

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Chhaya Prakashini Limited (formerly known as Chhaya Prakashini private Limited)

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

We have audited the accompanying financial statements of Chhaya Prakashini Limited ("the Company") (formerly known as Chhaya Prakashini private Limited), which comprise the Balance sheet as at 31<sup>st</sup> March 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Emphasis of Matter - Effects of COVID-19**

We draw attention to Note 43 to the accompanying financial statement for the year ended 31<sup>st</sup> March 2021, which describes the uncertainties and the impact of COVID 19 on carrying value of receivables, inventories and loans, as assessed by the management. The actual results may differ from such estimates depending on future developments. Our conclusion is not modified in respect of this matter.

**Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

The Director's Report is not made available to us as at the date of this auditor's report. We have nothing to report in this regard.



## Responsibility of Management for the 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 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.



# **S.R. BATLIBOI & ASSOCIATES LLP**

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

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

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

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" 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 it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) The matter described in Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
  - (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (f) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (g) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;  
  
In our opinion, the managerial remuneration for the year ended 31<sup>st</sup> March 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to 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 and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:



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- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 35 to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

  
per Sanjay Bachchani

Partner

Membership Number: 400419

UDIN: 21400419AAAACS7399

Place of Signature: Gurugram

Date: 18<sup>th</sup> June 2021



**Annexure 1 referred to in paragraph 1 of report on other legal and regulatory requirements**

**Re: Chhaya Prakashani Limited ('the Company') formerly known as Chhaya Prakashani Private Limited**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management and audit procedures performed by us, there are no immovable properties, included in property, plant and equipment/ fixed assets of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at year end and no material discrepancies were noticed in respect of such confirmations
- (iii) (a) The Company has granted loans to four firms covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.
- (b) The Company has granted loans to four firm covered in the register maintained under section 189 of the Companies Act, 2013. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided any guarantees or security to the parties covered under section 185 of the act. The Company has complied with the provisions of section 186 of the Act in respect of investments made or loans or guarantee or security provided to the parties covered under section 186 of the Act.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in goods and service tax. Income tax.





(b) According to the information and explanations given to us and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount Yet to be paid	Amount paid under protest/adjusted against refund	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	TDS deduction	INR 9.2 million	INR 1.79 million	AY 2013-14 to 2019-20	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Tax Demand	INR 1.9 million	-	AY 15-16	Assessing office
Income Tax Act, 1961	Tax Demand	INR 0.3 million	-	AY 16-17	Assessing office
Income Tax Act, 1961	Tax Demand	INR 3.5 Million	-	AY 18-19	Commissioner of Income Tax (Appeals)

- (viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management and audit procedures performed by us, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year
- (xi) According to the information and explanations given by the management and audit procedures performed by us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management and audit procedures performed by us, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.



# **S.R. BATLIBOI & ASSOCIATES LLP**

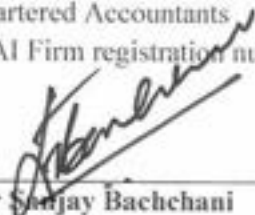
Chartered Accountants

- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

  
per Sanjay Bachchani

Partner

Membership Number: 400419

UDIN: 21400419AAAACS7399



Place: Gurugram

Date: 18<sup>th</sup> June 2021

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF CHHAYA PRAKASHINI LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of Chhaya Prakashini Limited ("the Company") (formerly known as Chhaya Prakashini Private Limited) as of 31<sup>st</sup> March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to these financial statements.





## Meaning of Internal Financial Controls With Reference to these Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31<sup>st</sup> March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

  
per Sanjay Bachchani

Partner

Membership Number: 400419

UDIN: 21400419AAAACS7399



Place of Signature: Gurugram

Date: 18<sup>th</sup> June 2021

## Chhaya Prakashani Limited (Formerly known as Chhaya Prakashani Private Limited)

CIN : U22122WB2006PLC111821

Balance sheet as at 31 March 2021

(₹ in Million)

	Notes	As at 31 March 2021	As at 31 March 2020
<b>Assets</b>			
<b>Non-current assets:</b>			
Property, plant and equipment	3	5.81	7.08
Intangible assets	4	1.85	3.54
Right-of-use assets	4A	45.84	52.90
<b>Financial assets:</b>			
- Investments	5A	82.96	2.26
- Loans	5C	312.64	401.35
- Other financial assets	5E	55.34	26.91
Deferred tax assets (net)	8	6.91	4.33
Other non-current assets	7	35.91	73.96
<b>Total non-current assets</b>		<b>547.26</b>	<b>572.33</b>
<b>Current assets:</b>			
Inventories	6	146.78	217.71
<b>Financial assets:</b>			
- Investments	5A	140.85	155.46
- Trade receivables	5B	176.40	96.68
- Loans	5C	160.59	1.87
- Cash and cash equivalents	5D	31.23	37.05
- Other financial assets	5E	33.09	29.28
Other current assets	7	10.26	14.51
<b>Total current assets</b>		<b>699.23</b>	<b>552.55</b>
<b>Total assets</b>		<b>1,246.49</b>	<b>1,124.88</b>
<b>Equity and liabilities</b>			
<b>Equity:</b>			
Equity share capital	9	14.83	14.83
<b>Other equity:</b>			
- Retained earnings	10	987.25	831.31
- Other reserves		40.66	40.66
<b>Total equity</b>		<b>1,042.74</b>	<b>886.82</b>
<b>Non-current liabilities:</b>			
<b>Financial liabilities</b>			
- Lease liability	30	47.60	52.05
Provisions	13	0.73	1.18
<b>Total non-current liabilities</b>		<b>48.33</b>	<b>53.23</b>
<b>Current liabilities:</b>			
<b>Financial liabilities</b>			
- Trade payables	11		
Total outstanding dues of micro enterprises and small enterprises		37.40	32.67
Total outstanding dues of creditors other than micro enterprises and small enterprises		89.76	122.10
- Others financial liabilities	12	11.73	2.91
- Lease liability	30	4.90	4.38
Other current liabilities	14	11.63	22.78
<b>Total current liabilities</b>		<b>155.42</b>	<b>184.84</b>
<b>Total equity and liabilities</b>		<b>1,246.49</b>	<b>1,124.89</b>

## Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

*S.R. Batliboi*  
Pranay Bachechan  
Partner  
Membership No.: 400419

For and on behalf of the Board of Directors of  
Chhaya Prakashani Limited

*Himanshu Gupta*  
Himanshu Gupta  
Director  
DIN:00054015  
Place: New Delhi  
Date: 18 June 2021

*Dinesh Kumar Jhunjhunwala*  
Dinesh Kumar Jhunjhunwala  
Director  
DIN:00282988  
Place: New Delhi  
Date: 18 June 2021

Place: Gurugram  
Date: 18 June 2021



*Prateek Dhanuka*  
Prateek Dhanuka  
Chief Executive Officer  
Place: New Delhi  
Date: 18 June 2021

*Sudakshina Saha*  
Sudakshina Saha  
Financial Controller  
Place: Kolkata  
Date: 18 June 2021

## Chhaya Prakashani Limited (Formerly known as Chhaya Prakashani Private Limited)

CIN : U22122WB2006PLC111821

Statement of Profit and Loss for the year ended 31 March 2021

(₹ in Million)

	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
I Revenue from contracts with customers	15	746.69	874.36
II Finance income	16A	46.53	29.06
III Other income	16B	10.18	13.33
IV Total income (I+II+III)		<u>803.40</u>	<u>916.75</u>
V Expenses			
Cost of published goods/materials consumed	17	176.19	313.90
Purchases of traded goods	18	10.57	15.81
Decrease/(increase) in inventories of finished goods and traded goods	19	51.02	(61.20)
Publication expenses	20	124.62	181.82
Employee benefits expense	21	97.29	112.60
Selling and distribution expenses	22	65.83	124.52
Finance costs	23	5.39	5.76
Depreciation and amortization expense	24	10.89	11.79
Other expenses	25	53.31	65.61
Total expenses (V)		<u>595.11</u>	<u>770.61</u>
VI Profit before tax (IV-V)		<u>208.29</u>	<u>146.14</u>
VII Tax expenses:	28		
1) Current tax		43.20	35.75
2) Adjustment of tax relating to earlier periods		12.64	9.56
3) Deferred tax		(2.80)	(3.17)
VIII Profit for the year (VI-VII)		<u>155.25</u>	<u>104.00</u>
IX Other comprehensive income	26		
- Items that will not be reclassified to profit or loss			
Re-measurement (gain)/loss on defined benefits plans		0.89	(1.27)
Income tax effect		(0.22)	0.32
X Total comprehensive income for the year (VIII+IX)		<u>155.92</u>	<u>103.05</u>
XI Earnings per equity share (in ₹)	27		
1) Basic		1,035.00	693.33
2) Diluted		1,035.00	693.33
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

*Sudakshina Saha*  
Sudakshina Saha  
Partner  
Membership No.: 400419

Place: Gurugram  
Date: 18 June 2021

For and on behalf of the Board of Directors of  
Chhaya Prakashani Limited

*Himanshu Gupta*  
Himanshu Gupta  
Director  
DIN:00054015  
Place: New Delhi  
Date: 18 June 2021

