

NIIT Learning Solutions (Canada)Ltd.

Audit of special purpose financial statements for the year ended  
March 31, 2020

## Independent Auditors' Report on Special Purpose Ind AS Financial Statements

To the Board of Directors of NIIT Learning Solutions (Canada) Limited

### Opinion

We have audited the accompanying special purpose financial statements of NIIT Learning Solutions (Canada) Limited ("the Company"), comprising of the Balance sheet as at March 31, 2020, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and selected explanatory notes. These special purpose financial statements have been prepared by the management of the Company solely for its internal use to assist its ultimate parent Company, NIIT Limited, in preparing their consolidated financial statements.

In our opinion and to the best of our information and according to the explanations given to us, the special purpose Ind AS financial statements give the information in the manner so required and give a true and give a true and fair view in conformity with the basis of accounting set out in Note 2.1 of the state of affairs of the Company as at March 31, 2020, its profit and its cash flows for the year then ended.

### Management's Responsibility for the special purpose Ind AS financial statements

The Company's Board of Directors is responsible for the preparation of these special purpose Ind AS financial statements in accordance with the in accordance with the basis of accounting described in Note 2.1 to these special purpose Ind AS financial statements. 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 the 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 special purpose Ind AS financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### Auditor's Responsibility

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

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

- Identify and assess the risks of material misstatement of the special purpose Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 special purpose Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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.

#### Restriction on distribution

This report covering the special purpose financial statements of the Company for the year ended March 31, 2020 is intended solely for the information and use of the management of the Company in connection for its internal use to assist its ultimate parent Company, NIIT Limited, in preparing their consolidated financial statements. These special purpose Ind AS financial statements have been prepared in all material respects in accordance with the basis of preparation as set out in Note 2.1 to the special purpose financial statement of the Company, which describes the basis of accounting. As a result, the special purpose Ind AS financial statements may not be suitable for another purpose. It should not be used for any other purpose or provided to other parties.

For S.R. Batliboi & Associates, LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

per Sanjay Bachchani  
Partner  
Membership Number: 400419  
UDIN: 20400419AAAACI6290

Place: Gurugram  
Date: June 01, 2020

**NIIT Learning Solutions (Canada) Limited**  
**Special Purpose Balance Sheet as at March 31, 2020**  
(All amounts are in CAD, unless specified otherwise)

	Notes	As at March 31, 2020	As at March 31, 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	80,557	90,215
Intangible Assets	4	11,807,611	-
Right-of-use assets		115,885	-
Intangible assets under development	4	2,388,956	7,575,776
<b>Financial Assets</b>			
Other Financial Assets	5	7,453	8,402
Deferred tax assets (net)	9	-	-
<b>Total Non-current assets</b>		<b>14,400,462</b>	<b>7,674,393</b>
<b>Current Assets</b>			
<b>Financial Assets</b>			
Trade receivables	6	689,340	489,750
Cash and cash equivalents	7	524,830	88,193
Other Financial assets	5	1,577,281	81,149
Other Current assets	8	73,653	148,922
Advance income tax		642	428
<b>Total Current Assets</b>		<b>2,865,746</b>	<b>808,442</b>
<b>TOTAL ASSETS</b>		<b>17,266,208</b>	<b>8,482,835</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share Capital	10	2,997,260	2,997,260
Other Equity	11	(1,167,365)	(1,534,406)
<b>TOTAL EQUITY</b>		<b>1,829,895</b>	<b>1,462,854</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Borrowings	12	1,763,865	-
Lease Liabilities		78,286	-
<b>Total Non-Current liabilities</b>		<b>1,842,151</b>	<b>-</b>
<b>Current Liabilities</b>			
<b>Financial Liabilities</b>			
Trade Payables	13	6,790,847	2,177,443
Other Financial liabilities	14	5,639,004	2,915,729
Lease Liabilities		41,570	-
Provisions	16	68,300	38,434
Other Current Liabilities	15	1,054,441	1,888,375
<b>Total Current liabilities</b>		<b>13,594,162</b>	<b>7,019,981</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17,266,208</b>	<b>8,482,835</b>

The accompanying notes form an integral part of these special purpose financial statements.  
As per our report of even date.

**For S. R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No.: 101049W/E300004

**For and on behalf of the Board of Directors of**  
**NIIT Learning Solutions (Canada) Limited**

**Sanjay Bachchani**  
Partner  
Membership No. 400419

**Sapnesh Lalla**  
Director

**P R Subramanian**  
Director

**Vijay K Thadani**  
Director

Place: Gurugram  
Date: June 1, 2020

Place: Gurugram  
Date: June 1, 2020

Place: Atlanta  
Date: June 1, 2020

Place: Gurugram  
Date: June 1, 2020

**NIIT Learning Solutions (Canada) Limited**  
**Special Purpose Statement of Profit and Loss for the year ended March 31, 2020**  
**(All amounts are in CAD, unless specified otherwise)**

	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Income</b>			
Revenue from Operations	17	6,954,125	1,317,832
Other Income	18	59,084	1,011
<b>Total income</b>		<b>7,013,209</b>	<b>1,318,843</b>
<b>Expenses</b>			
Professional & technical outsourcing expenses		2,613,721	203,603
Employee Benefits Expense	19	1,473,059	1,083,662
Finance Costs	20	53,095	-
Depreciation and amortisation expenses	23	1,318,503	57,017
Other expenses	21	1,187,790	363,495
<b>Total expenses</b>		<b>6,646,168</b>	<b>1,707,777</b>
<b>Profit/(Loss) before tax</b>		<b>367,041</b>	<b>(388,934)</b>
<b>Tax expense:</b>			
-Current Tax		-	-
-Deferred Tax	9	-	-
<b>Total comprehensive Income/(loss) for the year</b>		<b>367,041</b>	<b>(388,934)</b>
<b>Earning/(Loss) per Equity Share (Face Value CAD 1 each):</b>	25		
-Basic		0.12	(0.43)
-Diluted		0.12	(0.43)

The accompanying notes form an integral part of these special purpose financial statements

As per our report of even date.

