EDUCOMP SOLUTIONS LIMITED

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

Consolidated Statement of Assets & Liabilites

(Rupees in Lacs)

Particulars	As at 31-03-14 Audited	As at 31-03-13 Audited
A EQUITY AND LIABILITIES		
1 Shareholders' funds		
(a) Share Capital	2,448.82	2,448.15
(c) Reserves and Surplus	2,20,070.52	2,61,907.70
(c) Money received against share warrants	-	4,116.57
Sub-total-Shareholder's funds	2,22,519.34	2,68,472.42
2 Share application money pending allotment	-	-
3 Minority Interest	24,624.48	23,412.37
4 Non-current liabilities		
(a) Long-term borrowings	2,94,938.79	1,44,349.18
(b) Trade payables	240.37	375.00
(c) Deferred tax liabilities (net)	528.04	2,229.18
(d) Other long term liabilities	1,209.16	1,062.35
(e) Long-term provisions	874.01	1,228.99
Sub-total - Non-current liabilities	2,97,790.37	1,49,244.70
5 Current liabilities		
(a) Short-term borrowings	19,308.59	33,903.30
(b) Trade payables	16,268.32	23,995.15
(c) Other current liabilities	33,112.33	56,679.30
(d) Short-term provisions	186.21	3,477.11
Sub-total - Current liabilities	68,875.45	1,18,054.86
TOTAL - EQUITY AND LIABILITIES	**6,13,809.64**	**5,59,184.35**
B ASSETS		
1 Non-current assets		
(a) Fixed assets	1,62,782.43	1,69,316.30
(b) Goodwill on consolidation	1,08,056.99	1,09,619.01
(c) Non-current investments	10,794.36	9,782.17
(d) Deferred tax assets (net)	22.40	3,804.00
(e) Long-term loans and advances	78,051.16	78,348.14
(f) Other non-current assets	198.64	1,510.02
Sub-total - Non -current assets	3,59,905.98	3,72,379.64
2 Current assets		
(a) Current investments	-	-
(b) Inventories	6,574.59	5,847.32
(c) Trade receivables	2,18,896.41	1,53,632.97
(d) Cash and cash equivalents	10,471.52	10,676.14
(e) Short-term loans and advances	16,060.06	15,212.82
(f) Other current assets	1,901.08	1,435.46
Sub-total - Current assets	2,53,903.66	1,86,804.71
TOTAL - ASSETS	**6,13,809.64**	**5,59,184.35**

EDUCOMP SOLUTIONS LIMITED

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

PART 1

STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2014

(Rupees in lacs)

S.No.	Particulars	Quarter ended			Year ended	
		Unaudited			Audited	
		March 31, 2014	December 31, 2013	March 31, 2013	March 31, 2014	March 31, 2013
1	**Income from operations**					
(a)	Net sales/income from operations	8,771.49	15,533.10	33,641.05	63,482.35	1,21,092.92
(b)	Other operating income	-	-	-	-	-
	Total Income from operations (net)	**8,771.49**	**15,533.10**	**33,641.05**	**63,482.35**	**1,21,092.92**
2	**Expenses**					
(a)	Purchases of stock-in-trade	780.82	414.87	9,041.94	11,483.12	38,098.89
(b)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,536.50	269.32	5,074.53	950.25	869.48
(c)	Employee benefit expenses	6,043.71	6,670.81	8,962.29	27,177.89	35,440.93
(d)	Depreciation and amortisation expenses	2,672.33	2,807.98	2,869.68	10,835.16	12,179.60
(e)	Other expenses	6,914.25	6,647.64	11,224.60	25,655.17	30,377.97
(f)	Foreign exchange fluctuation (Net)	37.49	(90.39)	(40.22)	1,252.37	1,138.84
	Total expenses	**17,985.10**	**16,720.23**	**37,132.82**	**77,353.96**	**1,18,105.71**
3	**(Loss)/Profit from operations before other income, finance costs and exceptional items (1-2)**	**(9,213.61)**	**(1,187.13)**	**(3,491.77)**	**(13,871.61)**	**2,987.21**
4	Other income	2,268.87	871.59	410.79	8,987.34	11,550.07
5	**(Loss) /Profit from ordinary activities before finance costs and exceptional items (3+4)**	**(6,944.74)**	**(315.54)**	**(3,080.98)**	**(4,884.27)**	**14,537.28**
6	Finance costs	4,225.70	7,240.38	9,041.01	26,126.52	24,900.46
7	**(Loss) /Profit from ordinary activities after finance costs but before exceptional items (5-6)**	**(11,170.44)**	**(7,555.92)**	**(12,121.99)**	**(31,010.79)**	**(10,363.18)**
8	Exceptional Items/Prior period items (net) (refer note 4)	14,061.04	1,024.44	4,772.83	15,158.83	4,966.33
9	**(Loss) /Profit from ordinary activities before tax (7-8)**	**(25,231.48)**	**(8,580.36)**	**(16,894.82)**	**(46,169.62)**	**(15,329.51)**
10	Tax expense					
	- Current tax including for earlier years (net)	(3,376.03)	433.93	(965.92)	(2,692.61)	1,286.47
	- MAT Credit Entitlement / Reversal	(511.32)	(317.81)	860.99	(829.64)	(402.62)
	- Deferred tax (credit) / charge	(2,368.04)	64.98	(835.35)	(4,059.29)	(1,925.62)
11	**Net (Loss) /Profit from ordinary activities after**	**(18,976.09)**	**(8,761.46)**	**(15,954.54)**	**(38,588.08)**	**(14,287.74)**
12	Extraordinary Item (net of tax expense)	-	-	-	-	-
13	**Net (Loss) /Profit for the period (11-12)**	**(18,976.09)**	**(8,761.46)**	**(15,954.54)**	**(38,588.08)**	**(14,287.74)**
14	Share of Loss / (profit) of Associates	35.69	9.24	11.28	31.32	32.69
15	Minority Share in (Loss)/profit	(2,190.43)	(168.45)	(1,172.62)	(2,543.78)	(1,036.82)
16	Pre-Acquisition Loss/(profits)	-	-	-	-	-
17	**Net (Loss) / Profit after taxes, minority Interest and share of profit/ (loss) of associates (13-14-15-16)**	**(16,821.35)**	**(8,602.25)**	**(14,793.20)**	**(36,075.62)**	**(13,283.61)**
18	Paid up Equity share capital (Face Value Rs.2/- each)	2,448.82	2,448.82	2448,15	2,448.82	2448,15
19	Reserve excluding revaluation reserves (As per Balance Sheet of previous accounting year)	-	-	-	2,20,070.52	2,61,907.70
20	**(Loss)/ Earning Per Share (EPS) (not annualized)**					
	(a) Basic	(13.74)	(7.03)	(12.15)	(29.46)	(11.78)
	(b) Diluted	(13.74)	(7.03)	(12.15)	(29.46)	(11.78)