*Dinesh Kumar Jhunjhunwala*  
Dinesh Kumar Jhunjhunwala  
Director  
DIN:00282968  
Place: New Delhi  
Date: 18 June 2021

*Prateek Dhanuka*  
Prateek Dhanuka  
Chief Executive Officer  
Place: New Delhi  
Date: 18 June 2021

*Sudakshina Saha*  
Sudakshina Saha  
Financial Controller  
Place: Kolkata  
Date: 18 June 2021





(₹ in Million)

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Cash flow from operating activities</b>		
Profit before tax	205.29	146.14
Adjustment to reconcile profit before tax to net cash flows:-		
Depreciation and amortization	10.89	11.79
Fair value loss/(gain) on investment	(1.12)	1.09
Interest income	(46.19)	(28.77)
Interest on Unwinding Of Security Deposits	(0.33)	(0.29)
Liabilities written back	(0.34)	-
Profit on sale of property, plant and equipment	(0.01)	0.36
(Profit) on sale of investment	(6.42)	(13.66)
Finance cost	5.39	5.76
Trade receivable balance written off	0.00	0.83
Expected credit loss	8.46	7.84
<b>Operating profit before working capital changes</b>	<b>178.62</b>	<b>131.09</b>
Adjustments for changes in working capital :		
(Increase)/Decrease in trade receivables	(88.18)	179.02
Increase in other non-current assets, in other current assets and loan and advances	2.21	(26.00)
Decrease/(Increase) in inventories	70.93	(41.80)
(Decrease)/Increase in non current trade payables and current trade payables	(27.27)	37.34
(Decrease)/Increase in other payables, others financial liabilities and Provision	(1.84)	(0.49)
<b>Cash generated from operations</b>	<b>134.47</b>	<b>279.16</b>
Income tax paid	(18.06)	(79.11)
<b>Net cash generated from operation</b>	<b>(A) 116.41</b>	<b>200.05</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant & equipment and intangible assets	(0.54)	(0.70)
Proceeds from sale of property, plant and equipment	0.13	0.11
Intercompany Loans given (refer note 31)	(141.50)	(240.00)
Purchase of investment	(24.72)	(116.16)
Proceeds of investment	46.84	150.87
Interest received	7.38	6.44
<b>Net cash used in investing activities</b>	<b>(B) (112.41)</b>	<b>(199.44)</b>
<b>C. Cash flow from financing activities</b>		
Payment of principal portion of lease liabilities	(9.82)	(9.71)
<b>Net cash from financing activities</b>	<b>(C) (9.82)</b>	<b>(9.71)</b>
<b>Net decrease in cash &amp; cash equivalents</b>	<b>(A+B+C) (5.82)</b>	<b>(9.10)</b>
Cash and cash equivalents - at the beginning of the year	37.05	46.15
Cash and cash equivalents - at the end of the year	<b>31.23</b>	<b>37.05</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	0.30	1.37
Deposits with original maturity of less than three months	13.66	6.91
Balance with banks on current accounts	17.27	28.77
<b>Total Cash and cash equivalents (refer note 5D)</b>	<b>31.23</b>	<b>37.05</b>

## Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

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

Srija Bachehani  
Partner  
Membership No. : 400419

For and on behalf of the Board of Director of  
Chhaya Prakashani Limited

Himanshu Gupta  
Director  
DIN:00054015  
Place: New Delhi  
Date: 18 June 2021

Dinesh Kumar Jhunjhunwala  
Director  
DIN:00282988  
Place: New Delhi  
Date: 18 June 2021

Prateek Dhanuka  
Chief Executive Officer  
Place: New Delhi  
Date: 18 June 2021

Sudakshina Saha  
Financial Controller  
Place: Kolkata  
Date: 18 June 2021

Place: Gurugram  
Date: 18 June 2021



*(Signature)*

*(Signature)*

## A. Equity share capital:

Issued, subscribed and fully paid up (Share of ₹ 100 each)	No. of shares	(₹ in Million)
At 1 April 2019	148,284	14.83
Issued during the year	-	-
At 31 March 2020	148,284	14.83
Issued during the year	-	-
At 31 March 2021	148,284	14.83

## B. Other equity

	Reserve & Surplus				Total
	Retained earnings	General reserve	Security Premium	Capital Reserve	
As at 1 April 2019	728.28	30.00	11.31	(0.65)	768.94
Profit for the year	104.00	-	-	-	104.00
Other comprehensive income for the year	(0.95)	-	-	-	(0.95)
Total Comprehensive Income for the year	103.05	-	-	-	103.05
As at 31 March 2020	831.33	30.00	11.31	(0.65)	871.99
Profit for the year	155.25	-	-	-	155.25
Other comprehensive income for the year	0.67	-	-	-	0.67
Total Comprehensive Income for the year	155.92	-	-	-	155.92
As at 31 March 2021	987.25	30.00	11.31	(0.65)	1,027.91

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi &amp; Associates LLP

ICAI Firm Registration No. 101049W/E300004

Chartered Accountants

Sanjay Bachchani

Partner

Membership No. 400419

Place: Gurugram

Date: 18 June 2021

For and on behalf of the Board of Directors of  
Chhaya Prakashani Limited

Himanshu Gupta

Director

DIN: 00054015

Place: New Delhi

Date: 18 June 2021

Prateek Dhanuka

Chief Executive Officer

Place: New Delhi

Date: 18 June 2021

Dinesh Kumar Jhunjhunwala

Director

DIN: 00282988

Place: New Delhi

Date: 18 June 2021

Sadakshina Saha

Financial Controller

Place: Kolkata

Date: 18 June 2021



## 1. Corporate information

Chhaya Prakashani Limited (the Company) (formerly known as Chhaya Prakashani Private Limited) is a public company originally incorporated under the provisions of the Companies Act, 1956 and subsequently converted into a public company under section 18 of the Companies Act, 2013. These are standalone financial statements and, accordingly, these Indian Accounting Standard (Ind AS) financial statements incorporate amounts and disclosures related to the Company only.

The Company is primarily engaged in publishing of educational books with products ranging from School Books, Competition Books, Reference Books, Technical Books, Professional Books, Children Books and Career in printing and binding of educational books.

## 2. Significant accounting policies

### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the Company.

The financial statements have been prepared on a historical cost convention, except for the following assets and liabilities which have been measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in INR (Indian Rupees) and all values are rounded to the nearest million, except when otherwise indicated.

### 2.2 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is classified as current when:

- It is expected to be realised or intended to sold or consumed in normal operating cycle
- It is held primarily for the purpose of trading
- It is expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.



9

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The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

## 2.3 Foreign currencies

### Functional and presentational currency

The Company's financial statements are presented in INR, which is also the Company's functional currency. Functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash.

### Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

## 2.4 Fair value measurement

The Company measures certain financial instruments and equity settled employee share based payment plan at fair value at each reporting 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:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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) market 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.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, unquoted financial assets, and significant liabilities, such as valuation of unquoted investments and equity settled employee share based payment plan. Involvement of external valuers is decided upon annually by the Company's management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

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

## 2.5 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The specific recognition criteria described below must also be met before revenue is recognised.

The specific recognition criteria described below must also be met before revenue is recognised.

### *Sale of goods*

Revenue from sale of books is recognised at the point in time when control of the asset is transferred to the customer, i.e. on delivery of the books.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of books, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

The provision for anticipated returns is made primarily on the basis of historical return rates. The provision for turnover discount, cash discount & additional discount is made on estimated basis based on historical trends.

### **Variable consideration**

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some of the contracts with customer provide a right to customer of cash rebate/discount if payment is cleared within specified due dates.

- **Rights of return**

Certain contracts provide a customer with a right to return the goods within a specified period. The provision for anticipated returns is made primarily on the basis of historical return rates as this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in Ind AS 115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that



can be included in the transaction price.

- **Volume rebates**

The Company provides volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

- **Cash rebates**

The Company provides cash rebates to certain customers if customers make the payment within the stipulated time given in the contract. The provision for cash discount is made on estimated basis based on historical trends. The Company then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

**Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

**Trade receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

**Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

**Interest income**

Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable for all financial instruments measured at amortised cost and other interest-bearing financial assets, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the 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 similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit or loss.

**Dividends**

Dividend Income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

**Sale of services**

Service income is recognized on accrual basis as and when services are provided and invoices raised during the year.



#### Interest income

Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable. For all financial instruments measured at amortised cost and other interest-bearing financial assets, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the 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 similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit or loss.

#### Deferred revenue

The contracts for which performance obligations have not yet been satisfied. The revenue pertaining to the same have been classified as deferred revenue

### 2.6 Income taxes

#### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss



- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## 2.7 Property, plant and equipment

Capital work in progress, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Subsequent costs are capitalised on the carrying amount or recognised as a separate asset, as appropriate, only when future economic benefits associated with the item are probable to flow to the Company and cost of the item can be measured reliably.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

### Depreciation

Depreciation on property, plant and equipment, other than leasehold improvements, have been provided on pro-rata basis, on the straight line method, using rates determined based on management's technical assessment of useful economic lives of the asset.

Followings are the estimated useful lives of various category of assets used.