For **S. R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No.: 101049W/E300004

**For and on behalf of the Board of Directors of  
NIIT Learning Solutions (Canada) Limited**

**Sanjay Bachchani**  
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Director

Place: Gurugram  
Date: June 1, 2020

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Place: Atlanta  
Date: June 1, 2020

Place: Gurugram  
Date: June 1, 2020

**NIIT Learning Solutions (Canada) Limited**  
**Cash Flow Statements for the year ended March 31, 2020**  
**(All amounts are in CAD, unless specified otherwise)**

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Cash Flow from Operating Activities</b>		
<b>Profit/(loss) before Tax</b>	<b>367,041</b>	<b>(388,934)</b>
Adjustment to reconcile profit/(loss) before tax to net cash flows		
Depreciation and amortisation	1,318,503	57,017
Interest income	(327)	-
Finance cost	53,095	-
Unrealised foreign exchange (gain)/ loss	399,534	44,999
<b>Operating loss before working capital changes</b>	<b>2,137,846</b>	<b>(286,918)</b>
Working capital adjustments:		
Decrease/(Increase) in trade receivables	(215,467)	(216,460)
Decrease/(Increase) in other current assets	75,269	(69,467)
Decrease/(Increase) in other financial assets	(1,496,132)	79,874
Increase/(Decrease) in trade payables	4,229,747	2,058,057
Increase/(Decrease) in trade payables	29,866	(13,899)
Increase/(decrease) in other current liabilities	(833,934)	242,525
Increase/(Decrease) in other financial liabilities	1,523,275	110,978
<b>Cash generated from operations</b>	<b>5,450,470</b>	<b>1,904,690</b>
Taxes paid	(214)	-
<b>Movement in net cash flow from Operating activities (A)</b>	<b>5,450,256</b>	<b>1,904,690</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of property, plant and equipment	(1,268,975)	(6,668)
Investment in Internally generated Intangible assets	(6,620,792)	(4,860,308)
<b>Net cash flow used in Investing activities (B)</b>	<b>(7,889,767)</b>	<b>(4,866,976)</b>
<b>Cash Flows from Financing Activities</b>		
Infusion of share Capital	-	2,997,160
Term Loan raised during the year	2,963,865	-
Payment of Lease Liabilities	(40,210)	-
Interest paid	(47,508)	-
<b>Net cash flow from Financing Activities (C)</b>	<b>2,876,147</b>	<b>2,997,160</b>
<b>Net increase / (decrease) in Cash &amp; Cash equivalents (A + B + C)</b>	<b>436,637</b>	<b>34,874</b>
Cash and Cash equivalents at the beginning of the year	88,193	53,319
<b>Cash and Cash equivalents at the year end (refer note 7)</b>	<b>524,830</b>	<b>88,193</b>

The accompanying notes are an integral part of these special purpose financial statements.

As per our report of even date

For **S. R. Batliboi & Associates LLP**  
Firm Registration No.: 101049W/E300004  
Chartered Accountants

**For and on behalf of the Board of Directors of**  
**NIIT Learning Solutions (Canada) Limited**

**Sanjay Bachchani**  
Partner  
Membership No. 400419

Place: Gurugram  
Date: June 1, 2020

**Sapnesh Lalla**  
Director

Place: Gurugram  
Date: June 1, 2020

**P R Subramanian**  
Director

Place: Atlanta  
Date: June 1, 2020

**Vijay K Thadani**  
Director

Place: Gurugram  
Date: June 1, 2020

**NIIT Learning Solutions (Canada) Limited**  
**Statement of changes in equity for the year ended March 31, 2020**  
 (All amounts are in CAD, unless specified otherwise)

**a) Equity share capital**

Particulars	Note	No. of shares	Value in CAD
<b>Balance as at April 1, 2018</b>	10	100	100
Changes in equity share capital during the year		<b>2,997,160</b>	<b>2,997,160</b>
<b>Balance as at March 31, 2019</b>	10	<b>2,997,260</b>	<b>2,997,260</b>
Changes in equity share capital during the year		-	-
<b>Balance as at March 31, 2020</b>	10	<b>2,997,260</b>	<b>2,997,260</b>

**b) Other equity**

Particulars	Note	Reserves and Surplus Retained Earnings	Total
<b>Balance at April 1, 2018</b>	10	(1,145,472)	(1,145,472)
Profit/(Loss) for the year		(388,934)	(388,934)
<b>Balance as at March 31, 2019</b>	11	(1,534,406)	(1,534,406)
Profit/(Loss) for the year		367,041	367,041
<b>Balance as at March 31, 2020</b>	11	<b>(1,167,365)</b>	<b>(1,167,365)</b>

The accompanying notes are an integral part of special purpose financial statements.

As per our report of even date.

For **S. R. Batliboi & Associates LLP**  
 ICAI Firm Registration No.: 101049W/E300004  
 Chartered Accountants

**For and on behalf of the Board of Directors of**  
**NIIT Learning Solutions (Canada) Limited**

**Sanjay Bachchani**  
 Partner  
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**Sapnesh Lalla**  
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Place: Gurugram  
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**NIIT Learning Solutions (Canada) Limited**  
**Notes to the Special Purpose financial Statements**  
**(All amounts in CAD, unless specified otherwise)**

**1 CORPORATE INFORMATION**

NIIT Learning Solutions (Canada) Ltd, Canada (the Company) incorporated under the laws of province of British Columbia, Canada on March 10, 2016 and a wholly owned subsidiary of NIIT Ireland Limited, a leading global talent management Company is in the learning business providing services to customers in Canada.

**2 SIGNIFICANT ACCOUNTING POLICIES**

This note provides a list of the significant accounting policies adopted in the preparation of these special purpose financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of preparation**

**(i) Compliance with Ind AS**

These special purpose Ind AS financial statements has been prepared to comply in all material aspect with Indian Accounting Standards ('Ind AS') notified under section 133 of the companies Act, 2013 (the Act) read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) Amendment Rule, 2016.

**(ii) Historical cost convention**

These special purpose Ind AS financial statements have been prepared on a historical cost basis.

These special purpose Ind AS financial statements have been prepared by the management solely for its internal use to assist its ultimate parent Company (NIIT Limited) in preparing their consolidated financial statements. However, as these special purpose financial statements are not statutory financial statements, full compliance with the above Act are not required and so they do not reflect all the disclosure requirements of the act. These special purpose financial statements were approved for issue by the board of directors on **June 1, 2020**.

**(iii) Going Concern**

The Company has accumulated losses aggregating to CAD 1,167,365 as at the year-end as against shareholders' funds of CAD 1,829,895 and negative current liability of CAD 13,594,162. NIIT Limited, India the ultimate holding Company has confirmed its continuous financial and operational support. In view of the commitment received and management's business plans these special purpose financial statements are prepared on a going concern basis.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non current classification of assets and liabilities.

**2.2 Foreign currency translation**

Foreign currency transactions and balances

**(i) Initial recognition**

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

**(ii) Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

**(iii) Exchange differences**

The resultant translation adjustment is charged to the Statement of Profit and Loss.

Foreign currency assets/ liabilities covered by forward contracts are stated at the forward contract rate and differences between the forward rate and the exchange rate at the inception of the forward contract are recognised to the Statement of Profit and Loss over the life of the respective contracts.



### 2.3 Current - non-current classification

Assets and liabilities are classified into current and non-current as follows :

#### Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting period; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current assets include the current portion of non-current financial assets. All other assets (including deferred tax assets) are classified as non-current.

#### Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting period; or
- the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of non-current financial liabilities. All other liabilities (including deferred tax liabilities) are classified as non-current.