PART II

SELECT INFORMATION FOR THE FINANCIAL RESULTS AS AT MARCH 31, 2014

A	**PARTICULAR OF SHAREHOLDING**					
1	**Public shareholding:**					
	. - Numbers of shares (Nos.)	6,76,02,823	6,76,02,823	7,67,49,248	6,76,02,823	7,67,49,248
	. - Percentage of shareholding	55.21%	55.21%	62.70%	55.21%	62.70%
2	**Promoters and Promoter Group Shareholding**					
	a) Pledged / Encumbered					
	- Number of shares	2,89,90,855	2,89,90,855	2,52,02,415	2,89,90,855	2,52,02,415
	- Percentage of shares (as a % of the total shareholding of the Promoter and Promoter group)	52.87%	52.87%	55.20%	52.87%	55.20%
	- Percentage of shares (as a % of the total share capital of the company)	23.68%	23.68%	20.59%	23.68%	20.59%
	b) Non – encumbered					
	- Number of shares	2,58,47,390	2,58,47,390	2,04,55,830	2,58,47,390	2,04,55,830
	- Percentage of shares (as a % of the total shareholding of the Promoter and Promoter group)	47.13%	47.13%	44.80%	47.13%	44.80%
	- Percentage of shares (as a % of the total share capital of the company)	21.11%	21.11%	16.71%	21.11%	16.71%

HARIBHAKTI & CO. CHARTERED ACCOUNTANTS NEW DELHI

EDUCOMP SOLUTIONS LIMITED NEW DELHI

Consolidated Segment wise Revenue, Results and Capital Employed

(Rupees in lacs)

Particulars	Quarter ended Unaudited March 31, 2014	Quarter ended Unaudited December 31, 2013	Quarter ended Unaudited March 31, 2013	Year ended Audited March 31, 2014	Year ended Audited March 31, 2013
Segment Revenue					
Higher Learning Solutions					
School Learning Solutions	423.23	571.61	1,985.44	1,824.11	7,824.36
K-12 Schools	4,238.56	3,689.47	18,415.42	21,458.42	63,835.04
Online Supplemental and Global	(2,325.64)	4,619.10	4,676.23	9,508.46	18,863.64
Total Net Sales/ Income from Operations	6,435.34	6,652.92	8,563.96	30,691.36	30,569.88
Segment Results ((Loss)/Profit before Interest and tax from each segments)	**8,771.49**	**15,533.10**	**33,641.05**	**63,482.35**	**1,21,092.92**
Higher Learning Solutions					
School Learning Solutions	270.18	24.00	(524.47)	(231.57)	(3,045.70)
K-12 Schools	(10,007.44)	(3,905.65)	186.64	(17,032.39)	10,930.29
Online Supplemental & Global	(5,195.23)	3,450.11	3,184.00	2,898.47	9,031.94
	(575.25)	466.87	(1,593.24)	(418.96)	(3,046.70)
	(15,507.74)	**35.33**	**1,252.93**	**(14,784.45)**	**13,869.83**
Less : Interest (Net) *					
: Other un-allocable expenses	3,343.70	7,240.38	9,041.01	25,244.52	24,900.46
: Un-allocable Income	8,648.91	2,246.90	9,517.53	15,127.99	15,848.95
Total (Loss)/Profit before Tax	2,268.87	871.59	410.79	8,987.34	11,550.07
Capital Employed (including minorty interest)	**(25,231.48)**	**(8,580.36)**	**(16,894.82)**	**(46,169.62)**	**(15,329.51)**
(Segment Assets- Segment Liabilities)					
Higher Learning Solutions					
School Learning Solutions	40,674.90	41,000.36	38,623.64	40,674.90	38,623.64
K-12 Schools	1,90,731.44	1,37,772.85	1,38,990.96	1,90,731.44	1,38,990.96
Online Supplemental and Global	1,97,751.15	2,09,181.24	2,10,858.77	1,97,751.15	2,10,858.77
Unallocated	6,881.63	5,831.91	8,063.45	6,881.63	8,063.45
Total	(1,88,895.30)	(1,23,426.55)	(1,04,652.03)	(1,88,895.30)	(1,04,652.03)
	2,47,143.82	**2,70,359.81**	**2,91,884.79**	**2,47,143.82**	**2,91,884.79**