Category of assets	Useful life as adopted by management	Useful life as per Schedule II
Office Equipment	5 years	5 years
Furniture & fixture	10 years	10 years
Vehicle	8 years	8 years
Electrical Installation	10 years	10 years
Computer	3 years	3 years

Leasehold improvements are amortised over economic useful life or unexpired period of lease whichever is less. Assets costing ₹ 5,000 or less are depreciated entirely in the year of purchase.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and machinery, vehicles, computers and building over estimated useful lives which are different from useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## 2.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the statement of profit or loss when it is incurred.

### Amortisation and useful lives

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

A summary of the policies applied to the Company's intangible assets is as follows:





Intangible assets	Useful lives	Amortization method used	Internally generated or acquired
Computer software	Finite (5 years)	Amortized on straight line basis over the period of useful lives	Acquired
Trademark	Finite (5 years)	Amortized on straight line basis over the period of useful lives	Acquired
Copyrights	Finite (3-5 years)	Amortized on straight line basis over the period of copyright	Acquired

#### Research and development costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the company can demonstrate all the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale. Its intention to complete the asset.
- Its ability to use or sell the asset. How the asset will generate future economic benefits
- The availability of adequate resources to complete the development and to use or sell the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized on a straight line basis over the period of expected future benefit from the related project. Amortization is recognized in the statement of profit and loss. During the period of development, the asset is tested for impairment annually.

#### 2.9 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they are incurred. Capitalisation of borrowing costs is suspended and charged to the Statement of profit and loss during extended period when active development activity of the qualifying assets is interrupted.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. It also includes exchanges differences to the extent regarded as an adjustment to the borrowing costs.

#### 2.10 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### *Company as a lessee*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets

##### *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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

#### *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 the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### **Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

## **2.11 Inventories**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## **2.12 Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's



recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

## 2.13 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.



The image shows a circular stamp of S.R. Batool & Associates LLP, Gurugram. The stamp contains the text "S.R. Batool & Associates LLP" around the perimeter and "Gurugram" at the bottom. In the center of the stamp, there is a handwritten signature. To the right of the stamp, there are several handwritten initials and marks, including "AS", "H", and "17".

#### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)

#### Financial assets at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

#### Debt instrument at FVTOCI

A debt instruments is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

#### Equity instruments at FVTOCI

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

#### Financial assets at FVTPL

FVTPL is a residual category for financial assets. Any financial assets, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.





In addition, the Company may elect to classify a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

#### De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's standalone balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are measured as at FVTOCI
- Lease receivables under Ind-AS 116.
- Contract assets and trade receivables under Ind-AS 115.
- Loan commitments which are not measured as at FVTPL.
- Financial guarantee contracts which are not measured as at FVTPL.

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables, and
- All lease receivables resulting from transactions within the scope of Ind AS 116.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL



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is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

The balance sheet presentation for various financial instruments is described below:-

- a) For financial assets measured as at amortised cost and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- b) Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- c) Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

#### Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.



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All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

#### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

#### Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortisation.

#### De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### Re-classification of Financial Assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets



which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

#### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### 2.14 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

#### Compensated absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

#### 2.15 Provisions

##### General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.



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If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### 2.16 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose statement of cash flows, cash and cash equivalents consist of cash at bank and in hand and short term investments with an original maturity of three months or less.

#### 2.17 Earnings Per Share (EPS)

Basic EPS amounts are calculated by dividing the profit or loss for the period attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit or loss attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

#### 2.18 Cash dividend and non-cash distribution to equity holders of the Company

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

#### 2.19 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements in conformity with the Indian Accounting Standards requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures (including contingent liabilities). The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

##### A. Judgement

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:



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#### Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company does not have lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

#### Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

#### Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

##### Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of books include cash rebates and volume rebates and a right to return the goods that give rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

#### B. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.



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#### Taxes

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### Defined benefit plans (gratuity)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds with term that correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 29.

#### Provision for trade receivable

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience adjusted for forward-looking estimates. Individual trade receivables are written off when management deems them not to be collectible. For details of allowance for doubtful debts please refer Note 5d.

#### Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("CGU").

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

#### Estimating variable consideration for right of return, volume rebates and cash rebates

Certain contracts for the sale of books include a right of return, volume rebates and cash rebates that give rise to variable consideration. In estimating the variable consideration, the company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.



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## 2.20 New and amended standards

Several other amendments apply for the first time for the year ending 31 March 2021, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified

### a. Amendments to Ind AS 116: Covid-19-Related Rent Concessions

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments are applicable for annual reporting periods beginning on or after the 1 April 2020. In case, a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the 1 April 2019. This amendment had no impact on the financial statements of the Company.

### b. Amendments to Ind AS 103 Business Combinations

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

These amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the 1 April 2020 and to asset acquisitions that occur on or after the beginning of that period. This amendment had no impact on the financial statements of the Company but may impact future periods should the Company enter into any business combinations.

### c. Amendments to Ind AS 1 and Ind AS 8: Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

These amendments are applicable prospectively for annual periods beginning on or after the 1 April 2020. The amendments to the definition of material are not expected to have a significant impact on the Company's financial statements.

### d. Amendments to Ind AS 107 and Ind AS 109: Interest Rate Benchmark Reform

The amendments to Ind AS 109 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash

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**Chhaya Prakashani Limited (formerly known as Chhaya Prakashani Private Limited)**  
**Notes to financial statements for the year ended 31 March 2021**  
**(Amounts in Indian Rupees, unless otherwise stated)**

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flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are applicable for annual periods beginning on or after the 1 April 2020. These amendments are not expected to have a significant impact on the Company's financial statements.

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## 3. Property, plant and equipment

	(₹ in Million)					
	Plant & Equipment	Furniture & Fixture	Vehicles	Electrical Installations	Computer	Total
<b>Cost:</b>						
As at 1 April 2019	2.88	2.67	5.08	0.52	3.63	14.78
Additions	0.11	0.03	-	0.07	0.25	0.46
Disposal	(0.16)	(0.36)	-	(0.32)	-	(0.84)
<b>As at 31 March 2020</b>	<b>2.83</b>	<b>2.34</b>	<b>5.08</b>	<b>0.27</b>	<b>3.88</b>	<b>14.40</b>
Additions	0.08	0.17	-	0.29	-	0.54
Disposal	(0.64)	(0.02)	(0.31)	-	-	(0.97)
<b>As at 31 March 2021</b>	<b>2.27</b>	<b>2.48</b>	<b>4.78</b>	<b>0.56</b>	<b>3.88</b>	<b>13.97</b>
<b>Depreciation:</b>						
As at 1 April 2019	1.36	0.50	1.71	0.22	1.90	5.69
Charge during the year	0.39	0.23	0.58	0.03	0.77	2.00
Disposal	(0.06)	(0.16)	-	(0.15)	-	(0.37)
<b>As at 31 March 2020</b>	<b>1.69</b>	<b>0.57</b>	<b>2.29</b>	<b>0.10</b>	<b>2.67</b>	<b>7.32</b>
Charge during the year	0.34	0.22	0.56	0.04	0.48	1.64
Disposal	(0.58)	(0.01)	(0.21)	-	-	(0.80)
<b>As at 31 March 2021</b>	<b>1.45</b>	<b>0.77</b>	<b>2.64</b>	<b>0.14</b>	<b>3.15</b>	<b>8.16</b>
<b>Net block:</b>						
As at 31 March 2020	1.14	1.77	2.79	0.17	1.21	7.08
As at 31 March 2021	0.82	1.71	2.14	0.41	0.73	5.81

## 4. Intangible assets

	(₹ in Million)				
	Mobile Application	Trade Mark	Copyright	Computer Software	Total
<b>Cost:</b>					
As at 1 April 2019	2.53	0.39	1.73	12.60	17.25
Additions	0.24	0.00	-	-	0.24
Disposal	-	-	-	-	-
<b>As at 31 March 2020</b>	<b>2.77</b>	<b>0.39</b>	<b>1.73</b>	<b>12.60</b>	<b>17.49</b>
Additions	-	-	-	-	-
Disposal	-	-	-	-	-
<b>As at 31 March 2021</b>	<b>2.77</b>	<b>0.39</b>	<b>1.73</b>	<b>12.60</b>	<b>17.49</b>
<b>Amortization:</b>					
As at 1 April 2019	0.50	0.16	1.72	9.17	11.64
Charge during the year	0.55	0.07	-	1.69	2.31
Disposal	-	-	-	-	-
<b>As at 31 March 2020</b>	<b>1.14</b>	<b>0.23</b>	<b>1.72</b>	<b>10.86</b>	<b>13.95</b>
Charge during the year	0.58	0.07	-	1.04	1.69
Disposal	-	-	-	-	-
<b>As at 31 March 2021</b>	<b>1.72</b>	<b>0.30</b>	<b>1.72</b>	<b>11.90</b>	<b>15.64</b>
<b>Net block:</b>					
As at 31 March 2020	-	1.63	0.16	1.74	3.54
As at 31 March 2021	-	1.05	0.09	0.71	1.85