#### Operating cycle

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of operations and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle being a period of 12 months for

### 2.4 Critical accounting estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about significant areas of estimation/uncertainty and judgements in applying accounting policies that have the most significant effect on the financial statements are as follows:

Note 2.10 - measurement of useful life and residual values of property, plant and equipment.

Note 31 - fair value measurement of financial instruments.

Note 2.7 & 9 - judgement required to determine probability of recognition of deferred tax assets.

There are no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

### 2.5 Revenue from Contracts with Customers

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, discounts and taxes.

When two or more revenue generating activities or deliverables are provided under a single arrangement, each deliverable that is considered to be a separate deliverable is accounted separately. Where the contracts include multiple performance obligations, the transaction price is allocated to each performance obligation based on the standalone selling prices in accordance with the principles given in INDAS 115. Where the standalone selling prices are not directly observable, these are estimated based on expected cost plus margin or residual method to allocate the total transaction price. In cases of residual method, the standalone selling price is estimated by reference to the total transaction price less the sum of the observable standalone selling prices of other goods or services promised in the contract.

#### Income from services

Services are provided under time and material contracts and fixed price contracts. Revenue from providing services is recognised over a period of time in the accounting period in which services are rendered. The revenue from time and material contracts is recognised at the amount to which the Company has right to invoice.

In respect of fixed price contracts, revenue is recognised based on the technical evaluation of utilization of services as per the proportionate completion method when no significant uncertainty exists regarding the amount of consideration that will be determined from rendering the service. The customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payment exceed the services rendered, a contract liability is recognised. Revenue from training is recognised over the period of delivery. The foreseeable losses on completion of contract, if any, are provided for. Revenue in respect of sale of courseware is recognised when the significant risks and rewards of ownership in it are transferred to the buyer as per the terms of the contracts.

Estimates of revenues, costs or extent of progress towards completion are revised if circumstances change. Any resulting increase or decrease in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known to management. Revenue from training services is recognised over the period of the course programs as the case may be. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided (percentage of completion method). Revenue from time and material contracts is recognised as the related services are performed. On certain contracts, where the Company acts as agent, only commission and fees receivable for services rendered are recognised as revenue. Any third party costs incurred on behalf of the principal that are rechargeable under the contractual arrangement are not included in revenue.

## **2.6 Other Income**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and applicable rate of interest. Interest income from debt instruments is recognised using the effective rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and

## **2.7 Income Tax**

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

### **Current income tax**

Tax expense, comprising of both current tax and deferred tax are included in determining the net results for the period. Current Tax is measured at the amount expected to be paid to the tax authorities in accordance with the prevailing taxation laws.

### **Deferred Tax Assets**

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

## **2.8 Leases**

### **Nature of the effect of adoption of Ind AS 116**

The Company has lease contracts building. Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The Company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

### **As a lessee**

Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit & loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

- Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

- Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

## 2.9 Trade receivables

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

## 2.10 Property, plant and equipment and Depreciation

Property, plant & equipments are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs (if capitalization criteria are met) and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation on property, plant & equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset. The Company has used the following rates to provide depreciation on its property, plant & equipment:

Description of Assets	Useful life
Plant and Equipment including: - Computers, Printers and related Accessories - Computer Servers and Networks - Air Conditioners	3 Years 5 Years 10 years
Leasehold improvements	2-5 Years or lease period, whichever is shorter
Furniture & fixtures	7 Years
Office Equipment's	5 Years

## 2.11 Investments and other financial assets

### i) Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

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

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

## ii) Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### Debt instruments

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

- **Amortised Cost** : Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through profit or loss** : Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (FVOCI) are measured at fair value through profit or loss (FVTPL). A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

## iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 29 details how the Company determines whether there has been a significant increase in credit risk. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

## iv) Derecognition of financial assets

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## 2.12 Employee Benefits

### Pension fund

The Company makes defined contribution to a government administered pension fund towards its pension plan on behalf of its employees. The Company has no further obligations beyond its monthly contributions and the contribution towards Employee Pension Scheme is charged to Statement of Profit and Loss.

### Compensated Absences

Liability in respect of compensated absences is provided for both encashable leave and those expected to be availed. Accumulated compensated absences, not exceeding 5 days per calendar year, are carried forward to the next calendar year and can be availed or encashed on separation. The obligation towards the same is measured on the basis of actuarial valuation at the year end .

## 2.13 Trade and other payables

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

## 2.14 Provisions and Contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Disclosure of third party claims are made on merits where management foresees possibilities of any outflow of resources.

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

#### **2.15 Earnings Per Share**

The earnings considered in ascertaining the Company's Earnings per share ('EPS') comprises the Net Profit after Tax. The number of shares used in computing the Basic EPS is the weighted average number of shares outstanding during the period. The Diluted EPS is calculated on the same basis as Basic EPS, after adjusting for the effects of potential Dilutive Equity Shares unless impact is anti-dilutive.

#### **2.16 Cash and Cash Equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and cash in hand and short-term investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **2.17 Fair Value measurement**

The Company measures financial instruments, such as investment in mutual funds, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either

- i) in the principal market for the asset or liability, or
- ii) in the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, management regularly reviews significant unobservable inputs applied in the valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

*(This space has been intentionally left blank)*

NIIT Learning Solutions (Canada) Limited  
Notes to the special purpose financial statements for the year ended March 31, 2020  
(All amounts are in CAD, unless specified otherwise)

3 Property, Plant and equipment\*

Particulars	Plant & Equipments	Leasehold Improvements	Furniture & Fixtures	Office Equipments	Total
<b>Year ended March 31,2019</b>					
<b>Gross Carrying Amount</b>					
Opening gross carrying amount	118,313	32,243	45,597	2,487	198,640
Additions	6,668	-	-	-	6,668
Disposals	-	-	-	-	-
<b>Closing gross carrying amount (A)</b>	<b>124,981</b>	<b>32,243</b>	<b>45,597</b>	<b>2,487</b>	<b>205,308</b>
<b>Accumulated Depreciation</b>					
Opening accumulated depreciation	39,366	11,861	6,309	540	58,076
Depreciation charged during the year	38,701	10,751	7,067	498	57,017
Disposals	-	-	-	-	-
<b>Closing accumulated depreciation (B)</b>	<b>78,067</b>	<b>22,612</b>	<b>13,376</b>	<b>1,038</b>	<b>115,093</b>
<b>Net Carrying Amount (A-B)</b>	<b>46,914</b>	<b>9,631</b>	<b>32,221</b>	<b>1,449</b>	<b>90,215</b>
<b>Year ended March 31,2020</b>					
<b>Gross Carrying Amount</b>					
Opening gross carrying amount	124,981	32,243	45,597	2,487	205,308
Additions	39,438	-	-	-	39,438
Disposals	367	-	-	-	367
<b>Closing gross carrying amount (C)</b>	<b>164,051</b>	<b>32,243</b>	<b>45,597</b>	<b>2,487</b>	<b>244,379</b>
<b>Accumulated Depreciation</b>					
Opening accumulated depreciation	78,067	22,612	13,376	1,038	115,093
Depreciation charged during the year	35,263	6,955	6,380	498	49,096
Disposals	367	-	-	-	367
<b>Closing accumulated depreciation (D)</b>	<b>112,963</b>	<b>29,567</b>	<b>19,756</b>	<b>1,536</b>	<b>163,822</b>
<b>Net Carrying Amount (C-D)</b>	<b>51,089</b>	<b>2,676</b>	<b>25,841</b>	<b>951</b>	<b>80,557</b>

