**Walker Chandiok & Co LLP**
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**Independent Auditor's Report**

**To the Members of S Chand And Company Limited**
**Report on the Audit of the Consolidated Financial Statements**

**Qualified Opinion**

1. We have audited the accompanying consolidated financial statements of S Chand And Company Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), and its associate, as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at 31 March 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, and associate except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Group and its associate, as at 31 March 2021, and their consolidated loss (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

**Basis for Qualified Opinion**

3. As explained in the note 57 of the consolidated financial statement, due to outbreak of second wave of COVID-19 pandemic, the management could not perform physical count of inventory as at 31 March 2021 through to the date of approval of these consolidated financial statements. Accordingly, we and other auditor of 3 subsidiary companies included in the Group were not able to observe the physical count of inventory nor obtain sufficient appropriate audit evidence through any alternate audit procedures, and therefore, we were unable to verify the existence/condition of inventories of INR 703.77 million finished goods, INR 91.01 million traded goods, INR 0.22 million work in progress and INR 75.72 million raw materials to determine any adjustments that may be required to be made in the value of such inventory balances and any consequential effect thereof to the consolidated financial statements as at 31 March 2021.

   The inventory balances of the Group were also qualified by the previous auditor vide their audit report dated 30 June 2020 on the consolidated financial statements of the Company for the year ended 31 March 2020 in absence of physical count of such inventory as on that date for similar reasons.

**Independent Auditor's Report of even date to the members of S Chand And Company Limited, on the consolidated financial statements for the year ended 31 March 2021 (Cont'd)**

4. We conducted our audit in accordance with the Standards on Auditing 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 Consolidated 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 ('ICAI') 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 17 of the Other Matters section below, is sufficient and appropriate to provide a basis for our qualified opinion.

**Emphasis of Matter – Impact of Covid 19**

5. We draw attention to note 53 of the consolidated financial statements which describes the effects of uncertainties relating to the outbreak of Covid-19 pandemic and management's evaluation of its impact on the Group's operations and the accompanying consolidated financial statements of the Group as at the balance sheet date, the extent of which is significantly dependent on future developments.

The above matter has also been reported as emphasis of matter in the audit reports issued by us and other firms of chartered accountants on the standalone financial statements of the Holding Company and 2 subsidiary companies for the year ended 31 March 2021.

Our opinion is not modified in respect of this matter.

**Key Audit Matters**

6. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and associate, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

7. In addition to the matter described in the Basis for Qualified Opinion, we have determined the matters described below to be the key audit matters to be communicated in our report.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **a) Impairment of goodwill:**<br><br>The Group's balance sheet includes INR 3,381.00 million of goodwill, representing significant composition of total group assets. In accordance with Ind AS-36 "Impairment of assets", goodwill is allocated to Cash Generating Units (CGUs) which are tested annually for impairment using discounted cash-flow approach of each CGU's recoverable value compared to the carrying value of the assets. A deficit between the recoverable value and the CGU's net assets would result in impairment.<br><br>The impairment test includes sensitivity testing of key assumptions, including revenue growth, operating margin and discount rate. The management has concluded that the recoverable value of all CGUs are higher than their respective | With respect to goodwill relating to material subsidiaries, our audit procedures included and were not limited to the following:<br><br>a) Obtained an understanding from the management with respect to process and controls followed by the Group to ascertain impairment of goodwill including design and implementation of controls. We have tested the design and operating effectiveness of these controls.<br><br>b) Assessing the valuation methodology used by the Group and testing the mathematical accuracy of the impairment models.<br><br>c) Assessing the Group's methodology applied in determining the CGUs to which goodwill is allocated. |

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| carrying amounts and accordingly, no impairment provision has been recognised as at 31 March 2021.<br><br>The annual impairment testing is considered a significant accounting judgement and estimate and a key audit matter because the assumptions on which the tests are based are highly judgmental and are affected by future market and economic conditions which are inherently uncertain. | d) Assessing the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used, including engaging valuation specialists in certain cases.<br><br>e) Performing sensitivity analysis of key assumptions, future revenue growth rates, costs and the discount rates used in the valuation models.<br><br>f) Evaluating the adequacy of the disclosure made in the consolidated financial statements. |
| **b) Provisions for doubtful debts:**<br><br>The Group has reported trade receivables of INR 3,220.88 million as at 31 March 2021 and expected credit losses allowance of INR 481.87 million as detailed in note 6D of the consolidated financial statements. Further, refer note 2.16 of the consolidated financial statements, which outlines the accounting policy for determining the allowance for doubtful debts.<br><br>Owing to the nature of operations of the Group and related customer profiles, the Group has significant receivable balances that are past the credit period for the products offered by the Group. The Group is required to regularly assess the recoverability of its trade receivables. The recoverability of trade receivables was significant to our audit due to the value of amounts outstanding beyond the credit terms extended to customers.<br><br>The provisions for doubtful debts are determined using expected credit loss model under Ind AS 109 Financial Instruments. This involves judgement as the expected credit losses must reflect information about past events, current conditions and forecasts of future conditions, as well as the time value of money. Therefore, it is determined to be a key audit matter.<br><br>Considering the materiality of trade receivables balances to the Group's consolidated financial statements and the significant estimates and judgements involved in the estimation of expected credit losses due to long standing trade balances, this is considered as a key audit matter for the current year audit. | Our audit procedures included, but were not limited to, the following procedures:<br><br>a) Obtained an understanding from the management with respect to process and controls followed by the Group to determine provision for doubtful debts including design and implementation of controls. We have tested the design and operating effectiveness of these controls;<br><br>b) Assessed the Group's accounting policy with respect to provision for doubtful debts, which included assessing appropriateness of the expected credit loss impairment model and checking the mathematical accuracy of the calculations;<br><br>c) Evaluated management's assessment of change in risk of default based on enquiry with relevant personnel and corroboration with independently available external information, if any;<br><br>d) On a sample basis, obtained direct confirmations from the customers of the Group having outstanding receivable balances as at the reporting date;<br><br>e) Where direct confirmations were not obtained, subsequent realization of the outstanding invoices and/ or customer acknowledgement of goods received or services rendered was assessed;<br><br>f) Assessed the Group's disclosures in relation to trade receivables included in the consolidated financial statements. |

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| **c) Estimation of sales returns and discounts:**<br><br>Refer accounting policies in note 2.7 to the consolidated financial statements.<br><br>The Group is involved in publishing and distribution of educational books. Due to the nature of business, the Group offers an option to the customers to return unsold inventory. Significant amount of sales returns are received in the year subsequent to the year when books are sold. Discount comprises of turnover, cash and additional discount. Turnover discount is offered to the customers in the period subsequent to the reporting date based on parameters for a specified period. Cash discount is offered based on the cash discount schemes applicable to certain months. Further, at the time of annual settlement, which may not coincide with the financial year, with respective debtors additional discounts are offered based on their negotiations agreed with respective customers. Provision for such sales returns and discounts are estimated, deducted from revenue and accounts receivables.<br><br>Estimates of sales returns and discounts are required to be made at the time of sale. When determining the appropriate allowance, management considers historical trends, present changes in policies for the academic season, as a basis for the estimate as well as all other known factors, which could significantly influence the level of future sales returns and discount claims. Significant judgement is required in assessing the appropriate level of the provision for sales return and discounts.<br><br>Measuring provisions for sales return and discounts is a key audit matter as it requires significant estimates made by Management. Such judgements include management's expectation of sales returns and discounts and historical estimates of sales returns and discounts vis a vis the sales returns and discounts received during the year. | Our audit procedures included, but were not limited to, the following procedures:<br><br>a) Obtained an understanding from the management with respect to process and controls followed by the Group to determine provision for sales return and discount including design and implementation of controls. We have tested the design and operating effectiveness of these controls.<br><br>b) Obtained management's calculations for provision for sales returns and discounts, recalculated the amounts for mathematical accuracy and evaluated the assumptions used by reference to internal sources (i.e. management budgets and schemes offered to customers).<br><br>c) Considered the accuracy of management's estimates in previous years by comparing historical provisions to the actual amounts to assess the management ability to accurately estimate their sales returns and discounts.<br><br>d) Tested the actual sales return and discounts passed to customers after the balance sheet date and upto 10 days prior to approval of financials to determine whether the revenue has been recognized in the appropriate period.<br><br>e) Assessed the disclosures in respect of sales returns and discounts included in the consolidated financial statements. |
| **d) Deferred tax assets:**<br><br>As on 31 March 2021, the Group has recognized deferred tax assets (net) amounting to INR 674.08 million. The recognition of deferred tax liabilities includes all taxable temporary differences, while | Our audit procedures included, but were not limited to, the following procedures:<br><br>a) Obtained an understanding from the management with respect to process and controls followed by the Group to compute and assess realisability of deferred tax assets |



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| deferred tax assets are only recorded to the extent it is probable that sufficient deferred tax liabilities or taxable profit will be available in the future against which the deductible temporary differences can be used.<br><br>Management has recognized deferred tax asset on the unabsorbed losses basis the reasonable certainty that sufficient taxable profits, based on forecast of business operations, will be available with the Company in future. However, in view of the COVID 19 impact, the realization of deferred tax may take more time than the period estimated by management.<br><br>Since, the recognition of deferred tax assets relies on the significant application of judgement by the management in respect of assessing the probability and sufficiency of future taxable profits and future reversals of existing taxable temporary differences, it is considered as key audit matter. | including design and implementation of controls. We have tested the design and operating effectiveness of these controls.<br><br>b) Obtained the management's calculation for the computation of deferred taxes and performed re-computation to test arithmetical accuracy.<br><br>c) Traced inputs used in the deferred tax calculation from source documents<br><br>d) Analyzed the future projections of the group companies, as approved by the Board of Directors of the respective companies and assumptions used as to when it would be certain that company would earn future taxable income.<br><br>e) Evaluated management's assessment of time period available for adjustment of such deferred tax assets as per provisions of the Income Tax Act, 1961 and appropriateness of the accounting treatment with respect to the recognition of deferred tax assets as per requirements of Ind AS 12, Income Taxes.<br><br>f) Assessed the sensitivity of the outcomes in the above scenario to reasonably possible changes in assumptions and evaluated the realisability of deferred tax asset as to when the company would earn future taxable profits.<br><br>g) Assessed the disclosures in respect of deferred tax included in the consolidated financial statements. |

## Information other than the Consolidated Financial Statements and Auditor's Report thereon

8. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

9. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The respective Board of Directors/management of the companies included in the Group and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

10. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

11. Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group and of its associate.

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

12. 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 Standards on Auditing 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.

13. As part of an audit in accordance with Standards on Auditing, 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 Holding 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;

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- 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 ability of the Group and its associate 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 Group and its associate to cease to continue as a going concern; and

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group, and its associate, to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

14. 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.

15. 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.

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

**Other Matters**

17. We did not audit the financial statements of 11 subsidiaries, whose financial statements reflect total assets of INR 6,757.83 million and net assets of INR 3,036.81 million as at 31 March 2021, total revenues of INR 1,923.88 million and net cash inflows amounting to INR 60.93 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of INR 0.91 million for the year ended 31 March 2021, as considered in the consolidated financial statements, in respect of 1 associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the work done by and the reports of the other auditors.

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18. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of INR 5.74 million for the year ended 31 March 2021, as considered in the consolidated financial statements, in respect of 1 associate, whose financial statements has not been audited by us. These financial statements are unaudited and have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid associate, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid associate is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group.

    Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matter with respect to our reliance on the financial statements certified by the management.

19. The consolidated financial statements of the Company for the year ended 31 March 2021 were audited by the predecessor auditor, S.R. Batliboi & Associates LLP, who have expressed a qualified opinion on those consolidated financial statements vide their audit report dated 30 June 2020.

**Report on Other Legal and Regulatory Requirements**

20. As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 17, on separate financial statements of the subsidiaries and associate, we report that the Holding Company, 5 subsidiary companies and 1 associate company covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that 7 subsidiary companies, companies covered under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiary companies.

21. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries and associate, we report, to the extent applicable, that:

    a) we have sought and except for the matter described in the Basis for Qualified Opinion section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

    b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors, except for the possible effects of the matter described in paragraph 3 of the Basis for Qualified Opinion section with respect to the financial statements of the Holding Company, Vikas Publishing House Private Limited, a subsidiary of the Holding Company, Safari Digital Education Initiatives Private Limited, a subsidiary of the Holding Company, DS Digital Private Limited, a subsidiary of the Holding Company and S. Chand Edutech Private Limited, a subsidiary of the Holding Company respectively;

    c) the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

    d) except for the possible effects of the matter described in the Basis for Qualified Opinion section, in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;

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**Independent Auditor's Report of even date to the members of S Chand And Company Limited, on the consolidated financial statements for the year ended 31 March 2021 (Cont'd)**

e) the matter described in paragraph 3 of the Basis for Qualified Opinion section, in our opinion, may have an adverse effect on the functioning of the Holding Company, Vikas Publishing House Private Limited, a subsidiary of the Holding Company, Safari Digital Education Initiatives Private Limited, a subsidiary of the Holding Company, DS Digital Private Limited, a subsidiary of the Holding Company and S. Chand Edutech Private Limited, a subsidiary of the Holding Company;

f) on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate company, none of the directors of the Group companies and its associate company covered under the Act, are disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

g) the qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 3 of the Basis for Qualified Opinion section with respect to the Holding Company, Vikas Publishing House Private Limited, a subsidiary of the Holding Company, Safari Digital Education Initiatives Private Limited a subsidiary of the Holding Company, DS Digital Private Limited a subsidiary of the Holding Company and S. Chand Edutech Private Limited a subsidiary of the Holding Company;

h) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies and associate company covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and

i) 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associate:

   i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate as detailed in note 40 to the consolidated financial statements;

   ii. the Group and its associate did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies and associate company covered under the Act, during the year ended 31 March 2021; and

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**Independent Auditor's Report of even date to the members of S Chand And Company Limited, on the consolidated financial statements for the year ended 31 March 2021 (Cont'd)**

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS

Neeraj Goel

**Neeraj Goel**
Partner
Membership No.: 099514

**UDIN:** 21099514AAAADO7576

**Place**: Gurugram
**Date**: 22 June 2021

**Independent Auditor's Report of even date to the members of S Chand And Company Limited, on the consolidated financial statements for the year ended 31 March 2021 (Cont'd)**

**Annexure 1**

**List of entities included in the Statement**

| S.No | Name of Holding Company |
|---|---|
| 1. | S Chand And Company Limited |
| | **Name of subsidiaries** |
| 1. | Vikas Publishing House Private Limited |
| 2. | Chhaya Prakashani Limited |
| 3. | New Saraswati House (India) Private Limited |
| 4. | DS Digital Private Limited |
| 5. | Safari Digital Education Initiatives Private Limited |
| 6. | Blackie & Son (Calcutta) Private Limited |
| 7. | BPI (India) Private Limited |
| 8. | Edutor Technologies India Private Limited (w.e.f. 1 September 2020) |
| 9. | Nirja Publishers & Printers Private Limited |
| 10. | S. Chand Edutech Private Limited |
| 11. | Indian Progressive Publishing Co Private Limited |
| 12. | Eurasia Publishing House Private Limited |
| | **Name of associate** |
| 1. | Smartivity Labs Private Limited |
| 2. | Edutor Technologies India Private Limited (upto 31 August 2020) |

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**Annexure A**

**Independent Auditor's report on the internal financial controls with reference to the consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

1. In conjunction with our audit of the consolidated financial statements of S Chand And Company Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), and its associate as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, which are companies covered under the Act, as at that date.

**Responsibilities of Management and Those Charged with Governance for Internal Financial Controls**

2. The respective Board of Directors of the Holding Company, and its subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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 ("the Guidance Note") 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 the Company's 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 Act.

**Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements**

3. The audit of internal financial controls with reference to financial statements of one associate, which is a company covered under the Act, and reporting under Section 143(3)(i) is exempted vide MCA notification no. G.S.R. 583(E) dated 13 June 2017 read with corrigendum dated 14 July 2017. Consequently, our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the 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 financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Annexure A to the Independent Auditor's Report of even date to the members of S Chand And Company Limited on the consolidated financial statements for the year ended 31 March 2021 (Cont'd)

**Meaning of Internal Financial Controls with Reference to Financial Statements**

6. 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 include 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**

7. 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 internal financial controls 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.

**Qualified Opinion**

8. According to the information and explanations given to us and based on the report issued by other auditors on internal financial controls with reference to financial statements in case of its subsidiary companies which are companies incorporated in India, the following material weakness has been identified as at 31 March 2021:

   a) The Group's internal financial control system with respect to physical verification of inventory at the balance sheet date, as explained in note 57 to the consolidated financial statements, was not operating effectively, which could lead to a potential material misstatement in the carrying amount of inventory and its consequential impact on earnings, reserves and related disclosures in the accompanying financial statements.

9. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the holding company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

10. In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria in respect of the Holding Company and subsidiary companies, which are companies incorporated in India, have, in all material respects, adequate internal financial controls reference to these consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31 March 2021, based on "the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI".

11. We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Group as at and for the year ended 31 March 2021, and the material weakness has affected our opinion on the consolidated financial statements of the Group and we have issued a qualified opinion on the consolidated financial statements.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

Annexure A to the Independent Auditor's Report of even date to the members of S Chand And Company Limited on the consolidated financial statements for the year ended 31 March 2021 (Cont'd)

**Other Matter**

12. We did not audit the internal financial controls with reference to financial statements insofar as it relates to 11 subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of INR 6,757.83 million and net assets of INR 3,036.81 million as at 31 March 2021, total revenues of INR 1,923.88 million and net cash inflows amounting to INR 60.93 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (including other comprehensive income) of INR 0.91 million for the year ended 31 March 2021, in respect of 1 associate company, which is a company covered under the Act, whose internal financial controls with reference to financial statements have not been audited by us. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, and its subsidiary companies , as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies company is based solely on the reports of the auditors of such companies.

Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

**Neeraj Goel**
Partner
Membership No.: 099514

**UDIN:** 21099514AAAADO7576

**Place:** Gurugram
**Date:** 22 June 2021

**S Chand And Company Limited**
**Consolidated Balance Sheet as at 31 March 2021**
**CIN:L22219DL1970PLC005400**

(₹ in millions)

| | Notes | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 869.33 | 959.48 |
| Right-of-use assets | 5 | 480.52 | 623.09 |
| Capital work-in-progress | | 2.70 | 1.25 |
| Goodwill | 4 | 3,381.00 | 3,383.36 |
| Other intangible assets | 4 | 1,248.71 | 917.88 |
| Intangible assets under development | | 22.09 | 24.65 |
| Investments accounted for using the equity method | 6A | 22.03 | 183.51 |
| Financial assets | | | |
| - Investments | 6B | 37.50 | 39.85 |
| - Loans | 6G | 44.79 | 55.85 |
| - Other financial assets | 6H | 13.36 | 14.06 |
| Deferred tax assets (net) | 9 | 674.08 | 613.92 |
| Other non-current assets | 8 | 76.38 | 229.84 |
| **Total non-current assets** | | 6,872.49 | 7,046.74 |
| **Current assets** | | | |
| Inventories | 7 | 1,377.44 | 2,013.56 |
| Financial assets | | | |
| - Investments | 6C | 258.41 | 167.02 |
| - Trade receivables | 6D | 3,220.88 | 3,348.65 |
| - Cash and cash equivalents | 6E | 419.17 | 98.10 |
| - Bank balances other than cash and cash equivalents | 6F | 65.68 | 7.22 |
| - Loans | 6G | 41.44 | 59.67 |
| - Other financial assets | 6H | 4.16 | 13.09 |
| Other current assets | 8 | 99.17 | 154.00 |
| **Total current assets** | | 5,486.35 | 5,861.31 |
| **Total assets** | | 12,358.84 | 12,908.05 |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 10 | 174.88 | 174.88 |
| Other equity | 11 | 8,008.00 | 8,009.64 |
| Non- controlling interests | | 188.58 | 28.48 |
| **Total equity** | | 8,371.46 | 8,213.00 |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| - Borrowings | 12A | 760.49 | 608.17 |
| - Lease liabilities | 13 | 248.73 | 365.92 |
| Provisions | 17 | 64.57 | 69.80 |
| **Total non-current liabilities** | | 1,073.79 | 1,043.89 |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| - Borrowings | 12B | 1,056.78 | 1,114.39 |
| - Lease liabilities | 13 | 102.49 | 125.93 |
| - Trade payables | | | |
| Micro enterprises and small enterprises | 14 | 223.27 | 172.59 |
| Other than micro enterprises and small enterprises | 14 | 955.59 | 1,409.88 |
| - Other financial liabilities | 15 | 368.98 | 638.02 |
| Other current liabilities | 16 | 116.61 | 147.26 |
| Provisions | 17 | 89.87 | 43.09 |
| **Total current liabilities** | | 2,913.59 | 3,651.16 |
| **Total equity and liabilities** | | 12,358.84 | 12,908.05 |
| **Summary of significant accounting policies** | 2 | | |

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

**Neeraj Goel**
Partner
Membership No.: 099514

Place : Gurugram
Date : 22 June 2021

**For and on behalf of the Board of Directors of**
**S Chand And Company Limited**

**Himanshu Gupta**
Managing Director
DIN: 00054015
Place : New Delhi
Date : 22 June 2021

**Dinesh Kumar Jhunjhnuwala**
Whole-time Director
DIN: 00282988
Place : New Delhi
Date : 22 June 2021

**Saurabh Mittal**
Chief Financial Officer
Place : New Delhi
Date : 22 June 2021

**Jagdeep Singh**
Company Secretary
Place : New Delhi
Date : 22 June 2021

CHANDIOK & CO LLP
CHARTERED ACCOUNTANTS

S Chand And Company Limited
New Delhi

**S Chand And Company Limited**
**Consolidated Statement of Profit and Loss for the year ended 31 March 2021**
**CIN:L22219DL1970PLC005400**

(₹ in millions)

| | | Notes | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|---|---|
| I | Revenue from operations | 18 | 4,252.23 | 4,293.71 |
| II | Other income | 19 | 201.25 | 94.38 |
| III | **Total Income** | | **4,453.48** | **4,388.09** |
| IV | **Expenses** | | | |
| | Cost of published goods/material consumed | 20 | 999.90 | 1,460.31 |
| | Purchase of stock-in-trade | 21 | 85.57 | 88.53 |
| | (Increase)/ decrease in inventories of finished goods, work-in-progress and stock-in-trade | 22 | 485.64 | 49.42 |
| | Publication expense | 23 | 357.97 | 431.68 |
| | Selling and distribution expense | 24 | 295.93 | 592.29 |
| | Employee benefits expense | 25 | 992.66 | 1,259.65 |
| | Finance costs | 26 | 323.14 | 347.93 |
| | Depreciation and amortization expense | 27 | 416.21 | 407.69 |
| | Other expenses | 28 | 487.60 | 631.72 |
| | **Total expenses** | | **4,444.62** | **5,269.22** |
| V | **Profit/ (loss) before exceptional item and share of loss of an associate** | | **8.86** | **(881.13)** |
| VI | Share of loss in associates | 34 | (6.65) | (4.03) |
| VII | **Profit/ (loss) before exceptional items and tax** | | **2.21** | **(885.16)** |
| VIII | Exceptional items | 29 | (2.43) | (101.67) |
| IX | **Loss before tax** | | **(0.22)** | **(986.83)** |
| | **Tax expense:** | 30 | | |
| | Current tax | | 122.51 | 74.25 |
| | Deferred tax | | (57.80) | 53.60 |
| X | **Loss for the year** | | **(64.93)** | **(1,114.68)** |
| XI | **Other comprehensive income** | | | |
| | **- Items that will not be reclassified to profit or loss** | | | |
| | Re-measurement (gains)/ losses on defined benefit plans | | 21.55 | (7.70) |
| | Income tax effect | | (4.44) | 1.69 |
| XII | **Total comprehensive income for the year** | | **(47.82)** | **(1,120.69)** |
| XIII | **Loss for the year** | | | |
| | Attributable to: | | | |
| | - Equity holders of the parent | | **(41.05)** | **(1,120.09)** |
| | - Non- controlling interests | | **(6.77)** | **(0.60)** |
| XIV | **Earnings per equity share** | 31 | | |
| | Basic | | (1.86) | (31.87) |
| | Diluted | | (1.86) | (31.87) |

