



## S Chand And Company Limited

Registered Office: A-27, 2nd Floor, Mohan Co-Operative Industrial Estate, New Delhi - 110044, India.

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Date: September 08, 2020

To Listing Department BSE Limited 25 <sup>th</sup> Floor, P J Towers, Dalal Street, Mumbai, Maharashtra 400001	To Listing Department, National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai, Maharashtra 400051
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Dear Sir,

**Re: Submission of Annual Report for the financial year 2019-20-S Chand And Company Limited**

This is with reference to our letter dated September 08, 2020 regarding submission of Annual Report alongwith the Notice of AGM for the financial year 2019-20. Please note that due to oversight incorrect document has been uploaded at your website. Kindly ignore the earlier email and attachment. The correct Annual Report and Notice of AGM is enclosed herewith.

The inconvenience caused is regretted.

Request you to kindly take note of the above.

**Thanking You.**

Yours sincerely,

For S Chand And Company Limited

**Jagdeep Singh**  
Company Secretary and Compliance Officer  
Membership No.: A15028  
Address: A-27, 2<sup>nd</sup> Floor  
Mohan Co-operative Industrial Estate  
New Delhi- 110044

**Encl: as above**

EMPOWER

ENABLE



S. CHAND  
GROUP

STIMULATE

Annual Report 2019-2020

This report may contain "forward looking statements" by S.Chand and Company Limited. These may include statements relating to future results of operations, financial condition, business prospects, plans and objectives, and are based on the current beliefs, assumptions, expectations, estimates, and projections of the management of S.Chand about the business, industry and the markets in which S.Chand operates.

These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond S.Chand's control and difficult to predict, and which may therefore cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed as a representation of future performance or achievements of S.Chand. In particular, such statements should not be regarded as a projection of future performance of S.Chand. It should be noted that the actual performance or achievements of S.Chand may vary significantly from such statements.

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# EMPOWER. ENABLE. STIMULATE.

The days of blackboards and overhead projectors are slowly but surely slipping away. Increasingly, schools are adopting digital technology into their curricula. An inevitable progression of our times. But there are also real benefits in doing this. When integrated into the curriculum, digital technology revolutionizes the learning process. It improves students' learning and outcomes. It influences teachers to skillfully use these tools and change the way they teach. Both of these enable schools to boost student achievement.

Digital technology allows multiple levels of content to be successfully delivered to students through text, audio, images, animation, and streaming video, providing them an exciting web based learning opportunity. The process of analyzing, designing, developing, implementing, and evaluating the instructional environment and learning materials for digital learning, helps empower teachers. It also promotes enhanced relationships between teachers and students by making teaching and learning more meaningful and fun.

Digital learning's signature 'anywhere, anytime access' to course material, stimulates students; it provides them flexibility but enhances their engagement, making them more interested in the subjects they are studying. It improves knowledge retention and encourages individual learning while supporting collaboration equally well. In a traditional classroom, students who struggle to learn new concepts will quickly fall behind their peers. Self-paced learning helps such students, and equalizes opportunity.

When technology is used to its potential and with purpose in the classroom, it can provide children with a range of skills that will benefit them in the world they are growing up in.





Dear Shareholders,

It is my privilege to present to you a summary of your Company's performance for FY19-20 given the sea change that has been brought about by the pandemic where the dynamics of our business has changed quite significantly. We do recognize that the future of the publishing business has changed and we, as a major player in the market, must adapt and plan strategies accordingly.

The COVID 19 pandemic has caused havoc across

the world, necessitating total lockdowns to control the spread of infection. It has shattered economies and changed, perhaps forever, what we knew to be normal everyday life. Living with this uncertainty can be the new normal.

India was not spared either and has faced numerous challenges in trying to contain the rapid spread of the virus. Against the backdrop of such a pandemic, the education sector, has

been impacted quite sharply. Social distancing measures that were necessary to prevent the spread of the disease made it impossible for educational institutions to conduct normal operations and were closed to students since early March.

The silver lining for us in the pandemic storm cloud was the strong imprint we registered in all our digital offerings during the lockdown. We believe that digital learning solutions are going to be in demand in the future given the present experiences with the pandemic. The COVID situation has hastened the adoption of on-line learning and most students are now moving rapidly out of the traditional mode of learning to multiple modes. This means a transition from conventional books to a combination of books, online content, e-Books, mobile apps like our own Learnflix learning app, audio books, etc. Even the traditional books are now accompanied with digital support as several subjects are explained using multimedia content. Learning modules come with assessments, practice material, etc. Further, teachers have been supported with handbooks, test generation tools, and other digital support material.

A positive development has been that schools have shown interest in complete curriculum management solutions involving books, workbooks, mapped digital content, assessments, papers, mobile apps along with teacher training and implementation support. This we believe will ensure better teaching and learning outcomes for the students.

I am happy to inform you that over 400 schools have already started using Mylestone, our school curriculum product, for the next academic year. During the lockdown, the Mylestone app enabled online teaching tools and content for teachers and students which ensured that schools could impart continued teaching for students at no additional cost. This is a positive development and we do look forward to expanding this vertical.

Another trend that is becoming popular in recent times is the preference for personalised content for individuals which enables them to pace their studying according to their need and convenience. This we believe is an opportunity for us. The penetration of mobile devices and better internet connectivity offers scope to provide high quality content in a personalised and convenient manner on the digital platforms. I am happy to report that your Company's newly launched Learnflix is India's most affordable Learning App. We launched a marketing campaign for Learnflix with our brand ambassador Saurav Ganguly in January. I am happy to report that Learnflix has already been downloaded over 80K times by July-end. We have high aspirations and targets for this product and are looking at over 1m downloads and adoptions by over 100k students in schools in the coming years.

We believe that our suite of digital products and services will be one of the major growth drivers for the Group in the coming years. Smart phones, mobile devices and the Internet have recorded significant penetration in the Indian market and will support the digital transformation trend in education. The use of the Internet by children and teachers has already risen markedly. Recent industry reports suggest that mobile search has grown three times in the last year while video consumption for education has increased fourfold. Both these developments are positive signs for our growth in the digital segment.

Our value proposition for Learnflix is loud and clear: top quality content from a credible company at an affordable price. In addition, we also have a range of e-books from top authors which is proprietary to us. We therefore have the wherewithal to provide everything that a student needs from e-books to digital content to analytics and remedial, in one single pack at an extremely affordable price. We are truly a one-stop-shop for all education needs of children and teachers.

We are all excited that the Union Cabinet has just approved the National Education Policy 2020,

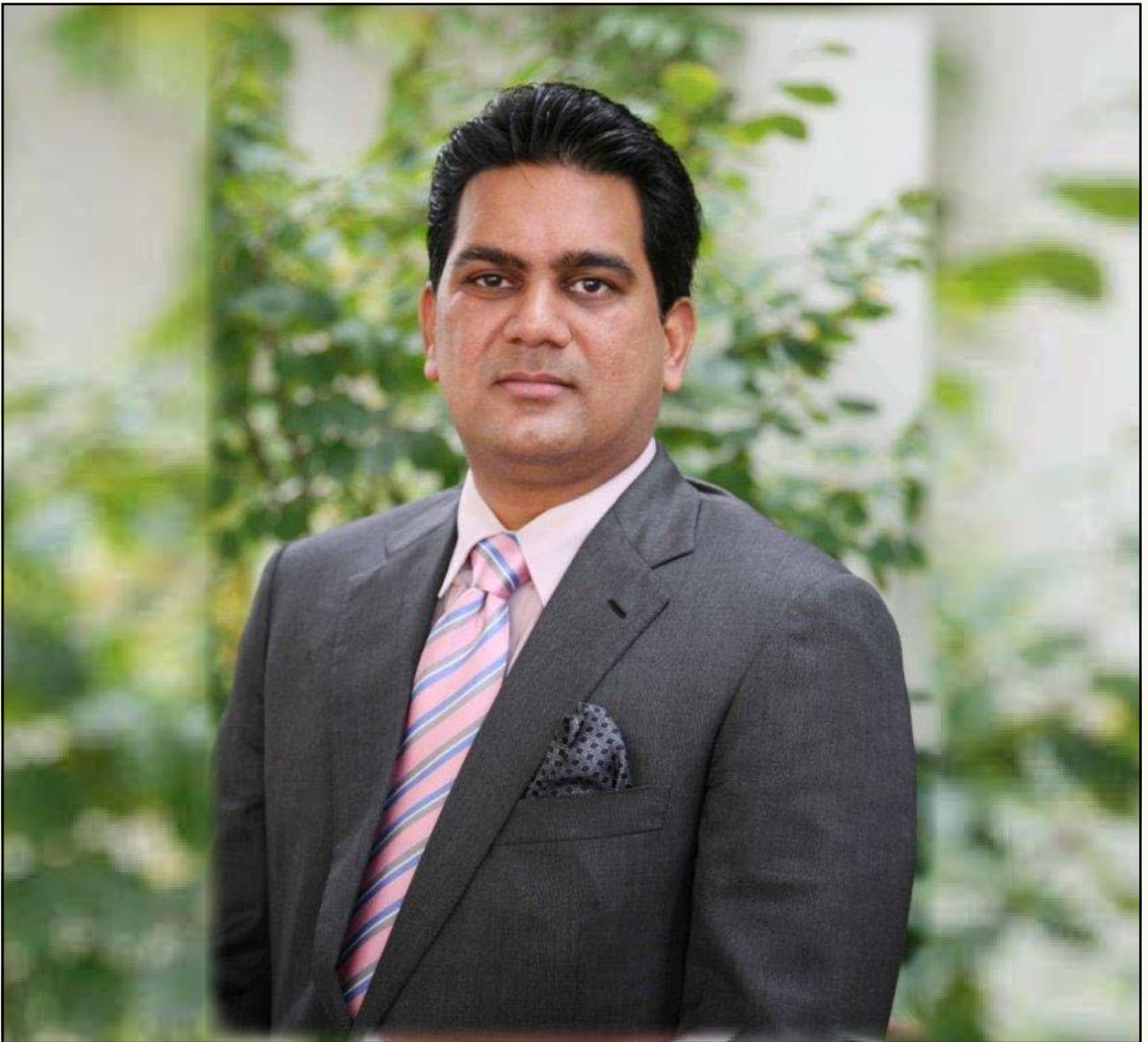
paving the way for transformational reforms in school and higher education systems in the country. The new Policy aims for Universalization of Education from pre-school to the secondary level with 100 % Gross Enrollment Ratio (GER) in school education by 2030. The new 5+3+3+4 school curriculum with 12 years of schooling and 3 years of Anganwadi/Pre- schooling means that books that conform to the new syllabus will have to be ready in phases starting as early as FY22. The school curricula and pedagogy will aim for holistic development of learners and equipping them with the key 21st century skills. This involves reduction in curricular content and enhancement of essential learning and critical thinking with focus on experiential learning. Students will hence have increased flexibility and choice of subjects. There will be no rigid separations between arts and sciences, between curricular and extra-curricular activities, between vocational and academic streams. This is a big opportunity for us.

I would like to emphatically state that we could not have achieved success with the S Chand 3.0 goals that we set for ourselves earlier in the year, if not for the dedication and commitment of our people. We value their dedication and I sincerely thank them for their contribution. I also thank our authors wholeheartedly whose knowledge and expertise help us relentlessly differentiate our books in the marketplace.

Finally, my heartfelt and sincere thanks go to the Board members and our shareholders for reposing their trust in us and their wholehearted support during these trying times. I seek their on-going support as we emerge from the pandemic crisis and strive to scale new heights in digital learning.

With best wishes,

**DR Dogra**  
Chairman



Dear Shareholders,

I trust each one of you and your loved ones are safe in these extremely difficult times. The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has just approved the National Education Policy 2020, making way for large scale, transformational reforms in both school and higher education sectors. This is the first education policy of the 21st century and replaces the thirty-four year old National Policy on

Education (NPE), 1986. Built on the foundational pillars of Access, Equity, Quality, Affordability and Accountability, this policy is aligned to the 2030 Agenda for Sustainable Development and aims to transform India into a vibrant knowledge society and global knowledge superpower by making both school and college education more holistic, flexible, multidisciplinary, suited to 21st century needs and aimed at bringing out



the unique capabilities of each student. NEP 2020 emphasizes on ensuring universal access to school education at all levels- pre school to secondary. Infrastructure support, innovative education centres to bring back dropouts into the mainstream, tracking of students and their learning levels, facilitating multiple pathways to learning involving both formal and non-formal education modes.

This presents a huge opportunity for your Company. S Chand stands to benefit from the NEP with a positive impact from FY22 onwards. Given the scope of the policy proposed, the release of the National Curriculum framework (NCF) is expected by April 2021.

The disruptive pandemic has in its own way, heralded some new opportunities. COVID 19 has foisted the subject of digital education in India to center stage from out of the wings where it was thus far lurking. It has prompted experts to rethink the conventional mode of education and to embrace digital education as a viable solution to fill the void for classroom education. This will provide a more exciting learning experience for students when classes resume. Going forward, it is very likely to be integrated into mainstream education, enabling inclusive education by facilitating learning across diverse geographies in the country. It will also provide an opportunity for educators to come up with customized learning solutions for every student.

As a first step, it is very likely that in the near future, schools and colleges will shift to a blended model of learning where face to face delivery is combined with online delivery. This will require teachers to become technology savvy and get trained in digital content delivery. They will also have to assess learning outcomes online. Digital learning will call for a major transformation in the area of curriculum development and pedagogy – a huge opportunity for companies like yours that are already a step ahead with digital offerings but are also keenly developing and strengthening learning

management systems for use by schools and colleges. The blended learning format, being new, will also promote innovation in the design and delivery of quality content especially because the use of learning management systems will bring about more openness and transparency in academics.

I am happy to share that we launched India's most affordable learning app – Learnflix in January, 2020 and are greatly enthusiastic about its features and believe it will be a product of choice for schools, teachers, and students. I am aware that we are not the first player in the market to launch a personalized learning app-but the difference is the value for money proposition of our offering. We aim to utilize our existing marketing team, channel partners and school relationships, to popularize the App, as they provide us ready access to nearly 40,000 schools. Our aspiration is to leverage this connection and reach out to students across every nook and corner of the country. I am happy to report that Learnflix has already been downloaded over 80,000 times and we already have a very high subscriber percentage. The app has notched up a high review rating of 4+ on Google Play Store. We expect the quality content and the affordability for schools and students will augur well for Learnflix. Currently with content for classes 6-10, in Math and Science, this will be further upgraded for other classes and subjects during the year.

Mylestone, our school curriculum business is already live in over 400 schools for the current academic year and we are looking to enhance the strength shown by this vertical. The Schools that have adopted Mylestone, were during the lockdown were enabled with online teaching tools and content for teachers and students through the App. This enabled the schools to continue the process of learning uninterrupted for students at no additional cost.

During the last few months, we also focused on working with all the stakeholders including –

students, teachers, and schools to ensure that the learning does not stop due to the pandemic. We reached out to over 4,500 schools providing them e-books, digital resources, videos, animations, presentations, teacher resources etc. to ensure teaching continuity during the months of April and May where physical books could not reach students. We conducted more than 60 webinars for teachers and schools to train them on digital learning methods which was attended by over 10,000 participants. These relationship building measures go a long way in deepening our connect with our various stakeholders.

I am happy to share that we also have a new end to end online learning platform "Educate 360" under development. Its features aim to Enable the School; Empower the Teacher; and Stimulate the Student. It will comprise Live Classes, ebooks, digital resources, teacher resources, assessments, evaluation, analytics and Insights.

In terms of operational performance, FY20 turned out to be year where we implemented S Chand 3.0 plan for the majority portion of the year and were looking to a strong ending to the financial year but the COVID 19 pandemic impacted us untimely during March 2020, which is peak sales season for us. The business of S Chand is seasonal in nature where Q4 accounts for 75%- 80% of annual revenues and the month of March alone accounts for 30%-40% of annual revenues. Given the pandemic, schools and educational institutions however started to shut down from early March itself and though we had a strong order book, it unfortunately, could not be fulfilled during the financial year FY20.

During FY20, we also focused on delivering Operational and Working Capital Efficiency. It gives me great satisfaction to report that we successfully implemented our strategy and were

well on track towards achieving our objectives. Although COVID 19 set us back from achieving full year benefits, our Receivables days were lower by 26 days - the lowest in 2 years despite lower collections and revenues in Q4FY20. Our strategy of focusing on cash flows yielded results with Net cash generated from operations of Rs 484m in FY20 (vs. Rs386m in FY19). This is despite the COVID impact of a 18% drop in reported revenues and much lower collections. We accomplished cost rationalization mainly through two initiatives - we brought our back-end functions together and secondly and more importantly, we consolidated our warehousing, helping us to reduce inventories and bring about efficiencies in supply chain and support services.

One of the biggest assets your Company has always enjoyed, is consumer trust. This is because we thoroughly understand consumer needs and deliver appropriate products to suit that need. We also have a capable and highly knowledgeable team supporting our content development efforts. I am confident our digital offerings will fit that mould as well and cater to market demand. I thank our people and the authors for their commitment and dedication in this regard. I also thank our people for their wholehearted support in helping us meet our objectives and goals with respect to S Chand 3.0.

I thank our Board for their guidance and support and our shareholders for the trust they have placed on us. I am confident that we are on a positive track and are in line to achieve our goals.

Thank you again and I look forward to your continued support as we enter FY21.

**Himanshu Gupta**  
Managing Director

## EMPOWER THE TEACHER

Teachers see technology as integral to education. Today's youngsters can be called the generation of digital natives and technology forms a strong component in all spheres of a student's life. Leaving it out of educational programs seems therefore unnatural. Digital learning can serve as a force multiplier for the teacher.



# ENABLE THE SCHOOL



A school can deliver quality education by having good teachers, who are enabled by good learning processes, and facilitated by a conducive learning environment. A positive impact on student learning means that a teacher through instruction and assessment has been able to document students' increased knowledge and/or demonstration of a skill related to essential academic learning requirements. Technology, if utilized, improves teaching and learning, and helps students be successful. Through the use of learning management systems students can access online resources to get assistance on demand beyond the physical reach of their teacher.

Technology helps encourage active participation in the classroom by creating a more engaged environment. It can incorporate different learning styles, improve collaboration, enhance knowledge retention and encourage individual learning. Students can learn useful life skills through technology. Technology also has the ability to enhance relationships between teachers and students by making teaching and learning more meaningful and fun. This goes a long way in enabling the school to deliver better learning outcomes.

## STIMULATE THE MINDS OF STUDENTS

Beyond the classroom, digital learning can have an impact on what is known as deeper learning — skills such as critical thinking, problem-solving, effective communication, collaborative working, and self-directed learning that enable people to take the knowledge gained from one situation and apply it to new situations.

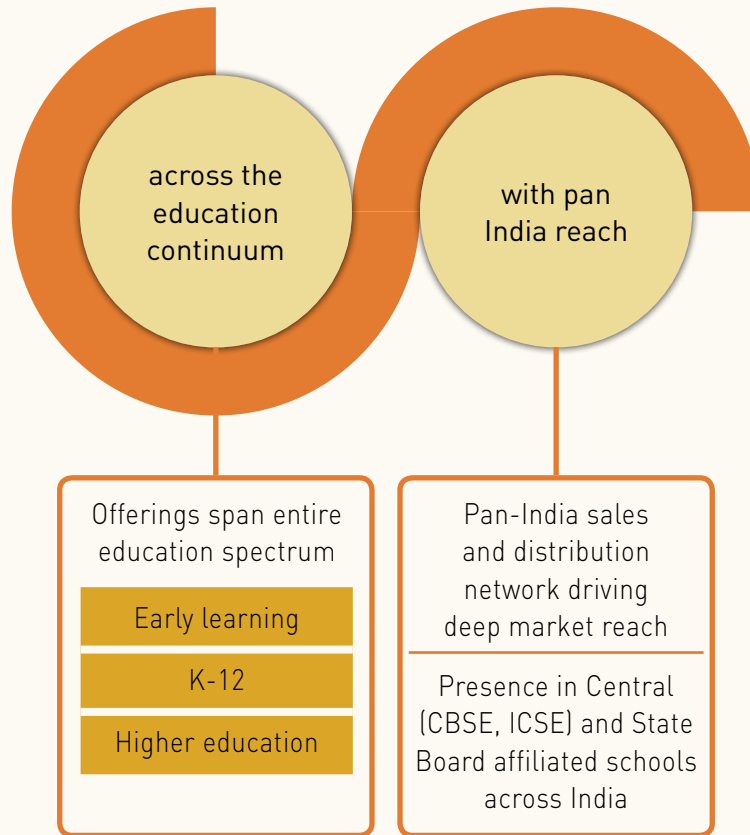
Learning tools and technology enable students to develop effective self-directed learning skills. They are able to identify what they need to learn, find and use online resources, apply the information on the problem at hand, and even evaluate resultant feedback.

Interactive and adaptive software allows students to learn in their own style, making learning personal and engaging. New learning technologies provide real time data that gives teachers the information they need to adjust instruction to meet the unique needs of each student.

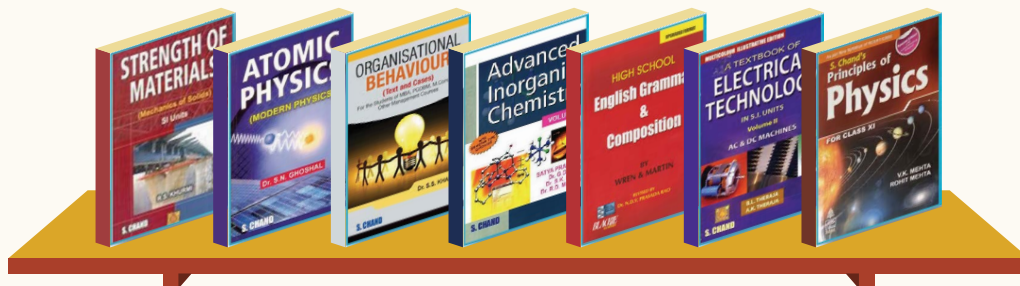




Delivering content, services and solutions



Strong content, multiple best-sellers



## An overview

- ⊙ Long operating history of over eight decades
- ⊙ High brand equity across multiple brands
- ⊙ Strong author relationships
- ⊙ Keeping pace with time—transition from print into digital content and services

<b>80</b>	<b>10,000+</b>	<b>~2,400</b>	<b>90 TPD</b>
Years of operating history	Active book titles	Author relationships	Print Capacity in number of sheets

## Portfolio of brands focused on print / digital content





## KEY PERFORMANCE HIGHLIGHTS

FY20 was a one off year on the back of disruption in the market in peak season from the COVID-19 pandemic

Orders received from channel partners till mid-March. Plants and warehouses remained in operations till 21st March, 2020 across the country fulfilling these orders.

Q4FY20

Strong order book at the time of complete lockdown, which could not be fulfilled during FY20.

Achieved comparable PBT levels vs. last year in spite of the loss of revenues

Achieved considerable improvements on various parameters during FY20 on back of the S Chand 3.0 implementation.

Notable cost saving measures implemented during the year across various operational levels:

Right sizing of employee base by over 400 employees (FY19: 2300+ vs. FY20: 1900+)

Rationalization of number of offices and consolidation of warehouses at over 25 locations

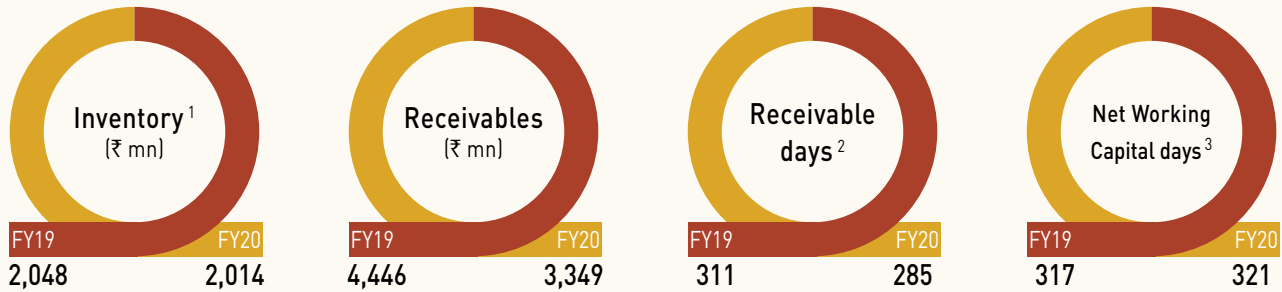
Renegotiations of all major operational cost items to bring costs lower during the year

Focus on portfolio of faster moving titles and rationalizing number of printed SKU's on basis of sales

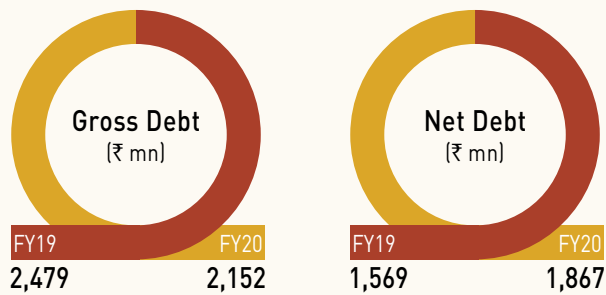
The impact of these initiatives on operational costs in FY20

(In Rs million)	FY19	FY20	Change (%)
Revenue from Operations	5,220	4,294	-18%
Employee Costs	1,511	1,260	-17%
Selling & Distribution costs	884	592	-33%
Other expenses	881	632	-28%
Total Operating Expenses	3,276	2,484	-24%
PBT	-953	-987	4%

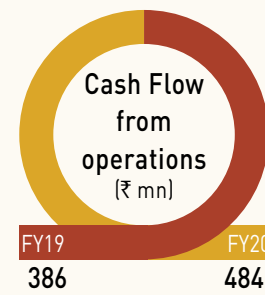
## Working Capital Metrics



## Debt<sup>4</sup>



## Cash Flows<sup>5</sup>



### Notes:

- 1 This includes raw material paper inventory of approx. Rs300m.
- 2 This is the lowest receivable days in the past 2 years for Jan-March quarter.
- 3 NWC days would have been much lower if sales were not have impacted translating into lower year end inventory levels
- 4 Comfortable Debt to Equity ratio of 0.26x. Debt levels expected to reduce further on the back of higher free cash flow generation
- 5 Despite 18% drop in reported revenues during the year and much lower collections than historical averages in March because of lockdown

## All operational costs expected to be lower in FY21 on a year-on-year basis

### Incremental cost savings expected in FY21 from the following measures:

- ☉ 5%-10% lower paper prices for FY21 vs. FY20
- ☉ 10%-20% lower employee costs on an annual basis due to salary expense rationalization
- ☉ We are expecting reduced operational costs during FY21 vs. FY20 on back of the measures taken to tackle the ongoing COVID crisis. Spends that would be considerably reduced, include:
  - ♦ Rental costs as a result of lease rental optimization exercise
  - ♦ Reduced travel expenses by sales force as a result of increased digital medium usage
  - ♦ Savings from spends on dealer engagements
  - ♦ All educational events for teachers/schools like academic conferences will be conducted online at a fraction of the cost



# COVID 19 IMPACT & BUSINESS RESPONSE

The effect of the pandemic was visible in our business even before the total lockdown — as early as the beginning of March, as schools started to close and orders started to slow down. At the time of the complete lockdown, our order book was still strong, but could not be fulfilled during the financial year FY20.

- ⦿ S Chand 3.0 initiatives led to operating costs being lower by 24% in percentage terms during FY20 over FY19.
- ⦿ Due to the seasonal nature of business, full year expenses incurred as COVID pandemic stuck in March.
- ⦿ Huge working capital improvement done during 9MFY20 leading to incremental OCF of Rs 1,016m on a YoY basis.
- ⦿ Covid 19 impacted annual cash flow generation and the 9M benefit was reduced by the end of FY20. We estimate collections were impacted in excess of Rs 1,200m for the year.
- ⦿ In spite of the pandemic, we ended the year with OCF of Rs 484m which is approximately Rs 100m higher than FY19 on the back of lower operating costs and better working capital.

**Cost saving measures during FY20 cushions impact**

**Working Capital**

**Our business is highly seasonal in nature**

**Digital Offerings—Silver lining in the pandemic cloud**

- ⦿ Q4 accounts for ~80% of annual revenues.
- ⦿ March accounts for 30%-40% of annual revenues.
- ⦿ Slowdown in school orders (Schools closed early March) witnessed before the actual lockdown itself from early March on back of pandemic.
- ⦿ COVID-19 led to estimated lower sales of Rs 1,600m-Rs 1,800m for FY20.
- ⦿ Learnflix – India’s most affordable learning app (6-10) got a strong response during lockdown. Strong subscriber addition during past months with high review rating of over 4.0.
- ⦿ Digital Offerings including e-books, enhanced learning tools, etc. get enthusiastic response from schools, teachers and students.

- ⦿ Covid-19 led to lost sales of Rs 1,600m–Rs 1,800m for FY20.
- ⦿ At the end of December, 2019, we were anticipating an year ending Cash flow from operations level of over Rs 1,200m which had reduced by the end of March, 2020 on back of the lockdown. However, we still ended the year with a higher level of OCF at Rs 484 m in comparison to the prior period.

# NEW EDUCATION POLICY

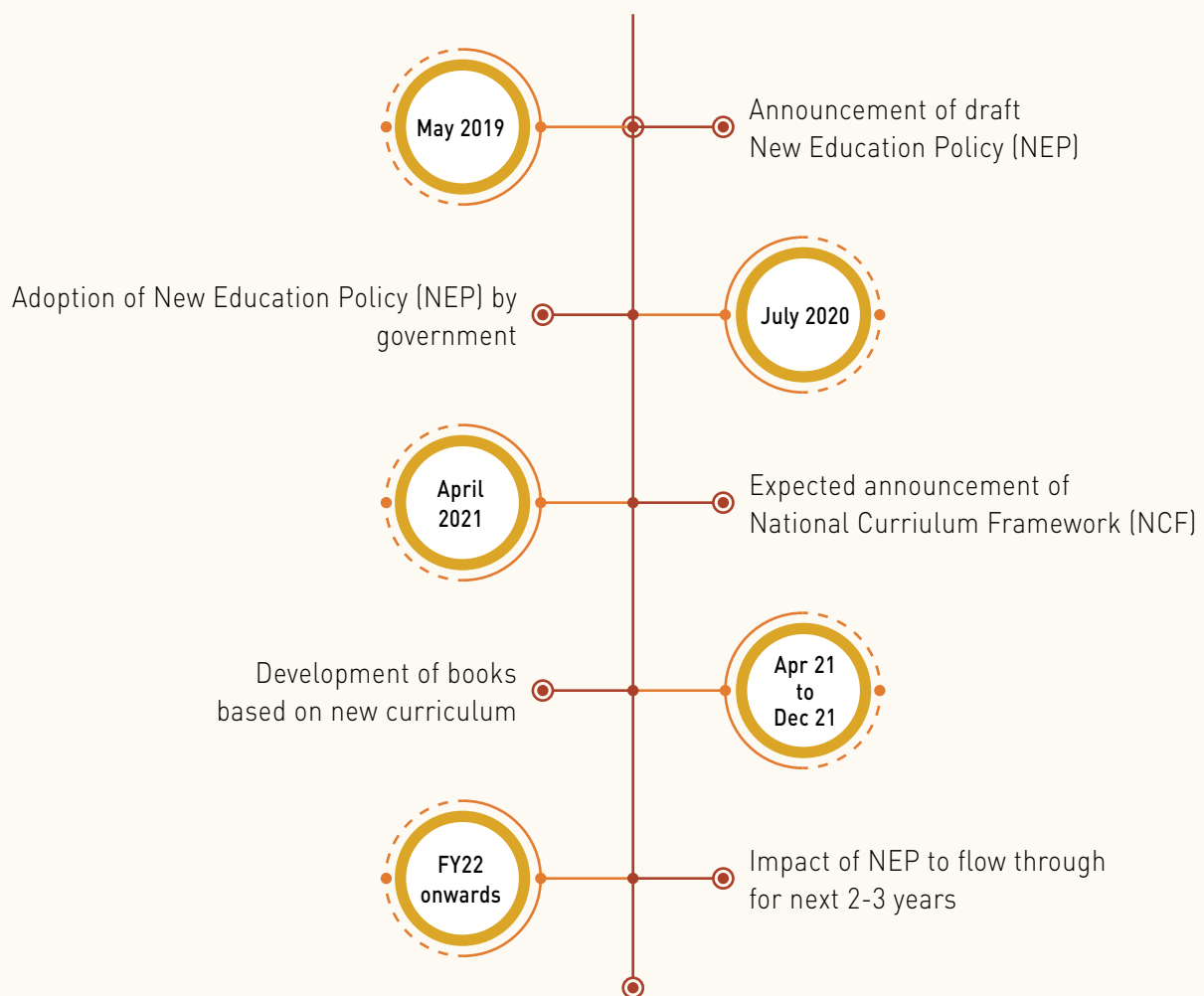
The Union Cabinet chaired by the Prime Minister Shri Narendra Modi approved the National Education Policy 2020 in July 2020, making way for large scale, transformational reforms in both school and higher education sectors. This is the first education policy of the 21st century and replaces the thirty-four year old National Policy on Education (NPE), 1986. Built on the foundational pillars of Access, Equity, Quality, Affordability and Accountability, this policy is aligned to the 2030 Agenda for Sustainable Development and aims to transform India into a vibrant knowledge society and global knowledge superpower by making both school and college education more holistic, flexible, multidisciplinary, suited to 21st century needs and aimed at bringing out the unique capabilities of each student.

## Snapshot

- ⦿ From the ground up, the 10+2+3 structure would make way for 5+3+3+4 to make early childhood care and education (ECCE) an integral part of formal schooling for students from three to 18 years. The proposed 5+3+3+4 school curriculum comprises 12 years of schooling and 3 years of Anganwadi/Pre-schooling.
- ⦿ New Policy aims for Universalization of Education from pre-school to secondary level with 100 % Gross Enrollment Ratio (GER) in school education by 2030
- ⦿ NEP 2020 will bring 2 crore out of school children back into the main stream
- ⦿ Emphasis on Foundational Literacy and Numeracy, no rigid separation between academic streams, extracurricular, vocational streams in schools; Vocational Education to start from Class 6 with Internships
- ⦿ Teaching upto at least Grade 5 to be in mother tongue/ regional language
- ⦿ Assessment reforms with 360 degree Holistic Progress Card, tracking Student Progress for achieving Learning Outcomes
- ⦿ GER in higher education to be raised to 50 % by 2035 ; 3.5 crore seats to be added in higher education
- ⦿ Higher Education curriculum to have Flexibility of Subjects Multiple Entry / Exit to be allowed with appropriate certification Academic Bank of Credits to be established to facilitate Transfer of Credits
- ⦿ National Research Foundation to be established to foster a strong research culture
- ⦿ Light but Tight Regulation of Higher Education, single regulator with four separate verticals for different functions
- ⦿ Affiliation System to be phased out in 15 years with graded autonomy to colleges

- ☉ NEP 2020 advocates increased use of technology with equity; National Educational Technology Forum to be created
- ☉ NEP 2020 emphasizes setting up of Gender Inclusion Fund, Special Education Zones for disadvantaged regions and groups
- ☉ New Policy promotes Multilingualism in both schools and HEs; National Institute for Pali, Persian and Prakrit, Indian Institute of Translation and Interpretation to be set up

## NEP Timeline



## Opportunities

We expect potential opportunities from the New Education Policy to accrue to our company from FY22 onwards for a period of 2-3 years on back of redundancy of the 2nd hand book market.

- ⦿ Mandate for regional variations gives rise to new content opportunity with customization for “local flavors”.
- ⦿ Enlargement of the market for workbooks and side books on languages and math in Grades 1 to 5 for “writing hour”, puzzle solving, etc.
- ⦿ NCERT has been directed to prepare the curriculum for Early Childhood Care and Education classes. The curriculum will be play-based, activity-based and life-skills based curriculum. This is a new opportunity for us as now these lower grades would be regulated and would have a set curriculum to refer to.
- ⦿ Development of new series for art integration and 21st century learning subjects.
- ⦿ Development of new market with focus on classical languages.
- ⦿ Larger market for regional languages adoption in schools.
- ⦿ Introduction of new courses - Languages of India, Vocational Skills and Crafts, Ethics and Moral Reasoning.
- ⦿ Moving extracurricular subjects to core subjects should lead to higher adoption rates - Sports/ Yoga, Music, Dance, Art, etc.
- ⦿ Fixed syllabus for pre-primary to help regularize this segment.
- ⦿ Coding is being made as a part of study from class 6. We'll have an opportunity to develop content/digital modules for this subject. There is increased focus on technology enabled learning. This allows the private players to come with newer integrated models of technology like AR, VR, Blended learning platforms which will be in demand.
- ⦿ The New Education Policy talks about having Virtual Labs. This will create an opportunity for private players to come up with Virtual labs as well.

## Impact of NEP 2020 – Strong prospects going ahead

- ⦿ The Company stands to benefit from the NEP with a positive impact from FY22 onwards. Given the scope of the policy proposed, the release of the National Curriculum framework (NCF) is expected by April 2021. The Company should come out with books based on the new curriculum within a couple of months after that in time for the January to March 2022 sales season. Additionally, the transition to the new syllabus for all grades,

Kindergarten to 12th, is expected to take two to three years, giving S Chand a strong runway of growth during that period. Since the New Curriculum is being developed after a gap of 15 years, it will eliminate the pre-used book market for a few years and lead to very strong growth for at least 2-3 years.

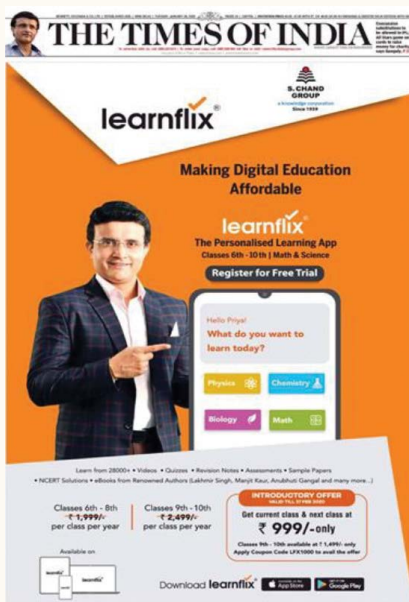
- © The last time a new education policy was implemented was during 2005 and during that time the new syllabus was rolled out over a period of 3 years with 5 grades moving to the new syllabus in Year 1, another 5 grades moving to new syllabus in year 2, and 2 grades moving to the new syllabus in year 3.





## Launch of Learnflix—a learning platform

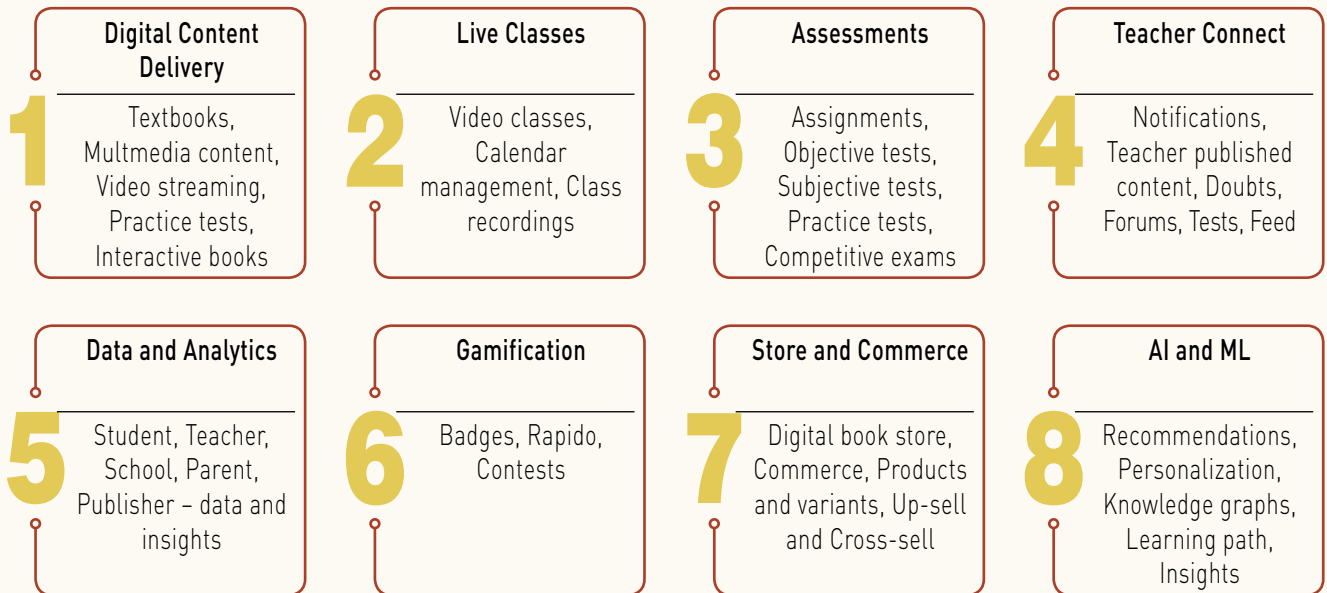
- ⊙ Extensive marketing campaign launched in January for **Learnflix** (Android Playstore & Apple iStore), India's most affordable all-in-one learning platform for the Gen X student in leading journals of NCR, Delhi
- ⊙ Learnflix has already been downloaded over 80,000 times and has over 18,000 paying subscribers till July 2020.



## Other digital offerings

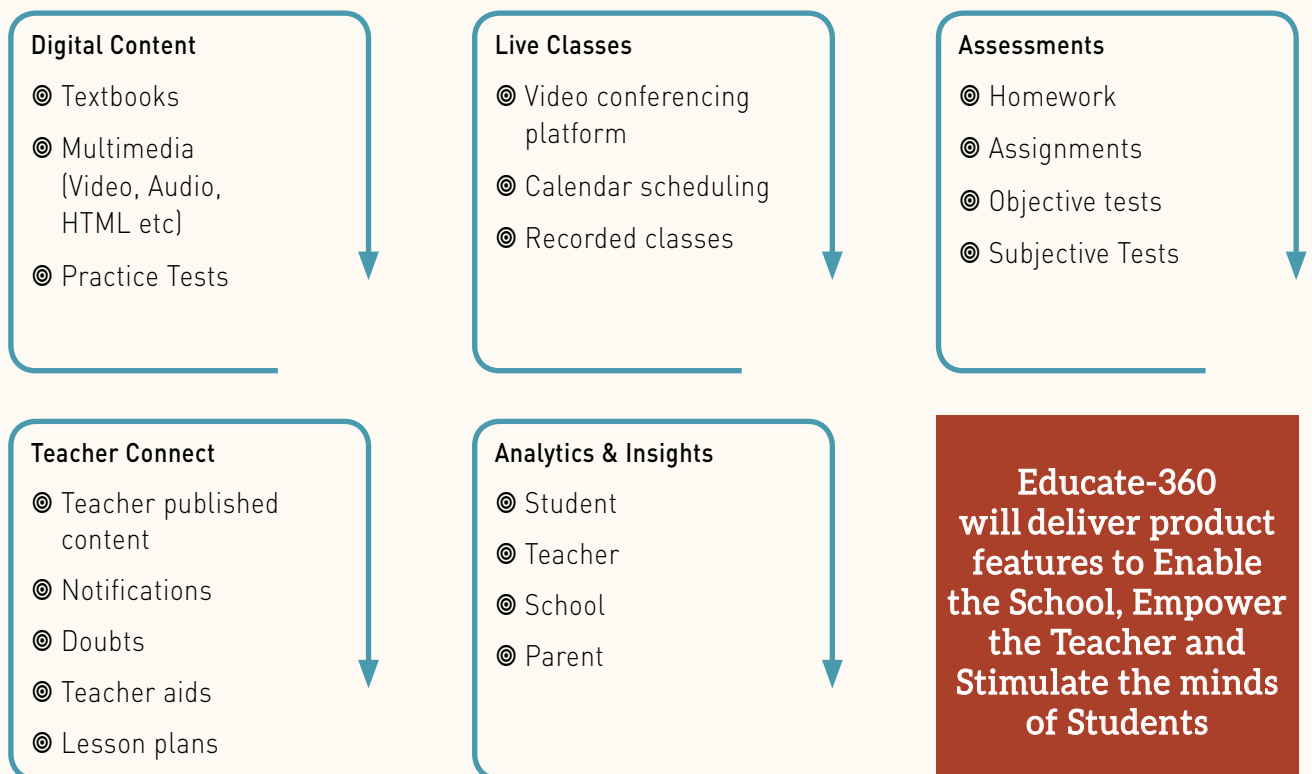
- ⊙ Mylestone – Approximately 400 schools have signed up at the end of FY20.
- ⊙ Test Coach – Has been downloaded over 10,000 times for competitive exam preparation in recent months.
- ⊙ MyStudygear App – Blended learning app with books and over 1 million users currently.
- ⊙ Other inhouse digital offerings:
  - ◆ VRX – Virtual Reality with books with over 50,000 users
  - ◆ Chhaya Learning App – Bengali/English Learning with books with over 500,000 users
  - ◆ Destination Success – Enabler of Digital classrooms
  - ◆ Nuri Nori, Risekids, Smart K - Early Learning

## Our digital roadmap for the future



**Digital products and solutions will power the future of the learning ecosystem**

## Educate-360 – a new online learning platform – product for the future



## Our digital products – the silver lining in the pandemic cloud



India's most affordable learning platform, Learnflix (Android Playstore & Apple iStore), was launched in January 2020

Learnflix has seen very strong response in the past months and has already been downloaded over 80K times with over 18K paying subscribers so far with review ratings of over 4.0 on the Appstore

The affordability and value for money proposition for schools and students will augur well for Learnflix and reap strong results in the near future

A curriculum solution for schools focused on Tier 2 and Tier 3 cities in India, this solution offers an online teaching enabled platform with live classes, e-books, teaching tools etc. for use by teachers and students

Approximately 400 schools have signed up during the year catering to almost 1.5L students

Provides blended learning with a complete range of school books with over 1 Mn users

### Other Inhouse Digital Offerings

Destination Success – Enabling Digital classrooms (CBSE/ICSE/IB and State Board Schools)

Smart K - Early Learning Curriculum solutions (Pre Schools)

Test Coach – Focused on government exams market. Has over 10K app installations

Chhaya Learning App, Bengali/English Learning with books has over 500,000 app installations

VRX – Virtual Reality with books and with over 50,000 users

### testbook

Testbook, founded in 2014 with focus on online test preparation for government competitive exams like civil services, banks, government departments like railways, defense, police, etc., is one of S Chand's most promising investee companies.



### IGNITOR

### Smartivity

Smartivity was founded in 2015 with focus on S.T.E.M. Learning and DIY Kits. The Company has developed several innovative products which are now hugely popular on Amazon and in Hamley Stores. The Company has a strong export market to the USA, Europe, and Australia.

The S Chand brand enjoys a powerful connect with the community at various levels

We are proud that our brand ambassador for Learnflix is Saurav Ganguly, a well respected, popular and successful captain for India's cricket team.

We conduct specific initiatives to connect with our different stakeholders:

## Learners

- ⊙ Book making tour of the printing facilities
- ⊙ Mystudygear App / VRX App / Learnflix App / Test Coach App
- ⊙ Social media

## Teachers

- ⊙ Conclaves and awards
- ⊙ Over 2000 workshops
- ⊙ The Progressive Teacher magazine

## School leadership

- ⊙ Best practices education tours
- ⊙ The Progressive School magazine

## Channel partners

- ⊙ Dealer meets, events and awards
- ⊙ Monthly mailer "Sampark"

## Increasing brand presence

- ⊙ Brand ambassador
- ⊙ Strategic advertising
- ⊙ Digital marketing

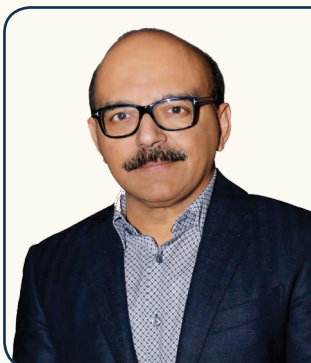


## BOARD MEMBERS



**Mr. Himanshu Gupta - Managing Director**

Mr. Himanshu Gupta, aged 41 years, is the Managing Director of our Company. He holds a Bachelor's degree in Commerce from the University of Delhi and has over 18 years of experience in the knowledge products and the services industry. He is a recipient of the 'Young Publisher Award' by the Federation of Educational Publishers in India for the year 2011; he has been awarded the 'Family Entrepreneur of the Year' from Entrepreneur magazine and he is the recipient of the '40 Under Forty Award' from the Economic Times.



**Mr. Dinesh Kumar Jhunjhnuwala - Executive Director**

Mr. Dinesh Kumar Jhunjhnuwala, aged 59 years, is an Executive Director of our Company. He has been associated with our Company since 2004 and has over 14 years of experience in the knowledge products and services industry.



**Mr. Desh Raj Dogra - Independent Director and Chairman**

Mr. Desh Raj Dogra, aged 65 years, is an Independent Director and Chairman of the Board. He holds a Bachelors's and Master's degree in Science and a Master's degree in Business Administration from the University of Delhi. He has over 41 years of experience in the financial sector and credit administration and previously served as the CEO and Managing Director at Credit Analysis and Research Limited (CARE).



**Ms. Archana Capoor - Independent Director**

Ms. Archana Capoor, aged 61 years, is an Independent Director of our Company. She holds a Bachelor degree in Science, as well as a Masters of Business Administration. She has over 37 years of experience across various sectors and previously served as the Managing Director of Tourism Finance Corporation of India Limited.



#### Mr. Rajagopalan Chandrashekar - Independent Director

Mr. Rajagopalan Chandrashekar, aged 42 years, is an Independent Director of our Company. He is an Industrial Engineer from NIT Jalandhar and a management graduate from NITIE Mumbai. He has 17 years of experience in strategy, corporate planning and business development. He was appointed as an Independent Director of our Company on July 23, 2018. He works in the domain of inbound marketing and consulting. He is the Managing Director of Pragmatic Learning Private Ltd.



#### Mr. Sanjay Vijay Bhandarkar - Independent Director

Mr. Sanjay Vijay Bhandarkar, aged 52 years, is an Independent Director of our Company. He holds a Bachelor's degree in Commerce from the University of Pune and a Post-graduate diploma in Management from XLRI Jamshedpur. He has over 29 years of experience in the financial sector.



#### Mr. Gaurav Kumar Jhunjhnuwala - Non-Executive Director

Mr. Gaurav Kumar Jhunjhnuwala, aged 33 years, is a Non-Executive Director of our Company. He has over 8 years of experience in the knowledge products and services industry and has been with our Company since 2011.



#### Ms. Savita Gupta - Non-Executive Director

Ms. Savita Gupta, aged 70 years, is a Non-Executive Director of our Company. She holds a Bachelors and Masters Degree in English Literature, and is associated with our Company since 1989.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Desh Raj Dogra — Chairman and Independent Director  
Himanshu Gupta — Managing Director  
Dinesh Kumar Jhunjhnuwala — Whole Time Director  
Archana Capoor — Independent Director  
Sanjay Vijay Bhandarkar — Independent Director  
Rajagopalan Chandrashekar — Independent Director  
Savita Gupta — Non-Executive Director  
Gaurav Kumar Jhunjhnuwala — Non-Executive Director

### CHIEF FINANCIAL OFFICER

Saurabh Mittal

### COMPANY SECRETARY & COMPLIANCE OFFICER

Jagdeep Singh

### KEY MANAGEMENT TEAM

K M Thomas — Business Head—S Chand  
Naveen Rajlani — Business Head—Madhubun & Chhaya  
Vinay Sharma — Business Head—Digital  
Shammi Manik — Business Head—Saraswati  
Ashish Gupta — Group Head—New Initiatives

### REGISTERED OFFICE & CORPORATE OFFICE

A-27, Second Floor,  
Mohan Co-operative Industrial Estate,  
New Delhi 110044  
Tel — +91 11 4973 1800  
Fax — +91 11 4973 1801  
website — [www.schandgroup.com](http://www.schandgroup.com)

### STATUTORY AUDITORS

S. R. Batliboi & Associates LLP,  
Chartered Accountants  
(Firm Registration No. 101049W/E300004)

### SECRETARIAL AUDITOR

R. S. Bhatia — Company Secretary in Practice

### REGISTRAR AND TRANSFER AGENT

Link Intime India Pvt. Ltd.  
Noble Heights, 1st Floor,  
Plot NH 2, C-1 Block LSC,  
Near Savitri Market,  
Janakpuri, New Delhi-110058  
Phone: +91 11 49411000  
Fax: +91 11 4141 0591  
E-mail: [delhi@intime.co.in](mailto:delhi@intime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

### PRINTING FACILITIES

- 20/4, Site IV, Industrial Area, Sahibabad, Ghaziabad (Uttar Pradesh) - 201010
- 40A/2, Site IV, Industrial Area, Sahibabad, Ghaziabad (Uttar Pradesh) - 201010

### BANKERS TO THE COMPANY

HDFC Bank Limited  
RBL Bank Limited  
Indian Bank  
Kotak Mahindra Bank Limited  
DBS Bank Limited  
Standard Chartered Bank  
Yes Bank Limited

# BOARD'S REPORT

## DEAR MEMBERS,

Your Directors are pleased to present 49<sup>th</sup> Annual Report together with Audited Financial Statements of the Company for the financial year ended March 31, 2020.

## 1. FINANCIAL PERFORMANCE

Figures in Rs. Millions

Abridged Profit And Loss Statement	Consolidated		Standalone	
	FY Ended 31st March 2020	FY Ended 31st March 2019	FY Ended 31st March 2020	FY Ended 31st March 2019
Revenue from operations	4,293.71	5,220.24	1,510.61	1,944.00
Other income	84.27	92.88	84.33	99.65
<b>Total Revenue</b>	<b>4,377.98</b>	<b>5,313.12</b>	<b>1,594.94</b>	<b>2,043.65</b>
<b>Profit/(Loss) before finance cost, tax, depreciation and amortization (EBIDTA)</b>	<b>(135.62)</b>	<b>(218.62)</b>	<b>(180.64)</b>	<b>(266.29)</b>
Depreciation and amortization expenses	407.69	237.32	90.94	36.64
Finance cost	347.93	272.07	154.42	106.34
Interest income	10.11	23.31	71.99	132.95
<b>Profit/(Loss) before tax, minority interest and share of associate company</b>	<b>(881.13)</b>	<b>(704.70)</b>	<b>(354.01)</b>	<b>(276.32)</b>
Exceptional items	(101.67)	(233.39)	102.62	225.57
Tax expense	127.85	(283.32)	(59.35)	(191.65)
<b>Profit/(Loss) after tax and before minority interest and share of associate company</b>	<b>(1,110.65)</b>	<b>(654.77)</b>	<b>(397.28)</b>	<b>(310.24)</b>
Share in loss of associate company	(4.03)	(14.43)	-	-
<b>Profit/(Loss) for the year</b>	<b>(1,114.68)</b>	<b>(669.20)</b>	<b>(397.28)</b>	<b>(310.24)</b>
Other Comprehensive income/(loss)	(6.01)	24.62	(4.08)	(0.69)
<b>Total Comprehensive Income/(Loss) for the year</b>	<b>(1,120.69)</b>	<b>(644.58)</b>	<b>(401.36)</b>	<b>(310.93)</b>
Profit/(Loss) for the year attributable to				
- Owners of the parent	(1,120.09)	(631.61)		
- Minority interest	(0.60)	(12.97)		
Balance of profit brought forward from previous years	2,638.90	3,333.75	1,436.44	1,810.60
Net surplus/(loss) in the statement of profit and loss account	(1,114.17)	(656.17)	(397.28)	(310.24)
Other Comprehensive income/(loss)	(5.88)	24.56	(4.08)	(0.69)
Appropriations:				
Equity dividend	-	(52.46)	-	(52.46)
Tax on Equity dividend	-	(10.78)	-	(10.78)
Adjustments relating to subsidiary companies	-	-		
Transfer to Debenture redemption reserve	-	-		
<b>Balance Carried to Balance Sheet</b>	<b>1,518.85</b>	<b>2,638.90</b>	<b>1,035.08</b>	<b>1,436.44</b>

## 2. OPERATIONS

The Company has reported revenue from operations of Rs. 1510.61 million in comparison to the previous year revenue from operation of Rs. 1,944.00 million, a decrease in revenue by 22% YoY. The Company has reported a net loss (after tax) of Rs. 397.28 million as compared to a net loss (after tax) of Rs.310.24 million in the previous year. The losses on the bottom line were driven by lower level of actual sales impacted by the pandemic and the operating expenses which has been already incurred during the year keeping in mind a higher expected level of sales for the year. This also includes a one-time exceptional provision of Rs. 32.62 million on account of additional provision for Inventory due to COVID-19 and Rs.70.00 million on account of diminution in the value of investment in respect to Safari Digital Education Initiatives Private Limited.

The COVID 19 pandemic hit the Company untimely during March, 2020 as K-12 business is seasonal in nature where Q4 accounts for 75%-80% of annual revenues and the month of March itself accounts for 30%-40% of the annual revenues. We estimate that the timing of the epidemic and the lockdown cost us Rs. 400 million to Rs. 500 million of lower reported sales during FY20.

On back of the Covid-19 pandemic, we saw schools and education institutions taking precautions and shutting down from early March itself. We received orders from channel partners till mid-March and the Company's plant and warehouses remained in operations till 21<sup>st</sup> March, 2020



across the country fulfilling these orders. At the time of the complete lockdown, we still had a strong order book which could not be fulfilled during the financial year FY20. We expect shifting of most of the unfulfilled orders to H1FY21.

The Company implemented the S Chand 3.0 program successfully during the year. We achieved significant success in lowering costs during the year. The Company's operational costs (Employee costs, Selling and Distribution expenses and Other Overhead expenses) went lower by 29% on a YoY basis from Rs.1287.32 million to Rs.909.31 million in the year under review. The Company's operating cash flows increased by Rs.386.01 million to Rs.161.40 million from a negative operating cash flow of Rs.224.61 million in the year under review.

The application filed by the Company in financial year 2017-18 for demerger of Education business from DS Digital Private Limited and the demerger of education business (Milestone/ebooks) of Safari Digital Education Initiatives Private Limited into the Company along with the amalgamation of the wholly owned subsidiaries Nirja Publishers & Printers Private Limited and Blackie and Son (Calcutta) Private Limited with the Company having appointed date of 1<sup>st</sup> April, 2017 is under process and in the final stages. We expect the final closure to happen during financial year 2020-21.