* excluding impact of exceptional items as refer to note no. 1(A)e & 6

EDUCOMP SOLUTIONS LIMITED NEW DELHI

HARIBHAKTI & CO. CHARTERED ACCOUNTANTS NEW DELHI

EDUCOMP SOLUTIONS LIMITED

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

Standalone Statement of Assets & Liabilites

(Rupees in Lacs)

Particulars	As at 31-03-14 Audited	As at 31-03-13 Audited
A EQUITY AND LIABILITIES		
1 Shareholders' funds		
(a) Share Capital	2,448.82	2,448.15
(c) Reserves and Surplus	1,65,203.93	1,96,089.48
(c) Money received against share warrants	-	4,116.57
Sub-total-Shareholder's funds	1,67,652.75	2,02,654.20
2 Share application money pending allotment	-	-
3 Non-current liabilities		
(a) Long-term borrowings	1,73,155.83	62,625.37
(b) Trade payables	240.37	375.00
(c) Deferred tax liabilities (net)	-	-
(d) Other long term liabilities	1,049.74	1,372.74
(e) Long-term provisions	719.02	936.31
Sub-total - Non-current liabilities	1,75,164.96	65,309.42
4 Current liabilities		
(a) Short-term borrowings	19,658.26	33,898.76
(b) Trade payables	15,651.56	22,506.06
(c) Other current liabilities	20,607.68	31,261.43
(d) Short-term provisions	133.51	3,348.32
Sub-total - Current liabilities	56,051.01	91,014.57
TOTAL - EQUITY AND LIABILITIES	**3,98,868.72**	**3,58,978.19**
B ASSETS		
1 Non-current assets		
(a) Fixed assets	11,410.74	13,691.51
(b) Non-current investments	1,69,383.88	1,64,971.64
(c) Deferred tax assets (net)	-	1,316.15
(d) Long-term loans and advances	7,405.22	2,617.43
(e) Other non-current assets	175.99	550.34
Sub-total - Non - current assets	1,88,375.84	1,83,147.07
2 Current assets		
(a) Current investments	-	3,468.67
(b) Inventories	5,662.79	4,922.20
(c) Trade receivables	1,84,683.11	1,30,358.84
(d) Cash and cash equivalents	1,891.94	3,127.39
(e) Short-term loans and advances	18,017.92	32,850.81
(f) Other current assets	237.13	1,103.21
Sub-total - Current assets	2,10,492.89	1,75,831.12
TOTAL - ASSETS	**3,98,868.72**	**3,58,978.19**

