

DIRECTORS' REPORT

To
The Members,

The Directors have pleasure in presenting their Report and Statement of Accounts for the financial year ended 31st March, 2019.

FINANCIAL SUMMARY

The Company's financial performance for the year under review along with previous year's figures are given hereunder:

Particulars	Amount (in '000's)	
	For year ended 31 st March, 2019	For Year ended 31 st March, 2018
Revenue from operations	647,295	574,996
Other income	2,140	1,192
Total Income	649,435	576,188
Expenses	943,515	764,375
(Loss) before exceptional items & tax	(294,080)	(188,188)
Exceptional items	-	(7,185)
(Loss) before Tax	(294,080)	(181,003)
Tax charge / (credit)	(7,553)	12,897
(Loss) after tax before Other Comprehensive Income	(286,526)	(193,900)
Total Comprehensive (loss) for the year	(286,324)	(192,650)

DIVIDEND

The Company has not declared any dividend for the year under review and accordingly the company is not required to transfer any amount to General Reserve.

DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 134(5) of the Companies Act, 2013, Directors subscribe to the "Directors' Responsibility Statement" and confirm that:

(a) in preparation of Annual Accounts for the year ended 31st March, 2019, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

(b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on March 31, 2019 and its loss for that period ended on March 31, 2019;

(c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the Directors have prepared the annual accounts of the Company on a going concern basis;

(e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

MEETINGS OF THE BOARD OF DIRECTORS

During the financial year ended 31st March 2019, 6 (six) Meetings of the Board of Directors of the company were held on 04.04.2018, 01.05.2018, 14.05.2018, 12.12.2018, 14.08.2018, 28.03.2019.

S. no	Name of the Director	No. of Board Meeting held	No. of Meetings attended
1	Mr. Anil Dungarshi Gala	6	5
2	Mr. Sumit Gupta	6	5
3	Mr. Sanjeev Jitendra Gala	6	1
4	Mr. Kalpesh Harakhchand Gala	6	4
5	Mr. Tushar Kumudrai Jani	6	5
6	Mr. Chandravir Saran Das	6	5
7	Dr. Yasho V verma	6	5
8	Mr. Natrajan Vishwanathan Iyer	6	3

DETAILS OF DIRECTOR OR KEY MANAGERIAL PERSONNEL APPOINTED/REAPPOINTED OR RESIGNED DURING THE YEAR

DIN No. /PAN No.	Name of Director/KMP	Designation	Date of Appointment /Re-appointment	Date of Cessation
06389278	Dr. Yasho Verdhan Verma	Additional Director	04/04/2018	--
AFZPB7178Q	Pratik Bhasker	CFO	14/06/2018	--

ANNUAL RETURN

The extract of Annual Return of the Company in Form MGT-9 forms part of the Board's Report and is annexed herewith as **Annexure-1** and will be available on company website <https://www.indiannicalearning.com>

DEPOSITS

The Company has neither accepted nor renewed any deposits during the year under review.

LOANS, GUARANTEES OR INVESTMENTS

No loans, guarantees or investments made under Section 186 by the company.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of the Company that occurred during the end of the financial year to which this financial statements relate and the date of this report.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary or joint venture or associate company. The Company is a subsidiary Company of Navneet Education Limited.

RISK MANAGEMENT POLICY

Risk Management is the process of identification, assessment and prioritization of risks followed by coordinated efforts to minimize, monitor and mitigate/control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. The company has laid down a comprehensive Risk Assessment and minimization procedure which is reviewed by the Board from time to time. These procedures are reviewed to ensure that executive management controls risk through means of a properly defined framework. The major risks have been identified by the Company and its mitigation process/measures have been formulated in the areas such as business, project execution, event, financial, human environment and statutory compliance.

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation was observed.

INTELLECTUAL PROPERTY

Trademark application filed under The Trade Marks Act, 1999 conferring the exclusive rights to use the trademark in relation to Company logo has been accepted and registered under classes 9, 41 and 16, application filed for wordmark under class 16 has been registered, further the same has been accepted and advertised under classes 9 and 41 and will soon proceed for registration.

CORPORATE SOCIAL RESPONSIBILITY [CSR]

The provisions of Section 135 of the Companies Act, 2013 as relate to Corporate Social Responsibility do not apply to the Company.

AUDIT COMMITTEE

As per the provisions of Section 177 of the Companies Act, 2013, the Company has constituted an audit committee which functions as per the provisions of the Act.

NOMINATION AND REMUNERATION COMMITTEE

As per the provisions of Section 178 of the Companies Act, 2013, Company has constituted a Nomination and Remuneration Committee which functions as per the provisions of the Act.

RELATED PARTY TRANSACTIONS

There was no contract or arrangements made with related parties as defined under Section 188 of the Companies Act, 2013 during the year under review which was not at arm's length or not in the ordinary course of business.

AUDITOR AND AUDITORS' REPORT

The Auditors, M/s N.A Shah Associates LLP, Chartered Accountants were appointed as statutory Auditors of the Company to hold office from the conclusion of the 19th Annual General Meeting until the conclusion of the 24th Annual General Meeting to be held in the year 2022 (subject to ratification of their appointment by the Members at every AGM held after the 19th AGM) and being eligible offer themselves for reappointment of the Company, which is subject to shareholders approval.

There are no qualifications or adverse remarks by the Auditors in their Report. The observations of the Statutory Auditors in their Report on the financial statement for the year ended on 31st March, 2019 are self-explanatory and therefore do not call for any further comments.

SECRETARIAL AUDIT REPORT

The provisions relating to submission of Secretarial Audit Report are not applicable to the Company.

DECLARATION OF INDEPENDENT DIRECTORS

All the Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

PARTICULARS OF EMPLOYEES

The Company has no employee in the category of employees specified under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

SHARES

There was no change in the Share Capital of the Company by way buy back of shares, bonus issue of shares or any Stock Option Scheme to the employees during the year under review.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has set up a system in line with the requirements of the Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act, 2013, to redress complaints received and disposed off during the financial year.

During the year under review, no complaint has been received by the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

As the Company is not engaged in any manufacturing activities the provisions of Section 134(m) of the Companies Act, 2013 do not apply to the Company.

The total Foreign Exchange earning was Rs.7,805,504 and outgo was Rs 9,299,365 during the year.

ACKNOWLEDGEMENT

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the company to remain as industry leaders.

The Board places on record its appreciation for the support and co-operation your company has been receiving from its business partners and others associated with the company. It will be the company's endeavor to build and nurture strong links based on mutuality of benefits, respect for and co-operation with each other, consistent with client interests. The Directors also take this opportunity to thank all investors, clients, Banks, Government and regulatory authorities for their continued support.

By order of the Board
For M/s Indiannica Learning private limited



Anil Dungarshi Gala
Chairman & Director
DIN:00092952



Sumit Gupta
Managing Director
DIN:00039596

Date : 30th April, 2019
Place: New Delhi

Annexure-1

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

1. REGISTRATION & OTHER DETAILS:		
i	CIN	U22110DL1998PTC094399
ii	Registration Date	10/06/1998
iii	Name of the Company	INDIANNICA LEARNING PRIVATE LIMITED
iv	Category/Sub-category of the Company	Limited by shares
v	Address of the Registered office and contact details	A-41, Ground Floor (L2), Mohan Co-Operative Industrial Estate, Main Mathura Road, New Delhi -110044 E-mail : accounts@ebindia.com Tel: 011-47154112
vi	Whether Listed Company	No
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Publishing, printing, and reproduction of recorded media	581	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding /Subsidiary/ Associate	% of Shares held	Applicable Section
1	Navneet Education Limited	L22200MH1984PLC034055	Holding	100	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as % of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	15	0	15	0.01	15	0	15	0.01	-
b) Central Govt. or State Govt.	0	0	0	0	0	0	0	0	-
c) Bodies Corporate	49351048	0	49351048	99.99	49351048		49351048	99.99	-
d) Bank /FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
SUB TOTAL: (A) (1)	49351063	0	49351063	100	49351063		49351063	100	-
(2) Foreign									
a) NRIs Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks /FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (2):-	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1)+ (A)(2)	49351063	-	49351063	100	-	-	49351063	100	-

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Navneet Education Limited	4,93,51,063	100	-	4,93,51,063	100	-	-
	Total	4,93,51,063	100	-	4,93,51,063	100	-	-

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of Total Shares of the Company	No. of Shares	% of total shares of the Company
1.	At the beginning of the year	--	--	--	--
3.	At the end of the year	--	--	--	--

- There was no change during the Year

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1.	For Each of the Top 10 Shareholders	-	-	-	-

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1.	At the beginning of the year	--	--	--	--
2.	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat	--	--	--	--
3.	At the End of the year	--	--	--	--

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount in '000's)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	185,171	150,000		
ii) Interest due but not paid iii) Interest accrued but not due				
Total (i+ii+iii)	185,171	150,000		335,171
Change in Indebtedness during the financial year				
Addition	91,528	140,000		
Reduction	-	-		
Net Change	91,528	140,000		231,528
Indebtedness at the end of the financial year				
i) Principal Amount	276,699	290,000		
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	276,699	290,000		566,699

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manage (In Rs):

Sl. N..	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Sumit Gupta (Managing Director)		
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act,1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	10,343,436		10,343,436
		36,300		36,300
2.	Stock Option	-		
3.	Sweat Equity	-		
4.	Commission - as % of profit - others, specify...	-		
5.	Others, please specify	-		
	Total (A)	10,379,736		10,379,736
	Ceiling as per the Act (After passing the special Resolution)	1,68,00,000		

B. Remuneration to other Directors (in Rs):

Sl. No..	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Tushar Jani	Mr. Chandravir S Das	Dr. Yasho Verdhan Verma	-	
1.	Independent Directors · Fee for attending board/ committee meetings · Commission · Others, please specify	1,00,000 30,000	1,00,000 30,000			2,00,000 60,000

	Total (1)	1,30,000	1,30,000				2,60,000
2.	Other Non-Executive Directors · Fee for attending board/committee meetings · Commission · Others, please specify	-	-	1,00,000 40,000			1,40,000
	Total (2)	-	-				-
	Total (B)=(1+2)	1,30,000	1,30,000	1,40,000			4,00,000
	Total Managerial Remuneration						
	Overall Ceiling as per the Act.						