## 4A. Right-of-use assets

	(₹ in Million)	
	Right-of-use Assets	Total
As at 1 April 2019	-	-
Additions	60.38	60.38
Disposal	-	-
<b>As at 31 March 2020</b>	<b>60.38</b>	<b>60.38</b>
Additions	0.50	0.50
Disposal	-	-
<b>As at 31 March 2021</b>	<b>60.88</b>	<b>60.88</b>
<b>Amortization:</b>		
As at 1 April 2019	-	-
Charge during the year	7.48	7.48
Disposal	-	-
<b>As at 31 March 2020</b>	<b>7.48</b>	<b>7.48</b>
Charge during the year	7.56	7.56
Disposal	-	-
<b>As at 31 March 2021</b>	<b>15.04</b>	<b>15.04</b>
<b>Net block:</b>		
As at 31 March 2020	52.90	52.90
As at 31 March 2021	45.84	45.84



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## 5. Financial assets

## 5A. Investments

	(₹ in Million)	
	As at 31 March 2021	As at 31 March 2020
<b>a. Investments at cost</b>		
<b>i. Investments in equity shares (unquoted)</b>		
<b>Investments in subsidiary</b>		
L171 (31 March 2020: 1,171) equity shares @ Rs. 100/- each in Indian Progressive Publishing Co. Private Limited	0.12	0.12
	<u>0.12</u>	<u>0.12</u>
<b>ii. Investments in government and trust securities (unquoted)</b>		
Investment in Tax Free Bonds of Power Finance Corporation	2.14	2.14
	<u>2.14</u>	<u>2.14</u>
<b>iii. Investments in compulsorily convertible preference shares (unquoted) (refer note no. 40)</b>		
New Saraswati House (India) Private Limited (Non-Cumulative) 0.01% 80,69,982 Nos. (31 March 2020 : Nil) of Rs. 10/- each	80.70	-
	<u>80.70</u>	<u>-</u>
<b>b. Investments at fair value through profit and loss</b>		
Nil (31 March 2020: 12,67,918 units) units of Rs.10 each SBI Savings Fund - Regular Plan -	-	39.30
51,221 (31 March 2020: 44,629) units of Rs.10 each SBI Magnum Low Duration Fund - Regular - Growth	140.88	116.16
	<u>140.88</u>	<u>155.46</u>
<b>Total</b>	<u>223.84</u>	<u>157.72</u>
Aggregate value of quoted investment	140.88	155.46
Market value of quoted investment	140.88	155.46
Aggregate value of unquoted investment	82.96	2.26
Current	140.88	155.46
Non-Current	82.96	2.26

## 5B. Trade receivables

	(₹ in Million)	
	As at 31 March 2021	As at 31 March 2020
<b>Trade receivables</b>		
Considered good - Secured	-	-
Considered good - Unsecured	176.40	96.68
Receivable which have significant increase in credit risk	16.29	7.84
Receivable credit impaired	-	-
	<u>192.69</u>	<u>104.52</u>
<b>Less: allowance for expected credit loss</b>		
Considered good - Secured	-	-
Considered good - Unsecured	-	-
Receivable which have significant increase in credit risk	16.29	7.84
Receivable credit impaired	-	-
	<u>16.29</u>	<u>7.84</u>
<b>Net trade receivables</b>		
Considered good - Secured	-	-
Considered good - Unsecured	176.40	96.68
Receivable which have significant increase in credit risk	-	-
Receivable credit impaired	-	-
<b>Total</b>	<u>176.40</u>	<u>96.68</u>
<b>Current</b>	<u>176.40</u>	<u>96.68</u>

## The movement of impairment of trade receivable as follows:

	As at 31 March 2021	As at 31 March 2020
Opening balance	7.84	-
Additions	8.46	7.84
Closing balance	<u>16.30</u>	<u>7.84</u>

No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person.



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## 5C. Loans

	(₹ in Million)	
	As at 31 March 2021	As at 31 March 2020
Security deposits - Non-current	3.64	3.35
Security deposits - Current	2.00	1.52
Loan to related parties (refer note 31)	467.00	398.00
Other advances	0.59	0.35
<b>Total</b>	<b>473.23</b>	<b>403.22</b>
<b>Loans to related entities and other advances</b>		
Considered good, secured	-	-
Considered good, unsecured	467.59	398.35
Recoverable which have significant increase in credit risk	-	-
Recoverable credit impaired	-	-
	<b>467.59</b>	<b>398.35</b>
Less: Allowance for expected credit loss	-	-
	<b>467.59</b>	<b>398.35</b>
<b>Current</b>	<b>160.59</b>	<b>1.87</b>
<b>Non-Current</b>	<b>312.64</b>	<b>401.35</b>

## 5D. Cash and cash equivalents

	(₹ in Million)	
	As at 31 March 2021	As at 31 March 2020
Balances with banks		
- In current accounts	17.27	28.77
- Deposits with original maturity of less than three months	13.66	6.91
Cash in hand	0.30	1.37
<b>Total Cash and cash equivalents</b>	<b>31.23</b>	<b>37.05</b>
<b>Current</b>	<b>31.23</b>	<b>37.05</b>
<b>Non-Current</b>	-	-

## 5E. Other financial assets

	(₹ in Million)	
	As at 31 March 2021	As at 31 March 2020
Interest accrued	57.88	27.27
Deposits with original maturity of more than three months and less than twelve months	30.55	28.92
<b>Total other financial assets</b>	<b>88.43</b>	<b>56.19</b>
<b>Current</b>	<b>33.09</b>	<b>29.28</b>
<b>Non-current</b>	<b>55.34</b>	<b>26.91</b>

## 6. Inventories

	(₹ in Million)	
	As at 31 March 2021	As at 31 March 2020
Raw materials (at cost)	37.47	57.38
Semi finished goods (at cost)	1.22	6.87
Traded goods - books (at cost)	8.97	3.05
Finished goods (at lower of cost and net realisable value)	99.12	150.41
<b>Total inventories</b>	<b>146.78</b>	<b>217.71</b>
<b>Current</b>	<b>146.78</b>	<b>217.71</b>



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## 7. Other assets:

## 7A. Prepaid expenses

	(₹ in Million)	
	As at 31 March 2021	As at 31 March 2020
Prepaid expenses (Non current)	0.03	0.30
Prepaid expenses (Current)	2.15	11.26
<b>Total</b>	<b>2.18</b>	<b>11.56</b>

## 7B. Other assets

	As at 31 March 2021	As at 31 March 2020
Tax paid under protest (refer note 35)	1.79	1.79
Advance tax (net)	34.09	71.87
Others receivables *	8.11	3.25
<b>Total</b>	<b>46.17</b>	<b>88.47</b>
 Receivable from related parties (refer note 31)	 4.86	 -
 Current	 10.26	 14.51
Non-Current	35.91	73.96

\* Includes amount of INR 3.25 Mn indemnified by the erstwhile promoters of Chhaya Prakashani Limited for a tax demand against Chhaya Prakashani Limited.

## 8. Deferred taxes

	(₹ in Million)	
	As at 31 March 2021	As at 31 March 2020
<b>Items leading to creation of deferred tax assets</b>		
PPE: impact of differences between tax depreciation and depreciation/ amortization charged in the financial statements	2.07	2.02
Right-of-use assets (net)	1.68	0.89
Expected credit loss of Trade receivables	4.10	1.97
Others	0.26	0.45
<b>Total deferred tax assets</b>	<b>8.11</b>	<b>5.33</b>
 <b>Items leading to creation of deferred tax liabilities</b>		
Impact of expenditure charged to the statement of profit and loss account in the current year but allowed for tax purposes on payment basis in subsequent years	1.20	1.00
<b>Total deferred tax liabilities</b>	<b>1.20</b>	<b>1.00</b>
 <b>Net deferred tax assets</b>	 <b>6.91</b>	 <b>4.33</b>

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## 9 a. Share capital

	(₹ in Million)	
	As at March 31, 2021	As at March 31, 2020
<b>Authorised share capital</b>		
555,000 (March 31, 2020: 550,000) Equity Shares of Rs. 100/- each	55.50	55.50
<b>Issued, subscribed and fully paid up</b>		
148,284 (March 31, 2020: 148,284) Equity Shares of Rs. 100/- each	14.83	14.83
	<u>14.83</u>	<u>14.83</u>

## b. Reconciliation of Equity Shares outstanding at the beginning and at the end of the reporting year

	(₹ in Million)	
	Number	Amount
As at 1 April 2019	148,284	14.83
Issued during the year	-	-
As at 31 March 2020	<u>148,284</u>	<u>14.83</u>
Issued during the year	-	-
As at 31 March 2021	<u>148,284</u>	<u>14.83</u>

The Company has only one class of equity shares having a par value of Rs 100 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. No dividend has been proposed by the Board of Directors during the year ended 31 March 2021 (31 March 2020: Nil). In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

## c. Shares held by holding company and its subsidiary

Out of equity shares issued by the Company, shares held by its holding company and their subsidiaries are as follow:

	As at 31 March 2021	As at 31 March 2020
S Chand And Company Limited, Holding company	69.53%	69.53%
No. of Shares held	1,03,102 Nos.	1,03,102 Nos.
Eurasia Publishing House Private Limited	30.47%	30.47%
No. of Shares held	45,182 Nos.	45,182 Nos.