Summary of significant accounting policies 2

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

Neeraj

**Neeraj Goel**
Partner
Membership No.: 099514

Place : Gurugram
Date : 22 June 2021

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

**For and on behalf of the Board of Directors of**
**S Chand And Company Limited**

| **Himanshu Gupta** | **Dinesh Kumar Jhunjhnuwala** | **Saurabh Mittal** | **Jagdeep Singh** |
|---|---|---|---|
| Managing Director | Whole-time Director | Chief Financial Officer | Company Secretary |
| DIN: 00054015 | DIN: 00282988 | | |
| Place : New Delhi | Place : New Delhi | Place : New Delhi | Place : New Delhi |
| Date : 22 June 2021 | Date : 22 June 2021 | Date : 22 June 2021 | Date : 22 June 2021 |

S Chand And Company Limited New Delhi *

**S Chand And Company Limited**
**Consolidated cash flow statement for the year ended 31 March 2021**
**CIN:L22219DL1970PLC005400**

(₹ in millions)

| Particulars | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| **Loss before tax** | (0.22) | (986.83) |
| **Adjustment to reconcile loss before tax to net cash flows** | | |
| Depreciation and amortisation expenses | 416.21 | 407.69 |
| Loss/ (gain) on sale of property, plant and equipment (net) | 1.99 | (0.61) |
| Interest income | (10.04) | (3.62) |
| Amounts written-back | (37.04) | (40.59) |
| Interest income on financial liability | (5.73) | - |
| Reversal of financial liability | (30.00) | - |
| Net income on deemed disposal of associate | (7.85) | - |
| Fair value gain on financial instruments at fair value through profit or loss | (3.91) | - |
| Interest income on securities measured at amortised cost | (2.51) | (5.01) |
| Rent concession and gain on de-recognition of lease liability | (11.09) | - |
| Net gain on sale of current investments | (8.23) | (15.56) |
| Share of loss in associate | 6.65 | 4.03 |
| Interest paid on borrowings | 312.50 | 337.55 |
| Unrealised foreign exchange gain (net) | (3.69) | (1.48) |
| Employee stock option expense | 0.85 | 0.67 |
| Provision for slow moving titles | - | 87.15 |
| Provision for impairment on investment | 2.43 | 14.51 |
| Provision for expected credit loss, advances and bad debts written off | 71.00 | 115.78 |
| Provision for advances | 1.57 | - |
| Bad debt written off | 48.66 | 53.49 |
| **Operating profit/(loss) before working capital changes** | **741.55** | **(32.83)** |
| **Movement in working capital:** | | |
| Decrease/ increase in inventories | 636.79 | (52.87) |
| Decrease in trade receivable | 27.75 | 928.11 |
| Decrease in loans and advances | 27.46 | 46.60 |
| Increase/ decrease in other assets | (12.02) | 88.39 |
| Increase in provisions | 10.11 | 8.96 |
| Decrease in trade payable | (373.92) | (320.66) |
| Increase in other liabilities | (79.98) | (52.00) |
| **Cash generated from operations** | **977.74** | **613.70** |
| Direct taxes paid (net of refunds) | 98.75 | (129.31) |
| **Net cash generated from operating activities** | **1,076.49** | **484.39** |
| | | |
| **B. Cash flows from investing activities** | | |
| Purchase of property, plant and equipment including intangible assets, capital work-in-progress, capital advances and capital creditors | (117.42) | (280.69) |
| Acquisition of subsidiary, net of cash acquired | 0.91 | - |
| (Purchase)/sale of non current investments (including investments acquired on acquisition) | (1.50) | 0.08 |
| Purchase of current investments | (126.80) | (124.65) |
| Proceed from sale of current investments | 47.55 | 188.77 |
| Proceed from sale of property, plant and equipment | 9.60 | 21.70 |
| Interest received | 11.54 | 17.63 |
| **Net cash used in investing activities** | **(176.12)** | **(177.16)** |
| | | |
| **C. Cash flows from financing activities** | | |
| Interest paid on borrowings | (265.99) | (347.07) |
| Amortization of ancillary borrowing cost | 0.14 | 6.44 |
| Proceeds from non-current borrowing | 72.70 | 30.23 |
| Repayment of non-current borrowings | (137.44) | (62.62) |
| Repayment of current borrowings (net) | (91.48) | (294.48) |
| Payment of lease liabilities | (157.23) | (147.07) |
| **Net cash used in financing activities** | **(579.30)** | **(814.57)** |
| | | |
| **Net increase/ (decrease) in cash and cash equivalents** | 321.07 | (507.34) |
| Foreign exchange difference | - | 1.48 |
| Cash and cash equivalents at the beginning of the year | 98.10 | 603.96 |
| **Cash and cash equivalents at the end of the year** | **419.17** | **98.10** |
| | | |
| **Components of cash and cash equivalents** | | |
| Balances with banks: | | |
| - On current accounts | 282.21 | 54.73 |
| - Cheques in hand | 118.21 | 2.98 |
| - Deposits with original maturity of less than three months | 15.65 | 35.83 |
| Cash on hand | 3.10 | 4.56 |
| **Total cash and cash equivalents (note 6E)** | **419.17** | **98.10** |

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

**S Chand And Company Limited**
**Consolidated cash flow statement for the year ended 31 March 2021**
**CIN:L22219DL1970PLC005400**

**Notes:**

**1. Reconciliation of liabilities arising from financing activities**

(₹ in millions)

| | As at 31 March 2020 | Cash flows | Non cash changes | As at 31 March 2021 |
|---|---|---|---|---|
| Long term borrowings (including current maturity) | 1,037.93 | (64.74) | 1.25 | 974.44 |
| Short term borrowings | 1,114.39 | (91.48) | 33.87 | 1,056.78 |
| Lease liabilities (refer note 37) | 491.85 | (157.23) | 16.60 | 351.22 |
| | **2,644.17** | **(313.45)** | **51.72** | **2,382.44** |

| | As at 31 March 2019 | Cash flows | Non cash changes | As at 31 March 2020 |
|---|---|---|---|---|
| Long term borrowings (including current maturity) | 1,070.32 | (32.39) | - | 1,037.93 |
| Short term borrowings | 1,408.87 | (294.48) | - | 1,114.39 |
| Lease liabilities (refer note 37) | - | (147.07) | 638.92 | 491.85 |
| | **2,479.19** | **(473.94)** | **638.92** | **2,644.17** |

Summary of significant accounting policies 2

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

**Neeraj Goel**
Partner
Membership No.: 099514

Place : Gurugram
Date : 22 June 2021

**For and on behalf of the Board of Directors of**
**S Chand And Company Limited**

**Himanshu Gupta**
Managing Director
DIN: 00054015
Place : New Delhi
Date : 22 June 2021

**Dinesh Kumar Jhunjhnuwala**
Whole-time director
DIN: 00282988
Place : New Delhi
Date : 22 June 2021

**Saurabh Mittal**
Chief Financial Officer
Place : New Delhi
Date : 22 June 2021

**Jagdeep Singh**
Company Secretary
Place : New Delhi
Date : 22 June 2021

**S Chand And Company Limited**
**Consolidated statement of changes in equity for the year ended 31 March 2021**
**CIN:L22219DL1970PLC005400**

**A. Equity share capital**

| Issued, subscribed and fully paid up | No. of shares | ₹ in millions |
|---|---|---|
| **At 31 March 2019** | 3,49,75,287 | 174.88 |
| Issued during the year | - | - |
| **At 31 March 2020** | 3,49,75,287 | 174.88 |
| Issued during the year | - | - |
| **At 31 March 2021** | 3,49,75,287 | 174.88 |

**B. Other equity**

(₹ in millions)

| | Reserve and surplus | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Capital reserve | Security premium | General reserve | Debenture redemption reserve | Retained earnings | Other comprehensive income | Employee stock options outstanding | Total | Non- controlling interests | Total other equity |
| **As at 31 March 2019** | (530.41) | 6,606.35 | 404.19 | - | 2,611.13 | 27.81 | 9.99 | 9,129.06 | 29.08 | 9,158.14 |
| Loss for the period | - | - | - | - | (1,114.21) | - | - | (1,114.21) | (0.47) | (1,114.68) |
| Other comprehensive income for the year (net) | - | - | - | - | - | (5.88) | - | (5.88) | (0.13) | (6.01) |
| Share based payments/ charge during the year | - | - | - | - | - | - | 0.67 | 0.67 | - | 0.67 |
| **As at 31 March 2020** | (530.41) | 6,606.35 | 404.19 | - | 1,496.92 | 21.93 | 10.66 | 8,009.64 | 28.48 | 8,038.12 |
| Loss for the period | - | - | - | - | (57.66) | - | - | (57.66) | (7.27) | (64.93) |
| Acquisition of subsidiary (refer note 52) | 38.56 | - | - | - | - | - | - | 38.56 | 166.87 | 205.43 |
| Other comprehensive income for the year (net) | - | - | - | - | - | 16.61 | - | 16.61 | 0.51 | 17.11 |
| Share based payments/ charge during the year | - | - | - | - | - | - | 0.85 | 0.85 | - | 0.85 |
| Transfer to/ from debenture redemption reserve | - | - | - | 22.96 | (22.96) | - | - | - | - | - |
| **As at 31 March 2021** | (491.85) | 6,606.35 | 404.19 | 22.96 | 1,416.30 | 38.54 | 11.51 | 8,008.00 | 188.58 | 8,196.58 |

**Summary of significant accounting policies** 2

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date

**For Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

**Neeraj Goel**
Partner
Membership No.: 099514

Place : Gurugram
Date : 22 June 2021

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

**For and on behalf of the Board of Directors of S Chand And Company Limited**

**Himanshu Gupta**
Managing Director
DIN: 00054015

Place : New Delhi
Date : 22 June 2021

**Dinesh Kumar Jhunjhnuwala**
Whole-time Director
DIN: 00282988

Place : New Delhi
Date : 22 June 2021

**Saurabh Mittal**
Chief Financial Officer

Place : New Delhi
Date : 22 June 2021

**Jagdeep Singh**
Company Secretary

Place : New Delhi
Date : 22 June 2021

S Chand And Company Limited New Delhi *

S Chand And Company Limited
Notes to the consolidated financial statements for the year ended 31 March 2021

## 1. Corporate information

S Chand and Company Limited ('the Company' or 'the Holding Company') is a public company domiciled in India and is incorporated under the provisions of the Companies Act, 1956 applicable in India. The Company has become a Public Limited Company w.e.f. 8 September 2016 and consequently the name of the Company has changed from S Chand And Company Private Limited to S Chand And Company Limited. Its shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at A-27, 2nd Floor, Mohan Co-operative Industrial Estate, New Delhi - 110044. S Chand And Company Limited, its subsidiary companies are collectively referred to as 'the Group'. These are consolidated financial statements and, accordingly, these Indian Accounting Standard (Ind AS) financial statements incorporate amounts and disclosures related to the Group.

The Group is principally engaged in publishing of educational books with products ranging from school books, higher academic books, competition and reference books, technical and professional books and children books.

## 2. Significant accounting policies

### 2.1 Basis of preparation

The financial statements (consolidated financial statement) of the Group 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 financial statements.

The consolidated financial statements have been prepared on a historical cost convention, except for the following assets and liabilities which have been measured at fair value.

i) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

ii) Equity settled employee share-based payment plan

The financial statements are presented in INR "(Indian Rupees)" or "₹". All values are rounded to the nearest million, and two decimals thereof, except when otherwise indicated.

### 2.2 Principles of consolidation

The consolidated financial statement relates to S Chand And Company Limited, its subsidiary companies collectively referred to as 'the Group' and associate companies. The consolidated financial statements have been prepared on the following basis:

i. The financial statements of the Holding Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after eliminating intra-group balances/ transactions and resulting profits in full. Unrealized profit / losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the Group.

ii. Investment in associates (entity over which the Group exercises significant influence, which is neither a subsidiary nor joint venture) are accounted for using the equity method as per Ind AS 28 (Investment in Associates and Joint ventures) in Consolidated Financial Statements. The Consolidated Financial Statement include the share of loss of associate companies, which are accounted under the 'Equity method' as per which the share of loss of the associate company has been adjusted to the carrying amount of investment. Further, for the purpose of consolidation, the proportionate share of loss of associates companies to the extent of investment in equity share has been considered.

Walker Chandiok & Co LLP * Chartered Accountants *

S Chand And Company Limited New Delhi *

iii. The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Group entities separate financial statements.

iv. The difference between the cost to the Group of investment in subsidiaries and the proportionate share in the equity of the investee company as at the date of acquisition of stake, if any, is recognized in the consolidated financial statements as Goodwill or Capital reserve, as the case may be. Goodwill arising on consolidation is tested for impairment at the Balance Sheet date.

v. Minorities' interest in net profits of consolidated subsidiaries for the period is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Group. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately.

vi. The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Group i.e. year ended 31 March 2021.

| Name of the Company | Country of Incorporation | Relationship as at 31 March 2021 | Percentage of effective ownership interest held (directly or indirectly) | |
|---|---|---|---|---|
| | | | 31 March 2021 | 31 March 2020 |
| Nirja Publishers and Printers Private Limited | India | Subsidiary of S Chand And Company Limited | 100.00% | 100.00% |
| Eurasia Publishing House Private Limited | India | Subsidiary of S Chand And Company Limited | 100.00% | 100.00% |
| Blackie & Son (Calcutta) Private Limited | India | Subsidiary of S Chand And Company Limited | 100.00% | 100.00% |
| Vikas Publishing House Private Limited* | India | Subsidiary of S Chand And Company Limited | 100.00% | 100.00% |
| Safari Digital Education Initiatives Private Limited** | India | Subsidiary of S Chand And Company Limited | 100.00% | 100.00% |
| BPI (India) Private Limited | India | Subsidiary of Blackie & Son (Calcutta) Private Limited | 51.00% | 51.00% |
| S Chand Edutech Private Limited | India | Subsidiary of Safari Digital Education Initiatives Private Limited | 100.00% | 100.00% |
| D S Digital Private Limited*** | India | Subsidiary of S Chand And Company Limited | 99.93% | 99.93% |

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited * New Delhi *

| Name of the Company | Country of Incorporation | Relationship as at 31 March 2021 | Percentage of effective ownership interest held (directly or indirectly) | |
|---|---|---|---|---|
| | | | 31 March 2021 | 31 March 2020 |
| New Saraswati House (India) Private Limited**** | India | Subsidiary of S Chand And Company Limited | 100.00% | 100.00% |
| Chhaya Prakashani Limited***** | India | Subsidiary of S Chand And Company Limited | 100.00% | 100.00% |
| Indian Progressive Publishing Co. Private Limited | India | Wholly owned subsidiary of Chhaya Prakashani Limited | 100.00% | 100.00% |
| Edutor Technologies India Private Limited (refer note 52) | India | Subsidiary of Safari Digital Education Initiatives Private Limited | 54.86% | 44.66% |
| Smartivity Labs Private Limited | India | Associate of S Chand And Company Limited | 18.31% | 19.70% |

* 2% held by Nirja Publishers and Printers Private Limited
** 40.08% held by Nirja Publishers and Printers Private Limited
*** 49% held by Safari Digital Education Initiatives Private Limited
**** 23.90% held by Vikas Publishing House Private Limited
***** 30.47% held by Eurasia Publishing House Private Limited

## 2.3 Business combinations and goodwill

### a. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

- Assets (or disposal Groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi

## 2.4 Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is current when it is:

i. Expected to be realised or intended to sold or consumed in normal operating cycle
ii. Held primarily for the purpose of trading
iii. Expected to be realised within twelve months after the reporting period, or
iv. 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 current when:

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

The Group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

## 2.5 Foreign currencies

***Functional and presentational currency***
The Group's financial statements are presented in INR, which is also the Group'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 Group 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 statement of profit or loss.

## 2.6 Fair value measurement

The Group 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:

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

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

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

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 Group 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 Group 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 Group's management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the Group'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 Group's accounting policies. For this analysis, the Group'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.

The Group's management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

i. Disclosures for significant estimates and assumptions (refer note 2.23)
ii. Quantitative disclosures of fair value measurement hierarchy (note 44)
iii. Investment in unquoted equity shares (note 6A and 6B)
iv. Equity settled employee share based payment plan (note 36)

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

## 2.7 Revenue from operations

Revenue from operations is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group 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.

*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. at the time of handing over goods to the carrier for transportation.

The Group 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 Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

**Variable consideration**
If the consideration in a contract includes a variable amount, the Group 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 Group 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 Group provides volume rebates to certain customers once the value 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 Group 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 Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

- **Cash rebates**

  The Group 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 Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

**Contract balances**

**Contract assets**
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group 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.

Walker Chandiok & Co LLP * Chartered Accountants *

S Chand And Company Limited * New Delhi *

**Trade receivables**

A receivable represents the Group'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 Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group 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 Group 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 Group 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 and loss.

***Dividends***

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

## 2.8 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 Group 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) 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 and associates, 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

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

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 and associates , 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.

## 2.9 Property, plant and equipment

Capital work in progress, plant and equipment are stated at cost, net of accumulated depreciation and 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 Group 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 statement of profit and loss as incurred.

***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 |
|---|---|---|
| Building | 40 - 60 years | 30 years |
| Plant and equipments | 15 -25 years | 15 years |
| Furniture and fixtures | 10 years | 10 years |
| Vehicles | 8 - 10 years | 8 years |
| Office equipments | 5 - 15 years | 5 years |
| Electrical installations | 10 years | 10 years |
| Computers | 3 - 6 years | 3 years |

Leasehold improvements are amortised over economic useful life or unexpired period of lease whichever is less.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment, vehicles and computers 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.

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 and loss when the asset is derecognised.

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.

## 2.10 Intangible assets

***Recognition and measurement***
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. 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 and 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 and 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 and loss when the asset is derecognised.

***Research and development costs***

Research costs are expensed as incurred. Development expenditure incurred on an individual project are recognised as an intangible asset when the Group 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

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

Following 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 amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit.

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

| Intangible assets | Useful lives | Amortization method used | Internally generated or acquired |
|---|---|---|---|
| Goodwill on business combination | Indefinite | No amortization | Acquired |
| Software | Finite (3 -10 years) | Amortized on straight line basis over the period of useful lives | Acquired |
| Trademark | Finite (10 years) | Amortized on straight line basis over the period of useful lives | Acquired |
| Copyrights | Finite (5 - 10 years) | Amortized on straight line basis over the period of copyright | Acquired |
| Website | Finite (10 years) | Amortized on straight line basis over the period of copyright | Acquired |
| Technical Know-how | Finite (3 - 6 years) | Amortized on straight line basis over the period of copyright | Acquired |
| Content development | Finite (10 seasons) | Amortized on straight line basis over the period of content | Internally generated |
| Mobile application | Finite (3 -10 years) | Amortized on straight line basis over the period of useful lives | Internally generated |
| License fees | Finite (5 years) | Amortized on straight line basis over the period of copyright | Acquired |

## 2.11 Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of associate are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105 – Non-current Assets Held for Sale and Discontinued Operations.

Under the equity method, an investment in an associate is initially recognised in the consolidated financial statement at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in consolidated statement of profit and loss in the period in which the investment is acquired.

After application of the equity method of accounting, the Group determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand and Company Limited * New Delhi *

impairment loss with respect to the Group's investment in an associate. The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

## 2.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 2.13 Leases

The Group 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.

***Group as a lessee***

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group 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 Group 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 Group 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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group 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 Group 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 Group applies the short-term lease recognition exemption to its short-term leases of plant 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.

**IND AS 116 adoption:**

Effective 1 April 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method (alternative II). Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate with equal amount of right to use asset at the date of initial application. Comparatives as at and for the year ended 31 March 2019 were not retrospectively adjusted.

**Group as a lessor:**

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Assets subject to operating leases are included in property, plant and equipments. Rental income from operating lease is recognised on straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

## 2.14 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 (FIFO) 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

## 2.15 Impairment of non–financial assets

The Group 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 Group 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.

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The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group'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 Group 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 Group 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 and 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.

## 2.16 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***

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section Revenue from operations.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

***Subsequent measurement***

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

***Financial assets at amortised cost*** (debt instruments)

A 'financial asset'' 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.

**Financial assets at fair value through OCI (FVTOCI) (debt instruments)**

A "financial asset" 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 Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. 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 Group may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group 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 the statement of profit and loss, even on sale of investment. However, the Group 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.

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***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

***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 Group's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group 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 Group 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 Group could be required to repay.

***Impairment of financial assets***

In accordance with Ind-AS 109, the Group 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 debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Lease receivables under Ind-AS 116.
- Contract assets and trade receivables under Ind-AS 115.
- Financial guarantee contracts which are not measured as at FVTPL

The Group 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 Group 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 Group 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 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.

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ECL is the difference between all contractual cash flows that are due to the Group 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 Group 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. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

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 Group 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 Group 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 Group 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.

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 Group'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

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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 the statement of profit and loss. However, the Group 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 and 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 Group 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 and loss

**Re-classification of financial assets**
The Group 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 Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group 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 Group 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 consolidated 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.

## 2.17 Employee benefits

Employee benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group 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

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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 Group 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.

Past service costs are recognised in profit or loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

***Compensated absences***
Entitlements to annual leave are recognised when they accrue to employees. Leave entitlements may be availed while in service or encashed at the time of retirement/termination of employment, subject to a restriction on the maximum number of accumulation. The Group determines the liability for such accumulated leave entitlements on the basis of actuarial valuation carried out by an independent actuary at the year end.

**Short-term employee benefits**
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

## 2.18 Share based payments

Employees (including senior executives) of the Group receive remuneration in the form of share based payments, whereby employer render services as consideration for equity instruments (equity-settled transactions).

***Equity settled transactions***
The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in

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cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.
No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.
The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

## 2.19 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group 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 Group 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 and loss net of any reimbursement.

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.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly with in the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made. Therefore, in order to determine the amount to be recognised as a liability or to be disclosed as a contingent liability, in each case, is inherently subjective, and needs careful evaluation and judgement to be applied by the management. In case of provision for litigations, the judgements involved are with respect to the potential exposure of each litigation and the likelihood and/or timing of cash outflows from the Group, and requires interpretation of laws and past legal rulings.

Possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

## 2.20 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, that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

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For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

**2.21 Earnings per share (EPS)**

Basic earnings per share is calculated by dividing the profit or loss for the period attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share amounts are calculated by dividing the profit or loss attributable to equity shareholders of the Group 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.

**2.22 Dividend**

The Group recognises a liability to make cash or non-cash distributions to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. 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.