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTB

Amount In Rs.

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		(Chief Financial Officer) Pratik Bhasker (wef 14 th June 2018)	(Company Secretary) Meera Sawhney	(CEO)	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3)	3,091,308 19,800	3,58,716 - -	-	3,450,024 19,800
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
-	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	3,111,108	3,58,716	-	3,469,824

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made if any (give details)
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A. COMPANY	
Penalty	NIL
Punishment	
Compounding	
B. DIRECTORS	
Penalty	NIL
Punishment	
Compounding	
C. OTHER OFFICERS IN DEFAULT (COMPANY SECRETARY)	
Penalty	NIL
Punishment	
Compounding	

By order of the Board

For M/s Indiannica Learning private limited


Anil Dungarshi Gala
Chairman & Director
DIN:00092952


Sumit Gupta
Managing Director
DIN:00039596

Date : 30th April, 2019

Place: New Delhi

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF INDIANNICA LEARNING PRIVATE LIMITED**

(Formerly known as 'Encyclopaedia Britannica (India) Private Limited')

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

We have audited the accompanying Ind AS financial statements of **Indiannica Learning Private Limited** ('the Company') which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in Equity and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (together referred to as 'Ind AS financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March 2019, and its loss including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) 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 Ind AS Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
<p>Accuracy of useful life and impairment test of brand license grouped under intangible assets</p> <p>We refer to note 2.2(b) of significant accounting policies for impairment of brand license and note 4 of the Ind AS financial statements for carrying amount of the same.</p> <p>As per 'right-to-use brand' agreement entered into with Encyclopedia Britannica Inc. in the financial year 2016-17, the Company had capitalized amount paid aggregating to Rs. 35 crores; written down value of which is Rs. 24.15 crores as at year end 31st March 2019.</p> <p>Amortization of cost incurred and impairment test for carrying amount includes:</p> <ul style="list-style-type: none"> • Estimation of useful life based on expected future economic benefits from the usage of brand; and • Management estimates & judgement in 	<p>Principal Audit Procedures</p> <p>As part of our audit procedures, we have performed following:</p> <ul style="list-style-type: none"> • Reviewed the useful life / balance useful life and discussed the same with management as regards the expectation of future economic benefits • Evaluated of the relevant assumptions used in the impairment testing of the brand license, focusing on the reasonableness of the forecasted economic information (for next five years) and the estimation and allocation of the revenue and costs related brand. As per the projections the expected profit is significantly higher than the carrying value. • Reviewed the accuracy of the management's earlier estimates

Independent Auditor's report (continued)

<p>regards to future market response and expected profitability.</p>	
<p><i>Accuracy of management estimates for provision for sales return</i></p> <p>We refer to note 2(m) of significant accounting policies for accounting of provisions and note 14 of the Ind AS financial statements for carrying amount and movement of provisions.</p> <p>Provision for expected sales return is made based on review of past trend of actual sales returns. This involves:</p> <ul style="list-style-type: none"> • Estimation of expected sales return as compared to trend available for actual sales return based on market conditions, review of special terms / guarantee offered to customers and other factors; and • Judgement of future market response for new products launched during the year 	<p><i>Principal Audit Procedures</i></p> <p>As part of our audit procedures, we have performed following:</p> <ul style="list-style-type: none"> • Evaluated the design and effectiveness of internal control over capturing details of sales return in accounting system; • Reviewed supporting for sales return on sample basis and understood reason for the same; • Verified accuracy of amounts of earlier year's captured in working for making expected sales return provision; • Evaluated of the relevant assumptions made, judgement used and reasonable of the same; and • Reviewed the accuracy of the management's earlier estimates

Information Other than the Ind AS financial statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information obtained at the date of this auditor's report is Director's report, but does not include the Ind AS financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015 as amended from time to time.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of

Independent Auditor's report (continued)

the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

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

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

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

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



Independent Auditor's report (continued)

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by sub-section (3) of Section 143 of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of the written representations received from the directors as on 31st March 2019 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2019, from being appointed as a director in terms of Section 164(2) of the Act;
 - f. With respect to adequacy of internal financial controls system over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report given in "Annexure B"; Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / provided by the Company to its directors for the year ended 31st March 2019 is in accordance with the provisions of section 197 read with Schedule V of the Act; and
 - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has no pending litigations, which will have an impact on its Ind AS financial statements
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;



N. A. SHAH ASSOCIATES LLP
Chartered Accountants

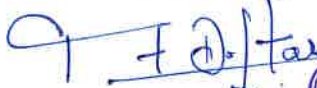
Independent Auditor's report (continued)

- iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For N.A Shah Associates LLP

Chartered Accountants

Firm Registration No. 116560W / W100149



Prashant Daftary

Partner

Membership No. 117080



Place: New Delhi

Date: 30th April 2019

Independent Auditor's report (continued)

Annexure A to the Independent Auditor's Report for the year ended 31st March 2019

[Referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date]

- (i) In respect of fixed assets:
- a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The Company has physically verified all fixed assets during the year and according to the information and explanations given to us, no material discrepancies noticed on such verification. In our opinion, frequency of verification is reasonable having regards to the size of the Company and nature of its assets.
 - c. According to the information and explanations given to us and on examination of the records, we report that the Company does not own any immovable property, which is classified as fixed assets. Therefore, clause (i) (c) of paragraph 3 of the Order is not applicable to the Company.
- (ii) The inventories have been physically verified during the year by the management. In our opinion, the frequency of physical verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in books of account.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, requirements of clause (iii)(a), (iii)(b) and (iii)(c) of paragraph 3 of the Order is not applicable to the Company.
- (iv) During the year the Company has not granted any loans or made any investments or provided any guarantees or securities covered under section 185 and section 186 of the Act. Therefore, question of ensuring compliance with section 185 and 186 of the Act does not arise.
- (v) In our opinion and according to the explanations given to us, the Company has not accepted any deposits which are covered under section 73 to 76. Therefore, question of reporting compliance with directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder does not arise. We are informed that no Order relating to the Company has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) The Central Government has not prescribed maintenance of cost records under section 148(1) of the Companies Act, 2013 for any of the activities carried on by the Company. Therefore, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and as per explanations given to us and on the basis of our examination of the records of the Company in respect of amounts deducted / accrued in the books of accounts, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, cess and any other material statutory dues as applicable to the Company during the year with the appropriate authorities, except minor delay in payment of tax deduction at source and goods and service tax. As at 31st March 2019, there are no such undisputable dues payable for a period of more than six months from the date they became payable.
- (b) According to the records of the Company and information and explanations given to us, there are no dues in respect of provident fund, employees' state insurance, tax deduction at source, income tax, sales tax, service tax, goods and service tax, value added tax, cess and any other material statutory dues which have not been deposited with appropriate authorities on account of any dispute.

N. A. SHAH ASSOCIATES LLP

Chartered Accountants

Independent Auditor's report (continued)

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a bank and financial institution. The Company has not borrowed any monies from debenture holders or government.
- (ix) In our opinion and according to the explanation given to us, term loan raised during the year is used for the purpose for which it has been raised. The Company has not raised money by way of initial public offer or further public offer [including debt instruments] during the year.
- (x) During the course of our examination of the books of account and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any incidence of material fraud by the Company or on the Company by its employees / officers, nor have been informed of any such case by the management.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of paragraph 3 of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statement as required by the applicable Ind AS - Refer Note 37 to the Ind AS financial statements.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause (xiv) of paragraph 3 of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us and on the basis of our examination of records, the Company has not entered into any non-cash transactions with directors or persons connected with him and hence compliance with Section 192 of the Act does not arise.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For N. A. Shah Associates LLP

Chartered Accountants

Firm Registration No. 116560W / W100149



Prashant Daftary

Partner

Membership No. 117080



Place: New Delhi

Date: 30th April 2019

Independent Auditor's report (continued)

Annexure B to the Independent Auditor's Report for the year ended 31st March 2019

[Referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date]

Report on the Internal Financial Controls under section 143(3)(i) of the Companies Act, 2013 ('the Act')

Opinion

We have audited the internal financial controls over financial reporting of **Indiannica Learning Private Limited** ("the Company"), as of 31st March 2019, in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI').