4 Intangible Assets\*

Particulars	Internally Generated Content
<b>Gross Carrying Amount</b>	
As at 01 April, 2019	-
Additions	13,037,148
Disposals	-
<b>As at March 31, 2020 (A)</b>	<b>13,037,148</b>
As at 01 April, 2019	-
Amortisation charge for the year	1,229,537
<b>As at March 31, 2020 (B)</b>	<b>1,229,537</b>
<b>Net Carrying Amount (A-B)</b>	<b>11,807,611</b>

Intangible Assets under Development\*

The Company is in the process of internally developing course modules for customer - Real Estate council of Ontario ( RECO).The management estimates that this would offer more technology based learning products/ solutions to the customer in future. The Company is confident of its ability to generate future economic benefits out of the abovementioned assets . The costs incurred during the year towards the development are as follows:

Description	Year Ended	
	March 31,2020	March 31,2019
Opening Intangible assets under development as at beginning of the year	7,575,776	2,715,468
Add:-Expenditure during the Year		
Employee Benefits Expense	2,341,601	2,019,699
Professional and technical outsourcing expenses	5,304,738	2,689,086
Rent	-	56,542
Other Expenses	203,990	94,981
Less:-Intangible assets capitalised during the year	13,037,148	-
<b>Closing Intangible assets under development as at end of the year</b>	<b>2,388,956</b>	<b>7,575,776</b>

\*For details of assets pledged as security against borrowings, refer note 12

**NIIT Learning Solutions (Canada) Limited**
**Notes to the special purpose financial statements for the year ended March 31, 2020**
**(All amounts are in CAD, unless specified otherwise)**

5 Financial Assets	As at			
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Non Current		Current	
<b>Unsecured, considered good unless otherwise stated</b>				
<b>Other Financial Assets</b>				
<b>i) Security Deposits</b>				
Unsecured, considered good	7,453	8,402	-	-
	<b>7,453</b>	<b>8,402</b>	-	-
<b>ii) Contract assets</b>				
Unbilled Revenue	-	-	1,570,792	17,961
<b>iii) Other Receivables</b>	-	-	6,489	63,188
<b>Total</b>	<b>7,453</b>	<b>8,402</b>	<b>1,577,281</b>	<b>81,149</b>

For details of assets pledged as security against borrowings, refer note 12

**NIIT Learning Solutions (Canada) Limited**  
**Notes to the special purpose financial statements for the year ended March 31, 2020**  
**(All amounts are in CAD, unless specified otherwise)**

<b>6 Trade Receivables</b>	<b>As at</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Unsecured, considered good</b>		
Trade Receivables	331,623	165,506
Receivable from Related Parties (Note 32)	357,717	324,244
<b>Total</b>	<b>689,340</b>	<b>489,750</b>

Trade receivables are non-interest bearing and are generally on terms of 45 days. For details of assets pledged as security against borrowings, refer note 12

<b>7 Cash and Cash equivalents</b>	<b>As at</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
	<b>Current</b>	
Balance with banks		
-Current Accounts	524,830	88,193
<b>Total</b>	<b>524,830</b>	<b>88,193</b>

<b>8 OTHER ASSETS</b>	<b>As at</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
	<b>Current</b>	
<b>Advances recoverable in cash or in kind</b>		
Unsecured, considered good*	73,653	148,922
<b>Total</b>	<b>73,653</b>	<b>148,922</b>

\*It primarily consists of employee recoverables and prepaid expenses



**NIIT Learning Solutions (Canada) Limited**

**Notes to the special purpose financial statements for the year ended March 31, 2020**

(All amounts are in CAD, unless specified otherwise)

		As at	
9	DEFERRED TAX ASSETS (NET)	March 31, 2020	March 31, 2019

**i) The balance comprises temporary differences attributable to:**

Carried forward losses	157,946	
Lease Assets (net)	1,274	
<b>Total deferred tax asset</b>	<b>159,220</b>	-
Less: Tax impact of difference between carrying amount of property, plant & equipment in the financial statements and as per the income tax calculation.	<b>(159,220)</b>	-

Lease asset

**Deferred tax asset (net) (A)**

Timing differences not recognized on account of prudence amounts to CAD 300,632 (previous year amounting to CAD 399,283)

Deferred tax asset on timing differences has been recognised as at March 31, 2020 owing to reasonable certainty of future taxable income based on business plans of the Company

	Property, plant & equipment	Others (C/f losses)	Lease asset	Total
--	-----------------------------	---------------------	-------------	-------

**ii) Movement in deferred tax asset**

**As at March 31, 2018**

(charged)/credited:

- to profit or loss

**As at March 31, 2019**

(charged)/credited:

- to profit or loss

**As at March 31, 2020**

				-
				-
				-
	-	-		-
	(159,220)	157,946	1,274	-
	<b>(159,220)</b>	<b>157,946</b>	<b>1,274</b>	-

NIIT Learning Solutions (Canada) Limited  
Notes to the special purpose financial statements for the year ended March 31, 2020  
(All amounts are in CAD, unless specified otherwise)

10 Equity share capital

a) Authorised share capital

Particulars	Equity shares	
	No. of shares	Value in CAD
As at April 01, 2018	100	100
Addition during the year	2,997,160	2,997,160
As at March 31, 2019	2,997,260	2,997,260
Addition during the year	-	-
As at March 31, 2020	2,997,260	2,997,260

b) Issued share capital( Equity share of CAD 1 each issued, subscribed and fully paid up)

Particulars	Equity shares	
	No. of shares	Value in CAD
As at April 01, 2018	100	100
Issued during the year	2,997,160	2,997,160
As at March 31, 2019	2,997,260	2,997,260
Issued during the year	-	-
As at March 31, 2020	2,997,260	2,997,260

c) Detail of class of shares held by the Holding Company

Shares in respect of each class in the Company held by	Name of the Company	Class of shares Equity/ Preference	As at			
			March 31, 2020	March 31, 2020	March 31, 2019	March 31, 2019
			No. of shares	Value	No. of shares	Value
Holding Company	NIIT (Ireland) Limited	Equity	2,997,260	2,997,260	2,997,260	2,997,260

d) Details of shareholders holding more than 5% shares in the Company

Particulars	As at			
	March 31, 2020		March 31, 2019	
	No. of shares	% of holding	No. of shares	% of holding
NIIT (Ireland) Limited	2,997,260	100%	2,997,260	100%

e) Terms/rights attached to equity shares

The Company has one class of equity shares having a par value of CAD 1 per share. Each shareholder is entitled to one vote per share of the Company. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their holding.