**2.23 Significant accounting judgements, estimates and assumptions**

The preparation of the Group'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 Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

**i) Determining the lease term of contracts with renewal and termination options – Group as lessee**

The Group 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.

For the lease contracts that includes extension and termination options. The Group 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 Group 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 Group 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 Group 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

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asset in a similar economic environment. The IBR therefore reflects what the Group '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 Group 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).

**ii) Revenue from contracts with customers**

The Group 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 Group 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.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group 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 Group 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 Group. Such changes are reflected in the assumptions when they occur.

**i) Deferred tax assets**

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.

**ii) Defined benefit plans (gratuity benefits)**

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 35.

**iii) Provision for expected credit losses of trade receivables and contract assets**

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. For details of allowance for doubtful debts please refer note 6D.

**iv) Impairment of financial and non-financial assets**

The impairment provisions for financial assets are based on assumptions about risk of default and expected credit loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

The carrying amounts of the Group'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.

**v) 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 Group 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 Group estimates variable considerations to be included in the transaction price for the sale of goods with a right of return, volume rebates and cash rebates.

**vi) Exceptional items**

Exceptional items refer to items of income or expense within the income statement that are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance for the period. Materiality threshold can be used to select items to be disclosed as exceptional on case to case basis. This threshold would be applied separately for standalone as well as consolidated financial statements. However, in case an item qualifies for disclosure in standalone financial statements but not in consolidated financial statements or vice versa, this would need to be evaluated on case to case basis the above analysis, mainly following items would be evaluated for disclosure as exceptional items:

a) Reassessment / change in life of asset (in case of re-evaluation of business/product, impact of all assets specific to that business/product to be considered for applying the threshold).
b) Provision for other than temporary diminution in the value of non-current investment.
c) Write-downs of inventories to net realisable value or of property, plant and equipment to recoverable amount, as well as reversals of such write downs.

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S Chand And Company Limited New Delhi *

d) In case of other significant item of income or expense, not covered above, the same would be evaluated on a case to case basis for disclosure under exceptional items

**2.24 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's Managing Director assesses the financial performance and position of the Group, and makes strategic decision and has been identified as the chief operating decision maker. The Group's business activity is organised and managed separately according to the nature of the products, with each segment representing a strategic business unit that offers different products and serves different market. The Group's primary business segment is reflected based on principal business activities carried on by the Group. As per Indian Accounting Standard 108, Operating Segments, as notified under the Companies (Indian Accounting Standards) Rules, 2015, the Group operates in one reportable business segment i.e., publishing of books. The geographical information analyses the Group's revenue and trade receivables from such revenue in India and other countries. The Group primarily operates in India. Refer note 51 for segment reporting.

**2.25 Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Revenue grants are recognized over periods to which they relate.

**2.26 Recent accounting pronouncements**

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 01 April 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or noncurrent.
- The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a Group has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of Group, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.
- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of financial statements.

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S Chand And Company Limited New Delhi

**3. Property, plant and equipment**

(₹ in millions)

| | Land | Building* | Plant and equipments | Furniture and fixtures | Vehicles** | Office equipments | Leasehold improvement | Electrical installations | Computers | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Gross block** | | | | | | | | | | |
| **As at 31 March 2019** | 163.95 | 232.82 | 562.26 | 71.29 | 112.55 | 74.92 | 25.05 | 15.16 | 219.63 | 1,477.63 |
| Additions | - | 42.55 | 13.00 | 2.26 | 10.24 | 5.88 | 1.20 | 0.07 | 6.30 | 81.50 |
| Disposals/ adjustments | (163.95) | - | (3.20) | (4.16) | (14.66) | (4.74) | (3.61) | (0.32) | (8.18) | (202.82) |
| **As at 31 March 2020** | - | 275.37 | 572.06 | 69.39 | 108.13 | 76.06 | 22.64 | 14.91 | 217.75 | 1,356.31 |
| Acquisition of a subsidiary (refer note 52) | - | - | - | 0.09 | 1.39 | 0.97 | - | - | 4.23 | 6.68 |
| Additions | - | - | 1.97 | 2.49 | 4.66 | 0.90 | - | 0.29 | 3.33 | 13.64 |
| Disposals/ adjustments | - | - | (1.43) | (0.63) | (15.51) | (1.81) | (1.83) | - | (36.44) | (57.65) |
| **As at 31 March 2021** | - | 275.37 | 572.60 | 71.34 | 98.67 | 76.12 | 20.81 | 15.20 | 188.87 | 1,318.98 |
| **Accumulated depreciation** | | | | | | | | | | |
| **As at 31 March 2019** | 3.42 | 18.05 | 93.24 | 25.91 | 30.25 | 39.46 | 12.47 | 6.49 | 96.76 | 326.05 |
| Charge for the year | - | 4.50 | 25.08 | 6.72 | 10.20 | 11.26 | 4.04 | 1.34 | 34.88 | 98.02 |
| Disposals/ adjustments | (3.42) | - | (1.13) | (2.45) | (6.46) | (3.39) | (3.20) | (0.15) | (7.04) | (27.24) |
| **As at 31 March 2020** | - | 22.55 | 117.19 | 30.18 | 33.99 | 47.33 | 13.31 | 7.68 | 124.60 | 396.83 |
| Acquisition of a subsidiary (refer note 52) | - | - | - | 0.06 | 0.85 | 0.94 | - | - | 3.74 | 5.60 |
| Charge for the year | - | 5.48 | 25.35 | 6.27 | 10.27 | 9.27 | 2.33 | 1.35 | 33.51 | 93.83 |
| Disposals | - | - | (0.81) | (0.42) | (8.32) | (1.41) | (1.33) | - | (34.32) | (46.61) |
| **As at 31 March 2021** | - | 28.03 | 141.73 | 36.09 | 36.79 | 56.13 | 14.31 | 9.03 | 127.53 | 449.65 |
| **Net block** | | | | | | | | | | |
| **As at 31 March 2020** | - | 252.82 | 454.87 | 39.21 | 74.14 | 28.73 | 9.33 | 7.23 | 93.15 | 959.48 |
| **As at 31 March 2021** | - | 247.34 | 430.87 | 35.25 | 61.88 | 19.99 | 6.50 | 6.17 | 61.34 | 869.33 |

* Building at 20/4, Site - IV, Sahibabad Industrial Area, Sahibabad with a carrying amount of ₹ 228.50 million (31 March 2020: ₹ 232.75 million) is subject to a first charge to secure Tata Capital Financial services Limited term loan.

Buildings at Bengaluru with a carrying amount of ₹ 0.33 million (31 March 2020: ₹ 0.34 million) is subject to a first charge to secure Indusind bank cash credit facility granted to its fellow subsidiary BPI (India) Private Limited.

Building at E-28, Sector 8, Noida with a carrying amount of ₹ 24.70 million (31 March 2020: ₹ 24.80 million) is subject to a first charge to secure Duestche bank term loan.

**Vehicles purchased through borrowings at 31 March 2021 was ₹ 29.77 million (31 March 2020: ₹ 37.35 million). Additions during the year include ₹ 4.25 million (31 March 2020: ₹ 4.88 million) purchased through loans. Vehicles are hypothecated as security for the related loan.

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S Chand And Company Limited New Delhi *

## 4. Goodwill and other intangible assets

| | Goodwill | Other intangible assets | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Software | Trademark | Copy-right | Website | Technical knowhow | Content development | Mobile application | License fees | |
| **Gross block** | | | | | | | | | | |
| **As at 31 March 2019** | **3,373.12** | **84.87** | **0.48** | **151.37** | **0.28** | **3.21** | **920.02** | **2.53** | **0.81** | **4,536.69** |
| Addition | 10.24 | 0.66 | - | - | 0.43 | - | 225.87 | 45.22 | - | 282.42 |
| **As at 31 March 2020** | **3,383.36** | **85.53** | **0.48** | **151.37** | **0.71** | **3.21** | **1,145.89** | **47.75** | **0.81** | **4,819.11** |
| Acquisition of a subsidiary (refer note 52) | - | **417.90** | - | - | - | - | - | - | - | 417.90 |
| Addition | - | 34.80 | - | 1.68 | - | - | 75.61 | 19.75 | - | 131.84 |
| Disposals/ adjustments | (2.36) | - | - | - | - | - | (12.35) | - | - | (14.71) |
| **As at 31 March 2021** | **3,381.00** | **538.23** | **0.48** | **153.05** | **0.71** | **3.21** | **1,209.15** | **67.50** | **0.81** | **5,354.14** |
| | | | | | | | | | | |
| **Accumulated amortisation** | | | | | | | | | | |
| **As at 31 March 2019** | - | **48.91** | **0.15** | **63.47** | **0.07** | **1.83** | **217.97** | **0.59** | **0.81** | **333.80** |
| Amortisation for the year | - | 11.00 | 0.08 | 19.76 | 0.04 | 0.63 | 149.06 | 3.50 | - | 184.08 |
| **As at 31 March 2020** | - | **59.91** | **0.23** | **83.23** | **0.11** | **2.46** | **367.03** | **4.09** | **0.81** | **517.88** |
| Acquisition of a subsidiary (refer note 52) | - | 26.14 | - | - | - | - | - | - | - | 26.14 |
| Amortisation for the year | - | 34.45 | 0.08 | 19.73 | 0.07 | 0.63 | 130.25 | 7.55 | - | 192.75 |
| Disposals | - | - | - | - | - | - | (12.34) | - | - | (12.34) |
| **As at 31 March 2021** | - | **120.50** | **0.31** | **102.96** | **0.18** | **3.09** | **484.94** | **11.64** | **0.81** | **724.43** |
| | | | | | | | | | | |
| **Net block** | | | | | | | | | | |
| **As at 31 March 2020** | **3,383.36** | **25.62** | **0.25** | **68.14** | **0.60** | **0.75** | **778.86** | **43.66** | - | **4,301.24** |
| **As at 31 March 2021** | **3,381.00** | **417.73** | **0.17** | **50.09** | **0.53** | **0.12** | **724.21** | **55.86** | - | **4,629.71** |

**a) Impairment testing of goodwill**

The Group performs test for goodwill impairment at least annually on 31 March or if indicators of impairment arise, such as the effects of obsolescence, demand, competition and other economic factors or on occurrence of an event or change in circumstances that would more likely than not reduce the fair value below its carrying amount. When determining the fair value, we utilize various assumptions, including operating results, business plans and projections of future cash flows.

During the year, the management has reviewed the carrying value of its goodwill against the recoverable amounts of these CGUs, using internal and external information available. Basis that, management has recorded an impairment of ₹ 2.36 million in the Statement of Profit and Loss during the year. The management believes that any reasonable possible changes in the key assumptions used would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

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S Chand And Company Limited New Delhi *

**Changes in the net carrying amount of goodwill is summarized as below:**

(₹ in millions)

| Particulars | As on 31 March 2021 | As on 31 March 2020 |
|---|---|---|
| Opening balance | 3,383.36 | 3,373.12 |
| Additions | - | 10.24 |
| Impairment for the year* | (2.36) | - |
| **Closing balance** | 3,381.00 | 3,383.36 |

*Impairment loss was recognised in separate financial statements of Vikas Publishing House Private Limited, one of the subsidiary of the Holding Company.

For the purpose of impairment testing, goodwill is allocated to a cash generating unit, representing the lowest level with the Group at which goodwill is monitored for internal management purposes and which is not higher than the Group's operating segment.

**The carrying amount of goodwill was allocated to the cash generating units as follows:**

| Particulars | As on 31 March 2021 |
|---|---|
| Chhaya Prakashini Limited | 1,572.73 |
| Vikas Publishing House Private Limited | 1,017.30 |
| New Saraswati House Private Limited | 653.92 |
| Others | 137.05 |
| | 3,381.00 |

**Impairment**

**An impairment test was carried out as on 31 March 2021, details of the test are as outlined below:**

| Particulars | Goodwill |
|---|---|
| Discount rate | 14.34% to 17.78% |
| Growth rate | 5.00% to 5.50% |
| Number of years for which cash flows were considered | 4 to 5 |
| Test result | No impairment |

**Growth rates**

The growth rates used are in line with the growth rate of the industry in which the entities operates and are consistent with internal / external sources of information.

**Discount rates**

The discount rates takes into consideration market risk and specific risk factors of the cash generating unit. The cash flow projections are based on the forecasts made by the management.

**Sensitivity**

The management believes that any reasonable possible changes in the key assumptions would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

**b) Impairment of content development**

During the year ended 31 March 2021, the impairment loss of ₹ 5.16 million included in ₹ 130.25 million (31 March 2020 ₹ 8.58 million included in ₹ 149.06 million) represented the write-down value of certain content development as a result of title obsolescence. This was recognised in the statement of profit and loss.

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S Chand And Company Limited New Delhi *

**5. Right-of-use assets (ROU)**

(₹ in millions)

| | Leasehold land (RoU)* | Building (RoU) | Plant and equipment (RoU) | Total |
|---|---|---|---|---|
| **Gross block** | | | | |
| **As at 31 March 2019** | - | - | - | - |
| Additions on transition to Ind AS 116 | 163.95 | 201.79 | - | 365.74 |
| Additions | 13.01 | 346.11 | 40.05 | 399.17 |
| Disposals | - | (9.27) | - | (9.27) |
| Adjustment | - | (6.76) | - | (6.76) |
| **As at 31 March 2020** | **176.96** | **531.87** | **40.05** | **748.87** |
| Additions | - | 27.33 | - | 27.33 |
| Disposals | - | (49.74) | - | (49.74) |
| **As at 31 March 2021** | **176.96** | **509.46** | **40.05** | **726.46** |
| | | | | |
| **Accumulated amortisation** | | | | |
| **As at 1 April 2019** | - | - | - | - |
| Additions on transition to Ind AS 116 | 3.42 | - | - | 3.42 |
| Amortisation for the year | 2.94 | 117.88 | 4.77 | 125.59 |
| Disposals | - | (3.23) | - | (3.23) |
| **As at 31 March 2020** | **6.36** | **114.65** | **4.77** | **125.78** |
| Amortisation for the year | 3.11 | 118.52 | 8.01 | 129.63 |
| Disposals | - | (9.48) | - | (9.48) |
| **As at 31 March 2021** | **9.47** | **223.69** | **12.78** | **245.94** |
| | | | | |
| **Net block** | | | | |
| **As at 31 March 2020** | **170.60** | **417.22** | **35.28** | **623.09** |
| **As at 31 March 2021** | **167.49** | **285.77** | **27.27** | **480.52** |

*Leasehold industrial property situated at 40/2A, Sahibabad Industrial Area - Site - IV, Sahibabad (U.P.) has been hypothecated with Indian Bank against a loan obtained by its wholly owned subsidiary, Vikas Publishing House Private Limited. The loan is repayable in 120 equal monthly installments starting from April 2020.

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S Chand And Company Limited New Delhi *

**6 Financial assets**

**6A. Investments accounted for using the equity method (refer note 34)**

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| | | (₹ in millions) |
| **Investment in unquoted equity shares** | | |
| 50 (31 March 2020: 50) Equity Shares of ₹ 10 each fully paid up in M/s Smartivity Labs Private Limited | 0.52 | 0.52 |
| 2,488,221 (31 March 2020: 2,025,766) Equity Shares of ₹ 2/- each fully paid up in Edutor Technologies India Private Limited* | - | 165.10 |
| | 0.52 | 165.62 |
| **Investment in unquoted preference shares** | | |
| 5,490 (31 March 2020: 5,414) 0.001% compulsorily convertible cumulative shares of ₹ 10 each fully paid up in M/s Smartivity Labs Private Limited | 21.51 | 17.89 |
| | 21.51 | 17.89 |
| | 22.03 | 183.51 |

*refer note 52

**6B. Non-current investments**

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| | | | (₹ in millions) |
| i) | **Investment in unquoted equity shares** | | |
| | 100 (31 March 2020: 100) Equity Shares of ₹ 10/- each of Testbook Edu Solutions Private Limited | 0.83 | 0.83 |
| | | 0.83 | 0.83 |
| ii) | **Investment in unquoted preference shares** | | |
| | 319,900 (31 March 2020: 319,900) Compulsory Convertible Cumulative Preference Shares of ₹ 10/- each of Gyankosh Solutions Private Limited | 24.15 | 24.15 |
| | Less: Impairment in Gyankosh Solutions Private Limited | (12.08) | (12.08) |
| | 2,690 (31 March 2020: 2,690) Compulsory Convertible Cumulative Preference Shares of ₹ 500/- each of Testbook Edu Solutions Private Limited | 22.23 | 22.23 |
| | 353 (31 March 2020: 353) Compulsory Convertible Cumulative Preference Shares of ₹ 10/- each of Next Door Learning Solutions Private Limited | 4.87 | 4.87 |
| | Less: Impairment in Next Door Learning Solutions Private Limited | (4.87) | (2.43) |
| | | 34.30 | 36.74 |
| iii) | **Investments in Government and trust securities (unquoted), valued at fair value through profit and loss** | | |
| | Investment in Tax Free Bonds of Power Finance Corporation | 2.14 | 2.14 |
| | National savings certificates | 0.03 | 0.03 |
| | | 2.17 | 2.17 |
| iv) | **Investments in quoted equity shares, valued at fair value through profit and loss** | | |
| | 500 (31 March 2020: 500) Equity Shares of ₹ 10 each fully paid up in State Bank of India | 0.19 | 0.10 |
| | 200 (31 March 2020: 200) Equity Shares of ₹ 10 each fully paid up in Oriental Bank of Commerce | 0.01 | 0.01 |
| | | 0.20 | 0.11 |
| | **Total** | 37.50 | 39.85 |
| | Aggregate book value of quoted investment | 0.19 | 0.11 |
| | Aggregate market value of quoted investment | 0.20 | 0.11 |
| | Aggregate book value of unquoted investment | 37.31 | 39.74 |
| | Aggregate value of impairment in value of investments | 16.95 | 14.52 |

Note:
(i) Refer note 44 for disclosure of fair values in respect of financial assets measured at fair value and amortised cost.

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S Chand And Company Limited New Delhi *

**6C. Investments - Current**

(₹ in millions)

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| | **Investments at fair value through profit and loss** | | |
| | **Investment in equity shares (unquoted)** | | |
| | 15,880 (31 March 2020: 15,880) shares of ` 10 each fully paid up in M/s Sistema Smart Technologies Limited* | - | - |
| | | - | - |
| | **Investments at fair value through profit and loss** | | |
| i) | **Investments in equity instruments (quoted)** | | |
| | 1,000 (31 March 2020: 1,000) Equity Shares of ₹ 10 each fully paid up in M/s Freshtop Fruits Limited | 0.08 | 0.04 |
| | 400 (31 March 2020: 400) Equity Shares of ₹ 10 each fully paid up in M/s EIH Associated Hotel Limited | 0.09 | 0.08 |
| | 40 (31 March 2020: 40) Equity Shares of ₹ 10 each fully paid up in M/s Reliance Industries Limited | 0.08 | 0.04 |
| | 21,600 (31 March 2020: 21,600) Equity Shares of ₹ 10 each fully paid up in M/s Winsome Breweries Limited | 0.08 | 0.06 |
| | 500 (31 March 2020: 500) Equity Shares of ₹ 10 each fully paid up in State Bank of India | 0.18 | 0.10 |
| | 42,564 (31 March 2020: 42,564) Equity Shares of ₹ 10 each fully paid up in M/s Mahaan Foods Limited | 0.73 | 0.49 |
| | 10,457 (31 March 2020: 10,457) Equity Shares of ₹ 1 each fully paid up in M/s Pentamedia Graphics Limited | 0.00 | 0.00 |
| | 2,000 (31 March 2020: 2,000) Equity Shares of ₹ 10 each fully paid up in M/s Vardhman Concrete Limited* | - | - |
| | 100 (31 March 2020: 100) Equity Shares of ₹ 10 each fully paid up in M/s Zee Entertainment Enterprises Limited | 0.02 | 0.01 |
| | 100 (31 March 2020: 100) Equity Shares of ₹ 10 each fully paid up in M/s Zee Entertainment Enterprises Limited (Bonus shares) | 0.02 | 0.01 |
| | 230 (31 March 2020: 200 shares of Rs. 10 each fully paid up in M/s Oriental Bank of Commerce) shares of Rs. 10 each fully paid up in M/s Punjab National Bank (200 equity shares of M/s Oriental Bank of Commerce swap to 230 equity shares of M/s Punjab National Bank) | 0.01 | 0.01 |
| | | 1.29 | 0.84 |
| ii) | **Investments in mutual fund (quoted)** | | |
| | Nil (31 March 2020: 12,67,918 units) units of Rs.10 each SBI Savings Fund - Regular Plan - Growth | - | 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 |
| | 43,334 (31 March 2020: 57,906) units of Templeton India Corporate Bond Opportunities Growth Fund | 0.90 | 1.08 |
| | 48,145 (31 March 2020: 95,388) units of Franklin India Ultra Short Bond Fund - Super Institutional Plan | 1.43 | 2.62 |
| | 98,657 (31 March 2020: 94,511) units in Principal Monthly Income Plan - Dividend Reinvestment | 1.34 | 1.02 |
| | 3,12,480 (31 March 2020: 2,22,648) units of ICICI Prudential Mutual Fund | 8.92 | 4.53 |
| | Nil (31 March 2020: 71,871.88) units in ICICI Prudential Ultra Short Term Fund Growth | - | 1.47 |
| | 100,796.87 (31 March 2020: Nil) units in ICICI Prudential Short Term Fund - Growth | 4.62 | - |
| | 15,610.86 units (31 March 2020: Nil) in SBI liquid fund | 50.00 | - |
| | 1,089,348 (31 March 2020: Nil) units in HDFC Liquid Fund - Regular Plan Growth option | 49.03 | - |
| | | 257.12 | 166.18 |
| | **Total current investments** | 258.41 | 167.02 |
| | Aggregate book value of quoted investments | 254.50 | 168.27 |
| | Aggregate market value of quoted investments | 258.41 | 167.02 |
| | Aggregate value of impairment in value of investments | - | - |

*amounts written off in earlier years

Note:
(i) Refer note 44 for disclosure of fair values in respect of financial assets measured at fair value and amortised cost.

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S Chand And Company Limited New Delhi *

## 6D. Trade receivables

(₹ in millions)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Trade receivables** | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 3,220.88 | 3,348.65 |
| Receivables which have significant increase in credit risk | 481.87 | 433.52 |
| Receivable credit impaired | - | - |
| | 3,702.75 | 3,782.17 |
| **Less: Allowance for expected credit Loss** | | |
| Secured, considered good | - | - |
| Unsecured, considered good | - | - |
| Receivables which have significant increase in credit risk | 481.87 | 433.52 |
| Receivable credit impaired | - | - |
| | 481.87 | 433.52 |
| Secured, considered good | - | - |
| Unsecured, considered good | 3,220.88 | 3,348.65 |
| Receivables which have significant increase in credit risk | - | - |
| Receivable credit impaired | - | - |
| | 3,220.88 | 3,348.65 |
| **Trade receivables from related parties (refer note 38)** | - | - |

**The movement in impairment of trade receivables as follow:**

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Opening balance | 433.52 | 365.33 |
| Additions/ (write back) (net) | 71.00 | 113.28 |
| Write off (net of recovery) | (22.65) | (45.09) |
| **Closing balance** | 481.87 | 433.52 |

**Notes:**
(i) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person.
(ii) Refer note 44 for disclosure of fair values in respect of financial assets measured at fair value and amortised cost.

