companies Act, 1956 respectively, for which Central Government's approval has not been obtained.
- b) Note 3(b) wherein a subsidiary company, Educomp Infrastructure and School Management Limited has considered its long outstanding Trade Receivables due from certain Trusts which are due for more than one year, as good and fully recoverable.



# HARIBHAKTI & CO. LLP

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- c) Note 3(c) with respect to Management's assessment of recoverability of Group's share of net assets as regards investment in six companies of the Group, namely, Educomp Infrastructure and School Management Limited, Educomp Online Supplemental Service Limited, Educomp Child Care Private Limited, Educomp Professional Education Limited, Vidya Mandir Classes Limited, Educomp Intelliprop Ventures Pte. Ltd. (formerly known as Educomp Intelprop Ventures Pte. Ltd.) and its associate, Greycells18 Media Limited.
- d) Note 3(d) which explains Management's view on recoverability of certain significant amount of capital advances given by the Group and which have been outstanding for a long period of time.
- e) Note 3(e) which explains Management's view on recoverability of certain loans advanced to Jai Radha Raman Education Society (the society) by Educomp Raffles Higher Education Limited, a joint venture (JV), and trade receivables due to JV's subsidiary Millennium Infra Developers Limited from the society under contractual obligations.
- f) Note 3(f) with respect to Management's assessment, based on valuation performed by a firm of chartered accountants, of recoverability of intangible assets in form of brand 'Universal' in one of its step down subsidiary named, Educomp APAC Services Limited. The recoverability of the intangible assets is significantly dependent on the step down subsidiary's ability to achieve long term futuristic growth plan envisaged in the related assumptions used for the purpose of valuation.
- g) Note 3(g) wherein the Holding Company has not considered impairment/diminution of trade receivables from/investment in Edu Smart Services Private Limited (ESSPL) in the intervening period, in view of proposed merger of ESSPL with the Holding Company.
- h) Note 3(h) in respect of the Holding Company, in the opinion of the management, despite incurring net losses, including during the current financial year and erosion of net worth as at March 31, 2016, the consolidated financial results have been prepared on a going concern basis in view of matters more fully explained in the said note.
- i) Note 3(i) in respect of one of Holding Company's subsidiary, Educomp Infrastructure & School Management Limited, in the opinion of the management, despite incurring losses, including during the current financial year and erosion of net worth as at March 31, 2016, the consolidated financial results have been prepared on a going concern basis in view of matters more fully explained in the said note.
- j) Note 3(j) in respect of one of Holding Company's step down subsidiary, Knowledge Vistas Limited, which indicates that the company has suspended its operation and is waiting for favourable business opportunities. Despite existence of these conditions, along with other matters more fully explained in the said note, the consolidated financial results have been prepared on going concern basis.

Our report is not modified in respect of these matters.



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7. We did not audit the financial statements of 45 subsidiaries included in Statement, whose financial statements reflects total assets of Rs. 104,133.81 lacs as at March 31, 2016, total revenues of Rs. 32,240.48 lacs and total loss after tax of Rs. 89.79 lacs for the year ended on that date, as considered in the Statement. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors.
8. We did not audit the financial statements of 1 associate included in the Statement, whose financial statement also includes Group's share of net loss of Rs. 159.14 lacs for the year ended March 31, 2016, as considered in the Statement. These financial statements have not been audited by their auditors and have been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of the associate, is based solely on such unaudited financial statements. According to the information and explanations given to us by the Management, these financial statements are not material to the Group including its associates and jointly controlled entities.
9. As fully explained in Note 7 of the consolidated financial results, in case of Joint Venture of the Company, the consolidated financial results of such JV for the year ended March 31, 2016 are not available with the Company and accordingly the consolidated financial results of the Company reflects total revenue of Rs 176.46 lacs and total loss after taxes of Rs.143.01 lacs for the year ended March 31, 2016 and total assets of Rs 8,312.79 lacs as at March 31, 2016 which are based on un-reviewed consolidated financial results of the Joint Venture as at June 30, 2015, as furnished to us by the management.
10. The Statement includes the results for the Quarter ended March 31, 2016, being the balancing figure between audited figures in respect of full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

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



Pranav Jain  
Partner  
Membership No.: 098308

Place: Gurgaon  
Date: May 26, 2016

# EDUCOMP SOLUTIONS LIMITED

CIN No:-L74999DL1994PLC061353

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

## Consolidated Statement of Assets & Liabilities

(Rupees in Lacs)