**NIIT Learning Solutions (Canada) Limited**  
**Notes to the special purpose financial statements for the year ended March 31, 2020**  
**(All amounts are in CAD, unless specified otherwise)**

**11 OTHER EQUITY**

<b>As at</b>	
<b>March 31, 2020</b>	<b>March 31, 2019</b>
Surplus in Statement of Profit and Loss	
(1,167,365)	(1,534,406)
<b>(1,167,365)</b>	<b>(1,534,406)</b>

**11(1) RESERVES AND SURPLUS**

<b>As at</b>	
<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Surplus in Statement of Profit and Loss</b>	
Balance Brought Forward from Previous year	(1,534,406)
Add : Profit/ (Loss) for the year	(1,145,472)
	367,041
<b>Total</b>	<b>(388,934)</b>
<b>(1,167,365)</b>	<b>(1,534,406)</b>

**NIIT Learning Solutions (Canada) Limited**

Notes to the special purpose financial statements for the year ended March 31, 2020

(All amounts are in CAD, unless specified otherwise)

12	BORROWINGS	As at	
		As at March 31, 2020 Non Current	As at March 31, 2019
	<b>Secured Borrowings at Amortized cost</b>		
	Term Loan from Bank	2,963,865	-
	Less:- Current maturity of Loan Term Borrowings (refer note 15)	(1,200,000)	
		<b>1,763,865</b>	-

**Details of security given against Loans**

ICICI Bank Canada extended the borrower credit facility in a principal amount of upto Eight Million Canadian Dollars (CDN\$800,000). The credit facility is consist of revolving operating credit of One Million Canadian Dollars(\$1000,000), a term loan facility of Four Million Canadian Dollars (\$4,000,000) and a letter of credit facility of Three Million Canadian Dollars(\$3,000,000). The company has availed term loan for CAD 3 Million from ICICI Bank Canada which is secured by all property and assets of the company and a guarantee by the ultimate holding company NIIT Ltd , guaranteeing the payment and performance of the obligation in an amount of CAD 5 Million.

**Terms of repayment**

The principal amount of the Term Loan Facility shall be repayable by ten structured principal payments each equal to 10% of the outstanding term loan facility, on a quarterly basis commencing June 30,2020 until the Term Loan Maturity date, together with interest thereon.

**Interest**

The revolving facility shall bear interest at a rate per annum equal at all times to the CDOR rate in effect on the interest reset date plus the applicable margin. As at March 31, 2020, the rate of interest is 3.075% (2.075% (CDOR) +1% (Margin)

**Maturity Date**

The revolving maturity date in the case of the term loan is September 30,2022

**NIIT Learning Solutions (Canada) Limited**  
**Notes to the special purpose financial statements for the year ended March 31, 2020**  
**(All amounts are in CAD, unless specified otherwise)**

<b>13 TRADE PAYABLES</b>	<b>As at</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
	<b>Current</b>	
Trade Payables	1,870,836	220,355
Trade payables to related parties(Note 32)	4,920,011	1,957,087
	<b>6,790,847</b>	<b>2,177,443</b>

Trade payables are non-interest bearing and are normally settled on 45 days term.

<b>14 OTHER FINANCIAL LIABILITIES</b>	<b>As at</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
	<b>Current</b>	
Current Maturities of Long Term-Borrowings	1,200,000	-
Interest accrued but not due on borrowings	24,894	-
Other Payables*	241,390	210,358
Capital Creditors related parties(Note 32)	4,039,756	2,668,093
Capital Creditors others	132,964	37,279
	<b>5,639,004</b>	<b>2,915,729</b>

\*Includes Payable to Employees amounting to CAD 167,874 (Previous year CAD 97,245 ) and Strategic Sourcing payables amounting to CAD 73,516 (Previous year CAD 113,113)

<b>15 OTHER LIABILITIES</b>	<b>As at</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
	<b>Current</b>	
<b>Contract liabilities</b>		
-Deferred Revenue	5,850	24,500
-Advances from Customers	541,176	-
Other Payable to related parties	443,116	1,863,410
Statutory Dues*	64,299	465
	<b>1,054,441</b>	<b>1,888,375</b>

\*Statutory Dues primarily pertains to GST .

<b>16 PROVISIONS</b>	<b>As at</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
	<b>Current</b>	
Provision for Employee Benefits		
-Provision for Compensated Absences	68,300	38,434
	<b>68,300</b>	<b>38,434</b>

**NIIT Learning Solutions (Canada) Limited**  
**Notes to the special purpose financial statements for the year ended March 31, 2020**  
**(All amounts are in CAD, unless specified otherwise)**

<b>17 REVENUE FROM OPERATIONS</b>	<b>Year ended</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Sale of Services	6,954,125	1,317,832
	<b>6,954,125</b>	<b>1,317,832</b>

<b>18 OTHER INCOME</b>	<b>Year ended</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Other Non-Operating Income	58,757	1,011
Unwinding of Interest on Security Deposit	327	-
	<b>59,084</b>	<b>1,011</b>

<b>19 EMPLOYEE BENEFITS EXPENSE *</b>	<b>Year ended</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Salaries, Wages and Bonus	1,396,786	1,009,542
Contribution to Provident and other Funds	65,711	59,422
Staff Welfare	10,562	14,698
	<b>1,473,059</b>	<b>1,083,662</b>

Net of CAD 2,341,601 (Previous year CAD 2,019,699) capitalized in Intangible asset under development(refer note 4)

**NIIT Learning Solutions (Canada) Limited**
**Notes to the special purpose financial statements for the year ended March 31, 2020**
**(All amounts are in CAD, unless specified otherwise)**