The Company expects to return to substantial revenue growth and profitability in the next financial year driven by recovery of revenues of Q4FY20 in H1FY21 from the order book, lower production costs with paper prices being lower, lower operating expenses, which would drive cash flows for FY21.

### 3. DIVIDEND

Considering the absence of the profits, the Board of Directors of your Company has not recommended any dividend for the year under review.

Pursuant to Rule 7(2A) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Second Amendment Rules, 2019, Mr. Jagdeep Singh has been appointed as the Nodal Officer of the Company. The details of the Nodal Officer and the unpaid and unclaimed amounts are available on the website of the Company at [www.schandgroup.com](http://www.schandgroup.com).

### 4. AMOUNT TRANSFERRED TO RESERVES

The Board of Directors of your Company, has decided not to transfer any amount to the Reserves for the year under review.

### 5. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF REPORT

There have been no material changes and commitments, which affect the financial position of the Company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report.

### 6. CHANGE IN THE NATURE OF BUSINESS

During the year under review, there has been no change in the nature of business.

### 7. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS/TRIBUNALS

The Hon'ble National Company Law Tribunal ("NCLT") passed the 1<sup>st</sup> motion order dated February 10, 2020 with respect to the Composite Scheme of Arrangement amongst Blackie & Son (Calcutta) Private Limited, Nirja Publishers & Printers Private Limited ("Nirja"), DS Digital Private Limited ("DS Digital"), Safari Digital Education Initiatives Private Limited, S Chand And Company Limited and their respective shareholders and creditors. The NCLT directed the Company to convene the meeting of its shareholders, secured and unsecured creditors, secured and unsecured creditors of Nirja and DS Digital ("meetings") for approval of the Scheme. However, due to Covid19 pandemic and nationwide lockdown these meetings were adjourned. Considering the current scenario and difficulty in convening these meetings physically, the Company had filed an application before the NCLT for convening the meetings through video conferencing. The NCLT vide its order dated May 29, 2020 directed to convene the meetings through video conferencing on July 17, 2020 and July 18, 2020. In compliance of order of the NCLT these meetings were convened through video conferencing. Post approval of the shareholders and creditors of the respective companies, the Company has filed the 2<sup>nd</sup> motion application before the NCLT.

### 8. INTERNAL FINANCIAL CONTROLS

The Company has adequate internal financial control system and processes. Internal Control policies and procedures have been adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to 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. The Internal Auditors of the Company M/s KPMG, Chartered Accountants, audited and reviewed the internal controls, operating systems, internal processes and procedures of the Company. The reports on findings of Internal Auditor have been reviewed by the Audit Committee periodically.

## 9. DETAILS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company has 11 (eleven) subsidiaries as on March 31, 2020. During the year, the Board of Directors reviewed the affairs of its subsidiaries. The Consolidated Financial Statements of your Company for the financial year 2019-20 are prepared in compliance with the applicable provisions of The Companies Act, 2013 ("Act"), IndAs and The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") which shall be placed before the members in their ensuing Annual General Meeting ("AGM").

### Subsidiaries:

#### a) Chhaya Prakashani Private Limited

Chhaya Prakashani Private Limited reported total revenue from operations of Rs. 874.36 millions in the financial year 2019-20 as compared to total revenue from operations of Rs. 1024.91 millions in the previous financial year and reported a net profit (after tax) of Rs. 104.00 millions in financial year 2019-20 as compared to a net profit (after tax) of Rs. 137.54 millions in the previous financial year.

#### b) Vikas Publishing House Private Limited

Vikas Publishing House Private Limited reported total revenue from operations of Rs. 1285.50 millions in the financial year 2019-20 as compared to total revenue from operations of Rs. 1853.10 millions in the previous financial year and reported a net loss (after tax) of Rs. 97.29 millions in financial year 2019-20 as compared to a net profit (after tax) of Rs. 63.05 millions in the previous financial year.

#### c) Nirja Publishers & Printers Private Limited

Nirja Publishers & Printers Private Limited ("Nirja") reported total revenue from operations of Rs. 20.18 millions in the financial year 2019-20 as compared to total revenue from operations of Rs. 226.52 millions in the previous financial year and reported a net profit (after tax) of Rs. 19.71 millions in financial year 2019-20 as compared to a net profit (after tax) of Rs. 39.79 millions in the previous financial year. Nirja has closed down its printing facility in Rudrapur and is being merged with the Company.

#### d) Indian Progressive Publishing Co Private Limited

Indian Progressive Publishing Co Private Limited reported total revenue from operations of Rs. 15.81 millions in the financial year 2019-20 as compared to total revenue from operations of Rs. 10.79 millions in the previous financial year and reported a net profit (after tax) of Rs. 6.32 millions in financial year 2019-20 as compared to a net profit (after tax) of Rs. 3.13 millions in the previous financial year.

#### e) Eurasia Publishing House Private Limited

Eurasia Publishing House Private Limited reported total revenue from operations of Rs. 8.05 millions in the financial year 2019-20 as compared to total revenue from operations of Rs. 8.07 millions in the previous financial year and reported a net profit (after tax) of Rs. 4.98 millions in financial year 2019-20 as compared to a net profit (after tax) of Rs. 3.78 millions in the previous financial year.

#### f) Blackie & Son (Calcutta) Private Limited

Blackie & Son (Calcutta) Private Limited ("Blackie") reported total revenue from operations of Rs. 0.67 millions in the financial year 2019-20 as compared to total revenue from operations of Rs. 1.39 millions in the previous financial year and reported a net loss (after tax) of Rs. 0.01 millions in financial year 2019-20 as compared to a net profit (after tax) of Rs. 1.04 millions in the previous financial year. Blackie is being merged with the Company.

#### g) S. Chand Edutech Private Limited

S. Chand Edutech Private Limited reported total revenue from operations of Rs. 19.56 millions in the financial year 2019-20 as compared to total revenue from operations of Rs. 12.05 millions in the previous financial year and reported a net loss (after tax) of Rs. 30.41 millions in financial year 2019-20 as compared to a net loss (after tax) of Rs. 18.46 millions in the previous financial year.

#### h) BPI (India) Private Limited

BPI (India) Private Limited reported total revenue from operations of Rs. 110.98 millions in the financial year 2019-20 as compared to total revenue from operations of Rs. 126.47 millions in the previous financial year and reported a net loss (after tax) of Rs. 0.96 millions in financial year 2019-20 as compared to a net loss (after tax) of Rs. 26.61 millions in the previous financial year.

#### i) DS Digital Private Limited

DS Digital Private Limited reported total revenue from operations of Rs. 160.20 millions in the financial year 2019-20 as compared to total revenue from operations of Rs. 201.35 millions in the previous financial year and reported a net loss (after tax) of Rs. 82.54 millions in financial year 2019-20 as compared to a net loss (after tax) of Rs. 68.82 millions in the previous financial year.

#### j) Safari Digital Education Initiatives Private Limited

Safari Digital Education Initiatives Private Limited reported total revenue from operations of Rs. 139.43 millions in the financial year 2019-20 as

compared to total revenue from operations of Rs. 175.87 millions in the previous financial year and reported a net loss (after tax) of Rs. 148.98 millions in financial year 2019-20 as compared to a net loss (after tax) of Rs. 143.04 millions in the previous financial year.

#### **k) New Saraswati House (India) Private Limited**

New Saraswati House (India) Private Limited reported total revenue from operations of Rs. 687.62 millions in the financial year 2019-20 as compared to total revenue from operations of Rs. 597.93 millions in the previous financial year and reported a net loss (after tax) of Rs. 524.61 millions in financial year 2019-20 as compared to a net loss (after tax) of Rs. 458.11 millions in the previous financial year.

#### **Associate:**

##### **a) Smartivity Labs Private Limited**

Smartivity Labs Private Limited reported total revenue from operations of Rs. 114.57 millions in the financial year 2019-20 as compared to total revenue from operations of Rs. 173.91 millions in the previous financial year and reported a net loss (after tax) of Rs. 31.47 millions in financial year 2019-20 as compared to a net loss (after tax) of Rs. 44.71 millions in the previous financial year.

In accordance with section 129 (3) of the Act a statement containing salient features of financial statements of each of the subsidiary in the prescribed Form AOC-1 is enclosed as **Annexure-A**. In accordance with Section 136 of the Act, the audited financial statements, including the consolidated financial statements and related information of the Company and audited financial statements of each of its subsidiary will be available on the website of the Company ([www.schandgroup.com](http://www.schandgroup.com)). These documents will also be available for inspection during business hours at the registered office of the Company.

## **10. DEPOSITS**

The Company has neither accepted nor renewed any deposits during the year under review within the purview of section 73 of the Act read with The Companies (Acceptance of Deposits) Rules, 2014. There is no unclaimed or unpaid deposits lying with the Company.

## **11. AUDITORS**

### **Statutory Auditor**

M/s S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Reg. No. 101049W/E300004) were appointed as Statutory Auditors of your Company at the AGM held on September 25, 2017 for a term of 5 (five) consecutive years subject to ratification by members at every AGM, if required by law.

In accordance with The Companies (Amendment) Act, 2017, effective from May 07, 2018 the appointment of Statutory Auditors is not required to be ratified at every AGM. Accordingly, no such item has been considered in Notice of the 49<sup>th</sup> AGM.

The auditor's report submitted by the Statutory Auditors on the financial statements of the Company for the year ended March 31, 2020 forms part of the Annual Report. The auditor's report has following qualification/modified opinion on which your directors have provided comment, as mentioned hereunder:

### **Qualification/Modified Opinion**

Due to travel restrictions and impracticability to travel on account of COVID-19 as at March 31, 2020 and due to significant business activities subsequent to year-end, the management could not perform physical count of inventory as at March 31, 2020 through to the date of approval of these financial statements. Accordingly, we were not able to observe the physical count of inventory, therefore, we were unable to verify the existence/condition of inventories of Rs. 103.55 million raw material, Rs. 556.40 million finished goods, Rs. 3.18 million traded goods to determine adjustments that may be required to be made in the value of inventory and consequential effect thereof to the financial statements as at March 31, 2020.

### **Comment of the Board**

Due to Covid 19 pandemic nationwide lockdown was imposed with effect from March 25, 2020 and till May 04, 2020 there was a complete lockdown in the country. Thereafter, lockdown was lifted in a phased manner with various restrictions such as number of employees can be deployed at business establishment, timing of operations and movement of inter district and inter-state employees. The Company resumed its operations from its warehouse from May 09, 2020 onwards and gradually increase the strength of employees at its warehouse. As operations resumed, there were various pending orders which were to be fulfilled to minimize the impact on the business of the Company. Therefore, considering the pending orders and limited employees deployed at warehouse, warehouse operations could not be stopped for physical verification and Company focused to fulfill the pending orders from the customers. Now the Company will conduct the physical verification of inventories in August 2020.

The auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3) (ca) of the Act and no comment of Board on the audit report is required to be given.

### Internal Auditor

During the year under the review, to ensure better governance, compliances and internal control over financial reporting and financial processes, the Company had re-appointed M/s KPMG, as Internal Auditors of the Company with effect from July 01, 2020 for a period of one year.

### Secretarial Auditor

The Board had appointed Mr. R.S. Bhatia, Company Secretary in Practice (CP No. 2514) as the Secretarial Auditor. The secretarial audit report submitted by the Secretarial Auditor for the financial year 2019-20 is annexed as **Annexure-B** and forms an integral part of this report.

There has been no qualification, reservation or adverse remark or disclaimer in their report. During the year under review, the Secretarial Auditor had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

As per the requirements of the Listing Regulations, Practicing Company Secretaries of the respective material subsidiaries of the Company have undertaken secretarial audits of these subsidiaries for FY 2019-20. The Audit Report confirms that the material subsidiaries have complied with the provisions of the Act, Rules, Listing Regulations and Guidelines and that there were no deviations or non-compliances.

## 12. EXTRACTS OF ANNUAL RETURN

The details forming part of the extracts of Annual Return in Form MGT-9 pursuant to the provisions of Section 92 of the Act read with Rule 12 of The Companies (Management and Administration) Rules, 2014 is furnished in **Annexure-C** which forms part of this report. The Annual Return is also available on the website of the Company at [www.schandgroup.com](http://www.schandgroup.com).

## 13. DETAILS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, the Company has set up a printing facility at Sahibabad, Uttar Pradesh. The plant was operational in the last quarter of financial year 2019-20. The Company has modern printing technology which is cost and energy efficient. Pursuant to Section 134 (3) (m) of the Act read with Rule 8 (3) of The Companies (Accounts) Rules, 2014, the detailed disclosures of the conservation of energy and technology absorption will be disclosed in the Board's Report of the financial year 2020-21. Further, wherever possible and feasible, the Company continued its efforts for conservation of energy and reducing cost of operations at its warehouse and offices across India.

During the year under review, the Foreign Exchange earnings and outgo are as follows:

- i) Foreign Exchange earnings: Rs. 20.83 millions
- ii) Foreign Exchange outgo: Rs. 1.75 millions

## 14. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Company is managed and controlled by the Board comprising an optimum blend of Executives and Non-Executive Professional Directors. The Chairman of the Board is a Non-Executive, Independent Director. As on March 31, 2020, the Board of Directors consists of 8 (eight) Directors consisting of a Managing Director, Whole-time Director and 6 (six) Non-executive Directors, out of which 4 (four) are Independent Directors. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations and the relevant provisions of the Act.

All the Directors possess requisite qualifications and experience in corporate management, finance, banking and other allied fields which enable them to contribute effectively to the Company in their capacity as Directors.

In terms of section 152 of the Act, Ms. Savita Gupta will retire by rotation at the ensuing AGM and being eligible offers herself for re-appointment. The Board recommends her re-appointment and the same is included in the notice of the ensuing AGM.

Further, sub-section (13) of Section 149 of the Act, provides that the provisions of retirement by rotation as defined in sub-sections (6) and (7) of Section 152 of the Act shall not apply to the Independent Directors. Hence, none of the Independent Directors retire at the ensuing AGM.

### Independent Directors' Declaration

The Independent Directors have given a declaration that they meet the criteria of independence as prescribed under section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. Further, pursuant to Sub-rule (3) of Rule 6 of The Companies (Appointment & Qualifications of Directors) Rules, 2014, the Independent Directors have successfully registered their names in the Data Bank of Independent Directors. The Independent Directors have also complied with the Code of Conduct for Directors and senior management personnel. The Independent Directors have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact the ability to discharge their duties with an objective independent judgment and without any external influence and that they are independent of the management.

### Board Evaluation

In compliance with the Act and Regulation 17 (10) of the Listing Regulations, the Board has carried out an evaluation of its own performance, Committees and performance of individual Directors for the year under review. The aspects covered in the evaluation included the contribution

towards corporate governance and monitoring of corporate governance practices, participation in the long-term strategic planning and the fulfilment of Director's obligations and fiduciary responsibilities, including but not limited to, active participation in the Board and Committee meetings. The evaluation involves evaluation of the Board members by the Board of Directors.

The evaluation of the Independent Directors was based on their performance and fulfillment of criteria of independence as per the Listing Regulations and independence from the management. The Board of Directors expressed their satisfaction with the evaluation process.

## Board Meetings

During the year under review, the Board of Directors met 5 (five) times, details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between the meetings was within the period prescribed under the Act and the Listing Regulations.

## 15. SCHEME OF ARRANGEMENT

Pursuant to the provisions of section 230-232 and other applicable provisions of the Act read with The Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions of law for the time being in force and pursuant to the approval of the Audit Committee and the Board of Directors, the Company had filed a Composite Scheme of Arrangement ("Scheme") amongst Blackie & Son (Calcutta) Private Limited, Nirja Publishers & Printers Private Limited ("Nirja"), DS Digital Private Limited ("DS Digital"), Safari Digital Education Initiatives Private Limited and S Chand And Company Limited and their respective shareholders and creditors with BSE Limited and The National Stock Exchange of India Limited for their approval. The said restructuring scheme involves the following:

- a) amalgamation of Blackie & Son (Calcutta) Private Limited and Nirja Publishers & Printers Private Limited with and into Company;
- b) demerger of the education business of DS Digital Private Limited and Safari Digital Education Initiatives Private Limited with and into the Company; and
- c) amalgamation of remaining business of DS Digital Private Limited with and into Safari Digital Education Initiatives Private Limited.

The Company had received the observation letters from the stock exchanges and the Scheme was filed before NCLT for its approval. The NCLT passed the 1<sup>st</sup> motion order dated February 10, 2020 and directed the Company to convene the meeting of its shareholders, secured and unsecured creditors, secured and unsecured creditors of Nirja and DS Digital ("meetings") for approval of the Scheme. However, due to Covid19 pandemic and nationwide lockdown these meetings were adjourned. Considering the current scenario and difficulty in convening these meetings physically, the Company had filed an application before the NCLT for convening the meetings through video conferencing. The NCLT vide its order dated May 29, 2020 directed to convene the meetings through video conferencing and these meetings were convened as under:

Name of the Company	Type of meeting	Date of meeting
S Chand And Company Limited	Secured creditors	July 17, 2020
	Un-secured creditors	July 18, 2020
	Shareholders	July 18, 2020
DS Digital Private Limited	Secured creditors	July 17, 2020
	Un-secured creditors	July 18, 2020
Nirja Publishers & Printers Private Limited	Secured creditors	July 17, 2020
	Un-secured creditors	July 18, 2020

The Company has convened the aforesaid meetings as per the directions issued by NCLT and the scheme was approved by the shareholders and creditors of the respective companies. The Company has filed the 2<sup>nd</sup> motion application before the NCLT for approval of the Scheme.

## 16. DETAILS OF LOANS, GUARANTEES OR INVESTMENTS

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Act alongwith the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the Note No. 5A, 5B, 5F and 49 to the standalone financial statements.

## 17. RELATED PARTY TRANSACTIONS

During the year under review, all related party transactions entered by the Company were in ordinary course of the business and on arm's length basis. No material related party transactions were entered during the financial year by the Company.

Accordingly, the disclosure of related party transactions as required under Section 134(3) (h) of the Act, in Form AOC 2 is not applicable to your Company.

The Policy on materiality of related party transactions and policy on dealing with the related party transactions are available on the Company's website at [www.schandgroup.com](http://www.schandgroup.com).

## 18. INFORMATION REGARDING EMPLOYEES AND RELATED DISCLOSURES

The information required under Section 197 of the Act read with Rule 5(1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report and annexed as **Annexure-D**.

Pursuant to Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement containing, inter alia, the names of top ten employees in terms of remuneration drawn and every employee employed throughout the financial year and in receipt of remuneration of Rs. 1.02 crores or more, and every employee employed for part of the year and in receipt of Rs. 8.50 lakhs or more per month is attached as **Annexure-E** of this report.

### Managerial Remuneration

The Nomination and Remuneration Committee and Board of Directors at its meetings held on February 14, 2019 and the shareholders at the Annual General Meeting held on September 19, 2019 approved the remuneration of Mr. Himanshu Gupta, Managing Director of the Company effective from April 01, 2019 and Mr. Dinesh Kumar Jhunjhnuwala, Whole-time Director of the Company effective from March 28, 2019 till the expiry of their respective terms.

The Company has incurred losses during the year under review, and the remuneration paid to Mr. Himanshu Gupta, Managing Director and Mr. Dinesh Kumar Jhunjhnuwala, Whole-time Director is in excess of the overall ceiling laid down in Schedule V of the Act. The Nomination and Remuneration Committee and Board of Directors at its meeting held on June 30, 2020 have waived the excess remuneration paid to Mr. Himanshu Gupta, Managing Director and Mr. Dinesh Kumar Jhunjhnuwala, Whole-time Director subject to the approval of the members in the ensuing AGM.

### Sexual Harassment Policy

The Company has zero tolerance for sexual harassment at the work place and has adopted a Policy on "Prevention of Sexual Harassment of Women at Workplace" in line with the provisions of "The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013" ("POSH"). The Company has an Internal Complaints Committee which has been constituted as per the provisions of POSH and this Committee deals with all the sexual harassment matters. The disclosures in relation to POSH have been provided in the Corporate Governance Report.

### Details of ESOPS

The underlying objectives of Employees Stock Option Scheme 2012 (ESOP 2012) is to attract, motivate, retain and reward employees for high levels of individual performance and share the wealth that they have created for the Company and its members. The Scheme is in line with the Securities and Exchange Board of India (Share Based Employee Benefits), Regulations 2014 ["SBEB Regulations"]. The Company has received a certificate from the Statutory Auditors of the Company that the Scheme is implemented in accordance with the SBEB Regulations and the resolutions passed by the members. The certificate would be available at the ensuing AGM for inspection by members.

The relevant disclosures pursuant to Rule 12(9) of The Companies (Share Capital and Debentures) Rules, 2014 and the Regulation 14 of The Securities and Exchange Board of India (Share Based Employee Benefits), Regulations 2014 is given as **Annexure-F**. These disclosures are available on the website of the Company at [www.schandgroup.com](http://www.schandgroup.com).

## 19. RISK MANAGEMENT

During the year under review, the Company has identified and evaluated elements of risk. The business risks inter-alia impact of Covid 19 pandemic, increase in raw material and printing cost, change in curriculum, change in education framework, higher borrowing cost, competition from other players and violation of intellectual property rights of the Company and current regulatory framework in the country. The risk management framework defines the risk management approach of the Company which includes periodic review of such risks, mitigation controls and reporting mechanism of such risks. The Board of Directors, Audit Committee and the senior management evaluates the operations to identify potential risks and take necessary actions to mitigate the same. The Company also has in place a Risk Management Policy and the Audit Committee ensures implementation of appropriate risk management framework for the Company. The Company has also evaluated the impact of Covid 19 Pandemic on the business of the Company as the schools and other educational institutes are likely to remain closed in first half of the financial year 2020-21 and opportunities available on digital learning segment.

## 20. CORPORATE SOCIAL RESPONSIBILITY

Pursuant to section 135 of the Act, the Company has a Corporate Social Responsibility Committee ("**CSR Committee**"), which comprises of Mr. Desh Raj Dogra-Chairman and Independent Director, Mr. Himanshu Gupta, Managing Director and Mr. Dinesh Kumar Jhunjhnuwala, Whole-time Director. The terms of references of the CSR Committee is provided in the Corporate Governance Report which forms part of this report.

The Annual Report on the CSR activities for the financial year 2019-20 is attached as **Annexure-G** and forms part of this report. During the year, the CSR policy was amended by way of deleting the reference of composition of CSR Committee. The contents of the CSR policy are also available on the Company's website at [www.schandgroup.com](http://www.schandgroup.com).

## 21. VIGIL MECHANISM

The Company has adopted the Vigil Mechanism by way of formulating a Whistle Blower Policy. The policy provides a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees and also provides for direct access to the Chairman of the Audit Committee. The Whistle Blower Policy is available on the website of the Company at [www.schandgroup.com](http://www.schandgroup.com).

## 22. CORPORATE GOVERNANCE

Your Company is committed to maintain the high standards of Corporate Governance and adhere to the Corporate Governance requirements set out by Securities and Exchange Board of India. In terms of Regulation 34 of the Listing Regulations, a report on the Corporate Governance along with a certificate of practicing company secretary on compliance is attached as **Annexure-H** and forms an integral part of this report.

## 23. MANAGEMENT DISCUSSION AND ANALYSIS

Management discussion and analysis report, highlighting the performance of the Company and its business prospects, is provided in a separate section and forms an integral part of this annual report.

## 24. AUDIT COMMITTEE

The Audit Committee comprises of three Non-Executive, Independent Directors, namely Ms. Archana Capoor (Chairperson-Non-Executive, Independent Director), Mr. Desh Raj Dogra (Member-Non-Executive, Independent Director) and Mr. Sanjay Vijay Bhandarkar (Member-Non-Executive, Independent Director). The details of the Audit Committee are included in the Corporate Governance Report.

## 25. NOMINATION AND REMUNERATION POLICY

The Board of Directors has a policy which lays down a framework in relation to appointment and remuneration to Directors, Key Managerial Personnel and senior management of the Company. The policy lays down the criteria for determining qualifications, positive attributes and independence and remuneration of Board members, Key Managerial Personnel and employees. The objective of this policy is to attract and retain talent and to strike the right balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the goals of the Company. In line with The Companies (Amendment) Act, 2017 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the Company has revised its Nomination and Remuneration Policy. The Nomination and Remuneration Policy is available on Company's website at [www.schandgroup.com](http://www.schandgroup.com).

## 26. MAINTENANCE OF COST RECORDS UNDER SECTION 148(1) OF THE COMPANIES ACT, 2013

The Company is not required to maintain cost records as per Section 148(1) of the Act.

## 27. COMPLIANCE OF SECRETARIAL STANDARDS

During the year under review, the Company has complied with the applicable Secretarial Standards i.e. Secretarial Standard-1 Meeting of the Board of Directors and Secretarial Standard-2 General Meetings.

## 28. DIRECTOR'S RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Act, the Board hereby submits its responsibility statement:

- (a) in the preparation of the annual accounts, the applicable accounting standards had 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 and of the profit of the Company for that period;
- (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 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 are operating effectively; and
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## 29. ACKNOWLEDGMENTS

Your Directors wish to express their thanks to the members, bankers, financial institutions, customers, suppliers, government and other regulatory authorities for their continued support. Your Directors place on record their appreciation to the employees at all levels for their committed services to the Company.

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

Place: New Delhi  
Date: August 14, 2020

Sd/-  
Himanshu Gupta  
Managing Director  
DIN: 00054015

Sd/-  
Dinesh Kumar Jhunjhnuwala  
Whole-time Director  
DIN: 00282988



**ANNEXURE-A****FORM AOC-1**

Pursuant to first proviso to sub-section (3) of section 129 of the Act read with Rule 5 of The Companies (Accounts) Rules, 2014  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs. in million)

Sl. No.	Particulars			
1	Sl.No.	1	2	3
2	Name of the subsidiary	Chhaya Prakashani Private Limited	Vikas Publishing House Private Limited	Nirja Publishers & Printers Private Limited
3	The date since when subsidiary was acquired	05/12/2016	10/10/2012	30/03/2010
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	N.A.	N.A.	N.A.
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.	N.A.	N.A.
6	Share capital	14.83	4.01	0.12
7	Reserves & surplus	871.99	1421.84	777.88
8	Total assets	1,124.89	2,862.50	786.99
9	Total Liabilities	1,124.89	2,862.50	786.99
10	Investments	157.72	70.00	208.15
11	Turnover	874.36	1,285.50	20.18
12	Profit before taxation	146.14	(127.49)	28.37
13	Provision for taxation	42.14	(30.20)	8.67
14	Profit after taxation	104.00	(97.29)	19.71
15	Proposed Dividend	Nil	Nil	Nil
16	Extent of shareholding (in percentage)	The Company holds 69.53% shares directly and 30.47% shares through its wholly owned subsidiary i.e. Eurasia Publishing House Private Limited	The Company holds 98% shares directly and 2% shares through its wholly owned subsidiary i.e. Nirja Publishers & Printers Private Limited	100%

Sl. No.	Particulars			
1	Sl.No.	4	5	6
2	Name of the subsidiary	Indian Progressive Publishing Co Private Limited	Eurasia Publishing House Private Limited	Blackie & Son (Calcutta) Private Limited
3	The date since when subsidiary was acquired	05/12/2016	25/09/2012	25/09/2012
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting	N.A.	N.A.	N.A.
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case	N.A.	N.A.	N.A.
6	Share Capital	0.12	0.11	0.15
7	Reserves & Surplus	13.66	151.19	70.35

Sl. No.	Particulars			
8	Total assets	15.65	857.93	71.03
9	Total Liabilities	15.65	857.93	71.03
10	Investments	Nil	708.46	55.38
11	Turnover	15.81	8.05	0.67
12	Profit Before Taxation	7.93	5.57	1.127
13	Provision for taxation	1.61	0.59	1.132
14	Profit after taxation	6.32	4.98	(0.005)
15	Proposed Dividend	Nil	Nil	Nil
16	Extent of Shareholding (in percentage)	Chhaya Prakashani Private Limited (wholly owned subsidiary of the Company) holds 100% shares.	100%	100%

Sl. No.	Particulars			
1.	Sl.No.	7	8	9
2.	Name of the subsidiary	S. Chand Edutech Private Limited	BPI (India) Private Limited	DS Digital Private Limited
3.	The date since when subsidiary was acquired	30/03/2011	25/09/2012	03/07/2014
4.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	N.A.	N.A.	N.A.
5.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.	N.A.	N.A.
6.	Share capital	40.17	13.50	568.99
7.	Reserves & surplus	(78.61)	39.46	(514.27)
8.	Total assets	112.29	302.93	561.18
9.	Total Liabilities	112.29	302.93	561.18
10	Investments	Nil	Nil	Nil
11	Turnover	19.56	110.98	160.20
12	Profit before taxation	(30.41)	0.61	(77.17)
13	Provision for taxation	Nil	1.57	5.37
14	Profit after taxation	(30.41)	(0.96)	(82.54)
15	Proposed Dividend	Nil	Nil	Nil
16	Extent of shareholding (in percentage)	The Company holds 99.47% shares directly and 0.53% through its wholly owned subsidiary i.e Safari Digital Education Initiatives Private Limited	The Company holds 51% shares through its wholly owned subsidiary i.e. Blackie & Son (Calcutta) Private Limited	The Company holds 59.20% shares directly and 40.79% shares through its wholly owned subsidiary i.e Safari Digital Education Initiatives Private Limited

Sl. No.	Particulars		
1.	Sl.No.	10	11
2.	Name of the subsidiary	Safari Digital Education Initiatives Private Limited	New Saraswati House (India) Private Limited
3.	The date since when subsidiary was acquired	07/02/2011	17/05/2014
4.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	N.A.	N.A.

Sl. No.	Particulars		
5.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.	N.A.
6.	Share capital	443.69	0.28
7.	Reserves & surplus	(371.29)	201.19
8.	Total assets	1,141.73	1424.01
9.	Total Liabilities	1,141.73	1424.01
10.	Investments	404.13	Nil
11.	Turnover	139.43	687.62
12.	Profit before taxation	(198.98)	(347.47)
13.	Provision for taxation	(50.00)	177.14
14.	Profit after taxation	(148.98)	(524.61)
15.	Proposed Dividend	Nil	Nil
16.	Extent of shareholding (in percentage)	The Company holds 59.92% shares directly and 40.08% shares through its wholly owned subsidiary i.e. Nirja Publishers & Printers Private Limited	The Company holds 82.01% shares directly and 17.99% share through its wholly owned subsidiary i.e. Vikas Publishing House Private Limited

### Part "B": Associates and Joint Ventures

#### Statement pursuant to Section 129 (3) of the Act related to Associate Companies and Joint Ventures

Name of Associates/Joint Ventures	Smartivity Labs Private Limited ("Smartivity")
1. Latest audited Balance Sheet Date	31.03.2020
2. Date on which the Associate was associated or acquired	05.08.2015
3. Shares of Associate held by the company on the year end	
No.	- 50 Equity Shares; and - 5,414, 0.001% Compulsorily Convertible Cumulative Preference Shares
4. Amount of Investment in Associates	Rs. 21.62 Millions
5. Extend of Holding%	19.70 %
6. Description of how there is significant influence	Mr. Saurabh Mittal, KMP of the Company, is on the Board of Smartivity and accordingly, the Company controls and participates in the business decisions of Smartivity
7. Reason why the associate is not consolidated	N.A.
8. Net worth attributable to shareholding as per latest audited Balance Sheet	Rs. 22.85 Millions
9. Profit/(Loss) for the year	
i) Considered in Consolidation	Rs. (6.20) millions
ii) Not Considered in Consolidation	-

On behalf of the Board of Directors  
For S Chand And Company Limited

Sd/-  
Himanshu Gupta  
Managing Director  
DIN: 00054015

Sd/-  
Dinesh Kumar Jhunjhnuwala  
Whole-time Director  
DIN: 00282988

Place: New Delhi  
Date: August 14, 2020

Sd/-  
Saurabh Mittal  
Chief Financial Officer

Sd/-  
Jagdeep Singh  
Company Secretary

**ANNEXURE-B**

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020**

[Pursuant to section 204(1) of The Companies Act, 2013 and Rule No. 9 of The Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,

**S Chand And Company Limited**

A-27, 2<sup>nd</sup> Floor,  
Mohan Co-operative Industrial Estate,  
New Delhi-110044

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **S Chand And Company Limited (CIN No. L22219DL1970PLC005400)** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company, the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to me and the representations made by the Management, and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts [Regulation] Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings. Neither there was any transaction of Direct Investment, External Commercial Borrowings nor any transaction of Overseas Direct Investment which was required to be reported during the financial year.
- v. The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (not applicable during the year under review);
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (not applicable during the year under review);
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - Not applicable as the company is not registered as Registrar to an issue and Share Transfer Agent during the financial year under review.
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (not applicable during the year under review);
  - h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 (not applicable during the year under review);
  - i) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (hereinafter referred to as SEBI LODR);
  - j) The Securities and Exchange Board of India (Depository and Participants) Regulations, 2018;

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the financial year ended March 31, 2020 complied with the aforesaid laws.

Based on the information received and records made available I further report that;

- a) Loans given:
  - During the FY 2019-20, the Board of Directors have approved grant of optionally convertible loan for an amount of Rs. 12.50 crores

to New Saraswati House (India) Limited (New Saraswati; a wholly owned subsidiary of the Company) and have also renewed an existing optionally convertible loan of Rs. 2.80 crores granted to New Saraswati.

- The Company has not made any investment during the FY 2019-20.

b) Guarantees given

The Company has given corporate guarantee in favour of the following bank/financial institution to secure the loans granted by the bank/financial institution to its subsidiaries:

Name of the subsidiary	Name of the bank/financial institution	Amount of Guarantee
Vikas Publishing House Private Limited	Tata Capital Financial Services Limited	30.00 crores
	Indian Bank	12.00 crores
	DCB Bank	7.50 crores
DS Digital Private Limited	Hewlett-Packard Financial Services (India) Private Limited	2.00 crores

- c) The Nomination and Remuneration Committee of the Company comprises of three Non-Executive Directors. The Committee was reconstituted consequent upon the resignation of Mr. Sanjay Gujral, Non-Executive Director with effect from March 05, 2019. Mr. Rajagopalan Chandrashekar, Non-Executive, Independent Director was appointed as the member of the Committee with effect from April 11, 2019. BSE Limited and National Stock Exchange of India Limited ("the stock exchanges") imposed a fine of Rs. 74,000/- (plus GST) each on the Company for this non-compliance. The Company has deposited the fine with the stock exchanges. Further, the Company had applied for waiver of this fine to both the stock exchanges. Accordingly, National Stock Exchange of India Limited had waived the penalty of Rs. 74,000/-;
- d) The Company had received a notice from National Stock Exchange of India Ltd. ("NSE") towards non-compliance with regard to Regulation 31 of the Listing Regulations (i.e. non submission of the shareholding pattern) for the quarter ended June 30, 2019 within the prescribed timeline of June 21, 2019. NSE had imposed penalty of Rs. 8,000/-. As per management this non-compliance occurred due to technical error. The Company rectified the non-compliance and submitted the shareholding pattern for the quarter ended June 30, 2019 and also deposited the fine with NSE;
- e) During the year under review, the following Insiders have violated the provisions of The SEBI (Prohibition of Insider Trading Regulation), 2015. The Company has imposed penalties as per details given below. The said penalties were deposited with the SEBI (Investor Protection Education Fund):

Name of the Insider	Designation	Violation	Penalty Imposed by the Company
Ms. Savita Gupta	Non-Executive Director	Traded in the securities of the Company by selling 6 (six) equity shares during the time of closure of trading window	Rs. 10,000/-
Mr. Saurabh Mittal	Chief Financial Officer	Contra trade i.e. reverse transaction in the securities of the Company by way of selling 1000 equity shares on January 18, 2019 and 877 equity shares on January 30, 2019 and buying 1000 equity shares on June 04, 2019	Rs. 129,000/-
Mr. Vinay Sharma	Business Head-Safari Digital Education Initiatives Pvt. Ltd.	Traded in the securities of the Company by selling 400 (four hundred) equity shares during the time of closure of trading window	Rs. 25,000/-

- f) The shareholders at the Annual General Meeting held on September 19, 2019:
- Approved amendments in the Memorandum of Association of the Company by way of replacing the provisions of erstwhile Companies Act, 1956 with the relevant provisions of The Companies Act, 2013;
  - Approved the amendments in the Articles of Association of the Company by way of deletion of the definition of Subsidiaries and Joint Ventures Governance Committee and deleting the references of this committee wherever these appeared;
  - Approved the re-appointment and remuneration of Mr. Himanshu Gupta as Managing Director of the Company with effect from May 22, 2019 for a period of 5 (five) years; Approved the re-appointment and remuneration of Mr. Dinesh Kumar Jhunjhnuwala as Whole-time Director of the Company with effect from March 28, 2019 for a period of 5 (five) years;
- g) During the year under review, the Company has reported inadequacy of profits. The remuneration paid to the Managing Director and Whole-time Director is in excess of the ceiling laid down in Schedule V of The Companies Act, 2013. The management has confirmed that, the matter with regard to waiver of recovery of the excess remuneration paid to the Managing Director and Whole-time Director during the financial year 2019-20 will be placed before the shareholders at the ensuing Annual General Meeting for their approval;
- h) During the year under review, the Company was required to spend a sum of Rs. 5.00 million towards CSR, whereas, a sum of rupees Rs. 8.31 million was spent by the Company which is in excess of the recommended amount. The CSR Committee at its meeting held on June 30, 2020 has ratified the excess amount of Rs. 3.31 million.
- i) The Company had received a letter dated March 17, 2020 from National stock Exchange of India Limited with respect to non submission of certain disclosures regarding in the Annual Report of the Company for the year ended March 31, 2019. In compliance of the said letter the Company has given the relevant disclosures to the shareholders along with the notice dated June 11, 2020 of the meeting of shareholders called and convened for obtaining for approval of the proposed Scheme of Arrangement. Compliance of the above has already been intimated by the Company to National Stock Exchange of India Limited;

- j) During the year under review, the proposed Composite Scheme of Arrangement (filed by the Company during the financial 2017-18) ("Scheme") amongst Blackie & Son (Calcutta) Private Limited ("Blackie"), Nirja Publishers & Printers Private Limited ("Nirja"), DS Digital Private Limited ("DS Digital"), Safari Digital Education Initiatives Private Limited ("Safari") and S Chand And Company Limited ("S Chand") and their respective shareholders and creditors has been approved by the stock exchanges. The Scheme inter alia includes Amalgamation of Blackie and Nirja into S Chand, De-merger of Education Business of DS Digital and Safari into S Chand, Amalgamation of DS Digital [the residual business remained in the Company after the de-merger of its Education Business] with Safari and other connected matters. The application for approval of the Scheme was filed before the Hon'ble National Company Law Tribunal ("NCLT"), New Delhi bench. NCLT passed its first motion order dated February 10, 2020 and directed the Company to convene the meetings of secured creditors of S Chand, Nirja and DS Digital on March 25, 2020 and the meetings of un-secured creditors S Chand, Nirja and DS Digital and shareholders of S Chand on March 26, 2020. However, due to Covid19 pandemic and the nationwide lockdown these meetings were postponed. Thereafter, the Company filed an application with NCLT for convening these meeting through video conferencing and NCLT approved the same vide its order dated May 29, 2020. In compliance of the order, the meeting of the secured creditors through video conferencing was held on July 17, 2020 and the meetings of shareholders and unsecured creditors through video conferencing were held on July 18, 2020. The Scheme has been approved by the shareholders, secured and unsecured creditors. The Company has filed the 2<sup>nd</sup> motion application before the NCLT;

Based on the information received and records made available I further report that;

- i. The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors, Independent Directors and Woman Director. There was no change in the composition of the Board of Directors during the financial year under review;
- ii. Adequate notice(s) were given to all directors regarding holdings of Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance to all Directors and wherever short notice of the meeting was given, compliance of relevant provisions of the Companies Act, 2013 with respect to attendance of independent directors in the meeting was adhered. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
- iii. All the decisions at the Board Meetings and Committee meetings were carried through with requisite majority as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be. The dissenting members' views, if any, were captured and recorded as part of the minutes.
- iv. As per the records, the Company filed all the forms, returns, documents and resolutions as were required to be filed with the Registrar of Companies and other authorities and all the formalities relating to the same is in compliance with the Act.
- v. There are adequate systems & processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations & guidelines.

I have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. I believe that the Audit evidence which I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Except elsewhere mentioned in this report, in my opinion and to the best of my information and according to explanations given to me, I believe that the compliance management system of the Company is adequate to ensure compliance of laws specifically applicable to the Company.

Place: New Delhi  
Dated: August 14, 2020

Sd/-  
R. S. Bhatia  
Practicing Company Secretary  
CP No: 2514

Note: This report is to be read with letter of even date by the Secretarial Auditor, which is annexed to this report and forms an integral part of this report.

## ANNEXURE A

To,  
The Members

### **S Chand And Company Limited**

A-27, 2<sup>nd</sup> Floor,  
Mohan Co-operative Industrial Estate,  
New Delhi-110044  
CIN No: L22219DL1970PLC005400

My Secretarial Audit Report of even date is to be read along with this letter.

### **Management's Responsibility**

1. It is the responsibility of the management of the Company to maintain secretarial records, device proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

### **Auditor's Responsibility**

2. My responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. I believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for my opinion.
4. Wherever required, I have obtained the management's representation about the compliance of laws, rules, regulations and happening of events, etc.

### **Disclaimer**

5. The Secretarial Audit is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

Place: New Delhi  
Dated: August 14, 2020

Sd/-  
R. S. Bhatia  
Practicing Company Secretary  
CP No: 2514

**ANNEXURE-C****FORM NO. MGT-9  
EXTRACT OF ANNUAL RETURN**

AS ON THE FINANCIAL YEAR ENDED MARCH 31, 2020

[Pursuant to Section 92(3) of The Companies Act, 2013 read with Rule 12(1) of  
The Companies (Management and Administration) Rules, 2014]**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN : L22219DL1970PLC005400
- ii) Registration Date : September 09, 1970
- iii) Name of the Company : S Chand And Company Limited
- iv) Category / Sub-Category of the Company : Public Company limited by shares
- v) Address of the registered office and contact details : A-27, 2<sup>nd</sup> Floor, Mohan Co-operative Industrial Estate,  
New Delhi-110044  
Tel. +91 11 49731800 / Fax: +91 11 49731801  
E-mail:- investors@schandgroup.com
- vi) Whether shares listed on recognized Stock Exchange(s) (Yes/No) : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Link Intime India Private Limited  
Noble Heights, 1<sup>st</sup> Floor,  
Plot NH 2, C-1 Block LSC,  
Near Savitri Market,  
Janakpuri, New Delhi-110058  
Phone: +91 11 49411000 / Fax: +91 11 4141 0591  
E-mail: delhi@intime.co.in / Website: www.linkintime.co.in

**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:

S.No	Name and Description of main products/ services	NIC Code of the Product/ Services	% to total turnover of the Company
1.	Publishing of educational books	5811	99.62%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary / Associate	% of shares held	Applicable Section
1.	Blackie & Son (Calcutta) Private Limited 7361, Ravindra Mansion, Ram Nagar, New Delhi 110055	U74899DL1979PTC014517	Subsidiary	100	2(87)
2.	BPI (India) Private Limited 1st Floor, Plot No. B-1/ A-26, Mohan Co-operative Industrial Estate, New Delhi 110044	U22190DL1999PTC288852	Subsidiary	51	2(87)
3.	Chhaya Prakashani Private Limited 1, Bidhan Sarani, Collage Street, Kolkata 700073, West Bengal	U22122WB2006PTC111821	Subsidiary	100	2(87)
4.	DS Digital Private Limited A-27, 2nd Floor, Mohan Co-operative Industrial Estate, New Delhi 110044	U72200DL2008PTC173250	Subsidiary	99.99	2(87)
5.	Eurasia Publishing House Private Limited 5F, Everest 46/C, Chowringhee Road, Kolkata 700071	U74899WB1961PTC234138	Subsidiary	100	2(87)
6.	Indian Progressive Publishing Co Private Limited 1, Rajendra Dev Road, Kolkata, West Bengal 700007	U22219WB1961PTC025317	Subsidiary	100	2(87)
7.	New Saraswati House (India) Private Limited A-27, 2nd Floor, Mohan Co-operative Industrial Estate, New Delhi 110044	U22110DL2013PTC262320	Subsidiary	100	2(87)



S. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary / Associate	% of shares held	Applicable Section
8.	Nirja Publishers & Printers Private Limited 7361 Ram Nagar, Qutab Road, New Delhi 110055	U74899DL1971PTC005776	Subsidiary	100	2(87)
9.	S. Chand Edutech Private Limited A-27, Mezzanine Floor, Mohan Co-operative Industrial Estate, New Delhi 110044	U80302DL2010PTC206251	Subsidiary	100	2(87)
10.	Safari Digital Education Initiatives Private Limited A-27, 2nd Floor, Mohan Co-operative Industrial Estate, New Delhi 110044	U80904DL2010PTC204512	Subsidiary	100	2(87)
11.	Vikas Publishing House Private Limited A-27, 2nd Floor, Mohan Co-operative Industrial Estate, New Delhi 110044	U74899DL1971PTC005766	Subsidiary	100	2(87)
12.	Smartivity Labs Private Limited 258, 1st Floor, Kuldeep House, Lane No. 3, Westend Marg, Saidulajab, New Delhi 110030	U74140DL2015PTC277272	Associate	19.70	2(6)

#### IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS A PERCENTAGE OF TOTAL EQUITY)

##### A) Category-wise Share Holding

Category of Share Holders	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 Shares	Demat	Physical	Total	% of Total Shares		
<b>A. PROMOTERS*</b>										
<b>(1) Indian</b>										
a) Individual/HUF	16,329,738	-	16,329,738	46.69	16,541,141	-	16,541,141	47.29	0.06	
b) Central Govt.	-	-	-	-	-	-	-	-	-	
c) State Govt(s).	-	-	-	-	-	-	-	-	-	
d) Bodies Corp.	-	-	-	-	-	-	-	-	-	
e) Banks/FI	-	-	-	-	-	-	-	-	-	
f) Any Other	-	-	-	-	-	-	-	-	-	
<b>Sub-total (A)(1):-</b>	<b>16,329,738</b>	<b>-</b>	<b>16,329,738</b>	<b>46.69</b>	<b>16,541,141</b>	<b>-</b>	<b>16,541,141</b>	<b>47.29</b>	<b>0.06</b>	
<b>(2) Foreign</b>										
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-	
b) Other – Individuals	-	-	-	-	-	-	-	-	-	
c) Bodies Corp.	-	-	-	-	-	-	-	-	-	
d) Banks/FI	-	-	-	-	-	-	-	-	-	
e) Any Other	-	-	-	-	-	-	-	-	-	
<b>Sub-total (A) (2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total shareholding of Promoter (A) = A1 + A2</b>	<b>16,329,738</b>	<b>-</b>	<b>16,329,738</b>	<b>46.69</b>	<b>16,541,141</b>	<b>-</b>	<b>16,541,141</b>	<b>47.29</b>	<b>0.06</b>	
<b>B. Public Shareholding</b>										
<b>(1) Institutions</b>										
a) Mutual Funds	4,258,063	-	4,258,063	12.17	21,89,933	-	21,89,933	6.26	(5.91)	
b) Banks/FI	47,835	-	47,835	0.14	35,070	-	35,070	0.10	(0.04)	
c) Central Govt.	-	-	-	-	-	-	-	-	-	
d) State Govt(s).	-	-	-	-	-	-	-	-	-	
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-	
f) Insurance Companies	-	-	-	-	-	-	-	-	-	
g) FIIs/FPI's	1,304,250	-	1,304,250	3.73	589,685	-	589,685	1.69	(2.04)	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	
i) Alternate Investment Funds	1,315,166	-	1,315,166	3.76	1,544,646	-	1,544,646	4.42	0.67	
j) Others (specify)	-	-	-	-	-	-	-	-	-	
<b>Sub-total (B)(1):-</b>	<b>6,925,314</b>	<b>-</b>	<b>6,925,314</b>	<b>19.80</b>	<b>4,359,334</b>	<b>-</b>	<b>4,359,334</b>	<b>12.46</b>	<b>(7.34)</b>	

Category of Share Holders	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 Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Non- Institutions</b>									
a) Bodies Corp.									
i) Indian	1,272,910	-	1,272,910	3.64	1,960,002	-	1,960,002	5.60	1.96
ii) Overseas	6,129,013	-	6,129,013	17.52	6,129,013	-	6,129,013	17.52	0
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	2,765,305	-	2,765,305	7.91	3,245,570	-	3,245,570	9.28	1.37
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	737,748	-	737,748	2.11	2,384,432	-	2,384,432	6.82	4.71
c) NBFC's registered with RBI	145	-	145	Negligible	-	-	-	-	Negligible
d) Others (specify)									
i) Hindu Undivided Family	530,731	-	530,731	1.52	224,890	-	224,890	0.64	(0.87)
ii) Non Resident Indians (Non Repat)	34,547	-	34,547	0.10	24,716	-	24,716	0.07	(0.03)
iii) Non Resident Indians (Repat)	62,830	-	62,971	0.18	38,970	-	38,970	0.11	(0.07)
iv) Clearing Member	187,006	-	187,006	0.53	67,219	-	67,219	0.19	(0.34)
<b>Sub-total (B)(2):-</b>	<b>11,720,235</b>	<b>-</b>	<b>11,720,235</b>	<b>33.51</b>	<b>14,074,812</b>	<b>-</b>	<b>14,074,812</b>	<b>40.24</b>	<b>6.73</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>18,645,549</b>	<b>-</b>	<b>18,645,549</b>	<b>53.31</b>	<b>184,341,46</b>	<b>-</b>	<b>184,341,46</b>	<b>52.71</b>	<b>(0.60)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>34,975,287</b>	<b>-</b>	<b>34,975,287</b>	<b>100</b>	<b>34,975,287</b>	<b>-</b>	<b>34,975,287</b>	<b>100</b>	<b>-</b>

\* The Promoter category includes equity shares held by the Promoter Group; 2,724,710 equity shares at the beginning of the year and 2,724,704 equity shares at the end of the year.

## B) Shareholding of Promoters

S.No	Shareholder's Name	Shareholding at the beginning of the year (as on April 01, 2019)			Shareholding at the end of the year (as on March 31, 2020)			% change in shareholding 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.	Mr. Himanshu Gupta	5,801,454	16.59	-	5,961,238	17.04	-	0.46
2.	Mr. Dinesh Kumar Jhunjhuwala	3,795,229	10.85	-	3,846,854	11.00	-	0.15
3.	Ms. Neerja Jhunjhuwala	4,008,345	11.46	-	4,008,345	11.46	-	0

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

S.No.	Name of shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	<b>Mr. Himanshu Gupta</b>				
	At the beginning of the year	5,801,454	16.59	5,801,454	16.59
	Bought during the year-Market Purchase				
	05.04.2019	75,000	0.21	5,876,454	16.80
	30.09.2019	30,000	0.09	5,906,454	16.89
	22.11.2019	13,750	0.04	5,920,204	16.93
	29.11.2019	7,000	0.02	5,927,204	16.95
	27.12.2019	4,034	0.01	5,931,238	16.96
	31.12.2019	10,000	0.03	5,941,238	16.99
	03.01.2020	5,000	0.01	5,946,238	17.00
	28.02.2020	5,000	0.01	5,951,238	17.01
	06.03.2020	5,000	0.01	5,956,238	17.03
	13.03.2020	5,000	0.01	5,961,238	17.04
	At the end of the year	5,961,238	17.04	5,961,238	17.04
2.	<b>Mr. Dinesh Kumar Jhunjhuwala</b>				
	At the beginning of the year	3,795,229	10.85	3,795,229	10.85
	Bought during the year-Market Purchase				
	09.08.2019	30,000	0.09	3,825,229	10.94
	30.08.2019	10,000	0.03	3,835,229	10.97
	22.11.2019	9,625	0.03	3,844,854	10.99
	29.11.2019	2,000	0.01	3,846,854	11.00
	At the end of the year	3,846,854	11.00	3,846,854	11.00
3.	<b>Ms. Neerja Jhunjhuwala</b>				
	At the beginning of the year	4,008,345	11.46	4,008,345	11.46
	At the end of the year	4,008,345	11.46	4,008,345	11.46

**D) Shareholding Pattern of top ten Shareholders**

(other than Directors, Promoters and Holders of GDRs and ADRs):

S.No.	Name of shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	<b>Everstone Capital Partners II LLC</b>				
	At the beginning of the year	3,323,229	9.50	3,323,229	9.50
	At the end of the year	3,323,229	9.50	3,323,229	9.50
2.	<b>International Finance Corporation</b>				
	At the beginning of the year	2,805,784	8.02	2,805,784	8.02
	At the end of the year	2,805,784	8.02	2,805,784	8.02
3.	<b>HDFC Trustee Company Ltd. A/C HDFC Balanced Advantage Fund</b>				
	At the beginning of the year	2,543,978	7.27	2,543,978	7.27
	Sold during the year-Transfer				
	12.04.2019	(4,841)	0.01	2,539,137	7.26
	19.04.2019	(3,172)	0.01	2,535,965	7.25
	26.04.2019	(6,742)	0.02	2,529,223	7.23
	10.05.2019	(542)	Negligible	2,528,681	7.23
	24.05.2019	(11,236)	0.03	2,517,445	7.20
	31.05.2019	(226,000)	0.65	2,291,445	6.55
	09.08.2019	(12,267)	0.04	2,279,178	6.52
	16.08.2019	(10,000)	0.03	2,269,178	6.49
	23.08.2019	(62,362)	0.18	22,06,816	6.31
	30.08.2019	(24,300)	0.07	2,182,516	6.24
	06.09.2019	(8,200)	0.02	2,174,316	6.22
	13.09.2019	(10,400)	0.03	2,163,916	6.19
	20.09.2019	(10,700)	0.03	2,153,216	6.16
	27.09.2019	(23,200)	0.07	2,130,016	6.09
	30.09.2019	(1,171,197)	3.35	958,819	2.74
	At the end of the year	958,819	2.74	958,819	2.74

S.No.	Name of shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
4.	<b>Volrado Venture Partners FUND II</b>				
	At the beginning of the year	837,624	2.39	837,624	2.39
	At the end of the year	837,624	2.39	837,624	2.39
5.	<b>Blue Diamond Properties Private Limited</b>				
	At the beginning of the year	0	0	0	0
	Bought during the year-Transfer				
	04.10.2019	170,000	0.49	170,000	0.49
	31.12.2019	3,310	0.01	173,310	0.50
	20.03.2020	180,000	0.51	353,310	1.01
	27.03.2020	347,819	0.99	701,129	2.00
	At the end of the year	701,129	2.00	701,129	2.00
6.	<b>Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Small Cap Fund</b>				
	At the beginning of the year	1,100,000	3.15	1,100,000	3.15
	Sold during the year-Transfer				
	31.05.2019	(9,700)	0.03	1,090,300	3.12
	07.06.2019	(25,000)	0.07	1,065,300	3.05
	30.08.2019	(175,800)	0.50	889,500	2.54
	06.09.2019	(24,700)	0.07	864,800	2.47
	13.09.2019	(95,800)	0.27	769,000	2.20
	20.09.2019	(41,420)	0.12	727,580	2.08
	27.09.2019	(57,580)	0.16	670,000	1.92
	At the end of the year	670,000	1.92	670,000	1.92
7.	<b>Sundaram Mutual Fund A/C Sundaram Value Fund - Series VII</b>				
	At the beginning of the year	497,085	1.42	497,085	1.42
	Sold during the year-Transfer				
	29.11.2019	(942)	Negligible	496,143	1.42
	Bought during the year-Transfer				
	06.12.2019	18,663	0.05	514,806	1.47
	13.12.2019	40,729	0.12	555,535	1.59
	20.12.2019	6,000	0.02	561,535	1.61
	Sold during the year-Transfer				
	06.03.2020	(421)	Negligible	561,114	1.60
	At the end of the year	561,114	1.60	561,114	1.60
8.	<b>Srinivasan Varadarajan</b>				
	At the beginning of the year	0	0	0	0
	Bought during the year-Transfer				
	04.10.2019	30,000	0.09	30,000	0.09
	11.10.2019	15,372	0.04	45,372	0.13
	18.10.2019	14,455	0.04	59,827	0.17
	25.10.2019	25,000	0.07	84,827	0.24
	01.11.2019	5,694	0.02	90,521	0.26
	28.02.2020	37,279	0.11	127,800	0.37
	06.03.2020	50,837	0.15	178,637	0.51
	13.03.2020	119,556	0.34	298,193	0.85
	20.03.2020	57,662	0.16	355,855	1.02
	27.03.2020	50,000	0.14	405,855	1.16
	At the end of the year	405,885	1.16	405,855	1.16
9.	<b>BNP Paribas Arbitrage</b>				
	At the beginning of the year	399,084	1.14	399,084	1.14
	Sold during the year-Transfer				
	03.05.2019	(5,746)	0.12	393,338	1.12
	21.02.2019	(37,054)	0.11	356,284	1.02
	20.03.2020	(26,000)	0.07	330,284	0.94
	At the end of the year	330,284	0.94	330,284	0.94

S.No.	Name of shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
10.	<b>Lata Bhanshali</b>				
	At the beginning of the year	340,000	0.97	340,000	0.97
	Bought during the year-Transfer 04.10.2019	170,000	0.49	510,000	1.46
	Sold during the year-Transfer 20.03.2020	(180,000)	0.51	330,000	0.94
	At the end of the year	330,000	0.94	330,000	0.94

### E) Shareholding of Directors and Key Managerial Personnel

S.No.	Name of Directors/KMP	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	<b>Mr. Himanshu Gupta</b>				
	At the beginning of the year	5,801,454	16.59	5,801,454	16.59
	Bought during the year-Market Purchase 05.04.2019	75,000	0.21	5,876,454	16.80
	30.09.2019	30,000	0.09	5,906,454	16.89
	22.11.2019	13,750	0.04	5,920,204	16.93
	29.11.2019	7,000	0.02	5,927,204	16.95
	27.12.2019	4,034	0.01	5,931,238	16.96
	31.12.2019	10,000	0.03	5,941,238	16.99
	03.01.2020	5,000	0.01	5,946,238	17.00
	28.02.2020	5,000	0.01	5,951,238	17.01
	06.03.2020	5,000	0.01	5,956,238	17.03
	13.03.2020	5,000	0.01	5,961,238	17.04
	At the end of the year	5,961,238	17.04	5,961,238	17.04
2.	<b>Mr. Dinesh Kumar Jhunjhnuwala</b>				
	At the beginning of the year	3,795,229	10.85	3,795,229	10.85
	Bought during the year-Market Purchase 09.08.2019	30,000	0.09	3,825,229	10.94
	30.08.2019	10,000	0.03	3,835,229	10.97
	22.11.2019	9,625	0.03	3,844,854	10.99
	29.11.2019	2,000	0.01	3,846,854	11.00
	At the end of the year	3,846,854	11.00	3,846,854	11.00
3.	<b>Ms. Savita Gupta</b>				
	At the beginning of the year	1,218,632	3.48	1,218,632	3.48
	Sold during the year-Transfer	(6)	negligible	1,218,626	3.48
	At the end of the year	1,218,626	3.48	1,218,626	3.48
4.	<b>Mr. Gaurav Kumar Jhunjhnuwala</b>				
	At the beginning of the year	592,000	1.69	592,000	1.69
	At the end of the year	592,000	1.69	592,000	1.69
5.	<b>Mr. Sanjay Vijay Bhandarkar</b>				
	At the beginning of the year	0	0	0	0
	Bought during the year-Market Purchase 22.08.2019	18,000	0.05	18,000	0.05
	30.03.2020	5,233	0.01	23,233	0.07
	31.03.2020	19,767	0.06	43,000	0.12
	At the end of the year	43,000	0.12	43,000	0.12

S.No.	Name of Directors/KMP	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
6.	<b>Mr. Saurabh Mittal</b>				
	At the beginning of the year	76,990	0.22	76,990	0.22
	Bought during the year-Market Purchase				
	04.06.2019	1,000	Negligible	77,990	0.22
	16.08.2019	500	Negligible	78,490	0.22
	19.08.2019	6,500	0.02	84,990	0.24
	20.08.2019	500	Negligible	85,490	0.24
	21.08.2019	2,500	0.01	87,990	0.25
	23.08.2019	300	Negligible	88,290	0.25
	27.08.2019	300	Negligible	88,590	0.25
	04.09.2019	500		89,090	0.25
	06.09.2019	200		89,290	0.26
	09.09.2019	200		89,490	0.26
	12.09.2019	1,100		90,590	0.26
	17.09.2019	250		90,840	0.26
	19.11.2019	1,750	0.01	92,590	0.26
	22.11.2019	900	Negligible	93,490	0.27
	25.11.2019	350	Negligible	93,840	0.27
	28.11.2019	1,000	Negligible	94,840	0.27
	10.12.2019	250	Negligible	95,090	0.27
	17.12.2019	475		95,565	0.27
	17.12.2019	25		95,590	0.27
	23.12.2019	300		95,890	0.27
	27.12.2019	50		95,940	0.27
	30.12.2019	28		95,968	0.27
	31.12.2019	522		96,490	0.28
	18.02.2020	150		96,640	0.28
	19.02.2020	100		96,740	0.28
	20.02.2020	450		97,190	0.28
	26.02.2020	8	97,198	0.28	
	11.03.2020	55	97,253	0.28	
	17.03.2020	1,200		98,453	0.28
	At the end of the year	98,453	0.28	98,453	0.28
7.	<b>Mr. Jagdeep Singh</b>				
	At the beginning of the year	100	Negligible	100	Negligible
	At the end of the year	100	Negligible	100	Negligible

## V. INDEBTEDNESS - INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING / ACCRUED BUT NOT DUE FOR PAYMENT.

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total indebtedness
<b>Indebtedness at the beginning of the Financial year</b>				
i) Principal Amount	1,185,838,467	99,197,397	4,120,000	1,289,155,864
ii) Interest due but not paid	86,072	-	-	86,072
iii) Interest accrued but not due	802,281	-	-	802,281
<b>Total (i)+(ii)+(iii)</b>	<b>1,186,726,820</b>	<b>99,197,397</b>	<b>4,120,000</b>	<b>1,290,044,217</b>
<b>Change in indebtedness during the Financial year</b>				
Addition	349,094,520	-	-	349,094,520
Reduction	-534,865,549	-49,197,397	-1,250,000	-585,312,946
<b>Net Change</b>	<b>-185,771,029</b>	<b>-49,197,397</b>	<b>-1,250,000</b>	<b>-236,218,426</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1,000,253,188	50,000,000	2,870,000	1,053,123,188
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	702,603	-	-	702,603
<b>Total (i)+(ii)+(iii)</b>	<b>1,000,955,791</b>	<b>50,000,000</b>	<b>2,870,000</b>	<b>1,053,825,791</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration paid to Managing Director, Whole-time Director and/or Manager (Amount in Rs.)