## 6E. Cash and cash equivalents

(₹ in millions)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Balances with banks | | |
| - In current accounts | 282.21 | 54.73 |
| - Deposits with original maturity of less than three months | 15.65 | 35.83 |
| Cheques on hand | 118.21 | 2.98 |
| Cash on hand | 3.10 | 4.56 |
| **Total** | 419.17 | 98.10 |

Note:
(i) Refer note 44 for disclosure of fair values in respect of financial assets measured at fair value and amortised cost.

## 6F. Bank balances other than cash and cash equivalents

(₹ in millions)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Deposits with original maturity more than 3 months and less than 12 months* | 65.68 | 7.22 |
| **Total** | 65.68 | 7.22 |

*includes margin money deposits with a carrying amount of ₹3.90 million (31 March 2020: ₹4.48 million) are subject to first charges to secure the Group's bank guarantees.

Note:
(i) Refer note 44 for disclosure of fair values in respect of financial assets measured at fair value and amortised cost.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

**6G. Loans**

(₹ in millions)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Unsecured, considered good** | | |
| **Non- current:** | | |
| Security deposits | 41.41 | 40.13 |
| Others | 3.38 | 15.72 |
| | 44.79 | 55.85 |
| **Current:** | | |
| Security deposits | 16.49 | 21.06 |
| Others | 24.95 | 38.61 |
| | 41.44 | 59.67 |
| **Total** | 86.23 | 115.52 |
| **Non-current** | 44.79 | 55.85 |
| **Current** | 41.44 | 59.67 |
| Considered good, unsecured | 86.23 | 115.52 |
| Recoverable which have significant increase in credit risk | - | - |

Note:
(i) Refer note 44 for disclosure of fair values in respect of financial assets measured at fair value and amortised cost.

**6H. Other financial assets**

(₹ in millions)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Non-current** | | |
| Deposits with original maturity for more than 12 months | 2.51 | 9.76 |
| Interest accrued but not due on fixed deposits | 2.63 | 4.19 |
| Margin money (refer note i) | 0.11 | 0.11 |
| Other receivables | 8.11 | - |
| | 13.36 | 14.06 |
| **Current** | | |
| Interest accrued but not due on fixed deposits | 0.97 | 0.93 |
| Advance to employees | 1.57 | 2.36 |
| Restricted cash (refer note ii) | 0.09 | 0.09 |
| Other receivables | 1.53 | 9.71 |
| | 4.16 | 13.09 |
| **Total** | 17.52 | 27.15 |
| **Non-current** | 13.36 | 14.06 |
| **Current** | 4.16 | 13.09 |

i. Margin money deposit with a carrying amount of ₹0.11 million (31 March 2020: ₹ 0.11) has been deposited with sales tax department.
ii. Restricted cash represent earmarked balance for unclaimed dividend payouts.

Note:
(i) Refer note 44 for disclosure of fair values in respect of financial assets measured at fair value and amortised cost.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

**7 Inventories**

(₹ in millions)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Raw materials (at cost) | 132.90 | 295.65 |
| Raw materials others (at cost) | - | 0.25 |
| Stores and spares (at cost) | 4.75 | 4.75 |
| Printing material (at cost) | 25.53 | 25.39 |
| Work in progress (at cost) | 1.44 | 11.73 |
| Finished goods (at lower of cost or net realisable value) | | |
| - Manufactured goods | 1,090.62 | 1,552.53 |
| - Imported goods | - | 4.45 |
| - Traded goods | 122.20 | 118.81 |
| **Total*** | 1,377.44 | 2,013.56 |

*Inventories have been reduced by ₹ 114.80 millions (31 March 2020: ₹ 87.15 millions) as a result of write-down to net realisable value.

**8. Other assets**

(₹ in millions)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Non- Current** | | |
| Capital advances, unsecured, considered good | - | 1.08 |
| Tax receivable (net of provision) | 65.03 | 214.60 |
| Prepaid expenses | 7.87 | 9.53 |
| Balance with statutory / government authorities | 3.41 | 4.58 |
| Others | 0.07 | 0.05 |
| | 76.38 | 229.84 |
| **Current** | | |
| Balance with statutory / government authorities | 25.38 | 40.68 |
| Tax receivable (net of provision) | 8.69 | 35.50 |
| Prepaid expenses | 33.01 | 48.47 |
| Other advances, unsecured, considered good | 32.09 | 29.35 |
| | 99.17 | 154.00 |
| **Total** | 175.55 | 383.84 |
| **Non-current** | 76.38 | 229.84 |
| **Current** | 99.17 | 154.00 |

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WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi

## 9 Deferred taxes:

(₹ in millions)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Items leading to creation of deferred tax assets** | | |
| 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 | 89.03 | 19.22 |
| Impact on account of brought forward depreciation of income tax | 195.63 | 255.41 |
| Impact on account of brought forward and carried forward losses | 293.33 | 256.17 |
| Provision for doubtful debts | 109.91 | 108.17 |
| Impact of fair value gain on current investment | - | 0.21 |
| Others | 42.69 | 35.90 |
| **Total deferred tax assets** | **730.59** | **675.08** |
| **Items leading to creation of deferred tax liabilities** | | |
| 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 | (1.65) | (1.12) |
| Property, plant and equipment: impact of differences between tax depreciation and depreciation/amortization charged in the financial statements | (131.28) | (133.02) |
| **Total deferred tax liabilities** | **(132.93)** | **(134.14)** |
| **Net deferred tax assets** | **597.66** | **540.94** |
| **Add: MAT credit entitlement** | **76.42** | **72.98** |
| **Total** | **674.08** | **613.92** |

**Note:**

**Movement of deferred tax assets tax assets/ liabilities presented in balance sheet**

| | As at 31 March 2020 | Recognised in Profit and loss | Recognised in Capital reserve* | Recognised in OCI | As at 31 March 2021 |
|---|---|---|---|---|---|
| **Items leading to creation of deferred tax assets** | | | | | |
| 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 | 19.22 | 72.65 | 1.60 | (4.44) | 89.03 |
| Impact on account of brought forward depreciation of income tax | 255.41 | (61.54) | 1.76 | - | 195.63 |
| Impact on account of brought forward and carried forward losses | 256.17 | 37.16 | | - | 293.33 |
| Provision for doubtful debts | 108.17 | 1.74 | - | - | 109.91 |
| Investment: impact of fair value gain on current investment | 0.21 | (0.21) | - | - | - |
| Others | 35.90 | 6.79 | - | - | 42.69 |
| **Total deferred tax assets** | **675.08** | **56.59** | **3.36** | **(4.44)** | **730.59** |
| **Items leading to creation of deferred tax liabilities** | | | | | |
| 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 | (1.12) | (0.53) | - | - | (1.65) |
| Impact of differences between tax depreciation and depreciation/amortization charged in the financial statements | (133.02) | 1.74 | - | - | (131.28) |
| **Total deferred tax liabilities** | **(134.14)** | **1.21** | **-** | **-** | **(132.93)** |
| **Net deferred tax assets** | **540.94** | **57.80** | **3.36** | **(4.44)** | **597.66** |

*upon step acquisition of Edutor Technologies India Private Limited on 31 August 2020 (refer note 52)

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

| | As at 31 March 2019 | Recognised in Profit and loss | Recognised in Capital reserve | Recognised in OCI | As at 31 March 2020 |
|---|---|---|---|---|---|
| **Items leading to creation of deferred tax assets** | | | | | |
| 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 | 186.77 | (169.24) | - | 1.69 | 19.22 |
| Impact on account of brought forward depreciation of income tax | 58.45 | 196.96 | - | - | 255.41 |
| Impact on account of brought forward and carried forward losses | 376.61 | (120.44) | - | - | 256.17 |
| Provision for doubtful debts | 105.78 | 2.39 | - | - | 108.17 |
| Investment: impact of fair value gain on current investment | - | 0.21 | - | - | 0.21 |
| Others | 2.67 | 33.23 | - | - | 35.90 |
| **Total deferred tax assets** | **730.28** | **(56.91)** | **-** | **1.69** | **675.08** |
| **Items leading to creation of deferred tax liabilities** | | | | | |
| 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 | (1.59) | 0.47 | - | - | (1.12) |
| Property, plant and equipment: impact of differences between tax depreciation and depreciation/amortization charged in the financial statements | (135.87) | 2.85 | - | - | (133.02) |
| **Total deferred tax liabilities** | **(137.46)** | **3.31** | **-** | **-** | **(134.14)** |
| **Net deferred tax assets** | **592.82** | **(53.60)** | **-** | **1.69** | **540.94** |

Note- Refer note 30 for effective tax reconciliation.

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WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

## 10. Equity share capital

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| | | (₹ in millions) |
| **Authorised** | | |
| 40,000,000 (31 March 2020: 40,000,000) equity shares of ₹ 5/- each | 200.00 | 200.00 |
| **Issued, subscribed and fully paid equity capital** | | |
| 34,975,287 (31 March 2020: 34,975,287) equity shares of ₹ 5/- each | 174.88 | 174.88 |
| | 174.88 | 174.88 |

**a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year**

| Authorised share capital | No. of shares | ₹ in millions |
|---|---|---|
| **As at 31 March 2019** | 4,00,00,000 | 200.00 |
| Increase/(decrease) during the year | - | - |
| **As at 31 March 2020** | 4,00,00,000 | 200.00 |
| Increase/(decrease) during the year | - | - |
| **As at 31 March 2021** | 4,00,00,000 | 200.00 |

| Issued equity capital | No. of shares | ₹ in millions |
|---|---|---|
| **Equity share of ₹ 5/- each issued, subscribed and fully paid (31 March 2020: Equity share of ₹ 5 each)** | | |
| **As at 31 March 2019** | 3,49,75,287 | 174.88 |
| Issued during the year | - | - |
| **As at 31 March 2020** | 3,49,75,287 | 174.88 |
| Issued during the year | - | - |
| **As at 31 March 2021** | 3,49,75,287 | 174.88 |

**b. Terms/ rights attached to equity shares**

The Holding Company has only one class of equity shares having par value of ₹ 5 per share (31 March 2020: ₹ 5 per share). Each holder of equity shares is entitled to one vote per share. The Holding Company declares and pays dividends in Indian rupees. In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. The Holding Company has not issued any share pursuant to a contract without payment being received in cash in the current year and preceding five years. The Holding Company has not issued any bonus shares nor has there been any buy-back of shares in the current year and preceding five years.

**d. Details of shareholders holding more than 5% shares in the Holding Company**

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | No. of shares | % of holding | No. of shares | % of holding |
| Mr. Himanshu Gupta | 59,94,038 | 17.14% | 59,61,238 | 17.04% |
| Mrs. Neerja Jhunjhnuwala | 40,08,345 | 11.46% | 40,08,345 | 11.46% |
| Mr. Dinesh Kumar Jhunjhnuwala | 38,46,854 | 11.00% | 38,46,854 | 10.99% |
| International Finance Corporation | 28,05,784 | 8.02% | 28,05,784 | 8.02% |
| Everstone Capital Partners II LLC | - | - | 33,23,229 | 9.50% |

**e. Shares reserved for issue under options**

For details of shares reserved for issue under the employee stock options (ESOPs) plan of the Group, please refer note 36.

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WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

## 11. Other equity

(₹ in millions)

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| a. | **Capital reserve** | | |
| | Balance as the beginning of the year | (530.41) | (530.41) |
| | Add: Acquisition of subsidiary | 38.56 | - |
| | **Balance as the end of the year** | **(491.85)** | **(530.41)** |
| b. | **Securities premium account** | | |
| | Balance as the beginning of the year | 6,606.35 | 6,606.35 |
| | **Balance as the end of the year** | **6,606.35** | **6,606.35** |
| c. | **General reserve** | | |
| | Balance as the beginning of the year | 404.19 | 404.19 |
| | **Balance as the end of the year** | **404.19** | **404.19** |
| d. | **Debenture redemption reserve** | | |
| | Balance as the beginning of the year | - | - |
| | Add: Transfer from retained earnings | 22.96 | - |
| | **Balance as the end of the year** | **22.96** | **-** |
| e. | **Retained earning** | | |
| | Balance as the beginning of the year | 1,496.92 | 2,611.13 |
| | Less: Loss during the year | (57.66) | (1,114.21) |
| | Less: Transfer to debenture redemption reserve | (22.96) | - |
| | **Balance as the end of the year** | **1,416.30** | **1,496.92** |
| f. | **Employee stock options reserve** | | |
| | Balance as the beginning of the year | 10.66 | 9.99 |
| | Add: Compensation options granted during the year (refer note 36) | 0.85 | 0.67 |
| | **Balance as the end of the year** | **11.51** | **10.66** |
| g. | **Other comprehensive income** | | |
| | Balance as the beginning of the year | 21.93 | 27.81 |
| | Add: Other comprehensive income for the year (net) | 16.61 | (5.88) |
| | **Balance as the end of the year** | **38.54** | **21.93** |
| | **Total** | **8,008.00** | **8,009.64** |

**Nature and purpose of reserve**

**Capital reserve**

During the financial year 2009-10, the Group acquired non-controlling interest in a subsidiary company and the amount of ₹ 25.80 millions was transferred to capital reserve.

During the financial year 2015-16, the Holding Company cancelled its 149,900 forfeited equity shares pursuant to resolution passed at Board Meeting dated 22 September 2015 and the amount of ₹ 0.51 millions was transferred to capital reserve.

During the financial year 2017-18, the Group acquired non-controlling interest in a subsidiary company and the amount of ₹ (556.72) millions was transferred to capital reserve.

During the financial year 2020-21, the Group acquired a subsidiary company through step acquisition and the amount of ₹ 38.56 millions was transferred to capital reserve.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

**Securities premium**
Securities premium comprises of the premium on issue of shares. The reserve is utilised in accordance with the specific provision of the Companies Act, 2013.

**General reserve**
General reserve represents amount appropriated out of retained earnings.

**Debenture redemption reserve**
Debenture redemption reserve was created for compliance with the Companies Act, 2013. The Group has transferred balance from retained earnings to debenture redemption reserve during the year ended 31 March 2021.

**Retained earnings:**
Retained earnings refer to the net profit/(loss) retained by the Group for its core business activities.

**Employee stock options outstanding:**
On 30 June 2012, the board of directors approved the Equity Settled ESOP Scheme 2012 (Scheme 2012) for issue of stock options to the eligible employees and subsequent to that various grants were issued. The reserve has been created for the various ESOP grants issued by the Holding Company thereafter.

**Other comprehensive income**
Other comprehensive income comprise of re-measurement of defined benefit liability.

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WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

**12. Borrowings**
**12A. Non-current borrowings**

(₹ in millions)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Term Loans** | | |
| Foreign currency loan from banks (secured) (refer note 1 to 2) | 64.17 | 144.17 |
| Indian rupee loan from banks (secured) (refer note 3 to 5) | 146.96 | 154.10 |
| Indian rupee loan from financial institutions (secured) (refer note 6 to 10) | 673.33 | 713.52 |
| MSME GoI guaranteed loan from bank (secured) (refer note 11 to 12) | 72.70 | - |
| **Vehicle loans** | | |
| Indian rupee loan from bank (secured) (refer note 13 to 18) | 13.05 | 17.24 |
| Indian rupee loan from others (secured) (refer note 19 to 21) | 4.23 | 8.90 |
| **Total** | 974.44 | 1,037.93 |
| **Less: current maturities of long term borrowings** | | |
| **Term loans** | | |
| Foreign currency loan from banks (secured) (refer note 1 to 2) | 64.17 | 144.17 |
| Indian rupee loan from banks (secured) (refer note 3 to 5) | 15.00 | 15.14 |
| Indian rupee loan from others (secured) (refer note 6 to 10) | 120.46 | 258.48 |
| MSME GoI guaranteed loan from bank (secured) (refer note 11 to 12) | 8.87 | |
| **Vehicle loans** | | |
| Indian rupee loan from bank (secured) (refer note 13 to 18) | 4.34 | 7.30 |
| Indian rupee loan from others (secured) (refer note 19 to 21) | 1.11 | 4.67 |
| | 213.95 | 429.76 |
| **Total** | 760.49 | 608.17 |
| **Secured** | 760.49 | 608.17 |
| **Unsecured** | - | - |

| Nature of Security | Terms of repayment |
|---|---|
| **a. Term Loan** | |
| **1.** In Vikas Publishing House Private Limited, the company has taken foreign currency term loan from RBL Bank Limited in FY 2018-19 which is secured by first pari passu charge by way of hypothecation on entire current assets inclusive of stock and book debts, both present and future, first pari passu charge by way of hypothecation on entire movable fixed assets, both present and future (excluding those exclusively charged to other lenders) and corporate guarantee of the Holding Company. Interest is to be paid on monthly basis. Principal and interest both are fully hedged by RBL Bank Limited. Due to COVID -19, Bank has allowed the moratorium period for the quarterly instalment due for the month of April 2020. | Repayable in 12 quarterly installments of ₹12.50 million plus interest on reducing balance<br><br>Rate of interest - 9.95% p.a. |
| **2.** In New Saraswati House (India) Private Limited, the company has taken foreign currency term loan from RBL Bank Limited in financial year 2017-18 which is secured by way of (i) First pari passu charge on entire existing and future current assets (ii) First pari passu charge over the entire existing and future fixed asset of the company, and (iii) Corporate Guarantee of the Holding Company. (iv) Personal Guarantee of Mr. Himanshu Gupta and Mr. Dinesh Kumar Jhunjhnuwala. Interest is to be paid on monthly basis. Principal and interest both are fully hedged by RBL Bank Limited. Due to COVID -19, Bank has allowed the moratorium period for the principal due for the quarter payable in the month of May 2020. | Repayable in 12 quarterly instalments starting from May 2018<br><br>Rate of interest- 9.75% p.a. |
| **3.** In Vikas Publishing House Private Limited, the company has taken mortgage loan form Indian Bank in FY 2019-20 which is secured by equitable mortgage on industrial property owned by the Holding Company, situated at 40/2A, Sahibabad Industrial Area - Site - IV, Sahibabad (U.P.). The loan is also secured by personal guarantee of two directors, Mr. Himanshu Gupta and Mr. Dinesh Kumar Jhunjhnuwala and corporate guarantee of the Holding Company. Due to COVID -19, bank has allowed a moratorium period for EMI for the months of April 2020 to August 2020. | Repayable in 120 equated monthly installments ₹ 1.42 millions<br><br>Rate of interest - 10.65% to 11.05% p.a. |

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited * New Delhi

| | |
|---|---|
| 4. In Vikas Publishing House Private Limited, the company has taken loan against property from Deutsche Bank in FY 2018-19 which is secured by equitable mortgage of property bearing no. E-28, Sector -8, Noida (U.P.). Due to COVID -19, bank has allowed a moratorium period for EMI for the months of April 2020 to August 2020. | Repayable in 120 equated monthly installments of ₹ 0.69 millions<br><br>Rate of interest- 9.05% to 9.75% p.a |
| 5. In New Saraswati House (India) Private Limited, the company has taken term loan from RBL Bank Limited in financial year 2017-18. The loan is secured by way of (i) First pari passu charge on entire existing and future current assets (ii) First pari passu charge over entire existing and future fixed asset of the Company, (iii) Corporate Guarantee of the Holding Company. (iv) Personal Guarantee of Mr. Himanshu Gupta and Mr. Dinesh Kumar Jhunjhnuwala. Due to COVID -19, bank has allowed the moratorium period for the principal due for the quarter payable in the month of May 2020. | Repayable in 12 quarterly instalments starting from May 2018.<br><br>Rate of interest- 10.20% p.a. |
| 6. In the Holding Company, term loan from Axis Finance Limited had been obtained during the year ended 31 March 2019. The facility had been secured against: (i) Pledge of 64% of unlisted shares of Chhaya Prakashani Limited. (ii) 2nd charge on both present and future current and fixed moveable assets of the Holding Company; (iii) PDCs for the interest and principal amount. Pursuant to breach of loan covenants during the year ended 31 March 2019, the terms of loan agreement were modified, which resulted into increase of rate of interest to 13% effective 6 June 2019. The Company had prepaid ₹ 200.00 millions during the year ended 31 March 2020 and the next instalment is due on 31 August 2021. | Repayable in 78 equal monthly installments of ₹ 8.33 millions beginning from August 2019.<br><br>Rate of interest at 11.00% to 13 % p.a. |
| 7. In Vikas Publishing House Private Limited, the company has taken Indian rupee term loan from Tata Capital Financial Services Limited in FY 2019-20 which is secured by equitable mortgage on industrial property situated at 20/4, Sahibabad Industrial Area, Site - IV, Sahibabad (U.P.), corporate guarantee of the Holding Company and personal guarantee of Mr. Himanshu Gupta and Mr. Dinesh Kumar Jhunjhnuwala. Due to Covid -19 effect, financial institution has allowed the moratorium period for the principal and interest due for the months of April and May 2020 and the interest amount due for such months are repayable at the end of the original term loan in 2 installment. | Repayable in 78 equal monthly installments of ₹ 3.21 millions<br><br>Rate of interest- 11% p.a. |
| 8. In Vikas Publishing House Private Limited, the company had taken three term loan from Siemens Financial Services Private Limited for purchase of machines during the FY 2017-18, which carried interest @ 11.50% p.a. It was repayable in 36 equated monthly instalments and was secured by hypothecation of respective machines and corporate guarantee of the Holding Company. Loan has been completely repaid during the year 2020-21 | Repayable in 36 equated monthly installments of ₹ 0.15 to ₹ 0.64 millions<br><br>Rate of interest- MCLR for 3 months plus 1.70% p.a |
| 9. In DS Digital Private Limited, the company has taken term loans from Siemens Financial Services Private Limited for purchase of machines which is secured by hypothecation of respective machine and Corporate Guarantee of the Holding Company. | Repayable in 36 equated monthly instalments<br><br>Rate of interest- 11.25% p.a to 13.5% |
| 10. In DS Digital Private Limited, the company has taken term loans from Hewlett Packard Financial Services Private Limited for purchase of machines which are secured by hypothecation of respective machine and corporate guarantee of the Holding Company. | Repayable in 36 equated monthly instalments<br><br>Rate of interest- 10.69% |
| 11. In New Saraswati House (India) Private Limited, the company has taken WCTL of ₹ 19.90 million under ECLGS form Kotak Mahindra Bank in financial year 2020-21 which carries fixed interest. Moratorium of 12 months exercised from date of first disbursement.<br>The loan is secured by way of (i) 100% Guaranteed by National Credit Guarantee Trustee Company Ltd (NCGTC) (ii) Second Pari-passu hypothecation charge on all existing and future current assets of the Borrower shared with RBL Bank (iii) Second Pari-passu hypothecation charge on all existing and future moveable fixed assets of the Borrower shared with RBL Bank. | Repayable in 36 monthly instalments starting from Oct-2021<br><br>Rate of Interest- 8% p.a. |
| 12. In New Saraswati House (India) Private Limited, the company has taken WCTL of ₹ 52.80 million under ECLGS form RBL Bank in financial year 2020-21. Moratorium of 12 months exercised from date of first disbursement.<br>The loan is secured by way of (i) 100% Guaranteed by National Credit Guarantee Trustee Company Ltd (NCGTC) (ii) Second Charge by way of hypothecation on entire current assets inclusive of stock and book debts, both present and future, and (iii) Second Charge by way of hypothecation on entire movable fixed assets both present and future (except those charged excl. to other banks/financial institutions.) | Repayable in 36 monthly instalments starting from Dec 2021<br><br>Floating Rate of Interest- RRLR (i.e. 9.10% p.a. + 0.15% spread) |

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

S Chand And Company Limited New Delhi

**Vehicle loans from bank/financial institutions**

**Vehicle loan from banks**

| | |
|---|---|
| **13.** In the Holding Company, vehicle loans have been obtained from HDFC Bank, ICICI Bank, and Yes Bank and the same are secured by hypothecation of respective vehicles. The vehicle loan from HDFC Bank has been repaid during the year. | Repayable in 36 to 60 equal monthly installment of ₹ 0.01 to ₹ 0.07 millions. Rate of interest at 8.25% to 12.00% |
| **14.** In Vikas Publishing House Private Limited, the company had taken vehicle loan from HDFC Bank Limited and ICICI Bank Limited and the same are secured by hypothecation of respective vehicle. | Repayable in 36 to 60 equal monthly installments of ₹ 0.02 to ₹ 0.04 millions Rate of interest- 9.26% to 9.25% p.a. |
| **15.** In New Saraswati House (India) Private Limited, vehicle loan from HDFC bank was taken in the year 2016-17 which was secured by way of hypothecation of respective vehicle in favor of the bank. The loan has been repaid during the year. | Repayable in 60 equal monthly instalments beginning from May 2016 Rate of interest- 9.36% p.a. |
| **16.** In Eurasia Publishing House Private Limited, vehicle loan from HDFC Bank taken during FY 2019-20 is secured by hypothecation of respective vehicles. | Repayable in 60 monthly installments of ₹ 0.03 million Rate of interest- 8.6% p.a. |
| **17.** In BPI (India) Private Limited, vehicle loan from Yes Bank Limited is secured by hypothecation of vehicle of the company. | Repayable in 37 equal monthly installments of ₹ 0.03 million including interest. Rate of interest- 9.00% p.a. |
| **18.** In Nirja Publishers & Printers Private Limited, vehicle loan from HDFC Bank taken during FY 2017-18. The loan is secured by hypothecation of the respective vehicles. | Repayable in 37 monthly installments of ₹ 0.31 million Rate of interest- 8.26% p.a |

**Vehicle loans from financial institutions**

| | |
|---|---|
| **19.** In the Holding Company, vehicle loans have been obtained from Daimler Financial Services India Private Limited is secured by hypothecation of respective vehicle. | The loan is repayable in 48 equal monthly instalment of ₹ 0.13 millions. Rate of interest at 9.81% to 11.00% |
| **20.** In Vikas Publishing House Private Limited, the company had taken vehicle loan from Daimler Financial Services Private Limited which was secured by hypothecation of respective vehicle. Loan has been completely repaid during the year 2020-21. | Repayable in 36 equal monthly installments of ₹ 0.08 millions Rate of interest- 9.00 % p.a |
| **21.** In New Saraswati House (India) Private Limited, vehicle loan from M/s. Daimler Financial Services has been taken in the year 2019-20, secured by way of hypothecation of respective vehicle in favor of the Lendor. | Repayable in 48 equal monthly instalments beginning from Oct 2019 and at the time of payment of 48th EMI, entire remaining balance of ₹ 2.44 million will be paid. Rate of interest- 10.75% p.a. |

**Loan covenants**

**22.** The Group is required to comply with certain debt covenants as mentioned in the loan agreement, failure of which makes the loan to be repaid on demand at the discretion of the bank.