	Year ended	
	March 31, 2020	March 31, 2019
<b>20 FINANCE COSTS</b>		
Interest on debts and borrowings	37,806	-
Interest on lease liabilities (note 27(ii))	5,587	
Other Borrowing Costs	9,702	-
	<b>53,095</b>	<b>-</b>
<b>21 OTHER EXPENSES</b>		
	Year ended	
	March 31, 2020	March 31, 2019
Royalties (refer note 32)	146,237	5,949
Rent	50,949	41,321
Rates and Taxes	6,808	1,251
Communication Costs	35,274	11,054
Legal and Professional (refer note 22)	74,857	39,840
Mangement Cost Recovery by Ultimate Holding Company (refer note 32)	174,583	38,971
Travelling and Conveyance	59,266	24,599
Insurance	27,529	18,584
Repairs and Maintenance		
- Plant and Machinery	1,212	2,172
- Others	2,865	1,540
Loss on Foreign Currency Translation and Transaction (net)	427,156	98,298
Bank Charges	67,911	70,225
Marketing & Advertising Expenses	110,599	7,036
Sundry Expenses	2,544	2,655
<b>Total</b>	<b>1,187,790</b>	<b>363,495</b>
<b>22 PAYMENT TO AUDITORS (excluding taxes)</b>		
	Year ended	
	March 31, 2020	March 31, 2019
Audit Fee	6,000	6,000
Reimbursement of expenses	1,058	200
	<b>7,058</b>	<b>6,200</b>
<b>23 Depreciation and Amortization expense</b>		
	Year ended	
	March 31, 2020	March 31, 2019
Depreciation of tangible assets(refer note 3)	49,096	57,017
Amortization of intangible assets(refer note 4)	-	-
Depreciation of Right-of-use assets(refer note 27(ii))	39,870	-
	<b>88,966</b>	<b>57,017</b>

**NIIT Learning Solutions (Canada) Limited**  
**Notes to the special purpose financial statements for the year ended March 31, 2020**  
**(All amounts are in CAD, unless specified otherwise)**

**24 CONTINGENT LIABILITIES**

Issuance of Performance Bank Guarantee of CAD 3,000,000 [Previous year CAD 3,000,000] by NIIT USA Inc. on behalf of NIIT Learning Solutions (Canada) Limited. The subject bank guarantee has been issued in terms of Registration Education Services Agreement dated March 30, 2017 between NIIT Learning Solutions (Canada) Limited, Real Estate Council of Ontario, Registrar appointed under the Real Estate and Business Brokers Act, 2002 and Humber College Institute of Technology & Advanced Learning.

**25 EARNINGS PER SHARE**

Particular	As at	
	March 31, 2020	March 31, 2019
Loss attributable to equity shareholders (CAD) (A)	367,041	(388,934)
Weighted average number of equity shares outstanding during the year (Nos.) – (B)	2,997,260	906,830
Nominal value of equity shares (CAD)	1	1
Basic and diluted loss per share (CAD) (A/B)	0.12	(0.43)

As there are no dilutive securities at the year end, the basic and diluted loss per share are same.

**26 SEGMENTAL REPORTING**

The Company is engaged in providing Education & Training Services for the corporate sector in a single geography. Based on "Management Approach", as defined in Ind AS 108 – Segment Reporting, the Chief Operating Decision Maker (CODM) evaluates the performance and allocates resources based on the analysis of performance of the Company as a whole. Its operations are, therefore, considered to constitute a single segment in the context of Ind AS 108 – Segment Reporting.

**27 LEASES**

**27(i) Operating Leases:**

The Company has entered into leases for office premises which are cancelable at the option of the Company by giving the requisite notice. Aggregate payments during the year under operating leases are as shown hereunder:

Particular	For the year ended	
	March 31, 2020	March 31, 2019
In respect of premises	50,949	41,321
<b>Total</b>	<b>50,949</b>	<b>41,321</b>

**27(ii) Finance Leases**

The effect of adoption Ind AS 116 is as follows:

The following are the carrying amount of right of use assets recognised and movement during the year :-

Particulars	Rent	Total
<b>As at 1 April, 2019</b>		-
Additions	155,755	155,755
Deletion	-	-
Depreciation	(39,870)	(39,870)
<b>As at 31 March, 2020</b>	<b>115,885</b>	<b>115,885</b>

The following are the carrying amount of Lease liabilities and movement during the year :-

Particulars	Total
<b>As at 1 April, 2019</b>	-
Additions	154,479
Deletion	-
Accretion of interest	5,587
Lease rental	(40,210)
<b>As at 31 March, 2020</b>	<b>119,856</b>

The following is the break-up of current and non-current lease liabilities as of March 31, 2020

Particulars	Total
Current Lease liabilities	41,570
Non Current Lease liabilities	78,286
<b>As at 31 March, 2020</b>	<b>119,856</b>

The following are the amounts recognised in the statement of profit or loss:

Particulars	Total
Depreciation expense of right of use assets	39,870
Rent Expense (Included in other expense)	-
Interest expense on lease liabilities	5,587
Expense relate to short term leases (included in rent expense)	-
Gain/loss on Early termination	-
<b>Total Amount</b>	<b>45,457</b>

The table below provides details regarding the contractual maturities of lease liabilities as of March 31, 2020:

Particulars	Total
Less than one year	41,570
One to Two years	45,687
More than Two years	32,598
<b>Total Amount</b>	<b>119,856</b>



**28 Disclosure under Ind AS - 115 (Revenue from contracts with customers)****a. Disaggregated revenue information**

	March 31, 2020	March 31, 2019
<b>Type of Services</b>		
Sale of Services	6,954,125	1,317,832
<b>Total</b>	<b>6,954,125</b>	<b>1,317,832</b>
<b>Timing of Revenue Recognition</b>		
Goods (Courseware, Training Material, Hardware & Accessories) transferred at a point in time	6,954,125	1,317,832
<b>Total</b>	<b>6,954,125</b>	<b>1,317,832</b>
<b>b. Contract Balances</b>		
Trade Receivables	689,340	489,750
Contract Assets(refer note 5)	1,570,792	17,961
Contract Liabilities (refer note 15)	547,026	24,500
	<b>2,807,158</b>	<b>532,211</b>

Revenue for ongoing services at the reporting date yet to be invoiced is recorded as unbilled revenue.

Trade receivables are non-interest bearing and are generally on terms of 0- 45 days.

A receivables is right to consideration that is unconditional upon passage of time.

**c. Performance obligation and remaining performance obligation**

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. As on March 31, 2020, there were no remaining performance obligation as the same is satisfied upon delivery of goods/services.

**NIIT Learning Solutions (Canada) Limited**  
**Notes to the special purpose financial statements for the year ended March 31, 2020**  
**(All amounts are in CAD, unless specified otherwise)**

29	INCOME TAX EXPENSE	Year ended March 31, 2020	Year ended March 31, 2019
i)	<b>Tax expense recognized in statement of profit and loss</b>		
	Current tax		
	Deferred tax		
	Tax Adjustment for Earlier years		
	<b>Total</b>	-	-
ii)	<b>Effective tax reconciliation</b>		
	This note provides an analysis of the Company's income tax expense, show amounts that are recognized directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions.		
	<b>(a) Income tax expense</b>		
	<b>Current tax</b>		
	Current tax on operating profits of the year		
	Branch taxes		
	Tax Adjustment for Earlier years		
	<b>Total current tax expense</b>	-	-
	<b>Deferred tax</b>		
	Decrease / (increase) in deferred tax assets	-	-
	<b>Total deferred tax expense/(benefit)</b>	-	-
	<b>Income tax expense</b>	-	-
	<b>(b) Reconciliation of tax expense and the accounting profit multiplied by Canada tax rate:</b>		
		26%*	26%*
	Profit from continuing operations before income tax expense	367,041	-388,394
	Tax at the Canada Tax	95,431	-100,982
	<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b>		
	- Timing difference on c/f losses	-	-
	- Permanent differences		
	- Unrecognized Timing Difference	(95,431)	100,982
	<b>Total</b>	-	-

**NIIT Learning Solutions (Canada) Limited**  
**Notes to the special purpose financial statements for the year ended March 31, 2020**  
**(All amounts in CAD, unless specified otherwise)**

**30 FINANCIAL RISK MANAGEMENT**

The Company's principal financial liabilities comprise of promissory note, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

**(i) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments measured at FVTPL and derivative financial instruments.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There are no significant borrowings on the financial statements. Hence, there is no significant concentration of interest rate risk.