S. No	Particulars of Remuneration	Mr. Himanshu Gupta	Mr. Dinesh Kumar Jhunjhnuwala
1.	<b>Gross salary</b>		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	12,342,000	12,342,000
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 incl. stock options	715,086	656,793
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-
2.	Stock Options	-	-
3.	Sweat Equity	-	-
4.	Commission		
	- as % of profit	-	-
	- others, specify	-	-
5.	Others (Provident Fund)	1,481,040	1,481,040
	<b>Total</b>	<b>14,538,126</b>	<b>14,479,833</b>

Ceiling – as per Schedule V of the Act.

### B. Remuneration to Non-Executive Directors (Amount in Rs.)

S. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Desh Raj Dogra	Mr. Sanjay Vijay Bhandarkar	Ms. Archana Capoor	Mr. Rajagopalan Chandrashekar	
1.	<b>Independent Directors</b>					
	• Fee for attending Board / Committee Meeting	450,000	350,000	425,000	325,000	1,550,000
	• Commission	-	-	-	-	-
	• Others, Please Specify	-	-	-	-	-
	<b>Total (1)</b>	<b>450,000</b>	<b>350,000</b>	<b>425,000</b>	<b>325,000</b>	<b>1,550,000</b>

S. No.	Particulars of Remuneration	Name of Directors				Total Amount
2.	<b>Other Non-Executive Directors</b>					
	• Fee for attending Board / Committee Meeting	-	-	-	-	-
	• Commission	-	-	-	-	-
	• Others, Please Specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B) = 1 + 2	450,000	350,000	425,000	325,000	1,550,000
	<b>Total Managerial Remuneration</b>	<b>450,000</b>	<b>350,000</b>	<b>425,000</b>	<b>325,000</b>	<b>1,550,000</b>
	Overall Ceiling as per the Act	1,00,000 per Board Meeting or Committee thereof	1,00,000 per Board Meeting or Committee thereof	1,00,000 per Board Meeting or Committee thereof	1,00,000 per Board Meeting or Committee thereof	-

### C. Remuneration to Key Managerial Personnel other than MD/WTD (Amount in Rs.)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2,391,156	4,560,000	6,951,156
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	2,841,900	4,792,800	7,634,700
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Options	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify (incentive)	-	-	-
5.	Others, please specify	286,944	547,200	834,144
	<b>Total</b>	<b>5,520,000</b>	<b>9,900,000</b>	<b>15,420,000</b>

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties/punishment/compounding of offences under any sections of The Companies Act, 2013 against the Company or its Directors or other Officers in default, if any, during the year.

On behalf of the Board of Directors  
For S Chand And Company Limited

Place: New Delhi  
Date: August 14, 2020

Sd/-  
Himanshu Gupta  
Managing Director  
DIN: 00054015

Sd/-  
Dinesh Kumar Jhunjhnuwala  
Whole-time Director  
DIN: 00282988



**ANNEXURE-D**

**STATEMENT OF DISCLOSURE OF REMUNERATION UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 AND THE RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20:

Name of the Director	Designation	Ratio to median remuneration of the employees
Mr. Himanshu Gupta	Managing Director	35.27
Mr. Dinesh Kumar Jhunjhnuwala	Executive Director	35.41

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2019-20:

Name of the Employee	Designation	% increase in remuneration
Mr. Himanshu Gupta	Managing Director	12%
Mr. Dinesh Kumar Jhunjhnuwala	Executive Director	12%
Mr. Saurabh Mittal	Chief Financial Officer	-23%
Mr. Jagdeep Singh	Company Secretary	-22%

3. The percentage increase in median remuneration of employees in financial year 2019-20: -16.06%
4. The number of permanent employees on the rolls of Company: 644
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:  
Average percentile increase in the salaries of employees other than managerial personnel was -21.63%. Average increase in the managerial remuneration of managerial personnel is -3.15%.
6. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees, adopted by the Company.

On behalf of the Board of Directors  
For S Chand And Company Limited

Place: New Delhi  
Date: August 14, 2020

Sd/-  
Himanshu Gupta  
Managing Director  
DIN: 00054015

Sd/-  
Dinesh Kumar Jhunjhnuwala  
Whole-time Director  
DIN: 00282988

**ANNEXURE-E**

**INFORMATION AS PER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

**A) Top 10 employees in terms of remuneration drawn during the year** (Rs. in million)

S. No.	Name of Employee	Designation	Remuneration drawn (per annum) (Total CTC plus variable)	Nature of employment (Contractual or otherwise)	Qualification	Experience (in Yrs)	Date of Commencement of employment (Company Date of Joining)	Age (in years)	% of equity held by the employee	Relative of any Director or Manager	Last employment
1.	Mr. Himanshu Gupta	Managing Director	14.54	Permanent	B.Com, DU	20	April 21, 2000	42	17.04	Son of Ms. Savita Gupta	NA
2.	Mr. Dinesh Kumar Jhunjhuwala	Whole-time Director	14.48	Permanent	Intermediate	16	December 11, 2004	59	11.00	Father of Mr. Gaurav Kumar Jhunjhuwala	MD, Hind Group, Hong Kong
3.	Mr. Saurabh Mittal	Group CFO	09.90	Permanent	B.Com (Hons), DU and CA	22	May 01, 2006	46	0.28	No	General Manager Accounts at Milkfood Limited, Delhi
4.	Mr. K Mammen Thomas	Group Business Head (School & Higher Education)	08.31	Permanent	B.Com (Hons), St. Xaviers College Calcutta	40	August 01, 2014	60	NIL	No	Encyclopedia Britannica India Pvt. Ltd.
5.	Mr. Ashish Gupta	Head-Business Development & New Initiatives	05.03	Permanent	PG in Management, MDI Gurgaon	19	August 16, 2016	45	0.01	No	Hewlett Packard India
6.	Mr. Jagdeep Singh	Head - Legal & Compliance	05.52	Permanent	B. Com, LL.B., C.S.	18	December 20, 2013	44	Negligible	No	Irene Healthcare Private Limited
7.	Mr. Arvind Srivastava	Head - Group Management Audit and Finance	4.58	Permanent	C.A.	21	February 12, 2015	57	Negligible	No	MBD Group
8.	Mrs. Lali John	Publishing Head - School Education	04.20	Permanent	M.Sc Zoology, M.Ed, PGDCA	34	December 06, 2014	57	Nil	No	Headword Publishing Co. Pvt. Ltd.
9.	Dr. Atul Nischal	Executive VP- Academic & Professional Development	04.06	Permanent	Ph.D - Mathematics - 1997	22	July 01, 2018	53	NIL	No	Elipsis Consulting Pvt. Ltd.
10.	Mrs. Meenu Aggarwal	Vice President - Finance	3.63	Permanent	CA	18	April 07, 2014	43	NIL	No	Compass India Support Services Pvt. Ltd.

**B) Employees drawing salary of Rs. 1.02 crores or above per annum and posted in India (employed throughout the financial year)**

(Rs. in million)

Sl. No.	Name of Employee	Designation	Remuneration drawn (per annum) (Total CTC plus variable)	Nature of employment (Contractual or otherwise)	Qualification	Experi-ence (in Yrs)	Date of Commencement of employment (Company Date of Joining)	Age (in years)	% of equity held by the employee	Relative of any Director or Manager	Last employment
1.	Mr. Himanshu Gupta	Managing Director	14.54	Permanent	B.Com, DU	20	April 21, 2000	42	17.04	Son of Ms. Savita Gupta	NA
2.	Mr. Dinesh Kumar Jhunjhuwala	Whole-time Director	14.48	Permanent	Intermediate	16	December 11, 2004	59	11.00	Father of Mr. Gaurav Kumar Jhunjhuwala	MD, Hind Group, Hong Kong

**C) Employees drawing salary of Rs. 8.50 lakhs or above per month and posted in India (employed for part of the financial year) – NIL**

(Rs. in million)

Sd/-  
Himanshu Gupta  
Managing Director  
DIN: 00054015

Place: New Delhi  
Date: August 14, 2020

On behalf of the Board of Directors  
For S Chand And Company Limited

Sd/-  
Dinesh Kumar Jhunjhuwala  
Whole-time Director  
DIN: 00282988

## ANNEXURE-F

**DETAILS OF SHARES ISSUED UNDER EMPLOYEE STOCK OPTION PLAN (ESOPS)**

The position of the existing scheme is summarized as under-

S. No.	Particulars	Remarks
<b>I.</b>	<b>Details of ESOS</b>	
1.	Date of Shareholder's Approval	30th June 2012
2.	Total number of options approved	367,928 equity shares of face value Rs. 5 each
3.	Vesting Requirements	Options vest over a maximum period of 5 years based on continued service and certain performance parameters.
4.	The Pricing formula	Fair market value as determined by an independent valuer as on the date of grant.
5.	Maximum term of Options granted (years)	5 years
6.	Source of shares	Primary
7.	Variation in terms of ESOP scheme	None

**II. Option Movement during the year ended Mar 2020**

Sr. No	Particulars	No. of Options	Weighted Average Exercise Price
1	No. of Options Outstanding at the beginning of the year	84,780	310.74
2	Options Granted during the year	0	0
3	Options Forfeited / Surrendered/Lapsed during the year	29,093	309.34
4	Options Vested during the year	0	0
5	Options Exercised during the year	0	0
6	Total number of shares arising as a result of exercise of options	0	0
7	Money realised by exercise of options (Rs.)	0	0
8	Number of options Outstanding at the end of the year	55,687	311.48
9	Number of Options exercisable at the end of the year	55,687	311.48

**III. Weighted Average remaining contractual life**

As on 31 Mar 2020

Range of Exercise Price	Weighted average contractual life (years)
304-392	0.44

**IV Weighted average Fair Value of Options granted during the year ended Mar 2020 whose**

(a)	Exercise price equals market price	NA
(b)	Exercise price is greater than market price	Rs. 60.40
(c)	Exercise price is less than market price	Rs. 139.44

<b>V</b>	<b>The weighted average market price of options exercised during the year ended March 2020</b>	N.A
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<b>VI</b>	<b>Employee-wise details of options granted during the financial year 2019-20 to:</b>	
(i)	<b>Senior managerial personnel</b>	
	<b>Name of employee</b>	<b>No. of Options granted</b>
	NONE	
(ii)	<b>Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year</b>	
	<b>Name of employee</b>	<b>No. of Options granted</b>
	NONE	
(iii)	<b>Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.</b>	
	<b>Name of employee</b>	<b>No. of Options granted</b>
	NONE	

**VII Method and Assumptions used to estimate the fair value of options granted during the year ended Mar 2020:**

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model are as follows:

	<b>Variables</b>	<b>Weighted Average</b>
1.	Risk Free Interest Rate	No grants made during the year.
2.	Expected Life (in years)	
3.	Expected Volatility	
4.	Dividend Yield	
5.	Exercise Price	
6.	Price of the underlying share in market at the time of the option grant (Rs.)	

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

Place: New Delhi  
Date: August 14, 2020

Sd/-  
Himanshu Gupta  
Managing Director  
DIN: 00054015

Sd/-  
Dinesh Kumar Jhunjhnuwala  
Whole-time Director  
DIN: 00282988

## ANNEXURE-G

## ANNUAL REPORT ON CSR ACTIVITIES

**1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

**Policy Statement**

The Corporate Social Responsibility Policy ("CSR Policy") of S Chand And Company Limited ("S Chand") is framed to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community in fulfillment of its role as a Socially Responsible Corporate with environmental concern. The CSR Policy is available on the Company's website at [www.schandgroup.com](http://www.schandgroup.com). The Company has identified the area of promoting education for CSR engagement.

**Organization setup**

The CSR projects in S Chand are implemented under the guidance of the CSR Committee which presently comprises of three directors. The terms of reference of the Committee is given below:

- (i) Formulate and recommend CSR policy to the Board for approval;
- (ii) Recommend for approval of the Board the amount of expenditure to be incurred on the activities in a financial year along with projects to be undertaken earmarking funds for broad area wise projects; and
- (iii) Monitor from time to time the implementation of the CSR projects undertaken by the Company.

**2. The Composition of CSR Committee:**

The CSR Committee comprises of the following members:

- i) Mr. Desh Raj Dogra, Chairman;
- ii) Mr. Himanshu Gupta, Member; and
- iii) Mr. Dinesh Kumar Jhunjhnuwala, Member

**3. Average net profit of the Company for last three financial years: Rs. 241.84 millions**

**4. Prescribed CSR Expenditure (Two percent of the amount as in item 3 above): Rs. 5.00 millions**

**5. Details of CSR spent during the financial year:**

- a) Total amount to be spent for the financial year: Rs. 5.00 millions
- b) Amount unspent, if any: NIL
- c) Manner in which the amount spent during the financial year is detailed below:

S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (in Rs.)	Amount spent on the projects or programs (in Rs.) Sub-heads: (1) Direct expenditure on projects or programs- (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Contribution to the corpus of a registered society or trust for promoting education	Promoting Education	Delhi	5.00 millions	8.31 millions	8.31 millions	Direct
<b>Total</b>				<b>5.00 millions</b>	<b>8.31 millions</b>	<b>8.31 millions</b>	

**6. Reasons for not spending the 2% average net profit of last three financial years:**

Not Applicable

**7. Responsibility statement of the CSR Committee:**

The implementation and monitoring of the Company's CSR Policy is in compliance with CSR objectives and Policy of the Company.

Sd/-  
Desh Raj Dogra  
Chairman of CSR Committee

Sd/-  
Himanshu Gupta  
Managing Director &  
Member of CSR Committee

**ANNEXURE-H****CORPORATE GOVERNANCE REPORT**

Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. We consider stakeholders as partners in our success and we remain committed to maximizing stakeholders' value, be it shareholders, employees, suppliers, customers, investors, communities or policy makers. This approach to value creation emanates from our belief that sound governance system, based on relationship and trust is integral to create enduring value for all.

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Corporate governance is creation and enhancing long-term sustainable value for all stakeholders of the Company through ethically driven business process. The Company always endeavours to carry its business operations in a fair, transparent and ethical manner and also holds itself accountable and responsible to the society it belongs. As a corporate citizen, our business fosters a culture of ethical behaviour and disclosures aimed at building trust of our stakeholders.

At S Chand, we strive to conduct our business and strengthen our relationships in a manner that is dignified, distinctive and responsible. We adhere to ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders.

The Company considers it absolutely essential to abide by the laws and regulations of the land in letter and spirit and is committed to the highest standards of corporate governance and be considered as a good corporate citizen of the Country.

The Company has adopted the requirements of corporate governance as specified under The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), as amended from time to time.

**2. BOARD OF DIRECTORS**

The Board is the focal point and custodian of corporate governance for the Company. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. The Board is entrusted with the ultimate responsibility of the management, directions and performance of the Company. As its primary role is fiduciary in nature, the Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its responsibilities, thus ensuring that the management adheres to ethics, transparency and disclosure.

**a) Composition:**

As on March 31, 2020, the Board of Directors consists of 8 (eight) Directors consisting of a Managing Director, a Whole-time Director and 6 (six) Non-executive Directors, out of which 4 (four) are Independent Directors. The Company has two women directors. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations and the relevant provisions of the Act.

The term of Mr. Himanshu Gupta as the Managing Director of the Company expired on May 21, 2019. The Board of Directors at its meeting held on February 14, 2019 and the members at their AGM held on September 19, 2019 approved the re-appointment of Mr. Himanshu Gupta as Managing Director for a further period of 5 (five) years with effect from the expiry of his current term (effective from May 22, 2019).

The term of Mr. Dinesh Kumar Jhunjhnuwala as the Whole-time Director of the Company expired on March 27, 2019. The Board of Directors at its meeting held on February 14, 2019 and the members at their AGM held on September 19, 2019 approved the re-appointment of Mr. Dinesh Kumar Jhunjhnuwala as Whole-time Director for a further period of 5 (five) years with effect from the expiry of his current term (effective from March 28, 2019).

**b) Attendance of Directors:**

The composition of the Board and category of Directors along with Attendance Status at the Board meetings and AGM are as under:

Name of the Director	Category	Relationship with other directors	No. of Board Meetings held during the financial year 2019-20	No. of Board Meetings entitled to attend during the financial year 2019-20	No. of Board Meetings attended during the financial year 2019-20	Attendance of each director at last AGM	Shareholding of Directors as on March 31, 2020
Mr. Desh Raj Dogra (DIN: 00226775)	Chairman-Non-Executive, Independent Director	NA	5	5	5	Yes	20,000 equity shares held by his relatives

Name of the Director	Category	Relationship with other directors	No. of Board Meetings held during the financial year 2019-20	No. of Board Meetings entitled to attend during the financial year 2019-20	No. of Board Meetings attended during the financial year 2019-20	Attendance of each director at last AGM	Shareholding of Directors as on March 31, 2020
Mr. Himanshu Gupta (DIN: 00054015)	Promoter & Managing Director	Son of Ms. Savita Gupta	5	5	5	Yes	5,961,238
Mr. Dinesh Kumar Jhunjhnuwala (DIN: 00282988)	Promoter & Whole-time Director	Father of Mr. Gaurav Kumar Jhunjhnuwala	5	5	5	Yes	3,846,854
Ms. Archana Capoor (DIN: 01204170)	Non-Executive, Independent Director	NA	5	5	5	Yes	NIL
Mr. Sanjay Vijay Bhandarkar (DIN: 01260274)	Non-Executive, Independent Director	NA	5	5	5	No	43,000
Ms. Savita Gupta (DIN: 00053988)	Non-Executive, Non-Independent Director	Mother of Mr. Himanshu Gupta	5	5	1	Yes	1,218,626
Mr. Gaurav Kumar Jhunjhnuwala (DIN: 03518763)	Non-Executive, Non-Independent Director	Son of Mr. Dinesh Kumar Jhunjhnuwala	5	5	2	No	592,000
Mr. Rajagopalan Chandrashekar (DIN: 03634002)	Non-Executive, Independent Director	NA	5	5	5	No	NIL

**c) Directorship / committee position held in other Companies as on March 31, 2020:**

S. No.	Name of the Director	Name of the listed entities where the Director holds directorship	Category of directorship in listed entities	No. of Directorships*	No. of Committee positions held**	No. of Committees Chaired**
1.	Mr. Desh Raj Dogra	Welspun Corp Limited Sintex Plastics Technology Limited	Non-Executive, Independent Director Non-Executive, Independent Director	7	5	1
2.	Mr. Himanshu Gupta	-	-	9	0	0
3.	Mr. Dinesh Kumar Jhunjhnuwala	-	-	9	1	0
4.	Ms. Archana Capoor	Maral Overseas Limited RSWM Limited Birla Cable Limited Sandhar Technologies Limited	Non-Executive, Independent Director Non-Executive, Independent Director Non-Executive, Independent Director Non-Executive, Independent Director	6	2	0
5.	Mr. Sanjay Vijay Bhandarkar	The Tata Power Company Limited HDFC Asset Management Company Limited	Non-Executive, Independent Director Non-Executive, Independent Director	9	9	4
6.	Mr. Rajagopalan Chandrashekar	-	-	6	2	0
7.	Ms. Savita Gupta	-	-	5	0	0
8.	Mr. Gaurav Kumar Jhunjhnuwala	-	-	4	0	0

\* The Directorship held by Directors as mentioned above includes all Companies except foreign companies and Section 8 companies.

\*\* Committee of Directors includes Audit Committee & Stakeholders Relationship Committee in all public limited companies (whether listed or unlisted) and excludes private limited companies, foreign companies and Section 8 companies.

None of the Directors on the Board is a member of more than ten Committees and Chairman of more than five Committees across all companies in which they are Directors.

**d) Number of Board Meetings and date of Board Meetings:**

During the financial year 2019-20, 5 (five) board meetings were held on May 28, 2019, August 10, 2019, November 12, 2019, December 27, 2019 and February 13, 2020. The maximum gap between any two Board meetings was less than 120 days.



### **e) Independent Directors:**

The Non-Executive Independent Directors fulfil the conditions of independence specified in Section 149(6) of the Act and rules made thereunder and meet with requirements of Regulation 25 of the Listing Regulations and are independent of the management.

The Independent Directors meet once in a financial year without the presence of non-independent directors and presence of the management. The Independent Directors inter alia reviewed the performance of the other Directors and Board as a whole and also assess the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### **f) Board's Procedures:**

It has always been the Company's policy and practice that apart from matters requiring Board's approval by statute, all major decisions including quarterly results of the Company, financial restructuring, capital expenditure proposals, material investment proposals, sale and acquisition of material nature of assets, mortgages, guarantees, etc. are regularly placed before the Board. The matters regarding actual operations, major litigation feedback reports, information on senior level appointments just below the Board level and minutes of all Committee Meetings are also placed before the Board. In addition to the information required under Part A of Schedule II of Sub-Regulation 7 of Regulation 17 of the Listing Regulations, the Board is also kept informed of major events/items and approvals taken wherever necessary.

### **g) Board Evaluation:**

Pursuant to the provisions of the Act and Regulation 17(10) of the Listing Regulations, the Board, in accordance with evaluation framework laid down by the Nomination and Remuneration Committee, has carried out an annual evaluation of its own performance, performance of the Directors as well as the evaluation of the working of its Committees.

The Board's functioning was evaluated on various aspects, including inter-alia degree of fulfilment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning, long term strategic planning etc.

The Committee evaluation was done on the basis of degree of fulfilment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.

Evaluation of Directors was done keeping in view the criteria laid down in the Board Performance Evaluation Framework of the Company.

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. The criteria for performance evaluation of Independent Directors covered the following as described in the evaluation framework of the Company:

- a) Attendance and participation in the Board Meeting;
- b) Timely inputs on minutes of meeting of Board and committees;
- c) Timely disclosure of interest and any change therein;
- d) Adherence of Code of Conduct of the Company;
- e) Contribution in the board and committee meetings such as raising valid concerns and providing his/her inputs for resolutions of such issues;
- f) Promoting the good corporate governance practices in the Company;
- g) Safeguarding interest of whistle-blowers under vigil mechanism and safeguard of confidential information provided by the Company and its representatives;
- h) Performance of the Independent Directors; and
- i) Fulfillment of the independence criteria as specified in the Listing Regulations and their independence from the management.

### **h) Maximum tenure of Independent Directors:**

The maximum tenure of independent directors is in accordance with the Act and the Listing Regulations.

### **i) Familiarisation Programmes for Independent Directors:**

The Company has a familiarisation programme for the Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of industry in which the Company operates, the business models of the Company etc., and the same is available on the website of the Company at [www.schandgroup.com](http://www.schandgroup.com).

### **j) Skills/Expertise/Competencies of the Board of Directors:**

The Board of Directors of the Company comprise of qualified members from diverse fields who bring in the required skills, competencies and expertise and add valuable contributions to the Board and its Committees. The members of the Board ensures that the Company complies with the applicable laws and maintains highest standards of corporate governance.

The following skills / expertise / competencies have been identified for the effective functioning of the Company, which are currently available with the Board.

Skills / expertise / competencies	Directors who possess such skills / expertise / competencies
Diversified Leadership	Mr. Desh Raj Dogra Mr. Sanjay Vijay Bhandarkar Ms. Archana Capoor Mr. Rajagopalan Chandrashekar
Strategic Planning	Mr. Desh Raj Dogra Mr. Sanjay Vijay Bhandarkar Ms. Archana Capoor Mr. Rajagopalan Chandrashekar Mr. Himanshu Gupta Mr. Dinesh Kumar Jhunjhnuwala
Industry experience	Mr. Himanshu Gupta Mr. Dinesh Kumar Jhunjhnuwala Ms. Savita Gupta Mr. Gaurav Kumar Jhunjhnuwala
Finance and Accounts	Mr. Desh Raj Dogra Mr. Sanjay Vijay Bhandarkar Ms. Archana Capoor Mr. Himanshu Gupta Mr. Dinesh Kumar Jhunjhnuwala
Legal, Regulatory and Risk Management	Mr. Desh Raj Dogra Ms. Archana Capoor Mr. Himanshu Gupta Mr. Dinesh Kumar Jhunjhnuwala
Corporate Governance	Mr. Desh Raj Dogra Mr. Sanjay Vijay Bhandarkar Ms. Archana Capoor Mr. Himanshu Gupta Mr. Dinesh Kumar Jhunjhnuwala

### 3. BOARD COMMITTEES

The Committees constituted by the Board Directors deal with specific areas and activities which concern the Company and makes recommendations to the Board on matters in their area or purview. The Committees take informed decisions within the framework designed by the Board. These Committees play an important role in overall management of day-to-day affairs and governance of the Company. To ensure good governance, all the decisions or recommendations by the Committee are placed before the Board for its information or approval, as required.

#### a) Audit Committee

##### Constitution and composition:

Pursuant to the provisions of the Act and Regulation 18 of the Listing Regulations, the Audit Committee of the Company comprising of three Directors performs all such powers and functions as are required to be performed under the said provisions. All the members of the Committee have relevant experience in financial matters.

##### Meetings & Attendance:

The Audit Committee met 4 (four) times during the financial year 2019-20 on May 28, 2019, August 10, 2019, November 12, 2019 and February 12, 2020. The intervening period between two meetings was well within the maximum time gap of 120 days as prescribed under Listing Regulations. The constitution of Audit Committee and attendance of each member is as given below:

Name of the Member	Category	No. of meetings attended
Ms. Archana Capoor <b>(Chairperson of Audit Committee)</b>	Non-Executive, Independent Director	4
Mr. Desh Raj Dogra	Non-Executive, Independent Director	4
Mr. Sanjay Vijay Bhandarkar	Non-Executive, Independent Director	4

The Audit Committee invites such executives, as it considers appropriate, representatives of Statutory Auditors and representatives of Internal Auditors to attend the meetings. The Company Secretary acts as the Secretary of the Audit Committee. The statutory auditors and internal auditors of the Company discuss their audit findings and updates with the Committee and submit their views directly to the Committee. Separate discussions are held with the internal auditors to review the compliances, issues involved and to review the internal controls in the Company.

### Terms of Reference:

#### A. Powers of Audit Committee

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### B. Role of Audit Committee

The Role of Audit Committee shall inter-alia include the following:

1. To consider internal audit reports, reviews internal control and systems and provide guidance and direction to internal audit function. To review the corporate accounting and reporting practices and also consider changes in accounting policy, if any. Review, with the management, the quarterly/half yearly financial statements before submission to the Board of Directors for approval.
2. To have an oversight of the Company's financial reporting process and the disclosure of its financial information so as to ensure that the financial statement is correct, sufficient and credible.
3. To review with the management, the annual financial statements before submission to the Board of Directors for approval, with particular reference to:
  - a. Matters to be included in the Director's Responsibility Statement in the Board's Report;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Qualifications in the draft audit report, if any; and
  - g. Disclosure of any Related Party Transactions
4. To review, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
5. To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit. It can have discussion with internal auditors regarding any significant findings and follow up there on.
6. To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board of Directors.
7. To have discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
8. The Committee may also look into the reasons for substantial defaults in the payment to the depositors, debenture holders and shareholders (in case of non-payment of declared dividends).
9. The Committee shall mandatorily review the following information:
  - a. Management Discussion and Analysis of financial condition and results of operations.
  - b. Statement of significant related party transactions (as defined by the Audit Committee) submitted by the management;
  - c. Management Letters / Letters of internal control weaknesses issued by the statutory auditors;
  - d. Internal Audit reports relating to internal control weaknesses;
  - e. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to the review by the audit committee; and
  - f. Statement of deviations:
    - i. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, shall be submitted to the relevant stock exchanges in terms of Regulation 32(1) of the Listing Regulations; and
    - ii. An annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice, in terms of Regulation 32(7) of the Listing Regulations.
10. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
11. Examination of the financial statement and the auditor's report thereon;
12. Approval or any subsequent modification of transactions of the Company with related parties;
13. Scrutiny of inter-corporate loans and investments;
14. Valuation of undertakings or assets of the Company, wherever it is necessary;
15. Evaluation of internal financial control and risk management systems;

16. Monitoring the end use of funds raised through public offers and related matters;
17. Overseeing of the vigil mechanism along with making provision for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.
18. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
19. Carry out additional functions as is contained in the listing agreement or other regulatory requirements applicable to the Company or in the terms of reference of the Audit Committee.
20. The recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.
21. Review, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for the purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board of Directors to take up steps in this matter.
22. Approval of appointment of Chief Financial Officer (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
23. To review the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

## b) Nomination and Remuneration Committee

### Constitution and composition:

Pursuant to the provisions of Section 178 of the Act and Regulation 19 of the Listing Regulations, the Company has a Nomination and Remuneration Committee comprising of three Directors to perform all such powers and functions as are required to be performed under the said provisions.

### Meetings & Attendance:

The Nomination and Remuneration Committee met 3 (three) times during the financial 2019-20 on May 28, 2019, November 12, 2019 and February 13, 2020. The constitution of Nomination and Remuneration Committee and attendance of each member is as given below:

Name of the Member	Category	No. of meetings attended
Ms. Archana Capoor (Chairperson of Nomination and Remuneration Committee)	Non-Executive, Independent Director	3
Mr. Desh Raj Dogra	Non-Executive, Independent Director	3
Mr. Rajagopalan Chandrashekar*	Non-Executive, Independent Director	2

\* Mr. Rajagopalan Chandrashekar became member of the Committee with effect from April 11, 2019.

### Terms of References:

The terms of references of the Nomination and Remuneration Committee are as under:

1. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board of Directors their appointment and/or removal;
2. To specify the manner for effective evaluation of performance of Board, its Committees and Individual Directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
3. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy, relating to the remuneration for the directors, key managerial personnel and other employees such that its policies ensure that -
  - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - c. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
4. To formulate the criteria for evaluation of Independent Directors and the Board of Directors;
5. To recommend to the Board of Directors whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
6. To devise a policy on the diversity of the Board of Directors;
7. To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s) based on their performance and defined assessment criteria;
8. To carry out any other function as is mandated by the Board of Directors from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable;
9. To administration and superintendence the employee stock option scheme or employees benefit schemes as approved by Board of Directors of the Company;

10. To formulate the detailed terms and conditions of such schemes, frame suitable policies and procedures to ensure that there is no violation of applicable laws; and
11. To recommend to the Board of Directors, all remuneration in whatever form, payable to senior management.

The terms of references of the Nomination and Remuneration Committee has been amended in line with The Companies (Amendment) Act, 2017.

### c) Stakeholders Relationship Committee

#### Constitution and composition:

Pursuant to the Act and Regulation 20 of the Listing Regulations, the Company has a Stakeholders Relationship Committee. The Committee discharges duties of looking into the grievances and protecting the various aspects of interest of shareholders of the Company.

The Committee oversees performance of the Registrar and Transfer Agent of the Company and recommends measures for overall improvement in the quality of investor services.

#### Meetings & Attendance:

The Stakeholders Relationship Committee met 4 [four] times during the financial year 2019-20 on April 04, 2019, July 08, 2019, November 12, 2019 and January 16, 2020. The constitution of the Stakeholders & Relationship Committee and attendance of each member is as given below:

Name of the Member	Category	No. of meetings attended
Ms. Savita Gupta (Chairperson of Stakeholders Relationship Committee)	Non-Executive, Non-Independent Director	3
Mr. Himanshu Gupta	Managing Director	4
Mr. Rajagopalan Chandrashekar	Non-Executive, Independent Director	1

Terms of References:

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
2. Review of measures taken for effective exercise of voting rights by shareholders;
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company;
5. Ensure effective implementation and monitoring of framework devised to avoid insider trading and abusive self-dealing; and
6. All other matters incidental or related to shares, debentures and other securities of the Company.

#### Investor Grievances/Complaints:

The details of investor complaints received and resolved during the financial year 2019-20 are as follows:

Complaints received	Complaints resolved	Complaints pending
1	1	0

Mr. Jagdeep Singh, Company Secretary is designated as Compliance Officer of the Company. The Company has an email-id investors@schandgroup.com for the investors to send their grievances.

### d) Corporate Social Responsibility Committee

#### Constitution and composition:

Pursuant to the provisions of Section 135 of the Act, the Corporate Social Responsibility Committee ("CSR Committee") comprising of three Directors performs all such powers and functions as are required to be performed under the said provisions.

#### Meetings & Attendance:

The CSR Committee met once during the financial 2019-20 on May 28, 2019. The constitution of the CSR Committee and attendance of each member is as given below:

Name of the Member	Category	No. of meetings attended
Mr. Desh Raj Dogra (Chairman of CSR Committee)	Non-Executive, Independent Director	1
Mr. Himanshu Gupta	Managing Director	1
Mr. Dinesh Kumar Jhunjhnuwala	Whole-time Director	1

### Terms of References:

The terms of references of the CSR Committee are as under:

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
2. To recommend the amount of expenditure to be incurred on the activities referred to in clause (1);
3. To monitor the Corporate Social Responsibility Policy of the Company from time to time; and;
4. To undertake any other acts, deeds and things as may be delegated by the Board from time to time in relation to the Corporate Social Responsibility of the Company.

### Other Functional Committees

Apart from the above statutory Committees, the Board of Directors have constituted the following functional committees to ensure better governance and to meet the specific business needs.

#### a) Administrative Committee

The Committee looks into routine administrative matters that arise in the normal course of business. The Committee comprises of three members of the Board. The Committee reports to the Board and the minutes of this Committee are placed before the Board for information.

During the year under review, the Subsidiaries and Joint Ventures Governance Committee and IPO Committee were dissolved with effect from May 28, 2019.

## 4. REMUNERATION OF DIRECTORS

### a) Pecuniary relationship or transactions of the Non-Executive Directors vis-a-vis the Company:

The Company has entered into pecuniary transactions with Ms. Savita Gupta, Non-Executive Director of the Company. The details of the same are disclosed in Note No. 35 of the financial statements for the year ended March 31, 2020 forming part of the Annual Report.

### b) Criteria of making payments to Non-Executive Directors:

The role of Non-Executive/Independent Director of the Company is not just restricted to Corporate Governance at the Board level of the Company but they also bring with them significant professional experience and expertise across the whole spectrum of the functional area such as publishing, marketing, sales, corporate strategy, legal, finance and other corporate functions. The Company seeks their expert advice on various matters relating to the business of the Company. The Independent Directors are paid sitting fees within the prescribed limits. The sitting fees is reasonable to attract, retain and motivate Directors aligned to the requirements of the Company. The Company also reimburses out-of-pocket expenses, if any, incurred by the Non-Executive Directors for attending meetings. The remuneration paid to the Non-Executive Directors is in line with the Nomination and Remuneration Policy of the Company and the applicable provisions of the Act and Listing Regulations.

### c) The details of remuneration and sitting fees paid to each Director during the financial year 2019-20 are as under:

(Rs. in million)

S. No.	Name of the Director	Category	Salary	Other Benefits	Bonuses	Stock Options	Sitting Fees	Total
1.	Mr. Himanshu Gupta	Managing Director	12.34	2.20	-	-	-	<b>14.54</b>
2.	Mr. Dinesh Kumar Jhunjhnuwala	Whole-time Director	12.34	2.14	-	-	-	<b>14.48</b>
3.	Ms. Savita Gupta	Non-Executive, Non-Independent Director	-	-	-	-	-	-
4.	Mr. Gaurav Kumar Jhunjhnuwala	Non-Executive, Non-Independent Director	-	-	-	-	-	-
5.	Mr. Desh Raj Dogra	Non-Executive, Independent Director	-	-	-	-	0.45	<b>0.45</b>
6.	Ms. Archana Capoor	Non-Executive, Independent Director	-	-	-	-	0.43	<b>0.43</b>
7.	Mr. Sanjay Vijay Bhandarkar	Non-Executive, Independent Director	-	-	-	-	0.35	<b>0.35</b>
8.	Mr. Rajagopalan Chandrashekar	Non-Executive, Independent Director	-	-	-	-	0.33	<b>0.33</b>

The Executive Directors of the Company have been appointed, in terms of the resolutions passed by the Board and shareholders. The Executive Directors are required to give 180 days notice to the Company for termination of service agreement. There is no separate provision for payment of severance fees. The Non-Executive Directors are not subject to any notice period and no severance fees is to be paid to them.

## 5. GENERAL MEETINGS

### a) The details of last three AGM's and the summary of Special Resolutions passed therein are as under:

Financial Year & Meeting No.	Day & Date	Time	Venue	Special Resolutions passed
48th/2018-19	Thursday, September 19, 2019	11:35 A.M.	Executive Club Resort, 439, Village Sahaoorpur, Post Office Fatehpur Beri, New Delhi 110074	<ul style="list-style-type: none"> <li>Re-appointment of Mr. Himanshu Gupta as Managing Director of the Company;</li> <li>Re-appointment of Mr. Dinesh Kumar Jhunjhnuwala as Whole-time Director of the Company;</li> <li>Amendments in Memorandum of Association of the Company; and</li> <li>Amendments in Articles of Association of the Company</li> </ul>
47th/2017-18	Tuesday, September 25, 2018	4:00 P.M.	Executive Club Resort, 439, Village Sahaoorpur, Post Office Fatehpur Beri, New Delhi 110074	<ul style="list-style-type: none"> <li>Employees Stock Option Plan 2018; and</li> <li>Extension of S Chand - Employees Stock Option Plan 2018 to the employees of Subsidiary Company(ies)</li> </ul>
46th/2016-17	Monday, September 25, 2017	11:30 A.M.	Executive Club Resort, 439, Village Sahaoorpur, Post Office Fatehpur Beri, New Delhi 110074	<ul style="list-style-type: none"> <li>Amendment and Ratification of Employee Stock Option Scheme, 2012;</li> <li>Grant of stock options to the employees of subsidiaries of the Company;</li> <li>Amendment in Articles of Association; and</li> <li>Ratification of Article 40 giving right to appoint director on the Board and Subsidiaries and Joint Venture Governance Committee of the Company</li> </ul>

### b) Details of meeting convened in pursuance of the order passed by the NCLT

The Hon'ble NCLT passed the 1<sup>st</sup> motion order dated February 10, 2020 and directed the Company to convene the meeting of its shareholders, secured and unsecured creditors, secured and unsecured creditors of Nirja and DS Digital ("meetings") for approval of the proposed Composite Scheme of Arrangement. However, due to Covid19 pandemic and nationwide lockdown these meetings were adjourned. Considering the current scenario and difficulty in convening these meetings physically, the Company had filed an application before the NCLT for convening the meetings through video conferencing. The NCLT vide its order dated May 29, 2020 directed to convene the meetings through video conferencing and these meetings were convened as under:

Name of the Company	Type of meeting	Date of meeting
S Chand And Company Limited	Secured creditors	July 17, 2020
	Shareholders	July 18, 2020
	Un-secured creditors	July 18, 2020
DS Digital Private Limited	Secured creditors	July 17, 2020
	Un-secured creditors	July 18, 2020
Nirja Publishers & Printers Private Limited	Secured creditors	July 17, 2020
	Un-secured creditors	July 18, 2020

In the said meetings proposed Composite Scheme of Arrangement has been approved and Company has filed a second motion application before the NCLT for its approval.

### Resolution passed through postal ballot:

No resolution was passed through postal ballot during the financial year 2019-20. However, the equity public shareholders (other than promoters and promoter group) of the Company have approved the Scheme by passing a resolution through Postal Ballot and e-voting on July 21, 2020.

## 6. MEANS OF COMMUNICATION

### a) Financial Results:

Prior intimation of the Board Meeting to consider and approve the unaudited /audited financial results of the Company is given to the stock exchanges and also disseminated on the website of the Company at [www.schandgroup.com](http://www.schandgroup.com). The said financial results are intimated to the stock exchanges after the same are approved at the Board Meeting.

### b) Website:

The unaudited quarterly, half-yearly financial results and audited financial results for the financial year are published in leading newspapers i.e. 'The Financial Express' and 'Jansatta'. The said financial results, quarterly/half-yearly/annual compliances, other statutory filings made to the Stock Exchanges and other official news releases, if any, are also disclosed on the website of the Company at [www.schandgroup.com](http://www.schandgroup.com).

**c) Presentations to institutional investors/analysts:**

The Company also hosts all presentations shared/made to analysts/ investors on website of the Company at [www.schandgroup.com](http://www.schandgroup.com). The said presentations are also submitted to the stock exchanges where the shares of the Company are listed.

**7. GENERAL SHAREHOLDER INFORMATION****a) 49th AGM:**

Day : Tuesday  
 Date : September 29, 2020  
 Time : 11:30 A.M.  
 Mode of convening the meeting : through video conferencing

**b) Financial Year:**

The Company follows the financial year from 1st April to 31st March.

**c) Dividend payment during the year under review:**

During the year under review, the Board of Directors has not recommended any dividend.

**d) Financial Calendar for financial 2020-21:**

- i) Quarterly results: within 45 days from the date of closure of the respective quarter or such extended time as may be applicable to the Company;
- ii) Annual Audited Results for the financial year ending March 31, 2020: within 60 days of close of the financial year or such extended time as may be applicable to the Company; and
- iii) AGM for the financial year ending March 31, 2021: within 180 days of close of financial year or such extended time as may be applicable to the Company.

**e) Listing of Shares and Stock Code:**

S. No.	Name of the Stock Exchange	Address of Stock Exchange	Stock Code
1.	BSE Limited ("BSE")	25th Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai, Maharashtra 400001	540497
2.	National Stock Exchange of India Limited ("NSE")	Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai, Maharashtra 400051	SCHAND

The Listing Fees for the financial year 2020-21 has been paid to NSE and BSE.

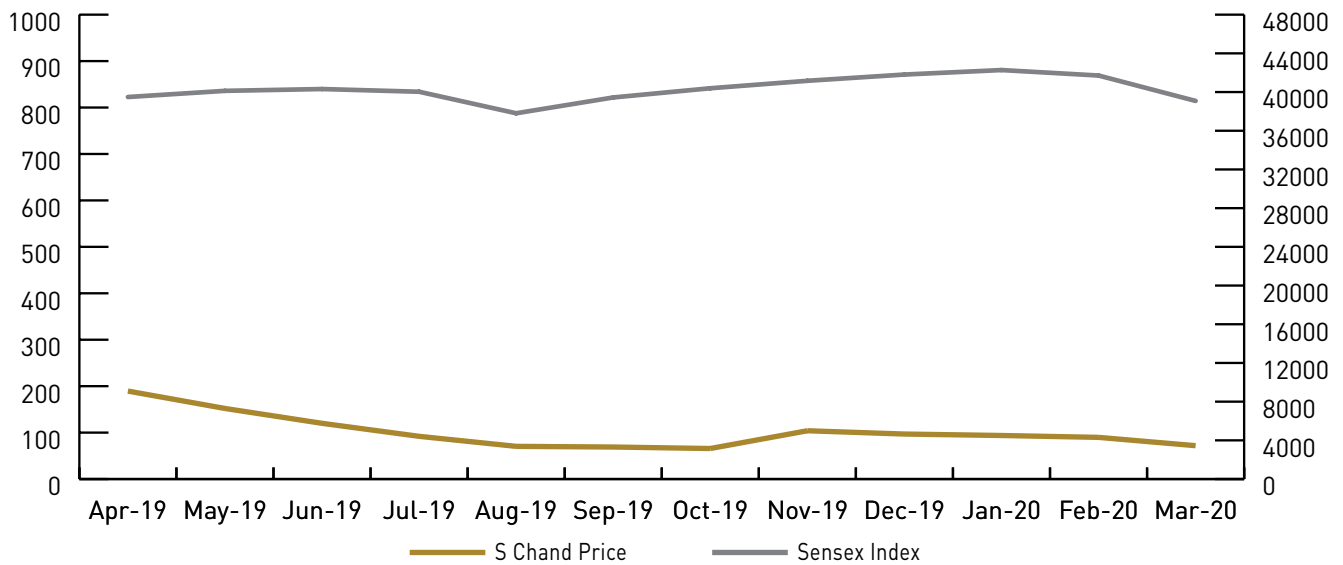
**f) Volume of shares traded and Stock Price Movement on a month to month basis:**

The monthly high and low prices and volume of shares of the Company at BSE and NSE for the year ended March 31, 2020 are as under:

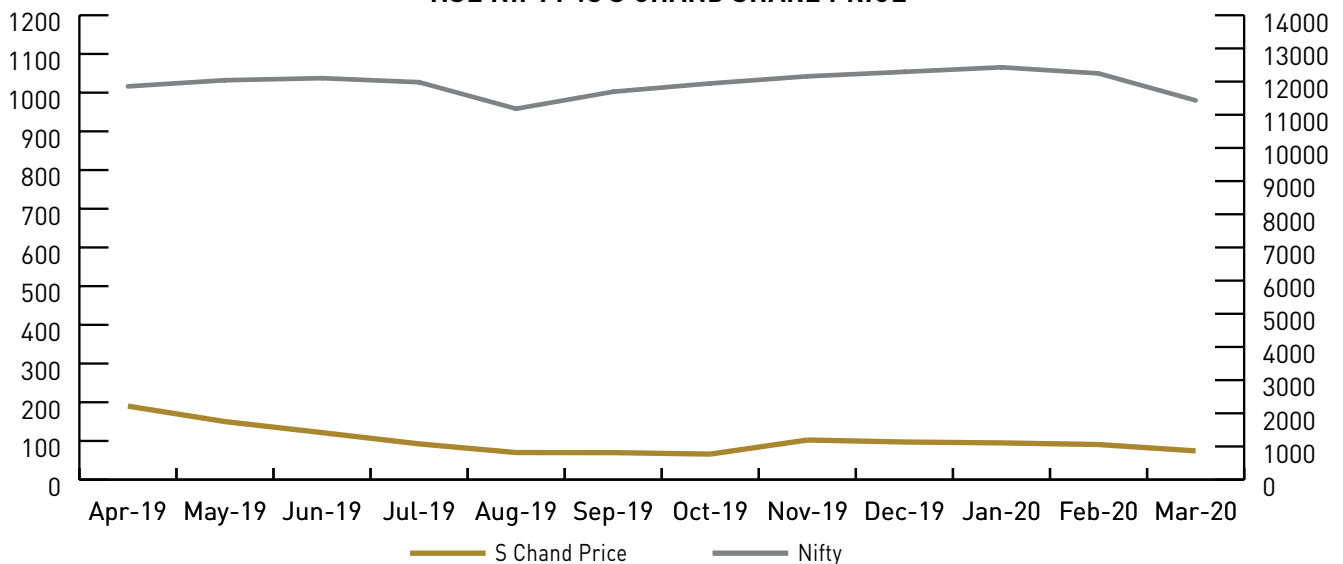
Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr-19	189.45	147.35	22,361	190.00	147.05	273,288
May-19	152.00	109.25	59,700	150.00	108.20	1,286,947
Jun-19	120.00	80.05	114,203	121.50	81.50	1,028,923
Jul-19	92.00	60.45	35,718	92.40	63.10	373,598
Aug-19	70.40	48.00	110,431	70.00	47.15	1,264,649
Sep-19	68.95	56.60	1,446,514	69.80	60.00	902,914
Oct-19	65.75	57.55	59,509	66.00	57.35	291,928
Nov-19	104.00	60.50	184,045	102.40	60.30	1,447,946
Dec-19	96.90	80.50	21,224	97.25	81.45	160,645
Jan-20	93.80	85.00	15,707	94.90	82.20	131,113
Feb-20	89.75	68.05	14,676	90.75	69.00	231,189
Mar-20	71.85	33.95	443,320	74.25	33.90	862,893



### BSE SENSEX VS S CHAND SHARE PRICE



### NSE NIFTY vs S CHAND SHARE PRICE



#### g) Securities suspended from trading

The Company's securities has not been suspended from trading.

#### h) Registrar and Share Transfer Agent:

All the processes relating to the shares held in the physical form as well as shares held in demat form is being handled by SEBI registered category I Registrar and Transfer Agent whose details are given below:

##### Link Intime India Pvt. Ltd.

Noble Heights, 1<sup>st</sup> Floor,  
Plot NH 2, C-1 Block LSC, Near Savitri Market,  
Janakpuri, New Delhi-110058  
Phone: +91 11 49411000  
Fax: +91 11 4141 0591  
E-mail: delhi@intime.co.in  
Website: www.linkintime.co.in

### i) Share Transfer System:

The share transfer in physical form can be lodged with the Registrar and Share Transfer Agent namely Link Intime India Private Limited at the address mentioned herein above or at their branch offices mentioned in their website. The transfers are normally processed within 15 days if the documents are complete in all respect and thereafter the share certificates duly transferred are dispatched.

As per the requirement of Regulation 40(9) of the Listing Regulations, the Company has obtained half yearly certificates from a Company Secretary in Practice for due compliance of share transfer formalities.

### j) Distribution of shareholding as on March 31, 2020:

SR.NO.	SHARES RANGE	NUMBER OF SHAREHOLDERS	% OF TOTAL SHAREHOLDERS	TOTAL SHARES FOR THE RANGE	% OF ISSUED CAPITAL
1	1 to 500	46060	97.9000	1687712	4.8254
2	501 to 1000	434	0.9225	339012	0.9693
3	1001 to 2000	222	0.4719	334129	0.9553
4	2001 to 3000	83	0.1764	209786	0.5998
5	3001 to 4000	43	0.0914	155235	0.4438
6	4001 to 5000	26	0.0553	121310	0.3468
7	5001 to 10000	64	0.1360	479890	1.3721
8	10001 and above	116	0.2466	31648213	90.4874
	<b>Total</b>	<b>47048</b>	<b>100.0000</b>	<b>34975287</b>	<b>100.0000</b>

### k) Dematerialization of shares and liquidity:

As on March 31, 2020 all the equity shares of the Company are in compulsory dematerialization segment and are available on trading system of both the depositories in India viz. National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"). The status of dematerialization of shares as on 31<sup>st</sup> March, 2020 is as under:

Particulars	Number of shares	Number of shareholders	% to total number of shares
CDSL	2,128,520	22,888	6.09
NSDL	32,846,767	24,160	93.91
<b>Total</b>	<b>34,975,287</b>	<b>47,048</b>	<b>100.00</b>

### l) Outstanding GDRs/ ADRs/Warrants:

The Company does not have any Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments as on March 31, 2020.

### m) Commodity price risk or foreign exchange risk and hedging activities:

The Company does not have any commodity risk. Risk assessment and its minimization procedures have been laid down by the Company and the same have been informed to the Board Members. These procedures are periodically reviewed to ensure that the management controls risk through means of a properly defined framework.

### n) Plant locations:

- (i) 20/4, Site IV, Industrial Area, Sahibabad, Ghaziabad (Uttar Pradesh)-201010; and
- (ii) Plot No. 40/2A, Site-IV-Industrial Area, Sahibabad, Ghaziabad, Uttar Pradesh-201005

### o) Credit Rating:

During the financial year ended March 31, 2020, CARE Ratings Limited has reviewed and revised the following credit ratings:

Facilities	Amount (Rs. in crore)	Rating	Rating Action
Long Term Bank Facilities	90.00	CARE A; Stable [Single A; Outlook: Stable]	Revised from CARE AA-; Stable [Double A Minus; Outlook: Stable]
Short Term Bank Facilities	3.00	CARE A1 [A One]	Revised from CARE A1+ [A One Plus]
Proposed Commercial Paper issue	25.00	CARE A1 [A One]	Revised from CARE A1+ [A One Plus]

**p) Address for correspondence:****Registered Office:**

A-27, 2<sup>nd</sup> Floor, Mohan Co-operative Industrial Estate,  
New Delhi-110044  
Tel: +91 11 49731800  
Fax: +91 11 49731801  
Email: investors@schandgroup.com

**q) Compliance Officer:**

Mr. Jagdeep Singh  
Company Secretary & Compliance Officer  
Email: jsingh.del@schandgroup.com

**8. OTHER DISCLOSURES****a) Disclosure on materially significant related party transactions:**

All transactions entered into with related party as defined under the Act during the financial year 2019-20 were in the ordinary course of business and on arm's length basis. There were no materially significant transactions which have potential conflict with the interest of the Company at large.

The suitable disclosures as required by Indian Accounting Standard (Ind-AS 24) have been made in the notes forming part of the annual accounts.

**b) Disclosure of non-compliance by the Company, penalties, and strictures imposed on the Company by the stock exchanges, SEBI or any other statutory authority on any matter related to capital markets during the last three years:**

BSE Limited and National Stock Exchange of India Limited had imposed fine on the Company for non-compliance of the provisions of Regulation 19(1) (i.e. Constitution of Nomination and Remuneration Committee) of the Listing Regulations as on March 31, 2019. This non-compliance occurred due to resignation of Mr. Sanjay Gujral as the strength of the Nomination and Remuneration Committee reduced to two from three which is the minimum requirement of the Listing Regulations. The Company has taken corrective actions and the Committee has been reconstituted comprising of three members. The Company had filed an application for waiver of the fine as the violation was unintentional. Based on the application filed by the Company, the National Stock Exchange of India Limited had waived the penalty.

Further, National Stock Exchange of India Limited had imposed a penalty of Rs. 8,000/- towards non-compliance with regard to Regulation 31 of the Listing Regulations (i.e. non submission of the shareholding pattern) for the quarter ended June 30, 2019 within the prescribed timeline of June 21, 2019. Though the Company had filed the shareholding pattern within time but due to some technical issues it was not appearing on the website of NSE and no acknowledgement was issued. The Company rectified the non-compliance and submitted the shareholding pattern for the quarter ended June 30, 2019 and also deposited the fine.

**c) Whistle Blower Policy:**

The Company has adopted a vigil mechanism for employees wherein any employee or Director can report grievances to the reporting officer as designated by the Company or to the Chairperson of the Audit Committee. As part of vigil mechanism, the Company has formed a Whistle Blower Policy for its employees and Directors to report genuine concerns or grievances. The said policy provides avenues to employees and Directors to bring attention of the management of any issue which is perceived to be in violation or in conflict with the Code of Conduct of the Company. The Whistle Blower Policy is hosted on the website of the Company. None of the employees of the Company has been denied access to the Audit Committee.