Particulars	As at 31-03-16 Audited	As at 31-03-15 Audited
<b>A EQUITY AND LIABILITIES</b>		
<b>1 Shareholders' funds</b>		
(a) Share Capital	2,449.34	2,449.34
(c) Reserves and Surplus	25,156.50	55,322.44
(c) Money received against share warrants	-	-
<b>Sub-total-Shareholder's funds</b>	27,605.84	57,771.78
<b>2 Preference Shares issued by subsidiary company</b>	2,721.11	2,601.50
<b>3 Minority Interest</b>	16,710.30	16,324.19
<b>4 Non-current liabilities</b>		
(a) Long-term borrowings	271,810.06	304,130.40
(b) Trade payables	-	-
(c) Deferred tax liabilities (net)	6.31	-
(d) Other long term liabilities	3,958.27	3,113.57
(e) Long-term provisions	1,915.73	7,416.47
<b>Sub-total - Non-current liabilities</b>	277,690.37	314,660.44
<b>5 Current liabilities</b>		
(a) Short-term borrowings	10,873.70	21,514.00
(b) Trade payables	9,513.36	9,838.43
(c) Other current liabilities	118,014.91	84,485.31
(d) Short-term provisions	4,761.76	5,502.42
<b>Sub-total - Current liabilities</b>	143,163.73	121,340.16
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>467,891.35</b>	<b>512,698.07</b>
<b>B ASSETS</b>		
<b>1 Non-current assets</b>		
(a) Fixed assets	133,051.07	143,939.47
(b) Goodwill on consolidation	105,895.73	106,637.55
(c) Non-current investments	13,381.77	17,790.91
(d) Deferred tax assets (net)	6.06	10.23
(e) Long-term loans and advances	29,994.19	35,389.16
(f) Other non-current assets	5,115.39	4,664.34
<b>Sub-total - Non-current assets</b>	287,444.21	308,431.66
<b>2 Current assets</b>		
(a) Current investments	-	-
(b) Inventories	2,033.36	3,603.51
(c) Trade receivables	147,291.06	164,295.29
(d) Cash and bank balances	10,620.28	16,003.67
(e) Short-term loans and advances	8,535.20	17,711.08
(f) Other current assets	11,967.24	2,652.86
<b>Sub-total - Current assets</b>	180,447.14	204,266.41
<b>TOTAL - ASSETS</b>	<b>467,891.35</b>	<b>512,698.07</b>



# EDUCOMP SOLUTIONS LIMITED

CIN No:-L74999DL1994PLC061353

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

PART 1		(Rupees in lacs)				
STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2016						
S.No.	Particulars	Quarter ended			Year ended	
		Audited	Unaudited	Audited	Audited	Audited
		March 31, 2016	December 31, 2015	March 31, 2015	March 31, 2016	March 31, 2015
<b>1</b>	<b>Income from operations</b>					
(a)	Net sales/income from operations	11,259.66	11,609.58	11,941.95	49,949.57	51,820.23
(b)	Other operating income	-	-	-	-	-
	<b>Total Income from operations (net)</b>	<b>11,259.66</b>	<b>11,609.58</b>	<b>11,941.95</b>	<b>49,949.57</b>	<b>51,820.23</b>
<b>2</b>	<b>Expenses</b>					
(a)	Purchases of stock-in-trade	891.68	301.74	438.08	4,053.76	3,154.07
(b)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	213.34	299.58	738.55	549.70	100.50
(c)	Employee benefit expenses	5,324.10	5,070.24	6,550.02	22,177.24	24,990.85
(d)	Depreciation and amortisation expenses	1,875.41	1,868.89	2,341.41	7,783.55	9,491.35
(e)	Other expenses	6,338.89	5,321.37	5,265.02	23,345.96	23,888.38
(f)	Foreign exchange fluctuation (Net)	495.51	616.80	1,610.72	2,497.42	4,566.89
	<b>Total expenses</b>	<b>15,138.93</b>	<b>13,478.62</b>	<b>16,943.80</b>	<b>60,407.63</b>	<b>66,192.04</b>
<b>3</b>	<b>Loss from operations before other income, finance costs and exceptional items (1-2)</b>	<b>(3,879.27)</b>	<b>(1,869.04)</b>	<b>(5,001.85)</b>	<b>(10,458.06)</b>	<b>(14,371.81)</b>
4	Other income	970.48	3,966.83	2,144.85	8,785.48	7,599.45
<b>5</b>	<b>(Loss) /Profit from ordinary activities before finance costs and exceptional items (3+4)</b>	<b>(2,908.79)</b>	<b>2,097.79</b>	<b>(2,857.00)</b>	<b>(1,672.58)</b>	<b>(6,772.36)</b>
6	Finance costs	9,283.04	9,150.67	8,917.69	37,333.13	36,704.10
<b>7</b>	<b>Loss from ordinary activities after finance costs but before exceptional items (5-6)</b>	<b>(12,191.83)</b>	<b>(7,052.88)</b>	<b>(11,774.69)</b>	<b>(39,005.71)</b>	<b>(43,476.46)</b>
8	Exceptional Items/Prior period items (net) (refer note 4)	3,688.91	1,306.57	4,562.52	9,234.09	126,504.04
<b>9</b>	<b>Loss from ordinary activities before tax (7-8)</b>	<b>(15,880.74)</b>	<b>(8,359.45)</b>	<b>(16,337.21)</b>	<b>(48,239.80)</b>	<b>(169,980.50)</b>
10	Tax expense	130.48	133.08	(55.51)	(1,395.39)	(111.90)
<b>11</b>	<b>Net Loss from ordinary activities after tax (9-10)</b>	<b>(16,011.22)</b>	<b>(8,492.53)</b>	<b>(16,281.70)</b>	<b>(46,844.41)</b>	<b>(169,868.60)</b>
12	Extraordinary Item (net of tax expense)	-	-	-	-	-
<b>13</b>	<b>Net Loss for the period (11-12)</b>	<b>(16,011.22)</b>	<b>(8,492.53)</b>	<b>(16,281.70)</b>	<b>(46,844.41)</b>	<b>(169,868.60)</b>
14	Share of (Loss) / profit of Associates	(56.43)	(32.44)	(20.55)	(159.14)	(100.30)
15	Minority Share in (Loss)/profit	(978.50)	(273.76)	(1,002.72)	(2,276.52)	(5,753.41)
<b>16</b>	<b>Net (Loss) / Profit after taxes, minority interest and share of profit/ (loss) of associates (13+14-15)</b>	<b>(15,089.15)</b>	<b>(8,251.21)</b>	<b>(15,299.53)</b>	<b>(44,727.03)</b>	<b>(164,215.49)</b>
17	Paid up Equity share capital (Face Value Rs.2/- each)	2,449.34	2,449.34	2,449.34	2,449.34	2,449.34
18	Reserve excluding revaluation reserves (As per Balance Sheet of previous accounting year)	-	-	-	-	55,322.44
<b>19</b>	<b>(Loss)/ Earning Per Share (before and after extraordinary items) (not annualized)</b>					
(a)	Basic	(12.32)	(6.74)	(12.49)	(36.52)	(134.10)
(b)	Diluted	(12.32)	(6.74)	(12.49)	(36.52)	(134.10)