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

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting 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 control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the



N. A. SHAH ASSOCIATES LLP
Chartered Accountants

Independent Auditor's report (continued)

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 over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For N. A. Shah Associates LLP

Chartered Accountants

Firm's registration number: 116560W / W100149




Prashant Daftary

Partner

Membership number: 117080

Place: New Delhi

Date: 30th April 2019

Indiannica Learning Private Limited
***(Formerly known as Encyclopaedia
Britannica (India) Private Limited)***

**Ind AS Financial Statements for the
year ended 31st March 2019**

Indiannica Learning Private Limited
(Formerly known as Encyclopaedia Britannica (India) Private Limited)
Balance Sheet as at March 31, 2019
CIN: U22110DL1998PTC094399

(Amount in '000)			
Particulars	Note No.	As at 31st March 2019	As at 31st March 2018
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	3	23,497	21,068
(b) Intangible assets	4	243,077	290,787
(c) Intangible assets under development	5	1,168	2,085
(d) Financial Assets			
(i) Security deposits	6	5,554	4,701
(e) Deferred tax assets (net)	7	18,880	11,327
(f) Assets for Non-current tax		6,658	6,498
Total non-current Assets		298,834	336,466
Current assets			
(a) Inventories	8	231,760	149,927
(b) Financial Assets			
(i) Trade receivables	9	663,380	631,931
(ii) Cash and cash equivalents	10	23,216	8,025
(iii) Other bank balances	11	285	275
(c) Other current assets	12	11,448	11,146
Total current Assets		930,089	801,304
TOTAL ASSETS		1,228,923	1,137,770
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	13	493,511	493,511
(b) Other equity		(397,098)	(110,774)
Total equity		96,413	382,737
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	14	4,423	-
(ii) Other financial liabilities	15	-	500
(b) Other non-current liabilities	16	2,097	2,529
(c) Provisions	17	9,203	9,126
Total non-current liabilities		15,723	12,155
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	561,671	335,171
(ii) Trade payables	19		
- Amount due of micro and small enterprises		68,261	28,213
- Amount due of others		248,911	206,888
(iii) Other financial liabilities	20	14,867	17,060
(b) Other current liabilities	21	23,889	25,560
(c) Provisions	17	199,188	129,986
Total current liabilities		1,116,787	742,878
TOTAL EQUITY AND LIABILITIES		1,228,923	1,137,770

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

As per our report of even date attached hereto

For N. A. Shah Associates LLP
Chartered Accountants
Firm Registration No. 116560W / W100149

Prashant Daftary
Partner
Membership Number: 117080

Place: New Delhi
Date: April 30, 2019



For and on behalf of the board of directors of
Indiannica Learning Private Limited
(Formerly known as Encyclopaedia Britannica
(India) Private Limited)

Anil D. Gala
Director
DIN: 00092952

Pratik Bhasker
Chief Financial Officer

Place: New Delhi
Date: April 30, 2019

Sumit Gupta
Managing director
DIN: 00039596

Meera Sawhney
Company Secretary
Mem. No. A48522



Indiannica Learning Private Limited

(Formerly known as Encyclopaedia Britannica (India) Private Limited)

Statement of Profit and Loss for the year ended March 31, 2019

CIN: U22110DL1998PTC094399

(Amount in '000)

Particulars	Note No.	For the year ended 31st March 2019	For the year ended 31st March 2018
Income			
Revenue from operations	22	647,295	574,996
Other income	23	2,140	1,192
Total income		649,435	576,188
Expenses			
Cost of materials & components consumed	24	346,756	234,311
Purchase of traded goods and services		4,127	5,655
Decrease/ (Increase) in inventories of finished goods	25	(82,296)	(29,908)
Publication expenses	26	104,485	87,638
Employee benefits expense	27	263,217	190,223
Finance costs	28	41,771	19,925
Depreciation and amortisation expense	29	55,657	54,890
Other expenses	30	209,798	201,642
Total expenses		943,515	764,375
(Loss) before exceptional items and tax		(294,080)	(188,188)
Exceptional Items (refer note 41)	42	-	(7,185)
(Loss) before tax		(294,080)	(181,003)
Tax expense:	31		
Current tax		(7,553)	12,897
Deferred tax		(7,553)	12,897
(Loss) for the year		(286,527)	(193,900)
Other comprehensive income (OCI):			
(a) Items that will not be reclassified to profit or loss in subsequent year		202	1,731
Less: Income tax relating to the above		-	(482)
(b) Items that will be reclassified to profit or loss in subsequent year		-	-
Less: Income tax relating to the above		-	-
Other comprehensive income for the year, net of tax		202	1,249
Total comprehensive (loss) for the year (Total of loss and other comprehensive income / (loss) for the year)		(286,325)	(192,650)
Earnings per equity share of Rs. 10/- each			
Basic and diluted (in INR)	32	(5.81)	(3.93)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

As per our report of even date attached hereto

For N. A. Shah Associates LLP

Chartered Accountants

Firm Registration No. 116560W / W100149


Prashant Daftary

Partner

Membership Number: 117080

Place: New Delhi

Date: April 30, 2019



For and on behalf of the board of directors of

Indiannica Learning Private Limited

(Formerly known as Encyclopaedia Britannica (India)

Private Limited)


Anil D. Gala

Director

DIN: 00092952


Pratibha Bhasker

Chief Financial Officer

Place: New Delhi

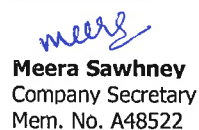
Date: April 30, 2019



Sumit Gupta

Managing director

DIN: 00039596


Meera Sawhney

Company Secretary

Mem. No. A48522

Indiannica Learning Private Limited

(Formerly known as Encyclopaedia Britannica (India) Private Limited)

Cash Flow Statement for the year ended March 31, 2019

CIN: U22110DL1998PTC094399

(Amount in '000)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
A. Cash flow from operating activities		
(Loss)/Profit before tax	(294,080)	(181,003)
Adjustments to reconcile (loss)/ profit before tax to net cash flows		
Depreciation and amortisation expense	55,657	54,890
Fixed assets disposed off	-	136
Finance income	(22)	(22)
Provision for doubtful debts	7,903	12,366
Inventory written off	29,949	16,292
Unrealised foreign exchange loss (net)	72	217
Finance costs	41,661	19,798
Operating profit before changes in assets and liabilities	(158,860)	(77,327)
Working Capital adjustments:		
(Increase) in trade receivables	(39,155)	30,407
Decrease/(Increase) in inventories	(111,781)	(45,203)
Decrease/(Increase) in other financial assets	(842)	(233)
Decrease/(Increase) in other non-financial assets	(303)	(461)
Increase/ (Decrease) in provisions	69,279	(22,539)
(Decrease)/Increase in trade payable & other financial liabilities	79,810	2,440
(Decrease)/ Increase in non-current financial liabilities	(500)	500
(Decrease)/ Increase in current non-financial liabilities	(2,102)	9,898
Cash (used in) operations	(164,454)	(102,518)
Income tax paid (net of refund)	(159)	(1,726)
Net cash flow (used in) operating activities (A)	(164,613)	(104,244)
B. Cash flow from investing activities		
Purchase of property, plant and equipment	(8,500)	(3,054)
Purchase of intangible assets	(1,859)	(65)
Intangible assets under development	917	(2,085)
Proceeds from sale of Property, plant and equipment	(17)	5,585
Net cash flow (used in) / invested in investing activities (B)	(9,459)	381
C. Cash flow from financing activities		
Repayment of term loans	-	(4,743)
Loan taken from NBFC (vehicle loan)	4,423	-
Loan taken from holding company	140,000	150,000
Loan repaid to holding company	-	(170,000)
Interest Paid	(41,661)	(19,798)
Net cash flow from financing activities (C)	102,762	(44,542)
Net increase in cash and cash equivalents (A + B + C)	(71,309)	(148,404)
Cash and cash equivalents at the beginning of the year	(177,146)	(28,741)
Cash and cash equivalents at the end of the year (Refer note 10)	(248,455)	(177,146)



Indiannica Learning Private Limited

(Formerly known as Encyclopaedia Britannica (India) Private Limited)

Cash Flow Statement for the year ended March 31, 2019

CIN: U22110DL1998PTC094399

Particulars	(Amount in '000)	
	For the year ended 31st March 2019	For the year ended 31st March 2018
Reconciliation of cash and cash equivalent as per Cash Flow Statement		
Particulars		
Cash & cash Equivalent (Note 10)	23,216	8,025
Bank Overdraft (Note 18)	(271,671)	(185,171)
Balance as per Cash Flow Statement	(248,455)	(177,146)

Changes in financing liabilities arising from cash and non-cash changes (Refer note 45)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

As per our report of even date attached hereto

For N. A. Shah Associates LLP

Chartered Accountants

Firm Registration No. 116560W / W100149



Prashant Daftary
Partner
Membership Number: 117080

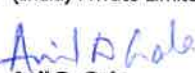
Place: New Delhi

Date: April 30, 2019

For and on behalf of the board of directors of

Indiannica Learning Private Limited

(Formerly known as Encyclopaedia Britannica (India) Private Limited)




Anil D. Gala
Director
DIN: 00092952



Sumit Gupta
Managing director
DIN: 00039596



Pratik Bhasker
Chief Financial Officer

Place: New Delhi
Date: April 30, 2019

Meera Sawhney
Company Secretary
Mem. No. A48522



Indiannica Learning Private Limited

(Formerly known as Encyclopaedia Britannica (India) Private Limited)

Notes to financial statements for year ended March 31, 2019

CIN: U22110DL1998PTC094399

1 Corporate Information

Indiannica Learning Private Limited (formerly known as Encyclopaedia Britannica (India) Private Limited) is a private limited company domiciled in India (CIN number U22110DL1998PTC094399); and is a subsidiary of Navneet Education Limited ('the Holding Company' and 'the Ultimate Holding Company'). The Company's operations comprises of publishing and sale of educational books with products ranging from school books, reference books, technical & professional books.