**a.** In Holding Company, during the current financial year, there has been no covenant breach. During the previous year, there was one instance of breach of financial covenant in case of term loan facility availed from Axis Finance Limited. As per the terms of the sanction letter, the management intimated to the lender as per agreement terms.

**b.** In Vikas Publishing House Private Limited, as at 31 March 2020, the company could not meet some of the debt covenants and accordingly the entire loan from Tata Capital Financial Services Limited and RBL Bank Limited were classified under "current maturities of long term borrowings. Further as at 31 March 2021, the company could not meet debt covenants of RBL Bank Limited.

**c.** In New Saraswati House (India) Pvt. Ltd., as on 31 March 2020, the company could not meet some of the debt covenants of RBL bank and accordingly the entire loan was classified under "current maturities of long term borrowings".

Note: Refer note 44 for disclosure of fair values in respect of financial liabilities measured at fair value and amortised cost.

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S Chand And Company Limited * New Delhi

**12B. Current borrowings**

(₹ in millions)

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| a. | **Cash credit from banks** | | |
| | Indian rupee loan from bank (secured) (refer note 1 to 6) | 847.08 | 732.48 |
| | Bank overdraft | - | 0.08 |
| b. | Indian rupee working capital demand loan from banks (secured) (refer note 7 to 8) | 150.00 | 320.00 |
| c. | Indian rupee working capital demand loan from others (unsecured) (refer note 9) | 50.00 | 50.00 |
| d. | Loan from directors- unsecured (refer note 10) | 9.70 | 11.83 |
| | **Total current borrowings** | 1,056.78 | 1,114.39 |
| | **Secured** | **997.08** | **1,052.56** |
| | **Unsecured** | **59.70** | **61.83** |

**Notes:**

1. In the Holding Company, cash credit from IndusInd Bank Limited, Kotak Mahindra Bank, Standard Chartered Bank, DBS Bank and HDFC Bank are secured by way of first pari passu charge on the entire existing and future current assets and movable fixed assets of the Holding Company (excluding assets which are specifically charged to other lenders) and personal guarantee of Mr. Himanshu Gupta and Mr. Dinesh Kumar Jhunjhnuwala, Directors of the Company. Cash credit from HDFC Bank is also secured by corporate guarantee of Nirja Publishers & Printers Private Limited. These loans carry interest rate of 8.30% to 16.00% p.a. (31 March 2020: 9.00% to 15% p.a.). Cash credit from IndusInd Bank has been repaid during the year.

2. In New Saraswati House (India) Private Limited, cash credit from HDFC Bank, Kotak Mahindra Bank and RBL Bank are secured by way of (i) first pari passu charge on entire existing and future current asset (ii) first pari passu charge on entire existing and future movable fixed assets of the company (iii) Corporate Guarantee by the Holding Company. (iv) Personal Guarantee of Mr. Himanshu Gupta and Mr. Dinesh Kumar Jhunjhnuwala. These loans carry interest rate of 9.39% to 14.75% (previous year: 9.39% to 10.14 %). Cash credit from Kotak Mahindra Bank has been fully repaid during the year.

3. In Vikas Publishing House Private Limited, Cash credit from HDFC Bank, DBS Bank, RBL Bank, State Bank of India and Standard Chartered Bank are secured by way of first pari passu charge on entire existing and future current assets and movable fixed assets of the company (excluding assets which are specifically charged to other lenders), corporate guarantee of the Holding Company and personal guarantee of Mr. Himanshu Gupta and Mr. Dinesh Kumar Jhunjhnuwala, directors of the company. These loans carries interest at MCLR plus spread (ranging from 1.30% to 2.15 %) p.a. State Bank of India has taken over the cash credit facility of DBS Bank, RBL Bank and Standard Chartered Bank during the year 2020-21.

4. In BPI (India) Private Limited, cash credit facility carry interest rate of 15.00% per annum (banks 1 year MCLR) taken from IndusInd Bank. Cash credit facility is secured by exclusive charge on all current assets and movable fixed assets except vehicle specifically charged to other lender of the Company (both present and future), exclusive charge on entire immovable properties of the company, property of Mr. Jai Saxena situated at DDA Flat No. D-7/7123, HIG, First Floor, Vasant Kunj, New Delhi, and Property of Vikas Publishing House Pvt. Ltd. (Subsidiary of Group Co.) situated at 161718/1, Apartment No.4, 1st Floor, 4th Cross, Main Gandhi Nagar, Bangalore, corporate guarantee of the Holding Company and Vikas Publishing House Pvt. Ltd. and Personal Guarantee of Mr. Jai Saxena. Mrs. Vidva Saxena and Mr Himanshu Gupta.

5. In DS Digital Private Limited, cash credit of ₹ 30.00 million from Standard Chartered Bank is secured by exclusive charge on entire current assets and movable fixed assets (except assets which are exclusively charged under equipment financing), personal guarantee of Mr. Himanshu Gupta and Mr. Dinesh Kumar Jhunjhnuwala and Corporate Guarantee of the Holding Company.

6. In Edutor Technologies India Pvt. Ltd, cash credit facility of ₹ 30.00 million has been sanctioned by IndusInd Bank towards working capital requirements. The above facility is secured by hypothecation charge of entire current assets and movable fixed assets of the company both present and future and corporate guarantee by the Holding Company.

7. In the Holding Company, working capital demand loan from HDFC Bank, Standard Chartered Bank, Kotak Mahindra Bank and DBS Bank has been secured by way of first pari passu charge on the entire existing and future current assets and movable fixed assets of the Company (excluding assets which are specifically charged to other lenders) and personal guarantee of Mr. Himanshu Gupta and Mr. Dinesh Kumar Jhunjhnuwala , Directors of the Company. Working capital demand loan from HDFC Bank is also secured by corporate guarantee of Nirja Publishers & Printers Private Limited. These loans carry interest rate of 9.20 % to 10.70% p.a. (31 March 2020: 8.95 % to 13.13 % p.a.).

8. In Vikas Publishing House Pvt. Limited, working capital demand loan from HDFC Bank, DBS Bank, and RBL Bank carries interest ranging from 8.75% to 10.70% p.a which are repayable on maturity. Working capital demand loan facility is a sub limit of cash credit facility and secured by the same security as provided in cash credit facility mentioned in point no. a above. Working capital demand loan from DBS Bank and RBL Bank have been repaid during the year 2020-21.

9. In the Holding Company, working capital demand loan from Tata Capital Financial Services Limited was taken during the year 2018-19. This loan carries interest rate of 10.50% p.a (31 March 2020: 10.50% p.a). This loan is unsecured.

10. In BPI (India) Private Limited, Interest free Indian rupee unsecured loan is taken from directors. It is repayable on demand and company does not have any contractual right to defer the repayment for more than 12 months.

11. **Loan covenants:**
The Holding Company is required to comply with certain debt covenants as mentioned in the loan agreement, failure of which makes the loan to be repaid on demand at the discretion of the bank. During year ended 31 March 2020, there is an instance of breach of financial covenant in case of cash credit and working capital demand loan facility availed from DBS Bank Limited and HDFC Bank Limited. As per the terms of the sanction letter, the management has intimated to the bank as per agreement terms.

12. Refer note 44 for disclosure of fair values in respect of financial liabilities measured at fair value and amortised cost.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

### 13. Lease liabilities

| | (₹ in millions) | |
|---|---|---|
| | **As at 31 March 2021** | **As at 31 March 2020** |
| Leased liability - non-current (refer note 37) | 248.73 | 365.92 |
| Leased liability - current (refer note 37) | 102.49 | 125.93 |
| **Total** | **351.22** | **491.85** |

Note: Refer note 44 for disclosure of fair values in respect of financial liabilities measured at fair value and amortised cost.

### 14. Trade payables

| | (₹ in millions) | |
|---|---|---|
| | **As at 31 March 2021** | **As at 31 March 2020** |
| **Current** | | |
| Trade payables of micro enterprises and small enterprises (refer note 32) | 223.27 | 172.59 |
| Trade payables of related entities (refer note 38) | 1.00 | 4.66 |
| Trade payables other than micro enterprises and small enterprises | 954.59 | 1,405.22 |
| **Total** | **1,178.86** | **1,582.47** |

Note: Refer note 44 for disclosure of fair values in respect of financial liabilities measured at fair value and amortised cost.

### 15. Other financial liabilities

| | (₹ in millions) | |
|---|---|---|
| | **As at 31 March 2021** | **As at 31 March 2020** |
| **Current** | | |
| Current maturity of long term loans (refer note 12A) | 213.95 | 429.76 |
| Interest accrued but not due | 4.95 | 4.40 |
| Employee related liabilities | 105.36 | 100.90 |
| Security deposits received | 0.92 | 2.87 |
| Financial liability* | 43.36 | 100.00 |
| Others | 0.44 | 0.09 |
| **Total** | **368.98** | **638.02** |

*In current year, financial liability in the books of Holding Company represents an amount of ₹ 43.36 million (31 March 2020, ₹ 100.00 million) for bank guarantee invoked due to breach of conditions by selling share holders of New Saraswati House (India) Private Limited relating to non-compete clause.

Note: Refer note 44 for disclosure of fair values in respect of financial liabilities measured at fair value and amortised cost.

### 16. Other current liabilities

| | (₹ in millions) | |
|---|---|---|
| | **As at 31 March 2021** | **As at 31 March 2020** |
| Statutory dues payable | 76.19 | 84.97 |
| Advance from customers | 33.60 | 59.37 |
| Creditors for capital expenditure | - | 0.68 |
| Deferred revenue | - | 1.39 |
| Expenses payables | 6.82 | 0.85 |
| **Total** | **116.61** | **147.26** |

### 17. Provisions

| | (₹ in millions) | |
|---|---|---|
| | **As at 31 March 2021** | **As at 31 March 2020** |
| **Non- Current** | | |
| Provision for gratuity (refer note 35) | 50.01 | 60.40 |
| Provision for compensated absence | 14.56 | 9.40 |
| | **64.57** | **69.80** |
| **Current** | | |
| Provision for income tax (net of advance tax) | 46.80 | 0.15 |
| Provision for gratuity (refer note 35) | 3.74 | 3.99 |
| Provision for compensated absence | 5.64 | 5.44 |
| Provision for contingencies (refer note 49) | 33.51 | 33.51 |
| Others | 0.18 | - |
| | **89.87** | **43.09** |
| **Total** | **154.44** | **112.89** |
| **Non current** | **64.57** | **69.80** |
| **Current** | **89.87** | **43.09** |

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi

## 18. Revenue from operations

(₹ in millions)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| **Sale of products** | | |
| Finished goods (net of returns) | 5,000.55 | 5,212.93 |
| Less: Discounts | (899.29) | (1,130.10) |
| **Sale of services** | 117.69 | 172.48 |
| **Other operating revenue** | | |
| Scrap sale | 26.54 | 36.07 |
| Sale of paper | 6.08 | - |
| Export incentives | 0.66 | 2.33 |
| **Total** | **4,252.23** | **4,293.71** |

**Disaggregated revenue information**

(₹ in millions)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| India | 4,218.53 | 4,222.40 |
| Outside India | 33.70 | 71.31 |
| | **4,252.23** | **4,293.71** |

**Timing of revenue recognition**

(₹ in millions)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Goods transferred at a point in time | 4,134.54 | 4,121.23 |
| Services transferred over time | 117.69 | 172.48 |
| | **4,252.23** | **4,293.71** |

The Company collects Goods and Service Tax (GST) on behalf of the Government and hence, GST is not included in Revenue from operations.

**Contract balances**

(₹ in millions)

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Trade receivables | 3,220.88 | 3,348.65 |
| Contract liabilities | 33.60 | 59.37 |

Trade receivables are non-interest bearing and are generally on terms of 150 days.

**Right to return asset and refund liability**

| (₹ in millions) | 31 March 2021 | 31 March 2020 |
|---|---|---|
| **Refund liabilities** | | |
| Arising from discounts | 474.63 | 440.00 |
| Arising from rights of return | 925.08 | 992.51 |
| | 1,399.71 | 1,432.51 |

**Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price**

| (₹ in millions) | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Revenue as per contracted price | 6,791.31 | 6,912.26 |
| **Adjustments** | | |
| Discount | 899.29 | 1,130.10 |
| Sales return | 1,639.79 | 1,488.45 |
| | 4,252.23 | 4,293.71 |

**Performance obligation**
Information about the Group's performance obligations are summarised below:

**Manufactured goods**
The performance obligation is satisfied upon delivery of the goods to the transporter designated by the customer or to the customer whichever is earlier.
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.

**Services**
The performance obligation is satisfied as per terms of each contract with the customer.

**19 Other income**

| (₹ in millions) | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| **Interest income on:** | | |
| - Bank deposits | 7.37 | 2.48 |
| - Income tax refund | 7.08 | 1.48 |
| - Others | 10.91 | 6.15 |
| Gain on sale of current investments (net) | 8.23 | 15.56 |
| Net income on deemed disposal of associate (refer note 55) | 7.85 | - |
| Foreign exchange fluctuation gain (net) | 0.85 | 1.48 |
| Reversal of allowance for doubtful debts | 45.44 | - |
| Amount written back | 66.51 | 40.59 |
| Reversal of financial liability | 30.00 | - |
| Management services | 2.47 | 5.87 |
| Others | 14.54 | 20.77 |
| **Total** | **201.25** | **94.38** |

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WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

S Chand And Company Limited New Delhi

**20 Cost of published goods/material consumed**

(₹ in millions)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Inventories at the beginning of the year | 321.04 | 248.05 |
| Add : purchases during the year | 837.29 | 1,533.30 |
| | 1,158.33 | 1,781.35 |
| Less : inventories at the end of the year | (158.43) | (321.04) |
| **Cost of published goods/material consumed** | 999.90 | 1,460.31 |
| **Details of raw material purchased/ printing services** | | |
| Paper | 472.90 | 1,052.66 |
| Books | 161.22 | 167.32 |
| Printing and binding charges | 192.66 | 301.99 |
| Others | 10.51 | 11.33 |
| **Total** | 837.29 | 1,533.30 |
| **Details of inventories** | | |
| Paper and books | | |
| Printing material | 132.90 | 295.65 |
| | 25.53 | 25.39 |
| **Total** | 158.43 | 321.04 |

**21. Purchase of stock-in-trade**

(₹ in millions)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Traded books | 24.92 | 14.10 |
| Paper | 56.63 | 67.79 |
| Others | 4.02 | 6.64 |
| **Total** | 85.57 | 88.53 |

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WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

S Chand And Company Limited New Delhi

**22. (Increase)/ decrease in inventories of finished goods, work-in-progress and stock-in-trade**

(₹ in millions)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| **Inventories at the end of the year** | | |
| Finished goods | 1,212.82 | 1,675.79 |
| Stores and spares | 4.75 | 4.75 |
| Work in progress | 1.44 | 11.73 |
| | 1,219.01 | 1,692.27 |
| **Inventories at the beginning of the year** | | |
| Finished goods | 1,675.79 | 1,815.62 |
| Stores and spares | 4.75 | 8.84 |
| Work in progress | 11.73 | 4.38 |
| | 1,692.27 | 1,828.84 |
| Add: Inventory acquired on step acquisition of subsidiary (refer note 52) | 12.38 | - |
| Less: Provision for inventory (refer note 29) | - | (87.15) |
| **Decrease in inventories** | 485.64 | 49.42 |

**Details of inventories**

(₹ in millions)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| **Work in progress** | | |
| Printed material for books | 1.44 | 11.73 |
| | 1.44 | 11.73 |
| **Stores and spares** | | |
| Stores and spares | 4.75 | 4.75 |
| | 4.75 | 4.75 |
| **Finished goods** | | |
| **- Manufactured goods** | | |
| Books | 1,090.62 | 1,552.53 |
| **- Imported goods** | | |
| Books | - | 4.45 |
| **- Traded goods** | | |
| Books | 32.71 | 26.74 |
| Others | 89.49 | 92.07 |
| | 1,212.82 | 1,675.79 |

**23. Publication expenses**

(₹ in millions)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Royalty expenses | 244.35 | 273.70 |
| Factory manpower expenses | 11.40 | 14.91 |
| Power & fuel | 33.76 | 48.70 |
| Other publishing expenses | 68.46 | 94.37 |
| **Total** | 357.97 | 431.68 |

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WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

### 24. Selling and distribution expenses

(₹ in millions)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Advertisement, publicity and exhibition | 86.82 | 238.01 |
| Freight and cartage outward | 125.68 | 160.67 |
| Travelling and conveyance | 68.87 | 168.03 |
| Vehicle running and maintenance | 5.75 | 10.05 |
| Packing and dispatch expenses | 8.81 | 15.53 |
| **Total** | **295.93** | **592.29** |

### 25. Employee benefits expenses

(₹ in millions)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Salaries, wages and bonus | 887.82 | 1,131.01 |
| Contribution to provident and other funds (refer note 35) | 79.44 | 95.48 |
| Employee stock option expense (refer note 36) | 2.45 | 0.67 |
| Staff welfare expenses | 22.95 | 32.49 |
| **Total** | **992.66** | **1,259.65** |

### 26. Finance costs

(₹ in millions)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Interest expense | | |
| - on borrowings | 245.12 | 250.31 |
| - on lease liability | 40.62 | 50.20 |
| - on other liabilities | 26.76 | 36.83 |
| Loan processing fee | 5.68 | 4.50 |
| Other finance costs | 4.96 | 6.09 |
| **Total** | **323.14** | **347.93** |

### 27. Depreciation and amortisation expense

(₹ in millions)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Depreciation of property, plant and equipment (refer note 3) | 93.83 | 98.02 |
| Amortisation of intangible assets (refer note 4) | 192.75 | 184.08 |
| Amortisation of right of use assets (refer note 5) | 129.63 | 125.59 |
| **Total** | **416.21** | **407.69** |

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited * New Delhi *

## 28. Other expenses

(₹ in millions)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Rent | 11.51 | 58.46 |
| Repairs and maintenance: | | |
| - Plant and equipment | 8.29 | 1.72 |
| - Buildings | 1.44 | 4.66 |
| - Others | 33.46 | 46.42 |
| Insurance | 23.51 | 22.32 |
| Rates and taxes | 19.07 | 19.91 |
| Communication cost | 19.20 | 24.70 |
| Legal and professional fee | 49.79 | 68.07 |
| Donations | 10.40 | 13.83 |
| Payment to auditor (refer details below) | 12.79 | 18.43 |
| Travelling and conveyance | 1.52 | 5.11 |
| Water and electricity charges | 13.82 | 18.87 |
| Bad debts written off | 48.66 | 53.49 |
| Provision for doubtful receivables | 116.44 | 113.28 |
| Outsourced employee cost | 21.68 | 44.47 |
| Loss on sale of property, plant and equipment (net) | 1.99 | - |
| Office expenses | 33.76 | 31.58 |
| Security expenses | 12.62 | 15.70 |
| Corporate social responsibility expenses (refer note 50) | 12.11 | 17.00 |
| Fair value loss on financial instruments at fair value through profit or loss | 1.78 | 2.62 |
| Miscellaneous expenses | 33.76 | 51.08 |
| **Total** | **487.60** | **631.72** |

**Payment to auditors:**

(₹ in millions)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| **As auditor:** | | |
| - Audit fee | 7.88 | 11.17 |
| - Limited review | 4.28 | 5.79 |
| **In other capacity:** | | |
| - Others* | 0.63 | 1.47 |
| **Total** | **12.79** | **18.43** |

*includes paid to predecessor auditor

## 29. Exceptional items

(₹ in millions)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Provision for slow moving titles (refer note 56) | - | (87.15) |
| Provision for impairment on investment (refer note 56) | (2.43) | (14.52) |
| | **(2.43)** | **(101.67)** |

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WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

## 30 Income Tax

**Tax expense recognised in Statement of Profit and Loss**

(₹ in millions)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| **Current income tax:** | | |
| Current income tax charge | 101.08 | 43.92 |
| Income tax adjustment related to earlier years | 21.43 | 30.33 |
| **Deferred tax:** | | |
| Relating to origination and reversal of temporary differences | (57.80) | 53.60 |
| | **64.71** | **127.85** |

**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2021 and 31 March 2020:**

(₹ in millions)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Accounting profit before income tax | (0.22) | (986.83) |
| At India's statutory income tax rate of 29.12% (31 March 2020: 29.12%) | (0.06) | (287.36) |
| **Adjustments:** | | |
| Adjustments in respect of current income tax of previous years | 21.43 | 30.33 |
| Non-deductible expenses for tax purposes | 38.90 | 60.00 |
| Non recognition of deferred tax asset on losses | 23.97 | 101.18 |
| De-recognition of opening deferred tax asset on brought forward losses | - | 205.66 |
| Others | (19.53) | 18.04 |
| **Income tax expense reported in the statement of profit and loss** | **64.71** | **127.85** |

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited * New Delhi

**31. Earnings per share (EPS)**

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.