**Consolidated Segment wise Revenue, Results and Capital Employed**

Particulars	(Rupees in lacs)					
	Quarter ended		Year ended			
	Audited March 31, 2016	Unaudited December 31, 2015	Audited March 31, 2015	Audited March 31, 2016	Audited March 31, 2015	Audited March 31, 2015
<b>Segment Revenue</b>						
Higher Learning Solutions	43.67	47.64	157.43	373.68	1,174.84	1,174.84
School Learning Solutions	4,948.06	4,595.50	3,745.65	20,024.77	19,323.35	19,323.35
K-12 Schools	1,403.73	1,394.14	1,737.24	6,201.86	7,581.82	7,581.82
Online Supplemental and Global	4,864.20	5,572.30	6,301.63	23,349.26	23,740.22	23,740.22
<b>Total Net Sales/ Income from Operations</b>	<b>11,259.66</b>	<b>11,609.58</b>	<b>11,941.95</b>	<b>49,949.57</b>	<b>51,820.23</b>	<b>51,820.23</b>
<b>Segment Results (Loss)/Profit before Interest and tax from each segments</b>						
Higher Learning Solutions	21.84	24.39	121.62	12.37	(22,302.94)	(22,302.94)
School Learning Solutions	(1,181.58)	(1,026.16)	(2,425.48)	(5,328.51)	(90,509.12)	(90,509.12)
K-12 Schools #	(3,574.95)	351.09	(1,763.64)	(5,064.62)	(15,968.24)	(15,968.24)
Online Supplemental & Global	(1,140.91)	378.73	(2,780.14)	(606.87)	(4,710.07)	(4,710.07)
	<b>(5,875.60)</b>	<b>(271.95)</b>	<b>(6,847.64)</b>	<b>(10,987.63)</b>	<b>(133,490.37)</b>	<b>(133,490.37)</b>
Less : Interest	9,283.04	9,150.67	8,917.69	37,333.13	36,704.10	36,704.10
: Other un-allocable expenses #	1,692.58	2,903.66	2,716.73	8,704.52	7,385.48	7,385.48
Add : Un-allocable Income	970.48	3,966.83	2,144.85	8,785.48	7,599.45	7,599.45
<b>Total (Loss)/Profit before Tax</b>	<b>(15,880.74)</b>	<b>(8,359.45)</b>	<b>(16,337.21)</b>	<b>(48,239.80)</b>	<b>(169,980.50)</b>	<b>(169,980.50)</b>
<b>Capital Employed (including minority interest)</b>						
(Segment Assets- Segment Liabilities)						
Higher Learning Solutions	13,861.21	13,884.43	8,212.07	13,861.21	8,212.07	8,212.07
School Learning Solutions	105,072.65	113,137.17	125,178.30	105,072.65	125,178.30	125,178.30
K-12 Schools	177,585.07	183,159.71	173,757.28	177,585.07	173,757.28	173,757.28
Online Supplemental and Global	(907.61)	(1,787.39)	2,022.37	(907.61)	2,022.37	2,022.37
Unallocated	(248,574.07)	(249,176.67)	(232,472.55)	(248,574.07)	(232,472.55)	(232,472.55)
<b>Total</b>	<b>47,037.25</b>	<b>59,217.25</b>	<b>76,697.47</b>	<b>47,037.25</b>	<b>76,697.47</b>	<b>76,697.47</b>

# including impact of exceptional items as refer to note no. 4 to the consolidated financial results.



## Notes to the consolidated financial results of Educomp Solutions Limited

1. The above consolidated financial results for the quarter and for the year ended March 31, 2016 have been reviewed by the Audit Committee and on the recommendation of the Audit Committee adopted and approved by the Board of Directors at their meeting held on May 26, 2016.
2. The auditors have qualified their audit report on the consolidated financial results of the Company for the year ended March 31, 2016 and also limited review report for the quarter ended December 31, 2015, quarter ended September 30, 2015, quarter ended June 30, 2015 and audit report for the year ended March 31, 2015 and limited review report for the quarter ended December 31, 2014 in respect of the following matter:

As per the terms of Master Restructuring Agreement and approved Corporate Debt Restructuring Scheme (CDR) of Educomp Infrastructure and School Management Limited (EISML), a subsidiary company, there are certain assets amounting Rs. 32,075.33 lacs (at cost) which have been identified for sale in a time bound manner. The lead bank carried out a valuation of these assets which are indicative in nature. Market valuations have not been carried out by EISML and its step down subsidiaries, as some of these assets are not ready for sale due to pending regulatory approvals/permissions.