The financial statements were authorised for issue by the Board of Directors on 30th April 2019

2 Basis of preparation**a) Statement of compliance:**

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013, read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 issued by the Ministry of Corporate Affairs. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements have been prepared on historical cost basis, except for the certain financial instruments, obligations under defined benefit plans which have been measured at fair value as required under relevant Ind AS.

All assets and liabilities have been classified as current and non-current as per Company's normal operating cycle and other criteria set out in the division II of Schedule III of the Companies Act, 2013, for a company whose financial statements are made in compliance with the Companies (India Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Rules, 2016.

b) Functional and presentation of currency

The financial statements are prepared in Indian Rupees which is also the Company's functional currency. All amounts are rounded to the nearest thousands.

2.1 Summary of significant accounting policies**(a) Property, plant and equipment**

Property, plant and equipment including capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use. The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets as recognized in the financial statements as at the date of transition to Ind AS, measured as per Indian GAAP and used it as its deemed cost at the date of transition.

Subsequent expenditure related to an item of Property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing Property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of Property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Depreciation on assets is calculated on a straight-line basis as per the useful lives of the assets prescribed under the Schedule II (under section 123) to the Companies Act, 2013, except:

a) in respect of servers and networks where the Company has estimated useful life of 3 years being lower than the useful life of 6 years as prescribed under Part C of Schedule II of the Companies Act, 2013, based on its internal technical assessment.

b) Leasehold improvements are depreciated over the period of lease term or 10 years, whichever is less.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each balance sheet date and in case of any changes, effect of the same is given prospectively.

(b) Intangible assets

Intangible assets are recognized when the entity controls the asset, it is probable that future economic benefits attributed to the asset will flow to the entity and the cost of the asset can be reliably measured.



Indiannica Learning Private Limited

(Formerly known as Encyclopaedia Britannica (India) Private Limited)

Notes to financial statements for year ended March 31, 2019

CIN: U22110DL1998PTC094399

At initial recognition, intangible assets are recognised at cost. Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with infinite life are amortised over the useful economic life 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 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 considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

The Company has assessed the estimated useful lives of different categories of intangible assets as follows:

- a) License is capitalized at the amounts paid to acquire the respective license for use and is amortised over the period of license.
- b) Software are amortized over the period of 2.5 years (SLM)

Gains or losses arising from derecognition 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

(c) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group 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. Impairment losses, if any, are recognized in Statement of Profit and Loss as a component of depreciation and amortisation expense.

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 to the extent 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 or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in the statement of profit and loss when the asset is carried at the revalued amount, in which case the reverse is treated as a revaluation increase.

(d) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

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

(e) Leases**Where the company is lessee**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.



(f) Cash and cash equivalents

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

(g) 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

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

Subsequent measurement

Debt instruments at amortised cost

Debt instruments at fair value through other comprehensive income (FVTOCI)

Debt instruments, derivatives and equity instruments at fair value through Profit & Loss (FVTPL)

Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

The category applies to the Company's trade and other receivables, cash and cash equivalents, security and other deposits.

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

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows and
- b) 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 amortisation is included in finance income in the statement of profit and loss.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments and are initially measured at fair value with subsequent measurement at amortised cost.

The Company follows 'simplified approach' for recognition of impairment loss allowance for trade and other receivables.

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

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

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

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 or payables, 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 Company's financial liabilities include trade and other payables, etc.

Subsequent measurement

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



Financial liabilities at amortised cost

This category includes trade and other payables etc. After initial recognition, such liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and 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.

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 Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no re-classification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a re-classification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company re-classifies financial assets, it applies the re-classification prospectively from the re-classification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

(h) Inventories

- i. 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.
- ii. Finished goods: Finished goods are valued at the lower of cost and net realisable value. cost includes cost of purchase of direct materials and labour. Cost is determined on first in, first out basis.
- iii. 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 a first in first out basis.

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

(i) Revenue recognition

On April 1, 2018, the Company has adopted Ind AS 115, "Revenue from Contracts with Customers". Adoption of this standard does not have any impact on revenue recognition for current year as well as prior years.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services or goods provided in the normal course of business. Revenue is recorded net of returns, trade discount, cash discount, other rebates and taxes (if any).

- i. Sale of goods
Revenue is recognized upon transfer of control of promised products to customers in an amount that reflects the expected consideration to be received in exchange for those products.
- ii. Subscription of digital content and royalty for right to use license:
Revenue from subscription of digital content and royalty for right to use license are accounted over the subscription period / agreement period in accordance with the terms of the arrangement.



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iii. Interest

Interest income is recognised as it accrues in statement of profit and loss, using the effective interest rate (EIR) which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

(i) Taxes

The income tax expense comprises of current and deferred income tax. Income tax is recognized in the statement of profit and loss, except to the extent that it relates to items recognized in the other comprehensive income or directly in equity, where the related income tax is also recognised accordingly.

Current income tax

The current tax is calculated on the basis of the tax rates, laws and regulations, which have been enacted or substantively enacted as at the reporting date. The payment made in excess / (shortfall) of the Company's income tax obligation for the period are recognized in the balance sheet as current income tax assets / liabilities.

Any interest / penalties, related to accrued liabilities for potential tax assessments are not included in income tax charge or (credit), but are rather recognised within finance costs.

The Company 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 on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities at the reporting date.

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

(k) 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.

(l) Employee benefits

The Company's employee benefits mainly include salaries, allowances bonuses, defined contribution plans, defined benefit plans and compensated absences.

The employee benefits are recognised in the year in which the associated services are rendered by the employees.

a) Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions and will have no legal or constructive obligation to pay further amounts. Under the defined contribution plan, the Company provides benefit in the form of contribution to provident fund and superannuation fund in respect of certain employees at a pre-determined rate. The Company's contributions to defined contribution plans are recognized in statement of profit and loss as they fall due. The Company has no further obligations under these plans beyond its monthly contributions.

b) Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Under the defined benefit plan, the Company provides retirement benefit in the form of gratuity. Under the plan, a lump sum payment is made to eligible employees at retirement or termination of employment based on respective employee salary and years of experience with the Company.



The cost of providing benefits under this plan is determined on the basis of actuarial valuation carried out at the reporting date by an independent qualified actuary using the projected unit credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the statement of profit and loss.

The obligation towards the said benefit is recognised in the balance sheet, at the present value of the plan liabilities. The Company does not carry any plan assets. The present value is determined by discounting the estimated future cash outflows, using interest rates of government bonds.

All expenses excluding re-measurement of actuarial gains and losses of the net defined benefit liability, in respect of defined benefit plans are recognized in the statement of profit and loss as incurred. Re-measurement, of actuarial gains and losses is recognized through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

c) Compensated absences

Compensated absences benefit comprises of encashment and availment of leave balances that were earned by the employees over the period of past employment.

The Company provides for the liability towards compensated absences on the basis of actuarial valuation carried out as at the reporting date, by an independent qualified actuary using the projected-unit-credit method. The related re-measurements are recognised in the statement of profit and loss in the period in which they arise.

(m) Provisions

(i) General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

(ii) Contingent assets/ liabilities

Contingent assets are not recognised. However, when realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

Contingent liabilities are disclosed in notes to accounts 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 within the control of the Company 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 a reliable estimate of the amount cannot be made.

(n) Earnings per share

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

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

(o) Fair value measurement

The Company measures certain financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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



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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.

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

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

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

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

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

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

For the purpose of fair value disclosures, the Company 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.

(p) Foreign currency transactions

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

Transactions in foreign currencies are initially recorded at the spot rates prevailing at the date the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate prevailing as at the reporting date with the resulting foreign exchange differences recognised in the statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

(a) Segment reporting policies**Business segment**

The operating segments have been identified taking into account the nature of the products / services, nature of risks and returns, internal organization structure and internal financial reporting system. The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

2.2 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. 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.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.



(a) Impairment of Licenses

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of future growth, discount rates etc. The company has prepared projections for next 5 years which have been used for the said calculations.

(b) Allowances for doubtful receivables

The management estimates at each reporting date the recoverability of its trade and other receivables. Allowances for doubtful receivables is estimated based on the best available facts and circumstances, including but not limited to, confirmation from the customers using the ECL approach. The allowances are re-valued and adjusted as additional information received affects the amount estimated.

(c) Defined benefit plan

The cost of defined benefit plan as well as the present value of the benefit obligations are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include determination of discount rates, future salary increase and mortality rates. Due to complexity of the valuation and the underlying assumptions, defined benefit plan obligations are highly sensitive to changes in these assumptions.