**(₹ in millions)**

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Profit attributable to equity shareholders | (64.93) | (1,114.68) |
| Weighted average number of equity shares used for computing earnings per share (basic) | 34.98 | 34.98 |
| Weighted average number of equity shares used for computing earnings per share (diluted) | 35.00 | 34.98 |
| **Basic EPS** | **(1.86)** | **(31.87)** |
| **Diluted EPS** | **(1.86)** | **(31.87)** |

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S Chand And Company Limited New Delhi *

## 32. Dues to Micro, small and medium enterprises as defined under the MSMED Act, 2006

(₹ in millions)

| Description | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| (i) Principal amount remaining unpaid | 223.27 | 172.59 |
| (ii) Interest due thereon | - | - |
| | **223.27** | **172.59** |
| 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. | - | - |

Note: The above information has been determined to the extent such parties have been identified on the basis of information provided by the Group, which has been relied upon by the auditors.

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WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

## 33. Group information

**Information about subsidiary companies:**

| | Country of incorporation | % equity interest | |
|---|---|---|---|
| | | As at 31 March 2021 | As at 31 March 2020 |
| Nirja Publishers and Printers Private Limited | India | 100.00% | 100.00% |
| Safari Digital Education Initiatives Private Limited | India | 100.00% | 100.00% |
| Eurasia Publishing House Private Limited | India | 100.00% | 100.00% |
| Blackie & Son (Calcutta) Private Limited | India | 100.00% | 100.00% |
| Vikas Publishing House Private Limited | India | 100.00% | 100.00% |
| DS Digital Private Limited | India | 99.99% | 99.99% |
| New Saraswati House (India) Private Limited | India | 100.00% | 100.00% |
| Chhaya Prakashani Limited | India | 100.00% | 100.00% |
| BPI (India) Private Limited | India | 51.00% | 51.00% |
| S. Chand Edutech Private Limited | India | 100.00% | 100.00% |
| Indian Progressive Publishing Co Private Limited | India | 100.00% | 100.00% |
| Edutor Technologies India Private Limited (wef 1 September 2020)* | India | 54.86% | 44.66% |

* Refer note 52

**Information about associates:**

| | Country of incorporation | % equity interest | |
|---|---|---|---|
| | | As at 31 March 2021 | As at 31 March 2020 |
| Edutor Technologies India Private Limited (upto 31 August 2020) | India | 54.86% | 44.66% |
| Smartivity Labs Private Limited | India | 18.31% | 19.70% |

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S Chand And Company Limited * New Delhi

### 34. Investment in associates

### 34A. Edutor Technologies India Private Limited

The Group has a 54.86% (31 March 20: 44.66%) interest in Edutor Technologies India Private Limited, which is primarily engaged in the business of providing digital education solutions of all kind through an online Learning Management System (LMS), enabling students to achieve academic success through one-on-one tutoring and engage in personalized training by using the electronic devices such as gadgets, with specialization in length and breadth of all streams of education. Its registered and principal office of business is located at Hyderabad. Edutor Technologies India Private Limited is a private entity that is not listed on any public exchange. The Group's interest in Edutor Technologies India Private Limited is accounted for using the equity method in the consolidated financial statements.

The Group acquired additional interest in the company on 31 August 2020 and since then Edutor Technologies India Private Limited became subsidiary of the Group (refer note 52).The following table illustrates the summarised financial information of the Group's investment in Edutor Technologies India Private Limited:

| | | **(₹ in millions)** |
|---|---|---|
| | **31 August 2020** | **31 March 2020** |
| Current assets | 21.51 | 24.48 |
| Non-current assets | 34.29 | 29.00 |
| Current liabilities | (70.42) | (66.14) |
| Non-current liabilities | (4.78) | (4.71) |
| **Equity** | **(19.40)** | **(17.37)** |
| Proportion of the Group's ownership | 44.66% | 44.66% |
| Carrying amount of the investment | 164.19 | 165.10 |

| | | **(₹ in millions)** |
|---|---|---|
| | **31 August 2020** | **31 March 2020** |
| Revenue | 14.08 | 55.53 |
| Cost of raw material and components consumed | (4.25) | (11.81) |
| Depreciation & amortization | (2.50) | (6.68) |
| Finance cost | (1.93) | (3.79) |
| Employee benefit | (5.08) | (14.27) |
| Other expense | (3.77) | (13.70) |
| Profit/ (loss) before tax | (3.45) | 5.28 |
| Income tax expense | 1.42 | 0.06 |
| Profit/ (loss) for the year | (2.03) | 5.34 |
| Other Comprehensive Income | - | (0.49) |
| **Total comprehensive income for the year** | **(2.03)** | **4.85** |
| **Group's share of loss for the year** | **(0.91)** | **2.17** |

The Group has an agreement with its associate that the profits of the associate will not be distributed until it obtains the consent of the Group. The parent does not foresee giving such consent at the reporting date.

Refer note 52 for note on acquisition of Edutor Technologies Private Limited as subsidiary.

*(This space has been left blank intentionally)*

**34B. Smartivity Labs Private Limited**

The Group has a 18.31% (19.70% on 31 March 2020) interest in Smartivity Labs Private Limited, which is primarily engaged in the business of early learning through Augmented Reality (AR) , STEM DIY kits (Science, Technology and Maths) and also Virtual Reality (VRX) Content. Smartivity Labs Private Limited is a private entity that is not listed on any public exchange. The Group's interest in Smartivity Labs Private Limited is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in Smartivity Labs Private Limited:

**(₹ in millions)**

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Current assets | 101.96 | 102.29 |
| Non-current assets | 69.41 | 88.11 |
| Current liabilities | (83.07) | (71.02) |
| Non-current liabilities | (2.17) | (3.40) |
| **Equity** | **86.13** | **115.98** |
| Proportion of the Group's ownership | 18.31% | 19.70% |
| Carrying amount of the investment* | 22.03 | 18.41 |

*refer note 55

**(₹ in millions)**

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Revenue | 130.23 | 115.02 |
| Cost of raw material and components consumed | (47.10) | (41.22) |
| Depreciation and amortization | (19.76) | (19.63) |
| Finance cost | (3.67) | (7.36) |
| Employee benefits expense | (31.90) | (38.96) |
| Other expense | (52.84) | (50.97) |
| Loss before tax | (25.04) | (43.12) |
| Income tax expense | (6.30) | 11.65 |
| Loss for the year | **(31.34)** | **(31.47)** |
| Other comprehensive income | - | - |
| **Total comprehensive income for the year** | **(31.34)** | **(31.47)** |
| **Group's share of loss for the year*** | **(5.74)** | **(6.20)** |

The Group has an agreement with its associate that the profits of the associate will not be distributed until it obtains the consent of the Group. The parent does not foresee giving such consent at the reporting date.

The associate had no contingent liabilities or capital commitments as at 31 March 2021 or 31 March 2020.

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S Chand And Company Limited New Delhi *

**35. Employee benefits**

**a) Defined contribution plan**

An amount of ₹ 47.47 millions [31 March 2020 : ₹ 66.08 millions] for the year has been recognised as an expense in respect of the Group's contributions towards Provident Fund, an amount of ₹ 2.67 millions [31 March 2020 : ₹ 3.42 millions] for the year has been recognised as an expense in respect of Group's contributions towards Employee State Insurance and an amount of ₹ 2.04 millions [31 March 2020 : ₹ 2.83 millions] for the year has been recognised as an expense in respect of the Group's contributions towards National Pension Scheme, which are deposited with the government authorities and have been included under employee benefit expenses in the Statement of Profit and Loss.

**b) Gratuity**

The Group has a defined benefit gratuity plan. Under the gratuity plan, every employee who has completed at least 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 2.00 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 millions)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Current service cost | 20.11 | 19.96 |
| Interest cost on defined obligation | 11.42 | 7.44 |
| Expected return on plan assets | (4.26) | (4.25) |
| | 27.27 | 23.15 |

**Amount recognised in other comprehensive income:**

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Actuarial (gains)/ losses on obligation | (13.65) | 2.03 |
| Actuarial gains/ (losses) on assets | 35.20 | (9.73) |
| | 21.55 | (7.70) |

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

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Opening defined benefit obligation | 120.53 | 111.54 |
| Current service cost | 20.11 | 19.96 |
| Interest cost | 11.42 | 7.44 |
| Benefits paid from plan assets | (11.00) | (18.00) |
| Benefits paid directly by employer | (1.90) | (4.53) |
| Actuarial (gains) / losses on obligation | (13.65) | 2.03 |
| Acquisition/ divestiture | 9.83 | 2.09 |
| **Closing defined benefit obligation** | 135.35 | 120.53 |

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

(₹ in millions)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Opening fair value of plan assets | 56.14 | 64.18 |
| Expected return | 4.26 | 4.25 |
| Contributions by employer | 1.84 | 15.44 |
| Benefits paid | (11.00) | (18.00) |
| Others | (4.84) | - |
| Actuarial gain/(loss) | 35.20 | (9.73) |
| **Closing fair value of plan assets** | 81.60 | 56.14 |

| | | |
|---|---|---|
| **Provision for gratuity (net of plan assets)** | | |
| **Non-current** | **50.01** | **60.40** |
| **Current** | **3.74** | **3.99** |

The Group expects to contribute ₹ 10.33 million to gratuity in this year (31 March 2020: Rs. 13.27 million)

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S Chand And Company Limited New Delhi *

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

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Investments with insurers | 100.00% | 100.00% |

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

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Discount rate | 6.15% to 6.94% | 6.30% to 6.78% |
| Expected rate of return on assets | 6.60% to 7.70% | 6.77% to 7.70% |
| Expected rate of salary increase | 6% to 8% | 6% to 8% |
| Retirement age (in years) | 58- 60 years | 58- 60 years |
| Employee turnover :- | | |
| - For service upto 5 years | 1% to 15% | 3% to 15% |
| - For service more than 5 years | 1% to 15% | 1% to 2% |
| Mortality rate | IALM (2012-14) Ultimate | IALM (2012-14) Ultimate |

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:**

| | Change in assumptions | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|---|
| Discount rate | + 1% | 65.80 | 68.36 |
| | - 1% | (65.80) | (68.36) |
| Expected rate of salary increase | + 1% | 66.05 | 67.88 |
| | - 1% | (66.05) | (67.88) |

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

The following payments are expected contributions to the defined benefit plan in future years:

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Year 1 | 3.73 | 4.85 |
| Year 2 | 5.03 | 1.87 |
| Year 3 | 4.79 | 4.93 |
| Year 4 | 4.13 | 3.11 |
| Year 5 | 3.56 | 4.60 |
| Year 6 to 10 | 27.16 | 26.41 |
| Above 10 years | 89.20 | 96.23 |

**c) Other long-term employee benefits**

An amount of ₹ 5.27 millions [31 March 2020 : ₹ 4.18 millions] pertains to expense towards compensated absences and included in "employee benefit expense".

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## 36. Employee stock option plans

The Holding Company provides share-based payment schemes to its employees. During the year ended 31 March 2021 an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

On 30 June 2012, the board of directors approved the Equity Settled ESOP Scheme 2012 (Scheme 2012) for issue of stock options to the eligible employees. According to the Scheme 2012, two types of options are granted by the Holding Company to the eligible employees viz Growth and Thankyou option and will be entitled to 2,194 and 292 options respectively. The options are subject to satisfaction of the prescribed vesting conditions, viz., continuing employment with the Holding Company. However in case of growth options, in addition to this the board may also specify the certain corporate, individual or a combination performance parameters subject to which the option would vest. The other relevant terms of the grants outstanding as on 31 March 2021 (previous year 31 March 2020) are below:

| | Grant IV (a) | Grant IV (b) | Grant IV (c) | Grant IV (d) | Grant VI | Grant VII | Grant VIII |
|---|---|---|---|---|---|---|---|
| Date of grant | 27 August 2015 | 27 August 2015 | 30 September 2015 | 28 March 2016 | 16 August 2016 | 30 November 2016 | 11 November 2020 |
| Date of Board approval | 27 August 2015 | 27 August 2015 | 27 August 2015 | 28 March 2016 | 05 August 2016 | 19 September 2016 & 30 November 2016 | 11 November 2020 |
| Date of Shareholder's approval | 30 September 2015 | 30 September 2015 | 30 September 2015 | 28 March 2016 | 05 August 2016 | 10 November 2016 | 28 February 2021 |
| Number of options granted | 441 | 185 | 248 | 40 | 51,060 | 12,506 | 68,409 |
| Method of settlement (Cash/Equity) | Equity | Equity | Equity | Equity | Equity | Equity | Equity |
| Vesting Period | Year 1- 50%<br>Year 2- 50% | Year 1- 25%<br>Year 2- 35%<br>Year 3- 40% | Year 1- 25%<br>Year 2- 35%<br>Year 3- 40% | Year 1- 25%<br>Year 2- 35%<br>Year 3- 40% | Year 1- 25%<br>Year 2- 25%<br>Year 3- 25%<br>Year 4- 25% | Year 1- 50%<br>Year 2- 50% | Year 1- 100% |
| Exercise price | 36,870.00 | 45,000.00 | 45,000.00 | 45,000.00 | 304.00 | 392.00 | 54.00 |
| Fair value of shares at the time of grant (in INR) | 25,227.01 | 20,943.84 | 20,593.68 | 20,404.22 | 138.97 | 60.40 | 26.11 |

Equity shares of ₹ 10 each were subdivided into 2 equity shares of ₹ 5 each as per resolution passed by shareholders at extraordinary general meeting dated 20 April 2016. Further, bonus shares were issued to the shareholders in the ratio of 73:1 as per resolution passed at extraordinary general meeting (EGM) dated 20 April 2016. The effect of share split and bonus issue on exercise price, fair value at the time of grant and weighted average exercise price on options granted till 31 March 2018 is as below:

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Exercise price | 249.12 | 304.05 | 304.05 | 304.05 | 304.00 | 392.00 | 54.00 |
| Fair value of shares at the time of grant (in INR) | 170.45 | 141.51 | 139.15 | 137.87 | 138.97 | 60.40 | 26.11 |

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S Chand And Company Limited * New Delhi

The Holding Company had granted 473 option during the financial year ended 31 March 2016. The details of activities under Grant IV(b), IV(c) and IV(d) are summarized below:

| | 31 March 2021 | | 31 March 2020 | |
|---|---|---|---|---|
| | **No. of options** | **WAEP (in ₹)** | **No. of options** | **WAEP (in ₹)** |
| Outstanding at the beginning of the year | 25,456 | 304 | 40,034 | 304 |
| Granted during the year | - | - | - | - |
| Forfeited/ expired during the year | 25,456 | - | 14,578 | - |
| Exercised during the year | - | - | - | - |
| Effect of share split | - | - | - | - |
| Effect of bonus issue | - | - | - | - |
| Outstanding at the end of the year | - | - | 25,456 | 304 |
| Exercisable at the end of the year | - | - | 25,456 | 304 |

The Holding Company had granted 51,060 option during the year ended 31 March 2017. The details of activities under Grant VI are summarized below:

| | 31 March 2021 | | 31 March 2020 | |
|---|---|---|---|---|
| | **No. of options** | **WAEP (in ₹)** | **No. of options** | **WAEP (in ₹)** |
| Outstanding at the beginning of the year | 25,530 | 304 | 38,295 | 304 |
| Granted during the year | - | - | - | - |
| Forfeited/ expired during the year | 12,765 | - | 12,765 | - |
| Exercised during the year | - | - | - | - |
| Outstanding at the end of the year | 12,765 | 304 | 25,530 | 304 |
| Exercisable at the end of the year | 12,765 | 304 | 25,530 | 304 |

The weighted average remaining contractual life for option outstanding under Grant VI as at March 31, 2021 is 1.38 years.

The Holding Company had granted 12,506 option during the year ended 31 March 2017. The details of activities under Grant VII are summarized below:

| | 31 March 2021 | | 31 March 2020 | |
|---|---|---|---|---|
| | **No. of options** | **WAEP (in ₹)** | **No. of options** | **WAEP (in ₹)** |
| Outstanding at the beginning of the year | 4,701 | 392 | 6,451 | 392 |
| Granted during the year | - | - | - | - |
| Forfeited/ expired during the year | 4,701 | - | 1,750 | - |
| Exercised during the year | - | - | - | - |
| Outstanding at the end of the year | - | - | 4,701 | 392 |
| Exercisable at the end of the year | - | - | 4,701 | 392 |

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited * New Delhi

S Chand And Company Limited
Notes to the consolidated financial statements for the year ended 31 March 2021
CIN:L22219DL1970PLC005400

The Holding Company had granted 68,049 option during the year ended 31 March 2021. The details of activities under Grant VIII are summarized below:

| | 31 March 2021 | | 31 March 2020 | |
|---|---|---|---|---|
| | No. of options | WAEP (in ₹) | No. of options | WAEP (in ₹) |
| Outstanding at the beginning of the year | - | - | - | - |
| Granted during the year | 68,049 | 54 | - | - |
| Forfeited/ expired during the year | - | - | - | - |
| Exercised during the year | - | - | - | - |
| Outstanding at the end of the year | 68,049 | 54 | - | - |
| Exercisable at the end of the year | 68,049 | 54 | - | - |

The weighted average remaining contractual life for option outstanding under Grant VIII as at March 31, 2021 is 2.62 years.

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

| | Grant IVa 31 March 2016 | Grant IVb 31 March 2016 | Grant IVc 31 March 2016 | Grant IVd 31 March 2016 | Grant VI 31 March 2017 | Grant VII 31 March 2017 | Grant VIII 31 March 2021 |
|---|---|---|---|---|---|---|---|
| Dividend yield (%) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.31% |
| Expected volatility | 17.05% | 16.46% | 16.20% | 16.57% | 16.41% | 17.06% | 64.83% |
| Risk-free interest rate | 7.67% | 7.71% | 7.46% | 7.36% | 6.86% | 5.99% | 4.13% |
| Weighted average fair market price (₹) | 377 | 377 | 377 | 377 | 376 | 376 | 62 |
| Exercise price (₹) | 249 | 304 | 304 | 304 | 304 | 392 | 54 |
| Expected life of options granted in years | 2.43 | 3.22 | 3.20 | 3.15 | 3.50 | 2.50 | 1.00 |
| Weighted average fair value of option at the time of grant (₹) | 170.45 | 141.51 | 139.15 | 137.87 | 138.97 | 60.40 | 26.11 |

Each vest has been considered as a separate grant with weights assigned to each vesting as per the vesting schedule. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life is the period after which the options cannot be exercised. The expected life has been calculated as an average of minimum and maximum life.

The volatility for periods corresponding to the respective expected lives of the different vests, prior to the grant date has been considered. The daily volatility of the Group's stock price on NSE over these years has been considered.

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S Chand And Company Limited * New Delhi

37. **Leases**

The Group has adopted Ind AS 116 "Leases" from 1 April 2019, which resulted in changes in accounting policies in the financial statements.

**Transition**

Effective 1 April 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective (alternative II) approach. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted.

Transition to Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, Determining whether an Arrangement contains a Lease.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 10% with maturity between 2021-2026

Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020: (₹ in millions)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| **Balance at the beginning of reporting year** | 623.09 | - |
| Additions on transition to Ind AS 116 | - | 362.32 |
| Additions (Note 4B) | 27.33 | 399.17 |
| Deletions/ adjustments | (40.27) | (12.81) |
| Amortisation expense (Note 28) | (129.63) | (125.59) |
| **Balance at the end of reporting year** | **480.52** | **623.09** |

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

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| **Balance as at the beginning of reporting year** | 491.85 | - |
| Additions on transition to IND AS 116 | - | 201.79 |
| Additions | 27.33 | 399.17 |
| Accretion of interest | 40.62 | 50.20 |
| Deletion during the year | (33.91) | (12.24) |
| Lease concession* | (5.11) | - |
| Gain on modification of lease | (12.33) | - |
| Payments | (157.23) | (147.07) |
| **Balance as at the end of reporting year** | **351.22** | **491.85** |
| **Non-current** | **248.73** | **365.92** |
| **Current** | **102.49** | **125.93** |

*During the year ended 31 March 2021, the Company has received lease rent concession of ₹ 5.11 millions and the same has been recorded under the head other income in the Statement of Profit and Loss by using the practical expedient available as per para 46A of IND AS 116.

**Contractual maturities of lease liabilities** (₹ in millions)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| - Within one year | 65.24 | 60.37 |
| - 1-5 years | 48.28 | 71.98 |
| - More than 5 years | 13.21 | 50.60 |

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The following are the amounts recognised in Profit or Loss:

(₹ in millions)

| | For the year ended 31 March 2021 | For the year ended 31 March 2020 |
|---|---|---|
| Depreciation expense of right-of-use assets | 129.63 | 125.59 |
| Interest expense on lease liabilities | 40.62 | 50.20 |
| Expense relating to short-term leases (included in other expenses) | 11.51 | 58.46 |
| Lease concession* | (5.11) | - |
| Gain on modification of lease | (12.33) | - |
| **Total amount recognised in Profit or Loss** | **164.32** | **234.25** |

The Group has several lease contracts for offices and plant and equipment 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.

The Group 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.