Based on recent firm offers and valuation reports, the Management believes that the market value of these assets is higher than as considered under the indicative valuation reports and differences, if any, are temporary only. Therefore, no adjustment is required to the carrying value of these assets.

3. The auditors have drawn attention in their audit report on the consolidated financial results of the Company for the year ended March 31, 2016 in respect of the following matters:

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

Further, due to inadequacy of the profits in the previous financial year, managerial remuneration paid/provided, by the Company to one of its whole time director and by one of its subsidiary EISML to its Managing Directors during financial year ended March 31, 2014, was in excess of limits prescribed under Section 198, Section 269, Section 309 read with Schedule XIII of the Companies Act, 1956.

EISML has submitted an application to the Central Government for waiver/approval of managerial remuneration pertaining to year ended March 31, 2014.

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

- b) Due to longer than expected gestation period of schools, recovery of trade receivables amounting Rs. 18,634.63 lacs from various Trusts engaged in running the schools, to the subsidiary Company EISML has been slow. The Management of EISML, is regularly monitoring the growth in schools and their future projections, based on which, the Management believes that the trade receivables from the Trusts are fully recoverable.

- c) The Group has assessed the business projections of six companies in the Group, namely, Educomp Infrastructure and School Management Limited, Educomp Online Supplemental Service Limited, Educomp Child Care Private Limited, Educomp Professional Education Limited, Vidya Mandir



Classes Limited, Educomp Intelliprop Ventures Pte Ltd. (Formerly known as Educomp Intelprop Ventures Pte Ltd.) and its associate Greycells18 Media Limited., for evaluating the recoverability of Group's share of net assets and has concluded that their businesses are sustainable on a going concern basis. The Company has evaluated the recoverability of its share of net assets held through these Companies, using business valuations performed by independent experts, according to which the decline in the carrying value of net assets is considered to be temporary. The said evaluation is based on the long term business plans of its subsidiaries/associate as on March 31, 2016 and concluded that no adjustments to the carrying value of its share in net assets is required to be recorded in the consolidated financial results of the Company for the year ended March 31, 2016.

- d) During earlier years, EISML, a subsidiary of the Company had given capital advances amounting Rs 25,130.85 lacs to various parties for acquisition of fixed assets. The Management of EISML as part of its regular recoverability evaluation process had identified certain portions of capital advances which were doubtful of recovery or did not have recoverable value equivalent to the book value. Accordingly, on a prudent basis, till March 31, 2016 the Management had recorded a total provision of Rs. 20,175.48 lacs in the books of accounts towards such capital advances or portions thereof, which were doubtful of recovery.

The Management is continuously monitoring the settlement of these balances and is regularly following up with respective parties for recovery of the said capital advances. The Management believes that other capital advances, which have not been provided for, although have been long outstanding are fully recoverable and hence, existing provision recorded in books is sufficient to cover any possible future losses on account of non recovery of such capital advances.

- e) The Group's management has reviewed business plan of its joint venture, Educomp Raffles Higher Education Limited which had advanced loans amounting Rs. 5,147 lacs to Jai Radha Raman Education Society (Society) and its subsidiary Millennium Infra Developers Limited which had trade receivables of Rs. 6,021 lacs from the same Society under contractual obligations. The Group's management had also considered the business plan of the Society and estimated market value of its net assets, based on which no adjustment is required in carrying value of its share of net assets in such joint venture. The Group's holding in the joint venture is 41.82%.

The consolidated financial results of Educomp Raffles Higher Education Limited subsequent to June 30, 2015 are not available with the Company, hence there is no update available on above status.

- f) The Group had evaluated the recoverability of intangible assets in form of Brand 'Universal' in one of its step down subsidiary, by using valuations performed by an independent valuation expert. The said evaluation was based on long term business plans and underlying assumptions used for the purpose of valuation, which in view of the Management were realistic and achievable by the subsidiary. Based on revised business plans which entailed scaling down the operation of 'Universal' brand of schools, the management had recorded an impairment of Rs. 4,527 lacs to this asset till March 31, 2016.
- g) Pursuant to implementation of approved CDR scheme, certain lenders have disbursed fresh corporate loans to the Company and corresponding trade receivables were bought from Edu Smart Services Private Limited (ESSPL) together with future business relating to these customers. Due to this restructuring, the remaining receivables in ESSPL may not yield adequate surplus to discharge its liability towards the Company for trade receivables and redemption of Redeemable non convertible preference shares. However, the approved CDR scheme has mandated merger of ESSPL with the Company and accordingly, the Company has initiated the process and has taken the approval of Board of Directors in the board meeting held on 13<sup>th</sup> January 2015. The Board of Directors in their meeting held on 26<sup>th</sup> May 2016 has suggested certain changes in the scheme with respect to above said merger and revised scheme shall be placed in next board meeting. The impact for the amalgamation shall be given/recorded in the books of accounts upon obtaining approvals and implementation of the Scheme.