**Foreign currency risk**

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (CAD). The Company evaluates its exchange rate exposure arising from these transactions and enters into foreign exchange forward contracts to hedge forecasted cash flows denominated in foreign currency and mitigate such exposure.

Particulars	Currency	2019-20		2018-19	
		Amount in Foreign Currency	Amount in CAD	Amount in Foreign Currency	Amount in CAD
Trade Payables	AUD	-	-	1,444	1,442
	EUR	-	-	83,318	126,074
	GBP	1,988	3,424	352,960	619,397
	USD	10,786	14,102	2,191,714	2,843,410
Other Payables	EUR	303,003	447,557	530,000	784,173
	INR	-	-	1,564	29
	GBP	19,074	32,794	14,720	25,727
	INR	1,564	29	-	-
	USD	2,218	2,975	3,677	4,840
Other Payable to Affiliates	EUR	79,275	119,466	3,648	5,466
	AUD	1,444	1,442	-	-
	GBP	413,117	721,820	-	-
	SGD	323	311	-	-
	USD	4,818,907	6,354,321	-	-
<b>Total</b>		<b>5,651,699</b>	<b>7,698,242</b>	<b>3,183,044</b>	<b>4,410,559</b>

Particulars	Currency	2019-20		2018-19	
		Amount in Foreign Currency	Amount in CAD	Amount in Foreign Currency	Amount in CAD
Trade Receivables	KRW	13,020,060	15,362	-	-
	GBP	6,551	11,263	-	-
Other Recoverables	SGD	323	311	-	-
<b>Total</b>		<b>13,027,190</b>	<b>27,292</b>	<b>256</b>	<b>356</b>

**ii) Credit risk**

Credit risk refers to the risk of default on its obligation by the counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to CAD 689,340 and CAD 489,750 as of March 31, 2020 and March 31, 2019, respectively and unbilled revenue amounting to CAD 1,583,117 and CAD 17,961 as of March 31, 2020 and March 31, 2019, respectively. Trade receivables and unbilled revenue are typically unsecured and are derived from revenue earned through affiliates and other corporate customers. The Company has used the expected credit loss model to assess the impairment loss or gain on trade receivables and unbilled revenue, and has provided it wherever appropriate.

**NIIT Learning Solutions (Canada) Limited**  
**Notes to the special purpose financial statements for the year ended March 31, 2020**  
**(All amounts in CAD, unless specified otherwise)**

**31 FAIR VALUE MEASUREMENTS**

**(i) Fair value hierarchy**

To provide indication about the reliability of the inputs in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard explained below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example foreign exchange forward contracts) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

**(ii) Fair value of financial assets and liabilities measured at amortised cost:**

	<b>As at</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
	<b>Carrying value</b>	<b>Carrying value</b>
<b>Financial assets</b>		
Trade receivables	689,340	489,750
Cash and Bank Balances	524,830	88,193
Other Financial Assets	1,584,734	89,551
<b>Total financial assets</b>	<b>2,798,904</b>	<b>667,494</b>
<b>Financial liabilities</b>		
Trade payables	6,790,847	2,177,443
Other financial Liabilities	5,639,004	2,915,729
Other current Liabilities	1,054,441	1,888,375
<b>Total financial liabilities</b>	<b>13,484,292</b>	<b>6,981,547</b>

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to their short term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

**NIIT Learning Solutions (Canada) Limited**

**Notes to the special purpose financial statements for the year ended March 31, 2020**

**(All amounts in CAD, unless specified otherwise)**

**32 Related Party Transactions :**

**A. Related party relationship where control exists:**

**Holding Company - NIIT Ireland Limited**

**Ultimate holding Company - NIIT Limited, India**

**Fellow subsidiaries**

- 1 NIIT Institute of Finance Banking and Insurance Training Limited
- 2 Mindchampion Learning Systems Limited
- 3 NIIT Yuva Jyoti Limited (Under Voluntary Liquidation w.e.f. February 19, 2020)
- 4 NIIT Institute of Process Excellence Limited (Under Voluntary Liquidation w.e.f. February 19, 2020)
- 5 NIIT USA Inc, USA
- 6 NIIT Limited, UK
- 7 NIIT Malaysia Sdn. Bhd, Malaysia
- 8 NIIT West Africa Limited
- 9 NIIT GC Limited, Mauritius
- 10 Eagle international Institute Inc. USA (w.e.f January 3, 2018)
- 11 Eagle Training Spain, S.L.U (subsidiary of entity at serial no. 12)
- 12 PT NIIT Indonesia, Indonesia (under liquidation)
- 13 NIIT China (Shanghai) Limited, Shanghai
- 14 NIIT Wuxi Service Outsourcing Training School, China (Memorandum of Understanding was executed to sell on April 1, 2017)- (Under Closure)
- 15 Wuxi NIIT Information Technology Consulting Limited, China (agreement to sell entered on March 31, 2018)
- 16 Su Zhou NIIT Information Technology Consulting Limited, China (subsidiary of entity at serial no. 17)
- 17 Changzhou NIIT Information Technology Consulting Limited, China (subsidiary of entity at serial no. 18)
- 18 Zhangjiagang NIIT Information Services Limited, China (Closed w.e.f. August 12, 2019)
- 19 Chengmai NIIT Information Technology Company Limited, China (Under Closure)
- 20 Chongqing An Dao Education Consulting Limited, China
- 21 Chongqing NIIT Education Consulting Limited, China (Under Closure)
- 22 NIIT (NingXia) Education Technology Company Limited, China
- 23 Guizhou NIIT information technology consulting Co., Limited, China
- 24 NIIT (Guizhou) Education Technology Co., Limited, China

**B Key managerial personnel**

- 1 Mr. Vijay K Thadani( Director)
- 2 Mr. Sapnesh Kumar Lalla( Director)
- 3 Mr. Abhas Kumar( Director)
- 4 Mr. P R Subramanian( Director)

**C Terms and conditions**

Transactions with related parties during the year were based on terms that would be available to third parties. All other transactions were made on normal commercial terms and conditions and at market rates.