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

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S Chand And Company Limited New Delhi *

**38. Related party disclosure**

**a. Names of related parties and related party relationship**

**Related parties with whom transactions have taken place during the year:**

| | | |
|---|---|---|
| Enterprises over which Key Management personnel or their relatives exercise significant influence | : | Hotel Tourist (Partnership firm) |
| | : | SC Hotel Tourist Deluxe Private Limited |
| | : | Shaara Hospitalities Private Limited |
| | : | S Chand Properties Private Limited |
| | : | Shyam Lal Charitable Trust |
| | : | RKG Hospitalities Private Limited |
| **Associate** | : | Smartivity Labs Private Limited |
| | : | Edutor Technologies India Private limited (upto 31 August 2020) |

**Key Management Personnel (KMP) & their relatives**

| | | |
|---|---|---|
| Mrs. Savita Gupta | : | Non- Executive Director |
| Mr. Himanshu Gupta | : | Managing Director |
| Mr. Dinesh Kumar Jhunjhnuwala | : | Whole-time Director |
| Mr. Gaurav Jhunjhnuwala | : | Non- Executive Director |
| Mr. Desh Raj Dogra | : | Non-Executive, Independent Director |
| Mrs. Archana Capoor | : | Non-Executive, Independent Director |
| Mr. Sanjay Vijay Bhandarkar | : | Non-Executive, Independent Director |
| Mr. Rajagopalan Chandrashekar | : | Non-Executive, Independent Director |
| Mr. Saurabh Mittal | : | Chief Financial Officer |
| Mr. Jagdeep Singh | : | Company Secretary |
| **Relatives of KMP** | : | Mr. Ravindra Kumar Gupta (father of Mr. Himanshu Gupta) |
| | : | Mrs. Neerja Jhunjhnuwala (wife of Mr. Dinesh Kumar Jhunjhnuwala) |

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S Chand And Company Limited * New Delhi

(₹ in millions)

| Nature of transactions | Period/Year Ended | Enterprises over which KMP or their relatives exercise significant influence | Key Managerial Personnel & their relatives | Associates | Total |
|---|---|---|---|---|---|
| **Revenue from operations** | | | | | |
| Edutor Technologies India Private Limited | 31 March 2021 | - | - | - | - |
| | 31 March 2020 | - | - | 0.06 | 0.06 |
| **Subtotal** | **31 March 2021** | **-** | **-** | **-** | **-** |
| | **31 March 2020** | **-** | **-** | **0.06** | **0.06** |
| **Other income** | | | | | |
| **Interest income** | | | | | |
| Smartivitys Lab Private Limited | 31 March 2021 | - | - | 0.08 | 0.08 |
| | 31 March 2020 | - | - | 0.11 | 0.11 |
| Edutor Technologies India Private Limited | 31 March 2021 | - | - | 0.12 | 0.12 |
| | 31 March 2020 | - | - | - | - |
| SC Hotel Tourist Deluxe Private Limited | 31 March 2021 | 0.07 | - | - | 0.07 |
| | 31 March 2020 | 0.07 | - | - | 0.07 |
| **Subtotal** | **31 March 2021** | **0.07** | **-** | **0.20** | **0.27** |
| | **31 March 2020** | **0.07** | **-** | **0.11** | **0.18** |
| **Expenses** | | | | | |
| **Purchase of goods and services** | | | | | |
| S Chand Properties Private Limited | 31 March 2021 | 0.02 | | | 0.02 |
| | 31 March 2020 | - | | | - |
| Edutor Technologies India Private Limited | 31 March 2021 | - | - | - | - |
| | 31 March 2020 | - | - | 13.81 | 13.81 |
| Smartivity Labs Private Limited (VRX Sets) | 31 March 2021 | - | - | - | - |
| | 31 March 2020 | - | - | 0.59 | 0.59 |
| SC Hotel Tourist Deluxe Private Limited | 31 March 2021 | 0.12 | - | - | 0.12 |
| | 31 March 2020 | 0.52 | - | - | 0.52 |
| Hotel Tourist | 31 March 2021 | 0.16 | - | - | 0.16 |
| | 31 March 2020 | 0.21 | - | - | 0.21 |
| Ravindra Kumar Gupta | 31 March 2021 | - | - | - | - |
| | 31 March 2020 | - | 0.01 | - | 0.01 |
| **Other expenses** | | | | | |
| Shyam Lal Charitable Trust | 31 March 2021 | 0.00 | - | - | 0.00 |
| | 31 March 2020 | 0.04 | - | - | 0.04 |
| Edutor Technologies India Private Limited | 31 March 2021 | - | - | 0.34 | 0.34 |
| | 31 March 2020 | - | - | 0.03 | 0.03 |
| S Chand Properties Private Limited | 31 March 2021 | 0.80 | - | - | 0.80 |
| | 31 March 2020 | 0.71 | - | - | 0.71 |
| Hotel Tourist | 31 March 2021 | 0.04 | - | - | 0.04 |
| | 31 March 2020 | - | - | - | - |
| **Rentals paid** | | | | | |
| S Chand Properties Private Limited | 31 March 2021 | 2.76 | - | - | 2.76 |
| | 31 March 2020 | 16.40 | - | - | 16.40 |
| Mrs. Savita Gupta | 31 March 2021 | - | - | - | - |
| | 31 March 2020 | - | 1.16 | - | 1.16 |
| Mrs. Neerja Jhunjhnuwala | 31 March 2021 | - | - | - | - |
| | 31 March 2020 | - | 0.67 | - | 0.67 |
| Mr. Ravindra Kumar Gupta | 31 March 2021 | - | - | - | - |
| | 31 March 2020 | - | 0.23 | - | 0.23 |
| SC Hotel Tourist Deluxe Private Limited | 31 March 2021 | 9.39 | - | - | 9.39 |
| | 31 March 2020 | 10.10 | - | - | 10.10 |

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

(₹ in millions)

| | | | | | |
|---|---|---|---|---|---|
| **Investment made during the period** | | | | | |
| Smartivity Labs Private Limited (Preference shares) | 31 March 2021 | - | - | 1.50 | 1.50 |
| | 31 March 2020 | - | - | - | - |
| **Remuneration to KMP*** | | | | | |
| Mr. Himanshu Gupta | 31 March 2021 | - | 10.18 | - | 10.18 |
| | 31 March 2020 | - | 14.54 | - | 14.54 |
| Mr. Dinesh Kumar Jhunjhnuwala | 31 March 2021 | - | 10.82 | - | 10.82 |
| | 31 March 2020 | - | 14.48 | - | 14.48 |
| Mr. Desh Raj Dogra | 31 March 2021 | - | 0.56 | - | 0.56 |
| | 31 March 2020 | - | 0.53 | - | 0.53 |
| Ms. Archana Capoor | 31 March 2021 | - | 0.53 | - | 0.53 |
| | 31 March 2020 | - | 0.50 | - | 0.50 |
| Mr. Sanjay Vijay Bhandarkar | 31 March 2021 | - | 0.50 | - | 0.50 |
| | 31 March 2020 | - | 0.41 | - | 0.41 |
| Mr. Rajagopalan Chandrashekar | 31 March 2021 | - | 0.41 | - | 0.41 |
| | 31 March 2020 | - | 0.38 | - | 0.38 |
| Mr. Saurabh Mittal | 31 March 2021 | - | 6.87 | - | 6.87 |
| | 31 March 2020 | - | 9.90 | - | 9.90 |
| Mr. Jagdeep Singh | 31 March 2021 | - | 3.60 | - | 3.60 |
| | 31 March 2020 | - | 5.52 | - | 5.52 |
| **Interest expenses** | | | | | |
| S Chand Properties Private Limited | 31 March 2021 | 0.13 | - | - | 0.13 |
| | 31 March 2020 | - | - | - | - |
| **Subtotal** | **31 March 2021** | **13.41** | **33.48** | **1.84** | **48.73** |
| | **31 March 2020** | **27.98** | **48.35** | **14.43** | **90.76** |
| **Loans given** | | | | | |
| Edutor Technologies India Private Limited | 31 March 2021 | - | - | 4.00 | 4.00 |
| | 31 March 2020 | - | - | - | - |
| Smartivity Labs Private Limited | 31 March 2021 | - | - | - | - |
| | 31 March 2020 | - | - | 2.00 | 2.00 |
| SC Hotel Tourist Deluxe Private Limited | 31 March 2021 | 0.32 | - | - | 0.32 |
| | 31 March 2020 | 1.10 | - | - | 1.10 |
| **Subtotal** | **31 March 2021** | **0.32** | **-** | **4.00** | **4.32** |
| | **31 March 2020** | **1.10** | **-** | **2.00** | **3.10** |
| **Loans repaid** | | | | | |
| SC Hotel Tourist Deluxe Private Limited | 31 March 2021 | 1.42 | - | - | 1.42 |
| | 31 March 2020 | - | - | - | - |
| Smartivity Labs Private Limited | 31 March 2021 | - | - | 1.50 | 1.50 |
| | 31 March 2020 | - | - | - | - |
| **Subtotal** | **31 March 2021** | **1.42** | **-** | **1.50** | **2.92** |
| | **31 March 2020** | **-** | **-** | **-** | **-** |
| **Balances outstanding** | | | | | |
| **Security deposit** | | | | | |
| SC Hotel Tourist Deluxe Private Limited | 31 March 2021 | 4.20 | - | - | 4.20 |
| | 31 March 2020 | 4.20 | - | - | 4.20 |
| S Chand Properties Private Limited | 31 March 2021 | 0.24 | - | - | 0.24 |
| | 31 March 2020 | 0.58 | - | - | 0.58 |
| Mrs.Savita Gupta | 31 March 2021 | - | - | - | - |
| | 31 March 2020 | - | 0.39 | - | 0.39 |
| Mr. Ravindra Kumar Gupta | 31 March 2021 | - | - | - | - |
| | 31 March 2020 | - | 0.58 | - | 0.58 |
| **Subtotal** | **31 March 2021** | **4.44** | **-** | **-** | **4.44** |
| | **31 March 2020** | **4.78** | **0.97** | **-** | **5.75** |

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

(₹ in millions)

| | | | | | |
|---|---|---|---|---|---|
| **Loans and advances** | | | | | |
| SC Hotel Tourist Deluxe Private Limited | 31 March 2021 | - | - | - | - |
| | 31 March 2020 | 2.12 | - | - | 2.12 |
| Hotel Tourist | 31 March 2021 | 0.31 | - | - | 0.31 |
| | 31 March 2020 | 0.43 | - | - | 0.43 |
| RKG Hospitalities Private Limited | 31 March 2021 | 0.34 | - | - | 0.34 |
| | 31 March 2020 | 0.34 | - | - | 0.34 |
| Smartivity Labs Private Limited | 31 March 2021 | - | - | - | - |
| | 31 March 2020 | - | - | 2.10 | 2.10 |
| S Chand Properties Private Limited | 31 March 2021 | 1.20 | - | - | 1.20 |
| | 31 March 2020 | 8.62 | - | - | 8.62 |
| Shyam Lal Charitable Trust | 31 March 2021 | - | - | - | - |
| | 31 March 2020 | 0.01 | - | - | 0.01 |
| Edutor Technologies India Private Limited | 31 March 2021 | - | - | - | - |
| | 31 March 2020 | - | - | - | - |
| **Subtotal** | **31 March 2021** | **1.86** | **-** | **-** | **1.86** |
| | **31 March 2020** | **11.51** | **-** | **2.10** | **13.61** |
| **Loans and advances to KMP and their relatives** | | | | | |
| Neerja Jhunjhnuwala | 31 March 2021 | - | 0.35 | - | 0.35 |
| | 31 March 2020 | - | 0.35 | - | 0.35 |
| Mr. Saurabh Mittal | 31 March 2021 | - | 2.75 | - | 2.75 |
| | 31 March 2020 | - | 3.14 | - | 3.14 |
| Ravindra Kumar Gupta | 31 March 2021 | - | 0.18 | - | 0.18 |
| | 31 March 2020 | - | - | - | - |
| **Subtotal** | **31 March 2021** | **-** | **3.28** | **-** | **3.28** |
| | **31 March 2020** | **-** | **3.49** | **-** | **3.49** |
| **Investments made** | | | | | |
| Edutor Technologies India Pvt Ltd | 31 March 2021 | - | - | - | - |
| | 31 March 2020 | - | - | 165.10 | 165.10 |
| Smartivity Labs Private Limited | 31 March 2021 | - | - | 22.03 | 22.03 |
| | 31 March 2020 | - | - | 18.41 | 18.41 |
| **Subtotal** | **31 March 2021** | **-** | **-** | **22.03** | **22.03** |
| | **31 March 2020** | **-** | **-** | **183.51** | **183.51** |
| **Trade payables** | | | | | |
| Hotel Tourist | 31 March 2021 | - | - | - | - |
| | 31 March 2020 | 0.05 | - | - | 0.05 |
| SC Hotel Tourist Deluxe Private Limited | 31 March 2021 | 0.02 | - | - | 0.02 |
| | 31 March 2020 | 0.02 | - | - | 0.02 |
| Edutor Technologies India Pvt Ltd | 31 March 2021 | - | - | - | - |
| | 31 March 2020 | - | - | 3.49 | 3.49 |
| S Chand Properties Private Limited | 31 March 2021 | 0.98 | - | - | 0.98 |
| | 31 March 2020 | 0.87 | - | - | 0.87 |
| Ravindra Kumar Gupta | 31 March 2021 | - | - | - | - |
| | 31 March 2020 | - | 0.23 | - | 0.23 |
| **Subtotal** | **31 March 2021** | **1.00** | **-** | **-** | **1.00** |
| | **31 March 2020** | **0.94** | **0.23** | **3.49** | **4.66** |
| **Employee related liabilities*** | | | | | |
| Mr. Dinesh Kumar Jhunjhnuwala | 31 March 2021 | - | 0.14 | - | 0.14 |
| | 31 March 2020 | - | 0.43 | - | 0.43 |
| Mr. Himanshu Gupta | 31 March 2021 | - | 0.35 | - | 0.35 |
| | 31 March 2020 | - | 0.40 | - | 0.40 |
| Mr. Saurabh Mittal | 31 March 2021 | - | 0.42 | - | 0.42 |
| | 31 March 2020 | - | 0.27 | - | 0.27 |
| Mr. Jagdeep Singh | 31 March 2021 | - | 0.17 | - | 0.17 |
| | 31 March 2020 | - | 0.20 | - | 0.20 |
| **Subtotal** | **31 March 2021** | **-** | **1.08** | **-** | **1.08** |
| | **31 March 2020** | **-** | **1.31** | **-** | **1.31** |

* Does not include gratuity and compensated absences, since the provision is based upon actuarial for the Group as a whole.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi

**39. Capital and other commitment**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| | | (₹ in millions) |
| a. Capital commitment (net of advance) | - | 0.25 |
| b. Relating to export promotion capital goods commitment | 22.68 | 28.16 |

**40. Contingent liabilities**

| | 31 March 2021 | 31 March 2020 |
|---|---|---|
| | | (₹ in millions) |
| Stamp duty (refer note 'a' below) | 95.01 | 95.01 |
| Registration fee (refer note 'a' below) | 9.15 | 9.15 |
| Income tax demand (refer note 'b' to 'i' below) | 175.13 | 93.04 |
| Goods and service tax (refer note 'j' below) | 4.19 | - |
| VAT claim by U. P. VAT Act. (refer note 'k') | 2.75 | 2.75 |
| Kolkata VAT (refer note 'l') | - | 1.05 |

**Note:**

**a.** During the year 2015-16, the Holding Company received notice under Indian Stamp Act, 1899 for non-payment of stamp duty on transfer of property on amalgamation and demerger held in the financial year 2011-12. The district registrar contented that order of Hon'ble High Court for amalgamation and demerger does not grants exemption in respect of payment of stamp duty.

During the year 2017-18, the Holding Company has also received a demand notice from the Sub-Registrar under section 80A of the Registration Act, 1908 wherein the authority has directed the Holding Company to pay additional registration fee of ₹ 9.15 million (31 March 2020: ₹ 9.15 million)

As per the legal opinion obtained, management is of the view that no liability would accrue on the Holding Company on account of such case. Accordingly, no provision has been made in the books of account for the same.

**b.** In the Holding Company, in respect of Assessment Year 2006-2007, demand was raised due to disallowance of certain expenses under section 14A of the Income Tax Act and also certain penalty proceedings on the above issue. The matter has been dismissed by Delhi High Court. The amount involved is ₹ Nil (31 March 2020: ₹ 0.67 million).

**c.** In the Holding Company, in respect of Assessment Year 2015-16, a disallowance under section 36(1)(va) read with section 2(24)(x) of the Income Tax Act, a demand has been raised on account of disallowance of payment made towards employee's contribution to PF after the due date of payment but before the due date of filling return and disallowance of unexplained expenditure u/s 69 C of the Income Tax Act. The matter is pending with CIT (A). The amount involved is ₹ 0.72 million (31 March 2020: ₹ 0.72 million).

**d.** In the Holding Company, in respect of Assessment Year 2013-14, a disallowance under section 36(1)(va) read with section 2(24)(x) of the Income Tax Act, a demand has been raised on account of disallowance of payment made towards employee's contribution to PF after the due date of payment but before the due date of filling return. The matter is pending with ITAT. The amount involved is ₹ 0.07 million (31 March 2020: ₹ nil).

**e.** Vikas Publishing House Private Limited has received an intimation under section 143(1) of Income Tax Act, with the demand of ₹ 9.71 million whereas the company has claimed the refund of ₹ 1.52 million in Income Tax return for AY 2019-20. There is a difference of ` 11.23 million (31 March 2020: ` nil) between self assessment in Income tax return and assessment as per Income tax CPC. The major reason for difference is due to the wrong tax rate charged by CPC. The Company has filed the appeal with CIT( A) for the rectification in CPC assessment and the Company believes that CIT (A) will allow the appeal and correct the demand notice.

**f.** In Nirja Publishers & Printers Private Limited, during FY 2012-13, the company received demand notice from the income tax authorities requiring to pay additional tax of ₹ 39.44 million (31 March 2020: ₹ 39.44 million) for assessment year 2011-12. Demand pertains to disallowance of deduction under section 80IC of the Income Tax Act. The company has not paid any amount towards this demand. The matter has been decided in company's favor by ITAT and is currently pending with the High Court. The management is confident that the matter will be decided in company's favor.

**g.** In Nirja Publishers & Printers Private Limited, during FY 2014-15, the company received demand notice from the income tax authorities requiring to pay additional tax of ₹ 35.43 million (31 March 2020: ₹ 35.43 million) for assessment year 2012-13. Demand pertains to disallowance of deduction under section 80IC of the Income Tax Act. The company has not paid any amount towards this demand. The matter has been decided in company's favor by ITAT and is currently pending with the High Court. The management is confident that the matter will be decided in company's favor.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

**h.** In Chhaya Prakashani Limited, the company has some ongoing disputes with Income Tax Authorities relating to ₹ 15.06 million (31 March 2020 ₹ 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.

**i.** In D S Digital Pvt. Ltd., a demand of ₹ 73.18 million (31 March 2020: ₹ nil) has been made for AY 2018-19 by the National E Assessment Centre in respect of various additions made in the order framed under section 143(3) read with section 43(3A) and 43(3B) of the Income Tax Act 1961. Assessee has filed an appeal before the National Faceless Appeal Centre and is hopeful that the demand will be cancelled.

**j.** In Edutor Technologies India Pvt. Ltd., during the FY 2020-21, the company has received demand order dated 5 March 2020 from Commissioner (Appeals) for a demand of ₹ 4.19 million. The company has appealed against such order in CESTAT and for this pre-deposit amount of ₹ 0.43 million is paid.

**k.** In DS Digital Private Limited, the company had received Claim for levy of penalty U/S 54(1) of U P. VAT Act vide Appellate order by UP VAT Act for ₹2.75 million. The company has paid ₹ 1.10 million and booked under security deposit. The order has been set aside for re-adjudication.

**l.** In Vikas Publishing House Pvt. Ltd., the company has received a notice in the year 2019-20 from Kolkata VAT with demand of ₹ 1.05 million for the year 2016-17. The case has been disposed off during the year.

**m.** Hon'ble Supreme Court of India has pronounced a ruling dated 28 February 2019 in which it is held that 'allowance' paid to employees, will be included in the scope of 'basic wages' and thus, will be subject to provident fund contributions. Petitions have been filed with Hon'ble Supreme Court of India seeking additional clarification with respect to the application of this ruling. As this ruling has not prescribed any clarification w.r.t. to its application, the Group is in the process of evaluating its impact. Management believes that this will not result in any material liability on the Group.

**n.** The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its consolidated financial statements. The Group also believes that the above issues, when finally settled, are not likely to have any significant impact on the financial position of the Group. The Group does not expect any reimbursements in respect of the above contingent liabilities.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited * New Delhi

## 41. Unhedged foreign currency exposure

The amount of foreign currency exposure that are not hedged by derivative instrument or otherwise as on 31 March 2021 and 31 March 2020 are as under:

| | Foreign currency | Amount in foreign currency | | Amount in ₹ (million) | |
|---|---|---|---|---|---|
| | | 31 March 2021 | 31 March 2020 | 31 March 2021 | 31 March 2020 |
| Trade receivable | USD | 3,57,464.40 | 3,24,161.13 | 26.17 | 24.41 |
| | QAR | 1,75,000.00 | 50,000.00 | 3.53 | 1.04 |
| | AED | 17,76,996.00 | 9,58,586.00 | 35.56 | 19.68 |
| | OMR | 7,596.00 | 288.00 | 1.45 | 0.06 |
| | MXN | 1,069.98 | 545.00 | 0.00 | 0.00 |
| | JPY | 3,021.00 | 10,366.00 | 0.00 | 0.01 |
| | GBP | 73.05 | 350.00 | 0.01 | 0.03 |
| | EUR | 291.77 | 280.00 | 0.02 | 0.02 |
| | CAD | 143.65 | 160.00 | 0.01 | 0.01 |
| | BRL | 71.27 | 230.00 | 0.00 | 0.00 |
| | AUD | 87.48 | 272.00 | 0.00 | 0.01 |
| Trade payable | GBP | 4,390.68 | 9,767.00 | 0.44 | 0.74 |
| | USD | 7,548.36 | - | 0.55 | - |
| Advance from customer | USD | - | 2,440.00 | - | 0.18 |

Exchange rate for 1 USD= ₹ 73.20 (previous year 1 USD = ₹ 75.32)
Exchange rate for 1 QAR= ₹ 20.19 (previous year 1 QAR = ₹ 20.71
Exchange rate for 1 OMR= ₹ 191.17 (previous year 1 OMR = ₹ 196.06)
Exchange rate for 1 MXN= ₹ 3.58 (previous year 1 MXN = ₹ 3.80)
Exchange rate for 1 JPY= ₹ 0.69 (previous year 1 JPY = ₹ 0.65)
Exchange rate for 1 GBP= ₹ 94.14 (previous year 1 GBP = ₹ 94.14)
Exchange rate for 1 EUR= ₹ 83.41 (previous year 1 EUR = ₹ 79.29)
Exchange rate for 1 CAD= ₹ 57.38 (previous year 1 CAD = ₹ 54.16)
Exchange rate for 1 BRL= ₹ 14.14 (previous year 1 BRL = ₹ 17.19)
Exchange rate for 1 AUD= ₹ 56.32 (previous year 1 AUD = ₹ 48.60)
Exchange rate for 1 AED= ₹ 20.01 (previous year 1 AED = ₹ 20.53)

*(This space has been left blank intentionally)*

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi

**42. Financial Instruments:- Financial risk management objectives and policies**

The Group's principal financial liabilities, comprise of loans and borrowings, trade and other payables . The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include investments in equity shares, advances to related party, trade and other receivables, security deposits, cash and short-term deposits that are derived directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks and advises on financial risks and the appropriate financial risk governance framework for the Group. The board provides assurance to the shareholders that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**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.
The Group is exposed to following type of market risk:-
a.) interest rate risk,
b.) foreign currency risk and
Financial instruments affected by market risk include loans and borrowings, investments, deposits, and advances.