- h) The Company has incurred substantial losses and its net worth has been significantly eroded. Based on Company's projected cash flows, it shall have sufficient funds to run its operations in foreseeable future. As regards availability of requisite funds to meet its debt related obligations including those overdue and falling due in year 2016-17 as per its CDR package executed with Company's lenders, the Company intends to monetize its identified investments, receivables and assets to meet the necessary obligations. The Company is also taking several measures to improve operational efficiencies and other avenues of raising funds.

The management 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 and recover & recoup the erosion in its net worth through profitable operations and continue as a going concern. Accordingly, these consolidated financial results have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

- i) The Company's subsidiary, Educomp Infrastructure & School Management Limited has incurred losses and the subsidiary's debt related obligation in form of Funded Interest Term Loan has been converted into 0.1% Cumulative Compulsory Convertible Preference Shares during the earlier quarters. Based on subsidiary company's projected cash flows, it shall have sufficient funds to run its operations in foreseeable future. As regards availability of requisite funds to meet its debt related obligations overdue and including those falling due in year 2016-17 as per the CDR package executed with subsidiary's lenders, the subsidiary intends to monetize its assets identified for sale to meet the necessary obligations. The subsidiary is also taking several measures to improve operational efficiencies and other avenues of raising funds.

The management of the subsidiary is confident that with the above measures and continuous efforts to improve the business, it would be able to generate sustainable cash flow to discharge its short-term and long term liabilities and recover & recoup the erosion in its net worth through profitable operations and continue as a going concern. Accordingly, these consolidated financial results have been prepared considering EISML's financial results 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 subsidiary is unable to continue as a going concern.

- j) The Company's step down subsidiary, Knowledge Vistas Limited has taken land from Lavasa Corporation Limited on lease vide lease agreement dated June 30, 2009 for a period of 999 years to construct an international residential school. Further, this subsidiary has entered into a sub-lease agreement with Gyan Kunj Educational Trust (GKET) to sub lease the school building. As per the sub lease agreement, GKET shall be liable to pay lease rental to the subsidiary from the year in which it has cash surplus. GKET has started its operations in Academic Session 2011-12 but due to certain environmental matters, GKET decided to suspend its operations and is waiting for favourable business opportunities.

On the basis of the valuation reports from an independent valuer, the carrying cost of the said subsidiary's assets is not less than its net realisable value. Hence, the management doesn't anticipate any asset impairment. These consolidated financial results have been prepared considering the subsidiary's financial results 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 subsidiary's is unable to continue as a going concern.

#### 4. Exceptional Items

- a) The Company's subsidiary EISML as part of its regular recoverability evaluation process, has evaluated its outstanding trade receivables and loans. Accordingly, the Company has write off as bad debts Rs. 3,762.14 lacs and Rs. 2,818.12 lacs for doubtful trade receivables and loans



respectively during the year ended March 31, 2016, which has been shown as exceptional item. The overall provision for doubtful trade receivables and loans as at March 31, 2016 stands at Rs. 1,033.62 lacs and Rs. 272.31 lacs respectively.

- b) During the year, the Company has received an amount of Rs. 1,500 lacs from redemption of all its units held in India Education Fund, against total carrying value of Rs. 4,250 lacs. Accordingly, the Company has recorded a loss on redemption of units amounting Rs. 2,750 lacs and it has been shown as exceptional item in the consolidated financial results.
- c) During the year, the Company has sold one of its step down subsidiary i.e. Wizlearn Pte. Ltd. In respect of the said subsidiary, the Company had received Rs. 1,458.91 lacs as advance from subsidiary during earlier years. Pursuant to the sale, the Company has written back amount of advance received from subsidiary and the same has been shown as an exceptional item in the financial results.
5. a) The consolidated financial results have been prepared to comply with the Accounting Standards specified in section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014.
- b) Consolidation of financial results has been done in accordance with the Accounting Standard-21 "Consolidated Financial Statements", Accounting Standard-23 "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard-27 "Financial Reporting of Interests in Joint Ventures" specified in section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014.
- c) The segment wise revenue, results and capital employed have been prepared in accordance with the Accounting Standard -17 "Segment Reporting" specified under Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014.
- d) The basic and diluted earnings per share has been calculated in accordance with the Accounting Standard-20 "Earning Per Share" specified under section 133 of the Companies Act read with Rule 7 of Companies (Accounts) Rules, 2014.
6. During the year, one of the subsidiary of the Company namely M/s Educomp Intelliprop Ventures Pte Ltd has sold its entire stake in Wiz Learn Technology Pte Ltd, Singapore at profit to V-cube Global Services Pte. Ltd.
- Further, corresponding to such sale the investment of Wiz Learn Technology Pte Ltd in 3 subsidiaries naming Singapore Learning .com Pte Ltd; Pave Education Pte Ltd and Wiz Learn Pte Ltd has also been sold.
7. The consolidated financial results of JV of the Company i.e. Educomp Raffles Higher Education Limited as at March 31, 2016 are not available with the Company. The consolidated financial results of the Company reflects total revenue of Rs. 176.46 lacs and total loss after taxes of Rs. 143.01 lacs for the year ended March 31, 2016 which are based on unreviewed consolidated financial results of the JV for the quarter ended June 30, 2015.
8. Based on a legal opinion obtained by EISML and considering the other relevant provisions of Income Tax Act, 1961 and various rulings of Hon'ble Courts regarding the deduction of accrued interest on various loans/borrowings for the earlier years against the current year's taxable income, the Company has claimed deduction of accrued interest amounting Rs.7,487.57 lacs pertaining to financial year 2014-15 while ascertaining the tax liability for the current year.