**d) The status of compliance with mandatory and non-mandatory requirements is as under:**

The Company has complied with all the mandatory requirements of the Listing Regulations. In addition, the Company has also adopted the following non-mandatory requirements under the Listing Regulations as on March 31, 2020:

S. No.	Particulars	Remarks
1.	Non-Executive Chairman's Office	The Company has a Non-Executive Chairman and he maintains his own separate office. The Company does not bear expense of maintaining his office. The Company pays him sitting fees and reimburse travel expenses for attending the Board and Committee meetings.
2.	Shareholder Rights	The quarterly and half-yearly financial results along with the press release are published in the newspapers and also uploaded on the website of the Company at www.schandgroup.com.
3.	Audit Qualifications	The auditor's report of the Company for the financial year 2019-20 contains qualification/modified opinion as detailed in the Board's Report
4.	Reporting of Internal Auditor	The Internal Auditor submits its report to the Audit Committee on quarterly basis

**e) Policy for determining material subsidiaries:**

The policy for determining material subsidiaries has been uploaded on the Company's website at www.schandgroup.com.

**f) Policy for related party transactions:**

The policy for dealing with the related party transactions has been uploaded on the Company's website at [www.schandgroup.com](http://www.schandgroup.com).

**g) Commodity high risks and commodity hedging activities**

The Company does not have any commodity price risk exposure hedged through commodity derivatives.

**h) Details of utilization of funds raised**

No funds were raised by the Company through preferential allotment or qualified institutions placement.

**i) Certificate from Practicing Company Secretary**

A certificate from a Company Secretary in practice has been received stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority.

**j) Recommendations of Committees**

All the recommendations of the various committees were accepted by the Board.

**k) Payment to Statutory Auditors**

The details of fees paid to M/s S.R. Batliboi & Associates, LLP, Chartered Accountants, Statutory Auditors (Firm Reg. No. 101049W/E300004) by the Company and its subsidiaries is mentioned below:

(in millions)			
Particulars	By the Company	By the subsidiaries	Total Amount
Audit Fees	3.80	5.45	9.25
Limited review	2.70	3.09	5.79
Other services	0.43	0.93	1.36
<b>Total</b>	<b>6.93</b>	<b>9.47</b>	<b>16.40</b>

**l) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

In terms of the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the number of complaints received during the financial year 2019-20 along with their status of redressal as on financial year ended March 31, 2020 are as under:

Number of complaints filed during the financial year 2019-20	0
Number of complaints disposed of during the financial year 2019-20	0
Number of complaints pending as on March 31, 2020	0

**m) Details of non-compliance of any requirement of corporate governance report:**

The Company has received a letter from National Stock Exchange of India Limited ("NSE") with respect to non-submission of disclosures in the Annual Report of the Company for the year ended March 31, 2019. The Company has sent these disclosures to shareholders alongwith the notice of meeting of shareholders scheduled to be convened on July 18, 2020 for approval of proposed Composite Scheme of Arrangement. Compliance of the above letter of NSE has also been communicated to NSE.

**n) Disclosures with respect to demat suspense account/unclaimed suspense account:**

22 equity shares allotted to Ms. Jaladhiben B Shah in the Initial Public Offer of the Company has not been credited to her demat account as the same appears to be closed/inactive. These shares are lying in the Share Escrow Account as on 31.03.2020.

**o) Code of Conduct Declaration:**

In accordance with Regulation 34(3) of the Listing Regulations, we hereby confirm that all the members of the Board and senior management personnel of the Company have affirmed compliance with the Code of Conduct of Board of directors and senior management. We also confirm the compliance with corporate governance requirements specified in Regulations 17 to 27 and Regulation 46(2) of the Listing Regulations for the financial year ended March 31, 2020.

On behalf of the Board of Directors  
For S Chand And Company Limited

Place: New Delhi  
Date: August 14, 2020

Sd/-  
Himanshu Gupta  
Managing Director  
DIN: 00054015

Sd/-  
Dinesh Kumar Jhunjhnuwala  
Whole-time Director  
DIN: 00282988

## DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT

To

The Board of Directors,  
S Chand And Company Limited

The Company has framed a specific Code of Conduct for the members of the Board of Directors and the Senior Management Personnel of the Company pursuant to Regulation 17 and 26(3) and Para D of Schedule V of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to further strengthen corporate governance practices in the Company.

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct so far as it is applicable to them and there is no non-compliance thereof during the year ended March 31, 2020.

Place: New Delhi  
Date: August 14, 2020

Sd/-  
Himanshu Gupta  
Managing Director  
DIN: 00054015  
Address: A-27, 2<sup>nd</sup> Floor,  
Mohan Co-operative Industrial  
Estate, New Delhi-110044

## COMPLIANCE CERTIFICATE BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

To,  
The Board of Directors  
S Chand And Company Limited

We, (Mr. Himanshu Gupta) Managing Director and (Mr. Saurabh Mittal) Chief Financial Officer of S Chand And Company Limited hereby certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year ended on March 31, 2020 and based on our knowledge and belief, we state that:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws, and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal, or violate the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
- (i) Significant changes, if any, in the internal control over financial reporting during the year;
  - (ii) Significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

On behalf of the Board of Directors  
For S Chand And Company Limited

Place: New Delhi  
Date: August 14, 2020

Sd/-  
Himanshu Gupta  
Managing Director

Sd/  
Saurabh Mittal  
Chief Financial Officer

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of  
The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
S Chand And Company Limited  
A-27, 2<sup>nd</sup> Floor,  
Mohan Co-operative Industrial Estate,  
New Delhi-110044

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of S Chand And Company Limited having CIN L22219DL1970PLC005400 and having registered office at A-27, 2<sup>nd</sup> Floor, Mohan Co-operative Industrial Estate, New Delhi-110044 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

S.No.	Name of the Director	Designation	DIN	Date of appointment in the Company
1.	Mr. Desh Raj Dogra	Chairman, Non-Executive, Independent Director	00226775	10.11.2016
2.	Mr. Himanshu Gupta	Managing Director	00054015	21.04.2000
3.	Mr. Dinesh Kumar Jhunjhnuwala	Whole-time Director	00282988	11.12.2004
4.	Ms. Archana Capoor	Non-Executive, Independent Director	01204170	10.11.2016
5.	Mr. Sanjay Vijay Bhandarkar	Non-Executive, Independent Director	01260274	10.11.2016
6.	Mr. Rajagopalan Chandrashekar	Non-Executive, Independent Director	03634002	23.07.2018
7.	Ms. Savita Gupta	Non-Executive, Non-Independent Director	00053988	20.10.1989
8.	Mr. Gaurav Kumar Jhunjhnuwala	Non-Executive, Non-Independent Director	03518763	11.04.2011

Ensuring the eligibility of, for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: New Delhi  
Dated: August 14, 2020

Sd/-  
R. S. Bhatia  
Practicing Company Secretary  
CP No: 2514

**CERTIFICATE FROM PRACTICING COMPANY SECRETARY  
REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To,  
The Members of  
S Chand And Company Limited  
A-27, 2<sup>nd</sup> Floor,  
Mohan Co-operative Industrial Estate,  
New Delhi-110044

I have examined the compliance of conditions of Corporate Governance by **S Chand And Company Limited (“the Company”)** for the year ended 31<sup>st</sup> March, 2019, as stipulated in Regulations 17-27 and clause (b) to (i) of Regulation 46 (2) and paragraphs C, D, E and F of Schedule V of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015(‘Listing Regulations’) pursuant to the Listing Agreement of the Company with Stock exchanges.

**Management’s Responsibility**

The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

**Auditor’s Responsibility**

My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the terms and conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the working of the Company. I have examined the Statutory Records and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

**Opinion**

In my opinion, and to the best of our information and according to explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: New Delhi  
Dated: August 17, 2020

Sd/-  
R. S. Bhatia  
Company Secretary in Practice  
CP No: 2514

# MANAGEMENT DISCUSSION AND ANALYSIS

## The Indian Economic Overview

The COVID-19 pandemic has emerged as a key risk to human health and is causing significant and rising human costs and economic turmoil. As per IMF's World Economic Outlook (April 2020), global GDP will contract to -4.9% and India's to -4.5% in 2020. For 2021, IMF projects 6% growth for India, which is lower than earlier estimates and laced with much uncertainty given the longer lockdown period and slower than anticipated recovery from it. The economy's resurgence and estimated GDP growth therefore now rest almost entirely on the pandemic-how much longer it will last and how prolonged and difficult the bounce-back from it will be. Of particular importance is the global supply chain reconfigurations that may affect productivity as companies try to enhance their resilience to supply disruptions. The pandemic has caused severe blows in other areas as well - drop in domestic and external demand, reduction in trade, and loss of consumer and investor confidence. The full year growth projection for India for 2021 assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound.

## Industry Overview

The Indian education sector is at a crucial stage. The country's demographic advantage of a large young population coupled with low gross enrolment ratios in schools and higher education presents a huge opportunity to players in the sector. As per the 2011 census data, approx. 50% of India's population is below the age of 25, which highlights the large addressable market in the country. Globally, the Indian school system ranks the largest, and according to the Redseer Omidyar EdTech Report, around 271 million children attend school. This presents a tremendous growth opportunity for companies in the education sector.

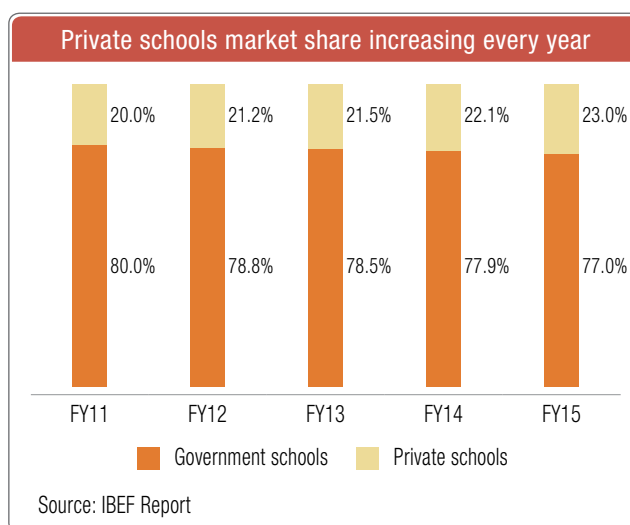
In India, the education market as a whole can be classified into two - formal and non-formal. Formal is regulated by the government and educational bodies such as NCERT, SCERT, CBSE, State Boards and the University Grants Commission (UGC). It comprises K-12 (elementary education, secondary education) and higher education (university, college, distance education, and research). On the other hand, the non-formal segment is highly unstructured and has very limited legislations. It consists of vocational training, skill development, pre-schools, online studies, coaching, and so on. A bulging and aspirational middle class, increasing disposable incomes and willingness to spend on education are key factors driving investments into this sector.

The numbers also reflect this trend. Consumer spending on education has shown a marked increase in recent years. This is most evident in the following areas:

1. Demand for test prep led by competition for the undersized white-collar sector. As per the Blume Ventures EdTech Report, each year, ~6.3 million undergrad students graduate but only ~0.3 million white collar jobs are created.
2. Demand for private K12 tuitions led by rising incomes, and spur for English education (enabling social mobility and creation of social capital)

## Preference for private schools

Student share of private schools vs. government schools continues to rise consistently despite subsidized fees, free meals and books in government schools. This is true of even rural areas not just affluent urban metropolises. There is a marked preference for private CBSE, ICSE, State Board and unaffiliated (K-8) schools because of superior curriculum and better pedagogy.

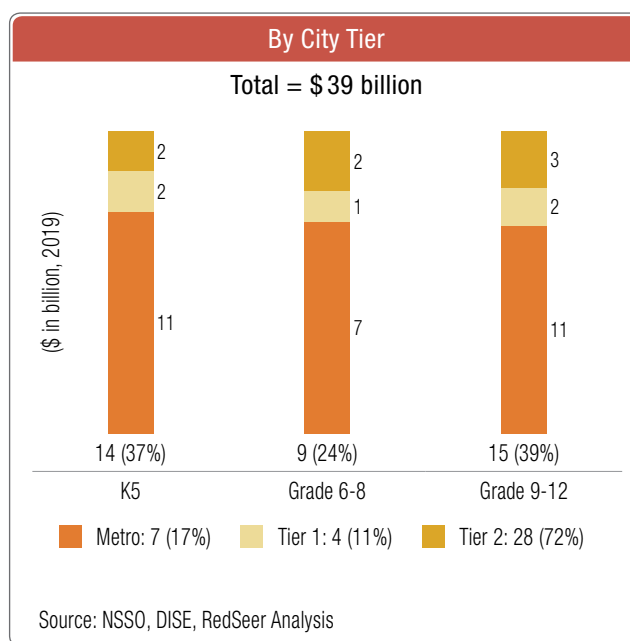
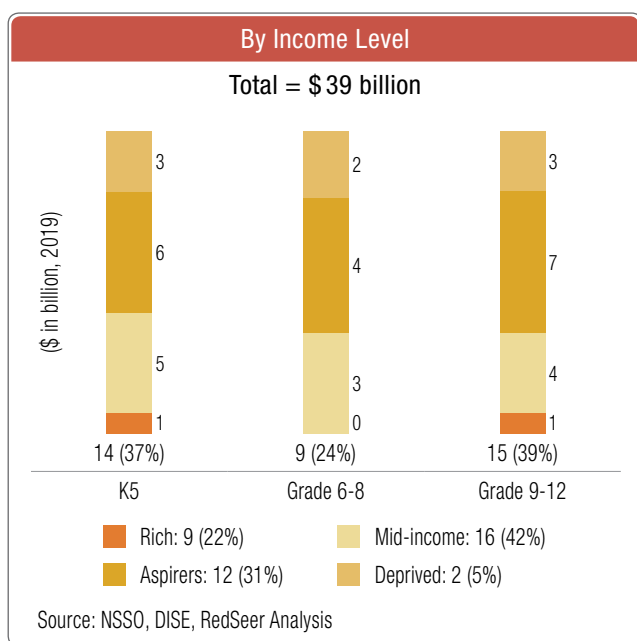




## The K12 Supplementary Education Landscape

According to the Omidyar Redseer study, the overall K12 private expenditure spend in India was ~\$39 BN in 2019. India has an enrolled student population of 271 MN across grades 1-12. Half of these students are aspirational and accounted for \$39 BN in education-related private expenditure. According to Omidyar Network India's research in 2017, half a billion new users are expected to discover online browsing for the first time by 2022 led by the use of mobile phones. As a demographic, this aspirer segment, consisting of 528 million people, is variegated in occupation and constituted by people like domestic help, electricians, masons, plumbers, security guards, shop owners, factory workers, and so on. They have an annual household income between Rs. 150K - Rs. 250K (~\$2.2K - \$3.7K). Largely under-schooled and deprived of conveniences like social connectivity, banking, quality healthcare, and convenient transport, they are extremely aspirational for their children when it comes to educational and financial security. About 97% of these users now access the internet through their phones.

### K12: Overall Private Education Spend



The Education sector in India has historically been a mix of government-operated and privately-operated educational institutions and allied education products and services providers. The use of Digital Technology in Education in India has been evolving over the last few years, changing the way students learn concepts in school. The traditional chalk board has moved over and given way to interactive teaching methods. Schools are increasingly adopting digital solutions and keeping themselves abreast with technological advancements in education. The newer interactive teaching methods are more engaging and enhance student participation. This is not surprising as this young generation of students is digitally savvy and extremely well-versed with laptops, Tablets and smartphones.

As per the latest report by the Internet & Mobile Association of India (IAMAI) & Neilson, India's vibrant economy has more than 500million Internet users which makes the country the second largest online market after China although slow Internet penetration in the semi-urban and rural areas could be a potential show stopper for the adoption of digital services in schools. Nevertheless, India's booming urban areas provide an excellent opportunity for the digitalization of educational services.

Primary and secondary schools in urban centres across the country have rapidly progressed the adoption of technology - smart boards, LCD screens, audio-visual videos, and digital recordings - to seamlessly engage with students. Teachers are being empowered to be facilitators in a blended learning environment. Work-sheet assignments are being uploaded online and graded in a lot of institutions.

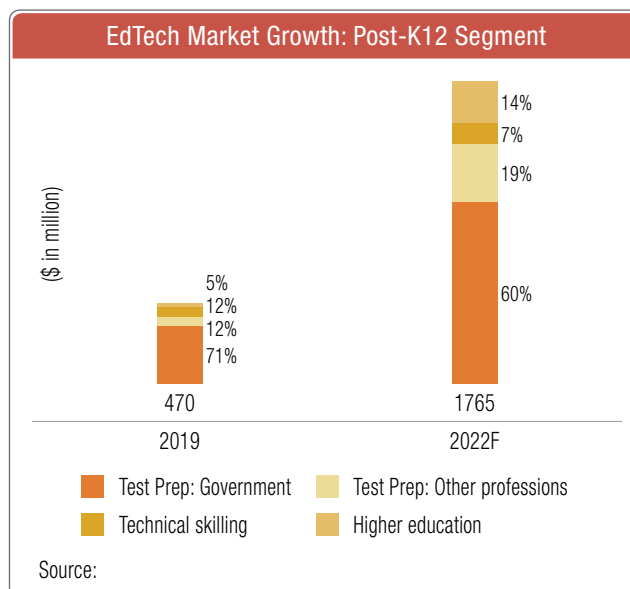
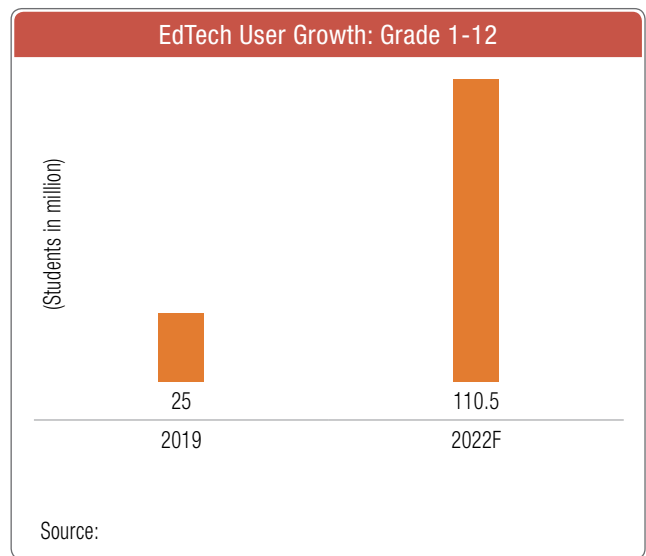
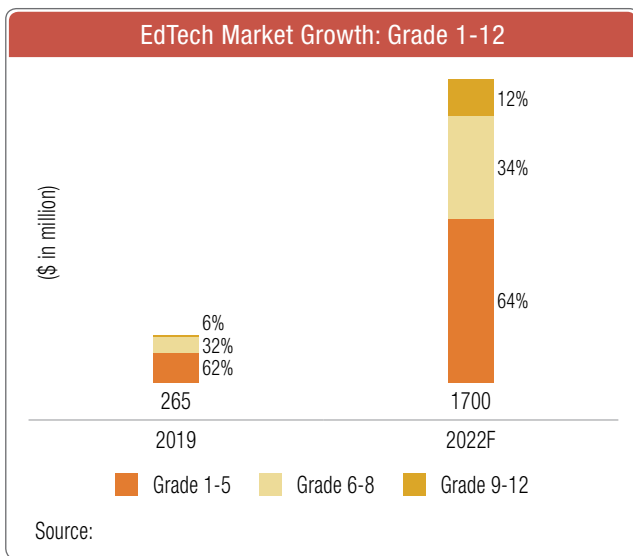
Research by Frost & Sullivan shows that specific training in using an app is required to successfully leverage digital tools and 'teach' online. Good orientation in areas like the application of curriculum in digital formats, lesson planning, evaluation, peer feedback, group project work, and so on, are equally important skills. Education providers that offer digital software solutions to schools, have built-in software that can assess students' performance. The data gives teachers an insight into a student's performance for the evaluation of classroom lessons and conceptual understanding of subjects taught through the digital medium. With a lot of data getting generated and analyzed through built-in software, the day is not far when predictive analysis of such data will become possible.

India faces a long journey if she wants to raise the momentum in the absorption of digital education, as mindsets and attitudes of educators need to change. Consistent evangelization of the benefits of digital tools, and increased customization of these tools to suit different class strengths and fragmented curricula will be required to drive penetration of digital education in India. Companies that are able to meet this challenge, own proprietary content, and are able to offer customized solutions to the learning institutions, will emerge winners in the race. We believe that the S Chand group imbibes all these values and is poised to scale new heights in the new emerging education landscape.

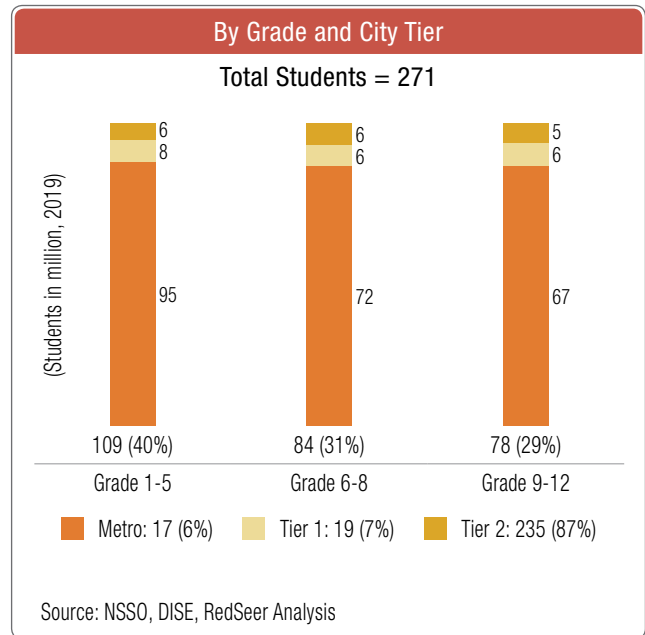
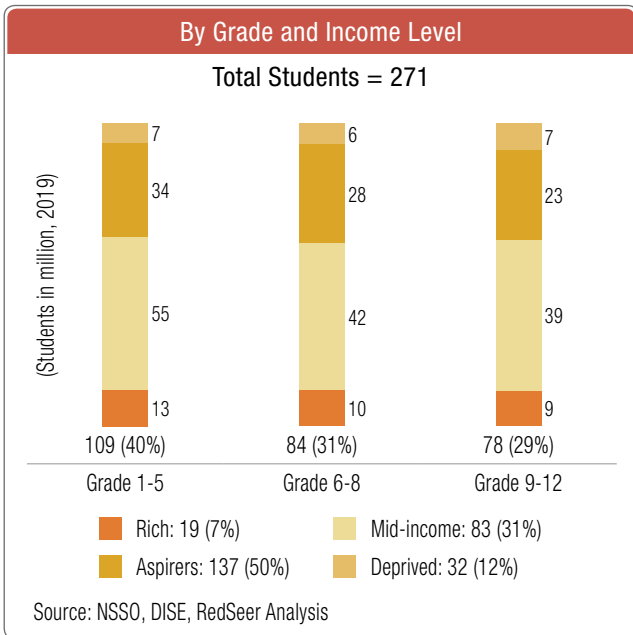
## Digital - The Future of Education industry in India

As per the Omidyar Red Seer Study 2020, by 2022, online education offerings across grades 1 to 12 are projected to increase 6.3 times to create a \$ 1.7 BN market, while the Post-K12 market is set to grow 3.7 times to create a \$ 1.8 BN market. This is going to create a meaningful opportunity for incumbent players as well as open up space for multiple new startups. The K12 EdTech-addressable market is projected to be worth \$1.7 BN by 2022, up more than six-fold from \$265 MN in 2019. While the number of students enrolled in offline coaching for K12 is expected to grow only ~8% by 2022, online education is set to increase significantly. Strong growth is likely across all 3 major K12 segments, with grades 1-5 seeing the fastest growth.

The growth of online education in India will be driven by a combination of demand, supply and macroeconomic drivers. Players in the space are likely to adopt a hybrid channel approach and collaborate with online and offline channels to provide content and learning. Technological innovations in the 'supply and demand' ecosystem like Big data and Artificial Intelligence will likely assist in the design of customized content. Consumption of content will evolve through use of technologies like wearable devices and virtual labs and data storage on the cloud will enable anytime, any-device access. With an estimated ~280 million students expected to be enrolled in schools by 2021 and increasing adoption amongst this target audience, online primary and secondary supplemental education is expected to be the dominant category of courses with a 39% market share in 2021.



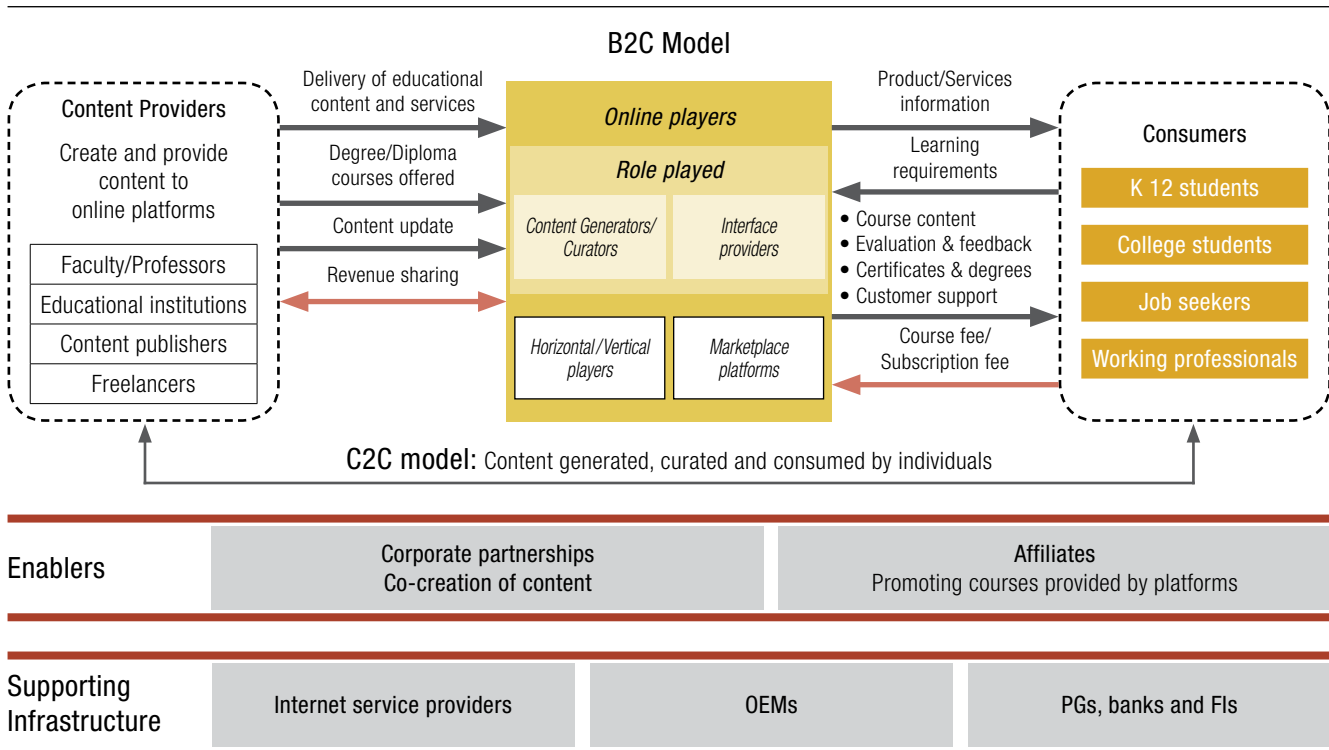
## Overall Student Population



## Overview of the online education ecosystem in India

The online platform providers play a pivotal role in the online education ecosystem. Initially, the platform served as enablers by connecting prospective students and content providers. In recent times, the platform providers have increasingly played the role of content providers and curators.

### Online education ecosystem



➡ Information flow   ➡ Flow of money

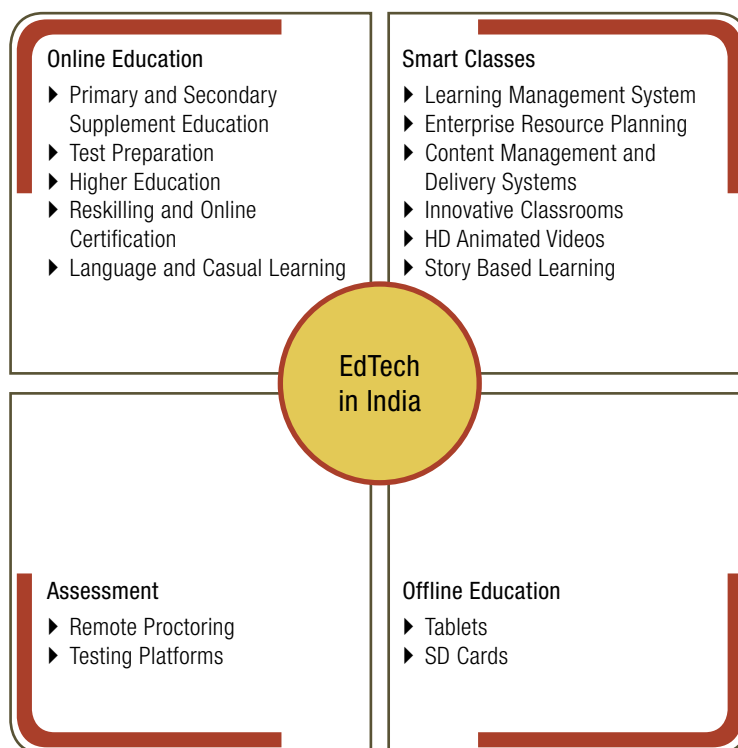
Online education in India has a mix of dedicated online only and offline players with an online presence. C2C business models have also emerged where the platform connects prospective teachers and students. B2B offerings are prevalent in higher education, where institutions offer degree/diploma courses to students through their own platforms or third-party aggregators.

Corporate tie-ups assist in co-creation of industry certified content, which enhances overall acceptance of online education amongst the target user base. Improved internet connectivity and adoption of digital payment options have significantly aided in the growth of online education in India.

Online education will gain popularity among prospective learners driven by aspects such as easy and on-demand access to content, self-paced learning opportunities and interactive & modular means of learning. Creating multiple touch-points with the learners for ensuring good engagement levels is important in online education to compensate for the lack of interaction with peers and instructors. Virtual class rooms could also emerge as an asset-light model for offline players to expand their network across geographies. Gamification, i.e., the practice of applying game mechanics of fun, collaboration, competition and rewards in non-game situations, is currently employed worldwide for enhancing the engagement of learners. Gamification has started to gain popularity among education service providers in India also.

EdTech is defined as the emerging sector at the intersection of Technology and Education. Technology enabled solutions and services that redefine how traditional education is imparted to students at all levels could largely be categorized as EdTech.

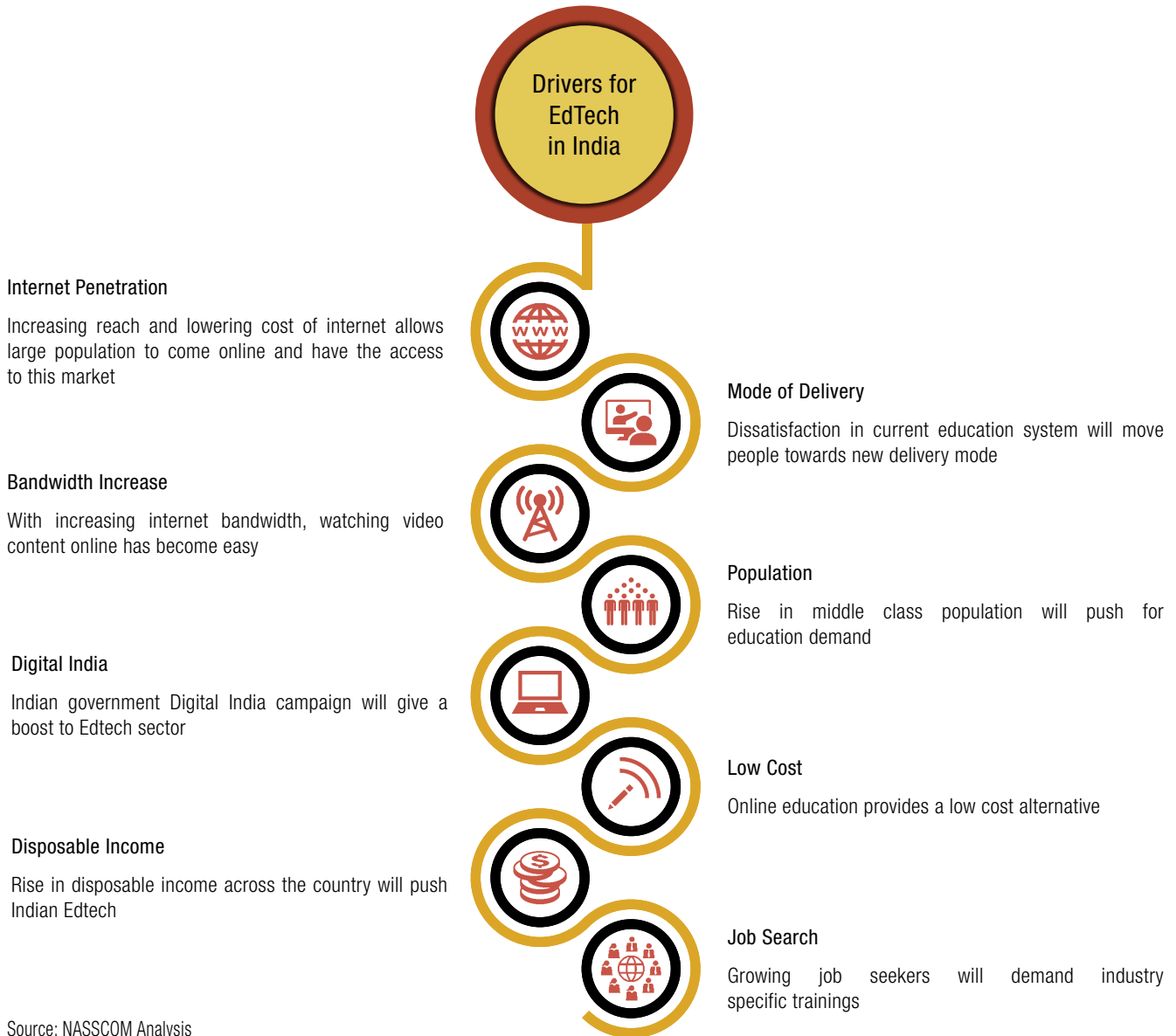
## EdTech in India can be categorized into 4 segments



Source: KPMG, NASSCOM Analysis

## Drivers for Ed Tech in India

The demographics of India along with challenges in quality of teachers, the need for students to excel along with the low cost of penetration and the ever increasing disposable incomes will drive Ed Tech adoption in India. Aspirations of students along with the fear of being left behind will further increase penetration of these products and services. Education forms a large percentage of the family's disposable incomes.



Source: NASSCOM Analysis

Over the years, India has made tremendous progress in terms of improving literacy rates. However, in both the K12 and Post-K12 market, accessibility, and affordability to quality education remain significant barriers in unlocking the youth's potential. This has created a significant market for EdTech offerings, which are poised to disrupt the status quo and change the education delivery landscape. The Omidyar Redseer Report says that by 2022, the K12 EdTech market is expected to be worth \$1.7 BN and the Post-K12 EdTech market worth is expected to be around \$1.8 BN, a growth of 6.3 times and 3.7 times, respectively, compared to 2019. This is a turning point for EdTech in India, with digital offerings leading the democratization of education, bridging gaps in access to quality education and addressing key student pain points. For incumbent players, the time is opportune to seize the market.

## Company Overview

SChand's mission is to bring People and Knowledge together; to create Empowered Minds, which can evolve, sustain, and fulfil the ever-changing needs of society. In essence, the Company seeks to be a Knowledge Corporation through the twin domains of publishing and digital content to cater to the requirements of schools, higher educational institutions, professional colleges, and vocational training institutes and inspire learners of all ages. The Group aspires to nurture people's learning at all levels and facilitate their growth by fueling their curiosity and appetite for gaining knowledge.

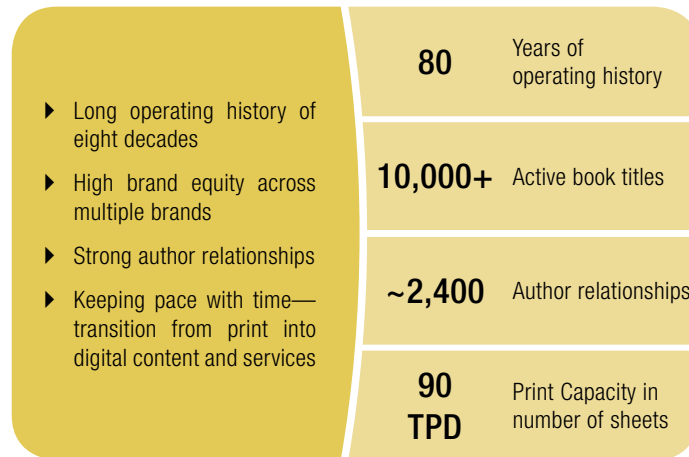
## S Chand Group is a leader in Indian education content



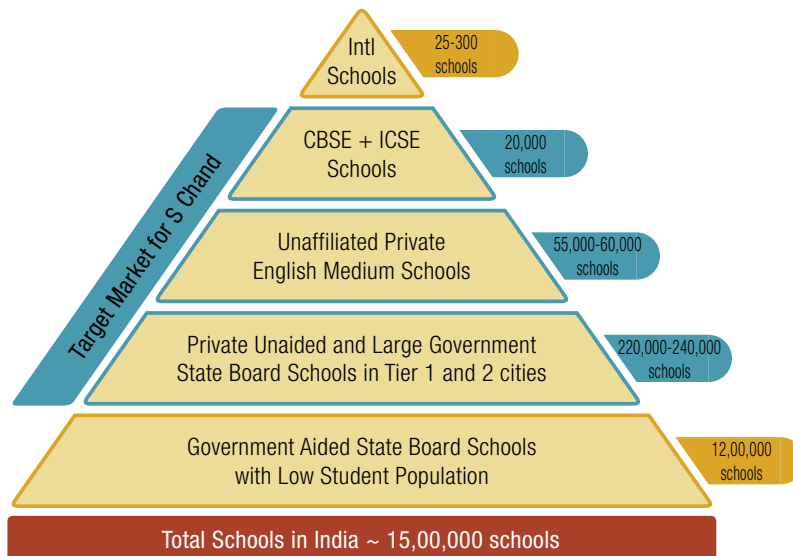
Offerings spanning entire the education spectrum

- ▶ Early learning
- ▶ K-12
- ▶ Higher education

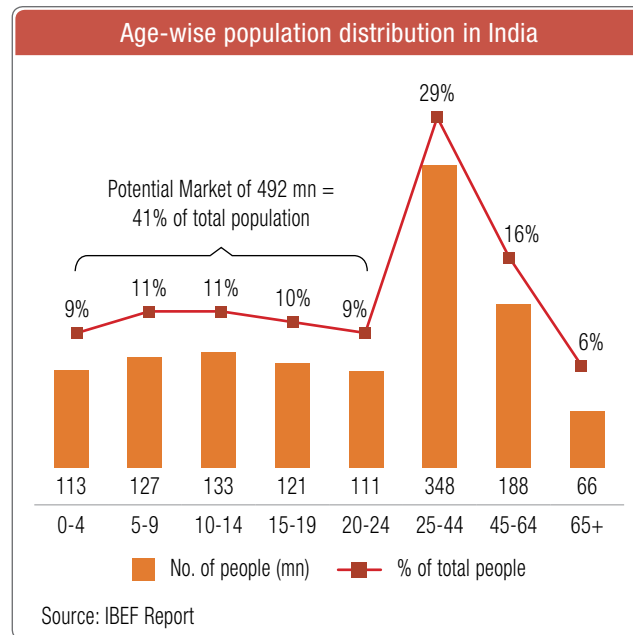
- ▶ Pan-India sales and distribution network driving deep market reach.
- ▶ Presence in Central (CBSE, ICSE) and State Board affiliated schools across India.



- ▶ Currently covering 38,000 schools in the target market
- ▶ Target market growing at 8-10% annually in the no. of schools
- ▶ Total student strength in India is estimated at 271 million
- ▶ Students strength in the target market is estimated at 120 million and growing at 7-8 annually.



Target Market is 3,00,000 schools – growing at 8-10 % annually and student strength growing at 7-8%



## The COVID-19 Impact on FY20

S Chand's K-12 segment is seasonal in nature where Q4 typically accounts for ~80% of annual revenues with March accounting for 30%-40% of annual revenues, which coincides with the commencement of the new academic session. The effect of the pandemic was visible even before the total lockdown - as early as the beginning of March, as schools started to close and orders started to slow down. The impact resulted in lower estimated sales of 25-30% for FY20 for the entire education industry.

The silver lining in this cloud was the cushioning of the Covid impact from the cost saving measures from "S Chand 3.0" initiatives which was rolled out last year. Operating costs were lower by 24% during FY20 over FY19. Working capital improvements done during April to December quarter lead to incremental Operational Cash Flow (OCF) of Rs1,016m on a YoY basis. The 9M benefit was however reduced by the end of FY20. But despite the pandemic, S Chand ended the year with OCF of Rs 484m which is approximately Rs 100m higher than FY19 on the back of lower operating costs and better working capital.

There is a further thrust on cost savings for FY21 by implementing additional measures. Salary expense rationalization will lower employee costs and yield savings of 15%-20% on an annual basis. The operational cost savings measures implemented in FY20 is expected to deliver more significant savings in FY21 and leading to lower operational costs. Paper prices are expected to drop by 8%-10% vs. FY20 which will have a positive impact on gross margins for FY21 as well. We expect all operational costs to be lower in FY21 vs. FY20.

Some of the steps that the company is taking to tackle the ongoing COVID crisis would considerably lower expenses, namely Rentals, Travels, Customer engagement and use of Webinars for as compared to physical workshops. The user of digital as a medium of reaching out to customers/schools would reduce cost of customer acquisition, retention and engagement with the existing resources able to reach out to more customers,

## New Education Policy - Approved in July 2020, Brings us a step closer to implementation by FY22

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved the National Education Policy 2020 in July, 2020, making way for large scale, transformational reforms in both school and higher education sectors. This is the first education policy of the 21<sup>st</sup> century and replaces the thirty-four year old National Policy on Education (NPE), 1986. Built on the foundational pillars of Access, Equity, Quality, Affordability and Accountability, this policy is aligned to the 2030 Agenda for Sustainable Development and aims to transform India into a vibrant knowledge society and global knowledge superpower by making both school and college education more holistic, flexible, multidisciplinary - suited to 21<sup>st</sup> century needs and aimed at bringing out the unique capabilities of each student.

The policy has ticked several boxes such as teaching computers in schools from early classes, teaching in mother tongue/local language at least up to Class 5, reduce examination stress, ensure vocational training from Class 6<sup>th</sup> to ensure at least 50 per cent of students are exposed to such skills by 2025 and end rote learning by truncating the curriculum content.

Changes in the college and university level courses and curriculum structure are more pronounced. The policy proposes a four-year undergraduate multidisciplinary program, with multiple entry and exit options that will offer a student a certificate after the first year, a diploma after second, a bachelor's degree after third, and a degree in research after the fourth. University enrolment will be through a common entrance test. There will be

two types of master's-a two-year course for those who had chosen the three-year undergraduate program and one year for those who did four years in college. MPhil has been discontinued and the requirement for PhD is either a master's degree or a four-year bachelor's degree with research.

We expect potential opportunities from the New Education Policy to accrue to our company from FY22 onwards for a period of 2-3 years on back of increased enrolments, new segments of content including regional languages, digital education initiatives which are already in line with the policy and also the redundancy of the pre-used book market.

## Key Highlights of NEP 2020

- ⊙ From the ground up, the 10+2+3 structure would make way for 5+3+3+4 to make early childhood care and education (ECCE) an integral part of formal schooling for students from three to 18 years. The proposed 5+3+3+4 school curriculum comprises 12 years of schooling and 3 years of Anganwadi/ Pre-schooling.
- ⊙ New Policy aims for Universalization of Education from pre-school to secondary level with a target of 100 % Gross Enrollment Ratio (GER) in school education by 2030
- ⊙ NEP 2020 will bring 2 crore school children back into the main stream
- ⊙ Emphasis on Foundational Literacy and Numeracy, no rigid separation between academic streams, extracurricular, vocational streams in schools; Vocational Education to start from Class 6 with Internships
- ⊙ Teaching upto at least Grade 5 to be in mother tongue / regional language
- ⊙ Assessment reforms with 360 degree holistic Progress Card, tracking student progress for achieving learning outcomes
- ⊙ Higher Education curriculum to have flexibility of subjects
- ⊙ Multiple entry / exits to be allowed with appropriate certification
- ⊙ Academic Bank of Credits to be established to facilitate transfer of credits
- ⊙ National Research Foundation to be established to foster a strong research culture
- ⊙ Light but tight regulation of Higher Education; single regulator with four separate verticals for different functions
- ⊙ Affiliation system to be phased out in 15 years with graded autonomy to colleges
- ⊙ New Policy promotes Multilingualism in both schools and HEs - Key Drivers
- ⊙ In school education, a major reconfiguration of curricular and pedagogical structure with Early Childhood Care and Education as an integral part of school education
- ⊙ No hard separation of learning areas in terms of curricular, co-curricular or extra-curricular areas. All subjects, including arts, music, crafts, sports, yoga, community service, etc. will be curricular.
- ⊙ Exposure to three or more languages in schools with flexibility in the choice of languages. A two-year course on a classical language in Grades 6-8 with the option to continue through secondary education and university.
- ⊙ Introduction of course on critical issues facing the community, the country, and the world for all students in Grades 7-8 and a course on current affairs for all students in Grades 9-12.
- ⊙ Following the shrinking of the curriculum content in each subject to its core, NCERT textbooks will be revised to first contain only the essential core material in each subject, keeping in mind a constructivist, discovery-based, analysis-based, engaging, and enjoyable style of learning, in accordance with the revised NCF.

## Opportunities

- ⊙ Mandate for regional variations gives rise to new content opportunity with customization for "local flavors".
- ⊙ Enlargement of the market for workbooks and side books on languages and math in Grades 1 to 5 for "writing hour", puzzle solving, etc.
- ⊙ NCERT has been directed to prepare the curriculum for Early Childhood Care and Education classes. The curriculum will be play-based, activity-based and life-skills based curriculum. This is a new opportunity.
- ⊙ Development of new series for art integration and 21<sup>st</sup> century learning subjects.
- ⊙ Development of new market with focus on classical languages.
- ⊙ Larger market for regional languages adoption in schools.
- ⊙ Introduction of new courses - Languages of India, Vocational Skills and Crafts, Ethics and Moral Reasoning.
- ⊙ Moving extracurricular subjects to core subjects should lead to higher adoption rates - Sports/ Yoga, Music, Dance, Art, etc.
- ⊙ Fixed syllabus for pre-primary to help regularize this segment.
- ⊙ Coding is being made as a part of study from class 6. The industry will have an opportunity to develop content/digital modules for this subject. There is increased focus on technology enabled learning. This allows the private players to come with newer integrated models of technology like AR, VR, Blended learning platforms which will be in demand.
- ⊙ The New Education Policy talks about having Virtual Labs. This will create an opportunity for private players to come up with Virtual labs as well.

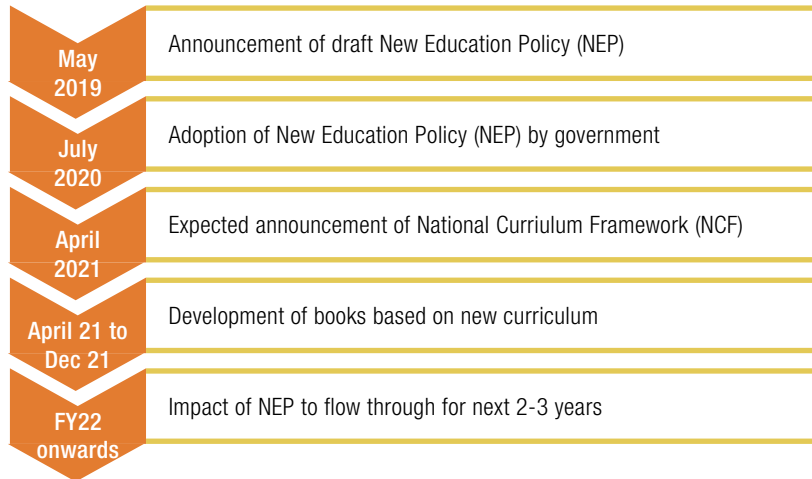


## Impact of NEP 2020 Going ahead - Strong prospects going ahead

S Chand stands to benefit from the NEP with a positive impact from FY22 onwards. Given the scope of the policy proposed, the release of the National Curriculum framework (NCF) is expected by April 2021. The Company will develop content based on the new curriculum within a short period of time in time for the January to March 2022 sales season. Additionally, the transition to the new syllabus for all grades, K-12, is expected to take two to three years, giving S Chand a strong runway of growth during that period. Since the New Curriculum is being developed after a gap of 15 years, it will eliminate the pre-used book market for a few years and lead to very strong growth for at least 2-3 years.

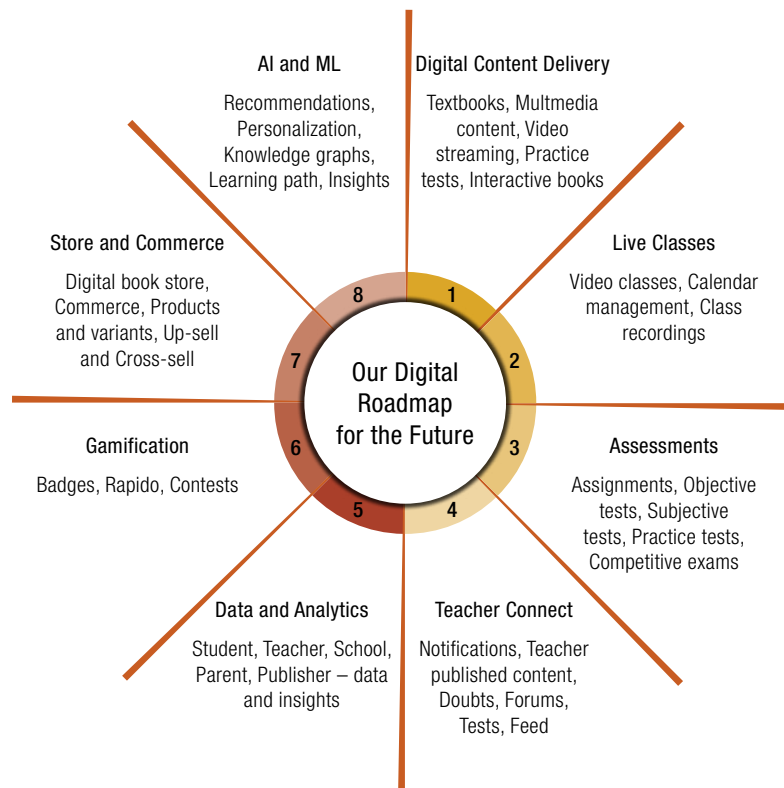
The last time a new education policy was implemented was during 2005 and during that time the new syllabus was rolled out over a period of 3 years with 5 grades moving to the new syllabus in Year 1, another 5 grades moving to new syllabus in year 2, and 2 grades moving to the new syllabus in year 3.

We expect the following timelines for the New Education Policy for our Company.

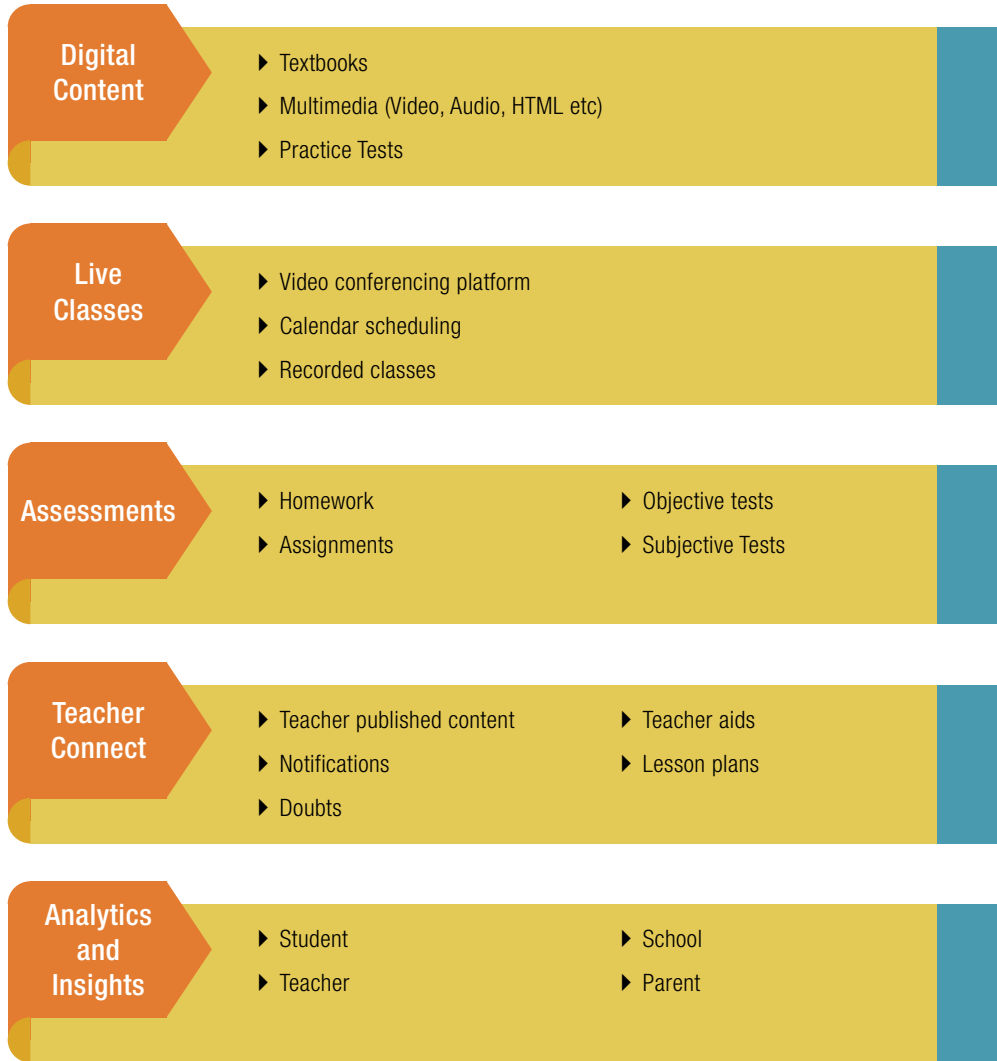


## Growth Strategy

Our future growth strategy is centered on digital learning. We see digital products and solutions powering the future for the learning ecosystem.



S Chand's new online learning platform "Educate 360" which is expected to be launched during July-September Quarter with features designed to Enable the School, Empower the Teacher and Stimulate the minds of modern-day Students.

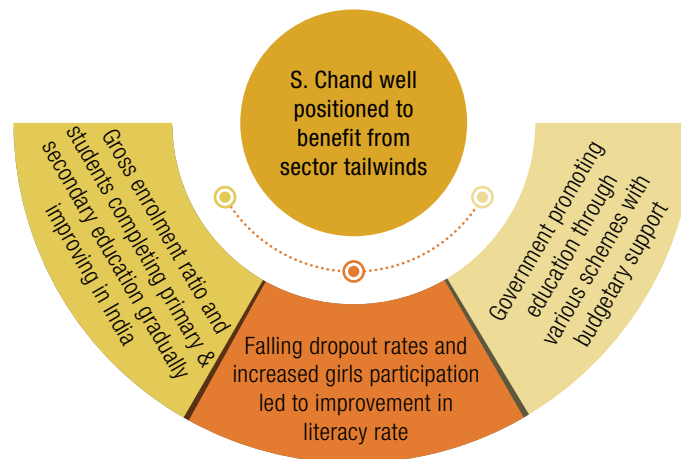


S Chand already has a presence in the Ed Tech market with both direct products and services and strategic investments. These include a dedicated learning platform, curriculum solutions, blended learning apps, test preparation app, STEM learning and others.





The Company's suite of digital offerings also includes e-books and enhanced learning tools, among others, the response to all of which has been enthusiastic from all three stake holders - schools, teachers and students.



## Learnflix - India's most affordable learning App

The Group launched its affordable digital learning mobile app - 'Learnflix' in January, 2020. The application includes over 28,000 student assistances including videos, quizzes, revision notes, assessments, samples and ebooks from some of India's most renowned authors including Lakhmir Singh, Manjit Kaur, Anubhuti Gangal, etc.

Learnflix is currently targeted at students from Class 6<sup>th</sup> to Class 10<sup>th</sup> for the key subjects Maths and Science. The application has been launched at highly affordable introductory prices.

**Strong response during Covid-19 times**— The Group sees digital products and learning solutions powering the future of the learning ecosystem. Learnflix got a strong response during lockdown. There has been robust subscriber addition during the past months both from students and schools and the App has received a high review rating of 4+ on the Playstore and is available on Android, IOS and Web Platforms.

**THE TIMES OF INDIA**

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Learn more content with engaging videos for better understanding.

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Learn at your own pace, practice regularly.

**Results**  
7/10 marks, 89% score.

**Remedial**  
Removal of errors that hinder your development.

**FOCUS AREA**  
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**15 Am**  
All rounder

**100%**  
Conceptual Understanding

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Since 1959

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### Brand Connect

S Chand Group's Brand Ambassador for the last couple of years is the former Indian cricket captain and BCCI President Saurav Ganguly, who is respected and recognized all over India. This, combined with strategic advertising and digital marketing, has earned the Company a solid Brand presence in the community. The outcome is trust in the brand and recall in the community. S Chand engages with learners on social media and also by conducting tours of the printing facility. It connects with teachers through e-mailers, e-magazines, webinars, conclaves, workshops and has instituted awards for Teachers and School Leadership. Further the Group connects with school leadership through tours and in-house magazines. Dealer meets, events and awards are the means to connect with key channel partners.