## d. Details of shareholders holding more than 5% equity shares in the Company:

	As at 31 March 2021	As at 31 March 2020
	% of holding	% of holding
S Chand And Company Limited, Holding company	69.53%	69.53%
Eurasia Publishing House Private Limited	30.47%	30.47%

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## 10. Other equity

	(₹ in Million)	
	As at 31 March 2021	As at 31 March 2020
<b>Capital reserve</b>		
Balance at the beginning of the year	(0.65)	(0.65)
Increase/ (decrease) during the year	-	-
<b>Balance at the end of the year</b>	<u>(0.65)</u>	<u>(0.65)</u>
<b>General reserve</b>		
Balance at the beginning of the year	30.00	30.00
Increase/ (decrease) during the year	-	-
<b>Balance at the end of the year</b>	<u>30.00</u>	<u>30.00</u>
<b>Security premium</b>		
Balance at the beginning of the year	11.31	11.31
Increase/ (decrease) the year	-	-
<b>Balance at the end of the year</b>	<u>11.31</u>	<u>11.31</u>
	<u>40.66</u>	<u>40.66</u>
<b>Retained earnings</b>		
Balance at the beginning of the year	831.33	728.28
Add: Profit for the year	155.25	104.00
Add: Other comprehensive income for the year	0.67	(0.95)
<b>Balance at the end of the year</b>	<u>987.25</u>	<u>831.33</u>

**Nature and purpose of reserves:****Security premium reserve**

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

**General reserve**

Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013.

**Capital reserve**

The Board of Directors of Chhaya Prakashani Limited ("Chhaya"), in its meeting held on August 08, 2017 approved the scheme of amalgamation of Publishing Services Limited ("PSPL"), a wholly owned subsidiary of Chhaya with Chhaya. Thereafter, Chhaya in accordance with the provisions of Section 233 of The Companies Act, 2013, had filed an application dated December 12, 2017 with the Regional Director, Eastern Region, for amalgamation of PSPL with Chhaya, which was sanctioned by the Regional Director vide its Confirmation Order dated August 03, 2018 and received by the Company on August 09, 2018. Considering the effect of the said amalgamation an adjustment of INR (0.65) million resulted into capital reserves in accordance with IND-AS 103.

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## 11. Trade payables

	(₹ in Million)	
	As at 31 March 2021	As at 31 March 2020
Trade payables of micro enterprises and small enterprises (refer note 32)	37.41	32.67
Trade payables of related entities (refer note 31)	28.91	34.77
Trade payables other than micro enterprises and small enterprises	60.85	87.33
<b>Total</b>	<b>127.17</b>	<b>154.77</b>
<b>Current</b>	<b>127.17</b>	<b>154.77</b>
<b>Non-current</b>	<b>-</b>	<b>-</b>

## 12. Other financial liabilities

	(₹ in Million)	
	As at 31 March 2021	As at 31 March 2020
Employee payable	11.73	2.91
<b>Total</b>	<b>11.73</b>	<b>2.91</b>
<b>Current</b>	<b>11.73</b>	<b>2.91</b>
<b>Non-current</b>	<b>-</b>	<b>-</b>

## 13. Provisions

	(₹ in Million)	
	As at 31 March 2021	As at 31 March 2020
Provision for gratuity (refer note 29)	0.73	1.18
<b>Total provisions</b>	<b>0.73</b>	<b>1.18</b>
<b>Current</b>	<b>-</b>	<b>-</b>
<b>Non-current</b>	<b>0.73</b>	<b>1.18</b>

## 14. Other liabilities

	(₹ in Million)	
	As at 31 March 2021	As at 31 March 2020
Statutory dues payable	10.37	14.11
Contract liabilities	0.51	7.81
Other payables	0.75	0.86
<b>Total Other liabilities</b>	<b>11.63</b>	<b>22.78</b>
<b>Current</b>	<b>11.63</b>	<b>22.78</b>
<b>Non-current</b>	<b>-</b>	<b>-</b>

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## 15. Revenue from contracts with customers

	(₹ in Million)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>Sale of products</b>		
Finished goods	787.75	906.24
Trading goods	6.39	14.60
Less: Discounts	(47.74)	(48.64)
	<u>746.40</u>	<u>872.20</u>
<b>Other operating revenue</b>		
Sale of Paper	-	1.75
Scrap sales	0.29	0.41
<b>Total</b>	<u>746.69</u>	<u>874.36</u>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	746.69	874.36
Services transferred over time	-	-
<b>Total revenue from contracts with customers</b>	<u>746.69</u>	<u>874.36</u>

The Company operates in only one business segment and has entire sale in India.

**Contract balances**

	31 March 2021	31 March 2020
Trade receivables	176.40	96.68
Contract liabilities	0.51	7.81

Trade receivables are non-interest bearing and are generally on terms of 45 days. For the year ended 31 March 2021 INR 6.31 million (31 March 2020: INR 7.84 million) was recognised as provision for expected credit losses on trade receivables.

**Right to return asset and refund liability**

	31 March 2021	31 March 2020
<b>Refund liabilities</b>		
Arising from discounts	23.83	18.66
Arising from rights of return	60.00	71.46
	<u>83.83</u>	<u>90.12</u>

**Reconciling the amount of revenue recognised in the statement of Profit and Loss with the contracted price**

	31 March 2021	31 March 2020
Revenue as per contracted price	855.36	1,040.47
<b>Adjustments</b>		
Sales return	(61.22)	(119.63)
Discount	(47.74)	(48.64)
	<u>746.40</u>	<u>872.20</u>

**Performance obligation**

The performance obligation is satisfied upon transfer of ownership of the goods to the buyer and payment is generally due within 45 days from delivery. The customer has a right to return material to an extent as may be agreed upon with each customer or within the limits as may be determined by the Company. The customer is also eligible for discounts based on achievement of revenue targets as may be agreed.

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## 16. Other income

	(₹ in Million)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>16A. Finance income</b>		
Interest income		
- On bonds	0.18	0.18
- On term deposits	0.42	0.32
- On fixed deposits	1.72	0.80
- On unsecured loan	43.88	27.47
Unwind of interest on security deposits	0.33	0.29
	<u>46.53</u>	<u>29.06</u>
<b>16B. Other income</b>		
Fair value gain on financial instruments at fair value through profit or loss	1.12	(1.09)
Profit on sales of investment (net)	6.42	13.66
Miscellaneous income	2.64	0.76
	<u>10.18</u>	<u>13.33</u>

## 17. Cost of Raw Material Consumed

	(₹ in Million)	
	Year ended 31 March 2021	Year ended 31 March 2020
Inventories at the beginning of the year	57.38	76.77
Add : Purchases during the year	156.28	294.51
	<u>213.66</u>	<u>371.28</u>
Less : Inventories at the end of the year	(37.47)	(57.38)
	<u>176.19</u>	<u>313.90</u>
<b>Details of raw material purchased</b>		
Paper	156.28	294.51
	<u>156.28</u>	<u>294.51</u>

## 18. Purchase of traded goods

	(₹ in Million)	
	Year ended 31 March 2021	Year ended 31 March 2020
Traded goods purchases	10.57	15.81
	<u>10.57</u>	<u>15.81</u>

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19. (Increase)/Decrease in Inventories

	(₹ in Million)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>Inventories at the end of the year</b>		
Finished goods	108.09	153.46
Work in progress	1.22	6.87
	<u>109.31</u>	<u>160.33</u>
<b>Inventories at the beginning of the year</b>		
Finished goods	153.46	97.08
Work in progress	6.87	2.05
	<u>160.33</u>	<u>99.13</u>
<b>(Increase)/decrease in inventories</b>	<u>51.02</u>	<u>(61.20)</u>
<b>Details of Inventories at the end of the year:</b>		
<b>Finished goods:</b>		
- Manufactured goods		
Books	99.12	150.41
- Traded goods		
Books	8.97	3.05
	<u>108.09</u>	<u>153.46</u>
<b>Work in progress:</b>		
- Manufactured goods		
Books	1.22	6.87
	<u>1.22</u>	<u>6.87</u>

20. Publication expenses

	(₹ in Million)	
	Year ended 31 March 2021	Year ended 31 March 2020
Printing and binding charges	76.25	116.48
Royalty	42.55	55.25
Other publishing expenses	5.82	10.09
<b>Total</b>	<u>124.62</u>	<u>181.82</u>
<b>Details of Printing and binding charges</b>		
Printing Charges	60.52	95.80
Book Binding Charges	14.59	18.69
Lamination Charges	1.14	1.99
	<u>76.25</u>	<u>116.48</u>
<b>Details of other publishing expenses</b>		
Translation & Question Setter Charges	-	0.08
Editing Charges	1.74	1.56
Carriage In-ward	3.86	7.51
Others (Incl. Hologram expenses)	0.22	0.94
	<u>5.82</u>	<u>10.09</u>

21. Employee benefits expense

	(₹ in Million)	
	Year ended 31 March 2021	Year ended 31 March 2020
Salaries, wages and bonus	89.05	105.13
Contribution to provident and other funds	4.78	4.89
Gratuity expense (refer note 29)	1.60	1.39
Staff welfare expenses	1.86	1.19
<b>Total</b>	<u>97.29</u>	<u>112.60</u>

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## 22. Selling and distribution expenses

	(₹ in Million)	
	Year ended 31 March 2021	Year ended 31 March 2020
Advertisement	24.04	53.37
Freight and forwarding charges	22.65	29.60
Business promotion	11.26	24.66
Canvassing expenses	7.88	16.89
<b>Total</b>	<b>65.83</b>	<b>124.52</b>