During the quarter ended on March 31, 2016, the Company has not granted any stock options under Employee Stock Option Schemes of the Company.



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

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

10. In respect of 350, 13.50% Secured Redeemable Non Convertible Debentures of Rs. 10,00,000 each aggregating Rs. 3,500 lacs, the Company has created partial security on the assets of the Company and is taking necessary steps to create further security in respect of these debentures.
11. The consolidated financial results of the Company for the quarter and year ended March 31, 2016 are also available on website of the Company ([www.educomp.com](http://www.educomp.com)), National Stock Exchange of India Limited ([www.nseindia.com](http://www.nseindia.com)) and Bombay Stock Exchange Limited ([www.bseindia.com](http://www.bseindia.com)).
12. Previous period/year figures have been regrouped and /or rearranged, wherever considered necessary to conform to the classification in current period.

By order of the Board of Directors  
For Educomp Solutions Limited



A handwritten signature in black ink, appearing to read "Shantanu Prakash".

Shantanu Prakash  
(Managing Director)

Place: Gurgaon  
Date: May 26, 2016



**FORM A FORM A ( for audit report with unmodified opinion)**

1.	Name of the Company:	Educomp Solutions Limited – Consolidated
2.	Annual financial statements for the year ended	31st March 2016
3.	Type of Audit observation	<p>Matter of Emphasis- Paragraph inserted in Auditor's Report of Consolidated financial statements</p> <p>a) We draw attention to Note 3(a) regarding managerial remuneration paid to one of the whole time director of the Holding Company for the quarter ended June 30, 2015, year ended March 31, 2015 and year ended March 31, 2014 and managing directors of one of its subsidiary Company, Educomp Infrastructure and School Management Limited during the year ended March 31, 2014, in non-compliance with the requirements of section 197 and section 198 read with schedule V to the Companies Act, 2013 and Section 198, Section 269 and Section 309 read with Schedule XIII to the Companies Act, 1956 respectively, for which Central Government's approval has not been obtained.</p> <p><b>Management Response:-</b></p> <p>In this regard the management of the Company is in the process of making necessary applications to the Central Government to obtain its approval for the waiver/approval of the remuneration so paid/recorded in year ended March 31, 2014, March 31, 2015 and quarter ended June 30, 2015 in due course.</p> <p>EISML has submitted an application to the Central Government for waiver/approval of managerial remuneration pertaining to year ended March 31, 2014.</p> <p>b) We draw attention to Note 3(b) wherein a subsidiary company, Educomp Infrastructure and School Management Limited has considered its long outstanding Trade Receivables due from certain Trusts which are</p>



due for more than one year, as good and fully recoverable.

**Management Response:-**

Due to longer than expected gestation period of schools, recovery of trade receivables amounting Rs. 19,363 lacs from various Trusts engaged in running the schools, to the subsidiary Company EISML has been slow. The Management of EISML, is regularly monitoring the growth in schools and their future projections, based on which, the Management believes that the trade receivables from the Trusts are fully recoverable.

c) Note 3(c) with respect to Management's assessment of recoverability of Group's share of net assets as regards investment in six companies of the Group, namely, Educomp Infrastructure and School Management Limited, Educomp Online Supplemental Service Limited, Educomp Child Care Private Limited, Educomp Professional Education Limited, Vidya Mandir Classes Limited, Educomp Intelliprop Ventures Pte. Ltd. (formerly known as Educomp Intelprop Ventures Pte. Ltd.) and its associate, Greycells18 Media Limited.

**Management Response:-**

The Group has assessed the business projections of six companies in the Group, namely, Educomp Infrastructure and School Management Limited, Educomp Online Supplemental Service Limited, Educomp Child Care Private Limited, Educomp Professional Education Limited, Vidya Mandir Classes Limited, Educomp Intelliprop Ventures Pte Ltd. (Formerly known as Educomp Intelprop Ventures Pte Ltd.) and its associate Greycells18 Media Limited., for evaluating the recoverability of Group's share of net assets and has concluded that their businesses are sustainable on a going concern basis. The Company has evaluated the recoverability of its



share of net assets held through these Companies, using business valuations performed by independent experts, according to which the decline in the carrying value of net assets is considered to be temporary. The said evaluation is based on the long term business plans of its subsidiaries/associate as on March 31, 2016 and concluded that no adjustments to the carrying value of its share in net assets is required to be recorded in the consolidated financial results of the Company for the year ended March 31, 2016.

d) We draw attention to Note 3(d) which explains Management's view on recoverability of certain significant amount of capital advances given by the Group and which have been outstanding for a long period of time.

**Management Response:-**

The Management is continuously monitoring the settlement of these balances and is regularly following up with respective parties for recovery of the said capital advances. The Management believes that other capital advances, which have not been provided for, although have been long outstanding are fully recoverable and hence, existing provision recorded in books is sufficient to cover any possible future losses on account of non recovery of such capital advances.

e) Note 3(e) which explains Management's view on recoverability of certain loans advanced to Jai Radha Raman Education Society (the society) by Educomp Raffles Higher Education Limited, a joint venture (JV), and trade receivables due to JV's subsidiary Millennium Infra Developers Limited from the society under contractual obligations.