HARIBHAKTI & CO. CHARTERED ACCOUNTANTS NEW DELHI

EDUCOMP SOLUTIONS LIMITED NEW DELHI

EDUCOMP SOLUTIONS LIMITED

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

PART 1

S.NO	Particulars	Quarter ended Unaudited March 31, 2014	Quarter ended Unaudited December 31, 2013	Quarter ended Unaudited March 31, 2013	Year ended Audited March 31, 2014	Year ended Audited March 31, 2013
	STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2014					(Rupees in lacs)
1	**Income from operations**					
(a)	Net sales/income from operations	4,731.66	3,993.43	22,397.57	28,229.46	73,311.02
(b)	Other operating income	-	-	-	-	-
	Total Income from operations (net)	**4,731.66**	**3,993.43**	**22,397.57**	**28,229.46**	**73,311.02**
2	**Expenses**					
(a)	Purchases of stock-in-trade	847.77	252.80	7,707.70	10,769.24	32,735.82
(b)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,407.14	345.43	5,016.76	996.52	821.84
(c)	Employee benefit expenses	2,801.78	3,483.00	5,426.66	14,241.67	19,654.96
(d)	Depreciation and amortisation expenses	1,312.20	1,348.30	1,334.77	5,408.15	5,276.88
(e)	Other expenses	1,582.44	1,818.53	7,105.81	6,014.20	12,891.26
(f)	Provision for doubtful trade receivables	304.62	1,499.90	160.91	4,654.32	332.75
(g)	Foreign exchange fluctuation (Net)	91.31	201.14	(19.14)	1,957.60	1,172.22
	Total Expenses	**8,347.26**	**8,949.10**	**26,733.47**	**44,041.70**	**72,885.73**
3	**(Loss) /Profit from operations before other income , finance costs and exceptional items (1-2)**	**(3,615.60)**	**(4,955.67)**	**(4,335.90)**	**(15,812.24)**	**425.29**
4	Other income	1,756.47	1,050.93	557.62	3,488.17	8,729.45
5	**(Loss) /Profit from ordinary activities before finance costs and exceptional items (3+4)**	**(1,859.13)**	**(3,904.74)**	**(3,778.28)**	**(12,324.07)**	**9,154.74**
6	Finance costs	3,218.13	3,928.30	4,090.40	14,698.76	13,885.49
7	**(Loss) /Profit from ordinary activities after finance costs but before exceptional items (5-6)**	**(5,077.26)**	**(7,833.04)**	**(7,868.68)**	**(27,022.83)**	**(4,730.75)**
8	Exceptional Items/Prior period items	6,118.00	-	2.92	6,170.08	166.70
9	**(Loss) /Profit from ordinary activities before tax (7-8)**	**(11,195.26)**	**(7,833.04)**	**(7,871.60)**	**(33,192.91)**	**(4,897.45)**
10	Tax Expense					
	- Current tax including for earlier years (net)	(3,286.04)	-	(1,050.60)	(3,286.04)	-
	- MAT Credit Entitlement / Reversal	-	-	1,050.60	-	-
	- Deferred tax (credit) / charge	3,018.52	(569.77)	(147.89)	1,316.15	(825.59)
11	**Net (Loss) /Profit from Ordinary activities after tax (9-10)**	**(10,927.74)**	**(7,263.27)**	**(7,723.71)**	**(31,223.02)**	**(4,071.86)**
12	Extraordinary Item (net of tax expense)	-	-	-		
13	**Net (Loss) /Profit for the period (11-12)**	**(10,927.74)**	**(7,263.27)**	**(7,723.71)**	**(31,223.02)**	**(4,071.86)**
14	Paid up Equity share capital (Face Value Rs.2/- each)	2,448.82	2,448.82	2,448.15	2,448.82	2,448.15
15	Reserve excluding revaluation reserves	-	-	-	1,65,203.93	1,96,089.48
16	**(Loss)/ Earning Per Share (EPS) (not annualized)**					
	(a) Basic	(8.92)	(5.93)	(6.35)	(25.50)	(3.61)
	(b) Diluted	(8.92)	(5.93)	(6.35)	(25.50)	(3.61)
17	Debt Equity Ratio	1.18	-	0.56	1.18	0.56
18	Debt Service Coverage Ratio	-	-	-	(0.52)	0.31
19	Interest Service Coverage Ratio	-	-	-	(1.26)	1.03

PART II

	SELECT INFORMATION FOR THE FINANCIAL RESULTS AS AT MARCH 31, 2014					
A	**PARTICULAR OF SHAREHOLDING**					
1	**Public shareholding:**					
	. - Numbers of shares (Nos.)	6,76,02,823	6,76,02,823	7,67,49,248	6,76,02,823	7,67,49,248
	. - Percentage of shareholding	55.21%	55.21%	62.70%	55.21%	62.70%
2	**Promoters and Promoter Group Shareholding**					
	a) Pledged / Encumbered					
	- Number of shares	2,89,90,855	2,89,90,855	2,52,02,415	2,89,90,855	2,52,02,415
	Percentage of shares (as a % of the total shareholding of promoter and promoter group)	52.87%	52.87%	55.20%	52.87%	55.20%
	Percentage of shares (as a % of the total share capital of the company)	23.68%	23.68%	20.59%	23.68%	20.59%
	b) Non – encumbered					
	- Number of shares	2,58,47,390	2,58,47,390	2,04,55,830	2,58,47,390	2,04,55,830
	-Percentage of shares (as a % of the total shareholding of the Promoter and Promoter group)	47.13%	47.13%	44.80%	47.13%	44.80%
	Percentage of shares (as a % of the total share capital of the company)	21.11%	21.11%	16.71%	21.11%	16.71%

	PARTICULARS	3 MONTHS ENDED MARCH 31, 2014
B	**INVESTORS COMPLAINTS**	
	Pending at the beginning of the quarter	
	Received during the quarter	
	Disposed of during the quarter	
	Remaining unresolved at the end of the Quarter	

Standalone Segment wise Revenue, Results and Capital Employed

(Rupees in lacs)

Particulars	Quarter ended Unaudited			Year ended Audited	
	March 31, 2014	December 31, 2013	March 31, 2013	March 31, 2014	March 31, 2013
Segment Revenue					
Higher Learning Solutions	267.40	333.81	236.11	762.71	931.05
School Learning Solutions	3,840.88	3,461.12	18,218.78	20,335.98	62,741.45
K-12 Schools	1.25	-	41.17	70.76	166.17
Online Supplemental & Global	622.13	198.50	3,901.51	7,060.01	9,472.35
Total Net Sales/ Income from Operations	**4,731.66**	**3,993.43**	**22,397.57**	**28,229.46**	**73,311.02**
Segment Results ((Loss)/Profit before Interest and tax from each segments)					
Higher Learning Solutions	182.69	234.10	77.68	387.34	103.49
School Learning Solutions	(9,911.82)	(3,918.11)	248.26	(16,986.26)	10,897.02
K-12 Schools	1.25	(28.18)	41.17	32.73	155.17
Online Supplemental & Global	(181.85)	(21.02)	41.70	(158.88)	152.22
	(9,909.73)	**(3,733.21)**	**408.81**	**(16,725.07)**	**11,307.90**
Less : Interest (Net) *	2,336.13	3,928.30	4,090.40	13,816.76	13,885.49
: Other un-allocable expenses	705.87	1,222.46	4,747.63	6,139.25	11,049.31
: Un-allocable Income	1,756.47	1,050.93	557.62	3,488.17	8,729.45
Total (Loss)/Profit before Tax	**(11,195.26)**	**(7,833.04)**	**(7,871.60)**	**(33,192.91)**	**(4,897.45)**
Capital Employed					
(Segment Assets- Segment Liabilities)					
Higher Learning Solutions	(887.18)	(957.30)	(1,157.59)	(887.18)	(1,157.59)
School Learning Solutions	1,89,260.65	1,36,219.42	1,37,094.76	1,89,260.65	1,37,094.76
K-12 Schools	(1,503.19)	(1,924.03)	222.86	(1,503.19)	222.86
Online Supplemental & Global	(3,745.77)	(4,014.84)	(8,248.36)	(3,745.77)	(8,248.36)
Unallocated	(15,471.76)	48,395.53	74,742.53	(15,471.76)	74,742.53
Total	**1,67,652.75**	**1,77,718.78**	**2,02,654.20**	**1,67,652.75**	**2,02,654.20**