(d) Fair value of financial instruments

Where the fair value of the financial statements recorded on balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow method. The input to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

(e) Income taxes

The Company has exposure to income taxes primarily in Indian jurisdictions. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which losses can be utilized. Significant management's judgement is required to determine the amounts of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits along with future tax planning strategies.

2.3 New standard issued / modified effective from 1st April 2019 but not effective as at reporting date

a) Ind AS 116 'Leases'

MCA has issued Ind AS 116 'Leases' which is effective from 1st April 2019. Ind AS 116 will replace the existing leases standard, Ind AS 17 'Leases'. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise right to use asset and a corresponding liability for all leases with a term of more than 12 months, unless the underlying asset is of low value. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The management of the Company does not expect any significant impact of the amendment on its financial statements.

b) Ind AS 12 'Income taxes' [Uncertainty over Income Tax Treatments]

MCA has issued amendment Ind AS 12 related to uncertainty over Income Tax Treatments which clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following:

(1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty;

(2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount;

Entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not have any uncertainty related to income tax matters.

c) Ind AS 12 'Income taxes'

Further, an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any significant impact from this amendment.



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d) Ind AS 109 'Financial Instrument' [Prepayment Features with Negative Compensation]

Amendments made to Ind AS 109, which amend the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not have any significant impact of this amendment on its financial statements.

e) Ind AS 28 'Long-term Interests in Associates and Joint Ventures'

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any long-term interests in associates and joint ventures.

f) Ind AS 19 'Employee Benefits'

Amendments to Ind AS 19 to clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect any significant impact for this amendment on its financial statements.

g) Ind AS 103 'Business Combinations' and Ind AS 111 'Joint Arrangements'

The amendments to Ind AS 103 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

h) Ind AS 23 'Borrowing Costs'

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this pronouncement.



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3 Property, plant and equipment

Particulars	Computers	Office equipment	Furniture and fixtures	Leasehold Improvements	Motor vehicles	Total
(Amount in '000)						
Gross block						
As at March 31, 2017	10,453	2,225	3,056	17,136	7,271	40,141
Additions	2,438	523	92	-	-	3,054
Disposals/capitalisation of assets	(170)	(7)	-	-	(7,271)	(7,448)
Adjustments (Refer note 1 below)	(1,008)	(638)	-	-	-	(1,646)
As at March 31, 2018	11,713	2,104	3,148	17,136	-	34,100
Additions	2,237	25	17	-	6,221	8,501
Disposals/capitalisation of assets	-	-	-	-	-	-
Adjustments (Refer note 1 below)	41	-	-	-	-	41
As at March 31, 2019	13,991	2,128	3,165	17,136	6,221	42,642
Accumulated depreciation						
As at March 31, 2017	6,067	1,164	292	1,946	1,658	11,127
Charge for the year	2,330	420	310	2,127	91	5,279
Disposals	-	-	-	-	(1,749)	(1,749)
Adjustments (Refer note 1 below)	(1,003)	(622)	-	-	-	(1,625)
As at March 31, 2018	7,394	962	602	4,074	-	13,032
Charge for the year	2,584	363	314	2,127	701	6,089
Disposals	-	-	-	-	-	-
Adjustments (Refer note 1 below)	24	-	-	-	-	24
As at March 31, 2019	10,001	1,326	916	6,201	701	19,145
Net book value						
As at March 31, 2018	4,319	1,141	2,546	13,062	-	21,068
As at March 31, 2019	3,990	803	2,249	10,935	5,521	23,497

Notes:

- Adjustments include amounts pertaining to assets discard on account of obsolescence.
- For details of charge on above assets, refer note 18.2 of the financial statement.



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4 Intangible assets

(Amount in '000)			
Particulars	Software	Licenses	Total
Cost or valuation			
March 31, 2017	8,398	350,000	358,398
Additions	65	-	65
Disposal	(5,842)	-	(5,842)
March 31, 2018	2,620	350,000	352,620
Additions	1,859	-	1,859
Disposal	-	-	-
March 31, 2019	4,479	350,000	354,479
Accumulated Amortisation			
March 31, 2017	6,041	12,023	18,063
Charge for the year	1,386	48,226	49,611
Disposal	(5,842)	-	(5,842)
March 31, 2018	1,584	60,249	61,833
Charge for the year	1,343	48,226	49,568
Disposal	-	-	-
March 31, 2019	2,927	108,475	111,402
Net book value			
March 31, 2018	1,036	289,751	290,787
March 31, 2019	1,552	241,525	243,077

- 4.1 Impairment test for Licenses has been carried out by the management based on the projections for next five years as approved by the Board. Remaining useful life of this license is also five years for which projections are made. The net present value of the future earnings based on the projections is significantly higher than the carrying value of the license. Some of the assumptions based on which projections are prepared based on market estimates and management judgements which have been relied upon by the auditors.

- 4.2 Details of remaining amortisation period and carrying value of intangibles are as under:

Description	Carrying amount as at		Remaining useful life as at [in months]	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Software	1,552	1,036	2 to 22	2 to 18
Licenses	241,525	289,751	60	72

5 Intangible assets under development

Particulars	31 March 2019	March 31, 2018
Software / mobile application		
Opening balance	2,085	-
Add: Additions to intangible assets under development	1,168	2,085
Less: Capitalised during the year	(2,085)	-
Total	1,168	2,085

6 Financial assets

At amortised cost	31 March 2019	March 31, 2018
(Unsecured, considered good)		
Security deposits	5,554	4,701
Total	5,554	4,701



7 Deferred tax relates to the following

Particulars	Balance sheet		Statement of profit and loss	
	31 March 2019	March 31, 2018	31 March 2019	31 March 2018
Deferred tax liability				
Accelerated depreciation for tax purposes	(21,209)	(19,701)	-1,507	(5,047)
	(21,209)	(19,701)	-1,507	-5,047
Deferred tax Assets				
Provision for sales returns (Refer note 7.1 below)	17,100	15,603	1,497	(2,115)
Provision for employee benefits	3,079	2,974	105	(2,038)
Provision for doubtful receivables	11,112	8,913	2,198	2,267
Provision for bonus	8,797	3,538	5,260	(6,061)
Others (OCI Classification of employee benefits)	-	-	-	(386)
	40,088	31,028	9,060	-8,332
Deferred tax (expense)/income			7,553	-13,378
Net deferred tax assets	18,880	11,327		

Reconciliation of deferred tax assets (net)

Opening balance

Tax (expense) during the year recognised in profit or loss

Tax income/(expense) during the year recognised in OCI

Closing balance

31 March 2019	31 March 2018
11,326	24,706
7,553	(12,897)
-	(482)
18,879	11,326

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

- 7.1 Considering uncertainties on utilisation of Deferred Tax Assets (DTA) recognised in earlier years in financial statements due to losses incurred during last three years, increase in DTA is restricted to increase in deferred tax liability. Also refer note 31 (c)



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(Amount in '000)

Particulars	31 March 2019	March 31, 2018
8 Inventories		
(valued at lower of cost or net realizable value)		
Materials (Refer note 8.1 below)	463	463
Less: Provision for Obsolete Material	(463)	-
		463
Finished goods		
Manufactured goods	225,195	140,287
Traded goods	6,565	9,177
Total	231,760	149,927

8.1 This represents goods held by third party.

8.2 During the year, the Company has written off Rs.29,949 thousands (Previous Year : Rs. 16,292 thousands) & charged to Statement of Profit & Loss.

9 Trade receivables

Considered good	703,322	663,970
	703,322	663,970
Less: Allowance for bad and doubtful debts and credit losses	(39,942)	(32,040)
Total	663,380	631,931

9.1 No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies, respectively in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on credit terms of 90 to 120 days.

10 Cash and cash equivalents

Cash On hand	-	26
Balance with Scheduled Banks		
- On current accounts	23,216	7,999
Total	23,216	8,025

11 Other bank balances

Margin money deposits (Refer note 11.1 below)	285	275
Total	285	275

11.1 Margin money deposit balance represents restricted deposits (along-with accrued interest thereon) under lien (subject to first charge to secure the company's bank guarantee) placed with sales tax authorities.

12 Other current assets

Prepayments	3,126	3,195
Taxes recoverable		
Advance to suppliers	9,822	7,951
Less: Provision for Doubtful advances	(1,500)	-
	8,322	7,951
Total	11,448	11,146



Indiannica Learning Private Limited

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Notes to the financial statements for the year ended March 31, 2019

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13 Share capital

Authorised share capital	2018-2019		2017-2018	
	No. of shares	Amount in '000	No. of shares	Amount in '000
Equity shares				
At the beginning of the year	50,700,000	507,000	50,700,000	507,000
Add: Shares Issued	-	-	-	-
Less: Shares Cancelled / Buy Back	-	-	-	-
At the end of the year	50,700,000	507,000	50,700,000	507,000

Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amount. The distribution will be in proportion to the equity shares held by the shareholders.

