

## INDEPENDENT AUDITOR'S REPORT

To THE MEMBERS OF "IEC Education Limited"

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

### Disclaimer of Opinion

We have audited the Standalone Financial Statements of "IEC Education Limited" which comprise the Balance Sheet as at **31st March 2019**, and the Statement of Profit & Loss and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the Standalone Financial statements of the entity. Because of the significance of the matters described in the Basis for disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Standalone Financial statements.

### Basis for Disclaimer of Opinion

The management has not provided appropriate evidence in respect:

- (i) The company has Loans & Advances with related parties which is long outstanding amounting to Rs. 2,75,30,13,036.35.
- (ii) The company has Sundry Debtor: those are Long Outstanding amounting to Rs. 5,90,89,805.54.
- (iii) Investment Rs. 75,27,000/- in subsidiaries whose net worth is either 100% errored or 50% eroded & are not doing any business, their valuation is not substantiated.
- (iv) Going Concern
  - (a) The company has 3419.02 Lacs in investment, Loans & Advances & Sundry Debtors, and net worth of Rs. 3337.65 Lacs as such amounts outstanding & are not being recorded for Long is more than net worth.
  - (b) The company is not doing any business for Long.
  - (c) The company is not paying its statutory dues.

We are not satisfied about the appropriateness of the assumption of going concern of the management.

As a result, we were unable to determine whether any adjustments were necessary in respect of recorded Loans & Advances & Sundry Debtors & the elements making up the statement of Profit & Loss.

### Key Audit Matters

Except for the matters described in the basis for disclaimer of opinion. We have determined that are no Key Audit Matters to communicate in our report.

### Other Information – Other than the Financial Statements and Auditors Report Thereon

The Company's Board of Directors is responsible for other information. The other Information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Chairman's Statement and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. The Board's Report including Annexures to Board's Report, Chairman's Statement and Shareholder's Information is expected to be made available to us after the date of this auditor's report.

Our Opinion on the Standalone financial statements does not cover the other Information and we do not express any form of assurance conclusion thereon.

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

### **Management's Responsibility for Standalone Financial Statements**

The Company's Board of directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, cash flows of the Company in accordance with the AS and other accounting principles accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies ;making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate Internal Financial Controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

Our responsibility is to conduct an audit of the entity's Standalone financial statements in accordance with Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

events or conditions may cause the Company to cease to continue as a going concern.

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

Materiality is the magnitude of misstatements in the Standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

#### **Report on other Legal and Regulatory Requirements**

1. As required by The Companies (Auditors Report) order 2016, ("the order") issued by Central Government of India in terms of sub section (11) of section 143 of the Act, we give in "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the order.
2. As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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, the Statement of Profit and Loss and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors as on 31 March, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019, from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the Internal Financial Controls with reference to financial statements of the company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls with reference to financial statements.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of the Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit & Auditors) Rules 2014, as amended in our opinion and to our best of our information and according to the explanations given to us:

- I. The Company has not provided any detail of pending litigation, so we are unable to comment.
- II. The company does not have any long-term contracts including derivative contracts which require provision under any law or accounting Standard for material foreseeable losses.
- III. The Company has Share Application and Allotment Money of Rs. 4,60,000 required to be disposed off.

**FOR RAKESH VARSHNEY & COMPANY CHARTERED ACCOUNTANTS**

**CA. RAKESH VARSHNEY**

M. NO. 096012

FRN No.019108N

(PARTNER)

**DATE:** 14.08.2019

**PLACE:** Delhi