## Human Resources

As of March 2020, the Company at a group level has over 1900 employees, including the product/services sales and marketing team of over 800 spread across the country and a content development team of subject matter experts, instructional designers, graphic designers of approximately 200 employees.

In addition, the rewards and recognition program and adequate growth opportunities help to ensure that employees are motivated and performance oriented. The Company also offers an incentive program to its sales employees, pursuant to which sales executives and managers receive additional financial remuneration if they achieve a defined percentage of their annual sales targets and budget.

S Chand has established extensive requirements relating to workplace safety. To ensure that the Company adheres to all statutory laws and regulations on environment, health and safety, it has implemented an environmental, health and safety program. In addition, S Chand has implemented programs related to electrical safety, the handling of equipment and materials, the handling of hazardous chemicals, fire safety, monitoring of the work environment (including air quality, ambient noise and the quality of drinking water), first aid, hazardous waste disposal and housekeeping.

The Company has also implemented a system of accident reporting and investigation, pursuant to which all accidents, both fatal and non-fatal are reportable to health and safety authorities. Employees are also encouraged to report on "near miss" accidents.

Post Covid-19, the company has been very careful in implementing all MHA guidelines for safety of its employees and has also offered work from home wherever possible and required.

## Risks & Concerns

S Chand is closely linked to the central curriculum academic cycle of April to March school cycle, which is seasonal in nature. The seasonality in the K-12 market has a direct impact on S Chand's operating revenues, margins and cash flows on a quarterly basis. The company has also diversified its revenue stream by focusing on digital solutions which are focused to both education institutions and students. In addition, the company also is present in the Higher Education, Test Preparation, Distance Learning and Skill education segments which have different sales cycles.

The Company continues to face other external challenges like circulars from state governments on reducing bag weight for students, pressure for adoption of NCERT books and reduction of certain non core subjects in junior classes etc. The Company has mitigated the threat by developing monthly/semester books, digital products and value-added services and also focused on workshops and seminars with schools to enhance engagement with schools.

A significant portion of the Company's revenues are dependent on the titles of a few top authors. To maintain on-going harmonious relationships, the Company ensures that its authors are compensated well. It believes in maintaining mutually beneficial relationships and having a strong feedback mechanism to ensure longevity of the S Chand's various brands.

In parallel, the Company continues to widen and expand its content and author base on a continuous basis. To protect its content ownership and dissemination, S Chand has a dedicated legal team that strongly manages its Intellectual Property Rights on an ongoing basis. The Company views the advent of disruptive digital technologies and the development of open-source content, more as a business opportunity, rather than a threat.

Piracy (physical and online) continue to be a large risk for all publishing companies. The key titles being pirated across various locations for which the company continues to conduct raids through government agencies. Further, online piracy in the form of applications, use of content by various education aggregators and individuals on platforms like Youtube etc. without permission and uploading of content through various sharing sites are regularly scanned and action taken to protect copyright of company and its authors from infringement.

## Information Technology

S Chand deploys its own servers for SAP, ERP, and content (text, animation, videos etc.), as well as other office data. The e-mail and CRM servers are on the Cloud, while regular back-ups are conducted on Company servers. A cloud-based SAP disaster recovery is also in place with the help of a third party. The company is in the process of creating a repository of its content on cloud.

Some key investments that enhanced S Chand's IT framework include:

- ⊙ The enhancement of the publishing software licenses to keep up with technical enhancements in the field of digital content creation.
- ⊙ The enhancement of the operating system licenses.
- ⊙ The Company has strengthened its CRM solution.
- ⊙ An SAP disaster recovery on the cloud (third party).
- ⊙ Ordering mobile and web-application SCOT for customers.
- ⊙ Availability of digital resources to teachers and students on company website.
- ⊙ Enabling books with digital content using QR codes and VRX content.
- ⊙ Microsite for ebooks
- ⊙ HRMS portal for employee related activities

Our group website is: [www.schandgroup.com](http://www.schandgroup.com). Each Group company / vertical also has its own individual website which provides information of its products and services. To protect the servers and data from malware etc., S Chand has firewalls and SAP / ERP access is largely through VPN for the main locations. This is in accordance with the IT Policy guidelines that are in place.

## Internal Risk Control

The following list highlights S Chand's comprehensive Internal Control Framework:

- ⊙ Key Policies are formulated, circulated, approved and reviewed annually, in addition to being published online.
- ⊙ The Authorization Matrix is clearly defined with segregation of duties to ensure internal controls.
- ⊙ Internal Control Testing is conducted by Internal Auditors, with low failures under the Risk Control Matrix process.
- ⊙ Application authorization are given to employees based on level and work profile
- ⊙ An Internal Audit Department independently audits for Branches and production facilities for processes etc.
- ⊙ Regular Internal Audit is conducted for the company and subsidiaries throughout the year
- ⊙ External Software to track Statutory Compliances.
- ⊙ A robust Corporate Governance approach is followed, with Independent Directors in the Company and all material subsidiaries.
- ⊙ Related Party Transactions are approved by Audit Committee and Board wherever required
- ⊙ An arm's length approach is followed, even between subsidiaries/associates and the holding company

## Cautionary Statement

This document contains statements about expected future events, financial and operating results of S Chand, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of S Chand's Annual Report, FY2020.

# S Chand and Company Limited

## Standalone financial statements for the year ended 31 March 2020

### INDEPENDENT AUDITOR'S REPORT

To the Members of S Chand & Company Limited

### Report on the Audit of the Standalone Ind AS Financial Statements

#### Qualified Opinion

We have audited the accompanying standalone Ind AS financial statements of S Chand and Company Limited ("the Company"), which comprise the Balance sheet as at 31<sup>st</sup> March 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the 'Basis for Qualified Opinion' section of our report, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2020, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Qualified Opinion

As explained in the note 54 of the standalone financial statement, due to travel restrictions and impracticability to travel on account of COVID-19 as at 31<sup>st</sup> March 2020 and due to significant business activities subsequent to year-end, the management could not perform physical count of inventory as at 31<sup>st</sup> March 2020 through to the date of approval of these financial statements. Accordingly, we were not able to observe the physical count of inventory, therefore, we were unable to verify the existence/condition of inventories of INR 103.55 million raw material, INR 556.40 million finished goods, INR 3.18 million traded goods to determine adjustments that may be required to be made in the value of inventory and consequential effect thereof to the financial statements as at 31<sup>st</sup> March 2020.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone 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 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 qualified audit opinion on the standalone Ind AS financial statements.

#### Emphasis of Matter - COVID-19

We draw attention to Note 53 to the standalone financial statement for the year ended 31<sup>st</sup> March 2020, which describes the uncertainties and the impact of COVID 19 on i) carrying value of receivables, inventory, Right to Use assets and Investment in subsidiaries and ii) Company's ability to meet contractual obligations including debt repayments, as assessed by the management. The actual results may differ from such estimates depending on future developments. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended 31<sup>st</sup> March 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the 'Basis for Qualified Opinion' section we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
<p><b>Impairment of loans and investments in subsidiaries</b> (as described in note 2.13 of the financial statements)</p> <p>As at 31st March 2020, the carrying values of the Company's interests in subsidiaries namely D S Digital Private Limited ("DS Digital") and Safari Digital Education Initiative Private Limited ("Safari Digital"), amounted to INR 253 million and INR 198 million respectively. Management reviewed regularly whether there are any indicators of impairment of the investments. Impairment indicators were observed on the loans and investments in DS Digital and Safari Digital. As a result, an impairment assessment was required to be performed by comparing the carrying value of these subsidiaries to their recoverable amount to determine whether an impairment was required to be recognized.</p> <p>For loans, the Company adopted an individual impairment assessment approach for each individual loan. In assessing the recoverability, management exercised judgements to evaluate the collectability considering whether DS Digital and Safari Digital have financial difficulties, in repaying the loans.</p> <p>For investments where impairment indicators exist, management estimated the recoverable amounts of the investments, being higher of fair value less costs of disposal and value in use. The value in use of the underlying businesses is determined based on the discounted cash flow projections. The recoverable amount was determined in accordance with Ind AS 36 Impairment of Assets to be the higher of the fair value less cost of disposal, and the value in use, determined by discounting future cash flows.</p> <p>The processes and methodologies for assessing and determining the recoverable amount are based on management' judgment, with reference to the identification of impairment indicators, to forecast of future cash flows, the normalized cash flows assumed as a basis for the terminal value, as well as the long-term growth rates and discount rates applied to such cash flows forecasts.</p> <p>Apart from regularly assessing the impairment indicators as mentioned above, during the year ended March'18, the Company had filed a scheme with SEBI, for merger of education business of both Safari Digital and DS Digital. As per management, this merger was initiated in view of better synergy of operations of education business of both subsidiaries. In view of this, the Company has assessed for impairment in these subsidiaries for the remaining business operations (i.e. resultant business). Based on the recoverable value, the Company has already recognized impairment loss of INR 50 million and INR 70 million pertaining to resultant business of DS Digital and Safari Digital in the previous and current financial year, respectively.</p> <p>In consideration of the judgment required and assumptions used in the estimate of the recoverable amount, we have considered that this area represents a key audit matter.</p>	<p><b>Our audit procedures performed included the following:</b></p> <ul style="list-style-type: none"> <li>• Assessment of the report produced by the third-party specialists, as well as the assessment of their competence and objectivity; we also assessed the Company's valuation methodology applied in determining the recoverable amount, the assumptions around the key drivers of the cash flow forecasts (including impact of COVID 19) with reference to expected growth rates. Also, we performed sensitivity of the valuation model to changes in key assumptions</li> <li>• Assessment of the accuracy of actual results against previous forecasts, long-term growth rates and discount rates.</li> <li>• We reviewed the amalgamation scheme filed with SEBI and analyzed, whether accumulated losses pertaining to education business, which is to be merged, are available for utilization by the Company.</li> <li>• We assessed the adequacy of the disclosures made in the financial statements.</li> </ul>
<p><b>Provisions for doubtful debts</b> (As described in 2.13 of the financial statements)</p> <p>The Company is required to regularly assess the recoverability of its trade receivables. The recoverability of trade receivables was significant to our audit due to the value of amounts aged greater than the credit terms extended to customers.</p> <p>The provisions for doubtful debts are determined through expected credit loss model under Ind AS 109 Financial Instruments. This involves judgement as the expected credit losses must reflect information about past events, current conditions and forecasts of future conditions, as well as the time value of money. Therefore, it is determined to be a key audit matter.</p> <p>The company has further evaluated the historical data used for ECL computation based on their delay loss experience in terms of current observable data to reflect the possible effects from the pandemic related to COVID-19. However, the company has not come across any adjustment in the ECL computation.</p> <p>The Company's disclosures are included in Note 2.13 and Note 5C to the financial statements, which outlines the accounting policy for determining the allowance for doubtful debts and details of the period on period movement in gross and net trade receivables.</p>	<p><b>In obtaining sufficient audit evidence over the carrying value of trade receivables, we:</b></p> <ul style="list-style-type: none"> <li>• Tested the ageing and subsequent receipts after year-end of trade receivables on sample basis;</li> <li>• We assessed the Company's provisioning policy, which included assessing the calculation required under Ind AS 109. We assessed whether the time value of money was considered in the expected credit loss impairment model and checked the mathematical accuracy of the calculations.</li> <li>• Considered the customers' historical payment trends and evaluated the credit risk profile of the customers on sample basis using external information available, including COVID 19 impact;</li> <li>• We assessed the Company's disclosures in relation to trade receivables included in the financial statements.</li> </ul>



Key audit matters	How our audit addressed the key audit matter
<p><b>Refund liabilities</b> (as described in note 2.5 of the financial statements)</p> <p>The company is involved in publishing and distribution of educational books. Due to the nature of business, the company offers option to the customers to return unsold inventory. Significant amount of sales returns are received in the year subsequent to the year when books are sold. Discount comprises of Turnover, Cash &amp; additional discount. Turnover discount is offered to the customers in the period subsequent to the reporting date based on parameters for a specified period. Cash Discount is offered based on the cash discount schemes applicable to certain months. Further, at the time of annual settlement, which may not coincide with the financial year, with respective debtors additional discounts are offered based on their negotiations agreed with respective customers. Provision for such sales returns &amp; discounts are estimated, deducted from revenue and accounts receivable and termed as refund liabilities.</p> <p>Estimates of refund liabilities are required to be made at the time of sale. When determining the appropriate allowance, management considers historical trends, present changes in policies for the academic season, as a basis for the estimate as well as all other known factors, which could significantly influence the level of future refund liabilities. Significant judgement is required in assessing the appropriate level of the provision for sales return &amp; discounts.</p> <p>Measuring refund liabilities is a key audit matter as it requires significant estimates made by Management.</p> <p>Such judgements include management's expectation of refund liabilities and historical estimates of refund liabilities vis a vis the refund liabilities received during the year.</p>	<p><b>Our audit procedures included the following:</b></p> <ul style="list-style-type: none"> <li>We obtained management's calculations for provision for refund liabilities (sales returns &amp; discounts provision), recalculated the amounts for mathematical accuracy and evaluated the assumptions (including impact of COVID 19) used by reference to internal sources (i.e. management budgets and schemes offered to customers).</li> <li>We considered the accuracy of management's estimates in previous years by comparing historical provisions to the actual amounts to assess the management ability to accurately estimate their refund liabilities.</li> <li>We verified relevant approvals of actual sales returns &amp; discount passed to customer as per authority matrix. Additionally, we tested discount passed on to customers on sample basis, by performing re-computation based on the terms and conditions executed with the customers.</li> <li>We tested the actual sales return &amp; discounts passed to customers after the balance sheet date and upto 10 days prior to approval of financials to determine whether the revenue has been recognized in the appropriate period.</li> <li>We also assessed the disclosures in respect of refund liabilities arising from discounts included in the financial statements.</li> </ul>
<p><b>Deferred Tax assets</b> (as described in note 2.6 of the financial statements)</p> <p>As on 31st March 2020, Deferred tax assets (before offset: INR 308.07 million) and deferred tax liabilities (before offset: INR 11.20 million) are recognized, on the one hand, for temporary differences which could lead to taxable or deductible amounts and, on the other hand, for future tax receivables resulting from the utilization of loss carryforwards. The recognition of deferred tax liabilities includes all taxable temporary differences, while deferred tax assets are only recorded to the extent it is probable that sufficient deferred tax liabilities or taxable profit will be available in the future against which the deductible temporary differences can be used.</p> <p>Management has recognized deferred tax asset on the unabsorbed losses basis the reasonable certainty that there would be sufficient taxable profits in the future, however, in view of the COVID 19 impact, the realization of deferred tax may take more time than previously estimated.</p> <p>Since the recognition of deferred tax assets relies on the significant application of judgement by the management in respect of assessing the probability and sufficiency of future taxable profits and future reversals of existing taxable temporary differences, therefore it is considered as key audit matter.</p>	<p><b>Our audit procedures included the following:</b></p> <ul style="list-style-type: none"> <li>We analyzed the future projections of the company including impact of COVID 19 and assumption used as to when it would be certain that company would earn future taxable income.</li> <li>We assessed the sensitivity of the outcomes in the above scenario to reasonably possible changes in assumptions and evaluated the realizability of deferred tax asset as to when the company would earn future taxable profits.</li> <li>We obtained the management's calculation for the computation of deferred taxes and evaluated the calculation method used to determine the deferred tax assets.</li> <li>We further recalculated the amounts for mathematical accuracy</li> <li>We also assessed the disclosures in respect of deferred tax included in the financial statements.</li> </ul>

## Other Information

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

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

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. The Annual report is not made available to us as at the date of this auditor's report. We have nothing to report in this regard.

## Responsibilities of Management for the Standalone 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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive

income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 standalone 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 Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone Ind AS financial statements.

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

- a) Identify and assess the risks of material misstatement of the standalone 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.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended 31<sup>st</sup> March 2020 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 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and except for the matters described in the Basis for Qualified Opinion paragraph obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

- (b) Except for the matters described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.;
- (d) Except for the effects of the matters described in the Basis for Qualified Opinion, in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
- (f) On the basis of the written representations received from the directors as on 31<sup>st</sup> March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;
- (h) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (i) According to the information and explanation given by the management, we report that remuneration of the Director for the year ended 31<sup>st</sup> March 2020 is in excess of the limits applicable under section 197 of the Act, read with Schedule V thereto, by Rs 5 million. We are informed by the management that it is in the process of seeking approval of the shareholders for Rs 5 million in a general meeting by way of special resolution.
- (j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 49 to the standalone 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;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Sanjay Bachchani**

Partner

Membership Number: 400419

UDIN: 20400419AAADB6849

Place of Signature: Gurugram

Date: 30<sup>th</sup> June 2020

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

**Re: S Chand and Company Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.
- (ii) The Company as part of its policy performs physical verification of inventory bi-annually in September and March every year. In our opinion, the frequency of verification is reasonable. The management had carried out physical verification of inventory as at 30<sup>th</sup> September, 2019. No material discrepancies were noticed on such physical verification. However as explained in the note 54, the management could not perform physical verification of inventory as at 31<sup>st</sup> March 2020, therefore, we are unable to comment on discrepancies, if any, between physical and book records as at 31<sup>st</sup> March 2020
- (iii) (a) The Company has granted loans to five companies covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.

- (b) The Company has granted loans to a firm covered in the register maintained under section 189 of the Companies Act, 2013. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act 2013, for the product/services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been slight delay in few cases in GST & TDS.
- (b) According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
Payment of Bonus Act'1965	Bonus	0.2 million	FY 15-16	Within 8 months from the date the close of accounting year	Not yet paid

- (c) According to the information and explanation given to us, dues of income tax, sales-tax, service tax/goods and service tax, custom duty, excise duty, value added tax and cess which have not been deposited on account of any dispute are as follows:

Name of the Statute	Nature of dues	Amount (Rs.)	Amount paid (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	4,163,128	-	A.Y 2008-09	Delhi High Court
		5,338,597	-	AY 2009-10	Delhi High Court
		6,628,820	4,059,842	AY 2010-11	Delhi High Court
		9,997,850	-	AY 2012-13	ITAT
		3,339,530	-	AY 2013-14	ITAT
		4,443,190	-	AY 2015-16	CIT (A)
		4,931,265	-	AY 2017-18	CIT(A)

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a financial institution or bank. The Company does not have any dues to in respect of debenture holders or government.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of initial public offer and term loans for the purposes for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no material fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanation given by the management, we report that remuneration of the Director for the year ended 31<sup>st</sup> March 2020 is in excess of the limits applicable under section 197 of the Act, read with Schedule V thereto, by Rs 5million. We are informed by the management that it is in the process of seeking approval of the shareholders for Rs 5million in a general meeting by way of special resolution
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

Chartered Accountants

ICAI Firm registration number: 101049W/E300004

**per Sanjay Bachchani**

Partner

Membership Number: 400419

UDIN: 20400419AAAADB6849

Place: Gurugram

Date: 30<sup>th</sup> June, 2020**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF S CHAND AND COMPANY LIMITED****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of S Chandand Company Limited ("the Company") as of 31<sup>st</sup> March 2020, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements**

A company's internal financial control over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in

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

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements**

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

### **Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weakness have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting with reference to these standalone financial statements as at 31<sup>st</sup> March 2020:

- a) As explained in the note 54, the Company, could not perform physical verification of inventory at the year end, due to which we are unable to comment on operative ineffectiveness of internal controls in relation to physical verification of inventory and reconciliation of physically inventory with the inventory records, which may potentially result in material misstatement of inventory values in the books of account.

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

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting with reference to these standalone financial statements as of 31<sup>st</sup> March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as of 31<sup>st</sup> March 2020.

### **Explanatory paragraph**

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone financial statements of S Chand and Company Limited, which comprise the Balance Sheet as at 31<sup>st</sup> March 2020, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 31<sup>st</sup> March 2020 standalone financial statements of S Chand and Company Limited and this report affect our report dated 30<sup>th</sup> June, 2020, which expressed a qualified opinion on those financial statements.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

#### **per Sanjay Bachchani**

Partner

Membership Number: 400419

UDIN: 20400419AAAADB6849

Place of Signature: Gurugram

Date: 30<sup>th</sup> June 2020

## Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Audited Financial Results - (Standalone)

### Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

				Rs. In Mn
I.	Sl.No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	1,666.93	1,666.93
	2.	Total Expenditure	2,020.94	2,020.94
	3.	Net Profit/(Loss)	(397.28)	(397.28)
	4.	Earnings Per Share	(11.36)	(11.36)
	5.	Total Assets	9,861.91	9,861.91
	6.	Total Liabilities	2,034.42	2,034.42
	7.	Net Worth	7,827.49	7,827.49
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	<b>Audit Qualification (each audit qualification separately):</b>			
	<b>a. Details of Audit Qualification:</b>			
	<p>As explained in the Note 12 of the Standalone financial results, due to travel restrictions and impracticability to travel on account of COVID-19 as at March 31, 2020 and due to significant business activities subsequent to year end, the management could not perform physical count of inventory as at March 31, 2020 through to the date of approval of these Financial Statements. Accordingly, we were not able to observe the physical count of inventory, therefore, we were unable to verify the existence/ condition of inventories of Rs. 103.55 Mn raw material, Rs. 556.40 million finished goods, Rs. 3.18 million traded goods to determine adjustments that may be required to be made in the value of inventory and consequential effect thereof to the financial statements as at 31st March 2020.</p>			
	<b>b. Type of Audit Qualification:</b> Qualified Opinion / Disclaimer of Opinion / Adverse Opinion			
	Qualified Opinion			
	<b>c. Frequency of qualification:</b> Whether appeared first time / repetitive / since how long continuing			
	First Time			
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b>			
	<p>The Company as part of its policy performs physical verification of inventory bi-annually in September and March every year. Accordingly, the management, had carried out physical verification of inventory for the period ended 30 September 2019, The management has, therefore, relied upon the inventory count reflected in its books of accounts, which is the balancing figure for the opening, purchases and the inventory consumed / sold during the financial year.</p> <p>The management intends to complete the physical verification process in the subsequent quarter and doesn't expect any significant impact which could arise on completion of this process</p>			
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>			
	<b>(i) Management's estimation on the impact of audit qualification:</b>			
	Not Applicable			
	<b>(ii) If management is unable to estimate the impact, reasons for the same:</b>			
	Not Applicable			
	<b>(iii) Auditors' Comments on (i) or (ii) above:</b>			
	Not Applicable			

III.	<p data-bbox="207 196 1468 238">Signatories</p> <hr/> <p data-bbox="207 238 1468 279"><b>For S Chand and Company Limited</b></p> <p data-bbox="207 279 1468 321">Sd/- Himanshu Gupta <b>Managing Director</b></p> <p data-bbox="207 321 1468 362">Place : New Delhi Date : August 7, 2020</p> <hr/> <p data-bbox="207 362 1468 404"><b>For S Chand and Company Limited</b></p> <p data-bbox="207 404 1468 445">Sd/- Saurabh Mittal <b>CFO</b></p> <p data-bbox="207 445 1468 486">Place : New Delhi Date : August 7, 2020</p> <hr/> <p data-bbox="207 486 1468 528"><b>For S Chand and Company Limited</b></p> <p data-bbox="207 528 1468 569">Sd/- Archana Capoor <b>Audit Committee Chairperson</b></p> <p data-bbox="207 569 1468 611">Place : New Delhi Date : August 7, 2020</p> <hr/> <p data-bbox="207 611 1468 652"><b>For S.R. Batliboi &amp; Associates LLP</b></p> <p data-bbox="207 652 1468 694">Chartered Accountants ICAI Firm Registration No. 101049W / E300004</p> <p data-bbox="207 694 1468 735">Sd/- Sanjay Bachchani Partner Membership No. 400419</p> <p data-bbox="207 735 1468 777">Place : Gurugram Date : August 7, 2020</p> <hr/>
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## S Chand and Company Limited

### Balance Sheet as at 31 March 2020

(₹ in millions)

	Notes	As at 31 March 2020	As at 31 March 2019
<b>Assets</b>			
Non-current assets			
Property, plant and equipment	3	134.80	198.39
Intangible assets	4A	166.78	182.21
Right-of-use assets	4B	238.88	-
Capital work-in-progress		0.69	1.51
Intangible assets under development		-	5.63
Financial assets			
- Investments	5A	6,020.84	6,075.30
- Loans	5F	339.69	577.85
- Other financial assets	5E	10.84	4.86
Deferred tax assets (net)	8	296.87	235.85
Other non-current assets	7	124.24	107.15
<b>Total non-current assets</b>		<b>7,333.63</b>	<b>7,388.75</b>
<b>Current assets</b>			
Inventories	6	663.13	798.71
Financial assets			
- Investments	5B	1.57	36.39
- Loans	5F	291.40	94.66
- Trade receivables	5C	1,506.74	1,965.48
- Cash and cash equivalents	5D	10.83	237.99
- Other financial assets	5E	13.26	17.10
Other current assets	7	41.35	56.08
<b>Total current assets</b>		<b>2,528.28</b>	<b>3,206.41</b>
<b>Total assets</b>		<b>9,861.91</b>	<b>10,595.16</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	9	174.88	174.88
Other equity			
- Retained earnings	10	1,035.08	1,436.44
- Other reserves	10	6,617.53	6,616.86
<b>Total equity</b>		<b>7,827.49</b>	<b>8,228.18</b>
<b>Non-current liabilities</b>			
Financial liabilities			
- Borrowings	12A	453.48	577.43
- Lease liabilities	14B	85.96	-
Net employee defined benefit liabilities	16	25.16	12.19
Other non-current liabilities	15	-	6.27
<b>Total non-current liabilities</b>		<b>564.60</b>	<b>595.89</b>
<b>Current liabilities</b>			
Financial liabilities			
- Borrowings	12B	593.91	619.80
- Lease liabilities	14B	53.91	-
- Trade payables	13		
Micro enterprises and small enterprises		4.20	3.27
Other than micro enterprises and small enterprises		614.82	802.40
- Other financial liabilities	14A	154.89	255.52
Other current liabilities	15	48.00	90.01
Other provisions	17	0.09	0.09
<b>Total current liabilities</b>		<b>1,469.82</b>	<b>1,771.09</b>
<b>Total equity and liabilities</b>		<b>9,861.91</b>	<b>10,595.16</b>

Summary of significant accounting policies

2.1

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

As per our report of even date

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

per **Sanjay Bachchani**  
Partner, Membership No.: 400419

Place : Gurugram  
Date : 30 June 2020

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

**Sd/-  
Himanshu Gupta**  
Managing Director  
DIN: 0054015

**Sd/-  
Saurabh Mittal**  
Chief Financial Officer

Place : New Delhi  
Date : 30 June 2020

**Sd/-  
Dinesh Kumar Jhunjhnuwala**  
Whole-time director  
DIN: 00282988

**Sd/-  
Jagdeep Singh**  
Company Secretary

## S Chand and Company Limited

### Statement of Profit and Loss for the year ended 31 March 2020

(₹ in millions)

	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>I</b> Revenue from contract with customers	18	1,510.61	1,944.00
<b>II</b> Other income	19	156.32	232.60
<b>III Total Income</b>		<b>1,666.93</b>	<b>2,176.60</b>
<b>IV Expenses</b>			
Cost of published goods/material consumed	20	534.40	973.72
Purchase of traded goods	21	26.95	46.18
Increase/(decrease) in inventories of finished goods and work in progress	22	113.56	(201.66)
Publication expense	23	191.36	204.38
Selling and distribution expense	24	186.48	304.96
Employee benefits expense	25	447.30	572.65
Finance costs	28	154.42	106.34
Depreciation and amortization expense	26	90.94	36.64
Other expenses	27	275.53	409.71
<b>Total expenses</b>		<b>2,020.94</b>	<b>2,452.92</b>
<b>V Loss before exceptional item and tax (III-IV)</b>		<b>(354.01)</b>	<b>(276.32)</b>
Exceptional items	28A	102.62	225.57
<b>VI Loss before tax</b>		<b>(456.63)</b>	<b>(501.89)</b>
<b>VII Tax expense:</b>			
Current tax	29	-	-
Income tax adjustment related to earlier years		-	(7.19)
Deferred tax (credit)/ charge		(59.35)	(184.46)
<b>Total tax expense</b>		<b>(59.35)</b>	<b>(191.65)</b>
<b>VIII Loss for the year (VI-VII)</b>		<b>(397.28)</b>	<b>(310.24)</b>
<b>IX Other Comprehensive Income</b>	30		
<b>- Items that will not be reclassified to profit or loss</b>			
Re-measurement (gains)/losses on defined benefit plans		5.75	1.06
Income tax effect		(1.67)	(0.37)
<b>X Total Comprehensive Loss for the year (VIII + IX)</b>		<b>(401.36)</b>	<b>(310.93)</b>
<b>XI Earnings per equity share:</b>			
(1) Basic		(11.36)	(8.87)
(2) Diluted		(11.36)	(8.87)

Summary of significant accounting policies

2.1

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

As per our report of even date

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

per **Sanjay Bachchani**  
Partner, Membership No.: 400419

Place : Gurugram  
Date : 30 June 2020

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

**Sd/-**  
**Himanshu Gupta**  
Managing Director  
DIN: 0054015

**Sd/-**  
**Saurabh Mittal**  
Chief Financial Officer

Place : New Delhi  
Date : 30 June 2020

**Sd/-**  
**Dinesh Kumar Jhunjhnuwala**  
Whole-time director  
DIN: 00282988

**Sd/-**  
**Jagdeep Singh**  
Company Secretary

## S Chand and Company Limited

### Statement of Cash Flow for the year ended 31 March 2020

(₹ in millions)

	Notes	As at 31 March 2020	As at 31 March 2019
<b>A. Cash flow from operating activities</b>			
Loss before tax		(456.63)	(501.89)
<b>Adjustment to reconcile profit before tax to net cash flows</b>			
Depreciation and amortization expense		90.94	36.64
Unrealised foreign exchange (net) loss		(1.30)	-
Net gain on sale of current investments		(2.49)	(5.39)
Loss/(gain) on sale of assets		(0.84)	(0.31)
Provision for expected credit loss, advances and Bad debt written-off		71.84	89.23
Finance cost		152.66	98.95
Interest income		(68.69)	(131.68)
Fair value gain on financial instruments at fair value through profit or loss		0.76	(15.00)
Interest income on securities measured at amortised cost		(1.99)	(1.27)
Provision for diminution in value of investments		70.00	50.00
Unwinding financial guarantee obligation		(2.26)	-
Provision for inventory		32.62	-
Miscellaneous balances written-back		(9.45)	-
Employee stock option expense		0.67	1.64
<b>Operating loss before working capital changes</b>		<b>(124.17)</b>	<b>(379.08)</b>
<b>Movements in working capital:</b>			
(Decrease)/ Increase in trade payables		(180.95)	(449.99)
Decrease/ (Increase) in other financial assets		(2.38)	(4.59)
(Decrease)/ increase in current liabilities		(55.84)	(17.39)
(Decrease)/ Increase in provisions		12.97	3.34
Decrease/(Increase) in inventories		102.97	(272.71)
Decrease/(Increase) in trade receivables		395.65	972.16
Decrease/(Increase) in loans and advances		35.07	(37.60)
<b>Cash generated/ (used) in operations</b>		<b>183.32</b>	<b>(185.86)</b>
Direct taxes paid (net of refunds)		(21.92)	(38.75)
<b>Net Cash generated/ (used) in operating activities</b>	<b>(A)</b>	<b>161.40</b>	<b>(224.61)</b>
<b>B. Cash flows from investing activities</b>			
Purchase of fixed assets including capital advances, capital creditors and capital work-in-progress		(89.62)	(167.85)
(Purchase)/Sale of non-current investments		(2.26)	(608.22)
(Purchase)/Sale of current investments		31.57	72.72
Proceeds from sale of current investments		2.49	5.39
Proceeds from sale of fixed assets		12.66	2.37
Interest received		59.63	131.85
Loans to related parties		23.27	32.16
<b>Net cash flow generated / (used) in investing activities</b>	<b>(B)</b>	<b>37.74</b>	<b>(531.58)</b>

## S Chand and Company Limited

### Cash Flow Statement for the year ended 31 March 2020 (Continued)

(₹ in millions)

	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>C. Cash flows from financing activities</b>			
Dividend paid on equity shares		-	(52.46)
Tax on equity dividend paid		-	(10.78)
Interest paid on borrowings		(146.86)	(99.40)
Proceed (Repayment) of long term borrowings		(208.90)	655.34
Proceed (Repayment) of current borrowings		(25.89)	112.18
Payment of Lease Liabilities		(44.65)	-
<b>Net cash flow from / (used) in financing activities</b>	<b>(C)</b>	<b>(426.30)</b>	<b>604.88</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(A+B+C)</b>	<b>(227.16)</b>	<b>(151.31)</b>
Cash and cash equivalents at the beginning of the year		237.99	389.30
<b>Cash and cash equivalents at the end of the year</b>		<b>10.83</b>	<b>237.99</b>
<b>Components of cash and cash equivalents</b>			
Balances with banks:			
- On current accounts		7.62	65.31
- Cheques in hand		2.98	171.35
- Deposits with original maturity of less than three months		-	0.66
Cash on hand		0.23	0.67
<b>Total cash and cash equivalents (note 5D)</b>		<b>10.83</b>	<b>237.99</b>

**Non-Cash Investing and financing transaction**

Acquisition of property, plant and equipment by means of a finance lease - 5.09

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

Particulars	As at 31 March 2019	Cash flows	Non cash changes	As at 31 March 2020
Long term borrowings (including current maturity)	665.24	(208.90)	-	456.34
Short term borrowings	619.80	(25.89)	-	593.91
	<b>1,285.05</b>	<b>(234.78)</b>	-	<b>1,050.25</b>

**Summary of significant accounting policies**

2.1

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

As per our report of even date

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

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

**Sd/-  
Himanshu Gupta**  
Managing Director  
DIN: 0054015

**Sd/-  
Dinesh Kumar Jhunjhnuwala**  
Whole-time director  
DIN: 00282988

**per Sanjay Bachchani**  
Partner, Membership No.: 400419

**Sd/-  
Saurabh Mittal**  
Chief Financial Officer

**Sd/-  
Jagdeep Singh**  
Company Secretary

Place : Gurugram  
Date : 30 June 2020

Place : New Delhi  
Date : 30 June 2020

## S Chand and Company Limited

### Statement of Changes in Equity for the year ended March 31, 2020

#### A. Equity share capital:

Issued, subscribed and fully paid up	No. of shares	₹ in millions
<b>As at 31 March 2018</b>	<b>34,975,287</b>	<b>174.88</b>
Issued during the year	-	-
<b>As at 31 March 2019</b>	<b>34,975,287</b>	<b>174.88</b>
Issued during the year	-	-
<b>As at 31 March 2020</b>	<b>34,975,287</b>	<b>174.88</b>

#### B. Other equity

(₹ in millions)

	Reserve & Surplus				Total
	Retained earnings	Capital reserve	Security premium	ESOP outstandings	
<b>As at 31 March 2018</b>	<b>1,810.60</b>	<b>0.51</b>	<b>6,606.35</b>	<b>7.90</b>	<b>8,425.36</b>
Profit for the year	(310.24)	-	-	-	(310.24)
Other comprehensive income for the year	(0.69)	-	-	-	(0.69)
<b>Total Comprehensive Income for the year</b>	<b>(310.93)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(310.93)</b>
Share based payments	-	-	-	2.10	2.10
Final equity dividend	(52.46)	-	-	-	(52.46)
Dividend distribution tax	(10.78)	-	-	-	(10.78)
<b>As at 31 March 2019</b>	<b>1,436.44</b>	<b>0.51</b>	<b>6,606.35</b>	<b>10.00</b>	<b>8,053.30</b>
Profit for the year	(397.28)	-	-	-	(397.28)
Other comprehensive income for the year	(4.08)	-	-	-	(4.08)
<b>Total Comprehensive Income for the year</b>	<b>(401.36)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(401.36)</b>
Share based payments	-	-	-	0.67	0.67
<b>As at 31 March 2020</b>	<b>1,035.08</b>	<b>0.51</b>	<b>6,606.35</b>	<b>10.67</b>	<b>7,652.61</b>

#### Summary of significant accounting policies

2.1

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

As per our report of even date

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

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

**Sd/-  
Himanshu Gupta**  
Managing Director  
DIN: 0054015

**Sd/-  
Dinesh Kumar Jhunjhnuwala**  
Whole-time director  
DIN: 00282988

**per Sanjay Bachchani**  
Partner, Membership No.: 400419

**Sd/-  
Saurabh Mittal**  
Chief Financial Officer

**Sd/-  
Jagdeep Singh**  
Company Secretary

Place : Gurugram  
Date : 30 June 2020

Place : New Delhi  
Date : 30 June 2020

# S Chand and Company Limited

## Notes to financial statements for the year ended 31 March 2020

*(Amount in Indian Rupees, unless otherwise stated)*

### 1. Corporate information

S Chand and Company Limited ('the Company') is a public company domiciled in India and is incorporated under the provisions of the Companies Act, 1956 applicable in India. The Company has become a Public Limited Company w.e.f. 8<sup>th</sup> September 2016 and consequently the name of the Company has changed from S Chand and Company Private Limited to S Chand and Company Limited. Its shares are listed on two recognised stock exchanges in India. The registered office of the Company is located at 7361, Ram Nagar, Qutab Road, New Delhi-110055. These are standalone financial statements and, accordingly, these Indian Accounting Standard (Ind AS) financial statements incorporate amounts and disclosures related to the Company only.

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

### 2. Significant accounting policies

#### 2.1 Basis of preparation

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

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

- i) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).
- ii) Equity settled employee share-based payment plan

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

#### 2.2 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

#### 2.3 Foreign currencies

##### *Functional and presentational currency*

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

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 *(Continued)*

#### *Transactions and balances*

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

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

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

#### **2.4 Fair value measurement**

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

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

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

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

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

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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

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

For the purpose of fair value disclosures, the 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.

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

- i. Disclosures for valuation methods, significant estimates and assumptions (Refer 2.20)
- ii. Quantitative disclosures of fair value measurement hierarchy (Note 39)
- iii. Investment in unquoted equity shares (Note 5A and 5B)
- iv. Financial instruments (including those carried at amortised cost) (Note 39)
- v. Equity Settled employee share based payment plan (Note 36)

#### **2.5 Revenue from contract with customer**

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

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 *(Continued)*

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

#### ***Sale of goods***

Revenue from sale of books is recognised at the point in time when control of the asset is transferred to the customer, i.e. at the time of handing over goods to the carrier for transportation.

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

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

#### ***Job work***

Revenue from job work services is recognised at the point in time when control of the asset is transferred to the customer, i.e. at the time of handing over goods to the carrier for transportation or to the customer as per the terms of the contract.

#### **Variable consideration**

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

- **Rights of return**

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

- **Volume rebates**

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

- **Cash rebates**

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

#### **Contract assets**

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

#### **Trade receivables**

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

#### **Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a



## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 *(Continued)*

contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

#### *Interest income*

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

#### *Dividends*

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

#### *Cross Charges for Shared Services*

The company provides various administrative and management services through shared resources to its subsidiary companies to facilitate day to day operations. The company recognises revenue over time, because the subsidiaries receive and consume the service provided by the company over that period.

## 2.6 Taxes

#### *Current income tax*

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

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

#### *Deferred tax*

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 *(Continued)*

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

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

#### 2.7 Property, plant and equipment

Capital work in progress, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

##### *Depreciation*

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

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

Category of assets	Useful life as adopted by management	Useful life as per Schedule II
Plant and equipment	15 -25 years	15 years
Office Equipment	5 years	5 years
Furniture & fixture	10 years	10 years
Vehicle	10 years	8 years
Others - Computer	6 years	3 years

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

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

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

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

#### 2.8 Intangible assets

##### *Recognition and measurement*

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

##### *Amortisation and useful lives*

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

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

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### Notes to financial statements as at 31 March 2020 *(Continued)*

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

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

#### **Research and development costs**

Research costs are expensed as incurred. Development expenditure incurred on an individual project are recognised as an intangible asset when the Company can demonstrate the following:

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

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually.

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

Intangible assets	Useful lives	Amortization method used	Internally generated or acquired
Computer software	Finite (5 -10 years)	Amortized on straight line basis over the period of useful lives	Acquired
Goodwill on business combination	Indefinite	No amortization	Acquired
Copyrights	Finite (10 years)	Amortized on straight line basis over the period of copyright	Acquired
Content development	Finite (10 seasons)	Amortized on straight line basis over the period of content	Internally generated

## 2.9 Borrowing costs

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

## 2.10 Leases

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

#### **Company as a lessee**

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

#### **Right-of-use assets**

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

#### **Lease Liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable,

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 *(Continued)*

variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

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

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

#### **IND AS 116 adoption:**

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

#### **2.11 Inventories**

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

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

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

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

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

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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### Notes to financial statements as at 31 March 2020 (*Continued*)

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

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

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

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

#### 2.13 Financial instruments

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

##### Financial assets

###### *Initial recognition and measurement*

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

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

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

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

###### *Subsequent measurement*

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

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

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

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

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

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

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 *(Continued)*

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

A "financial asset" is classified as at the FVTOCI if both of the following criteria are met:

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

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

#### ***Equity instruments at FVTOCI***

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

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

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

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

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

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

#### ***De-recognition***

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

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

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

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

#### ***Impairment of financial assets***

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

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

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 *(Continued)*

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

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

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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

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

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

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

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

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

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

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

## Financial liabilities

### *Initial recognition and measurement*

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

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

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

### *Subsequent measurement*

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

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

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

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 *(Continued)*

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

#### ***Loans and borrowings***

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

#### ***Financial guarantee contracts***

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

#### ***De-recognition***

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

### **Re-classification of Financial Assets**

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

### **Offsetting of Financial Instruments**

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

### **2.14 Retirement and other employee benefits**

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

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

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

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

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs



## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 *(Continued)*

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the standalone statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

#### ***Compensated absences***

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

### **2.15 Share based payments**

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

#### ***Equity settled transactions***

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

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### **2.16 Provisions**

#### ***General***

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

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

### **2.17 Cash and cash equivalents**

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

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

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 *(Continued)*

#### 2.18 Earnings Per Share (EPS)

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

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

#### 2.19 Cash dividend

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

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

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

#### A. Judgement

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

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

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

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

##### **Leases - Estimating the incremental borrowing rate**

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

##### **Revenue from contracts with customers**

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

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

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

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

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 *(Continued)*

#### B. Estimates and assumptions

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

##### Taxes

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

##### Defined benefit plans (gratuity benefits)

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

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

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

Further details about gratuity obligations are given in Note 33.

##### Provision for expected credit losses of trade receivables and contract assets

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. For details of allowance for doubtful debts please refer Note 5c.

##### Impairment of non-financial assets

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

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

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

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

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

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

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 *(Continued)*

#### Exceptional items

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

- a) Reassessment / Change in life of asset (in case of re-evaluation of business/product, impact of all assets specific to that business/product to be considered for applying the threshold).
- b) Provision for other than temporary diminution in the value of non-current investment.
- c) Write-downs of inventories to net realisable value or of property, plant and equipment to recoverable amount, as well as reversals of such write-downs.
- d) In case of other significant item of income or expense, not covered above, the same would be evaluated on a case to case basis for disclosure under exceptional items

#### 2.21 New and amended standards

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments apply for the first time for the year ending 31 March 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified

##### a. Ind AS 116

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company adopted Ind AS 116 using the modified retrospective Alternative 2 method of adoption with the date of initial application of 01 April 2019 and accordingly comparative figures are not restated. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Accordingly, the Company has recognised a lease liability as at 01 April 2019 for leases previously classified as an operating lease applying Ind AS 17. The lessee shall measure that lease liability at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate. Further, an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as Right to Use ("ROU").

##### b. Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments.

The Appendix did not have an impact on the financial statements of the Company.

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### c. Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

There were no such transactions in the company accordingly, these amendments had no impact on the financial statements of the Company.

#### d. Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the period.

### 3. Property, plant and equipment

(₹ in millions)

	Plant & equipment	Office equipment	Furniture & fixtures	Vehicles*	Leasehold improvement	Computers	Land	Building	Total
<b>As at 31 March 2018</b>	<b>13.41</b>	<b>15.48</b>	<b>19.28</b>	<b>59.86</b>	<b>11.23</b>	<b>14.12</b>	-	-	<b>133.38</b>
Additions	2.13	1.16	0.10	6.33	-	2.17	98.72	13.99	124.60
Disposals	(0.10)	(0.01)	(0.02)	(3.55)	-	(0.21)	-	-	(3.89)
<b>As at 31 March 2019</b>	<b>15.44</b>	<b>16.63</b>	<b>19.36</b>	<b>62.64</b>	<b>11.23</b>	<b>16.08</b>	<b>98.72</b>	<b>13.99</b>	<b>254.09</b>
Additions	12.36	5.41	0.21	-	1.20	0.32	-	42.55	62.05
Disposals / adjustments	(2.52)	(3.73)	(3.47)	(12.36)	(3.61)	(2.23)	(98.72)	-	(126.65)
<b>As at 31 March 2020</b>	<b>25.28</b>	<b>18.31</b>	<b>16.10</b>	<b>50.28</b>	<b>8.82</b>	<b>14.17</b>	-	<b>56.54</b>	<b>189.50</b>
<b>Accumulated depreciation</b>									
<b>As at 31 March 2018</b>	<b>3.00</b>	<b>7.34</b>	<b>6.94</b>	<b>15.70</b>	<b>3.48</b>	<b>5.65</b>	-	-	<b>42.11</b>
Charge for the year	0.87	2.29	1.84	5.65	2.30	2.16	-	-	15.11
Disposals	(0.05)	-	(0.01)	(1.36)	-	(0.10)	-	-	(1.52)
<b>As at 31 March 2019</b>	<b>3.82</b>	<b>9.63</b>	<b>8.77</b>	<b>19.99</b>	<b>5.78</b>	<b>7.71</b>	-	-	<b>55.70</b>
Charge for the year	1.15	2.65	1.56	4.84	2.01	1.96	-	0.93	15.10
Disposals	(0.95)	(2.66)	(2.14)	(5.40)	(3.20)	(1.75)	-	-	(16.10)
<b>As at 31 March 2020</b>	<b>4.02</b>	<b>9.62</b>	<b>8.19</b>	<b>19.43</b>	<b>4.59</b>	<b>7.92</b>	-	<b>0.93</b>	<b>54.70</b>
<b>Net block</b>									
<b>As at 31 March 2019</b>	<b>11.62</b>	<b>7.00</b>	<b>10.59</b>	<b>42.65</b>	<b>5.45</b>	<b>8.37</b>	<b>98.72</b>	<b>13.99</b>	<b>198.39</b>
<b>As at 31 March 2020</b>	<b>21.26</b>	<b>8.69</b>	<b>7.91</b>	<b>30.85</b>	<b>4.23</b>	<b>6.25</b>	-	<b>55.61</b>	<b>134.80</b>

\* Vehicles under loan contracts as at 31 March 2020 was ₹ 15.42 millions (31 March 2019: ₹ 24.20 millions). Additions during the year is ₹ Nil (31 March 2019: ₹5.09 million). Loans assets are pledged as security for the related loan.

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 4A. Intangible assets

(₹ in millions)

	Trade mark	Goodwill	Computer software	Copy-right	Content development	Total
<b>As at 31 March 2018</b>	-	23.83	52.87	24.90	106.90	208.50
Purchase	0.12	-	1.39	-	34.61	36.11
Disposals	-	-	-	-	-	-
<b>As at 31 March 2019</b>	0.12	23.83	54.26	24.90	141.51	244.61
Purchase	-	-	0.03	-	20.95	20.98
Disposals	-	-	-	-	-	-
<b>As at 31 March 2020</b>	0.12	23.83	54.29	24.90	162.46	265.59
<b>Accumulated depreciation</b>						
<b>As at 31 March 2018</b>	-	-	22.95	7.43	10.51	40.87
Amortization for the year	0.01	-	6.46	4.22	10.84	21.53
Disposals	-	-	-	-	-	-
<b>As at 31 March 2019</b>	0.01	-	29.41	11.65	21.35	62.40
Amortization for the year	0.01	-	5.97	4.22	26.21	36.41
Disposals	-	-	-	-	-	-
<b>As at 31 March 2020</b>	0.02	-	35.38	15.87	47.56	98.81
<b>Net block</b>						
<b>As at 31 March 2019</b>	0.11	23.83	24.85	13.25	120.16	182.21
<b>As at 31 March 2020</b>	0.10	23.83	18.91	9.03	114.90	166.78

#### Impairment testing of goodwill

The Company performs test for goodwill impairment at least annually on March 31, or if indicators of impairment arise, such as the effects of obsolescence, demand, competition and other economic factors or on occurrence of an event or change in circumstances that would more likely than not reduce the fair value below its carrying amount. When determining the fair value, we utilize various assumptions, including operating results, business plans and projections of future cash flows. Any adverse changes in key assumptions about our businesses and their prospects or an adverse change in market conditions may cause a change in the estimation of fair value and could result in an impairment charge.

#### Impairment of content development

During the year ended 31<sup>st</sup> March 2020, the impairment loss of ₹ 8.58 million (included in ₹ 26.21 million) represented the write-down value of certain content development as a result of title obsolescence. This was recognised in the statement of profit and loss.

#### 4B. Right-of-use assets

(₹ in millions)

	Leasehold Land (RoU)	Plant, property & equipment (RoU)	Total
<b>As at 31 March 2019</b>	-	-	-
Purchase/Adjustments (Ind AS 116)	111.73	171.11	282.84
Disposals	-	(7.77)	(7.77)
<b>As at 31 March 2020</b>	111.73	163.34	275.07
<b>As at 31 March 2019</b>	-	-	-
Amortization for the year	1.80	37.63	39.43
Disposals	-	(3.24)	(3.24)
<b>As at 31 March 2020</b>	1.80	34.39	36.19
<b>As at 31 March 2019</b>	-	-	-
<b>As at 31 March 2020</b>	109.93	128.95	238.88

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 5. Financial assets

##### 5A. Non-current investments

	(₹ in millions)	
	As at 31 March 2020	As at 31 March 2019
<b>Investment in unquoted equity shares, valued at cost</b>		
<b>Investment in subsidiaries</b>		
149 (31 March 2019: 149) shares of ₹ 1,000 each fully paid up in M/s Blackie & Son (Calcutta) Private Limited	62.79	62.79
12,000 (31 March 2019: 12,000) shares of ₹ 10 each fully paid up in M/s Nirja Publishers & Printers Private Limited	17.04	17.04
26,584,168 (31 March 2019: 26,584,168) shares of ₹ 10 each fully paid up in M/s Safari Digital Education Initiatives Private Limited	268.19	268.19
106 (31 March 2019: 106) shares of ₹ 1,000 each fully paid up in M/s Eurasia Publishing House Private Limited	116.05	116.05
39,339 (31 March 2019: 39,339) shares of ₹ 100 each fully paid up in M/s Vikas Publishing House Private Limited	1,518.85	1,512.23
22,336 (31 March 2019: 22,336) shares of ₹ 10 each fully paid up in M/s New Saraswati House (India) Private Limited	1,426.84	1,426.84
17,686,750 (31 March 2019: 17,686,750) shares of ₹ 10 each fully paid up in M/s DS Digital Private Limited	142.78	142.69
103,102 (31 March 2019: 103,102) shares of ₹ 100 each fully paid up in M/s Chhaya Prakashani Private Limited	1,657.04	1,657.04
3,995,250 (31 March 2019: 3,995,250) shares of ₹ 10 each fully paid up in M/s S Chand Edutech Private Limited	39.95	39.95
Less : Impairment of investment in DS Digital Private Limited (Refer Note 51)	(50.00)	(50.00)
Less : Impairment of investment in Safari Digital Education Initiatives Private Limited (Refer Note 51)	(70.00)	-
	<b>5,129.53</b>	<b>5,192.82</b>
<b>Investment in associate</b>		
50 (31 March 2019: 50) shares of ₹ 10 each fully paid up in M/s Smartivity Labs Private Limited	0.52	0.52
	<b>0.52</b>	<b>0.52</b>
<b>Investment in unquoted preference shares</b>		
<b>Investment in subsidiaries</b>		
16,000,000 (31 March 2019: 16,000,000) shares of ₹ 10 each fully paid up in M/s DS Digital Private Limited	160.00	160.00
	<b>160.00</b>	<b>160.00</b>
<b>Investment in unquoted equity shares</b>		
<b>Investment in others</b>		
1,600 (31 March 2019: 1,600) shares of ₹ 37.14 each fully paid up in M/s Essar Gujrat Limited	-	-
4,200 (31 March 2019: 4,200) 6% shares of ₹ 10 each fully paid up in M/s Zee Entertainment Enterprises Limited (Bonus shares)	-	-
	-	-
<b>Investment in associate</b>		
5,414 (31 March 2019: 5,414) 0.001% compulsorily convertible cumulative shares of ₹ 10 each fully paid up in M/s Smartivity Labs Private Limited	21.10	21.10
	<b>21.10</b>	<b>21.10</b>
<b>Investment in debentures</b>		
<b>Investment in subsidiaries</b>		
6,916 (31 March 2019: 6916) 2% optionally convertible redeemable of ₹ 100,000 each fully paid up in Eurasia Publishing House Private Limited	709.69	700.86
	<b>709.69</b>	<b>700.86</b>
<b>Investments at fair value through profit and loss</b>		
<b>Investment in debentures</b>		
<b>Investment in others</b>		
100 (31 March 2019: 100) redeemable non-convertible of ₹ 60 each fully paid up in Motor and General Finance Limited	-	-
	-	-
<b>Total</b>	<b>6,020.84</b>	<b>6,075.30</b>
Aggregate value of unquoted investments	6,020.84	6,075.30
Aggregate value of impairment in value of investments	120.07	50.07

**Note:** Investment in subsidiaries include deemed investments of ₹ 28.27 millions (31 March 2019: ₹ 21.56 millions) due to ESOP granted to employees of subsidiary companies and corporate guarantee given by Holding Company on behalf of subsidiary companies. Investment of Eurasia Publishing House Private Limited includes total deemed investment of ₹ 18.10 millions (31 March 2019: ₹ 9.27 millions).

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 5B. Current investments

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
<b>Investment at fair value through profit and loss</b>		
<b>Investment in equity shares (unquoted)</b>		
15,880 (31 March 2019: 15,880) shares of ₹ 10 each fully paid up in M/s Sistema Shyam Teleservices Limited	-	-
1,000 (31 March 2019: 1,000) shares of ₹ 10 each fully paid up in M/s Bharat Glass Tubes Limited	-	-
	-	-
<b>Investment valued at fair value through profit and loss</b>		
<b>Investment in equity instruments (quoted)</b>		
1,000 (31 March 2019: 1,000) shares of ₹ 10 each fully paid up in M/s Freshtop Fruits Limited	0.04	0.15
42,564 (31 March 2019: 42,564) shares of ₹ 10 each fully paid up in M/s Mahaan Foods Limited	0.49	0.73
10,457 (31 March 2019: 10,457) shares of ₹ 1 each fully paid up in M/s Pentamedia Graphics Limited	0.00	0.01
2,000 (31 March 2019: 2,000) shares of ₹ 10 each fully paid up in M/s Vardhman Concrete Limited	-	-
100 (31 March 2019: 100) shares of ₹ 10 each fully paid up in M/s Zee Entertainment Enterprises Limited	0.01	0.04
100 (31 March 2019: 100) shares of ₹ 10 each fully paid up in M/s Zee Entertainment Enterprises Limited (Bonus shares)	0.01	0.04
	<b>0.55</b>	<b>0.97</b>
<b>Investment valued at amortised cost model</b>		
<b>Investment in preference shares (unquoted)</b>		
Nil (31 March 2019: 512,500) redeemable shares of ₹ 10 each fully paid up in M/s Walldorf Integration Solutions Limited (refer note no 47)	-	14.06
	-	<b>14.06</b>
<b>Investment valued at fair value through profit and loss</b>		
<b>Investment in mutual funds (quoted)</b>		
94,511 (31 March 2019: 89,039) units in Principal Monthly Income Plan - Dividend Reinvestment	1.02	1.10
Nil (31 March 2019: 32,387) units in HDFC Liquid Fund - Regular Plan Growth option	-	20.26
	<b>1.02</b>	<b>21.36</b>
<b>Total</b>	<b>1.57</b>	<b>36.39</b>
Aggregate book value of quoted investments	1.57	22.33
Aggregate market value of quoted investments	1.57	22.33
Aggregate value of unquoted investments	-	14.06
Aggregate value of impairment in value of investments	-	-

#### 5C. Trade receivables

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
<b>Trade receivables</b>		
<b>Secured, considered good</b>	-	-
Unsecured, considered good	1,506.74	1,965.48
Receivable which have significant increase in credit risk	230.06	184.14
Receivable credit impaired	-	-
	<b>1,736.80</b>	<b>2,149.62</b>
<b>Less; Allowance for expected credit loss</b>		
Secured, considered good	-	-
Unsecured, considered good	-	-
Receivable which have significant increase in credit risk	(230.06)	(184.14)
Receivable credit impaired	-	-
	<b>(230.06)</b>	<b>(184.14)</b>



## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 5C. Trade receivables (Continued)

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
Secured, considered good	-	-
Unsecured, considered good	1,506.74	1,965.48
Receivable which have significant increase in credit risk	-	-
Receivable credit impaired	-	-
	<b>1,506.74</b>	<b>1,965.48</b>
<b>Trade receivables from related parties (Refer note 35)</b>	92.67	49.03
<b>Current</b>	<b>1,506.74</b>	<b>1,965.48</b>
<b>Non-current</b>	-	-

The movement in impairment of trade receivables as follow:

	As at 31 March 2020	As at 31 March 2019
Opening balance	184.14	155.65
Additions	68.13	89.23
Write off (net of recovery)	(22.21)	(60.74)
<b>Closing balance</b>	<b>230.06</b>	<b>184.14</b>

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

#### 5D. Cash and cash equivalents

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
Balances with banks:		
- On current accounts	7.62	65.31
- Cheques in hand	2.98	171.35
- Deposits with original maturity of less than three months	-	0.66
Cash on hand	0.23	0.67
<b>Total</b>	<b>10.83</b>	<b>237.99</b>

#### 5E. Other financial assets

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
Deposits with original maturity for more than 3 months but less than 12 months	2.91	8.86
Deposits with original maturity for more than 12 months	8.80	2.58
Interest accrued but not due on fixed deposits (on short term deposits)	0.56	0.56
Interest accrued but not due on fixed deposits (on long term deposits)	1.93	2.17
Interest accrued (refer note no 47)	-	7.59
Restricted cash*	0.09	0.09
Margin money**	0.11	0.11
Other receivables	9.70	-
<b>Total</b>	<b>24.10</b>	<b>21.96</b>
<b>Current</b>	<b>13.26</b>	<b>17.10</b>
<b>Non current</b>	<b>10.84</b>	<b>4.86</b>

\* Restricted cash represent earmarked balance for unclaimed dividend payout.