* excluding impact of exceptional items as refer to note no. 1(A)e & 6

EDUCOMP SO[LUTIONS] NEW [DELHI]

HARIBHAKTI & CO. NEW DELHI CHARTERED ACCOUNTANTS

1. The above audited standalone and consolidated financial results for the year ended March 31, 2014 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, 2014.

A) The auditors have qualified their audit report on the Consolidated Financial Statements of the Company in respect of the following matter:

As per the terms of MRA and approved CDR scheme there are certain assets 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 the Company as some of these assets are not ready for sale due to pending regulatory approvals/permissions.

Based on recent firm offers and latest valuation reports, the management believes that the market value of investments 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 investments.

B) The auditors have drawn attention in their audit report on the Consolidated Financial Statements of the Company in respect of the following matters:

a) Due to inadequacy of the profits during the current financial year, managerial remuneration paid, by the Company to one of its Whole Time Director and by one of its subsidiary Educomp Infrastructure and School Management Limited (EISML) to its managing directors/whole-time directors during the year, is in excess of the limits provided under the Section 198, 269, 309 read with Schedule XIII of the Companies Act, 1956. The management of the Company and EISML are 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 due course.

b) **Exceptional item (Also refer note 1 (B) e and note 6):**

During the year, the Company as part of its regular recoverability evaluation process, identified certain trade receivables amounting to Rs 11,654 lacs as doubtful of recovery. Consequently, the management provided the said amount as doubtful debts, out of which Rs. 7,000 lacs has been provided for during the quarter end March 31, 2014 which has been disclosed as exceptional item.

c) Due to longer than expected gestation period of schools, recoverability of trade receivables from trusts, due to the subsidiary Company EISML has been slow. The management of the 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.

d) During the year, the Company assessed the business projections of its 2 subsidiaries Educomp Online Supplemental Services Limited and Educomp Child Care Private Limited and one of its associates Greycells18 Media Limited and concluded that their business is sustainable on a going concern basis. The Company evaluated the recoverability of its share of net assets held through these Companies, using business valuations performed by independent experts. The said evaluation is based on the long term business plans of its subsidiaries/associates and concluded no adjustments to the carrying value of its share in net assets is required to be recorded in the Consolidated financial statements of the Company for the year ended March 31, 2014.

e) **Exceptional Items** (also refer note 6 below and note 1 (B) b above):
During earlier years, EISML, a subsidiary of Company had given capital advances amounting Rs 25,329 lacs to various parties for acquisition of fixed assets. As at March 31, 2014, the management of EISML as part of its regular recoverability evaluation process has 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, the management has recorded a provision of Rs. 13,547 lacs in the books of account towards such capital advances or portions thereof, which were doubtful of recovery, out of which Rs. 8,993 lacs has been provided during

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the year ended March 31, 2014. The provision so recorded has been disclosed as an exceptional item.

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 but are fully recoverable and hence the management believes that existing provision recorded in books is sufficient to cover any possible future losses on account of non recovery of such capital advances.

f) The Company has evaluated the recoverability, using valuations performed by an independent valuation expert, of intangible assets in the form of Brand "Universal". The said evaluation is based on long term business plans and underlying assumptions used for the purpose of valuation, which in view of the management are realistic and achievable by the subsidiary. Accordingly, the management has concluded that no adjustments to the carrying value of the intangible assets aggregating to Rs 9,268 lacs is required to be recorded in the financial statements for the year ended March 31, 2014.

g) As at year end, the joint venture of the Group, Educomp Raffles Higher Education Limited has foreign currency receivables of Rs. 164.70 lacs which are outstanding for a period greater than one year. As per the Reserve Bank of India's (RBI) Master Circular on Export of Goods and Services, foreign currency receivables should be realized, except with prior approval of RBI, within a period of one year. Further, as at year end the joint venture has netted off foreign currency payables of Rs. 122.55 lacs against its foreign currency receivables. As per the Reserve Bank of India's (RBI) Master Circular on Export of Goods and Services, foreign currency receivables cannot be set off against foreign currency payables except with prior approval of RBI. The management of the Company believes that the non compliance emphasized by the auditors of the joint venture is procedural in nature and it does not expect any significant penalties or fines to be levied on account of this matter. The joint venture is in the process of making application with the concerned authorities for regularization of this matter.

h) During the year, the Company has reviewed business plan of its joint venture, Educomp Raffles Higher Education Limited which has advanced loans to Jai Radha Raman Education Society (Society) and its subsidiary Millennium Infra Developers Limited which has receivable from same society under contractual obligation. The Company has 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.