Issued share capital	2018-2019		2017-2018	
	No. of shares	Amount in '000	No. of shares	Amount in '000
Equity shares				
At the beginning of the year	49,351,063	493,511	49,351,063	493,511
Add: Shares Issued	-	-	-	-
Less: Shares Cancelled / Buy Back	-	-	-	-
At the end of the year	49,351,063	493,511	49,351,063	493,511

a) Shares held by holding/ ultimate holding company

Out of equity shares issued by the Company, shares held by its holding company and ultimate holding company are as below:

Particulars	(Amount in '000)	
	As at March 31, 2019	As at March 31, 2018
Equity Shares		
Navneet Education Limited, the holding company & ultimate holding company		
49,351,048 (March 31, 2018: 49,351,048) equity shares of Rs.10 each	493,510	493,510

b) Details of shareholders (as per the register of shareholders) holding more than 5% of shares in the Company.

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	% holding	No. of shares	% holding
Equity shares of Rs. 10 each fully paid up				
Navneet Education Limited, the holding company	49,351,048	99.99%	49,351,048	99.99%

As per records of the company, including its register of shareholders/ members, the above shareholding represents legal ownerships of shares.

c) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

Particulars	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash to erstwhile holding company	-	-	-	11,623,199	-




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Particulars	(Amount in '000)	
	31 March 2019	March 31, 2018
14 Borrowings		
Non-current borrowings		
(a) Vehicle Loan (Secured)		
Indian rupee loan from NBFC (Refer note 14.1 below)	4,423	-
	4,423	-
Current borrowings		
(a) Vehicle Loan (Secured)		
Current maturity of vehicle loan from NBFC	605	-
(b) Loan from holding company (Unsecured)		
Current maturity of loan from holding company	290,000	150,000
(Refer note 14.2 below)		
Less: Amount clubbed under 'Borrowings under current financial liabilities'	(290,605)	(150,000)
(Refer note 18)		
	-	-
Total	4,423	-

14.1 Vehicle loan (Secured) amounting to Rs. 5,484 thousands was taken during the financial year 2018-19 and carries interest @ 10.7044%. The loan is repayable in 48 monthly installments of Rs. 92 thousands each including interest. Number of installments remaining as at March 31, 2019 is 38 (March 31, 2018: NIL). This loan is secured against hypothecation charge created on vehicle and one month installment in advance which is grouped under Security deposits in note 6 'Non-current financial assets'.

14.2 Intercompany loan (unsecured) is taken from the holding company (Navneet Education Limited) and carries interest @ 9%.

15 Other financial liabilities

Retention money against sale of car (Refer note 20.1 below)	-	500
Total	-	500

16 Other non-current liabilities

Deferred revenue	2,097	2,529
Total	2,097	2,529

17 Provisions

Provision for employee benefits		
- Gratuity (Refer note 33)	1,360	1,550
- Leave encashment	9,708	9,141
Other provisions		
- Performance bonus	31,622	12,716
- Sales return	165,700	115,705
Total	208,390	139,112

17.1 Current and non-current bifurcation:

Particulars	March 31, 2019		March 31, 2018	
	Current	Non-current	Current	Non-current
Gratuity	805	555	579	971
Leave encashment	1,061	8,648	986	8,154
Performance bonus	31,622	-	12,716	-
Sales return	165,700	-	115,705	-
Total	199,188	9,203	129,986	9,126



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Particulars	(Amount in '000)	
	31 March 2019	March 31, 2018

17.2 Movement of other provisions

Particulars	Performance Bonus	Sales Return	Total
At April 01, 2018	12,716	115,705	128,421
Add: additions during the year	23,057	165,700	188,758
Less: amount used / adjustment during the year	(4,152)	(115,705)	(119,857)
At March 31, 2019	31,622	165,700	197,322
At April 01, 2017	38,111	108,269	146,380
Add: additions during the year	7,106	7,436	14,542
Less: amount used / adjustment during the year	32,501	-	32,501
At March 31, 2018	12,716	115,705	128,421

17.3 Description of provisions:

- a) Employee benefits
Refer note 30 for details of employee benefits provided by the Company.
- b) Provision for Sales Return
A provision for Sales Return is created based on the past trend of returns.
- c) Provision for Performance Bonus
The Company has made provisions for performance bonus which are expected to be paid in the next year.

18 Borrowings

Unsecured		
Loan from holding company	290,000	150,000
Secured		
Bank overdraft (Refer note 18.1 & 18.2 below)	271,671	185,171
Total	561,671	335,171

18.1 The average rate of interest for the above mentioned overdraft facility during the year is 9.46% per annum (Previous year 8.50% per annum).

18.2 Bank Overdraft is secured against charge on current assets & fixed assets (both present and future) of the Company, along with Corporate Guarantee for Rs. 30,000 thousands (Previous Year: 30,000 thousands) from holding company.

19 Trade payables

- Due to Micro, Small and Medium Enterprises (Refer note 19.3 below)	68,261	28,213
- Due to Others	248,911	206,888
Total	317,172	235,101

19.1 Trade payables are non-interest bearing and are normally settled on 0-90 day credit terms.

19.2 For explanations on the Company's credit risk management processes, refer note 39.



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(Amount in '000)

Particulars	31 March 2019	March 31, 2018
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19.3 Details of the dues to Micro, Small and Medium Enterprises (MSME), as defined in the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), as on 31st March 2019 based on available information with the Company which are as under:

Particulars	2018-2019	2017-2018
a) the principal amount remaining unpaid to any supplier at the end of accounting year;	65,088	28,213
b) the interest due on above, remaining unpaid to any supplier at the end of accounting year;	3,173	-
c) the amount of interest paid by the buyer in terms of section 16 of the MSMED Act (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during accounting year;	-	-
d) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act;	-	-
e) the amount of interest accrued and remaining unpaid at the end of accounting year; and	3,173	-
f) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.	-	-

20 Other financial liabilities**Other financial liabilities at amortised cost**

Current maturity of vehicle loan from NBFC	605	-
Provision for Expenses	2,201	922
Employee Benefits Payable	11,561	16,138
Retention money against sale of car (Refer note 20.1 below)	500	-

Total	14,867	17,060
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20.1 The Company has retained amount of Rs. 5 Lakhs against car sold during previous financial year. The same becomes payable on 31st May 2019.

21 Other current liabilities**Statutory Dues**

- Provident fund / ESIC / Profession tax	2,023	2,085
- Tax deducted at source	10,462	12,241
- Goods and Service Tax	7,373	6,470
Deferred Revenue	4,031	4,764

Total	23,889	25,560
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Particulars	(Amount in '000)	
	31 March 2019	March 31, 2018
22 Revenue from operations		
a) Sale of products		
Finished goods (Books)	922,973	765,703
Traded Goods (Books)	852	10,174
Gross sales	923,826	775,877
Less: Sales discount and incentives	(294,060)	(215,992)
	629,766	559,885
b) Other operating Revenue	17,529	15,111
Total	647,295	574,996

22.1 Disclosures of Ind AS 115:

Effective from 1st April 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts.

Adoption of new standard does not have any impact on revenue recognition for current year as well as earlier years. Refer note 2(i) of Significant accounting policies for Revenue recognition.

a) Contracts with customer and significant judgement in applying the standard:

- i) The company is in the business of publishing and sale of educational books with products ranging from school books, reference books, technical & professional books.

The company applies the guidance provided in Ind AS 115 'Revenue from contracts with customer' for determining the timing of recognition of revenue. Refer note 2.1(i) of significant accounting policies.

- ii) For details of revenue recognised from contracts with customers, refer note 22 above.

- iii) There are no contract assets arising from the Company's contract with customers.

b) Disaggregation of revenue

- i) For disaggregation of revenue, refer break-up given in note 22 above.

- ii) No single customer represents 10% or more of the Company's total revenue during the year ended 31st March 2019 and 31st March 2018.

c) Performance obligation

- i) For timing of satisfaction of its performance obligations, refer note 2(i) of significant accounting policies of the Company.

- ii) Unsatisfied (or partially satisfied) performance obligations are due to unexpired contract period in cases where the contract for Subscription of digital content and royalty for right to use license. The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations is Rs. 6,128 thousands; out of which 66% is expected to be recognised as revenue in the next year and the balance thereafter.

23 Other income

Finance income

Interest on deposits with bank	22	22
Unwinding of discount on financial instruments	-	371

Miscellaneous income

- Sundry credit balances written off	1,160	-
- Royalty income	958	799

Total	2,140	1,192
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(Amount in '000)

Particulars	31 March 2019	March 31, 2018
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24 Cost of materials and components consumed**Material consumed**

Inventory at the beginning of the year	463	1,460
Add : Purchases	346,756	233,314
	347,219	234,774
Less: inventory at the end of the year	463	463
Total	346,756	234,311

25 Decrease/ (Increase) in inventories of finished goods and traded goods

Inventories at the end of the year		
Finished goods (Books)	231,760	149,464
Inventories at the beginning of the year		
Finished goods (Books)	149,464	119,556
Total	(82,296)	(29,908)

26 Publication expenses

Royalty	54,536	58,729
Other publication expenses	49,948	28,909
Total	104,485	87,638

27 Employee benefits expense

Salaries, allowances and bonus	236,647	170,829
Contribution to provident and other funds	12,151	9,619
Gratuity expense (Refer note 33)	3,567	2,935
Staff welfare expenses	10,852	6,839
Total	263,217	190,223

28 Finance costs

Interest		
- On borrowings	41,640	19,797
- On statutory dues	21	1
Other finance charges	111	127
Total	41,771	19,925