## 23. Finance cost

	(₹ in Million)	
	Year ended 31 March 2021	Year ended 31 March 2020
Interest on Lease liability (refer note 30)	5.39	5.76
<b>Total</b>	<b>5.39</b>	<b>5.76</b>

## 24. Depreciation and amortization expenses

	(₹ in Million)	
	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation of property, plant & equipment	1.64	2.00
Amortization of intangible assets	1.69	2.31
Amortization of of Right-of-use assets	7.56	7.48
<b>Total</b>	<b>10.89</b>	<b>11.79</b>

## 25. Other Expenses

	(₹ in Million)	
	Year ended 31 March 2021	Year ended 31 March 2020
Rent	9.65	13.45
Communication cost	0.70	0.81
Insurance	0.89	0.98
Travelling and conveyance	0.89	1.41
Power and fuel	1.94	2.08
Repairs and maintenance	7.88	7.45
Legal and professional fee (refer note 41)	12.14	17.84
Payment to auditor (refer details below)	1.64	2.17
Corporate social responsibility expenses (refer note 36)	4.77	3.50
Loss on sale of property, plant and equipment (net)	-	0.36
Advance write off	-	0.16
Expected credit loss	8.46	7.84
Miscellaneous expenses	4.35	7.56
<b>Total other expenses</b>	<b>53.31</b>	<b>65.61</b>
<b>Payment to auditor</b>		
<b>As auditor</b>		
- For statutory audit	0.96	1.20
- For limited review	0.56	0.60
- For certification	0.10	0.10
<b>In other capacity</b>		
- Out of pocket expenses	0.02	0.27
	<b>1.64</b>	<b>2.17</b>

## 26. Components of Other Comprehensive Income (OCI)

The disaggregation of changes in other comprehensive income by each type of equity is shown below:

	(₹ in Million)	
	Year ended 31 March 2021	Year ended 31 March 2020
Re-measurement gains/(losses) on defined benefit plans	0.89	(1.27)
Tax impact on re-measurement gains/(losses) on defined benefit plans	(0.22)	0.32
	<b>0.67</b>	<b>0.32</b>



**27. Earnings per share**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations

	Year ended 31 March 2021	Year ended 31 March 2020
Profit attributable to equity shareholders of the Company	155.25	104.00
Weighted average number of equity shares	0.15	0.15
Basic EPS (in ₹)	1,035.00	693.33
Diluted DPS (in ₹)	1,035.00	693.33

**28. Income tax**

The major components of income tax expense for the year ended 31 March 2021 are:

Profit or loss section	(₹ in Million)	
	Year ended 31 March 2021	Year ended 31 March 2020
<b>Income tax:</b>		
Current income tax charge	43.20	35.75
Income tax adjustment related to earlier years	12.64	9.56
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(2.80)	(3.17)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>53.04</b>	<b>42.14</b>

**OCI section**

Deferred tax related to items recognised in OCI during the year :

	Year ended 31 March 2021	Year ended 31 March 2020
Net gain/(loss) on revaluation of cash flow hedges	-	-
Net gain/(loss) on remeasurements of defined benefit plans	(0.22)	0.32
<b>Income tax charged to OCI</b>	<b>(0.22)</b>	<b>0.32</b>

Reconciliation of tax expense and the accounting profit multiplied by tax rate:

	Year ended 31 March 2021	Year ended 31 March 2020
Accounting profit before income tax	208.29	146.14
At statutory income tax rate of 25.168% (31 March, 2020 : 25.168%)	52.42	36.78
Adjustments in respect of current income tax of previous years	-	2.61
Effect on changes in Tax rate	-	(1.52)
Non deductible expenses for tax purpose	0.62	4.27
At the effective income tax rate of 25.47% (31 March 2020: 28.83%)	53.04	42.14
<b>Income tax expense reported in the statement of profit or loss</b>	<b>53.04</b>	<b>42.14</b>

The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised Provision for Income Tax for the year and re-measured its Deferred tax asset basis the rate prescribed in the said section.

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**29. Gratuity and other post-employment benefits plan**

The Company has a defined benefit gratuity plan. Under the gratuity plan, every employee who has completed atleast five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service or part thereof in excess of six months subject to a maximum of Rs. 2 million. The scheme is funded with an insurance company in the form of qualifying insurance policy. The following tables summarize the components of net benefit expense recognised in the profit and loss account and amounts recognized in the balance sheet for gratuity plan

**Statement of profit & loss account****Net employee benefit expense recognised in employee cost:**

	(₹ in Million)	
	Year ended 31 March 2021	Year ended 31 March 2020
Current service cost	1.52	1.42
Net interest cost on defined obligation	0.08	(0.04)
	1.60	1.38

**Amount recognised in Other Comprehensive Income:**

	(₹ in Million)	
	Year ended 31 March 2021	Year ended 31 March 2020
Actuarial (gains) / losses on obligation	(1.08)	1.13
Actuarial gains / (losses) on assets	0.19	0.15
	(0.89)	1.28

**Balance sheet****Changes in the present value of the defined benefit obligation are as follows:**

	(₹ in Million)	
	Year ended 31 March 2021	Year ended 31 March 2020
Opening defined benefit obligation	10.11	8.04
Current service cost	1.52	1.42
Interest cost	0.67	0.60
Benefits paid	(2.19)	(1.08)
Actuarial (gains) / losses on obligation	(1.08)	1.13
Closing defined benefit obligation	9.03	10.11

**Changes in the fair value of plan assets are as follows:**

	(₹ in Million)	
	Year ended 31 March 2021	Year ended 31 March 2020
Opening fair value of plan assets	8.93	8.54
Expected return	0.99	0.64
Contributions by employer	1.15	0.97
Benefits paid	(2.19)	(1.08)
Actuarial gain/(loss)	(0.19)	(0.15)
Closing fair value of plan assets	8.29	8.92

The expected contribution for the next annual reporting period is ₹ 2.30 million (31 March 2020: ₹ 3.03 million)

**The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**

	Year ended 31 March 2021	Year ended 31 March 2020
	Investments with insurer	100%

**The economic and demographic assumptions used in determining gratuity obligations for the Company's plans are shown below:**

	Year ended 31 March 2021	Year ended 31 March 2020
	Discount rate	6.90%
Expected rate of return on assets	8.60%	7.50%
Expected rate of salary increase	7.00%	7.00%
Retirement age (in years)	60	60
Mortality Rate	100.00%	100.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The impact of sensitivity analysis due to changes in the significant actuarial assumptions on the defined benefit obligations is given in below table:

		(₹ in Million)	
		Year ended 31 March 2021	Year ended 31 March 2020
		Discount rate	- 1%
	- 1%	10.24	11.41
Expected rate of salary increase	- 1%	10.25	11.42
	- 1%	7.24	8.98

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligations from reasonable changes in key assumptions occurring at the end of the reporting year.



**30. Leases**

The weighted average incremental borrowing rate applied to lease liabilities as at 1 April 2020 is 10% with maturity between 2021-2028.

Following are the changes in the carrying value of right of use assets for the year ended 31 March 2021:

	(₹ in Millions)	
	31 March 2021	31 March 2020
As at 1 April 2020	52.90	-
Additions (refer Note 4A)	0.44	60.38
Deletions	-	-
Amortization expense (refer Note 24)	(7.53)	(7.48)
As at 31 March 2021	45.81	52.90

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

	(₹ in Millions)	
	31 March 2021	31 March 2020
As at 1 April 2020	56.43	-
Additions	0.50	60.38
Accretion of interest	5.39	5.76
Deletion during the year	-	-
Payments	(9.82)	(9.71)
As at 31 March 2021	52.50	56.43
Current	4.90	4.38
Non-current	47.60	52.05

The following are the amounts recognised in Profit or Loss:

	(₹ in Millions)	
	31 March 2021	31 March 2020
Amortization expense of right-of-use assets	7.53	7.48
Interest expense on lease liabilities	5.39	5.76
Expense relating to short-term leases (included in other expenses)	9.65	9.65
<b>Total amount recognised in Profit or Loss</b>	<b>22.57</b>	<b>22.89</b>

The Company had total cash outflows for leases of INR 9.78 Mn in 31 March 2021 (31 March 2020 INR 9.71 Mn). The Company also had non-cash additions to lease liabilities of INR 0.44 Mn in 31 March 2021 (31 March 2020 INR 60.38).

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

The company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases was INR 9.65 million for the year ended 31 March 2021.

The aggregate amortization on ROU assets has been included under depreciation and amortization expense in the Standalone Statement of Profit and Loss.