2. The figures for the quarter ended March 31, 2014 of the Current financial year, are the balancing figures between audited figures for the full financial year and the reviewed published year to date figures up to December 31, 2013.

3. The basic and diluted earnings per share has been calculated in accordance with the AS-20 "Earning per Share" notified by Companies (Accounting Standards) Rules 2006.

4. During the quarter ended on March 31, 2014, the Company had granted 1,600,000 stock options under the various Employee Stock Option Schemes of the Company. After March 31, 2014 the Company further granted 1,100,000 stock options under the various Employee Stock Option Schemes of the Company.

   After March 31, 2014 the Company has allotted 3,600 equity Shares of face value of Rs. 2 each at a premium of Rs. 23/- per share pursuant to exercise of Stock Options by eligible employees of the company under ESOP Scheme 2006.

   Paid up Capital of the Company as on date is Rs. 2,448.89 lacs consisting of 122,444,668 Equity Shares of the face value of Rs. 2/- each.

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5. 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 security in respect of these debentures.

6. Exceptional item (also refer note 1 (B) e above and 1 (B) b):
The Company executed the Master Restructuring Agreement (MRA)/other definitive documents on March 26, 2014 with the majority of its lenders banks, consequent to approval from Corporate Debt Restructuring Empowered Group (CDR-EG) to re-structure Company's existing debt obligations, including interest, additional funding and other terms (hereafter referred to as "the CDR Scheme").

In accordance with the CDR scheme, the CDR lenders have waived the obligation of the Company to pay any liquidated damages, default or penal interest /interest/further interest charged by the Lenders in excess of the concessional rates approved under CDR package with effect from April 01, 2013 ('the Relevant Date').

Also, as a part of the CDR scheme, the promoters were required to contribute funds in accordance with letter of approval. The Company has received contribution from its promoters in the form of unsecured loan. Considering the MRA have been signed by the majority of the lender bank, the Company accounted for CDR scheme (reclassifications and interest calculations) in the books for the year ended March 31, 2014 as follows:

i. The existing term loan of Rs.107,003.57 lacs (included FITL and WCTL) which has been classified as long term borrowing.
ii. The rate of interest has been change revised to 11% with effect from April 1, 2013. Consequently, a sum of Rs. 882 lacs, which represents reduction in interest for the year ended March 31, 2014 as adjusted for the interest payments made during the period to the lenders relating to CDR Scheme has been recorded. The same has been disclosed as an exceptional item in the financial statements. The interest due with effect from April 01, 2013 till March 31, 2014 at revised rates amounting to Rs. 26,332.51 lacs has been converted into Funded Interest Term Loan (FITL) and Working Capital Term Loan (WCTL).
iii. The CDR package envisages monetization of certain assets of the Company and its subsidiaries.

7. The segment wise revenue, results and capital employed have been prepared in accordance with the Accounting Standard -17 "Segment Reporting" as notified in the Companies (Accounting Standards) Rules 2006.

8. The basic and diluted earning per share has been calculated in accordance with the Accounting Standard-20 "Earning Per Share" as notified in the Companies (Accounting Standards) Rules 2006.

9. Consolidation of accounts 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" as notified in the Companies (Accounting Standards) Rules 2006.

10. 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)

11. Some of the trusts have requested the EISML to waive part of revenue payable by them for the financial year ended March 31, 2014 as the schools could not achieve targeted growth. Considering the request from the said trusts, management of the Company has, revised the terms of the respective contracts with these trusts, consequent to which Rs. 4,037 lacs in respect of revenue recorded till December 31, 2013, has been reversed in this quarter.

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12. The unaudited standalone and consolidated financial results of the company for the Financial Year ended on March 31, 2014 are also available on website of the Company (www.educomp.com), National Stock Exchange of India Limited (www.nseindia.com) and Bombay Stock Exchange Limited (www.bseindia.com)

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

By order of the Board of Directors

For Educomp Solutions Limited

Place: Gurgaon

Date: May 26, 2014

Shantanu prakash

(ManagingDirector)

INDEPENDENT AUDITORS' REPORT

ON THE CONSOLIDATED FINANCIAL STATEMENTS OF EDUCOMP SOLUTIONS LIMITED

To the Board of Directors of Educomp Solutions Limited

We have audited the accompanying consolidated financial statements of **Educomp Solutions Limited** ("the Company") and its subsidiaries, associates and joint ventures (the Company, its subsidiaries, associates and joint ventures constitute "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements on the basis of separate financial statements and other financial information regarding components that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

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Basis for Qualified Opinion

a) *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's subsidiaries have been identified for sale in a time bound manner. As per the valuation of such tangible 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 assets are included in the tangible assets in the Consolidated financial statements. The management has not carried out any evaluation of impairment of these assets on the Balance Sheet date and no provision for impairment has been recorded, as required by Accounting Standard 28 'Impairment of Assets'.*

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.