**Management Response:-**

The Group's management has reviewed business plan of its joint venture, Educomp Raffles Higher Education Limited which had



advanced loans amounting Rs. 5,147 lacs to Jai Radha Raman Education Society (Society) and its subsidiary Millennium Infra Developers Limited which had trade receivables of Rs. 6,021 lacs from the same Society under contractual obligations. The Group's management had also considered the business plan of the Society and estimated market value of its net assets, based on which no adjustment is required in carrying value of its share of net assets in such joint venture. The Group's holding in the joint venture is 41.82%.

However, the consolidated financial results of Educomp Raffles Higher Education Limited subsequent to June 30, 2015 are not available with the Company and hence there is no update available on above status.

f) We draw attention to Note 3(f) with respect to Management's assessment, based on valuation performed by a firm of chartered accountants, of recoverability of intangible assets in form of brand 'Universal' in one of its step down subsidiary named, Educomp APAC Services Limited. The recoverability of the intangible assets is significantly dependent on the step down subsidiary's ability to achieve long term futuristic growth plan envisaged in the related assumptions used for the purpose of valuation.

**Management Response:-**

The Group had evaluated the recoverability of intangible assets in form of Brand 'Universal' in one of its step down subsidiary, by using valuations performed by an independent valuation expert. The said evaluation was based on long term business plans and underlying assumptions used for the purpose of valuation, which in view of the Management were realistic and achievable by the subsidiary. Based on revised business plans which entailed scaling down the operation of 'Universal' brand of schools, the management had recorded an impairment of Rs. 4,527 lacs to this asset till March 31, 2016.



g) We draw attention to Note 3(g) wherein the Holding Company has not considered impairment/diminution of trade receivables from/investment in Edu Smart Services Private Limited (ESSPL) in the intervening period, in view of proposed merger of ESSPL with the Holding Company.

**Management Response:-**

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

h) We draw attention to Note 3(h) in respect of the Holding Company, in the opinion of the management, despite incurring net losses, including during the current financial year and erosion of net worth as at March 31, 2016, the consolidated financial results have been prepared on a going concern basis in view of matters more fully explained in the said note.





**Management Response:-**

The Company has incurred substantial losses and its net worth has been significantly eroded. Based on Company's projected cash flows, it shall have sufficient funds to run its operations in foreseeable future. As regards availability of requisite funds to meet its debt related obligations including those overdue and falling due in year 2016-17 as per its CDR package executed with Company's lenders, the Company intends to monetize its identified investments, receivables and assets to meet the necessary obligations. The Company is also taking several measures to improve operational efficiencies and other avenues of raising funds.

The management 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 and recover & recoup the erosion in its net worth through profitable operations and continue as a going concern. Accordingly, these consolidated financial results have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

i) We draw attention to Note 3(i) in respect of one of Holding Company's subsidiary, Educomp Infrastructure & School Management Limited, in the opinion of the management, despite incurring losses, including during the current financial year and erosion of net worth as at March 31, 2016, the consolidated financial results have been prepared on a going concern basis in view of matters more fully explained in the said note.



**Management Response:-**

The Company's subsidiary, Educomp Infrastructure & School Management Limited has incurred losses and the subsidiary's debt related obligation in form of Funded Interest Term Loan has been converted into 0.1% Cumulative Compulsory Convertible Preference Shares during the earlier quarters. Based on subsidiary company's projected cash flows, it shall have sufficient funds to run its operations in foreseeable future. As regards availability of requisite funds to meet its debt related obligations overdue and including those falling due in year 2016-17 as per the CDR package executed with subsidiary's lenders, the subsidiary intends to monetize its assets identified for sale to meet the necessary obligations. The subsidiary is also taking several measures to improve operational efficiencies and other avenues of raising funds.

The management of the subsidiary is confident that with the above measures and continuous efforts to improve the business, it would be able to generate sustainable cash flow to discharge its short-term and long term liabilities and recover & recoup the erosion in its net worth through profitable operations and continue as a going concern. Accordingly, these consolidated financial results have been prepared considering EISML's financials results 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 subsidiary is unable to continue as a going concern.

j) Note 3(j) in respect of one of Holding Company's step down subsidiary, Knowledge Vistas Limited, which indicates that the company has suspended its operation and is waiting for favourable business opportunities. Despite existence of these conditions, along with other matters more fully explained in the

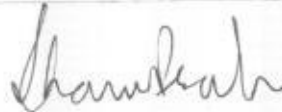




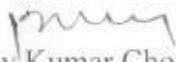
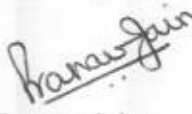
said note, the consolidated financial results have been prepared on going concern basis.

**Management Response:-**

The Company's step down subsidiary, Knowledge Vistas Limited has taken land from Lavasa Corporation Limited on lease vide lease agreement dated June 30, 2009 for a period of 999 years to construct an international residential school. Further, this subsidiary has entered into a sub-lease agreement with Gyan Kunj Educational Trust (GKET) to sub lease the school building. As per the sub lease agreement, GKET shall be liable to pay lease rental to the subsidiary from the year in which it has cash surplus. GKET has started its operations in Academic Session 2011-12 but due to certain environmental matters, GKET decided to suspend its operations and is waiting for favourable business opportunities.