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Chhaya Prakashani Limited (Formerly known as Chhaya Prakashani Private Limited)

CIN: U22122WB2006PLC111821

Notes to financial statements for the year ended 31 March 2021

31. Related party disclosure

a. Names of related parties and related party relationship

Related parties where control exists

Holding Company	S Chand And Company Limited
Fellow Subsidiary Company	Vikas Publishing House Private Limited New Saramati House (India) Private Limited S. Chand Edutech Private Limited Safari Digital Education Initiatives Private Limited DS Digital Private Limited Eurasia Publishing House Private Limited
Subsidiary Companies	Indian Progressive Publishing Co Private Limited

Related parties with whom transactions have taken place during the year

Key management personnel

Mr. Himanshu Gupta (Non executive director)  
Mr. Dinesh Kumar Jhanjhanwala (Non executive director)  
Mr. Rajagopalan Chandrashekar (Independent director)  
Mr. Naveen Rajlani (Non executive director)  
Mr. Prateek Dhanuka (CEO)  
Mr. Sarjay Vijay Bhondarkar (Independent director) (resigned on Mar 8, 2021)

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## k. Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties during the year

(₹ in Million)

	Period ended	Holding Company	Enterprises where Control exists	Subsidiaries	Fellow Subsidiaries	Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence	Key Management Personnel & their relatives	Total
<b>Revenue from contracts with customers</b>								
Vikas Publishing House Private Limited	31 March 2021	-	-	-	4.19	-	-	4.19
	31 March 2020	-	-	-	3.46	-	-	3.46
<b>Reimbursement of expenses</b>								
Vikas Publishing House Private Limited	31 March 2021	-	-	-	1.33	-	-	1.33
	31 March 2020	-	-	-	6.61	-	-	6.61
DS Digital Private Limited	31 March 2021	-	-	-	3.54	-	-	3.54
	31 March 2020	-	-	-	-	-	-	-
Safar Digital Education Initiatives Private Limited	31 March 2021	-	-	-	1.33	-	-	1.33
	31 March 2020	-	-	-	-	-	-	-
S Chand And Company Limited	31 March 2021	1.33	-	-	-	-	-	1.33
	31 March 2020	6.15	-	-	-	-	-	6.15
<b>Interest on Unsecured Loans</b>								
DS Digital Private Limited	31 March 2021	-	-	-	19.24	-	-	19.24
	31 March 2020	-	-	-	6.78	-	-	6.78
Safar Digital Education Initiatives Private Limited	31 March 2021	-	-	-	13.93	-	-	13.93
	31 March 2020	-	-	-	14.23	-	-	14.23
S Chand Education Private Limited	31 March 2021	-	-	-	2.44	-	-	2.44
	31 March 2020	-	-	-	2.35	-	-	2.35
New Sanskrit House (India) Pvt. Ltd.	31 March 2021	-	-	-	7.27	-	-	7.27
	31 March 2020	-	-	-	3.93	-	-	3.93
<b>Purchase of Books/Paper</b>								
Indian Progressive Publishing Co. Private Limited	31 March 2021	-	-	9.40	-	-	-	9.40
	31 March 2020	-	-	15.61	-	-	-	15.61
S Chand And Company Limited	31 March 2021	1.17	-	-	-	-	-	1.17
	31 March 2020	6.13	-	-	-	-	-	6.13
Vikas Publishing House Private Limited	31 March 2021	-	-	-	47.72	-	-	47.72
	31 March 2020	-	-	-	76.17	-	-	76.17
<b>Contract Job work</b>								
Vikas Publishing House Private Limited	31 March 2021	-	-	-	20.60	-	-	20.60
	31 March 2020	-	-	-	41.46	-	-	41.46
S Chand And Company Limited	31 March 2021	4.19	-	-	-	-	-	4.19
	31 March 2020	1.29	-	-	-	-	-	1.29
<b>Management Services (Refer note 41)</b>								
S Chand And Company Limited	31 March 2021	9.10	-	-	-	-	-	9.10
	31 March 2020	12.72	-	-	-	-	-	12.72
<b>Business Promotion</b>								
Vikas Publishing House Private Limited	31 March 2021	-	-	-	0.18	-	-	0.18
	31 March 2020	-	-	-	0.90	-	-	0.90
S Chand And Company Limited	31 March 2021	0.00	-	-	-	-	-	0.00
	31 March 2020	-	-	-	-	-	-	-
<b>Repair &amp; Maintenance</b>								
Safar Digital Education Initiatives Private Limited	31 March 2021	-	-	-	6.33	-	-	6.33
	31 March 2020	-	-	-	-	-	-	-
<b>Diverse Sitting Fees</b>								
Narayan Vihar Bhawan/Lax	31 March 2021	-	-	-	-	-	0.25	0.25
	31 March 2020	-	-	-	-	-	0.25	0.25
Tangayatan Choudhary Lal	31 March 2021	-	-	-	-	-	0.13	0.13
	31 March 2020	-	-	-	-	-	0.20	0.20

## Balances outstanding at the Year end

(₹ in Million)

	Period ended	Holding Company	Enterprises where Control exists	Subsidiaries	Fellow Subsidiaries	Enterprises over which Key Management Personnel and their relatives are able to exercise significant influence	Key Management Personnel & their relatives	Total
<b>Loans and advances</b>								
DS Digital Private Limited	31 March 2021	-	-	-	143.50	-	-	143.50
	31 March 2020	-	-	-	83.00	-	-	83.00
Safar Digital Education Initiatives Private Limited	31 March 2021	-	-	-	288.50	-	-	288.50
	31 March 2020	-	-	-	210.50	-	-	210.50
S Chand Education Private Limited	31 March 2021	-	-	-	25.00	-	-	25.00
	31 March 2020	-	-	-	25.00	-	-	25.00
New Sanskrit House (India) Pvt. Ltd.	31 March 2021	-	-	-	10.00	-	-	10.00
	31 March 2020	-	-	-	77.50	-	-	77.50
<b>Trade payables</b>								
Vikas Publishing House Private Limited	31 March 2021	-	-	-	0.87	-	-	0.87
	31 March 2020	-	-	-	0.08	-	-	0.08
Indian Progressive Publishing Co. Private Limited	31 March 2021	-	-	18.37	-	-	-	18.37
	31 March 2020	-	-	13.98	-	-	-	13.98
S Chand And Company Limited	31 March 2021	9.69	-	-	-	-	-	9.69
	31 March 2020	12.71	-	-	-	-	-	12.71
<b>Other Current Assets</b>								
DS Digital Private Limited	31 March 2021	-	-	-	3.54	-	-	3.54
	31 March 2020	-	-	-	-	-	-	-
Safar Digital Education Initiatives Private Limited	31 March 2021	-	-	-	1.33	-	-	1.33
	31 March 2020	-	-	-	-	-	-	-
<b>Other Financial assets</b>								
Accrued Interest on Unsecured Loan (DS Digital)	31 March 2021	-	-	-	17.44	-	-	17.44
	31 March 2020	-	-	-	7.99	-	-	7.99
Accrued Interest on Unsecured Loan (Safar Digital)	31 March 2021	-	-	-	34.97	-	-	34.97
	31 March 2020	-	-	-	12.89	-	-	12.89
Accrued Interest on Unsecured Loan (S Chand Education)	31 March 2021	-	-	-	4.79	-	-	4.79
	31 March 2020	-	-	-	2.56	-	-	2.56
Accrued Interest on Unsecured Loan (New Sanskrit House)	31 March 2021	-	-	-	0.36	-	-	0.36
	31 March 2020	-	-	-	3.54	-	-	3.54



## 32. Details of dues to micro, small and medium enterprises as defined under the MSMED Act, 2006

	(₹ in Million)	
	31 March 2021	31 March 2020
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	37.41	32.67
- Interest due on above	-	-
	37.41	32.67
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

## 33. Expenditure in foreign currency (accrual basis)

	(₹ in Million)	
	31 March 2021	31 March 2020
Paper purchase	-	23.28
Selling and distribution	-	0.31
Repair & Maintenance	1.92	1.83
	1.92	25.42

## 34. Segment reporting

Ind AS 108 establishes standards for the way that companies report information about operating segments and related disclosures about products and services and major customers. The Company's operations pre-dominantly relate to publishing of books. The Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on analysis of various performance indicators pertaining to business as a single segment. Accordingly, the amounts appearing in the financial statements relate to the Company's single business segment.

## 35. Contingent liabilities

## Income Tax demands

The Company has some ongoing disputes with Income Tax Authorities relating to INR 15.06 million (31 March 2020 INR 16.78 million) owing to certain disallowances of expenses and non allowance of credit in advance tax and TDS receivable. The Company has recognised a contingent liability in respect of tax demands which are being contested by the Company based on the management evaluation and advice of tax consultants. The amounts includes indemnification from the sellers of Chhaya Prakashani Limited.

## 36. Corporate Social Responsibility (CSR)

	(₹ in Million)	
	31 March 2021	31 March 2020
a) Gross amount required to be spent by the Company during the year	5.00	6.00
b) Amount spent during the year	4.77	3.50

During the year Company has contributed INR 4.77 million (31 March 2020: INR 3.50 million) out of the total contributable amount of INR 5.00 million (31 March 2020: 6.00 million) in accordance with Section 135 read with Schedule VII to the Companies Act, 2013. Management has not spent the remaining amount of INR 0.23 million (31 March 2020: INR 2.50 million). Unspent amount has not been recognized in books in accordance with the ICAI guidance note on accounting for expenditure on Corporate Social Responsibility (CSR) Activities under Section 135 of the Companies Act, 2013.