Qualified Opinion

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements", Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements" and Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures" as notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of Educomp Solutions Limited, its subsidiaries (including subsidiaries of subsidiaries), associates and joint ventures.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, associates and joint ventures as mentioned in the 'Other Matter' paragraph below, *except for the matter described in the Basis for Qualified Opinion paragraph*, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

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

Emphasis of Matter

a) We draw attention to Note no. 45 to the Consolidated Financial Statements regarding managerial remuneration paid/provided to managing director/whole time director of the Company and one of its subsidiary company, Educomp Infrastructure and School Management Limited during the current financial year, in non-compliance with the requirements of Section 198 and Section 269 read with Schedule XIII to the Act, for which Central Government's approval has not been obtained. Our opinion is not qualified in respect of this matter.

b) We draw attention to Note no. 46 to the Consolidated Financial Statements wherein the Management of the Company has considered its long outstanding Trade Receivables

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including dues from Government Companies/Agencies, which are due for more than one year as good and fully recoverable. These receivables may require adjustments including those for doubtful receivables after reconciliations, which are not ascertainable at this stage. Our opinion is not qualified in respect of this matter.

c) We draw attention to Note no. 47 to the Consolidated Financial Statements 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. Our report is not qualified in respect of this matter.

d) We draw attention to Note no. 48 to the Consolidated Financial Statements with respect to Management's assessment of recoverability of Group's share of net assets as regards investment in 2 of its subsidiary companies namely, Educomp Online Supplemental Service Limited and Educomp Child Care Private Limited and in one of its associates, Greycells18 Media Limited, based on valuations performed by independent experts, according to which the carrying value of the net assets as regards investment in these companies has been considered to be appropriate. The recoverability of these amounts is significantly dependent on these companies' ability to achieve futuristic growth plan envisaged in the related assumptions used for the purpose of their respective valuation. Our report is not qualified in respect of this matter.

e) We draw attention to Note no. 49 to the Consolidated Financial Statements, 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. Our opinion is not qualified in respect of this matter.

f) We draw attention to Note no. 50 to the Consolidated Financial Statements, with respect to Management's assessment, based on valuation performed by an independent expert, 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. Our report is not qualified in respect of this matter.

g) We draw attention to Note no. 51 to the Consolidated Financial Statements, the Auditors of the joint venture of the Group, Educomp Raffles Higher Education Limited, have provided an Emphasis of Matter in their Audit Report dated May 22, 2014 stating that the joint venture company has foreign currency receivables outstanding for a period greater than one year and that the joint venture company has set off foreign currency payables against such foreign currency receivables. As per the Reserve Bank of India's (RBI) Master Circular on Export of Goods and Services, except with prior approval of RBI, foreign currency receivables should be realized within a period of one year and foreign currency receivables should not be set off against foreign currency payables. Being procedural matter, the joint venture company doesn't expect any penalties/fines to be levied on account of the above, and will initiate all the required formalities. The Audit Report by Auditors of the joint venture company is not qualified in respect of this matter. Our report is also not qualified in respect of this matter.

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h) We draw attention to Note no. 52 to the Consolidated financial statements, the Auditors of the joint venture of the Group, Educomp Raffles Higher Education Limited, have provided an Emphasis of Matter in their Audit Report dated May 22, 2014 relating to joint venture company's non-current investment amounting Rs.590.15 million in Millennium Infra Developers Limited, a subsidiary, held at cost; along with a loan to Jai Radha Raman Education Society, a related party, amounting to Rs.507.66 million, outstanding at the Balance Sheet date. As per the audited financial statements, the current assets of Millennium Infra Developers Limited primarily included trade receivables from Jai Radha Raman Education Society. However, based on the unaudited financial information of the Society received by the Company, the Auditors of the joint venture Company have noted that the Society has an accumulated deficit of Rs.326.76 million as at the year end and has generated a loss of Rs.63.27 million during the current year ended March 31, 2014 (Previous Year: Rs.88.36 million. As such, the Auditors of the joint venture Company have relied on the business forecasts of the Society received by the joint venture company, to support the carrying values of the non-current investment in Millennium Infra Developers Limited and the loan receivable from Jai Radha Raman Education Society. The Audit Report by Auditors of the joint venture company is not qualified in respect of this matter. Our report is also not qualified in respect of this matter. The Group's holding in the joint venture is 41.82%.

Other Matters

We did not audit the financial statements of 46 subsidiaries and a joint venture, whose financial statements reflect total assets (net) of Rs. 6,676.33 million as at March 31, 2014, total revenues of Rs. 3,716.27 million and net cash inflows amounting to Rs. 136.92 million for the year then ended. We also did not audit the financial statements of an associate whose aggregate share of net loss amounting to Rs.3.13 million are also included in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For **Haribhakti & Co.**
Chartered Accountants
Firm Registration No.: 103523W

Raj Kumar Agarwal
Partner
Membership No.: 74715

HARIBHAKTI & CO. NEW DELHI CHARTERED ACCOUNTANTS

Place: Gurgaon
Date: May 26, 2014

HARIBHAKTI & CO.
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of Educomp Solutions Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Educomp Solutions Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

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

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Emphasis of Matter

a) We draw attention to Note no. 35 to the Financial Statements regarding managerial remuneration paid/provided to managing director/whole time director of the Company during the current financial year, in non-compliance with the requirements of Section 198 and Section 269 read with Schedule XIII to the Act, for which Central Government's approval has not been obtained. Our opinion is not qualified in respect of this matter.