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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group'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. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in millions)

| | Increase/decrease in basis points | Effect on profit before tax |
|---|---|---|
| **As at 31 March 2021** | | |
| Borrowings | +0.50% | (10.16) |
| | -0.50% | 10.16 |
| **As at 31 March 2020** | | |
| Borrowings | +0.50% | (10.76) |
| | -0.50% | 10.76 |

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited * New Delhi

**b. Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency).

The Group does not hedge its foreign currency exposure, however the sensitivity analysis is as given below for the currencies, in which Group has foreign exposure:

(₹ in millions)

| | Changes in foreign currency rates | Effect on profit before tax | Effect on equity (OCI) |
|---|---|---|---|
| **For the year ended 31 March 2021** | | | |
| USD | +0.5% | 0.13 | - |
| | -0.5% | (0.13) | - |
| QAR | +0.5% | 0.02 | - |
| | -0.5% | (0.02) | - |
| AED | +0.5% | 0.18 | - |
| | -0.5% | (0.18) | - |
| OMR | +0.5% | 0.01 | - |
| | -0.5% | (0.01) | - |
| Other foreign currency exposure | +0.5% | (0.00) | - |
| | -0.5% | 0.00 | - |
| **For the year ended 31 March 2020** | | | |
| USD | +0.5% | 0.12 | - |
| | -0.5% | (0.12) | - |
| QAR | +0.5% | 0.01 | - |
| | -0.5% | (0.01) | - |
| AED | +0.5% | 0.10 | - |
| | -0.5% | (0.10) | - |
| OMR | +0.5% | 0.00 | - |
| | -0.5% | (0.00) | - |
| Other foreign currency exposure | +0.5% | 0.00 | - |
| | -0.5% | (0.00) | - |

*(This space has been left blank intentionally)*

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited * New Delhi

**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 Group 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:

**(₹ in millions)**

| Age Bracket | Not Due | Due | Total |
|---|---|---|---|
| As at 31 March 2020 | 2,548.32 | 800.33 | 3,348.65 |
| As at 31 March 2021 | 2,410.81 | 810.07 | 3,220.88 |

The movement in the allowance for expected credit loss in respect of trade receivables is as follows:

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Balance at the beginning of the year | 433.52 | 365.33 |
| Additions/ (write back) (net) | 71.00 | 113.28 |
| Write off (net of recovery) | (22.65) | (45.09) |
| **Balance at the end of the year** | **481.87** | **433.52** |

**C. Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Group's approach to managing liquidity to ensure , as far as possible, that it will have sufficient liquidity to meet its liability when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group closely monitors its liquidity position and deploys a robust cash management system. The Group manages liquidity risk by maintaining adequate reserves, borrowing liabilities, by continuously monitoring forecast and actual cash flows, profile of financial assets and liabilities. It maintain adequate sources of financing including loans from banks at an optimised cost. The table below provides the details regarding contractual maturities of financial liabilities.

**(₹ in millions)**

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **On Demand** | | |
| - Borrowings | 1,056.78 | 1,114.39 |
| | **1,056.78** | **1,114.39** |
| **Less than 1 year** | | |
| - Borrowings (current maturities of long term borrowings) | 213.95 | 429.76 |
| - Trade payables | 1,178.86 | 1,582.47 |
| - Other financial liabilities | 155.04 | 208.26 |
| | **1,547.85** | **2,220.49** |
| **More than 1 year** | | |
| - Borrowings | 760.49 | 608.17 |
| | **760.49** | **608.17** |

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S Chand And Company Limited New Delhi *

**43. Capital management**

For the purpose of the Group'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 Group's capital management is to maximise the shareholder value.

The Group seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio less than 30%. The Group measures underlying net debt as total liabilities, comprising interest bearing loans and borrowings, excluding any dues to subsidiaries or group companies less cash and cash equivalents. For the purpose of capital management, total capital includes issued equity capital, share premium and all other reserves attributable to the equity holders of the Group, as applicable.

Group's adjusted net debt to equity ratio as at 31 March 2021 is as follows:

| Gearing Ratio | 31 March 2021 | 31 March 2020 |
|---|---|---|
| Borrowings (note 12A & 12B) (including current maturities) | 2,031.23 | 2,152.32 |
| Less: cash and cash equivalents (note 6E) | (419.17) | (98.10) |
| **Adjusted Net debt (A)** | **1,612.06** | **2,054.22** |
| Equity | 8,371.46 | 8,213.00 |
| **Total equity (B)** | **8,371.46** | **8,213.00** |
| **Total equity and net debt [C = (A+B)]** | **9,983.52** | **10,267.22** |
| **Gearing Ratio (A/C)** | 16.15% | 20.01% |

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been breaches in the financial covenants of some of the interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

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S Chand And Company Limited New Delhi *

**44. Fair Values**

The Carrying values of financial instruments by categories is as under:

(₹ in millions)

| Particulars | 31 March 2021 | | | 31 March 2020 | | |
|---|---|---|---|---|---|---|
| | Amortized Cost | FVTPL | FVTOCI | Amortized Cost | FVTPL | FVTOCI |
| **Assets** | | | | | | |
| **Non-current financial assets** | | | | | | |
| - Investments* | - | 2.37 | - | - | 2.28 | - |
| - Loans | 44.79 | - | - | 55.85 | - | - |
| - Other financial assets | 13.36 | - | - | 14.06 | - | - |
| **Financial assets** | | | | | | |
| - Investments | - | 258.41 | | - | 167.02 | - |
| - Trade receivables | 3,220.88 | - | - | 3,348.65 | - | - |
| - Cash and cash equivalents | 419.17 | - | - | 98.10 | - | - |
| - Bank balances other than cash and cash equivalents | 65.68 | - | - | 7.22 | - | - |
| - Loans | 41.44 | - | - | 59.67 | - | - |
| - Other financial assets | 4.16 | - | - | 13.09 | - | - |
| **Non-current financial liabilities** | | | | | | |
| - Borrowings | 760.49 | - | - | 608.17 | - | - |
| - Lease liabilities | 248.73 | - | - | 365.92 | - | - |
| **Current financial liabilities** | | | | | | |
| - Borrowings | 1,056.78 | - | - | 1,114.39 | - | - |
| - Lease liabilities | 102.49 | - | - | 125.93 | - | - |
| - Trade payables | 1,178.86 | - | - | 1,582.47 | - | - |
| - Other financial liabilities | 368.98 | - | - | 638.02 | - | - |

*excludes investments valued at cost.

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

i.) 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.

ii.) Fair value of quoted financial instruments is based on quoted market price at the reporting date.

iii.) The carrying amount of other items carried at amortized cost are reasonable approximation of their fair value.

iv.) 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.

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) |
| **Assets measured at fair value:** | | | |
| Investment in: | | | |
| - Equity shares | 1.49 | - | 2.17 |
| - Mutual funds | 257.12 | - | - |

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) |
| **Assets measured at fair value:** | | | |
| Investment in: | | | |
| - Equity shares | 0.95 | - | 2.17 |
| - Mutual funds | 166.18 | - | - |

*(This space has been left blank intentionally)*

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S Chand And Company Limited New Delhi *

**45.** As per requirement of Companies Act, 2013, following additional disclosure needs to be given in the notes to accounts for the year ended 31 March 2021 along with comparative numbers for 31 March 2020:

**As at 31 March 2021**

(₹ in millions)

| Name of the entity | Net assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated profit or loss | Amount | As % of consolidated profit or loss | Amount |
| **Parent** | | | | | | | | |
| S Chand And Company Limited | 93.86% | 7,857.53 | -34.25% | 22.24 | 40.62% | 6.95 | -61.04% | 29.19 |
| **Subsidiaries** | | | | | | | | |
| *Indian* | | | | | | | | |
| Eurasia Publishing House Private Limited | 7.37% | 616.78 | -5.54% | 3.60 | 0.00% | - | -7.53% | 3.60 |
| BPI (India) Private Limited | 0.15% | 12.76 | 22.16% | (14.39) | 0.82% | 0.14 | 29.80% | (14.25) |
| Safari Digital Education Initiatives Private Limited | -0.48% | (39.90) | 173.21% | (112.47) | 1.05% | 0.18 | 234.82% | (112.29) |
| Blackie & Son (Calcutta) Private Limited | 0.85% | 71.32 | -1.25% | 0.81 | 0.00% | - | -1.69% | 0.81 |
| Nirja Publishers & Printers Private Limited | 9.65% | 807.90 | -45.96% | 29.84 | 0.00% | - | -62.40% | 29.84 |
| Vikas Publishing House Private Limited | 17.89% | 1,497.61 | -102.82% | 66.76 | 18.35% | 3.14 | -146.17% | 69.90 |
| S. Chand Edutech Private Limited | -0.61% | (50.91) | 61.30% | (39.80) | 1.52% | 0.26 | 82.69% | (39.54) |
| D S Digital Private Limited | -1.39% | (116.03) | 168.10% | (109.15) | 0.58% | 0.10 | 228.04% | (109.05) |
| New Saraswati House (India) Private Limited | 3.58% | 300.09 | 65.47% | (42.51) | 27.64% | 4.73 | 79.00% | (37.78) |
| Chhaya Prakashani Private Limited | 12.46% | 1,042.76 | -239.08% | 155.24 | 3.86% | 0.66 | -326.01% | 155.90 |
| Indian Progressive Publishing Company Private Limited | 0.21% | 17.49 | -3.62% | 2.35 | 0.00% | - | -4.91% | 2.35 |
| Edutor Technologies India Private Limited | -0.03% | (2.24) | -12.26% | 7.96 | 2.57% | 0.44 | -17.57% | 8.40 |
| **Minority interest in all subsidiaries** | 2.25% | 188.58 | 11.20% | (7.27) | 2.98% | 0.51 | 14.14% | (6.76) |
| **Associates (Indian)** | | | | | | | | |
| Investment as per equity method | 0.26% | 22.03 | 10.24% | (6.65) | 0.00% | - | 13.91% | (6.65) |
| Inter-company eliminations | -46.04% | (3,854.31) | 33.10% | (21.49) | 0.00% | - | 44.94% | (21.49) |
| | **100.00%** | **8,371.46** | **100.00%** | **(64.93)** | **100.00%** | **17.11** | **100.00%** | **(47.82)** |

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

As at 31 March 2020

(₹ in millions)

| Name of the entity | Net assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated profit or loss | Amount | As % of consolidated profit or loss | Amount |
| **Parent** | | | | | | | | |
| S Chand And Company Limited | 95.31% | 7,827.49 | 35.64% | (397.28) | 67.87% | (4.08) | 35.81% | (401.36) |
| **Subsidiaries** | | | | | | | | |
| *Indian* | | | | | | | | |
| Eurasia Publishing House Private Limited | 1.84% | 151.30 | -0.45% | 4.98 | 0.00% | - | -0.44% | 4.98 |
| BPI (India) Private Limited | 0.30% | 24.49 | 0.13% | (1.43) | 6.83% | (0.41) | 0.16% | (1.84) |
| Safari Digital Education Initiatives Private Limited | 0.88% | 72.40 | 13.17% | (146.81) | -4.56% | 0.27 | 13.08% | (146.54) |
| Blackie & Son (Calcutta) Private Limited | 0.86% | 70.50 | 0.00% | (0.01) | 0.00% | - | 0.00% | (0.01) |
| Nirja Publishers & Printers Private Limited | 9.47% | 778.00 | -1.77% | 19.71 | 0.00% | - | -1.76% | 19.71 |
| Vikas Publishing House Private Limited | 17.36% | 1,425.84 | 8.73% | (97.29) | -13.43% | 0.81 | 8.61% | (96.50) |
| S. Chand Edutech Private Limited | -0.47% | (38.45) | 2.73% | (30.41) | -0.12% | 0.01 | 2.71% | (30.40) |
| D S Digital Private Limited | -0.08% | (6.98) | 9.43% | (105.13) | -1.71% | 0.10 | 9.37% | (105.02) |
| New Saraswati House (India) Private Limited | 2.45% | 201.47 | 47.06% | (524.61) | 31.69% | (1.90) | 46.98% | (526.51) |
| Chhaya Prakashani Private Limited | 10.80% | 886.86 | -9.33% | 104.04 | 15.68% | (0.94) | -9.20% | 103.10 |
| Indian Progressive Publishing Company Private Limited | 0.17% | 13.78 | -0.51% | 5.72 | 0.00% | - | -0.51% | 5.72 |
| **Minority interest in all subsidiaries** | 0.35% | 28.48 | -0.04% | 0.47 | -2.25% | 0.13 | -0.05% | 0.59 |
| **Associates (Indian)** | | | | | | | | |
| Investment as per equity method | 2.23% | 183.51 | 0.00% | - | 0.00% | - | 0.00% | - |
| Inter-company eliminations | -41.47% | (3,405.71) | -4.79% | 53.39 | 0.00% | - | -4.76% | 53.39 |
| | **100.00%** | **8,213.00** | **100.00%** | **(1,114.68)** | **100.00%** | **(6.01)** | **100.00%** | **(1,120.69)** |

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS *

S Chand And Company Limited New Delhi *

46. The Group had filed Draft Composite Scheme of Arrangement on 9 January 2018, amongst Blackie & Son (Calcutta) Private Limited ("Blackie"), Nirja Publishers & Printers Private Limited ("Nirja"), DS Digital Private Limited ("DS Digital"), Safari Digital Education Initiatives Private Limited ("Safari Digital") and S Chand and Company Limited ("S Chand") and their respective shareholders and creditors (Composite Scheme) with BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE') under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 and Circular no. CFD/DIL3/CIR/2017/21 dated 10 March 2017 ("SEBI Circular"). The Scheme inter alia includes amalgamation of Blackie & Nirja with and into S Chand, demerger of the education business of DS Digital & Safari with and into S Chand and amalgamation of residual business (after demerger) of DS Digital with and into Safari. The Holding Company had filed the Scheme with NCLT. NCLT vide its order dated 10 February 2020 had directed to convene meetings of shareholders, secured & unsecured creditors of S Chand and meeting of secured & unsecured creditors of Nirja and DS Digital ("the meetings") for approval of the Scheme. However, due to COVID-19 pandemic and nationwide lockdown the meetings were deferred. NCLT vide its order dated 29 May 2020 has directed to convene these meetings through video conferencing in the month of July 2020. These meetings were convened through video conferencing on 17 July 2020 and 18 July 2020. Respective creditors and shareholders have approved the Composite Scheme and thereafter the Holding Company has filed a second motion application with NCLT for approval of the Composite Scheme. The approval of NCLT is awaited.

47. 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. However, due to COVID-19 pandemic and nationwide lockdown Chhaya could not file the application with National Company Law Tribunal ("NCLT") of Kolkata for approval. The Board of Directors of Chhaya has again approved this scheme of amalgamation with appointed date as 1 April 2020 in its meeting held on 25 June 2020. Chhaya has been converted into a Public Limited company. Chhaya has filed the application with NCLT of Kolkata under sections 230 to 232 of the Companies Act, 2013 and other applicable provisions and rules thereunder, for amalgamation of Eurasia with Chhaya. The said application is pending with Kolkata Bench of NCLT for hearing.

48. **Note for reclassifications:**
During the year ended 31 March 2021, the Group reclassified/regrouped certain previous year's balances, as below:

(₹ in millions)

| Reclassification of financial information of previous year ended 31 March 2020 | | |
|---|---|---|
| **Details** | **Nature of reclassification** | **Amount** |
| MAT credit entitlement | Reclassed from 'Other assets' disclosed under note 8 to 'Deferred tax assets' disclosed under Note 9 | 72.98 |
| Deposits with original maturity for more than 3 months but less than 12 months | Reclassed from 'Other financial asset' disclosed under note 6H to 'Bank balances other than cash and cash equivalents' disclosed under Note 6F | 7.22 |
| Provision of gratuity and compensated absences | Reclassed from 'Other financial liability' disclosed under note 15 to 'Provisions' disclosed under Note 17 | 2.42 |
| Unclaimed dividend | Reclassed from 'Provisions' disclosed under Note 17 to 'Other financial liability' disclosed under note 15 | 0.09 |
| Other Payables | Reclassed from non-current to current under Note 16 'Other liability' | 0.79 |

Previous year figures have been regrouped/ reclassed, where necessary, to conform to this years classification.

49. The Shareholders of Vikas Publishing House Private Limited (transferee) and Rajendra Ravindra Printers Private Limited (transferor) (RRPL), a subsidiary of S Chand And Company Limited (SCCL), had approved a scheme of amalgamation (the scheme) u/s 391-394 of the Companies Act, 1956 and applicable provisions of Companies Act 2013 (to the extent applicable). In accordance with the scheme RRPL merged with the Company w.e.f. 1 April, 2014. The Hon'ble Delhi High Court had given its approval to the Scheme on 18 February 2016 and order was received by the company on 7 April 2016. The approved scheme was filed with the Registrar of Companies on 27 April 2016 and the Scheme became effective from such date. Assets and liabilities, rights and obligation of the RRPL were transferred into the company (as provided in the Scheme).

During FY 2012-13, Rajendra Ravindra Printers Private Limited "Amalgamating Company" had sold its certain land and building (acquired in 1972) to its wholly owned subsidiary, and claimed exemption under section 47(iv) of Income Tax Act, 1961 ("IT Act"). However, by virtue of merger of RRPL, the subsidiary company ceases to be wholly owned subsidiary of RRPL before expiry of 8 years from the date of transfer, accordingly, capital gains claimed as exempt under section 47(iv) of IT Act, would now be taxable in the year of transfer due to trigger of section 47A of IT Act. Considering this, tax liability for ₹ 33.51 million has been recognised in the books of accounts. The company has filed an application with the department.

50. **Corporate social responsibility**

(₹ in millions)

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| a) Gross amount required to be spent by the Group during the year | 8.20 | 16.62 |
| b) Amount spent during the year | | |
| i) Construction/ acquisition of any asset | - | - |
| ii) On purpose other than (i) above | 12.12 | 17.00 |
| | 12.12 | 17.00 |

51. **Segment reporting**
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's Managing Director assesses the financial performance and position of the Group, and makes strategic decision and has been identified as the chief operating decision maker. The Group's business activity is organised and managed separately according to the nature of the products, with each segment representing a strategic business unit that offers different products and serves different market. The Group's primary business segment is reflected based on principal business activities carried on by the Group. As per Indian Accounting Standard 108, Operating Segments, as notified under the Companies (Indian Accounting Standards) Rules, 2015, the Group operates in one reportable business segment i.e., publishing of books. The geographical information analyses the Group's revenue and trade receivables from such revenue in India and other countries. The Group primarily operates in India.

52. **Business combinations**
**Acquisition of Edutor Technologies India Private Limited ("Edutor") during the year ended 31 March 2021**

During the year ended 31 March 2021, the Group has acquired additional 10% equity shareholding, through step acquisition of an associate, Edutor Technologies India Private limited ("Edutor"), at nominal value, thereby effectively raising equity shareholding at 54.86%, as at 31 March 2021. The management has represented that the acquisition of 10% stake is part of mutually agreed price as per business negotiations and doesn't represent fair market value of Edutor. Accordingly, in accordance with Ind AS 103 Business Combination, the Group has remeasured its previously held equity interest in the Edutor at its acquisition-date fair value and has recognised capital reserve as on the acquisition date amounting to ₹ 38.56 million. Below table provides the details of net assets acquired, purchase consideration paid and capital reserve recognised in this transaction:

(₹ in millions)

| | Amounts |
|---|---|
| Property, plant and equipment | 1.08 |
| Other intangible assets | 391.76 |
| Other non-current assets | 40.51 |
| Current assets | 21.51 |
| Non-current liabilities | (2.17) |
| Current liabilites | (83.07) |
| Minority interest | (166.87) |
| Capital reserve (net of tax) | (38.56) |
| Fair value of existing stake | (164.19) |
| **Purchase consideration*** | - |

* additional stake was acquired at ₹ 1.00 (absolute value)

**53. COVID Disclosure**

In view of COVID-19 pandemic, while developing the assumptions relating to possible uncertainties in the business conditions because of the pandemic, the Group, as on the date of approval of these consolidated financials 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 cash and cash equivalents, bank deposits and investments in mutual funds) and subsequent recoveries, past trends, credit risks profile of customers in case of trade receivables and advances to vendors. The Group expects to recover the carrying amount of the assets and investment. The Group while assessing right of use asset and other investments, 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 balance sheet date, the Group has evaluated the impact of COVID 19 on its financial results the impact of COVID 19 may differ from the estimates as at the date of approval of these consolidated financial statements. There have been no material changes in the controls or processes followed in the consolidated financial statements closing process of the Group. The Group will continue to monitor any future changes to the business and consolidated financial statements due to COVID-19.

The management, based on its current and future business plans, after considering COVID 19 impact, has assessed that the Group's ability to meet its contractual obligations and liabilities that fall due in near future including repayment of the debts taken from banks / financial institutions and their related covenants, 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 intuitions, if required, to ensure continuity of operations. The management has availed moratorium offered by one financial institution during the month of Apr-May'20 to manage cash flows, the same was paid in June'20

**54.** The Government of India announced the New Education Policy (NEP) 2020 on 31 July 2020, to bring in various changes to the Education system. The National Curriculum Framework (NCF) that defines the curriculum to be taught in schools is yet to be formulated based on NEP, which is expected to be developed over the period. The management is monitoring the implementation of the policy and the revised curriculum and detailed assessment shall be made, once curriculum gets formulated.

**55.** During the year ended 31 March 2021, a gain of ₹ 7.85 million has been recorded in other income, arising out of deemed disposal on account of reduction in proportionate interest of the Group in one of its Associates.

**56.** The Group has recorded the following as exceptional items:
a) During the year-ended 31 March 2021, the Group has recorded diminution in the carrying value of investment with respect to Next Door Learning Solutions Private Limited amounting to ₹ 2.43 million towards a decline in the value of its investments in resultant business.
b) During the year-ended 31 March 2020, due to COVID-19, the Group has performed a detailed assessment of its existing inventory and as a result, the Group has further reduced the valuation of certain titles to their current realizable value and recorded additional provision of ₹ 87.15 million as exceptional cost
c) During the year-ended 31 March 2020, the Group has recorded diminution in the carrying value of investment with respect to Gyankosh Solutions Private Limited amounting to ₹ 14.52 million towards a decline in the value of its investments in resultant business.

**57.** The amount of inventory recorded as at 31 March 2021, comprises of inventory lying physically at the Group's warehouse. The Group as part of its policy performs physical verification of inventory bi-annually every year. However, due to the impact of the second wave of COVID-19 on the Group, the management of below mentioned entities were not able to perform inventory count as at 31 March 2021 till the date of approval of these consolidated financial statements. The management, based on its assessment, is of the opinion that consequential adjustments, if any, due to physical verification of inventory items lying at its warehouse, is not expected to be material and further intends to complete the physical verification process in the subsequent quarter.

(₹ in millions)

| Particulars | Raw materials (including printing material) | Work in Progress | Traded goods | Finished goods | Total |
|---|---|---|---|---|---|
| S Chand And Company Limited | 35.73 | - | 18.07 | 397.54 | 451.34 |
| Vikas Publishing House Private Limited | 39.99 | 0.22 | - | 306.23 | 346.44 |
| Safari Digital Education Initiatives Private Limited | - | - | 55.50 | - | 55.50 |
| D S Digital Private Limited | - | - | 3.10 | - | 3.10 |
| S. Chand Edutech Private Limited | - | - | 14.34 | - | 14.34 |
| | 75.72 | 0.22 | 91.01 | 703.77 | 870.72 |

**58.** The consolidated financial statements were approved for issue by the board of directors on 22 June 2021.

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No.: 001076N/N500013

**Neeraj Goel**
Partner
Membership No.: 099514

Place: Gurugram
Date: 22 June 2021

**For and on behalf of the Board of Directors of S Chand And Company Limited**

**Himanshu Gupta**
Managing Director
DIN 00054015

Place : New Delhi
Date : 22 June 2021

**Dinesh Kumar Jhunjhnuwala**
Whole-time Director
DIN: 00282988

Place : New Delhi
Date : 22 June 2021

**Saurabh Mittal**
Chief Financial Officer

Place : New Delhi
Date : 22 June 2021

**Jagdeep Singh**
Company Secretary

Place : New Delhi
Date : 22 June 2021

WALKER CHANDIOK & CO LLP CHARTERED ACCOUNTANTS

S Chand And Company Limited New Delhi