\*\* Margin money deposit with a carrying amount of ₹0.11 million (31 March 2019: ₹ 0.11) has been deposited with sales tax department.

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 5F. Loans

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
Security deposits - non current	10.34	29.44
Security deposits - current	1.86	0.91
Loans related parties - non current (refer note 35)	329.35	548.42
Loans related parties - current (refer note 35)	289.54	93.74
<b>Total loans</b>	<b>631.09</b>	<b>672.51</b>
Break-up		
Considered good - Secured	-	-
Considered good - Unsecured	618.89	642.16
Recoverable which have significant increase in credit risk	-	-
Receivables - credit impaired	-	-
	<b>618.89</b>	<b>642.16</b>
<b>Current</b>	<b>291.40</b>	<b>94.66</b>
<b>Non current</b>	<b>339.69</b>	<b>577.85</b>

#### 6. Inventories

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
Raw materials (at cost)	103.55	92.95
Finished goods (at lower of cost and net realisable value)	556.40	703.01
Finished goods-traded goods (at lower of cost and net realisable value)	3.18	2.75
<b>Total</b>	<b>663.13</b>	<b>798.71</b>

#### 7. Other assets

##### 7A. Other advances

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
Advances to vendors	3.87	8.00
Advances to employee	14.09	24.14
Others	6.86	7.14
<b>Total</b>	<b>24.82</b>	<b>39.28</b>

##### 7B. Prepaid expenses

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
Prepaid expenses - current	16.54	15.94
Prepaid expenses - non-current	5.45	4.16
<b>Total</b>	<b>21.99</b>	<b>20.10</b>

##### 7C. Balance with statutory authorities

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good	3.48	2.93
<b>Total</b>	<b>3.48</b>	<b>2.93</b>

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 7D. Other assets

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
Tax recoverable	115.30	95.02
Ancillary cost of arranging the borrowings -unamortised cost - current	-	0.86
Ancillary cost of arranging the borrowings -unamortised cost - non current	-	5.04
<b>Total</b>	<b>115.30</b>	<b>100.92</b>
<b>Current</b>	<b>41.35</b>	<b>56.08</b>
<b>Non current</b>	<b>124.24</b>	<b>107.15</b>

#### 8. Deferred taxes

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
<b>Items leading to creation of deferred tax assets</b>		
Impact of non deductible expenses	11.11	7.84
Provision for expected credit loss	66.99	65.59
Provision for diminution in value of investments	-	17.47
Impact of fair value gain on current Investment	0.21	-
Impact of Lease Liabilities (IND AS 116)	3.19	-
Impact of Business Loss to carry forward in next years	226.57	158.60
<b>Total deferred tax assets</b>	<b>308.07</b>	<b>249.50</b>
<b>Items leading to creation of deferred tax liabilities</b>		
Fixed assets: impact of differences between tax depreciation and depreciation/amortization charged in the financial statements	11.20	13.51
	-	0.14
<b>Total deferred tax liabilities</b>	<b>11.20</b>	<b>13.65</b>
<b>Net deferred tax assets</b>	<b>296.87</b>	<b>235.85</b>

#### 9. Share capital

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
<b>Authorised</b>		
40,000,000 (31 March 2019: 40,000,000) equity shares of ₹ 5/- each (31 March 2019: equity shares of ₹ 5 each)	200.00	200.00
<b>Issued, subscribed and fully paid equity capital</b>		
34,975,287 (31 March 2019: 34,975,287) equity shares of ₹ 5/- each (31 March 2019: equity shares of ₹ 5 each)	174.88	174.88
	<b>174.88</b>	<b>174.88</b>

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 9. Share capital (Continued)

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

Authorised share capital	No. of shares	₹ in millions
As at 31 March 2019	40,000,000	200.00
Increase/(decrease) during the year	-	-
As at 31 March 2020	40,000,000	200.00

Issued equity capital	No. of shares	₹ in millions
Equity share of ₹ 5/- each issued, subscribed and fully paid (31 March 2019: Equity share of ₹ 5 each)		
As at 31 March 2019	34,975,287	174.88
Issued during the year	-	-
As at 31 March 2020	34,975,287	174.88

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

The Company has only one class of equity shares having par value of ₹ 5 per share (31 March 2019: ₹ 5 per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

##### c. Details of shareholders holding more than 5% shares in the company

(₹ in millions)

	As at 31 March 2020		As at 31 March 2019	
	No. of shares	% of holding	No. of shares	% of holding
Mr. Himanshu Gupta	5,961,238	17.04%	5,801,454	16.59%
Mr. Dinesh Kumar Jhunjhnuwala	3,846,854	10.99%	3,795,229	10.85%
Mrs. Neerja Jhunjhnuwala	4,008,345	11.46%	4,008,345	11.46%
Everstone Capital Partners II LLC	3,323,229	9.50%	3,323,229	9.50%
International Finance Corporation	2,805,784	8.02%	2,805,784	8.02%
HDFC Trustee Company Limited - HDFC Balanced Advantage Fund	900,000	2.57%	2,543,978	7.27%

##### d. Shares reserved for issue under options

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

#### 10. Other equity

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
<b>Capital reserve*</b>		
Balance as the beginning of reporting year	0.51	0.51
Add: Increase during the year	-	-
<b>Balance as the end of reporting year</b>	<b>0.51</b>	<b>0.51</b>
<b>Securities premium**</b>		
Balance as the beginning of reporting year	6,606.35	6,606.35
Add: increase because of issue of equity share capital	-	-
Less: decrease due to transaction cost for issued share capital	-	-
<b>Balance as the end of reporting year</b>	<b>6,606.35</b>	<b>6,606.35</b>

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 10. Other equity (Continued)

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
<b>Employee stock options outstanding</b>		
Balance as the beginning of reporting year	10.00	7.90
Add: compensation option granted during the year- charge for the year	0.67	2.10
Less: transferred to securities premium on exercise of stock options	-	-
<b>Balance as the end of reporting year</b>	<b>10.67</b>	<b>10.00</b>
<b>Retained earning</b>		
Balance as the beginning of reporting year	1,436.44	1,810.60
Less: Loss for the year	(397.28)	(310.24)
Less: Other comprehensive loss for the year	(4.08)	(0.69)
<b>Amount available for appropriation</b>	<b>1,035.08</b>	<b>1,499.67</b>
Less: Appropriations		
Dividend on equity shares	-	(52.46)
Tax on equity dividend	-	(10.78)
<b>Balance as the end of reporting year</b>	<b>1,035.08</b>	<b>1,436.44</b>

#### Nature and Purpose of reserve

##### Capital reserve\*

During the financial year 2015-16, the Company cancelled its 149,900 forfeited equity shares pursuant to resolution passed at Board Meeting dated September 22, 2015 and the amount was transferred to Capital Reserve.

##### Securities premium\*\*

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

#### 11. Distribution made and proposed

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
<b>Cash dividends on equity shares declared and paid:</b>		
Final dividend on equity shares for the year ended 31 March 2018 : ₹ 1.50 per share	-	52.46
DDT on final dividend	-	10.78
	-	<b>63.24</b>

#### 12A. Non-current borrowings

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
<b>Term Loans</b>		
Indian rupee loan from financial institutions (secured) (refer note 'a)	445.58	<b>566.67</b>
<b>Vehicle loans</b>		
Indian rupee loan from bank (secured) (refer note b and c)	3.67	5.48
Indian rupee loan from financial institutions (secured) (refer note d)	4.23	5.28
<b>Total</b>	<b>453.48</b>	<b>577.43</b>
<b>Secured</b>	<b>453.48</b>	<b>577.43</b>
<b>Unsecured</b>	-	-

#### Note:-

- Term loan from Axis Finance Limited has been taken during the year ended 31<sup>st</sup> March 2019 and initially carried interest @ 11.50% p.a. linked to the Axis Bank Base Rate . The facility has been taken for a period of 7 years and is repayable in 78 equal monthly instalments of ₹ 8.33 millions beginning from August 2019. The facility has been secured against: (i) Pledge of 64% of unlisted shares of Chhaya Prakashani Private Limited. (ii) 2<sup>nd</sup> charge on both present and future current and fixed moveable assets of SCCL; (iii) PDCs for the interest and principal amount. Pursuant to breach of loan covenants after the year ended 31<sup>st</sup> March 2019, the terms of loan agreement were modified, which resulted into increase of rate of interest to 13% effective 6<sup>th</sup> June 2019, The Company had prepaid ₹ 200 millions during the year ended 31<sup>st</sup> March 2020 and the next instalment is due on 31 August, 2021.

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 12A. Non-current borrowings (Continued)

- b. Vehicle loans have been taken from HDFC Bank, ICICI Bank, and Yes Bank and carry interest @ 8.84% to 12.00%. The loan is repayable in 36 to 60 equal monthly instalments ranging from ₹ 0.004 millions to ₹ 0.099 millions. The loan is secured by hypothecation of respective vehicles.
- c. Vehicle loans taken during the year from Yes Bank Ltd, carry interest @ 9.38% p.a to 9.80%. The loans are repayable in 60 equal monthly instalments of ₹ 0.008 millions to ₹ 0.04 millions). The loan is secured by hypothecation of respective vehicle.
- d. Vehicle loans have been taken from Daimler Financial Services India Private Limited and carry interest @ 9.81% to 11% p.a. The loan is repayable in 48 equal monthly instalments of ₹ 0.13 millions to ₹ 0.13 millions. The loan is secured by hypothecation of respective vehicle.

#### Loan covenants

- e. The Company is required to comply with certain debt covenants as mentioned in the loan agreement, failure of which makes the loan to be repaid on demand at the discretion of the bank. During year ended March 31, 2020 and March 31, 2019, there is an instance of breach of financial covenant in case of term loan facility availed from Axis Finance Limited. As per the terms of the sanction letter, the management has intimated to the bank as per agreement terms.

#### 12B. Current borrowings

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
<b>a. Current maturity of loan</b>		
<b>Term loans</b>		
Indian rupee loan from financial institutions (secured) (Refer Note 12A (e))	-	83.33
<b>Vehicle loans</b>		
Indian rupee loan from bank (secured) (refer Note 12A (f) and (h))	1.81	3.41
Indian rupee loan from financial institutions (secured) (refer Note 12A (g))	1.05	1.07
<b>Total current maturity of Indian currency loan</b>	<b>2.86</b>	<b>87.81</b>
<b>b. Cash credit from banks (secured) (refer note f, g, h, i, j and k)</b>	323.91	305.60
<b>c. Indian rupee working capital demand loan from banks (secured) (refer note a, b, c, d and e)</b>	220.00	215.00
<b>d. Indian rupee working capital demand loan from banks/financial institutions (un secured) (refer e)</b>	50.00	99.20
<b>Total current borrowings</b>	<b>596.77</b>	<b>707.61</b>
Less: Amount presented under "other financial liabilities"	(2.86)	(87.81)
<b>Total current borrowings</b>	<b>593.91</b>	<b>619.80</b>
<b>Secured</b>	<b>543.91</b>	<b>520.60</b>
<b>Unsecured</b>	<b>50.00</b>	<b>99.20</b>

#### Note :-

- a. Working capital demand loan from HDFC Bank Limited (under Multiple Banking Arrangement with DBS Bank, IndusInd Bank, Kotak Mahindra Bank, and Standard Chartered Bank) is secured by way of first pari passu charge on the entire existing and future current assets and movable fixed assets of the Company and personal guarantee of Mr. Himanshu Gupta and Mr. Dinesh Kumar Jhunjhnuwla, Directors of the Company from 21 January 2020 and Corporate Guarantee of Nirja Publishers & Printers Private Limited. This loan carries interest rate ranging from 9.55 % to 10.10 % p.a. (31 March 2019: 8.50 % to 8.70 % p.a.).
- b. Working capital demand loan from Kotak Mahindra Bank (under Multiple Banking Arrangement with DBS Bank, IndusInd Bank, HDFC Bank, and Standard Chartered Bank) is secured by way of first pari passu charge on the entire existing and future current assets and movable fixed assets (other than those exclusively charged to other lender, if any) of the Company. This loan carries interest rate ranging from 11.20 % to 13.13 % p.a. (31 March 2019: 8.65 % to 8.75 % p.a.).
- c. Working capital demand loan from Standard Chartered Bank (under Multiple Banking Arrangement with DBS Bank, IndusInd Bank, HDFC Bank, and Kotak Mahindra Bank) is secured by way of first pari passu charge on the entire existing and future current assets and movable fixed assets (other than those exclusively charged to other lender, if any) of the Company. This loan carries interest rate ranging from 9.30 % to 10.00 % p.a. (31 March 2019: 8.60% to 9.30% p.a.).
- d. Working capital demand loan from DBS Bank Limited (under Multiple Banking Arrangement with HDFC Bank, IndusInd Bank, Kotak Mahindra Bank, and Standard Chartered Bank) is secured by way of first pari passu charge on the entire existing and future current assets and movable fixed assets (other than those exclusively charged to other lender, if any) of the Company. This loan carries interest rate ranging from 8.95% to 9.85 % p.a (31 March 2019: 8.65% to 9.35 %).

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 12A. Non-current borrowings (Continued)

- e. Working capital demand loan from Tata Capital Financial Services Limited was taken during the year 2018-19. This loan carries interest rate of 10.50% p.a (31 March 2019: 10.50% p.a). This loan is unsecured.
- f. Cash credit from IndusInd Bank Limited (under Multiple Banking Arrangement with DBS Bank, Standard Chartered Bank, HDFC Bank, and Kotak Mahindra Bank) is secured by way of first pari passu charge on the entire existing and future current assets and movable fixed assets of the Company. It carries interest rate ranging from 10.80% to 15% p.a. (31 March 2019: 10.15 % p.a.).
- g. Cash credit from Kotak Mahindra Bank (under Multiple Banking Arrangement with DBS Bank, IndusInd Bank, HDFC Bank, and Standard Chartered Bank) is secured by way of first pari passu charge on the entire existing and future current assets and movable fixed assets (other than those exclusively charged to other lender, if any) of the Company. This carries interest rate ranging from 11.05% to 13.13% p.a. (31 March 2019: 11.00 % to 11.40% p.a.).
- h. Cash credit from Standard Chartered Bank (under Multiple Banking Arrangement with DBS Bank, IndusInd Bank, HDFC Bank, and Kotak Mahindra Bank) is secured by way of first pari passu charge on the entire existing and future current assets and movable fixed assets (other than those exclusively charged to other lender, if any) of the Company. This loan carries interest rate of 10.31% p.a. (31 March 2019: 10.45% to 11.05% p.a.).
- i. This facility of working capital demand loan from Citi Bank was sanctioned for 120 days as a clean facility and was to be converted to a secured facility after this period under multiple banking, however, the facility was paid before the expiry of the period and no further documents executed. This carries interest rate ranging from 9.75% to 9.00% p.a. (31 March 2019: 9.00 % p.a). The loan has been repaid during the financial year 2019-20.
- j. Cash Credit from DBS Bank Limited (under Multiple Banking Arrangement with HDFC Bank, IndusInd Bank, Kotak Mahindra Bank, and Standard Chartered Bank) is secured by way of first pari passu charge on the entire existing and future current assets and movable fixed assets (other than those exclusively charged to other lender, if any) of the Company. This loan carries interest rate ranging from 9.00% to 9.75 % p.a (31 March 2019: 9.40% to 11.10 %).
- k. Cash Credit from HDFC Bank Limited (under Multiple Banking Arrangement with DBS Bank, IndusInd Bank, Kotak Mahindra Bank, and Standard Chartered Bank) is secured by way of first pari passu charge on the entire existing and future current assets and movable fixed assets of the Company and personal guarantee of Mr. Himanhu Gupta and Mr. Dinesh Kumar Jhunjhunwala, Directors of the company from 21 January 2020 and Corporate Guarantee of Nirja Publishers & Printers Private Limited. This carries interest rate ranging from 9.55 % to 10.10% p.a. (31 March 2019: 9.50 % to 10.10% p.a.).

#### Loan covenants

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

#### 13. Trade payables

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
Trade payables of micro enterprises and small enterprises (refer note 43)	4.20	3.27
Trade payables of related entities (refer note 35)	100.34	167.45
Trade payables other than micro enterprises and small enterprises	514.48	634.95
	<b>619.02</b>	<b>805.67</b>

#### 14A. Other financial liabilities

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
<b>Other financial liabilities at amortised cost</b>		
Current maturity of long term loans (refer note 12B)	2.86	87.81
Employee related liabilities	31.70	44.79
Security deposits received	2.87	4.12
Interest accrued but not due	0.70	0.80
Interest accrued and due on security deposits	-	0.09
Interest accrued but not due on bill discounted	-	5.56
	-	0.04
<b>Total (A)</b>	<b>38.13</b>	<b>143.21</b>

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 14A. Other financial liabilities (Continued)

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
<b>Other financial liabilities at fair value through profit and loss</b>		
Financial liability*	100.00	100.00
<b>Total (B)</b>	<b>100.00</b>	<b>100.00</b>
Financial guarantee obligation	16.76	12.31
<b>Total (C)</b>	<b>16.76</b>	<b>12.31</b>
<b>Total (A+B+C)</b>	<b>154.89</b>	<b>255.52</b>
<b>Current</b>	<b>154.89</b>	<b>255.52</b>
<b>Non current</b>	<b>-</b>	<b>-</b>

\* In current year financial liability represents an amount of ₹ 100 million (31 March 2019, ₹ 100 million) for BG invoked due to breach of conditions by selling share holders of New Saraswati House (India) Pvt. Ltd. relating to non compete clause.

#### 14B. Other financial liabilities

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
Lease liability - current	53.91	-
Lease liability - non current	85.96	-
<b>Total</b>	<b>139.87</b>	<b>-</b>

#### 15. Other liabilities

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
Statutory dues payable	34.33	68.09
Rent equalization reserve - current**	-	0.49
Rent equalization reserve - non current**	-	6.27
Advance from customers	13.67	21.43
<b>Total</b>	<b>48.00</b>	<b>96.28</b>
<b>Current</b>	<b>48.00</b>	<b>90.01</b>
<b>Non current</b>	<b>-</b>	<b>6.27</b>

#### 16. Net employee defined benefit liabilities

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
Provision for gratuity (refer note 33)	25.16	12.19
<b>Total</b>	<b>25.16</b>	<b>12.19</b>
<b>Current</b>	<b>-</b>	<b>-</b>
<b>Non current</b>	<b>25.16</b>	<b>12.19</b>

#### 17. Other provisions

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
Unclaimed dividend	0.09	0.09
<b>Total other provisions</b>	<b>0.09</b>	<b>0.09</b>
<b>Current</b>	<b>0.09</b>	<b>0.09</b>
<b>Non-current</b>	<b>-</b>	<b>-</b>



## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 18. Revenue from contract with customers

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Sale of products</b>		
Finished goods	1,886.13	2,283.50
Traded goods	46.78	64.93
Less: Discount	(451.27)	(415.95)
<b>Sale of services</b>		
Job work	23.16	-
<b>Other operating revenue</b>		
Scrap sale	5.81	6.64
Sale of paper	-	4.88
<b>Total</b>	<b>1,510.61</b>	<b>1,944.00</b>
India	1,494.24	1,918.43
Outside India	16.37	25.57
<b>Total</b>	<b>1,510.61</b>	<b>1,944.00</b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	1,510.61	1,944.00
Services transferred over time	-	-
<b>Total</b>	<b>1,510.61</b>	<b>1,944.00</b>

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

#### Contract balances

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
Trade receivables	1,506.74	1,965.48
Contract assets	-	-
Contract liabilities	13.67	21.43

Trade receivables are non-interest bearing and are generally on terms of 150 days. In 31 March 2020, INR 68.13 million (31 March 2019: INR 89.23 million) was recognised as provision for expected credit losses on trade receivables.

#### Right to return asset and refund liability

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
<b>Refund liabilities</b>		
Arising from discounts	139.38	101.40
Arising from rights of return	268.90	311.10
	<b>408.28</b>	<b>412.50</b>

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

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
Revenue as per contracted price	2,463.32	3,248.93
<b>Adjustments</b>		
Sales return	(501.44)	(888.98)
Discount	(451.27)	(415.95)
	<b>1,510.61</b>	<b>1,944.00</b>

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 29. Income tax (Continued)

##### Performance obligation

Information about the Company's performance obligations are summarised below:

##### Manufactured goods

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

The customer has a right to return material to an extent as may be agreed upon with each customer or within the limits as may be determined by the company. The customer is also eligible for discounts based on achievement of revenue targets as may be agreed.

#### 19. Other incomes

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>19.1 Finance income</b>		
<b>Interest income on:</b>		
- Bank deposits	0.78	4.64
- Unwinding of discount on security deposits paid	0.80	1.27
- Premature of discount on security deposits	1.19	-
- Income tax refund	1.31	-
- Interest income from related parties	67.91	127.04
<b>Total finance income (A)</b>	<b>71.99</b>	<b>132.95</b>
<b>19.2 Other income</b>		
Net gain on sale of current investments (net)	2.49	5.39
Profit on sale of fixed assets (net)	0.84	-
Foreign exchange fluctuation gain (net)	1.30	1.45
Fair value gain on financial instruments at fair value through profit or loss	-	15.00
Unwinding financial guarantee obligation	2.26	2.44
Management cross charge (refer note 32)	68.32	68.91
Others	9.12	6.46
<b>Total other income (B)</b>	<b>84.33</b>	<b>99.65</b>
<b>Grand Total (A+B)</b>	<b>156.32</b>	<b>232.60</b>

#### 20. Cost of published goods/material consumed

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventory at the beginning of the year	92.95	21.90
Add: Purchases of published goods	12.31	258.47
Add: Printing charges	191.98	277.19
Add: Purchases of paper	317.50	493.20
Add: Purchases of consumables	22.31	-
Add: Purchases of VRX Sets , CDs and other items	0.90	15.91
	<b>637.95</b>	<b>1,066.67</b>
Less: Inventory at the end of the year	103.55	92.95
<b>Cost of published goods/material consumed</b>	<b>534.40</b>	<b>973.72</b>
<b>Details of raw material purchased</b>		
Paper	317.50	493.20
<b>Total</b>	<b>317.50</b>	<b>493.20</b>

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 21. Purchase of traded goods

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Purchase of traded goods	26.95	46.18
<b>Total</b>	<b>26.95</b>	<b>46.18</b>

#### 22. (Increase)/ decrease in inventories of finished goods, work-in-progress

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Finished goods		
<b>Inventory at the end of the year</b>	<b>559.58</b>	<b>705.76</b>
Finished goods		
<b>Inventory at the beginning of the year</b>	<b>(705.76)</b>	<b>(504.10)</b>
Less: Provision for inventory	32.62	-
<b>(Increase)/decrease in inventories</b>	<b>(113.56)</b>	<b>201.66</b>
<b>Details of inventory at the end of the year</b>		
<b>Finished goods</b>		
<b>Manufactured goods</b>		
Books	556.40	703.01
<b>Traded goods</b>		
Books	3.18	2.75
	<b>559.58</b>	<b>705.76</b>

#### 23. Publication expense

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Royalty	163.48	170.88
Other publication expenses	23.28	33.50
Factory manpower expenses	2.87	-
Factory electricity expenses	1.73	-
<b>Total</b>	<b>191.36</b>	<b>204.38</b>

#### 24. Selling and distribution expense

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Advertisement, publicity and exhibition	70.08	131.50
Freight & cartage outward	59.92	79.33
Travelling & conveyance	38.72	67.95
Vehicle running & maintenance	8.21	16.87
Packing & dispatch expenses	9.55	9.31
<b>Total</b>	<b>186.48</b>	<b>304.96</b>

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 25. Employee benefits expense

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, bonus and allowances	396.47	499.65
Contribution to provident and other funds	26.82	31.86
Gratuity expense (refer note 33)	8.21	7.44
Employee stock option expenses	0.67	1.64
Staff welfare expenses	15.13	32.06
<b>Total</b>	<b>447.30</b>	<b>572.65</b>

#### 26. Depreciation and amortization expense

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation on property, plant and equipment (refer note 3)	15.10	15.11
Amortisation on intangible assets (refer note 4A)	36.41	21.53
Amortisation on right-of-use assets (refer note 4B)	39.43	-
<b>Total</b>	<b>90.94</b>	<b>36.64</b>

#### 27. Other expenses

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Rent	50.60	125.07
Repairs and maintenance		
- Plant and machinery	1.35	-
- Building	0.06	0.02
- Others	14.85	22.04
Insurance	3.92	3.55
Rates and taxes	6.51	0.30
Communication cost	7.95	16.80
Printing and stationery	1.14	2.64
Legal and professional fee	28.74	42.15
Donations	2.60	1.43
Payment to auditor (refer details below)	6.93	6.87
Water and electricity charges	8.92	10.52
Bad debt written off	22.21	60.74
Provision for expected credit loss	45.92	28.49
Provision for advances	2.07	3.56
Recruitment expenses	0.87	1.34
Outsourced employee cost	40.81	58.71
Office expenses	3.78	1.94
Security charges	8.98	14.68
Corporate social responsibility expenses (refer note 41)	8.31	1.45
Director sitting fees	1.83	1.65
Fair value loss on financial instruments at fair value through profit or loss	0.76	-
Miscellaneous expenses	6.42	5.76
<b>Total other expenses</b>	<b>275.53</b>	<b>409.71</b>

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 27. Other Expenses (Continued)

Payment to auditors:

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
As auditor:		
- Audit fee	3.80	3.80
- Limited review	2.70	2.70
In other capacity	-	-
- Others	0.43	0.37
	<b>6.93</b>	<b>6.87</b>

#### 28. Finance cost

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense		
- On term loan	69.22	11.11
- On others	80.18	87.84
Bank charges	1.76	2.26
Loan processing fee	3.26	5.13
	<b>154.42</b>	<b>106.34</b>

#### 28A. Exceptional Items

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Exceptional items		
Sales return (refer note 50)	-	175.57
Provision for impairment on investment (refer note 51)	70.00	50.00
Provision for inventory (refer note 55)	32.62	-
<b>Total</b>	<b>102.62</b>	<b>225.57</b>

#### 29. Income tax

The major components of income tax expense for the years ended 31 March 2020 and 31 March 2019 are:

Profit or loss section

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Current income tax:</b>		
Current income tax charge	-	-
Adjustments in respect of current income tax of previous year	-	(7.19)
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(59.35)	(184.46)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>(59.35)</b>	<b>(191.65)</b>

#### OCI section

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

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Net loss/(gain) on remeasurements of defined benefit plans	5.75	1.06
Income tax charged to OCI	(1.67)	(0.37)
	<b>4.08</b>	<b>0.69</b>

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 29. Income tax (Continued)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2020 and 31 March 2019:

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Accounting profit before tax	(456.63)	(501.89)
At India's statutory income tax rate of 29.12% (31 March 2019: 34.944%)	(132.97)	(175.38)
Adjustments in respect of current income tax of previous years	-	(7.19)
Non deductible expenses	(2.06)	(7.34)
Rate change impact	39.31	-
Others	36.37	(1.74)
<b>At the effective income tax rate of 13% (31 March 2019: 38.19%)</b>	<b>(59.35)</b>	<b>(191.65)</b>
Income tax expense reported in the statement of profit and loss	(59.35)	(191.65)

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

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

##### Retained earnings

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Re-measurement gains/(losses) on defined benefit plans	(5.75)	(1.06)
Tax impact on re-measurement gains/(losses) on defined benefit plans	1.67	0.37
	<b>(4.08)</b>	<b>(0.69)</b>

#### 31. Earnings per share

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

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

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

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit attributable to equity holders of the company	(397.28)	(310.24)
Weighted average number of equity shares used for computing Earning per Share (Basic)	34.98	34.98
Weighted average number of equity shares used for computing Earning per Share (Diluted)	34.83	34.89
Basic EPS	(11.36)	(8.87)
Diluted DPS	(11.36)	(8.87)

**32.** The Company renders various administrative and management services to its subsidiaries companies to facilitate its day to day operations. accordingly, the Company has charged ₹ 68.32 million (31 March 2019 ₹. 68.91 million) towards such services rendered during the year ended 31 March 2020.

#### 33. Gratuity and other post-employment benefits plan

The Company has a defined benefit gratuity plan. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service or part thereof in excess of six months subject to a maximum of ₹ 2 millions. The scheme is funded with two insurance companies in the form of qualifying insurance policies.

The following tables summarize the components of net benefit expense recognised in the profit and loss account and amounts recognized in the balance sheet for Gratuity Plan.

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 33. Gratuity and other post- employment benefits plan (Continued)

##### Statement of profit & loss account

Net employee benefit expense recognised in employee cost:

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Current service cost	7.31	6.80
Interest cost on defined obligation	3.55	3.19
Expected return on plan assets	(2.65)	(2.55)
	<b>8.21</b>	<b>7.44</b>

Amount recognised in Other Comprehensive Income:

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Actuarial (gains) / losses on obligation	1.90	1.13
Actuarial gains / (losses) on assets	(3.85)	0.07
	<b>5.75</b>	<b>1.06</b>

##### Balance sheet

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

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening defined benefit obligation	46.66	42.00
Current service cost	7.31	6.80
Interest cost	3.55	3.19
Benefits paid from plan assets	(10.97)	(6.46)
Acquisition / Divestiture	2.09	-
Actuarial (gains) / losses on obligation	1.90	1.13
<b>Closing defined benefit obligation</b>	<b>50.54</b>	<b>46.66</b>
<b>Current Portion</b>	<b>-</b>	<b>-</b>
<b>Non - Current Portion</b>	<b>50.54</b>	<b>46.66</b>

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

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening fair value of plan assets	34.47	33.10
Expected return	2.65	2.55
Contributions by employer	3.08	5.21
Benefits paid	(10.97)	(6.46)
Actuarial gain/(loss)	(3.85)	0.07
<b>Closing fair value of plan assets</b>	<b>25.38</b>	<b>34.47</b>

The Expected contribution to the defined benefit plan in future years ₹ 4.39 millions ( 31 March 2019: ₹ 1.21 millions)

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

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Investments with insurer	100%	100%

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 33. Gratuity and other post- employment benefits plan (Continued)

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

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Discount rate	6.77%	7.70%
Expected rate of salary increase	6.00%	6.00%
Retirement Age (In years)	60 years	60 years
Employee turnover :-		
- For Service up to 5 years	5.00%	5.00%
- For Service more than 5 years	1.00%	1.00%
Mortality Rate	IALM (2012-14) Ultimate	IALM (2006-08)

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

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

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

(₹ in millions)

	Change in assumptions	For the year ended 31 March 2020	For the year ended 31 March 2019
Discount rate	+ 1%	45.32	41.91
Expected rate of salary increase	+ 1%	56.40	52.13
	- 1%	45.52	41.98

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

#### 34. Leases

The Company has adopted Ind AS 116 "Leases" from 1<sup>st</sup> April 2019, which resulted in changes in accounting policies in the financial statements.

##### Transition

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

On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 103.39 million (excluding leasehold land of ₹ 98.72 million) with a corresponding lease liability. Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

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

1. Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. The company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, Determining whether an Arrangement contains a Lease.

The weighted average incremental borrowing rate applied to lease liabilities as at 1<sup>st</sup> April 2019 is 10% with maturity between 2021-2026.



## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 34. Leases (Continued)

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

	For the year ended 31 March 2020
<b>As at 1st April 2019</b>	96.63
Additions (Note 4B)	74.48
Deletions	(4.53)
Depreciation expense (Note 21)	(37.63)
<b>As at 31 March 2020</b>	<b>128.95</b>

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

	For the year ended 31 March 2020
<b>As at 1st April 2019</b>	103.39
Additions	74.48
Accretion of interest	12.08
Deletion during the year	(5.44)
Payments	(44.64)
<b>As at 31 March 2020</b>	<b>139.87</b>
<b>Current</b>	<b>53.91</b>
<b>Non-current</b>	<b>85.96</b>

The following are the amounts recognised in Profit or Loss: (₹ in millions)

	For the year ended 31 March 2020
Depreciation expense of right-of-use assets	37.63
Interest expense on lease liabilities	12.08
Expense relating to Long-term leases (included in other expenses)	50.60
<b>Total amount recognised in Profit or Loss</b>	<b>100.31</b>

The Company had total cash outflows for leases of ₹ 44.64 Mn in 31 March 2020 (31 March 2019 ₹ NIL). The Company also had non-cash additions to lease liabilities of ₹ 74.48 Mn in 31 March 2020 (31 March 2019 ₹ NIL).

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

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

Rental expense recorded for short-term leases was ₹ 50.60 million for the year ended 31 March 2020.

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

#### 35. Related party disclosure

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

###### Related parties where control exists

<b>Subsidiary company</b>	:	Nirja Publishers & Printers Private Limited
	:	Safari Digital Education Initiatives Private Limited
	:	Eurasia Publishing House Private Limited
	:	Blackie & Son (Calcutta) Private Limited
	:	BPI (India) Private Limited
	:	Vikas Publishing House Private Limited
	:	DS Digital Private Limited
	:	New Saraswati House (India) Private Limited
	:	S. Chand Edutech Private Limited
	:	Chhaya Prakashani Private Limited
	:	Indian Progressive Publishing Co. Private Limited

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 35. Related party disclosure (Continued)

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

<b>Enterprises over which Key Management Personnel or their relatives exercise significant influence</b>	:	Hotel Tourist (Partnership firm)
	:	SC Hotel Tourist Deluxe Private Limited
	:	Shaara Hospitalities Private Limited
	:	S Chand Properties Private Limited
	:	Shyam Lal Charitable Trust
	:	RKG Hospitalities Private Limited

<b>Associate</b>	:	Edutor Technologies India Private Limited
	:	Smartivity Labs Private Limited

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

Ms. Savita Gupta	:	Director
Mr. Himanshu Gupta	:	Managing Director
Mr. Dinesh Kumar Jhunjhnuwala	:	Whole-time Director
Mr. Gaurav Jhunjhnuwala	:	Director
Mr. Desh Raj Dogra	:	Chairman, Non-Executive, Independent Director
Ms. Archana Capoor	:	Non-Executive, Independent Director
Mr. Sanjay Vijay Bhandarkar	:	Non-Executive, Independent Director
Mr. Rajagopalan Chandrashekar	:	Non-Executive, Independent Director (w.e.f 23 July 2018)
Mr. Sanjay Gujral	:	Non-Executive, Independent Director (from 02 Nov 2018 till 05 Mar 2019)
Mr. Saurabh Mittal	:	Chief Financial Officer
Mr. Jagdeep Singh	:	Company Secretary

<b>Relatives of KMP</b>	:	Mr. Ravindra Kumar Gupta
	:	Mrs. Neerja Jhunjhnuwala

Nature of Transactions	Year Ended	Subsidiaries	Enterprises over which KMP or their relatives exercise significant influence	Key Managerial Personnel & their relatives	Tot7al
<b>Purchase of books and others</b>					
Nirja Publishers & Printers Private Limited (books)	31 March 2020	0.08	-	-	0.08
	31 March 2019	(215.66)	-	-	(215.66)
Vikas Publishing House Private Limited (books)	31 March 2020	32.26	-	-	32.26
	31 March 2019	(81.97)	-	-	(81.97)
BPI (India) Private Limited (books)	31 March 2020	1.71	-	-	1.71
	31 March 2019	(1.30)	-	-	(1.30)
S. Chand Edutech Private Limited	31 March 2020	-	-	-	-
	31 March 2019	(0.53)	-	-	(0.53)
Smartivity Labs Private Limited (VRX Sets)	31 March 2020	-	0.59	-	0.59
	31 March 2019	-	(15.59)	-	(15.59)
<b>Printing and jobwork charges</b>					
Nirja Publishers & Printers Private Limited	31 March 2020	9.81	-	-	9.81
	31 March 2019	(11.14)	-	-	(11.14)
Vikas Publishing House Private Limited	31 March 2020	162.59	-	-	162.59
	31 March 2019	(257.01)	-	-	(257.01)

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 35. Related party disclosure (Continued)

(₹ in millions)

Nature of Transactions	Year Ended	Subsidiaries	Enterprises over which KMP or their relatives exercise significant influence	Key Managerial Personnel & their relatives	Total
<b>Royalty expense</b>					
Eurasia Publishing House Private Limited	31 March 2020	8.05	-	-	8.05
	31 March 2019	(9.04)	-	-	(9.04)
Blackie & Son (Calcutta) Private Limited	31 March 2020	0.67	-	-	0.67
	31 March 2019	(1.56)	-	-	(1.56)
Vikas Publishing House Private Limited	31 March 2020	0.48	-	-	0.48
	31 March 2019	(0.36)	-	-	(0.36)
BPI (India) Private Limited	31 March 2020	0.24	-	-	0.24
	31 March 2019	(0.57)	-	-	(0.57)
<b>Purchase- (Other) from</b>					
SC Hotel Tourist Deluxe Private Limited	31 March 2020	-	0.27	-	0.27
	31 March 2019	-	(0.78)	-	(0.78)
Hotel Tourist	31 March 2020	-	0.16	-	0.16
	31 March 2019	-	(2.90)	-	(2.90)
Vikas Publishing House Private Limited	31 March 2020	-	-	-	-
	31 March 2019	(0.81)	-	-	(0.81)
Ravindra Kumar Gupta	31 March 2020	-	-	0.01	0.01
	31 March 2019	-	-	-	-
S. Chand Edutech Private Limited	31 March 2020	1.86	-	-	1.86
	31 March 2019	(2.95)	-	-	(2.95)
Safari Digital Education Initiatives Private Limited	31 March 2020	3.74	-	-	3.74
	31 March 2019	(4.44)	-	-	(4.44)
<b>Purchase of fixed asset and paper</b>					
Vikas Publishing House Private Limited (fixed assets)	31 March 2020	0.28	-	-	0.28
	31 March 2019	-	-	-	-
Nirja Publishers & Printers Private Limited (consumables)	31 March 2020	3.69	-	-	3.69
	31 March 2019	-	-	-	-
Nirja Publishers & Printers Private Limited (fixed assets)	31 March 2020	0.13	-	-	0.13
	31 March 2019	-	-	-	-
<b>Sales of books, fixed assets and paper</b>					
BPI (India) Private Limited (books)	31 March 2020	0.43	-	-	0.43
	31 March 2019	-	-	-	-
DS Digital Private Limited (E books)	31 March 2020	10.95	-	-	10.95
	31 March 2019	-	-	-	-
Safari Digital Education Initiatives Private Limited (E books)	31 March 2020	3.79	-	-	3.79
	31 March 2019	(3.37)	-	-	(3.37)
Chhaya Prakashani Private Limited (fixed assets)	31 March 2020	0.11	-	-	0.11
	31 March 2019	-	-	-	-
Vikas Publishing House Private Limited (papers)	31 March 2020	-	-	-	-
	31 March 2019	(4.88)	-	-	(4.88)
S. Chand Edutech Private Limited (media space)	31 March 2020	3.28	-	-	3.28
	31 March 2019	-	-	-	-
<b>Sale of services (Job work)</b>					
Vikas Publishing House Private Limited	31 March 2020	1.92	-	-	1.92
	31 March 2019	-	-	-	-

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 35. Related party disclosure (Continued)

(₹ in millions)

Nature of Transactions	Year Ended	Subsidiaries	Enterprises over which KMP or their relatives exercise significant influence	Key Managerial Personnel & their relatives	Total
Chhaya Prakashani Private Limited	31 March 2020	1.22	-	-	1.22
	31 March 2019	-	-	-	-
New Saraswati House (India) Private Limited	31 March 2020	20.01	-	-	20.01
	31 March 2019	-	-	-	-
<b>Other expenses paid (reimbursement)</b>		-	-	-	-
S. Chand Edutech Private Limited	31 March 2020	0.12	-	-	0.12
	31 March 2019	(0.04)	-	-	(0.04)
Vikas Publishing House Private Limited	31 March 2020	0.98	-	-	0.98
	31 March 2019	(2.26)	-	-	(2.26)
Safari Digital Education Initiatives Private Limited	31 March 2020	0.58	-	-	0.58
	31 March 2019	(0.78)	-	-	(0.78)
DS Digital Private Limited	31 March 2020	0.83	-	-	0.83
	31 March 2019	-	-	-	-
Shyam Lal Charitable Trust	31 March 2020	-	0.04	-	0.04
	31 March 2019	-	(0.01)	-	(0.01)
New Saraswati House (India) Private Limited	31 March 2020	0.85	-	-	0.85
	31 March 2019	(0.38)	-	-	(0.38)
Chhaya Prakashani Private Limited	31 March 2020	0.13	-	-	0.13
	31 March 2019	-	-	-	-
S Chand Properties Private Limited	31 March 2020	-	0.71	-	0.71
	31 March 2019	-	-	-	-
<b>Rentals paid</b>		-	-	-	-
Safari Digital Education Initiatives Private Limited	31 March 2020	14.98	-	-	14.98
	31 March 2019	(14.49)	-	-	(14.49)
S Chand Properties Private Limited	31 March 2020	-	14.84	-	14.84
	31 March 2019	-	(34.05)	-	(34.05)
Mrs. Savita Gupta	31 March 2020	-	-	1.16	1.16
	31 March 2019	-	-	(3.52)	(3.52)
Mrs. Neerja Jhunjhnuwala	31 March 2020	-	-	0.67	0.67
	31 March 2019	-	-	(2.69)	(2.69)
Ravindra Kumar Gupta	31 March 2020	-	-	0.23	0.23
	31 March 2019	-	-	(1.40)	(1.40)
<b>Lease rent paid</b>		-	-	-	-
Nirja Publishers & Printers Private Limited (plant and machinery)	31 March 2020	4.59	-	-	4.59
	31 March 2019	-	-	-	-
Vikas Publishing House Private Limited (plant and machinery)	31 March 2020	0.92	-	-	0.92
	31 March 2019	-	-	-	-
<b>Rent income</b>		-	-	-	-
Vikas Publishing House Private Limited (warehouse)	31 March 2020	0.15	-	-	0.15
	31 March 2019	-	-	-	-
<b>Management cross charges</b>		-	-	-	-
Vikas Publishing House Private Limited	31 March 2020	13.28	-	-	13.28
	31 March 2019	(18.99)	-	-	(18.99)
New Saraswati House (India) Private Limited	31 March 2020	18.04	-	-	18.04
	31 March 2019	(18.45)	-	-	(18.45)

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 35. Related party disclosure (Continued)

(₹ in millions)

Nature of Transactions	Year Ended	Subsidiaries	Enterprises over which KMP or their relatives exercise significant influence	Key Managerial Personnel & their relatives	Total
Safari Digital Education Initiatives Private Limited	31 March 2020	6.27	-	-	6.27
	31 March 2019	(5.21)	-	-	(5.21)
DS Digital Private Limited	31 March 2020	6.38	-	-	6.38
	31 March 2019	(5.17)	-	-	(5.17)
S. Chand Edutech Private Limited	31 March 2020	9.77	-	-	9.77
	31 March 2019	(12.91)	-	-	(12.91)
Chhaya Prakashani Private Limited	31 March 2020	11.36	-	-	11.36
	31 March 2019	(8.17)	-	-	(8.17)
<b>Interest income</b>					
Eurasia Publishing House Private Limited	31 March 2020	13.87	-	-	13.87
	31 March 2019	(13.83)	-	-	(13.83)
New Saraswati House (India) Private Limited	31 March 2020	4.75	-	-	4.75
	31 March 2019	(30.66)	-	-	(30.66)
Vikas Publishing House Private Limited	31 March 2020	12.30	-	-	12.30
	31 March 2019	(43.86)	-	-	(43.86)
Safari Digital Education Initiatives Private Limited	31 March 2020	17.22	-	-	17.22
	31 March 2019	(13.04)	-	-	(13.04)
DS Digital Private Limited	31 March 2020	8.50	-	-	8.50
	31 March 2019	(7.05)	-	-	(7.05)
S. Chand Edutech Private Limited	31 March 2020	2.45	-	-	2.45
	31 March 2019	(2.22)	-	-	(2.22)
<b>Miscellaneous income</b>					
Vikas Publishing House Private Limited	31 March 2020	0.29	-	-	0.29
	31 March 2019	(0.14)	-	-	(0.14)
Chhaya Prakashani Private Limited	31 March 2020	0.02	-	-	0.02
	31 March 2019	-	-	-	-
S. Chand Edutech Private Limited	31 March 2020	0.03	-	-	0.03
	31 March 2019	(1.19)	-	-	(1.19)
<b>Loans given</b>					
New Saraswati House (India) Private Limited	31 March 2020	125.00	-	-	125.00
	31 March 2019	-	-	-	-
DS Digital Private Limited	31 March 2020	29.30	-	-	29.30
	31 March 2019	(25.00)	-	-	(25.00)
Safari Digital Education Initiatives Private Limited	31 March 2020	-	-	-	-
	31 March 2019	(66.50)	-	-	(66.50)
<b>Loans repayment received</b>					
Vikas Publishing House Private Limited	31 March 2020	266.00	-	-	266.00
	31 March 2019	(150.00)	-	-	(150.00)
<b>Remuneration to KMP</b>					
Mr. Dinesh Kumar Jhunjhnuwala	31 March 2020	-	-	14.48	14.48
	31 March 2019	-	-	(12.95)	(12.95)
Mr. Himanshu Gupta	31 March 2020	-	-	14.54	14.54
	31 March 2019	-	-	(12.88)	(12.88)
Mr. Desh Raj Dogra	31 March 2020	-	-	0.53	0.53
	31 March 2019	-	-	(0.59)	(0.59)

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 35. Related party disclosure (Continued)

(₹ in millions)

Nature of Transactions	Year Ended	Subsidiaries	Enterprises over which KMP or their relatives exercise significant influence	Key Managerial Personnel & their relatives	Total
Ms. Archana Capoor	31 March 2020	-	-	0.50	0.50
	31 March 2019	-	-	(0.56)	(0.56)
Mr. Sanjay Vijay Bhandarkar	31 March 2020	-	-	0.41	0.41
	31 March 2019	-	-	(0.21)	(0.21)
Mr. Rajagopalan Chandrashekar	31 March 2020	-	-	0.38	0.38
	31 March 2019	-	-	(0.12)	(0.12)
Mr. Sanjay Gujral	31 March 2020	-	-	-	-
	31 March 2019	-	-	(0.18)	(0.18)
Mr. Saurabh Mittal	31 March 2020	-	-	9.90	9.90
	31 March 2019	-	-	(12.94)	(12.94)
Mr. Jagdeep Singh	31 March 2020	-	-	5.52	5.52
	31 March 2019	-	-	(7.11)	(7.11)
<b>Investment made during the period</b>					
S. Chand Edutech Private Limited	31 March 2020	-	-	-	-
	31 March 2019	(39.95)	-	-	(39.95)
New Saraswati House (India) Private Limited	31 March 2020	-	-	-	-
	31 March 2019	(520.00)	-	-	(520.00)
Smartivity Labs Private Limited (Preference shares)	31 March 2020	-	-	-	-
	31 March 2019	-	(2.96)	-	(2.96)
<b>Balances outstanding as at 31 March 2020</b>					
<b>Security deposit receivable</b>					
Safari Digital Education Initiatives Private Limited	31 March 2020	4.80	-	-	4.80
	31 March 2019	(4.80)	-	-	(4.80)
S Chand Properties Private Limited	31 March 2020	-	0.58	-	0.58
	31 March 2019	-	(12.55)	-	(12.55)
Mrs.Savita Gupta	31 March 2020	-	-	0.39	0.39
	31 March 2019	-	-	(0.54)	(0.54)
Mrs.Neerja Jhunjhnuwala	31 March 2020	-	-	-	-
	31 March 2019	-	-	(0.12)	(0.12)
Ravindra Kumar Gupta	31 March 2020	-	-	0.41	0.41
	31 March 2019	-	-	(0.41)	(0.41)
<b>Loans and advances</b>					
Eurasia Publishing House Private Limited	31 March 2020	12.10	-	-	12.10
	31 March 2019	-	-	-	-
Vikas Publishing House Private Limited	31 March 2020	-	-	-	-
	31 March 2019	(266.00)	-	-	(266.00)
Safari Digital Education Initiatives Private Limited	31 March 2020	188.64	-	-	188.64
	31 March 2019	(166.66)	-	-	(166.66)
DS Digital Private Limited	31 March 2020	130.35	-	-	130.35
	31 March 2019	(92.63)	-	-	(92.63)
S. Chand Edutech Private Limited	31 March 2020	67.36	-	-	67.36
	31 March 2019	(53.82)	-	-	(53.82)
SC Hotel Tourist Deluxe Private Limited	31 March 2020	-	0.95	-	0.95
	31 March 2019	-	(1.48)	-	(1.48)
Hotel Tourist	31 March 2020	-	0.43	-	0.43

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 35. Related party disclosure (Continued)

(₹ in millions)

Nature of Transactions	Year Ended	Subsidiaries	Enterprises over which KMP or their relatives exercise significant influence	Key Managerial Personnel & their relatives	Total
	31 March 2019	-	-	-	-
New Saraswati House (India) Private Limited	31 March 2020	196.50	-	-	196.50
	31 March 2019	(48.56)	-	-	(48.56)
Shaara Hospitalities Private Limited	31 March 2020	-	-	-	-
	31 March 2019	-	(0.01)	-	(0.01)
BPI (India) Private Limited	31 March 2020	2.03	-	-	2.03
	31 March 2019	(3.73)	-	-	(3.73)
RKG Hospitalities Private Limited	31 March 2020	-	0.34	-	0.34
	31 March 2019	-	(0.34)	-	(0.34)
S Chand Properties Private Limited	31 March 2020	-	8.62	-	8.62
	31 March 2019	-	-	-	-
Chhaya Prakashani Private Limited	31 March 2020	11.45	-	-	11.45
	31 March 2019	(8.83)	-	-	(8.83)
Shyam Lal Charitable Trust	31 March 2020	-	0.01	-	0.01
	31 March 2019	-	-	-	-
<b>Loans and advances to KMP</b>					
Mr. Saurabh Mittal	31 March 2020	-	-	3.14	3.14
	31 March 2019	-	-	(3.98)	(3.98)
Mr. Jagdeep Singh	31 March 2020	-	-	-	-
	31 March 2019	-	-	(0.60)	(0.60)
<b>Trade payables</b>					
Nirja Publishers & Printers Private Limited	31 March 2020	8.53	-	-	8.53
	31 March 2019	(45.34)	-	-	(45.34)
Vikas Publishing House Private Limited	31 March 2020	79.85	-	-	79.85
	31 March 2019	(116.97)	-	-	(116.97)
Eurasia Publishing House Private Limited	31 March 2020	8.22	-	-	8.22
	31 March 2019	(0.88)	-	-	(0.88)
Blackie & Son (Calcutta) Private Limited	31 March 2020	3.51	-	-	3.51
	31 March 2019	(3.10)	-	-	(3.10)
Smartivity Labs Private Limited	31 March 2020	-	-	-	-
	31 March 2019	-	(1.07)	-	(1.07)
Hotel Tourist	31 March 2020	-	-	-	-
	31 March 2019	-	(0.09)	-	(0.09)
<b>Trade payable to KMP</b>					
Ravindra Kumar Gupta	31 March 2020	-	-	0.23	0.23
	31 March 2019	-	-	-	-
<b>Directors/KMP remuneration payable</b>					
Mr. Dinesh Kumar Jhunjhnuwala	31 March 2020	-	-	0.43	0.43
	31 March 2019	-	-	(0.42)	(0.42)
Mr. Himanshu Gupta	31 March 2020	-	-	0.40	0.40
	31 March 2019	-	-	(0.44)	(0.44)
Mr. Saurabh Mittal	31 March 2020	-	-	0.27	0.27
	31 March 2019	-	-	(0.54)	(0.54)
Mr. Jagdeep Singh	31 March 2020	-	-	0.20	0.20
	31 March 2019	-	-	(0.44)	(0.44)





## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 36. Employee stock option plans (Continued)

(₹ in millions)

	Grant I	Grant II	Grant III (a)	Grant III (b)	Grant IV (a)	Grant IV (b)	Grant IV (c)	Grant IV (d)	Grant V	Grant VI	Grant VII
Vesting Period	Year 1-10% Year 2-15% Year 3-20% Year 4-25% Year 5-30%	100% Immediate vesting	Year 1-28% Year 2-32% Year 3-40%	Year 1-28% Year 2-32% Year 3-40%	Year 1-50% Year 2-50%	Year 1-25% Year 2-35% Year 3-40%	Year 1-25% Year 2-35% Year 3-40%	Year 1-25% Year 2-35% Year 3-40%	Year 1-100%	Year 1-25% Year 2-25% Year 3-25% Year 4-25%	Year 1-50% Year 2-50%
Exercise Period	Exercise on listing but not later than two years from the listing/on sale										
Exercise price	9,110	9,110	36,870	36,870	36,870	45,000	45,000	45,000	304	304	392
Fair value of shares at the time of grant	4,139	4,109	10,949	10,949	25,227	20,944	20,594	20,404	112	139	60

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

	Exercise on listing but not later than two years from the listing/on sale										
Exercise price	61.55	61.55	249.12	249.12	249.12	304.05	304.05	304.05	304.00	304.00	392.00
Fair value of shares at the time of grant	27.97	27.77	73.98	73.98	170.45	141.51	139.15	137.87	112.41	138.97	60.40

The details of activities under Growth option (Grant I) are summarized below:

(₹ in millions)

	March 31, 2020		March 31, 2019	
	No. of options	WAEP (in ₹)**	No. of options	WAEP (in ₹)**
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Effect of share split	-	-	-	-
Effect of bonus issue	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

\*\* denotes weighted average exercise price

The details of activities under Thankyou option (Grant II) are summarized below:

(₹ in millions)

	March 31, 2020		March 31, 2019	
	No. of options	WAEP (in ₹)	No. of options	WAEP (in ₹)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Effect of share split	-	-	-	-
Effect of bonus issue	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 36. Employee stock option plans (Continued)

The details of activities under Grant III a and III b are summarized below: (₹ in millions)

	March 31, 2020		March 31, 2019	
	No. of options	WAEP (in ₹)	No. of options	WAEP (in ₹)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Effect of share split	-	-	-	-
Effect of bonus issue	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

The weighted average remaining contractual life for option outstanding as at 31 March 2020 is Nil (31 March 2019: Nil).

The Company had granted 441 option during the financial year ended 31 March 2016. The details of activities under Grant IV(a) are summarized below:

(₹ in millions)

	March 31, 2020		March 31, 2019	
	No. of options	WAEP (in ₹)	No. of options	WAEP (in ₹)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Effect of share split	-	-	-	-
Effect of bonus issue	-	-	-	-
Exercisable at the end of the year	-	-	-	-

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

(₹ in millions)

	March 31, 2020		March 31, 2019	
	No. of options	WAEP (in ₹)	No. of options	WAEP (in ₹)
Outstanding at the beginning of the year	40,034	304	40,034	304
Granted during the year	-	-	-	-
Forfeited during the year	14,578	-	-	-
Exercised during the year	-	-	-	-
Effect of share split	-	-	-	-
Effect of bonus issue	-	-	-	-
Outstanding at the end of the year	25,456	304	40,034	304
Exercisable at the end of the year	25,456	304	40,034	304

The weighted average remaining contractual life for option outstanding as at 31 March 2020 under Grant IV(b) is 2.41 years, under Grant IV(c) is 2.5 years and under Grant IV(d) is 1.52 years.

The Company had granted 93,388 option during the year ended 31 March 2017. The details of activities under Grant V are summarized below:

(₹ in millions)

	March 31, 2020		March 31, 2019	
	No. of options	WAEP (in ₹)	No. of options	WAEP (in ₹)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 36. Employee stock option plans (Continued)

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

(₹ in millions)

	March 31, 2020		March 31, 2019	
	No. of options	WAEP (in ₹)	No. of options	WAEP (in ₹)
Outstanding at the beginning of the year	38,295	304	38,295	304
Granted during the year	-	-	-	-
Forfeited during the year	12,765	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	25,530	304	38,295	304
Exercisable at the end of the year	25,530	304	12,765	304

The weighted average remaining contractual life for option outstanding under Grant VI as at March 31, 2020 is 3.38 years.

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

(₹ in millions)

	March 31, 2020		March 31, 2019	
	No. of options	WAEP (in ₹)	No. of options	WAEP (in ₹)
Outstanding at the beginning of the year	6,451	392	6,451	392
Granted during the year	-	-	-	-
Forfeited during the year	1,750	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	4,701	392	6,451	392
Exercisable at the end of the year	4,701	392	6,451	392

The weighted average remaining contractual life for option outstanding under Grant VII as at March 31 2019 is 1.67 years.

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

(₹ in millions)

	Grant IVa	Grant IVb	Grant IVc	Grant IVd	Grant V	Grant VI	Grant VII
	31 March 2016	31 March 2016	31 March 2016	31 March 2016	31 March 2017	31 March 2017	31 March 2017
Dividend yield (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility	17.05%	16.46%	16.20%	16.57%	16.43%	16.41%	17.06%
Risk-free interest rate	7.67%	7.71%	7.46%	7.36%	6.73%	6.86%	5.99%
Weighted average fair market price (Rs.)	377	377	377	377	376	376	376
Exercise price (Rs.)	249	304	304	304	304	304	392
Expected life of options granted in years	2.43	3.22	3.20	3.15	2.00	3.50	2.50
Weighted average fair value of option at the time of grant (Rs.)	170.45	141.51	139.15	137.87	112.41	138.97	60.40

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

#### 37. Financial Instruments:- Financial risk management objectives and policies

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

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

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 37. Financial Instruments:- Financial risk management objectives and policies (Continued)

##### A. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises three types of risk:-

- a.) Interest rate risk,
- b.) currency risk and other price risk, such as equity price risk and
- c.) commodity risk.

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

The sensitivity analyses in the following sections relate to the position as at 31 March 2020 and 31 March 2019.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of floating to fixed interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant in place at 31 March 2020.