b) We draw attention to Note no. 36 to the Financial Statements wherein the Management of the Company has considered its long outstanding Trade Receivables including dues from Government Companies/Agencies, which are due for more than one year as good and fully recoverable. These receivables may require adjustments including those for doubtful receivables after reconciliations, which are not ascertainable at this stage. Our opinion is not qualified in respect of this matter.

c) We draw attention to Note no. 2.12 (a) to the Financial Statements with respect to Management's assessment of recoverability of investment in 2 of its subsidiary companies namely, Educomp Online Supplemental Service Limited and Educomp Child Care Private Limited and in one of its associates, Greycells18 Media Limited, based on valuations performed by independent experts, according to which the decline in the value of these long term investments has been considered to be temporary. The recoverability of these amounts is significantly dependent on these companies' ability to achieve futuristic growth plan envisaged in the related assumptions used for the purpose of their respective valuation. Our report is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

2. As required by section 227(3) of the Act, we report that:

   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

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

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

   d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

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e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Raj Kumar Agarwal
Partner
Membership No. 74715

HARIBHAKTI & CO. NEW DELHI CHARTERED ACCOUNTANTS

Place: Gurgaon
Date: May 26, 2014

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the members of Educomp Solutions Limited on the financial statements for the year ended March 31, 2014

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

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

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the year.

(iii) (a) The Company has granted unsecured loan to two companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.594.33 million and the year-end balance of loans granted to such parties was Rs. Nil.

(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not, pri ma facie, prejudicial to the interest of the Company.

(c) The parties have repaid the principal amounts as stipulated and have also been regular in the payment of interest to the Company.

(d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

(e) The Company had taken unsecured interest free loan from the promoter director in the form of promoter contribution, as per approved Corporate Debt Restructuring (CDR) package. The maximum amount involved during the year and the year end balances is Rs. 226.05 million.

(f) According to the information and explanation given to us, the unsecured loan is interest free and other terms and conditions for such unsecured loan are not, *prima facie*, prejudicial to the interest of the Company.

(g) In respect of the aforesaid loans, as per the terms of the interest free unsecured loan, the principal amount is not due till the Balance Sheet date.

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(iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct material weakness in internal control system of the Company.

(v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 have been so entered.

(b) The transactions entered into during the financial year with the parties listed in Section 301 of the Act, in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs are considered to be proprietary in nature, as explained by the management of the Company, and in the absence of comparable market prices *we are unable to comment if such transactions are reasonable having regard to the prevailing market prices at the relevant time.*

(vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under. Accordingly, the provisions stated in paragraph 4 (vi) of the Order are not applicable to the Company.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products or business activities of the Company. Accordingly, the provisions stated in paragraph 4 (viii) of the Order are not applicable to the Company.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including investor education and protection fund, wealth-tax, customs duty, cess and other material statutory dues applicable to it. *There are serious delays in a large number of cases in deposition of undisputed dues of provident fund, service tax, professional tax, sales tax, employee state insurance, labour welfare fund and income tax (tax deducted at source), with the appropriate authorities.*

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanation given to us, there are no dues of sales-tax, wealth tax, customs duty, excise duty and cess which have not been deposited on account of any dispute. According to the information and explanation given to us, dues of service tax which have not been deposited on account of any dispute is as under:

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(Amount in Rs. Million)

Name of the statute	Nature of dues	Amount Disputed	Amount paid	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service Tax	25.46	16.98	2009-10	Customs, Excise & Service Tax Appellate Tribunal , New Delhi
Total		**25.46**	**16.98**		

(x) In our opinion and according to the information and explanation given to us, the Company does not have any accumulated losses as at March 31, 2014. *The Company has incurred cash losses during the financial year covered by our audit*, however there were no cash losses in immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, *there have been defaults in repayment of dues to certain banks and financial institutions during the year, which have been subsequently rescheduled by way of Corporate Debt Restructuring (CDR) package as disclosed in the Note No. 2.3 to the Financial Statements. Further, during the year the Company has defaulted in repayments of dues to Banks, financial institutions and debentures holders, which did not participate in CDR, some of which have been made good during the year. The detail of such defaults is as below:*

(Amount in Rs. Million)

Nature of dues	Delay up to 3 months	Delay of 3 to 6 months	Delay of 6 to 12 months
Term loan			
Principal due	64.00	32.00	30.60
Interest	33.04	5.77	-
Non convertible debentures			
Interest	0.60	4.56	55.33
Total	**97.64**	**42.33**	**85.93**

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions stated in paragraph 4 (xii) of the Order are not applicable to the Company

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, the provisions stated in paragraph 4 (xiii) of the Order are not applicable to the Company.

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

(xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.

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(xvi) In our opinion, the term loans have been applied for the purpose for which the loans were raised.

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

(xviii) According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions stated in paragraph 4 (xviii) of the Order are not applicable to the Company

(xix) According to the information and explanations given to us, during the previous year, *the Company had created partial security on assets having a book value of Rs 1.08 million in respect of the debentures of Rs 450 million issued by the Company during the previous year. As explained to us, the Company is taking necessary steps to create security in respect of these debentures.*

(xx) The Company has not raised money by way of public issue during the year. Accordingly, the provisions stated in paragraph 4 (xx) of the Order are not applicable to the Company.

(xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

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

Raj Kumar Agarwal
Partner
Membership No.: 74715

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Place: Gurgaon
Date : May 26, 2014