29 Depreciation and amortisation expense

Depreciation of tangible assets (Refer note 3)	6,089	5,279
Amortisation of intangible assets (Refer note 4)	49,568	49,611
Total	55,657	54,890



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(Amount in '000)

Particulars	31 March 2019	March 31, 2018
30 Other expenses		
Rent	18,217	17,836
Insurance	1,068	664
Repairs and maintenance		
Computers	7,241	5,935
Others	7,272	6,504
Electricity and water	1,651	1,643
Business promotion	18,082	16,669
Travelling and conveyance	55,465	38,007
Communication costs	5,897	6,952
Exchange difference (net)	379	301
Advertisement and sales promotion expenses	10,528	7,509
Printing and stationery	1,264	2,119
Legal and professional fees	4,171	4,967
Payment to auditor (Refer note 30.1 below)	915	987
Allowance for bad and doubtful debts & credit losses	7,903	12,366
Fixed assets disposed off	-	136
Provision for doubtful advances	1,500	-
Books and periodicals	136	157
Logistics expenses	54,550	72,518
Packing cost	7,797	3,536
Rates & taxes	565	268
Recruitment expenses	4,034	1,784
Miscellaneous expenses	1,162	783
Total	209,798	201,642

30.1 Payment to auditors (Including service tax / GST):

As auditors

Statutory audit fee

767

708

Tax audit fee

118

118

Reimbursement of expenses

30

161

915**987****31 Income tax****a) Statement of profit and loss**

Current tax

-

-

Deferred tax

(7,553)

12,897

Total tax expenses as per statement of profit and loss

(7,553)**12,897****b) Reconciliation of income tax expense and the accounting profit multiplied by statutory tax rate:**

Profit before tax	(294,080)	(181,003)
Enacted tax rates in India	27.82%	33.06%
Computed expected tax expense	(81,813)	(59,845)
Unrecognised Tax Loss / Deferred Tax Asset	74,956	69,985
Related to Tax rate change for next financial year	-	2,370
Others	(696)	387
At the effective income tax rate (March 31, 2018: 33.06%)	(7,553)	12,897
Income tax expense reported in the statement of profit and loss	(7,553)	12,897



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(Amount in '000)

Particulars	31 March 2019	March 31, 2018
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- c) Considering uncertainties on utilisation of Deferred Tax Assets (DTA) recognised in earlier years in financial statements due to losses incurred during last three years, increase in DTA is restricted to increase in deferred tax liability.

Details of tax losses:

The Company is having carry forward depreciation losses as at 31st March 2019 of Rs.1,96,051 thousands (Previous year: Rs. 1,32,271 thousands) which doesn't have any expiry date and carry forward business losses as on 31st March 2019 is Rs. 4,23,663 thousands (Previous year: Rs. 2,21,164 thousands) which will be expired in next 5 to 8 years (Previous year : 6 to 8 years).

32 Earnings per share (EPS)

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share:

Weighted average number of equity shares at the end of the year for calculation of basic and diluted EPS	49,351,063	49,351,063
Net (Loss) before Other Comprehensive Income available for computing basic and diluted EPS	(286,527)	(193,900)
Basic and diluted earnings per equity share	(5.81)	(3.93)



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Notes to the financial statements for the year ended March 31, 2019

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33 Defined benefit plan

	(Amount in '000)	
	31 March 2019	31 March 2018
Provision for gratuity	1,360	1,550
Total	1,360	1,550

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days of last drawn basic salary for each completed year of service or part thereof in excess of six months. The scheme is funded with Life Insurance Corporation.

The following tables summaries the components of net benefit expense recognised in the statement of profit and loss and amounts recognised in the balance sheet and changes in the projected benefit obligation.

Net benefit expense recognised in the statement profit and loss

Current service cost	3,412	2,663
Interest cost on benefit obligation (Net)	154	272
Fund management charges	-	-
	3,567	2,935

Net benefit expense recognised in the other comprehensive income

Re-measurement (loss)/gain on defined benefit plan	202	1,731
	202	1,731

Balance sheet

Present value of defined benefit obligation	(11,612)	(9,257)
Fair value of plan assets	10,252	7,707
Plan liability	(1,360)	(1,550)

Changes in the present value of the defined benefit obligation (DBO)

Opening defined benefit obligation	9,257	12,346
Interest cost	722	907
Current service cost	3,412	2,663
Benefits paid	(1,254)	(4,987)
Actuarial losses on obligation	(525)	(1,672)
Closing defined benefit obligation	11,612	9,257

Changes in fair value of plan assets

Opening fair value of plan assets	7,707	8,642
Expected return	137	635
Contributions by employer	3,538	3,358
Benefit paid	(1,254)	(4,987)
Actuarial gain	124	59
Closing fair value of plan assets	10,252	7,707

The Company expects to contribute Rs. 3,644 thousands to gratuity in the next year.

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

	31 March 2019	31 March 2018
Life Insurance Corporation	100%	100%

The principal assumptions used in determining gratuity obligation for the Company's plans are shown below:

	31 March 2019	31 March 2018
Discount rate	7.66%	7.80%
Salary escalation	9.00%	9.00%
Employee turnover		
Ages: up to 30 years	20.00%	20.00%
From 31 to 44 years	15.00%	15.00%
Above 44 years	10.00%	10.00%
Normal retirement age(Years)	65	65
Average remaining working life (Years)	30.13	29.49



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.

Sensitivity Analysis of the defined benefit obligation.

a) Impact of the change in discount rate

	(Amount in '000)	
	31 March 2019	31 March 2018
Present Value of Obligation at the end of the period	11,612	9,257
Impact due to increase of 0.50 %	(447)	(355)
Impact due to decrease of 0.50 %	479	380

b) Impact of the change in salary increase

Present Value of Obligation at the end of the period	11,612	9,257
Impact due to increase of 0.50 %	471	374
Impact due to decrease of 0.50 %	(443)	(352)

Sensitivities due to mortality & withdrawals are not material and hence impact of change not calculated.

Maturity profile of defined benefit obligation

	(Amount in '000)	
	31 March 2019	31 March 2018
Within the next 12 months (next annual reporting period)	805	579
Between 1 and 5 years	3,654	3,302
Between 5 and 10 years	7,153	5,377

34 Contingent Liabilities

The Company has given bank guarantee to Sales Tax department Rs.235 thousands (Previous year: Rs. 235 thousands).

35 Capital Commitments and Other Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. NIL (March 31, 2018: Rs. NIL).

36 Leases

Operating lease: Company as lessee

The Company has taken premises for office use under cancellable operating lease agreements. The total lease rentals recognized as an expense during the year under the above lease agreements aggregates to Rs. 18,217 thousands (March 31, 2018 Rs. 17,836 thousands). There are no restrictions imposed by the lease agreements. There are no sub leases.
Amount payable within 1 year Rs. 16,697 thousands (Previous year: Rs. 2,198 thousands) and within 1 to 5 years Rs. 19,616 (Previous year: Rs. NIL).

37 Related party disclosures

(I) Name of Related Parties and related party relationship:

Nature of relationship	Name of the relative
Holding Company & Ultimate holding company	Navneet Education Limited
Directors / Key Managerial Personnel (KMP) (disclosed only where there are transactions)	Mr. Sumit Gupta (MD) (w.e.f. 16th May 2017) Mr. Sarveshwar Srivastava (MD) (upto 16th May 2017) Mr. Tushar Jani (Independent Director) Mr. Chandravir Das (Independent Director) (w.e.f. 6th March 2017) Mr. Yasho Verma (Director) (w.e.f. 4th April 2018)
Key Managerial Personnel (KMP) and relatives as per the Companies Act, 2013	Mr. Sumit Gupta (CFO) (upto 15th May 2017) Mr. Pratik Bhasker (CFO) (w.e.f. 14th June 2018) Ms. Meera Sawhney (Company Secretary) (w.e.f. 6th March 2017)
Post-employment Benefit Plan	Indiannica Learning Group Gratuity Scheme



(-I) Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Particulars	Holding Company and Ultimate Holding Company		Key Managerial Personnel		Total	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Loans taken during the year						
Navneet Education Limited	140,000	150,000	-	-	140,000	150,000
Loan Repayment to Navneet	-	170,000	-	-	-	170,000
Interest expenses						
Interest Payment to Navneet	18,930	9,459	-	-	18,930	9,459
Rent Expenses						
Rent Payment to Navneet	531	-	-	-	531	-
Sale of Right to use content						
Navneet Education Limited	-	4,791	-	-	-	4,791
Purchase of traded goods / Job work charges						
Encyclopaedia Britannica Inc., USA	-	-	-	-	-	-
Navneet Education Limited	3,787	12,861	-	-	3,787	12,861
Contribution to Indiannica Learning Group Gratuity Scheme	3,538	3,358	-	-	3,538	3,358
Remuneration of Key Managerial Person						
- Mr. Sarveshwar Srivastava (as a capacity of Managing Director)	-	-	-	4,445	-	4,445
- Mr. Sumit Gupta (as a capacity of Managing Director)	-	-	10,343	8,917	10,343	8,917
- Mr. Sumit Gupta (as a capacity of Chief Financial Officer)	-	-	-	6,624	-	6,624
- Mr. Pratik Bhasker (as a capacity of Chief Financial Officer)	-	-	3,091	-	3,091	-
- Mr. Tushar Jani	-	-	130	120	130	120
- Mr. Chandravir Das	-	-	130	120	130	120
- Mr. Yasho Verma	-	-	140	-	140	-
- Ms. Meera Sawhney	-	-	359	339	359	339

Transactions with key management personnel

Compensation of key management personnel of the Company:

Particulars	March 31, 2019	March 31, 2018
Short-term employee benefits	13,793	20,325
Total	13,793	20,325

Note: The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel which does not include provisions made for employee benefits.