On the basis of the valuation reports from an independent valuer, the carrying cost of the said subsidiary's assets is not less than its net realisable value. Hence, the management doesn't anticipate any asset impairment. These consolidated financial results have been prepared considering the subsidiary's financial results 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 subsidiary's is unable to continue as a going concern.

4.	Frequency of observation	Appeared since March 31, 2014 in the Annual Report
5.	To be signed by-	
	<ul style="list-style-type: none"><li>Managing Director</li></ul>	 (Mr. Shantanu Prakash) 



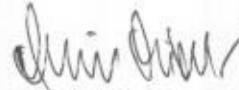




	<ul style="list-style-type: none"> <li>• CFO</li> </ul>	 (Mr. Ashish Mittal)
	<ul style="list-style-type: none"> <li>• Audit Committee Chairman</li> </ul>	 (Mr. Vijay Kumar Choudhary)
	<ul style="list-style-type: none"> <li>• Auditor of the company</li> </ul>	For Haribhakti & Co. LLP Chartered Accountants Firm Registration No. 103523W  Pranav Jain Partner Membership No. 098308



**FORM B (for audit report with modified opinion)**

1.	Name of the Company:	Educomp Solutions Limited- Consolidated
2.	Annual financial statements for the year ended	March 31, 2016
3.	Type of Audit qualification	Qualified
4.	Frequency of qualification	appeared since March 31, 2014
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p><b>Observation:-</b></p> <p>As per the terms of Master Restructuring Agreement (MRA) dated December 28, 2013 entered into pursuant to approved Corporate Debt Restructuring Scheme to restructure debt of Educomp Infrastructure and School Management Limited (EISML), a subsidiary of the Company, certain tangible fixed assets of EISML and EISML's subsidiaries have been identified for sale in a time bound manner. As per the valuation of such tangible fixed assets as evaluated and disclosed in the approved Corporate Debt Restructuring Package, some of these assets are expected to have lower realizable value than their carrying values. Such tangible fixed assets having total carrying value of Rs. 32,075.33 lacs as at March 31, 2016 (as at March 31, 2015 Rs. 32,075.33 lacs) are included in the tangible fixed assets.</p> <p>The Management has not carried out any evaluation of impairment of these assets at the close of the year and no provision for impairment has been recorded, as required by Accounting Standard 28 'Impairment of Assets'.</p> <p>As we are unable to obtain sufficient appropriate audit evidence about the</p>



		<p>extent of recoverability of carrying value of these assets, we are unable to determine whether any adjustments to these amounts are necessary.</p> <p><b>Management Response</b></p> <p>Based on recent firm offers and valuation reports, the Management believes that the market value of these assets is higher than as considered under the indicative valuation reports and differences, if any, are temporary only. Therefore, no adjustment is required to the carrying value of these assets.</p>
6.	Additional comments from the board/audit committee chair:	As per disclosures to be made in the Annual Report
7.	To be signed by-	
	<ul style="list-style-type: none"> <li>Managing Director</li> </ul>	 (Mr. Shantanu Prakash) 
	<ul style="list-style-type: none"> <li>CFO</li> </ul>	 (Mr. Ashish Mittal) 
	<ul style="list-style-type: none"> <li>Audit Committee Chairman</li> </ul>	 (Mr. Vijay Kumar Choudhary)
	<ul style="list-style-type: none"> <li>Auditor of the company</li> </ul>	For Haribhakti & Co. LLP Chartered Accountants Firm Registration No. 103523W  Pranav Jain Partner Membership No. 098308 



Ref: ATSL/ DEL/2016-17/153  
May 26, 2016

**Educomp Solutions Limited**  
514, Udyog Vihar, Phase-III,  
Gurgaon- 122001, Haryana

**Sub: Letter of Debenture Trustee pursuant to Regulation 52 (5) of the SEBI (Listing Obligations and Disclosure Requirements) 2015**

Dear Sir/Madam,

This has reference to the Privately Placed, Secured, Redeemable, Non- Convertible Debentures issued by Educomp Solutions Limited ("Company") and listed on the BSE Limited ("**Listed Debt Securities**").

Pursuant to Regulation 52(4) read with Regulation 52 (5) of the SEBI (Listing Obligations and Disclosure Requirements) 2015, the Company is required to submit its half yearly/annual financial results to the Stock Exchange, with a letter of the Debenture Trustee (Axis Trustee Services Limited) that the Debenture Trustee has noted the contents furnished by the Company as per Regulation 52(4).

In pursuance thereof we hereby confirm that we have received the said aforesaid information vide your letter dated May 26, 2016 (enclosed herewith) along with the relevant/necessary supporting and we have noted the contents in respect of the Listed Debt Securities issued by the Company. We have not separately verified the content or information contained therein.

Thanking You,

Yours Faithfully  
For **Axis Trustee Services Limited**  
(Debenture Trustee)



Authorised Signatory

Handwritten initials in black ink, possibly 'R.E.', located below the 'Authorised Signatory' text.

**AXIS TRUSTEE SERVICES LTD.**

*(A wholly owned subsidiary of Axis Bank)*

Corporate Identity Number (CIN): U74999MH2008PLC182264

CORPORATE & REGISTERED OFFICE : Axis House, 2nd Floor, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400 025.

TEL : 022-2425 5215 / 2425 5216 FAX : 022-4325 3000 Website: [www.axistrustee.com](http://www.axistrustee.com)