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

##### a. Interest rate risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with fixed interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ in millions)

	Increase/de- crease in basis points	Effect on profit before tax
<b>As at 31 March 2020</b>		
INR Borrowings	+0.50%	5.25
	-0.50%	(5.25)
<b>As at 31 March 2019</b>		
INR Borrowings	+0.50%	6.43
	-0.50%	(6.43)

##### b. Foreign currency risk

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

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

(₹ in millions)

	Changes in foreign currency rates	Effect on profit before tax
<b>For the year ended 31 March 2020</b>		
USD	+5%	1.30
	-5%	(1.30)
<b>For the year ended 31 March 2019</b>		
USD	+5%	1.35
	-5%	(1.35)

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 37. Financial Instruments:- Financial risk management objectives and policies (Continued)

##### B. Credit Risk

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

The Ageing analysis of trade receivables (net) before adjustment of ECL provision of ₹ 230.06 millions (31 March 2019 ₹ 184.14 million) as of the reporting date is as follows:

Age Bracket	Not Due	0-215 Days	216-365 Days	365-730 Days	More than 730 Days		Total
As at 31 March 2019	1,447.98	148.57	393.32	39.99	119.76		<b>2,149.62</b>
As at 31 March 2020	1,175.39	91.96	295.51	112.12	61.82		<b>1,736.80</b>

(₹ in millions)

##### C. Liquidity Risk

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

	As at	
	31 March 2020	31 March 2019
<b>On Demand</b>		
- Borrowings	593.91	619.80
	<b>593.91</b>	<b>619.80</b>
<b>Less than 1 year</b>		
- Borrowings	2.86	87.81
- Trade payables	619.02	805.67
- Other financial liabilities	152.03	167.71
	<b>773.90</b>	<b>1,061.19</b>
<b>More than 1 year</b>		
- Borrowings	453.48	577.43
	<b>453.48</b>	<b>577.43</b>

(₹ in millions)

#### 38. Capital management

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

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

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

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 38. Capital management (Continued)

Company's adjusted net debt to equity ratio as at 31 March 2020 is as follow:

(₹ in millions)

Gearing Ratio	As at 31 March 2020	As at 31 March 2019
Borrowings (Note 12A & 12B) (Including current maturities)	1,050.25	1,285.04
Less: cash and cash equivalents (Note 5D)	(10.83)	(237.99)
<b>Adjusted Net debt (A)</b>	<b>1,039.42</b>	<b>1,047.05</b>
Equity	7,827.49	8,228.18
<b>Total equity (B)</b>	<b>7,827.49</b>	<b>8,228.18</b>
<b>Total equity and net debt [C = (A+B)]</b>	<b>8,866.91</b>	<b>9,275.22</b>
<b>Gearing Ratio (A/C)</b>	12%	11%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There were certain breach of covenant of loans from banks and financial institutions which have been intimated to the respective lenders.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

#### 39. Fair Values

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

(₹ in millions)

Particulars	31 March 2020			31 March 2019		
	Amortized Cost	FVTPL	FVTOCI	Amortized Cost	FVTPL	FVTOCI
<b>Assets</b>						
<b>Non current financial assets</b>						
- Investments	5,311.15	709.69	-	5,374.44	700.86	-
- Loans	339.69	-	-	577.85	-	-
- Other financial assets	10.84	-	-	4.86	-	-
<b>Financial assets</b>						
- Trade receivables	1,506.74	-	-	1,965.48	-	-
- Loans	291.40	-	-	94.66	-	-
- Investments	-	1.57	-	14.06	22.33	-
- Other financial assets	13.26	-	-	17.10	-	-
- Cash and cash equivalents	10.83	-	-	237.99	-	-
<b>Non Current Financial liabilities</b>						
- Borrowings	453.48	-	-	577.43	-	-
- Other financial liabilities	-	-	-	6.27	-	-
<b>Current Financial liabilities</b>						
- Borrowings	593.91	-	-	619.80	-	-
- Trade payables	619.03	-	-	805.67	-	-
- Other financial liabilities	154.89	-	-	255.52	-	-

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

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

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 39. Fair Values (Continued)

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

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at fair value:</b>			
Mutual Funds	1.02	-	-
<b>Liability measured at fair value</b>			
Other financial liabilities	-	-	-

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2019: (₹ in Million)

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at fair value:</b>			
Mutual Funds	21.36	-	-
<b>Liability measured at fair value</b>			
Other financial liabilities	-	-	-

40. The Company has filed Draft Composite Scheme of Arrangement on January 9, 2018, amongst Blackie & Son (Calcutta) Private Limited ("Blackie"), Nirja Publishers & Printers Private Limited ("Nirja"), DS Digital Private Limited ("DS Digital"), Safari Digital Education Initiatives Private Limited ("Safari Digital") and S Chand And Company Limited ("S Chand") and their respective shareholders and creditors (Composite Scheme) with BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 and Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("SEBI Circular"). The Scheme inter alia includes amalgamation of Blackie & Nirja with and into S Chand, demerger of the education business of DS Digital & Safari with and into S Chand and amalgamation of residual business (after demerger) of DS Digital with and into Safari. The Company had filed the Scheme with NCLT. NCLT vide its order dated February 10, 2020 had directed to convene meetings of shareholders, secured & unsecured creditors of S Chand and meeting of secured & unsecured creditors of Nirja and DS Digital ("the meetings") for approval of the Scheme. However, due to Covid19 pandemic and nationwide lockdown the meetings were adjourned. NCLT vide its order dated May 29, 2020 has directed to convene the meetings through video conferencing in the month of July 2020.

#### 41. Corporate Social Responsibility

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
a) Gross amount required to be spent by the Company during the year	4.84	9.87
b) Amount spent during the year	8.31	1.45

#### 42. Segment reporting

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

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

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

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	4.20	3.27
- Interest due on above	-	0.04
	<b>4.20</b>	<b>3.31</b>
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.		
	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.		
	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.		
	-	-

#### 44. Imported and indigenous raw materials, components and spare parts consumed

(₹ in millions)

Raw Materials	Imported		Indigenously obtained	
	Percentage (%)	(Amount in ₹)	Percentage (%)	(Amount in ₹)
As at 31 March 2019	0%	-	100%	973.72
As at 31 March 2020	0%	-	100%	534.40

#### 45. Disclosure required under Sec 186(4) of the Companies Act 2013

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

(₹ in millions)

Name of the loanee	Rate of Interest/Due Date	Tenure	Secured/ unsecured	31 March 2020	31 March 2019
Safari Digital Education Initiatives Private Limited	10.60%-11.05% p.a	3 years	Unsecured	175.05	159.55
D S Digital Private Limited	10.60%-11.05% p.a	3 years	Unsecured	111.93	74.98
New Saraswati House (India) Private Limited	10.60%-11.25% p.a	3 years	Unsecured	154.47	25.20
Vikas Publishing House Private Limited	10.60%-11.25% p.a	3 years	Unsecured	-	266.00
S Chand Edutech Private Limited	10.60%-11.05% p.a	3 years	Unsecured	24.90	22.69

#### 46. Information about major customers

Revenue from one major customer amounted to ₹ 211.45 million which aggregating to 11.29% of total revenue. Last year no single customer exceeded more than 10% of total revenue.

47. The Company had made an investment in 410 optionally convertible redeemable debentures of ₹ 100,000 each fully paid in Waldorf Integration Solutions Limited (formerly Cityxys Technologies Limited) during the financial year 2007-08 as per the debenture subscription agreement dated 14 May 2007. The debentures were converted into 512,500 optionally convertible or redeemable preference shares during the financial year 2008-09 as per the debenture conversion agreement dated 03 March 2009. These preference shares were redeemable or convertible at the option of the shareholder as per the debenture conversion agreement. The preference shares were due for redemption or conversion during the financial year 2011-12 and the Company opted for redemption of preference shares which the Waldorf Integration Solutions Limited (formerly Cityxys Technologies Limited) failed and defaulted in redeeming the preference shares. The Company had filed a case against Waldorf Integration Solutions Limited (formerly Cityxys Technologies Limited) demanding redemption of the preference shares held by the Company and on March 28, 2018, the Hon'ble Arbitral Tribunal, awarded the case in favour of the Company. The management in consultation with lawyers, has reversed the provision made of ₹ 41 Million and accrued premium on redemption of ₹ 23 Million in the current financial year. During the FY 2018-19, Cityxys approached the company for settlement and paid ₹ 72.50, Accordingly ₹ 8.44 has been realised as other income. During the FY 2019-20 the company has received ₹ 14.06 million.



## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

#### 48. Capital and other commitment

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
a. Capital commitment (net of advance)	-	-
b. For commitment relating to lease arrangement, please refer note 34		

#### 49. Contingent liabilities

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
Corporate guarantee (refer note 'a' below)	1,098.89	1,252.68
Dealer financing (refer note 'e' below)	-	100.00
Stamp duty (refer note 'b' below)	95.01	95.01
Registration fee (refer note 'b' below)	9.15	9.15
Income Tax demand (refer note 'c' & 'd' below)	0.72	1.39

- a Corporate guarantee includes guarantees given by the Company to banks and financial institutions against loans taken by the subsidiaries.
- b During the year 2015-16, the Company received notice under Indian Stamp Act, 1899 for non-payment of stamp duty on transfer of property on amalgamation and demerger held in the financial year 2011-12. The district registrar contented that order of Hon'ble High Court for amalgamation and demerger does not grants exemption in respect of payment of stamp duty.  
During the year 2017-18, the Company has also received a demand notice from the Sub-Registrar under section 80A of the Registration Act, 1908 wherein the authority has directed the Company to pay additional registration fee of ₹ 9,154,800 (31 March 2019: 9,154,800)  
Based on legal advise, management is of the view that no liability would accrue on the Company on account of such case. Accordingly, no provision has been made in the books of account for the same.
- c In respect of Assessment Year 2006-2007, demand was raised due to disallowance of certain expenses under section 14A of the Income Tax Act and also certain penalty proceedings on the above issue. The matter is pending with the Delhi High Court. The amount involved is ₹ 0.67 million (31 March 2019: ₹ 0.67 million).
- d In respect of Assessment Year 2015-16 a disallowance under section 36(1)(va) read with section 2(24)(x) of the act, a demand has been raised on account of disallowance of payment made towards employee's contribution to PF after the due date of payment but before the due date of filling return. The matter is pending with CIT (A). The amount involved is ₹ 0.72 million (31 March 2019: ₹ 0.72 million)
- e During the year Nil (31 March 2019 ₹ 100 millions) dealer financing facility is availed through Yes Bank. The same amount has been repaid during the year.
- f There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund dated 28<sup>th</sup> February, 2019. As a matter of caution, the Company has made a provision on a prospective basis from the date of the SC order. The Company will update its provision, on receiving further clarity on the subject.
50. During the year ended 31 March 2019, the company experienced significant sales return amounting to ₹ 175.57 million which were more than the management estimates and were considered exceptional as being other than the ordinary course of business.
51. During the year ended 31 March 2019, diminution in the carrying value of investment in respect of DS Digital Private Limited amounting to ₹ 50 million (represented by Investment in Equity Shares) has been made to recognise a decline in resultant business of Risekids (Pre School business), other than temporary in the value of the investment. (Refer note 40 above).  
During the year ended 31 March 2020, diminution in the carrying value of investment in respect of Safiri Digital Education Initiatives Private Limited amounting to ₹ 70 million (represented by Investment in Equity Shares) has been made to recognise a decline in the value of its investments in resultant business, other than temporary in the value of the investment. (Refer note 40 above).

#### 52. Unhedged foreign currency exposure

The amount of foreign currency exposure that are not hedged by derivative instrument or otherwise as on 31 March 2020 and 31 March 2019 are as under:

	Foreign currency	Amount in foreign currency (Rs. In million)			
		March 31, 2020	March 31, 2019	March 31, 2020*	March 31, 2019**
Trade Receivables	USD	0.29	0.39	22.16	27.08

\* Exchange Rate for 31 March 2020, 1 USD = Rs.75.32

\*\* Exchange Rate for 31 March 2019, 1 USD = Rs.69.32

## S Chand and Company Limited

### Notes to financial statements as at 31 March 2020 (Continued)

53. The outbreak of Coronavirus (COVID-19) pandemic globally is causing a slowdown in economic activity including India. This event has significantly effected economic activities and the impact of coronavirus on our business will depend on future developments that cannot be reliably predicted. Post the outbreak, certain premises (including warehouse) of the Company and third party (used for job work purposes) have been closed since 22 March 2020, however, effective 08 May 2020, operations have commenced in a phased manner as per the directives from the government.

In developing the assumptions relating to possible uncertainties in the business conditions because of the pandemic, the Company, as on the date of approval of these financials results have used variable information as available and considered the possible effects that may result from COVID-19 on the carrying amount of its assets i.e. assessing counterparty credit risk in case of financial assets (comprising cash and cash equivalents, bank deposits and investments in mutual funds) and subsequent recoveries, past trends, credit risks profile of customers in case of trade receivables and advances to vendors. The company expects to recover the carrying amount of the assets and investment. The Company while assessing Right to Use Asset and Investment in Subsidiaries, has considered past trend, future business projections, performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of other assets will be recovered and does not foresee either significant down-sizing in the operations or any changes in lease terms.

As at the balance sheet date, the Company has evaluated the impact of COVID 19 on its financial results the impact of COVID 19 may differ from the estimates as at the date of approval of these financial statements. There have been no material changes in the controls or processes followed in the financial statements closing process of the company. The company will continue to monitor any future changes to the business and financial statements due to COVID-19.

The management, based on its current and future business plans, after considering COVID 19 impact, has assessed that the Company's ability to meet its contractual obligations and liabilities that fall due in near future including repayment of the debts taken from banks / financial institutions and their related covenants, is dependent upon timely realization of debtors collections and subsequent sale of inventory. The management has assessed that it will be able to realize the collections on timely basis despite COVID 19 challenges and would be able to arrange sufficient working capital facilities from banks/ financial intuitions, if required, to ensure continuity of operations. The management has availed moratorium offered by one financial institutions during the month of Apr-May'2020 to manage cash flows.

54. The Company as part of its policy performs physical verification of inventory bi-annually in September and March every year. Accordingly, the management, had carried out physical verification of inventory for the period ended 30 September 2019, however, as at 31 March 2020, due to travel restrictions on account of COVID-19 and due to significant business activities subsequent to year-end in the post-lock down period, the management could not perform physical count of inventory as at 31 March, 2020 through to the date of approval of these financial statements. The management has, therefore, relied upon the inventory count reflected in its books of accounts, which is the balancing figure for the opening, purchases and the inventory consumed / sold during the financial year. The management intends to complete the physical verification process in the subsequent quarter and doesn't expect any significant impact which could arise on completion of this process.

55. During the year-ended 31 March 2020, due to COVID 19, the Company has performed a detailed assessment of its existing inventory and as a result, the Company has further reduced the valuation of certain titles to their current realizable value and recorded additional provision of ₹ 32.61 Mn as exceptional cost.

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

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

As per our report of even date

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

per **Sanjay Bachchani**  
Partner, Membership No.: 400419

Place : Gurugram  
Date : 30 June 2020

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

**Sd/-  
Himanshu Gupta**  
Managing Director  
DIN: 0054015

**Sd/-  
Saurabh Mittal**  
Chief Financial Officer

Place : New Delhi  
Date : 30 June 2020

**Sd/-  
Dinesh Kumar Jhunjhuwala**  
Whole-time director  
DIN: 00282988

**Sd/-  
Jagdeep Singh**  
Company Secretary

# S Chand And Company Limited

## Consolidated financial statements for the year ended 31 March 2020

### INDEPENDENT AUDITOR'S REPORT

To the Members of S Chand And Company Limited

### Report on the Audit of the Consolidated Ind AS Financial Statements

#### Qualified Opinion

We have audited the accompanying consolidated Ind AS financial statements of S Chand And Company Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates comprising of the consolidated Balance sheet as at March 31 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the 'Basis for Qualified Opinion' section of our report, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates as at March 31, 2020, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

#### Basis for Qualified Opinion

As explained in the note 52 of the consolidated financial statement, due to travel restrictions and impracticability to travel on account of COVID-19 as at March 31, 2020 and due to significant business activities subsequent to year-end, the management could not perform physical count of inventory as at March 31, 2020 through to the date of approval of these financial statements. Accordingly, we were not able to observe the physical count of inventory, therefore, we were unable to verify the existence/condition of inventories of Rs. 337.77 million raw material, Rs. 1,573.97 million finished goods, Rs. 101.82 million traded goods to determine adjustments that may be required to be made in the value of inventory and consequential effect thereof to the financial statements as at March 31, 2020.

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

#### Emphasis of Matter - COVID-19

We draw attention to Note 52 to the consolidated financial statement for the year ended March 31, 2020, which describes the uncertainties and the impact of COVID 19 on i) Carrying value of receivables, inventory, Right to Use assets and Goodwill and ii) Company's ability to meet contractual obligations including debt repayments, as assessed by the management. The actual results may differ from such estimates depending on future developments. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the 'Basis for Qualified Opinion' section we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

## Key audit matters

## How our audit addressed the key audit matter

**Provisions for doubtful debts** (As described in 2.14 of the financial statements)

The Company is required to regularly assess the recoverability of its trade receivables. The recoverability of trade receivables was significant to our audit due to the value of amounts aged greater than the credit terms extended to customers.

The provisions for doubtful debts are determined through expected credit loss model under Ind AS 109 Financial Instruments. This involves judgement as the expected credit losses must reflect information about past events, current conditions and forecasts of future conditions, as well as the time value of money. Therefore, it is determined to be a key audit matter.

The company has further evaluated the historical data used for ECL computation based on their delay loss experience in terms of current observable data to reflect the possible effects from the pandemic related to COVID-19. However, the company has not come across any adjustment in the ECL computation.

The Company's disclosures are included in Note 2.1 and Note 5D to the financial statements, which outlines the accounting policy for determining the allowance for doubtful debts and details of the period on period movement in gross and net trade receivables.

**Refund liabilities** (as described in note 2.6 of the financial statements)

The company is involved in publishing and distribution of educational books. Due to the nature of business, the company offers option to the customers to return unsold inventory. Significant amount of sales returns are received in the year subsequent to the year when books are sold. Discount comprises of Turnover, Cash & additional discount. Turnover discount is offered to the customers in the period subsequent to the reporting date based on parameters for a specified period. Cash Discount is offered based on the cash discount schemes applicable to certain months. Further, at the time of annual settlement, which may not coincide with the financial year, with respective debtors additional discounts are offered based on their negotiations agreed with respective customers. Provision for such sales returns & discounts are estimated, deducted from revenue and accounts receivable and termed as refund liabilities.

Estimates of refund liabilities are required to be made at the time of sale. When determining the appropriate allowance, management considers historical trends, present changes in policies for the academic season, as a basis for the estimate as well as all other known factors, which could significantly influence the level of future refund liabilities. Significant judgement is required in assessing the appropriate level of the provision for sales return & discounts.

Measuring refund liabilities is a key audit matter as it requires significant estimates made by Management.

Such judgements include management's expectation of refund liabilities and historical estimates of refund liabilities vis a vis the refund liabilities received during the year.

**Deferred Tax assets** (as described in note 2.7 of the financial statements)

As on 31 March 2020, Deferred tax assets (before offset: INR 690.71 million) and deferred tax liabilities (before offset: INR 149.77 million) are recognized, on the one hand, for temporary differences which could lead to taxable or deductible amounts and, on the other hand, for future tax receivables resulting from the utilization of loss carryforwards. The recognition of deferred tax liabilities includes all taxable temporary differences, while deferred tax assets are only recorded to the extent it is probable that sufficient deferred tax liabilities or taxable profit will be available in the future against which the deductible temporary differences can be used.

Management has recognized deferred tax asset on the unabsorbed losses basis the reasonable certainty that there would be sufficient taxable profits in the future., however, in view of the COVID 19 impact, the realization of deferred tax may take more time than previously estimated.

Since the recognition of deferred tax assets relies on the significant application of judgement by the management in respect of assessing the probability and sufficiency of future taxable profits and future reversals of existing taxable temporary differences, therefore it is considered as key audit matter.

**In obtaining sufficient audit evidence over the carrying value of trade receivables, we:**

- Tested the ageing and subsequent receipts after year-end of trade receivables on sample basis;
- We assessed the Company's provisioning policy, which included assessing the calculation required under Ind AS 109. We assessed whether the time value of money was considered in the expected credit loss impairment model and checked the mathematical accuracy of the calculations.
- Considered the customers' historical payment trends and evaluated the credit risk profile of the customers on sample basis using external information available, including COVID 19 impact;
- We assessed the Company's disclosures in relation to trade receivables included in the financial statements.

**Our audit procedures included the following:**

- We obtained management's calculations for provision for refund liabilities (sales returns & discounts provision), recalculated the amounts for mathematical accuracy and evaluated the assumptions (including impact of COVID 19) used by reference to internal sources (i.e. management budgets and schemes offered to customers).
- We considered the accuracy of management's estimates in previous years by comparing historical provisions to the actual amounts to assess the management ability to accurately estimate their refund liabilities.
- We verified relevant approvals of actual sales returns & discount passed to customer as per authority matrix. Additionally, we tested discount passed on to customers on sample basis, by performing re-computation based on the terms and conditions executed with the customers.
- We tested the actual sales return & discounts passed to customers after the balance sheet date and upto 10 days prior to approval of financials to determine whether the revenue has been recognized in the appropriate period.
- We also assessed the disclosures in respect of refund liabilities arising from discounts included in the financial statements.

**Our audit procedures included the following:**

- We analyzed the future projections of the company including impact of COVID 19 and assumption used as to when it would be certain that company would earn future taxable income.
- We assessed the sensitivity of the outcomes in the above scenario to reasonably possible changes in assumptions and evaluated the realizability of deferred tax asset as to when the company would earn future taxable profits.
- We obtained the management's calculation for the computation of deferred taxes and evaluated the calculation method used to determine the deferred tax assets.
- We further recalculated the amounts for mathematical accuracy
- We also assessed the disclosures in respect of deferred tax included in the financial statements.

## Other Information

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

Our opinion on the consolidated Ind AS 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 consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. The Annual report is not made available to us as at the date of this auditor's report. We have nothing to report in this regard.

## Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with [the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates 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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated Ind AS financial statements.

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

- a) Identify and assess the risks of material misstatement of the consolidated 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.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates 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 consolidated 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 Group and its associates to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates of which we are the independent auditors, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matter

- a) We did not audit the financial statements and other financial information, in respect of 8 subsidiaries, whose Ind AS financial statements include total assets of Rs 3,846.53 million as at March 31, 2020, and total revenues of Rs 580.79 million and net cash outflows of Rs 63.37 million for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net loss of Rs. 4.03 million for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of two associates, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and associates, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, and associates, is based solely on the report of such other auditors.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and except for the matters described in the Basis for Qualified Opinion paragraph obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) Except for the matters described in the Basis for Qualified Opinion paragraph, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) Except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
- (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies, none of the directors of the Group's companies, its associates, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;
- (h) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, associate companies, incorporated in India, refer to our separate Report in "Annexure 2" to this report;
- (i) In our opinion and based on the consideration of report of other statutory auditors of the subsidiaries, and associates incorporated in India, we report that managerial remuneration of the directors for the year ended March 31, 2020 is in excess of the limits applicable under Section 197 of the Act, read with Schedule V thereto, by Rs 16.50 million. We are informed by the management that it will seek shareholder approval for excess remuneration by way of special resolution.
- (a) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the

consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates, as noted in the 'Other matter' paragraph:

- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates in its consolidated Ind AS financial statements - Refer Note 40 to the consolidated Ind AS financial statements;
- ii. The Group, its associates did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates, incorporated in India during the year ended March 31, 2020.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Sanjay Bachchani**

Partner

Membership Number: 400419

UDIN: 20400419AAAADE9860

Place of Signature: Gurugram

Date: June 30, 2020

## **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF S CHAND AND COMPANY LIMITED**

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

In conjunction with our audit of the consolidated financial statements of S Chand And Company Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of S Chand And Company Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, its associate companies, which are companies incorporated in India, as of that date.

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

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. 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 with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls over financial reporting with reference to these consolidated financial statements.

## Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

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

## Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

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

## Qualified Opinion

According to the information and explanations given to us and based on the report issued by other auditors on internal financial controls over financial reporting in case of its subsidiary companies, its associate companies, which are companies incorporated in India, the following material weakness(es) have been identified as at March 31, 2020:

- a) As explained in the note 52, the Company, could not perform physical verification of inventory at the year end, due to which we are unable to comment on operative ineffectiveness of internal controls in relation to physical verification of inventory and reconciliation of physically inventory with the inventory records, which may potentially result in material misstatement of inventory values in the books of account.

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

In our opinion, except for the effects/possible effects of the material weakness/es described above on the achievement of the objectives of the control criteria in respect of the Holding Company and subsidiary company, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on, "the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

## Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements insofar as it relates to xx subsidiary companies, xx associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, the consolidated financial statements of the Holding Company, which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated June 26, 2020 expressed a qualified opinion.

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

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

### per Sanjay Bachchani

Partner

Membership Number: 400419

UDIN: 20400419AAAADE9860

Place of Signature: Gurugram

Date: June 30, 2020



## Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along with Annual Audited Financial Results - (Consolidated)

### Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

Rs. In Mn

I.	Sl.No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	4,388.09	4,388.09
	2.	Total Expenditure	5,269.22	5,269.22
	3.	Net Profit/(Loss)	(1,114.68)	(1,114.68)
	4.	Earnings Per Share	(31.87)	(31.87)
	5.	Total Assets	12,908.05	12,908.05
	6.	Total Liabilities	4,695.05	4,695.05
	7.	Net Worth	8,213.00	8,213.00
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	<b>Audit Qualification (each audit qualification separately):</b>			
	<b>a. Details of Audit Qualification:</b>			
	<p>As explained in the Note 11 of the Consolidated financial results, due to travel restrictions and impracticability to travel on account of COVID-19 as at March 31, 2020 and due to significant business activities subsequent to year end, the management could not perform physical count of inventory as at March 31, 2020 through to the date of approval of these Financial Statements. Accordingly, we were not able to observe the physical count of inventory, therefore, we were unable to verify the existence/condition of inventories of Rs. 337.77 Mn raw material, Rs. 1573.97 million finished goods, Rs. 101.82 million traded goods to determine adjustments that may be required to be made in the value of inventory and consequential effect thereof to the financial statements as at 31st March 2020.</p>			
	<b>b. Type of Audit Qualification:</b> Qualified Opinion / Disclaimer of Opinion / Adverse Opinion			
	Qualified Opinion			
	<b>c. Frequency of qualification:</b> Whether appeared first time / repetitive / since how long continuing			
	First Time			
	<b>d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b>			
	<p>The Group as part of its policy performs physical verification of inventory bi-annually in September and March every year. Accordingly, the management, had carried out physical verification of inventory for the period ended 30 September 2019, The management has, therefore, relied upon the inventory count reflected in its books of accounts, which is the balancing figure for the opening, purchases and the inventory consumed / sold during the financial year.</p>			
	<p>The management intends to complete the physical verification process in the subsequent quarter and does not expect any significant impact which could arise on completion of this process</p>			
	<b>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</b>			
	<b>(i) Management's estimation on the impact of audit qualification:</b>			
	Not Applicable			
	<b>(ii) If management is unable to estimate the impact, reasons for the same:</b>			
	Not Applicable			
	<b>(iii) Auditors' Comments on (i) or (ii) above:</b>			
	Not Applicable			

III.

Signatories

**For S Chand and Company Limited**

Sd/-  
Himanshu Gupta  
**Managing Director**

Place : New Delhi  
Date : August 7, 2020

**For S Chand and Company Limited**

Sd/-  
Saurabh Mittal  
**CFO**

Place : New Delhi  
Date : August 7, 2020

**For S Chand and Company Limited**

Sd/-  
Archana Capoor  
**Audit Committee Chairperson**

Place : New Delhi  
Date : August 7, 2020

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

Chartered Accountants  
ICAI Firm Registration No. 101049W / E300004

Sd/-  
Sanjay Bachchani  
Partner  
Membership No. 400419

Place : Gurugram  
Date : August 7, 2020

## S Chand And Company Limited

### Consolidated Balance Sheet as at 31 March 2020

CIN: L22219DL1970PLC005400

(₹ in millions)

	Notes	As at 31 March 2020	As at 31 March 2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	959.48	1151.58
Capital work-in-progress		1.25	2.87
Goodwill	4A	3,383.36	3,373.12
Right to use assets	4B	623.09	-
Other intangible assets	4A	917.88	829.77
Intangible assets under development		24.65	107.25
Investment in associates	5A	183.51	187.54
Financial assets			
- Investments	5B	39.85	54.44
- Loans	5G	55.85	95.40
- Other financial assets (net)	5F	14.06	12.73
Income tax assets (net)	8	204.75	155.52
Deferred tax assets (net)	9	540.94	592.82
Other non-current assets	7	96.23	131.66
<b>Total non-current assets</b>		<b>7,044.90</b>	<b>6,694.70</b>
<b>Current assets</b>			
Inventories	6	2,013.56	2,047.84
Financial assets			
- Investments	5C	167.02	215.58
- Loans	5G	59.67	66.72
- Trade receivables	5D	3,348.65	4,446.03
- Cash and cash equivalents	5E	98.10	603.96
- Other financial assets	5F	20.31	90.86
Income tax assets (net)	8	8.89	6.22
Other current assets	7	146.95	145.73
<b>Total current assets</b>		<b>5,863.15</b>	<b>7,622.94</b>
<b>Total assets</b>		<b>12,908.05</b>	<b>14,317.64</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	10	174.88	174.88
Other equity			
- Retained earnings	11	1,518.85	2,638.90
- Other reserves	11	6,490.79	6,490.12
<b>Equity attributable to equity holders of the parent</b>		<b>8,184.52</b>	<b>9,303.90</b>
Non-controlling interests		28.48	29.08
<b>Total equity</b>		<b>8,213.00</b>	<b>9,332.98</b>
<b>Non-current liabilities</b>			
Financial liabilities			
- Borrowings	13A	608.17	727.27
- Trade payables	14	-	6.82
- Lease Liability	15A	365.92	-
- Other financial liabilities	15	-	8.05
Net employee defined benefit liabilities	17	68.49	51.65
Other non-current liabilities	18	0.79	7.41
<b>Total non-current liabilities</b>		<b>1,043.37</b>	<b>801.20</b>
<b>Current liabilities</b>			
Financial liabilities			
- Borrowings	13B	1,114.39	1,408.87
- Trade payables			
Trade payables of micro enterprises and small enterprises (refer note 35)	14	172.59	117.24
Trade payables other than micro enterprises and small enterprises	14	1,409.88	1,826.48
- Lease Liability	15A	125.93	-
- Other financial liabilities	15	640.35	589.72
Other provisions	16	33.74	36.59
Net employee defined benefit liabilities	17	8.32	8.51
Other current liabilities	18	146.48	196.05
<b>Total current liabilities</b>		<b>3,651.68</b>	<b>4,183.46</b>
<b>Total equity and liabilities</b>		<b>12,908.05</b>	<b>14,317.64</b>

Summary of significant accounting policies

2.1

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

As per our report of even date

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

For S.R. Batliboi &amp; Associates LLP

Chartered Accountants

ICAI Firm Registration No. 101049W / E300004

per Sanjay Bachchani

Partner, Membership No.: 400419

Place : Gurugram

Date : 30 June 2020

Sd/-

Himanshu Gupta

Managing Director (DIN: 00054015)

Place : New Delhi

Date : 30 June 2020

Sd/-

Saurabh Mittal

Chief Financial Officer

Place : New Delhi

Date : 30 June 2020

Sd/-

Dinesh Kumar Jhunjhnuwala

Whole-time director (DIN: 00282988)

Place : New Delhi

Date : 30 June 2020

Sd/-

Jagdeep Singh

Company Secretary

Place : New Delhi

Date : 30 June 2020

# S Chand And Company Limited

## Consolidated Statement of Profit and Loss for the year ended 31 March 2020

CIN: L22219DL1970PLC005400

(₹ in millions)

	Notes	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>I Revenue</b>			
Revenue from contract with customers	19	4,293.71	5,220.24
Other income	20.1	84.27	92.88
Finance income	20.2	10.11	23.31
<b>Total Revenue (I)</b>		<b>4,388.09</b>	<b>5,336.43</b>
<b>II Expenses</b>			
Cost of published goods/material consumed	21	1,460.31	2,093.56
Purchase of traded goods	22	88.53	153.65
Publication expense	23	431.68	448.23
Decrease/(Increase) in inventories of finished goods and work-in-progress	24	49.42	(440.02)
Employee benefit expense	25	1,259.65	1,511.44
Selling and distribution expense	26	592.29	884.34
Finance cost	27	347.93	272.07
Depreciation and amortization expense	28	407.69	237.32
Other expenses	29	631.72	880.54
<b>Total expenses (II)</b>		<b>5,269.22</b>	<b>6,041.13</b>
<b>III Loss before exceptional item and share of loss of an associate (I-II)</b>		<b>(881.13)</b>	<b>(704.70)</b>
IV Exceptional expense	29A	(101.67)	(233.39)
<b>V Loss before share of loss of an associate (III-IV)</b>		<b>(982.80)</b>	<b>(938.09)</b>
VI Share of loss in associates	34	(4.03)	(14.43)
<b>VII Loss before tax (V - VI)</b>		<b>(986.83)</b>	<b>(952.52)</b>
<b>VIII Tax expense:</b>			
(1) Current tax		43.92	99.31
(2) Income tax adjustment related to earlier year		30.33	0.39
(3) Deferred tax (credit)/ charge		53.60	(383.02)
<b>IX Loss for the year (VII-VIII)</b>		<b>(1,114.68)</b>	<b>(669.20)</b>
<b>X Other Comprehensive Income</b>	<b>30</b>		
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement (losses)/ gains on defined benefit plans		(7.70)	34.66
Income tax effect		1.69	(10.04)
<b>XI Total Comprehensive Loss for the year (IX + X)</b>		<b>(1,120.69)</b>	<b>(644.58)</b>
<b>XII Loss for the year</b>			
Attributable to:			
- Equity holders of the parent		(1,120.09)	(631.61)
- Non- controlling interests		(0.60)	(12.97)
<b>XIII Earnings per equity share (in ₹)</b>	<b>31</b>		
Basic		(31.87)	(19.13)
Diluted		(31.87)	(19.13)

Summary of significant accounting policies

2.1

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

As per our report of even date

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

**per Sanjay Bachchani**  
Partner, Membership No.: 400419  
Place : Gurugram  
Date : 30 June 2020

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

**Sd/-  
Himanshu Gupta**  
Managing Director (DIN: 00054015)  
Place : New Delhi  
Date : 30 June 2020

**Sd/-  
Saurabh Mittal**  
Chief Financial Officer  
Place : New Delhi  
Date : 30 June 2020

**Sd/-  
Dinesh Kumar Jhunjhnuwala**  
Whole-time director (DIN: 00282988)  
Place : New Delhi  
Date : 30 June 2020

**Sd/-  
Jagdeep Singh**  
Company Secretary  
Place : New Delhi  
Date : 30 June 2020

## S Chand And Company Limited

### Consolidated Cash Flow Statement for the year ended 31 March 2020

CIN: L22219DL1970PLC005400

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>A. Cash flow from operating activities</b>		
Loss before tax	(986.83)	(952.52)
<b>Adjustment to reconcile loss before tax to net cash flows</b>		
Depreciation and amortisation expenses	407.69	237.32
(Gain)/Loss on sale of property, plant & equipment (net)	(0.61)	3.30
Interest income	(10.11)	(23.31)
Net income on deemed disposal of associate	-	(20.41)
Miscellaneous amount written back	(40.59)	(19.14)
Net gain on sale of current investments	(15.56)	(18.88)
Share of loss in associate	4.03	14.43
Interest paid on borrowings	337.55	255.88
Foreign exchange difference	(1.48)	(3.75)
Employee stock option expense	0.67	2.10
Provision for slow moving titles	87.15	-
Provision for impairment on investment	14.51	-
Provision for expected credit loss	115.78	161.19
Bad debt written off	53.49	27.31
<b>Operating loss before working capital changes</b>	<b>(34.31)</b>	<b>(336.48)</b>
Movement in working capital:		
Increase in inventories	(52.87)	(485.60)
Decrease in trade receivable	928.11	1,677.80
Decrease/ (Increase) in loans and advances	46.60	(11.30)
Decrease/ (Increase) in other financial assets	89.87	(54.95)
Increase in provisions	8.96	17.61
Decrease in trade payable	(320.66)	(52.24)
(Increase)/Decrease in current liabilities	(52.00)	109.12
<b>Cash generated from operations</b>	<b>613.70</b>	<b>863.96</b>
Direct taxes paid	(129.31)	(477.72)
<b>Net cash generated from operating activities (A)</b>	<b>484.39</b>	<b>386.24</b>
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant & equipment (including assets acquired on acquisition)	(280.69)	(476.84)
Acquisition of subsidiary, net of cash acquired	-	(642.00)
Purchase/(Sale) of non current investments (including investments acquired on acquisition)	0.08	(3.01)
Purchase in current investments	(124.65)	(177.79)
Proceed from sale of current investments	188.77	433.71
Proceed from sale of property, plant and equipment	21.70	11.22
Interest received	17.63	15.90
<b>Net cash used in investing activities (B)</b>	<b>(177.16)</b>	<b>(838.81)</b>
<b>C. Cash flows from financing activities</b>		
Interest paid on borrowings	(347.07)	(253.28)
Amortization of ancillary borrowing cost	6.44	(4.94)
Proceed from long term borrowings	30.23	863.27
Repayment of long term borrowings	(62.62)	(115.19)
Repayment of short term borrowings	(294.48)	(38.65)
Lease rental payment	(147.07)	-
Dividend paid on equity share	-	(52.46)
Tax on equity dividend paid	-	(10.78)
<b>Net cash used in/ generated from financing activities (C)</b>	<b>(814.57)</b>	<b>387.97</b>

**S Chand And Company Limited**  
**Consolidated Cash Flow Statement for the year ended 31 March 2020 (continued)**  
 CIN: L22219DL1970PLC005400

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(507.34)</b>	<b>(64.60)</b>
Foreign exchange difference	1.48	3.75
Cash and cash equivalents at the beginning of the year	603.96	664.81
<b>Cash and cash equivalents at the end of the year</b>	<b>98.10</b>	<b>603.96</b>
<b>Components of cash and cash equivalents</b>		
Cash in hand	4.56	5.30
With Banks - On current accounts	54.73	321.08
Deposits with original maturity of less than 3 months	35.83	0.66
Cheques in hand	2.98	276.92
<b>Total cash and cash equivalents (note 5E)</b>	<b>98.10</b>	<b>603.96</b>

**Non-cash investing and financing transaction**

Acquisition of property, plant and equipment by means of a finance lease

(₹ in millions)

	As at 31 March 2019	Cash flows	Non cash changes	As at 31 March 2020
Long term borrowings (including current maturity)	1,070.32	(32.39)	-	1,037.93
Short term borrowings	1,408.87	(294.48)	-	1,114.39
	<b>2,479.19</b>	<b>(326.87)</b>	<b>-</b>	<b>2,152.32</b>

**Summary of significant accounting policies**

2.1

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

As per our report of even date

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

**per Sanjay Bachchani**  
 Partner, Membership No.: 400419  
 Place : Gurugram  
 Date : 30 June 2020

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

**Sd/-  
Himanshu Gupta**  
 Managing Director (DIN: 00054015)  
 Place : New Delhi  
 Date : 30 June 2020

**Sd/-  
Saurabh Mittal**  
 Chief Financial Officer  
 Place : New Delhi  
 Date : 30 June 2020

**Sd/-  
Dinesh Kumar Jhunjhnuwala**  
 Whole-time director (DIN: 00282988)  
 Place : New Delhi  
 Date : 30 June 2020

**Sd/-  
Jagdeep Singh**  
 Company Secretary  
 Place : New Delhi  
 Date : 30 June 2020

## S Chand And Company Limited

### Consolidated statement of changes in equity for the year ended 31 March 2020

CIN:L22219DL1970PLC005400

#### A. Equity share capital

	No. of shares	(₹ in millions)
<b>Issued, subscribed and fully paid up</b>		
<b>At 31 March 2018</b>	<b>34,975,287</b>	<b>174.88</b>
Issued during the year - IPO	-	-
Issued during the year - ESOPs	-	-
<b>At 31 March 2019</b>	<b>34,975,287</b>	<b>174.88</b>
Issued during the year - IPO	-	-
Issued during the year - ESOPs	-	-
<b>At 31 March 2020</b>	<b>34,975,287</b>	<b>174.88</b>

#### B. Other equity

(₹ in millions)

	Reserve & Surplus						Total	Non-Controlling Interests	Total Equity
	Retained earnings	Security premium	Debenture redemption reserve	Capital reserve	General reserve	ESOPs reserve			
<b>As at 31 March 2018</b>	3,333.75	6,606.35	390.00	(530.41)	14.19	7.89	9,821.77	42.05	9,863.82
Loss for the period	(656.17)	-	-	-	-	-	(656.17)	(13.02)	(669.19)
Other comprehensive income	24.56	-	-	-	-	-	24.56	0.06	24.62
<b>Total comprehensive income</b>	<b>2,702.14</b>	<b>6,606.35</b>	<b>390.00</b>	<b>(530.41)</b>	<b>14.19</b>	<b>7.89</b>	<b>9,190.16</b>	<b>29.10</b>	<b>9,219.25</b>
Share based payments	-	-	-	-	-	2.10	2.10	-	2.10
Transfer to/ from debenture redemption reserve	-	-	(390.00)	-	390.00	-	-	-	-
Final equity dividend	(52.46)	-	-	-	-	-	(52.46)	-	(52.46)
Dividend distribution tax	(10.78)	-	-	-	-	-	(10.78)	-	(10.78)
<b>As at 31 March 2019</b>	<b>2,638.90</b>	<b>6,606.35</b>	<b>-</b>	<b>(530.41)</b>	<b>404.19</b>	<b>9.99</b>	<b>9,129.02</b>	<b>29.10</b>	<b>9,158.11</b>
<b>As at 31 March 2019</b>	2,638.90	6,606.35	-	(530.41)	404.19	9.99	9,129.02	29.10	9,158.11
Loss for the period	(1,114.17)	-	-	-	-	-	(1,114.17)	(0.47)	(1,114.64)
Other comprehensive income	(5.88)	-	-	-	-	-	(5.88)	(0.13)	(6.01)
<b>Total comprehensive income</b>	<b>1,518.85</b>	<b>6,606.35</b>	<b>-</b>	<b>(530.41)</b>	<b>404.19</b>	<b>9.99</b>	<b>8,008.97</b>	<b>28.50</b>	<b>8,037.46</b>
Share based payments	-	-	-	-	-	0.67	0.67	-	0.67
<b>As at 31 March 2020</b>	<b>1,518.85</b>	<b>6,606.35</b>	<b>-</b>	<b>(530.41)</b>	<b>404.19</b>	<b>10.66</b>	<b>8,009.64</b>	<b>28.50</b>	<b>8,038.13</b>

#### Summary of significant accounting policies

2.1

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

As per our report of even date

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

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

**Sd/- Himanshu Gupta**  
Managing Director (DIN: 00054015)  
Place : New Delhi  
Date : 30 June 2020

**Sd/- Dinesh Kumar Jhunjhnuwala**  
Whole-time director (DIN: 00282988)  
Place : New Delhi  
Date : 30 June 2020

**per Sanjay Bachchani**  
Partner, Membership No.: 400419  
Place : Gurugram  
Date : 30 June 2020

**Sd/- Saurabh Mittal**  
Chief Financial Officer  
Place : New Delhi  
Date : 30 June 2020

**Sd/- Jagdeep Singh**  
Company Secretary  
Place : New Delhi  
Date : 30 June 2020

# S Chand And Company Limited

## Notes to consolidated financial statements for the year ended 31 March 2020

CIN:L22219DL1970PLC005400 (Amounts in ₹ million, unless otherwise stated)

### 1. Corporate information

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

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

### 2. Significant accounting policies

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

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

- i) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).
- ii) Equity settled employee share-based payment plan

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

#### 2.1 Principles of consolidation

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

- i. The financial statements of the parent and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after eliminating intra-Group balances/ transactions and resulting profits in full. Unrealized profit / losses resulting from intra-Group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the Group.
- ii. Investment in associates (entity over which the Group exercises significant influence, which is neither a subsidiary nor joint venture) are accounted for using the equity method as per Ind AS 28 (Investment in Associates and Joint ventures) in Consolidated Financial Statements. The Consolidated Financial Statement include the share of loss of associate companies, which are accounted under the 'Equity method' as per which the share of loss of the associate company has been adjusted to the carrying amount of investment. Further, for the purpose of consolidation, the proportionate share of loss of associates companies to the extent of investment in equity share has been considered.
- iii. The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Group's separate financial statements. Differences in accounting policies have been disclosed separately.
- iv. The difference between the cost to the Group of investment in Subsidiaries and the proportionate share in the equity of the investee company as at the date of acquisition of stake, if any, is recognized in the consolidated financial statements as Goodwill or Capital reserve, as the case may be. Goodwill arising on consolidation is tested for impairment at the Balance Sheet date.
- v. Minorities' interest in net profits of consolidated subsidiaries for the period is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Group. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same is accounted for by the holding company.
- vi. The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Group i.e. period ended 31 March 2020.



## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

CIN:L22219DL1970PLC005400 (Amounts in ₹ million, unless otherwise stated)

Name of the Company	Country of Incorporation	Relationship as at 31 March 2020	Percentage of effective ownership interest held (directly or indirectly)	
			31 March 2020	31 March 2019
Nirja Publishers and Printers Private Limited	India	Subsidiary of S Chand And Company Limited	100%	100%
Eurasia Publishing House Private Limited	India	Subsidiary of S Chand And Company Limited	100%	100%
Blackie & Son (Calcutta) Private Limited	India	Subsidiary of S Chand And Company Limited	100%	100%
Vikas Publishing House Private Limited*	India	Subsidiary of S Chand And Company Limited	100%	100%
Safari Digital Education Initiatives Private Limited**	India	Subsidiary of S Chand And Company Limited	100%	100%
BPI (India) Private Limited	India	Subsidiary of Blackie & Son (Calcutta) Private Limited	51%	51%
S Chand Edutech Private Limited	India	Subsidiary of Safari Digital Education Initiatives Private Limited	100%	100%
D S Digital Private Limited***	India	Subsidiary of S Chand And Company Limited	99.93%	99.93%
New Saraswati House (India) Private Limited****	India	Subsidiary of S Chand And Company Limited	100%	100%
Chhaya Prakashani Private Limited*****	India	Subsidiary of S Chand And Company Limited	100%	100%
Indian Progressive Publishing Co. Private Limited	India	Wholly owned subsidiary of Chhaya Prakashani Private Limited	100%	100%
Eduator Technologies India Private Limited	India	Associate of Safari Digital Education Initiatives Private Limited	44.66%	44.66%
Smartivity Labs Private Limited	India	Associate of S Chand And Company Limited	19.70%	19.70%

\* 2% held by Nirja Publishers and Printers Private Limited

\*\* 40.08% held by Nirja Publishers and Printers Private Limited

\*\*\* 49% held by Safari Digital Education Initiatives Private Limited

\*\*\*\* 23.90% held by Vikas Publishing House Private Limited

\*\*\*\*\* 30.47% held by Eurasia Publishing House Private Limited

## 2.2 Business Combinations and Goodwill

### a. Business combinations and goodwill

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

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

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share - based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal Groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

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

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

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

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

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

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

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

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

### 2.3 Current versus non-current classification

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

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

All other assets are classified as non-current.

#### A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

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#### 2.4 Foreign currencies

##### Functional and presentational currency

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

##### Transactions and balances

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

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

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

#### 2.5 Fair value measurement

The Group measures certain financial instruments and equity settled employee share based payment plan at fair value at each reporting date.

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

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

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

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

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

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

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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

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

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

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

- i. Disclosures for valuation methods, significant estimates and assumptions (Note 2.22)
- ii. Quantitative disclosures of fair value measurement hierarchy (Note 45)
- iii. Investment in unquoted equity shares (Note 5A, 5B and 5C)
- iv. Financial instruments (including those carried at amortised cost) (Note 43)
- v. Equity Settled employee share based payment plan (Note 36)

#### 2.6 Revenue recognition

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

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

##### *Sale of goods*

Revenue from sale of books is recognised at the point in time when control of the asset is transferred to the customer, i.e. at the time of handing over goods to the carrier for transportation.

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

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

#### Variable consideration

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

- **Rights of return**

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

- **Volume rebates**

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

- **Cash rebates**

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

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#### **Contract balances**

##### **Contract assets**

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

##### **Trade receivables**

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

##### **Contract liabilities**

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

##### **Interest income**

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

##### **Dividends**

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

## **2.7 Income taxes**

### **Current income tax**

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

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

### **Deferred tax**

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

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

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

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

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differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

## 2.8 Property, plant and equipment

Capital work in progress, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

### Depreciation

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

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

Category of assets	Useful life as adopted by management	Useful life as per Schedule II
Plant and equipment	15 -25 years	15 years
Office Equipment	5 - 15 years	5 years
Furniture & fixture	10 years	10 years
Vehicle	8 - 10 years	8 years
Building (including factory building)	40 - 60 years	30 years
Electrical installation	10 years	10 years
Others - Computer	3 - 6 years	3 years

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

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

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

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

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#### 2.9 Intangible assets

##### Recognition and measurement

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

##### Amortisation and useful lives

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

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

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

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

##### Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

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

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually.

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

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

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#### **2.10 Borrowing costs**

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

#### **2.11 Leases**

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

##### **Group as a lessee**

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

##### **Right-of-use assets**

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

##### **Lease Liabilities**

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

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

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

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

##### **IND AS 116 adoption:**

Effective 01 April 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 01 April 2019 using the modified retrospective method (alternative II). Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate with equal amount of right to use asset at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted

##### **Group as a lessor**

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



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#### 2.12 Inventories

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

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

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

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

#### 2.13 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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

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

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

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

#### 2.14 Financial instruments

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

#### Financial assets

##### Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the

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Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section Revenue from contracts with customers.

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

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

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

#### **Subsequent measurement**

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

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

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

A "financial asset" is measured at the amortised cost if both the following conditions are met:

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

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

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

A "financial asset" is classified as at the FVTOCI if both of the following criteria are met:

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

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

#### **Equity instruments at FVTOCI**

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

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

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

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

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

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

#### De-recognition

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

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

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

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

#### Impairment of financial assets

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

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

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

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

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

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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

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

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Group has estimated provision of 11.46% is required to be made on outstanding receivables at the reporting date.

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

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

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

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

## Financial liabilities

### Initial recognition and measurement

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

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

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

### Subsequent measurement

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

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

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

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

## Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the

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EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

#### Financial guarantee contracts

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

#### De-recognition

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

#### Re-classification of Financial Assets

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

#### Offsetting of Financial Instruments

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

#### 2.15 Retirement and other employee benefits

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

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

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

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

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

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Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

#### Compensated absences

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

#### 2.16 Share based payments

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

#### Equity settled transactions

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

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

#### 2.17 Provisions

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

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

#### 2.18 Cash and cash equivalents

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

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

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#### 2.19 Earnings Per Share (EPS)

Basic Earnings Per Share is calculated by dividing the profit for the year attributable to equity holders of the Group by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity holders of the Group (after adjusting for interest on the convertible preference shares) and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### 2.20 Cash dividend

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

**2.21** All amounts disclosed in the financial statements and notes have been rounded off to the nearest millions as per the requirement of Schedule III, unless otherwise stated.

#### 2.22 Significant accounting judgement, estimates and assumptions

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

### A. Judgements

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

#### Determining the lease term of contracts with renewal and termination options - Group as lessee

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

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

#### Leases - Estimating the incremental borrowing rate

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

#### Revenue from contracts with customers

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

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

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

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

#### **B. Estimates and assumptions**

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

##### **Taxes**

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

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

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

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

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

Further details about gratuity obligations are given in Note 35.

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

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. For details of allowance for doubtful debts please refer Note 5D.

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

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

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



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

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

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

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

#### Exceptional items

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

- a) Reassessment / Change in life of asset (in case of re-evaluation of business/product, impact of all assets specific to that business/product to be considered for applying the threshold).
- b) Provision for other than temporary diminution in the value of non-current investment.
- c) Write-downs of inventories to net realisable value or of property, plant and equipment to recoverable amount, as well as reversals of such write downs.
- d) In case of other significant item of income or expense, not covered above, the same would be evaluated on a case to case basis for disclosure under exceptional items

## 2.23 New and amended standards

The Group applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments apply for the first time for the year ending 31 March 2019, but do not have an impact on the financial statements of the Group. The Group has not early adopted any standards, amendments that have been issued but are not yet effective/notified

### a. Ind AS 116

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Group adopted Ind AS 116 using the modified retrospective Alternative 2 method of adoption with the date of initial application of 01 April 2019 and accordingly comparative figures are not restated. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Accordingly, the Group has recognised a lease liability as at 01 April 2019 for leases previously classified as an operating lease applying Ind AS 17. The lessee shall measure that lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. Further, an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as Right to Use ("ROU").

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CIN:L22219DL1970PLC005400 (Amounts in ₹ million, unless otherwise stated)

The effect of adoption of Ind AS 116 is as follows:

As on transition date (01 April 2019):	Amount in million
<b>Asset</b>	
Right to use asset	594.19
<b>Liability</b>	
Lease liability	500.38
<b>Impact on statement of Profit and Loss</b>	<b>March 31, 2020</b>
Increase in depreciation expense	125.59
Increase in finance cost	50.46
Decrease in other expenses	(145.61)
<b>Increase in loss</b>	<b>30.44</b>
<b>Impact on statement of cash flow</b>	<b>March 31, 2020</b>
Payment of lease rentals	145.61
<b>Net cash flow from operating activities</b>	<b>145.61</b>
Payment of lease rentals	(145.61)
<b>Net cash flow from financing activities</b>	<b>(145.61)</b>

#### b. Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments.

The Appendix did not have an impact on the financial statements of the Group.

#### c. Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

There were no such transactions in the Group accordingly, these amendments had no impact on the financial statements of the Group.

#### d. Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

CIN:L22219DL1970PLC005400

#### 3. Property, plant and equipment

(₹ in millions)

	Leasehold land	Building office	Building factory*	Plant & machinery	Furniture & fixtures	Vehicles**	Office equipments	Leasehold improvement	Electrical installations	Computers	Total
<b>Gross block</b>											
At 01 April 2018	65.25	13.91	204.92	542.85	68.93	109.79	70.95	24.87	15.86	189.44	1,306.77
Additions	98.70	13.99	-	24.78	6.80	13.27	4.02	0.18	-	32.18	193.92
Disposals	-	-	-	(5.37)	(4.44)	(10.51)	(0.05)	-	(0.70)	(1.99)	(23.06)
<b>At 31 March 2019</b>	<b>163.95</b>	<b>27.90</b>	<b>204.92</b>	<b>562.26</b>	<b>71.29</b>	<b>112.55</b>	<b>74.92</b>	<b>25.05</b>	<b>15.16</b>	<b>219.63</b>	<b>1,477.63</b>
Additions	-	42.55	-	13.00	2.26	10.24	5.88	1.20	0.07	6.30	81.50
Disposals	-	-	-	(3.20)	(4.16)	(14.66)	(4.74)	(3.61)	(0.32)	(8.18)	(38.87)
Adjustment - transfer to right to use asset	(163.95)	-	-	-	-	-	-	-	-	-	(163.95)
<b>At 31 March 2020</b>	<b>-</b>	<b>70.45</b>	<b>204.92</b>	<b>572.06</b>	<b>69.39</b>	<b>108.13</b>	<b>76.06</b>	<b>22.64</b>	<b>14.91</b>	<b>217.75</b>	<b>1,356.31</b>
<b>Accumulated depreciation</b>											
At 01 April 2018	2.28	0.84	13.65	70.04	19.96	23.01	25.96	7.93	5.36	64.06	233.09
Charge for the year	1.14	0.22	3.34	24.41	7.67	10.96	13.51	4.54	1.39	34.32	101.50
Disposals	-	-	-	(1.21)	(1.72)	(3.72)	(0.01)	-	(0.26)	(1.62)	(8.54)
<b>At 31 March 2019</b>	<b>3.42</b>	<b>1.06</b>	<b>16.99</b>	<b>93.24</b>	<b>25.91</b>	<b>30.25</b>	<b>39.46</b>	<b>12.47</b>	<b>6.49</b>	<b>96.76</b>	<b>326.05</b>
Charge for the year	-	1.15	3.35	25.08	6.72	10.20	11.26	4.04	1.34	34.88	98.02
Disposals	-	-	-	(1.13)	(2.45)	(6.46)	(3.39)	(3.20)	(0.15)	(7.04)	(23.82)
Adjustment - transfer to right to use asset	(3.42)	-	-	-	-	-	-	-	-	-	(3.42)
<b>At 31 March 2020</b>	<b>-</b>	<b>2.21</b>	<b>20.34</b>	<b>117.19</b>	<b>30.18</b>	<b>33.99</b>	<b>47.33</b>	<b>13.31</b>	<b>7.68</b>	<b>124.60</b>	<b>396.83</b>
<b>Net block</b>											
<b>As at 31 March 2019</b>	<b>160.53</b>	<b>26.84</b>	<b>187.93</b>	<b>469.02</b>	<b>45.38</b>	<b>82.30</b>	<b>35.46</b>	<b>12.58</b>	<b>8.67</b>	<b>122.87</b>	<b>1,151.58</b>
<b>As at 31 March 2020</b>	<b>-</b>	<b>68.24</b>	<b>184.58</b>	<b>454.87</b>	<b>39.21</b>	<b>74.14</b>	<b>28.73</b>	<b>9.33</b>	<b>7.23</b>	<b>93.15</b>	<b>959.48</b>

\* Land and buildings at E-28, Sector 8, Noida with a carrying amount of ₹ 24.80 million (31 March 2019: ₹ 25.24 million) is subject to a first charge to secure Deutsche Bank term loan.

\* Land and buildings at 20/4, Site - IV, Sahibabad Industrial Area, Sahibabad with a carrying amount of ₹ 232.75 million (31 March 2019: ₹ 237.01 million) is subject to a first charge to secure Tata Capital Financial Services Limited term loan.