(Signature)

(III) Outstanding Balances as at the year end:

Particulars	Holding Company and Ultimate Holding Company		Others		Total	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Short Term borrowings outstanding at the year end.	290,000	150,000	-	-	290,000	150,000
Trade Payables	3,724	9,563	-	-	3,724	9,563
Balance with Fund - Indiannica Learning Group Gratuity Scheme	-	-	10,252	7,707	10,252	7,707

Notes:

a) Bank Overdraft of the Company is secured by corporate guarantee given by holding company amounting to Rs. 30,000 thousands (Previous Year: 30,000 thousands). Refer note 18.2.

b) Terms and conditions of transactions with related parties

The rendering and availing of services from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party. For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by the related parties (March 31, 2017: Nil, April 01, 2016: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.



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38 Fair value of financial assets and liabilities

The management assessed that the fair values of financial asset and financial liabilities approximate their carrying amounts.

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

- (a) Fair values of cash and cash equivalents, trade receivables, interest accrued on deposits with bank, bank deposits, trade payables and other financial liabilities, approximate their carrying amounts largely due to the short-term maturities of these instruments.
- (b) The management has considered fair value of security deposits, loan from NBFC, loan from bank, loan from related party, equal to their carrying value as fair values based on the current market interest rates and other risk factors approximate to carrying value.

Fair value hierarchy

The following table presents the financial assets and financial liabilities by level with the fair value measurement hierarchy :

(Amount in '000)				
31 March 2019			31 March 2018	
	Level of input used in*	Carrying Amount	Level of input used in	Carrying Amount
a) Financial assets				
At Amortised Cost				
Trade receivables	NA	663,380	NA	631,931
Cash and cash equivalents	NA	23,216	NA	8,025
Bank deposits	NA	285	NA	275
At Fair Value Through P&L				
Security deposits	Level 2	5,554	Level 2	4,701
b) Financial liabilities				
At Amortised Cost				
Indian rupee loan from NBFC	NA	5,028	NA	-
Indian rupee loan from related party	NA	290,000	NA	150,000
Bank overdraft	NA	271,671	NA	185,171
Trade payables	NA	317,172	NA	235,101

* There has been no transfer between level 1 and level 2 during the year ended March 31, 2019 and March 31, 2018. Level is NA, since valued at amortised cost.

39 Financial risk management objectives and policies

The Company is exposed to market risk, credit risk and liquidity risk. The management reviews and agrees policies for managing each of these

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: foreign currency risk, interest rate risk and other price risk. Financial instruments affected by market risk primarily include trade receivables, trade payables, cash and cash equivalents.

The sensitivity analysis in the following sections relate to the position for the periods presented. The sensitivity analysis has been prepared on the basis that the amount of net debt and the proportion of financial instruments in foreign currencies are all constant. The analysis exclude the impact of movements in market variables on the carrying values of gratuity obligation and provisions.

The sensitivity of the relevant profit and loss item is the effect of the assumed changes in respective market risks based on the financial assets and financial liabilities held at the periods presented.

Interest rate risk

The following tables demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

		(Amount in '000)	
		Change in Intt. Rate	Effect on profit before tax
March 31, 2019		1%	(2,717)
		-1%	2,717
March 31, 2018		1%	(1,852)
		-1%	1,852



Indiannica Learning Private Limited

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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 Company's exposure to the risk of changes in foreign exchange rates relates primarily to trade payables, trade receivables.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	Change in USD rate	(Amount in '000) Effect on profit before tax
March 31, 2019	5%	192
	-5%	(192)
March 31, 2018	5%	(160)
	-5%	160

Price risk

The Company is not exposed to any significant price risk.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily for trade receivables and deposits with banks and other financial

Trade receivables

Customer credit risk is managed based on the Company's established policy, procedures and control relating to customer credit risk management. The Company evaluates the concentration of risk with respect to trade receivables as low. Out of total trade receivables balance as at 31st March 2019, Rs.77,813 thousands (Previous year: Rs.74,353 thousands) is due from a single customer being the Company's largest customer. There are no other customers who represent more than 10% of the balance of trade receivables. Outstanding customer receivables are regularly monitored by the management.

An impairment analysis is performed at each reporting date on an individual basis for major customers.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

The ageing of trade receivable and credit loss allowance is as under:

Particulars	Ageing		(Amount in '000) Total
	Upto 6 months	More than 6 months	
As at 31st March 2019			
Secured	-	-	-
Unsecured	643,972	59,350	703,322
Total receivables	643,972	59,350	703,322
Allowance for doubtful receivables			39,942
Net Receivables			663,380
Expected loss rate *			6%
As at 31st March 2018			
Secured	-	-	-
Unsecured	618,526	45,444	663,970
Total receivables	618,526	45,444	663,970
Allowance for doubtful receivables			32,040
Net Receivables			631,931
Expected loss rate *			5%

* Expected loss rate includes both allowance made based on age of the receivable and expected loss based on historical experience.



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Movement in credit loss allowance

(Amount in '000)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Balance at the beginning	32,040	20,102
Additional provision	7,903	12,366
Amounts written off	-	429
Balance at the end	39,942	32,040

Deposits with banks and other financial assets

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum level of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(Amount in '000)

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Total
Year ended March 31, 2019				
Indian rupee loan from related party	290,000	-	-	290,000
Bank overdraft	271,671	-	-	271,671
Trade payables	317,172	-	-	317,172
Indian rupee vehicle loan from NBFC	145	460	4,423	5,028
Year ended March 31, 2018				
Indian rupee loan from related party	150,000	-	-	150,000
Bank overdraft	185,171	-	-	185,171
Trade payables	252,161	-	-	252,161

The Company is not exposed to significant liquidity risk.

40 Capital management

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

The Company manages its capital structure and makes suitable adjustments in light of changes in economic conditions.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, Loan obligation, trade and other payables and less cash and cash equivalents.

(Amount in '000)

Particulars	Year ended 31st March 2019	Year ended 31st March 2018
Vehicle loan from NBFC	5,028	-
Loan from holding company	290,000	150,000
Bank overdraft	271,671	185,171
Trade payables	317,172	252,161
Less: cash and cash equivalents	(23,216)	(8,025)
Net Debt	860,653	579,306
Equity	96,413	382,737
Capital and Net debt	957,066	962,043
Gearing Ratio	90%	60%

- 41** On 7th April 2017, the name of the Company changed from "Encyclopaedia Britannica (India) Private Limited" to "Indiannica Learning Private Limited" and in pursuant to requirement of the Companies Act, 2013 the registrar entered the new name in the register of companies in place of the old name and issued a fresh certificate of incorporation with the new name.

42 Exceptional Items

Exceptional items comprise of the following:

- (a) As per share purchase agreement of December 2016, one time recognition bonus to be paid to each full time employee of the Company. Out of this bonus recognised in earlier years, the Company has written back Rs. NIL (March 31, 2018: Rs. 4,928 thousands) and said write back is also shown under exceptional items in Profit & Loss account.



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- (b) Legal and professional fees incurred on account of change in ownership was incurred during the year ended 31st March 2017. Out of these expenses incurred, during the previous year ended 31st March 2018, the Company has recovered certain amounts from erstwhile holding company and said recovery is disclosed as exceptional items in Profit & Loss account.
- 43 The Company's activities during the year revolve around 'Publishing and sale of educational books'. Considering the nature of Company's business and operations, there is only one reportable segment (business and/or geographical) in accordance with the requirements of Ind AS 108 - 'Operating Segments', prescribed under Companies (Indian Accounting Standards) Rules, 2015.
- 44 The Company had availed extension for appointment of Chief Financial Officer (CFO) from Ministry of Corporate Affairs upto 16th May 2018. Complying with the same, during the current year, the Company has appointed CFO by passing board resolution on 14th May 2018 (appointment effective from 14th June 2018).
- 45 **Changes in financing liabilities arising from cash and non-cash changes:**

Particulars	3/31/2018	Cash flows	Non-cash changes	(Amount in '000)
				3/31/2019
Bank overdraft	185,171	86,499	-	271,671
Vehicle Loan	-	4,423	-	4,423
Loan from Parent company	150,000	140,000	-	290,000
Total	335,171	230,922	-	566,093

For N. A. Shah Associates LLP

Chartered Accountants

Firm Registration No. 116560W / W100149

Prashant Daftary

Partner

Membership Number: 117080

Place: New Delhi

Date: April 30, 2019

For and on behalf of the board of directors of

Indiannica Learning Private Limited

(Formerly known as Encyclopaedia Britannica (India) Private Limited)

Anil D. Gala

Director

DIN: 00092952

Pratik Bhasker

Chief Financial Officer

Place: New Delhi

Date: April 30, 2019

Sumit Gupta

Managing director

DIN: 00039596

Meera Sawhney

Company Secretary

Mem. No. A48522