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**37. Financial Instruments: Financial risk management objectives and policies**

The Company's principal financial liabilities trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments in equity shares, mutual fund and government securities, advances to related party, trade and other receivables, security deposits, 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 and advises on financial risks and the appropriate financial risk governance framework for the Company. The board provides assurance to the shareholders 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. The Board of Directors reviews and agrees policies for managing each of these risks, which are:

**A. 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 two types of risk:-

- a.) Interest rate risk, and
- b.) commodity risk

Financial instruments affected by market risk include loans and borrowings, investments, deposits, advances and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2021 and 31 March 2020.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of floating to fixed interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant in place at 31 March 2021.

The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations; provisions. The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks.

**a. 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. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with fixed interest rates. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. The Company does not have outstanding borrowings as on 31 March 2021 and 31 March 2020, hence there is no impact of change in interest rate on the profits of the Company.

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**B. Credit Risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is not exposed to any significant credit risk from its operating activities (primarily trade receivables), including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The ageing analysis of trade receivables (net) as of the reporting date is as follows:

Age Bracket	(₹ in Million)				
	0-90 Days	90-180 Days	180-365 Days	365-730 Days	Total
As at 31 March 2021	162.10	10.52	3.78	0.00	176.40
As at 31 March 2020	80.85	9.11	4.18	2.54	96.68

**C. Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company monitors their risk of shortage of funds using cash flow forecasting models. These models consider the maturity of their financial investments, committed funding and projected cash flows from operations. The Company's objective is to provide financial resources to meet its business objectives in a timely, cost effective and reliable manner.

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company has no outstanding bank borrowings. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

	(₹ in Million)	
	As at 31 March, 2021	As at 31 March, 2020
Less than 1 year		
- Trade payables	127.17	154.77
- Other financial liabilities	-	-
	<u>127.17</u>	<u>154.77</u>

**38. Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital employed as well as the level of dividend to shareholders.

**Gearing ratio**

The Company monitors capital on the basis of the following gearing ratio:

Net Debt (total borrowings net of cash and cash equivalents) divided by Total Equity (as shown in balance sheet). As at 31 March 2021 the outstanding net debt was Nil (31 March 2020: Nil).

**39. Fair value of financial assets and liabilities**

Set out below, is a comparison by class of the carrying amounts and fair value of the company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	31 March 2021			31 March 2020		
	FVTPL	Amortized cost	FVTOCI	FVTPL	Amortized cost	FVTOCI
<b>Assets</b>						
<b>Non current financial assets</b>						
- Investments	-	82.96	-	-	2.26	-
- Loans	-	312.64	-	-	401.55	-
<b>Current financial assets</b>						
- Investments	140.88	-	-	155.46	-	-
- Loans	-	160.59	-	-	1.87	-
- Other financial assets	-	33.09	-	-	0.36	-
<b>Liabilities</b>						
<b>Current financial liabilities</b>						
- Other financial liabilities	-	11.73	-	-	2.91	-

The following assumptions/ methods were used to estimate the fair values:

- The fair values of trade receivables, cash and cash equivalents, other current financial assets, trade payable and other current financial liabilities are considered to be same as their carrying values due to their short term nature.
- Fair value of quoted financial instruments is based on quoted market price at the reporting date.
- The carrying amount of other items carried at amortized cost are reasonable approximation of their fair value.
- The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of the quoted notes and bonds are based on price quotations at the reporting date.

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**Fair value hierarchy**

All financial instruments for which fair value is recognised or disclosed 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 has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3: valuation techniques for which the lowest level input which has a significant effect on the fair value measurement is not based on observable market data.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2021: (₹ in Million)

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at fair value:</b>			
Mutual Funds	141.88	-	-

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2020: (₹ in Million)

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at fair value:</b>			
Mutual Funds	155.46	-	-

**40. Disclosure required under Sec 186(4) of the Companies Act 2013**

Included in loans and advance are certain loans the particulars of which are disclosed below as required by Sec 186(4) of Companies Act 2013. (₹ in Million)

Name of the loanee	Rate of Interest/ Due Date	Secured/ unsecured	31 March 2021	31 March 2020
Safari Digital Education Initiatives Private Limited	SBI 2 year MCLR + 250 Bps.	Unsecured	288.50	210.50
D S Digital Private Limited	SBI 2 year MCLR + 250 Bps.	Unsecured	143.50	85.00
S Chand Edutech Private Limited	SBI 2 year MCLR + 250 Bps.	Unsecured	25.00	25.00
New Saraswati House (India) Pvt. Ltd. *	SBI 2 year MCLR + 250 Bps.	Unsecured	10.00	77.50

The loans have been utilized for meeting their working capital requirements.

\*During the current year, the company invested in 89,69,982 compulsorily convertible preference shares of INR 10 each in New Saraswati House (India) Private Limited by converting the outstanding loan including accrued interest thereto due to New Saraswati House (India) Private Limited amounting to INR 80.70 million. The investment was made by utilizing the unutilized rights issued by New Saraswati House (India) Private Limited to fellow group companies. Compulsory Convertible Preference Share ("CCPS") shall not be redeemed but shall be compulsorily convertible into equity shares after expiry of the period of 5 years from the date of allotment.

Terms of the CCPS comprised in the certificate are as under:

- CCPS shall carry a preferential right vis-a-vis equity shares of the Company with respect to payment of dividend and repayment in case of a winding up or repayment of capital.
- CCPS shall be non-participating in the surplus funds.
- CCPS shall be non-participating in the surplus assets and profits, on winding up which may remain after the entire capital has been repaid.
- CCPS shall carry dividend at as rate 0.01% on Non-cumulative basis.
- CCPS shall be converted after expiry of the period of 5 years from the date of allotment into such number of equity shares of face value of Rs. 10/- each at the Fair Market Value to be determined at the time of conversion.
- CCPS shall have voting rights only in respect of certain matters as per the provisions of Section 47(2) of the Act; and
- CCPS shall not be redeemed but shall be compulsorily convertible into equity shares after expiry of the period of 5 years from the date of allotment.

41. The ultimate holding Company renders various administrative and management services to its subsidiaries companies to facilitate the day-to-day operations. Accordingly, the ultimate holding Company has charged INR 9.10 million (31 March 2020: INR 12.72 million) towards such services rendered during the year ended 31 March 2021.

42. The Board of Directors of Chhaya Prakashani Limited ("Chhaya"), in its meeting held on 7 November 2019 approved the scheme of amalgamation with Eurasia Publishing House Private Limited ("Eurasia"), both wholly owned subsidiaries of S Chand And Company Limited. Chhaya has filed a scheme of amalgamation of Eurasia Publishing House Private Limited with the Company with appointed date as 1 April 2020 with National Company Law Tribunal on 31 March 2021 under sections 230 to 232 of the Companies Act, 2013 and other applicable provisions and rules thereunder, for amalgamation of Eurasia with Chhaya.

43. In view of COVID-19 pandemic, particularly second wave of COVID 19, the Company, while developing the assumptions relating to possible uncertainties in the business conditions because of the pandemic, as on the date of approval of these financial statements have used variable information as available and considered the possible effects that may result from COVID-19 on the carrying amount of its assets i.e. assessing counterparty credit risk in case of financial assets (comprising trade receivables and loans) and subsequent recoveries, past trends, credit risks profile of customers in case of trade receivables. The company expects to recover the carrying amount of the assets. The Company while assessing receivables, inventories and loans, has considered past trend, future business projections, performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of other assets will be recovered and does not foresee either significant down-sizing in the operations or any changes in lease terms. As at the reporting date, the Company has evaluated the impact of COVID 19 on its financial statements, which may differ from the estimates as at the date of approval of these financial statements.

The management, based on its current and future business plans, after considering COVID 19 impact, has assessed that the Company's ability to meet its contractual obligations and liabilities that fall due in near future including, is dependent upon timely realization of debtors' collections and subsequent sale of inventory. The management has assessed that it will be able to realize the collections on timely basis despite COVID 19 challenges and would be able to arrange sufficient working capital facilities from banks' financial institutions, if required, to ensure continuity of operations.

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**Chhaya Prakashani Limited (Formerly known as Chhaya Prakashani Private Limited)**

CIN: U22122WB2004PLC111821

Notes to financial statements for the year ended 31 March 2021

44. The Code on Social Security, 2020 ("Code") relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective. Based on a preliminary assessment, the Company believes the impact of the change will not be significant.

45. Previous year figures have been regrouped/ reclassified, where necessary, to conform to this year's classification.

As per our report of even date

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

per *S.R. Batliboi*  
S.R. Batliboi  
Partner  
Membership No. : 400419

For and on behalf of the Board of Directors of  
Chhaya Prakashani Limited

*Himanshu Gupta*  
Himanshu Gupta  
Director  
DIN: 00884015  
Place: New Delhi  
Date: 18 June 2021

*Dinesh Kumar Jhunjhunwala*  
Dinesh Kumar Jhunjhunwala  
Director  
DIN: 00282988  
Place: New Delhi  
Date: 18 June 2021

*Prateek Dhanuka*  
Prateek Dhanuka  
Chief Executive Officer  
Place: New Delhi  
Date: 18 June 2021

*Sudakshina Saha*  
Sudakshina Saha  
Financial Controller  
Place: Kolkata  
Date: 18 June 2021

Place: Gurugram  
Date: 18 June 2021