All outstanding balances are unsecured and are repayable in cash.

**NIIT Learning Solutions (Canada) Limited**
**Notes to the special purpose financial statements for the year ended March 31, 2020**
**(All amounts in CAD, unless specified otherwise)**
**32 B. Detail of significant transactions with related parties carried out in ordinary course of business.**

<b>Nature of Transactions</b>	<b>Ultimate Holding Company</b>	<b>Holding Company</b>	<b>Fellow Subsidiaries</b>	<b>Total</b>
<b>Purchase of services - professional technical &amp; outsourcing services</b>				
NIIT Ireland Limited	-	1,447	-	1,447
	-	(111,479)	-	(111,479)
NIIT Limited, UK	-	-	35,327	35,327
	-	-	(104,051)	(104,051)
NIIT (USA) Inc.	-	-	3,128,976	3,128,976
	-	-	(1,252,045)	(1,252,045)
NIIT Limited, India	1,510,478	-	-	1,510,478
	(462,661)	-	-	(462,661)
<b>Management cost recovery</b>				
NIIT Limited	174,583	-	-	174,583
	(38,971)	-	-	(38,971)
<b>Sales of services</b>				
NIIT Ireland Limited	-	205,062	-	205,062
	-	(108,147)	-	(108,147)
NIIT (USA) Inc.	-	-	592,868	592,868
	-	-	(646,187)	(646,187)
NIIT Limited, India	6,632	-	-	6,632
	(4,276)	-	-	(4,276)
NIIT Limited, UK	-	-	58,529	58,529
	-	-	(110,047)	(110,047)
<b>Other Income</b>				
NIIT (USA) Inc.	-	-	55,744	55,744
	-	-	-	-
<b>Infusion of Share Capital</b>				
NIIT Ireland Limited	-	-	-	-
	-	(2,997,160)	-	(2,997,160)
<b>Recovery of expenses by - employees cost</b>				
NIIT (USA) Inc.	-	-	-	-
	-	-	-	-
<b>Recovery of expenses from - employees cost</b>				
NIIT Limited, UK	-	-	-	-
	-	-	-	-

Figures in parenthesis represent Previous Year's figure.

**NIIT Learning Solutions (Canada) Limited**
**Notes to the special purpose financial statements for the year ended March 31, 2020**
**(All amounts in CAD, unless specified otherwise)**

<b>Nature of Transactions</b>	<b>Ultimate Holding Company</b>	<b>Holding Company</b>	<b>Fellow Subsidiaries</b>	<b>Total</b>
<b>Recovery of expenses from -other expenses</b>				
NIIT (USA) Inc.	-	-	6,239	6,239
	-	-	(9,765)	(9,765)
NIIT Ireland Limited	-	21,990	-	21,990
	-	(12,824)	-	(12,824)
NIIT Limited, UK	-	-	1,200	1,200
	-	-	(345)	(345)
<b>Interest free advance, received on demand</b>				
NIIT Ireland Limited	-	4,110,662	-	4,110,662
	-	(1,961,200)	-	(1,961,200)
<b>Interest free advance, paid on demand</b>				
NIIT Ireland Limited	-	5,521,719	-	5,521,719
	-	(2,171,590)	-	(2,171,590)
<b>Recovery of expenses by - PTOS</b>				
NIIT (USA) Inc.	-	-	74,165	74,165
	-	-	-	-
NIIT Limited, UK	-	-	7,819	7,819
	-	-	-	-
NIIT Limited	-	-	-	-
	-	-	-	-
NIIT Ireland Limited	-	-	-	-
	-	-	-	-
<b>Recovery of expenses by - Royalty</b>				
NIIT Limited	146,237	-	-	146,237
	(5,949)	-	-	(5,949)
<b>Recovery of expenses by - other expenses</b>				
NIIT (USA) Inc.	-	-	176,529	176,529
	-	-	(149,140)	(149,140)
NIIT Limited, UK	-	-	374	374
	-	-	(567)	(567)
NIIT Limited	58,893	-	-	58,893
	(20,955)	-	-	(20,955)
NIIT Ireland Limited	-	42	-	42
	-	(204)	-	(204)

Figures in parenthesis represent Previous Year's figure.

**C. Details of outstanding balances with related parties**

<b>Particular</b>	<b>As at</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Trade Receivables(refer note 6)</b>		
NIIT (USA) Inc.	181,183	182,314
NIIT Ireland Limited	116,805	110,844
NIIT Limited, UK	59,729	31,086
<b>Total</b>	<b>357,717</b>	<b>324,244</b>
<b>Trade Payables(refer note 14)</b>		
NIIT Limited, India	1,118,310	401,596
NIIT (USA) Inc.	6,932,982	3,428,409
NIIT Ireland Limited	112,987	111,539
NIIT Limited, UK	795,489	683,636
<b>Total</b>	<b>8,959,767</b>	<b>4,625,180</b>
<b>Other Payables</b>		
NIIT Ireland Limited	443,116	1,863,410
<b>Total</b>	<b>443,116</b>	<b>1,863,410</b>

**NIIT Learning Solutions (Canada) Limited**

**Notes to the special purpose financial statements for the year ended March 31, 2020**

**33** The outbreak of Coronavirus (COVID-19) pandemic globally is causing a slowdown in economic activity. In many countries, businesses are being forced to cease or limit their operations for long or indefinite period of time. Measure taken to contain the spread of the virus including travel bans, quarantines, social distancing and closure of non-essential services have triggered disruptions to the business worldwide, resulting in an economic slowdown and uncertainties pertaining to future operations. The Company has considered the possible effects that may result from COVID-19 on the carrying amount of its assets. In developing the assumptions relating to possible uncertainties in the global conditions because of the pandemic, the Company, as on the date of approval of these financials results have used information from multiple sources as available. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of other assets will be recovered. The Company will continue to monitor any material changes to the operations based on future economic conditions.

**34** The net working capital of the Company is negative as at March 31, 2020. However based on the future business projections of corporate learning business and the future outlook of the Company, the Board of Directors of the Company are confident that the Company is expected to witness improved performance in following years. Further, the Ultimate holding company NIIT Limited has committed operational and financial supports to the Company. Accordingly Company's Financial Statements have been prepared on an going concern basis.

Signature to Notes '1' to '34' of these special purpose financial statements.

**For S. R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration No.: 101049W/E300004

**For and on behalf of the Board of Directors of  
NIIT Learning Solutions (Canada) Limited**

**Sanjay Bachchani**

Partner

Membership No. 400419

**Sapnesh Lalla**

Director

**P R Subramanian**

Director

**Vijay K Thadani**

Director

Place: Gurugram

Date: June 1, 2020

Place: Gurugram

Date: June 1, 2020

Place: Atlanta

Date: June 1, 2020

Place: Gurugram

Date: June 1, 2020