\*\* Vehicles under loan contracts at 31 March 2020 was ₹ 37.35 million (31 March 2019: ₹ 42.66 million). Additions during the year include ₹ 4.88 million (31 March 2019: ₹ 14.46 million) of property, plant and equipment. Loaned assets are pledged as security for the related loan.

#### 4A. Intangible assets and goodwill

(₹ in millions)

	Goodwill	Computer software	Trademark	Copy-right	Website	Technical knowhow	Content development	Mobile application	License fees	Total
<b>Gross block</b>										
At 01 April 2018	3,373.12	81.50	0.34	151.23	0.11	3.21	657.55	2.21	0.81	4,270.08
Purchase	-	3.37	0.14	0.14	0.17	-	262.47	0.32	-	266.61
Disposals	-	-	-	-	-	-	-	-	-	-
<b>At 31 March 2019</b>	<b>3,373.12</b>	<b>84.87</b>	<b>0.48</b>	<b>151.37</b>	<b>0.28</b>	<b>3.21</b>	<b>920.02</b>	<b>2.53</b>	<b>0.81</b>	<b>4,536.69</b>
Purchase	10.24	0.66	-	-	0.43	-	270.85	0.24	-	282.42
Disposals	-	-	-	-	-	-	-	-	-	-
<b>At 31 March 2020</b>	<b>3,383.36</b>	<b>85.53</b>	<b>0.48</b>	<b>151.37</b>	<b>0.71</b>	<b>3.21</b>	<b>1,190.87</b>	<b>2.77</b>	<b>0.81</b>	<b>4,819.11</b>
<b>Accumulated amortization</b>										
At 01 April 2018	-	37.55	0.07	42.05	0.04	1.20	120.65	0.08	0.81	202.45
Amortization for the year	-	11.36	0.08	21.42	0.03	0.63	97.32	0.51	-	131.35
Disposals	-	-	-	-	-	-	-	-	-	-
<b>At 31 March 2019</b>	<b>-</b>	<b>48.91</b>	<b>0.15</b>	<b>63.47</b>	<b>0.07</b>	<b>1.83</b>	<b>217.97</b>	<b>0.59</b>	<b>0.81</b>	<b>333.80</b>
Amortization for the year	-	11.00	0.08	19.76	0.04	0.63	152.01	0.55	-	184.07
Disposals	-	-	-	-	-	-	-	-	-	-
<b>At 31 March 2020</b>	<b>-</b>	<b>59.91</b>	<b>0.23</b>	<b>83.23</b>	<b>0.11</b>	<b>2.46</b>	<b>369.98</b>	<b>1.14</b>	<b>0.81</b>	<b>517.87</b>
<b>Net block</b>										
<b>At 31 March 2019</b>	<b>3,373.12</b>	<b>35.96</b>	<b>0.33</b>	<b>87.90</b>	<b>0.21</b>	<b>1.38</b>	<b>702.05</b>	<b>1.94</b>	<b>-</b>	<b>4,202.89</b>
<b>At 31 March 2020</b>	<b>3,383.36</b>	<b>25.62</b>	<b>0.25</b>	<b>68.14</b>	<b>0.60</b>	<b>0.75</b>	<b>820.89</b>	<b>1.63</b>	<b>-</b>	<b>4,301.24</b>

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 4A. Intangible assets and goodwill (Continued)

##### Impairment testing of goodwill

The Group performs test for goodwill impairment at least annually on March 31, or if indicators of impairment arise, such as the effects of obsolescence, demand, competition and other economic factors or on occurrence of an event or change in circumstances that would more likely than not reduce the fair value below its carrying amount. When determining the fair value, we utilize various assumptions, including operating results, business plans and projections of future cash flows. Any adverse changes in key assumptions about our businesses and their prospects or an adverse change in market conditions may cause a change in the estimation of fair value and could result in an impairment charge.

#### 4B. Right-of-use assets (refer note 37)

(₹ in millions)

	Right to use (Leasehold land)	Right to use (Leased premises)	Total
<b>Gross block</b>			
At 01 April 2019	-	-	-
Purchase	13.01	581.18	594.19
Disposals	-	(9.27)	(9.27)
Adjustment - transfer from tangible assets	163.95	-	163.95
<b>At 31 March 2020</b>	<b>176.96</b>	<b>571.91</b>	<b>748.87</b>
<b>Accumulated amortization</b>			
At 01 April 2019	-	-	-
Amortization for the year	2.94	122.65	125.59
Disposals	-	(3.23)	(3.23)
Adjustment - transfer from tangible assets	3.42	-	3.42
<b>At 31 March 2020</b>	<b>6.36</b>	<b>119.42</b>	<b>125.78</b>
<b>Net block</b>			
At 01 April 2019	-	-	-
At 31 March 2020	170.60	452.49	623.09

#### 5. Financial assets

##### 5A. Investment in associates (refer note 34)

(₹ in millions)

	31 March 2020	31 March 2019
<b>Investment in unquoted Equity Shares</b>		
50 (31 March 2019: 50) Equity Shares of ₹ 10 each fully paid up in M/s Smartivity Labs Private Limited	0.52	0.52
2,025,766 (31 March 2019: 2,025,766) Equity Shares of ₹ 2/- each fully paid up in Edutor Technologies India Private Limited	165.10	162.93
<b>(A)</b>	<b>165.62</b>	<b>163.45</b>
<b>Investment in unquoted Preference Shares</b>		
5,414 (31 March 2019: 5,414) 0.001% compulsorily convertible cumulative shares of ₹ 10 each fully paid up in M/s Smartivity Labs Private Limited	17.89	24.09
<b>(B)</b>	<b>17.89</b>	<b>24.09</b>
<b>Total (A+B)</b>	<b>183.51</b>	<b>187.54</b>

##### 5B. Non-current investments

(₹ in millions)

	31 March 2020	31 March 2019
<b>Investments valued at cost</b>		
<b>Investment in unquoted equity shares</b>		
100 (31 March 2019: 100) Equity Shares of ₹. 10/- each of Gyankosh Solutions Private Limited	-	0.01
100 (31 March 2019: 100) Equity Shares of ₹ 10/- each of Testbook Edu Solutions Private Limited	0.83	0.83
<b>(A)</b>	<b>0.83</b>	<b>0.84</b>

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

CIN:L22219DL1970PLC005400

#### 5B. Non-current investments (Continued)

(₹ in millions)

	31 March 2020	31 March 2019
<b>Investment in unquoted preference shares</b>		
319,900 (31 March 2019: 319,900) Compulsory Convertible Cumulative Preference Shares of ₹ 10/- each of Gyankosh Solutions Private Limited	12.08	24.15
2,690 (31 March 2019: 2,690) Compulsory Convertible Cumulative Preference Shares of ₹ 500/- each of Testbook Edu Solutions Private Limited	22.23	22.23
353 (31 March 2019: 353) Compulsory Convertible Cumulative Preference Shares of ₹ 10/- each of Next Door Learning Solutions Private Limited	2.43	4.87
<b>(B)</b>	<b>36.74</b>	<b>51.25</b>
<b>Investments at fair value through profit and loss</b>		
<b>Investments in Government and Trust securities (Unquoted)</b>		
Investment in Tax Free Bonds of Power Finance Corporation	2.14	2.14
National Savings Certificates	0.03	0.03
<b>(C)</b>	<b>2.17</b>	<b>2.17</b>
<b>Investments in quoted equity shares</b>		
500 (31 March 2019: 500) Equity Shares of ₹ 10 each fully paid up in State Bank of India	0.10	0.16
200 (31 March 2019: 200) Equity Shares of ₹ 10 each fully paid up in Oriental Bank of Commerce	0.01	0.02
<b>(D)</b>	<b>0.11</b>	<b>0.18</b>
<b>Total Non- Current Investments (A+B+C+D)</b>	<b>39.85</b>	<b>54.44</b>
<b>Aggregate book value of quoted investment</b>	<b>0.11</b>	<b>0.18</b>
<b>Aggregate market value of quoted investment</b>	<b>0.11</b>	<b>0.18</b>
<b>Aggregate book value of unquoted investment</b>	<b>39.74</b>	<b>54.26</b>
<b>Aggregate value of impairment in value of investments</b>	<b>14.52</b>	<b>-</b>

#### 5C. Investments - Current

(₹ in millions)

	31 March 2020	31 March 2019
<b>Investments valued at cost</b>		
<b>Investment in others</b>		
Nil (31 March 2019: 512,500) redeemable shares of ₹ 10 each fully paid up in M/s Walldorf Integration Solutions Limited (refer note 49)	-	14.06
<b>(A)</b>	<b>-</b>	<b>14.06</b>
<b>Investments at fair value through profit and loss</b>		
<b>Investments in quoted equity shares</b>		
1,000 (31 March 2019: 1,000) Equity Shares of ₹ 10 each fully paid up in M/s Freshtop Fruits Limited	0.04	0.15
400 (31 March 2019: 400) Equity Shares of ₹ 10 each fully paid up in M/s EIH Associated Hotel Limited	0.08	0.15
40 (31 March 2019: 40) Equity Shares of ₹ 10 each fully paid up in M/s Reliance Industries Limited	0.04	0.05
21,600 (31 March 2019: 21,600) Equity Shares of ₹ 10 each fully paid up in M/s Winsome Breweries Limited	0.06	0.09
500 (31 March 2019: 500) Equity Shares of ₹ 10 each fully paid up in State Bank of India	0.10	0.16
200 (31 March 2019: 200) Equity Shares of ₹ 10 each fully paid up in Oriental Bank of Commerce	0.01	0.02
42,564 (31 March 2019: 42,564) Equity Shares of ₹ 10 each fully paid up in M/s Mahaan Foods Limited	0.49	0.72
10,457 (31 March 2019: 10,457) Equity Shares of ₹ 1 each fully paid up in M/s Pentamedia Graphics Limited	-	0.01
100 (31 March 2019: 100) Equity Shares of ₹ 10 each fully paid up in M/s Zee Entertainment Enterprises Limited	0.01	0.04
100 (31 March 2019: 100) Equity Shares of ₹ 10 each fully paid up in M/s Zee Entertainment Enterprises Limited (Bonus shares)	0.01	0.04
<b>(B)</b>	<b>0.84</b>	<b>1.43</b>

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

CIN:L22219DL1970PLC005400

#### 5C. Investments - Current (Continued)

(₹ in millions)

	31 March 2020	31 March 2019
<b>Investments in mutual fund (quoted)</b>		
12,67,918 (31 March 2019: 6,135,628 units) units of ₹10 each SBI Savings Fund - Regular Plan - Growth	39.30	177.60
44,629 (31 March 2019: Nil) units of ₹10 each of SBI Magnum Low Duration Fund - Regular - Growth	116.16	-
57,906 (31 March 2019: 57,906) units of Templeton India Corporate Bond Opportunities Growth Fund	1.08	1.13
95,388 (31 March 2019: Nil) units of Franklin India Ultra Short Bond Fund - Super Institutional Plan	2.62	-
94,511 (31 March 2019: 89,039) units in Principal Monthly Income Plan - Dividend Reinvestment	1.02	1.10
2,22,648 (31 March 2019 Nil) units of ICICI Prudential Mutual Fund	4.53	-
71,871.88 (31 March 2019: Nil) units in ICICI Prudential Ultra SD Fund	1.47	-
Nil (31 March 2019: 32,387) units in HDFC Liquid Fund - Regular Plan Growth option	-	20.26
<b>(C)</b>	<b>166.18</b>	<b>200.09</b>
<b>Total current investments (A+B+C)</b>	<b>167.02</b>	<b>215.58</b>
<b>Aggregate book value of quoted investments</b>	<b>167.02</b>	<b>201.52</b>
<b>Aggregate market value of quoted investments</b>	<b>167.02</b>	<b>201.52</b>
<b>Aggregate book value of unquoted investments</b>	<b>-</b>	<b>14.06</b>
<b>Aggregate value of impairment in value of investments</b>	<b>-</b>	<b>-</b>

#### 5D. Trade receivables

(₹ in millions)

	31 March 2020	31 March 2019
<b>Trade receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	3,348.65	4,446.03
Receivables which have significant increase in credit risk	433.52	365.33
Receivable credit impaired	-	-
	<b>3,782.17</b>	<b>4,811.36</b>
<b>Less: Allowance for expected credit Loss</b>		
Secured, considered good	-	-
Unsecured, considered good	-	-
Receivables which have significant increase in credit risk	433.52	365.33
Receivable credit impaired	-	-
	<b>433.52</b>	<b>365.33</b>
<b>Net trade receivables</b>		
Secured, considered good	-	-
Unsecured, considered good	3,348.65	4,446.03
Receivables which have significant increase in credit risk	-	-
Receivable credit impaired	-	-
	<b>3,348.65</b>	<b>4,446.03</b>
<b>Current</b>	<b>3,348.65</b>	<b>4,446.03</b>
<b>Non-Current</b>	<b>-</b>	<b>-</b>

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

(₹ in millions)

	31 March 2020	31 March 2019
Opening balance	365.33	300.89
Additions	113.28	154.01
Write off (net of recovery)	(45.09)	(89.57)
<b>Closing balance</b>	<b>433.52</b>	<b>365.33</b>

Note: No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person.

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 5E. Cash and cash equivalents

(₹ in millions)

	31 March 2020	31 March 2019
Balances with banks		
- In current accounts	54.73	321.08
- Deposits with original maturity of less than three months	35.83	0.66
Cheques/ drafts in hand	2.98	276.92
Cash in hand	4.56	5.30
<b>Total</b>	<b>98.10</b>	<b>603.96</b>
<b>Current</b>	<b>98.10</b>	<b>603.96</b>
<b>Non-Current</b>	<b>-</b>	<b>-</b>

#### 5F. Other financial assets

(₹ in millions)

	31 March 2020	31 March 2019
Margin money deposit		
- Deposits with remaining maturity for less than 12 months	7.22	85.27
- Deposits with remaining maturity for more than 12 months	9.76	5.68
Interest accrued but not due on fixed deposits (short term)	0.91	0.63
Interest accrued but not due on fixed deposits (long term)	1.96	2.17
Interest accrued (refer Note 49)	-	7.59
Advance to employees	4.62	2.16
Restricted cash	0.09	0.09
Margin money	0.11	-
Others	9.70	-
<b>Total</b>	<b>34.37</b>	<b>103.59</b>
<b>Current</b>	<b>20.31</b>	<b>90.86</b>
<b>Non-current</b>	<b>14.06</b>	<b>12.73</b>

- Margin money deposit with a carrying amount of ₹0.11 million (31 March 2019: ₹0.11 million) has been deposited with sales tax department.
- Margin money deposits with carrying amount of ₹0.05 million (31 March 2019: ₹0.05 million) is subject to Registration of UK VAT. Interest accrued on margin money deposit is ₹0.02 million (31 March 2019: ₹0.02 million).
- Margin money deposits with a carrying amount of ₹ 4.48 million (31 March 2019: ₹ 4.18 million) are subject to first charges to secure the company's bank guarantees.
- Margin money deposits with carrying amount of ₹ NIL (31 March 2019: ₹ 74.51) has been earmarked against the LC taken from Indusind Bank.
- Margin money deposits with carrying amount of ₹ 0.63 million (31 March 2019: ₹ 0.59 million) is subject to Registration of UP VAT & DVAT.
- Margin money deposits amounting to ₹ 0.10 million (31 March 2019: ₹ 0.08 million) are under lien with banks towards bank guarantees issued by them.
- Restricted cash represent earmarked balance for unclaimed dividend payouts.

#### 5G. Loans

(₹ in millions)

	31 March 2020	31 March 2019
<b>Unsecured, considered good</b>		
Security deposits- Current	21.06	9.83
Security deposits- Non-current	40.13	62.82
Loans- Non-current	2.00	32.58
Advances recoverable in cash or in kind- Current	38.61	54.98
Advances recoverable from related parties- Current	-	1.91
Advances recoverable from related parties- Non- Current	13.72	-
	<b>115.52</b>	<b>162.12</b>
Less: Allowance for expected credit loss	-	-
<b>Total</b>	<b>115.52</b>	<b>162.12</b>
<b>Current</b>	<b>59.67</b>	<b>66.72</b>
<b>Non current</b>	<b>55.85</b>	<b>95.40</b>

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 5G. Loans (Continued)

(₹ in millions)

	31 March 2020	31 March 2019
<b>Break-up for security details</b>		
Considered good - Secured	-	-
Considered good - Unsecured	115.52	162.12
Recoverable which have significant increase in credit risk	-	-
Receivables - credit impaired	-	-

In Safari Digital Education Initiatives Private Limited, Company has given interest free loan of ₹ 37.3 millions to JSR Marketing Pvt. Ltd in earlier years. In the FY 2018-19, the borrower agreed to repay the amount in 5 years and accordingly loan was shown at fair value in financial statement of March 31, 2019. During the year under Audit Company recognised fair value gain (income) of ₹ 2.4 millions and expenses of ₹ 1.4 millions upto December 31, 2019 which has been reversed in January 2020 when Company acquired the digital business of JSR Marketing Pvt Ltd for consideration of ₹ 39.8 millions on the basis of a agreement entered between the parties. Valuation of business has not been done by approved valuer for taking over/acquiring the business. As per agreement, Company has acquired net assets of ₹ 29.6 millions [net of Intangible Assets (Content) of ₹ 30.2 millions and liabilities of ₹ 6 millions]. Excess consideration of ₹ 10.2 millions over the value of net assets acquired is recognised as Goodwill. Company has adjusted loan of ₹ 37.3 millions against the sale consideration. At the year end ₹ 2.5 millions is shown as payable to JSR Marketing Pvt Ltd.

#### 6. Inventories

(₹ in millions)

	31 March 2020	31 March 2019
Raw materials (at cost)	295.65	248.05
Raw materials others (at cost)	0.25	-
Stores and spares (at cost)	4.75	8.84
Printing material	25.39	-
Work in progress (at cost)	11.73	4.38
Finished goods (at lower of cost or net realisable value)		
- Manufactured goods	1,656.67	1,723.83
- Imported goods	4.45	0.38
- Traded goods	101.82	62.36
	<b>2,100.71</b>	<b>2,047.84</b>
Less: provision for slow moving stock	(87.15)	-
<b>Total</b>	<b>2,013.56</b>	<b>2,047.84</b>

#### 7. Other assets

##### 7A. Capital advances

(₹ in millions)

	31 March 2020	31 March 2019
Unsecured, considered good	1.08	1.00
<b>Total</b>	<b>1.08</b>	<b>1.00</b>

##### 7B. Other advances

(₹ in millions)

	31 March 2020	31 March 2019
Unsecured, considered good	29.21	50.56
<b>Total</b>	<b>29.21</b>	<b>50.56</b>

##### 7C. Prepaid expenses

(₹ in millions)

	31 March 2020	31 March 2019
Prepaid expenses - non-current	9.53	22.08
Prepaid expenses - current	48.47	49.08
<b>Total</b>	<b>58.00</b>	<b>71.16</b>



## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 7D. Balance with statutory / government authorities

(₹ in millions)

	31 March 2020	31 March 2019
Unsecured, considered good*	45.26	38.96
<b>Total</b>	<b>45.26</b>	<b>38.96</b>

\* In D S Digital Private Limited, Company has paid towards levy of penalty of ₹ 2.75 Million under UP VAT. The matter has been set aside by the Appellate Authority so amount is recoverable and Management is of view that amount will be received in FY 2020-21.

\* ₹ 3.25 million pertains to the amount indemnified by the sellers of Chhaya Prakshani Private Limited for tax demand against Chhaya Prakashani Private Limited.

#### 7E. Other assets

(₹ in millions)

	31 March 2020	31 March 2019
Income tax recoverable	36.46	37.13
MAT credit entitlement (Non current)	71.14	71.14
MAT credit entitlement (Current)	1.84	0.86
Ancillary cost of arranging borrowings (Non current)	-	5.20
Ancillary cost of arranging borrowings (Current)	0.14	1.38
Accrued income	0.05	-
<b>Total</b>	<b>109.63</b>	<b>115.71</b>
<b>Grand total</b>	<b>243.18</b>	<b>277.39</b>
<b>Current</b>	<b>146.95</b>	<b>145.73</b>
<b>Non current</b>	<b>96.23</b>	<b>131.66</b>

#### 8. Income tax asset (net)

(₹ in millions)

	31 March 2020	31 March 2019
Advance income tax (net of provision for tax)	213.64	161.74
<b>Total</b>	<b>213.64</b>	<b>161.74</b>
<b>Current</b>	<b>8.89</b>	<b>6.22</b>
<b>Non- current</b>	<b>204.75</b>	<b>155.52</b>

#### 9. Income Tax

##### A. The major components of income tax expense for the year are:

##### Statement of profit and loss:

(₹ in millions)

Profit or loss section	31 March 2020	31 March 2019
<b>Current income tax:</b>		
Current income tax charge	43.92	99.31
Income tax adjustment related to earlier years	30.33	0.39
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	53.60	(383.02)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>127.85</b>	<b>(283.32)</b>
OCI section	31 March 2020	31 March 2019
Deferred tax related to items recognised in OCI during in the year:		
Net loss/(gain) on remeasurements of defined benefit plans	1.69	(10.04)
<b>Income tax charged to OCI</b>	<b>1.69</b>	<b>(10.04)</b>

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 9. Income Tax (Continued)

##### B. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2020 and 31 March 2019:

(₹ in millions)

	31 March 2020	31 March 2019
Accounting profit before income tax	(986.83)	(952.52)
At India's statutory income tax rate of 29.12% (31 March 2019: 34.608%)	(287.36)	(329.65)
<b>Adjustments:</b>		
- Adjustments in respect of current income tax of previous years	30.33	0.39
- Non-deductible expenses for tax purposes	39.00	4.00
Permanent difference	21.00	33.00
Exempt income under section 80IC	-	(4.00)
Others	18.04	12.94
Non recognition of deferred tax asset on current year losses	101.18	-
De-recognition of opening deferred tax asset on brought forward losses	205.66	-
<b>At the effective income tax rate of (12.96%) (31 March 2019: 29.74%)</b>	<b>127.85</b>	<b>(283.32)</b>
<b>Income tax expense reported in the statement of profit and loss</b>	<b>127.85</b>	<b>(283.32)</b>

##### C. Deferred tax:

(₹ in millions)

	31 March 2020	31 March 2019
<b>Items leading to creation of deferred tax assets</b>		
Impact of expenditure charged to the statement of profit and loss account in the current year but allowed for tax purposes on payment basis in subsequent years	15.93	186.77
Impact on account of brought forward depreciation of income tax	236.16	58.45
Impact on account of brought forward and carried forward losses	206.89	376.61
Provision for doubtful debts	104.80	105.78
Provision for diminution in value of investments	17.47	-
Investment: Impact of fair value gain on current Investment	60.88	-
Others	48.58	2.67
<b>Total deferred tax assets</b>	<b>690.71</b>	<b>730.28</b>
<b>Items leading to creation of deferred tax liabilities</b>		
Impact of expenditure charged to the statement of profit and loss account in the current year but allowed for tax purposes on payment basis in subsequent years	(47.99)	(1.59)
Fixed assets: impact of differences between tax depreciation and depreciation/amortization charged in the financial statements	(101.78)	(135.87)
<b>Total deferred tax liabilities</b>	<b>(149.77)</b>	<b>(137.46)</b>
<b>Net deferred tax assets</b>	<b>540.94</b>	<b>592.82</b>

#### 10. Share capital

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
<b>Authorised</b>		
40,000,000 (31 March 2019: 40,000,000) equity shares of ₹ 5/- each (31 March 2019: equity shares of ₹ 5 each)	200.00	200.00
<b>Issued, subscribed and fully paid equity capital</b>		
34,975,287 (31 March 2019: 34,975,287) equity shares of ₹ 5/- each (31 March 2019: equity shares of ₹ 5 each)	174.88	174.88
	<b>174.88</b>	<b>174.88</b>

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 10. Share capital (Continued)

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

Authorised share capital	No. of shares	₹ in millions
<b>As at 31 March 2018</b>	<b>40,000,000</b>	<b>200.00</b>
Increase/(decrease) during the year	-	-
<b>As at 31 March 2019</b>	<b>40,000,000</b>	<b>200.00</b>
Increase/(decrease) during the year	-	-
<b>As at 31 March 2020</b>	<b>40,000,000</b>	<b>200.00</b>
Issued equity capital	No. of shares	₹ in millions
<b>Equity share of ₹ 5/- each issued, subscribed and fully paid (31 March 2019: Equity share of ₹ 5 each)</b>		
<b>As at 31 March 2018</b>	<b>34,975,287</b>	<b>174.88</b>
Issued during the year	-	-
<b>As at 31 March 2019</b>	<b>34,975,287</b>	<b>174.88</b>
Issued during the year	-	-
<b>As at 31 March 2020</b>	<b>34,975,287</b>	<b>174.88</b>

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

The Company has only one class of equity shares having par value of ₹ 5 per share (31 March 2019: ₹ 5 per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

##### c. Details of shareholders holding more than 5% shares in the company

	As at 31 March 2020		As at 31 March 2019	
	No. of shares	% of holding	No. of shares	% of holding
Mr. Himanshu Gupta	5,961,238	17.04%	5,801,454	16.59%
Mr. Dinesh Kumar Jhunjhnuwala	3,846,854	10.99%	3,795,229	10.85%
Mrs. Neerja Jhunjhnuwala	40,08,345	11.46%	4,008,345	11.46%
Everstone Capital Partners II LLC	3,323,229	9.50%	3,323,229	9.50%
International Finance Corporation	2,805,784	8.02%	2,805,784	8.02%
HDFC Trustee Company Limited A/C HDFC Balanced Advantage Fund	900,000	2.57%	2,543,978	7.27%

##### d. Shares reserved for issue under options

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

#### 11. Other equity

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
<b>Retained earning</b>		
Balance as the beginning of the year	2,638.90	3,333.75
Less: Loss during the year	(1,114.17)	(656.17)
Add/Less: Other comprehensive income	(5.88)	24.56
Less: Dividend for the year	-	(52.46)
Less: Dividend distribution tax on Dividend	-	(10.78)
<b>Balance as the end of the year</b>	<b>1,518.85</b>	<b>2,638.90</b>
<b>Securities premium account</b>		
Balance as the beginning of the year	6,606.35	6,606.35
<b>Balance as the end of the year</b>	<b>6,606.35</b>	<b>6,606.35</b>
<b>Debenture redemption reserve</b>		
Balance as the beginning of the year	-	390.00
Less: transfer to general reserve	-	(390.00)
<b>Balance as the end of the year</b>	<b>-</b>	<b>-</b>

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 11. Other equity (Continued)

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
<b>Capital reserve</b>		
Balance as the beginning of the year	(530.41)	(530.41)
<b>Balance as the end of the year</b>	<b>(530.41)</b>	<b>(530.41)</b>
<b>General reserve</b>		
Balance as the beginning of the year	404.19	14.19
Add: transfer from debenture redemption reserve	-	390.00
<b>Balance as the end of the year</b>	<b>404.19</b>	<b>404.19</b>
<b>ESOPs reserve (refer Note 36)</b>		
Balance as the beginning of the year	9.99	7.89
Add: Compensation options granted during the year	0.67	2.10
<b>Balance as the end of the year</b>	<b>10.66</b>	<b>9.99</b>
<b>Total</b>	<b>8,009.64</b>	<b>9,129.02</b>

#### Securities premium

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

#### Debenture redemption reserve

Debenture redemption reserve was created for compliance with the Companies Act, 2013. The Company has transferred balance from debenture redemption reserve to general reserve during the year on account of conversion of debentures into equity shares of the subsidiary Company.

#### Capital reserve

During the financial year 2015-16, the Company cancelled its 149,900 forfeited equity shares pursuant to resolution passed at Board Meeting dated September 22, 2015 and the amount was transferred to Capital Reserve.

During the financial year 2017-18, the Company acquired non-controlling interest in a subsidiary Company and the amount was transferred to Capital Reserve.

#### General reserve

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

#### 12. Distribution made and proposed

(₹ in millions)

	31 March 2020	31 March 2019
Final dividend on equity shares for the year ended 31 March 2018: ₹ 1.50 per share	-	52.46
Dividend distribution tax on final dividend	-	10.68
<b>Total</b>	<b>-</b>	<b>63.14</b>

#### 13. Borrowings

##### 13A. Non-current borrowings

(₹ in millions)

	31 March 2020	31 March 2019
<b>Term Loans</b>		
Foreign Currency loan from banks (secured) (refer note 1 to 2 and 22 below)	-	56.67
Indian rupee loan from banks (secured) (refer note 3 to 5 and 22 below)	138.96	56.07
Indian rupee loan from others (secured) (refer note 6 to 11 and 22 below)	455.04	594.41
<b>Vehicle loans</b>		
Indian rupee loan from bank (secured) (refer note 12 to 18 below)	9.94	11.27
Indian rupee loan from others (secured) (refer note 19 to 21 below)	4.23	8.85
<b>Total non-current borrowings</b>	<b>608.17</b>	<b>727.27</b>
<b>Secured</b>	<b>608.17</b>	<b>727.27</b>
<b>Unsecured</b>	<b>-</b>	<b>-</b>

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 13A. Non-current borrowings (Continued)

##### Notes:

- In Vikas Publishing House Private Limited, Company has taken foreign currency term loan from RBL Bank Limited in financial year 2018-19 which carries interest at 9.95% p.a. It is repayable in 12 quarterly instalments, starting from January 2019. It is secured by first pari passu charge by way of hypothecation on entire current assets inclusive of stock and book debts, both present and future, first pari passu charge by way of hypothecation on entire movable fixed assets, both present and future (excluding those exclusively charged to other lenders) and corporate guarantee of S Chand And Company Limited. Interest is to be paid on monthly basis. Principal and interest both are fully hedged by RBL Bank Limited. Due to COVID -19, Bank has allowed the moratorium period for the quarterly principal due for the month of April 2020.
- In New Saraswati House (India) Private Limited, Company has taken foreign currency term loan from RBL Bank Limited in financial year 2017-18 which carries interest at 9.95% p.a. repayable in 12 quarterly instalments starting from May-2018. The loan is secured by way of (i) First pari passu charge on entire existing and future current assets (ii) First pari passu charge over the entire existing and future fixed asset of the Company, and (iii) Corporate Guarantee of S Chand And Company Limited. (iv) Personal Guarantee of Mr. Himanshu Gupta and Mr. Dinesh Kumar Jhunjhnuwala. Interest is to be paid on monthly basis. Principal and interest both are fully hedged by RBL Bank Limited. Due to COVID -19, Bank has allowed the moratorium period for the principal due for the quarter payable in the month of May-2020.
- In Vikas Publishing House Private Limited, Company has taken IND Mortgage Loan from Indian Bank in financial year 2019-20 that carries floating interest at 11.80% p.a. It is repayable in 120 equal monthly instalments starting from April 2020. It is secured by equitable mortgage on industrial property owned by the holding company S Chand And Company Limited, situated at 40/2A, Sahibabad Industrial Area - Site - IV, Sahibabad (U.P.). The loan is also secured by personal guarantee of two directors, Mr. Himanshu Gupta and Mr. Dinesh Kumar Jhunjhnuwala and corporate guarantee of S Chand And Company Limited. Due to COVID -19, bank has allowed a moratorium period for EMI for the months of April 2020 to August 2020.
- In Vikas Publishing House Private Limited, Company has taken Loan against property from Deutsche Bank in the financial year 2018-19 which carries floating interest rate ranging between 10.75% to 11.50% p.a. It is repayable in 120 equated monthly instalments, starting from March 2019. It is secured by equitable mortgage of property bearing no. E-28, Sector -8, Noida (U.P.). Due to COVID -19, bank has allowed a moratorium period for EMI for the months of April 2020 to August 2020.
- In New Saraswati House (India) Private Limited, Company has taken term loan from RBL Bank Limited in financial year 2017-18 which carries interest at 10.35% p.a. (flexi) repayable in 12 quarterly instalments starting from May-2018. . The loan is secured by way of (i) First pari passu charge on entire existing and future current assets (ii) First pari passu charge over entire existing and future fixed asset of the Company, and (iii) Corporate Guarantee of S Chand And Company Limited. (iv) Personal Guarantee of Mr. Himanshu Gupta and Mr. Dinesh Kumar Jhunjhnuwala. Due to COVID -19, Bank has allowed the moratorium period for the principal due for the quarter payable in the month of May-2020.
- In S Chand And Company Limited, Term loan from Axis Finance Limited has been taken during the year ended 31<sup>st</sup> March 2019 and initially carried interest @ 11.50% p.a. linked to the Axis Bank Base Rate . The facility has been taken for a period of 7 years and is repayable in 78 equal monthly instalments of ₹ 8.33 millions beginning from August 2019. The facility has been secured against: (i) Pledge of 64% of unlisted shares of Chhaya Prakashani Private Limited. (ii) 2<sup>nd</sup> charge on both present and future current and moveable fixed assets of SCCL; (iii) PDCs for the interest and principal amount. Pursuant to breach of loan covenants after the year ended 31<sup>st</sup> March 2019, the terms of loan agreement were modified, which resulted in increase of rate of interest to 13% effective 6<sup>th</sup> June 2019. The company had prepaid ₹ 200 millions during the year ended 31<sup>st</sup> March 2020 and the next instalment is due on 31 August, 2021.
- In Vikas Publishing House Private Limited, Company has taken Indian rupee term loan from Tata Capital Financial Services Limited in financial year 2019-20 which carries interest at 11%. It is repayable in 78 monthly instalments plus interest on reducing balance, starting from October 2019. It is secured by equitable mortgage on industrial property situated at 20/4, Sahibabad Industrial Area, Site - IV, Sahibabad (U.P.), corporate guarantee of S Chand And Company Limited and personal guarantee of Mr. Himanshu Gupta and Mr. Dinesh Kumar Jhunjhnuwala. Due to Covid -19 effect, financial institution has allowed the moratorium period for the principal and interest due for the months of April and May 2020
- In Vikas Publishing House Private Limited, Company has taken three term loans from Siemens Financial Services Private Limited for purchase of machines during the year 2017-18, which carries interest @ 11.50% p.a. It is repayable in 36 equated monthly instalments. It is secured by hypothecation of respective machines and corporate guarantee of S Chand And Company Limited.
- In Vikas Publishing House Private Limited, Company had taken three term loans from Siemens Financial Services Private Limited during the year 2015 -16 and 2016-17 for purchase of machines, which carried interest ranging between 11.5% to 13% p.a. It is repayable in 33 to 36 equated monthly instalments. It was secured by hypothecation of respective machines and Corporate Guarantee of S Chand And Company Limited. Company had made interest free refundable security deposits of ₹ 2.73 Million to lender, which was included in non current security deposit in Note 5F as on 31<sup>st</sup> March 2019. Out of these three loans , one loan was fully repaid during the year 2018-19 and remaining two loans were fully repaid during the year 2019-20.

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 13A. Non-current borrowings (Continued)

10. In DS Digital Private Limited, Company has taken term loans from Siemens Financial Services Private Limited for purchase of machines, which carries interest ranging from 11.25% p.a to 13.5%. They are repayable in 36 equated monthly instalments and are secured by hypothecation of respective machine and Corporate Guarantee of S Chand And Company Limited.
11. In DS Digital Private Limited, Company has taken term loans from Hewlett Packard Financial Services Private Limited for purchase of machines, which carries interest ranging of 10.69%. They are repayable in 36 equated monthly instalments and are secured by hypothecation of respective machine and Corporate Guarantee of S Chand And Company Limited.
12. In S Chand And Company Limited, vehicle loans have been taken from HDFC Bank, ICICI Bank and Yes Bank and carry interest @ 8.84% to 12.00%. The loan is repayable in 36 to 60 equal monthly instalments ranging from ₹ 0.004 million to ₹ 0.099 million. The loan is secured by hypothecation of respective vehicles.
13. In Vikas Publishing House Private Limited, Company has taken vehicle loan from HDFC Bank Limited which carries interest at 9.50% p.a. It is repayable in 60 equated monthly instalments, starting from May 2016. It is secured by hypothecation of respective vehicle.
14. In Vikas Publishing House Private Limited, Company has taken vehicle loan from ICICI Bank Limited which carries interest at 9.26% p.a. It is repayable in 36 equated monthly instalments, starting from May 2018. It is secured by hypothecation of respective vehicle.
15. In New Saraswati House (India) Private Limited, Vehicle loan from HDFC bank has been taken in the year 2016-17, secured by way of hypothecation of respective vehicle in favour of the bank. It carries interest rate of 9.36% p.a. The loan is repayable in 60 equal monthly instalments beginning from May 2016.
16. In Eurasia Publishing House Private Limited, Vehicle Loan from HDFC Bank taken during FY 2019-20, carries interest rate @ 8.6% p.a. The loan is repayable in 60 monthly installments of ₹ 29,243. The loan is secured by hypothecation of respective vehicles.
17. In BPI (India) Private Limited, Vehicle Loan from Yes Bank Limited carries interest @ 9.0% p.a. The loan is repayable in 37 equal monthly installments of Rs. 25,664 each including interest, from the date of loan, viz., 2 August 2018. The loan is secured by hypothecation of vehicle of the Company.
18. In Nirja Publishers & Printers Private Limited, Vehicle Loan from HDFC Bank taken during 2017-18 and carries interest rate @ 8.26% p.a. The loan is repayable in 37 monthly instalments of ₹ 0.31 million. The loan is secured by hypothecation of the respective vehicles.
19. In S Chand And Company Limited, vehicle loans have been taken from Daimler Financial Services India Private Limited and carry interest @ 9.81% to 11% p.a. The loan is repayable in 48 equal monthly instalments of ₹ 0.13 million. The loan is secured by hypothecation of respective vehicle.
20. In Vikas Publishing House Private Limited, Company has taken vehicle loan from Daimler Financial Services Private Limited which carries interest at 9% p.a. It is repayable in 36 Monthly instalments, starting from September 2017. It is secured by hypothecation of respective vehicle.
21. In New Saraswati House (India) Private Limited, Vehicle loan from M/s. Daimler Financial Services has been taken in the year 2019-20, secured by way of hypothecation of respective vehicle in favour of the Lendor. It carries interest rate of 10.75% p.a. The loan is repayable in 48 equal monthly instalments beginning from Oct 2019.

#### Loan covenants

22. The Group is required to comply with certain debt covenants as mentioned in the loan agreement, failure of which makes the loan to be repaid on demand at the discretion of the bank.
  - a. During the year ended 31 March 2020 and 31 March 2019, in S Chand And Company Limited, there was one instance of breach of financial covenant in case of term loan facility availed from Axis Finance Limited. As per the terms of the sanction letter, the management has intimated to the bank as per agreement terms.
  - b. During the year ended March 31, 2020, Vikas Publishing House Private Limited could not meet some of the debt covenants of RBL Bank and Tata Capital and accordingly the entire loan from RBL Bank Limited and Tata Capital Financial Services Limited have been classified under "current maturity of long term borrowings". The Company could not meet some of the debt covenants of RBL Bank for the year ended March 31, 2019 as well.
  - c. During the year ended March 31, 2020, New Saraswati House (India) Pvt. Ltd. could not meet some of the debt covenants of RBL bank loan and accordingly the entire loan has been classified under "current maturity of long term borrowings".

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 13B. Current borrowings

(₹ in millions)

	31 March 2020	31 March 2019
<b>a. Current maturity of loan</b>		
<b>Term Loans</b>		
Foreign currency loan from banks (secured) (refer note 13A(1,2 and 22))	144.17	194.17
Indian rupee loan from banks (secured) (refer note 13A (3 to 5))	15.14	12.77
Indian rupee loan from financial institution (secured) (refer note 13A (7 and 22))	258.48	126.59
<b>Vehicle loans</b>		
Indian rupee loan from bank (secured)	7.30	7.88
Indian rupee loan from financial institutions (secured)	4.67	1.64
<b>Total current maturity of long term borrowings</b>	<b>429.76</b>	<b>343.05</b>
<b>b. Cash credit from banks</b>		
Indian rupee loan from bank (secured) (refer note 1 to 12 below)	732.48	994.38
Bank overdraft	0.08	-
<b>c. Indian rupee working capital demand loan from banks (secured) (refer note 13 to 15 below)</b>	<b>320.00</b>	<b>305.00</b>
<b>d. Indian rupee working capital demand loan from others (unsecured) (refer note 16 below)</b>	<b>50.00</b>	<b>99.20</b>
<b>e. Loan from directors- unsecured (refer note 17 below)</b>	<b>11.83</b>	<b>10.29</b>
<b>Total current borrowings</b>	<b>1,544.15</b>	<b>1,751.92</b>
Less: Amount presented under "other financial liabilities"	(429.76)	(343.05)
<b>Total current borrowings</b>	<b>1,114.39</b>	<b>1,408.87</b>
<b>Secured</b>	<b>1,052.56</b>	<b>1,299.38</b>
<b>Unsecured</b>	<b>61.83</b>	<b>109.49</b>

#### Notes:

- In S Chand And Company Limited, Cash credit from IndusInd Bank Limited (under Multiple Banking Arrangement with DBS Bank, Standard Chartered Bank, HDFC Bank, and Kotak Mahindra Bank) is secured by way of first pari passu charge on the entire existing and future current assets and movable fixed assets of the Company. It carries interest rate ranging from 10.80% to 15% p.a. (31 March 2019: 10.15 % p.a.).
- In S Chand And Company Limited, Cash credit from Kotak Mahindra Bank (under Multiple Banking Arrangement with DBS Bank, IndusInd Bank, HDFC Bank, and Standard Chartered Bank) is secured by way of first pari passu charge on the entire existing and future current assets and movable fixed assets (other than those exclusively charged to other lender, if any) of the Company. This carries interest rate ranging from 11.05% to 13.13% p.a. (31 March 2019: 11.00 % to 11.40% p.a.).
- In S Chand And Company Limited, Cash credit from Standard Chartered Bank (under Multiple Banking Arrangement with DBS Bank, IndusInd Bank, HDFC Bank, and Kotak Mahindra Bank) is secured by way of first pari passu charge on the entire existing and future current assets and movable fixed assets (other than those exclusively charged to other lender, if any) of the Company. This loan carries interest rate of 10.31% p.a. (31 March 2019: 10.45% to 11.05% p.a.).
- In S Chand And Company Limited, Cash Credit from DBS Bank Limited (under Multiple Banking Arrangement with HDFC Bank, IndusInd Bank, Kotak Mahindra Bank, and Standard Chartered Bank) is secured by way of first pari passu charge on the entire existing and future current assets and movable fixed assets (other than those exclusively charged to other lender, if any) of the Company. This loan carries interest rate ranging from 9.00% to 9.75 % p.a (31 March 2019: 9.40% to 11.10 %).
- In S Chand And Company Limited, Cash Credit from HDFC Bank Limited (under Multiple Banking Arrangement with DBS Bank, IndusInd Bank, Kotak Mahindra Bank, and Standard Chartered Bank) is secured by way of first pari passu charge on the entire existing and future current assets and movable fixed assets of the Company, Personal Guarantee of Mr. Himanshu Gupta and Mr. Dinesh Kumar Jhunjhnuwala, directors of the company and Corporate Guarantee of Nirja Publishers & Printers Private Limited. This carries interest rate ranging from 9.55 % to 10.10% p.a. (31 March 2019: 9.50 % to 10.10% p.a.).
- In New Saraswati House (India) Private Limited, Cash Credit from HDFC bank under multiple banks arrangement with Kotak Bank and RBL Bank is carrying an interest rate of 10.2% p.a. (31 March 2018: 11.75% p.a.) repayable on demand. The loan is secured by way of (i) first pari passu charge on entire existing and future current asset (ii) first pari passu charge on entire existing and future movable fixed assets of the company (iii) Corporate Guarantee by S Chand And Company Limited. (iv) Personal Guarantee of Mr. Himanshu Gupta and Mr. Dinesh Kumar Jhunjhnuwala.
- In New Saraswati House (India) Private Limited, Cash Credit from Kotak bank under multiple banks arrangement with HDFC Bank and RBL Bank is carrying an interest rate of 9.95% p.a. (31 March 2018 : 9.50% p.a.) repayable on demand. The loan is secured by way of (i) first pari passu charge on entire existing and future current asset (ii) first pari passu charge on entire existing and future movable fixed assets of the company (iii) Corporate Guarantee by S Chand And Company Limited. (iv) Personal Guarantee of Mr. Himanshu Gupta and Mr. Dinesh Kumar Jhunjhnuwala.

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 13B. Current borrowings (Continued)

8. In New Saraswati House (India) Private Limited, Cash Credit /WC DL from RBL Bank is carrying an interest rate of 10.2 % p.a. (31 March 2018: 9.10 % p.a.) repayable on demand. The loan is secured by way of (i) charge on entire existing and future current assets (ii) exclusive charges over the entire existing and future fixed asset of the Company (iii) Corporate Guarantee by S Chand And Company Limited. (iv) Personal Guarantee of Mr. Himanshu Gupta and Mr. Dinesh Kumar Jhunjhnuwala.
9. In Vikas Publishing House Private Limited, Company has taken cash credit facility from HDFC bank, DBS bank, RBL Bank, HSBC Bank and Standard Chartered Bank that carries interest at MCLR plus spread (ranging from 1.30% to 2.15 %) p.a which are repayable on demand. Cash credit facility availed to the extent of sanction limit, is secured by first pari passu charge (by hypothecation) on entire existing and future current assets and movable fixed assets (excluding those specifically charged to other lenders) and corporate guarantee of S Chand And Company Limited and has been considered as secured. Company has given the personal guarantee of Mr. Himanshu Gupta and Mr. Dinesh Jhunjhnuwala to HDFC bank against the facility up to sanction limit. Company has repaid the loan to HSBC during the year 2019-20.
10. In BPI (India) Private Limited, Cash credit facility carry interest rate of 12.80% per annum ( 1 year MCLR + 3.70%, applicable 1 year MCLR is 9.10% ) taken from IndusInd Bank on 12<sup>th</sup> February, 2015. Cash credit facility is secured by exclusive charge on all current assets and movable fixed assets except vehicle specifically charged to other lender of the Company (both present and future), exclusive charge on entire immovable properties of the company, property of directors situated at DDA Flat No. D-7/7123, HIG First Floor, Vasant Kunj, New Delhi, and Property of Vikas Publishing House Pvt. Ltd. (Subsidiary of Group Co.) situated at 161718/1, Apartment No.4, 1<sup>st</sup> Floor, 4<sup>th</sup> Cross, Main Gandhi Nagar, Bangalore, corporate guarantee of S Chand And Company Ltd. and Vikas Publishing House Pvt. Ltd. and personal guarantee of Mr. Jai Saxena and Mrs Vidya Saxena.
11. In Nirja Publishers & Printers Private Limited, Cash credit from State Bank of India was taken during 2017-18 and carried interest rate ranging from 8.35% to 10.75% p.a. The loan was repayable on demand. The loan was secured by hypothecation of current assets (present and future), hypothecation of fixed assets (present and future, except financed by other bank and financial institutions) and Corporate Guarantee of S Chand And Company Limited. This facility was completely repaid during 2018-19.
12. In DS Digital Private Limited, cash credit of ₹ 50 million from Standard Chartered Bank is secured by exclusive charge on entire current assets and movable fixed assets (except assets which are exclusively charged under equipment financing), personal guarantee of Mr. Himanshu Gupta and Mr. Dinesh Kumar Jhunjhnuwala and Corporate Guarantee of S Chand And Company Limited.
13. In S Chand And Company Limited, Working capital demand loan from IndusInd Bank Limited, HDFC Bank, DBS Bank, Kotak Mahindra Bank and Standard Chartered Bank carries interest ranging from 8.95% to 13.13% p.a. (31 March 2019: 8.65 % to 9.35% p.a.) which is repayable on maturity. Working capital Demand Loan is a sub-limit of cash credit facility and secured by the same security as provided in cash credit facility.
14. In S Chand And Company Limited, Working Capital Demand Loan from from Citi Bank was unsecured. This facility was sanctioned for 120 days as a clean facility and was to be converted to a secured facility after this period under multiple banking. However the facility was paid before the expiry of the period and no further documents executed. This carried interest rate ranging from 9.00% to 9.75% p.a. (31 March 2019: 9.00 % p.a). The loan has been repaid during the financial year 2019-20.
15. In Vikas Publishing House Pvt. Limited, Working capital demand loan from HDFC bank, DBS bank, RBL Bank and Standard Chartered Bank carries interest ranging from 8.75% to 10.70% p.a which are repayable on maturity. Working capital demand loan facility is a sub limit of cash credit facility and secured by the same security as provided in cash credit facility mentioned in point no. a above.
16. In S Chand And Company Limited, Working capital demand loan from Tata Capital Financial Services Limited was taken during the year 2018-19. This loan carries interest rate of 10.50% p.a (31 March 2019: 10.50% p.a). This loan is unsecured.
17. In BPI (India) Private Limited, Interest free Indian rupee loan is taken from directors. It is repayable on demand.

#### 14. Trade payables

(₹ in millions)

	31 March 2020	31 March 2019
<b>Non-Current</b>		
Trade payables other than micro enterprises and small enterprises	-	6.82
<b>Current</b>		
Trade payables of micro enterprises and small enterprises (refer note 32)	172.59	117.24
Trade payables of related entities (refer note 38)	4.66	6.21
Trade payables other than micro enterprises and small enterprises	1,405.22	1,820.27
<b>Total</b>	<b>1,582.47</b>	<b>1,950.54</b>
<b>Current</b>	<b>1,582.47</b>	<b>1,943.72</b>
<b>Non current</b>	<b>-</b>	<b>6.82</b>



## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 15. Other financial liabilities

(₹ in millions)

	31 March 2020	31 March 2019
<b>Other financial liabilities at amortised cost</b>		
Interest accrued but not due	4.39	5.97
Interest accrued and due on short term borrowings	-	2.28
Interest accrued and due on security deposits	-	0.10
Interest accrued and due on bill discounted	-	5.56
Current maturity of long term loans (refer note 13B)	429.76	343.05
Security deposits received	2.87	4.12
Financial liability*	100.00	100.00
Employee related liabilities	103.33	136.65
Interest accrued on trade payables to micro and small enterprises (refer note 32)	-	0.04
<b>Total</b>	<b>640.35</b>	<b>597.77</b>
<b>Current</b>	<b>640.35</b>	<b>589.72</b>
<b>Non current</b>	<b>-</b>	<b>8.05</b>

\* Financial liability represents an amount of ₹ 100 million (31 March 2019, ₹ 100 million) for BG invoked due to breach of conditions by selling share holders of New Saraswati House (India) Pvt. Ltd. relating to non compete clause.

#### 15A. Lease Liability (refer note 37)

(₹ in millions)

	31 March 2020	31 March 2019
Leased Liability- current	125.93	-
Leased Liability- non-current	365.92	-
<b>Total Lease Liability</b>	<b>491.85</b>	<b>-</b>
<b>Current</b>	<b>125.93</b>	<b>-</b>
<b>Non current</b>	<b>365.92</b>	<b>-</b>

#### 16. Other provisions

(₹ in millions)

	31 March 2020	31 March 2019
Provision for income tax (net of advance tax)	33.65	36.50
Provision for unclaimed dividend	0.09	0.09
<b>Total other provisions</b>	<b>33.74</b>	<b>36.59</b>
<b>Current</b>	<b>33.74</b>	<b>36.59</b>
<b>Non-current</b>	<b>-</b>	<b>-</b>

#### 17. Net employee defined benefit liabilities

(₹ in millions)

	31 March 2020	31 March 2019
Provision for gratuity (non-current) (refer note 35)	60.40	45.79
Provision for gratuity (current) (refer note 35)	3.99	1.57
Provision for leave encashment	12.42	11.97
Provision for bonus	-	0.83
<b>Total</b>	<b>76.81</b>	<b>60.16</b>
<b>Current</b>	<b>8.32</b>	<b>8.51</b>
<b>Non current</b>	<b>68.49</b>	<b>51.65</b>

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

CIN:L22219DL1970PLC005400

#### 18. Other liabilities

(₹ in millions)

	31 March 2020	31 March 2019
Other payables:		
Statutory dues payable	84.97	136.26
Rent equalization reserve- current*	-	0.49
Rent equalization reserve- non- current*	-	6.27
Creditors for capital expenditure	0.68	1.56
Deferred revenue	1.39	-
Advance from customers	59.37	56.31
Other payables	0.86	2.57
<b>Total</b>	<b>147.27</b>	<b>203.46</b>
<b>Current</b>	<b>146.48</b>	<b>196.05</b>
<b>Non current</b>	<b>0.79</b>	<b>7.41</b>

\* Rent equalization reserve has been adjusted with Right-to-use assets as on April 01, 2019 as per IND AS 116.

#### 19. Revenue from contract with customers

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Sale of products</b>		
Finished goods	5,212.93	6,094.91
Less: Discounts	(1,130.10)	(1,094.31)
<b>Sale of services</b>	<b>172.48</b>	<b>173.85</b>
<b>Other operating revenue</b>		
Scrap sale	36.07	41.57
Export incentives	2.33	2.38
Creditors written back	-	1.84
<b>Total</b>	<b>4,293.71</b>	<b>5,220.24</b>
<b>Details of products sold</b>		
<b>Finished goods sold</b>		
Books (published titles)	5,097.80	5,901.33
Educational kits	0.72	0.32
E- Book sale	6.03	5.98
Curriculum books sales	101.97	147.09
Computers and peripherals	6.41	40.19
	<b>5,212.93</b>	<b>6,094.91</b>
<b>Detail of sale of services</b>		
Content development charges	-	2.60
Royalty income/ License fees	0.81	0.63
Training income	2.95	3.11
License fee/ QR Code Development charges	0.02	-
Space for branding	17.24	8.70
Customised interactive education services	130.77	144.72
Income from pre-school educational activity	11.48	14.09
Learnflix App	9.21	-
<b>Total sale of services</b>	<b>172.48</b>	<b>173.85</b>

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

CIN:L22219DL1970PLC005400

#### 19. Revenue From Operations (Continued)

##### Disaggregated revenue information

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
India	4,222.40	5,112.55
Outside India	71.31	107.69
	<b>4,293.71</b>	<b>5,220.24</b>

##### Timing of revenue recognition

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Goods transferred at a point in time	4,121.23	5,046.39
Services transferred over time	172.48	173.85
	<b>4,293.71</b>	<b>5,220.24</b>

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

##### Contract balances

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Trade receivables	3,348.65	4,446.03
Contract assets	-	-
Contract liabilities	59.37	56.31

Trade receivables are non-interest bearing and are generally on terms of 150-180 days. For the year ended 31 March 2020, ₹ 113.28 million (March 2019: ₹ 154.01 million) was recognised as provision for expected credit losses on trade receivables.

##### Right to return asset and refund liability

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Refund liabilities</b>		
Arising from discounts	440.00	281.23
Arising from rights of return	992.51	1,015.56
	<b>1,432.51</b>	<b>1,296.79</b>

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

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue as per contracted price	6,912.26	9,162.53
<b>Adjustments</b>		
Sales return	1,488.45	2,847.98
Discount	1,130.10	1,094.31
	<b>4,293.71</b>	<b>5,220.24</b>

##### Performance obligation

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

###### Manufactured goods

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

The customer has a right to return material to an extent as may be agreed upon with each customer or within the limits as may be determined by the company. The customer is also eligible for discounts based on achievement of revenue targets as may be agreed.

###### Services

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

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

CIN:L22219DL1970PLC005400

#### 20.1 Other income

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Gain on sale of current investments (net)	15.56	18.88
Net income on deemed disposal of associate	-	20.41
Profit on sale of property, plant and equipment (net)	0.61	-
Fair value gain on financial instruments at fair value through profit or loss	1.37	19.78
Foreign exchange fluctuation gain (net)	1.48	3.75
Miscellaneous amount written back	40.59	19.14
Management services	5.87	-
Others	18.79	10.92
<b>Total</b>	<b>84.27</b>	<b>92.88</b>

#### 20.2 Finance income

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Interest income on:</b>		
- Bank deposits	2.48	7.44
- Income tax refund	1.48	6.42
- Unwinding of discount on security deposits paid	5.01	6.88
- On bonds	0.18	0.18
- Others	0.96	2.39
<b>Total</b>	<b>10.11</b>	<b>23.31</b>

#### 21. Cost of published goods/material consumed

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventories at the beginning of the year	248.05	138.21
Add : purchases during the year	1,533.29	2,203.40
	<b>1,781.34</b>	<b>2,341.61</b>
Less : inventories at the end of the year	(321.03)	(248.05)
<b>Total</b>	<b>1,460.31</b>	<b>2,093.56</b>
<b>Details of Raw Material Consumed/ Printing Services</b>		
Paper	1,052.66	1,535.87
Books	167.32	307.95
E Books	-	1.40
Test papers & skill assessment reports	-	1.70
Early Learning Material	6.95	7.18
Printing and binding charges (Outsourced)	132.79	109.52
CD and other items	4.37	17.02
Printing & Binding consumables	169.20	222.76
<b>Total</b>	<b>1,533.29</b>	<b>2,203.40</b>

#### 22. Purchase of traded goods

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Traded books	81.89	120.90
Import of services	-	1.51
Computer & peripherals	6.53	30.67
English labs (Kit)	0.11	0.57
<b>Total</b>	<b>88.53</b>	<b>153.65</b>

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

CIN:L22219DL1970PLC005400

#### 23. Publication expenses

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Royalty expenses	273.70	271.49
Freight and cartage expenses	7.74	12.89
Power & fuel	48.70	60.62
Repairs and maintenance - machinery	32.42	31.53
Consumption of stores and spares	0.42	4.83
Factory manpower expenses	14.91	-
Other publishing expenses	53.79	66.87
<b>Total</b>	<b>431.68</b>	<b>448.23</b>

#### 24. (Increase)/Decrease in inventories

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Inventories at the end of the year</b>		
Finished goods	1,632.95	1,772.78
Stores and spares	4.75	8.84
Work in progress	11.73	4.38
	<b>1,649.43</b>	<b>1,786.00</b>
<b>Inventories at the beginning of the year</b>		
Finished goods	1,772.78	1,385.39
Stock lost by fire (refer note 53)	-	(58.13)
Stores and spares	8.84	4.05
Work in progress	4.38	14.67
	<b>1,786.00</b>	<b>1,345.98</b>
Provision for inventory	87.15	-
<b>Decrease/(Increase) in inventories</b>	<b>49.42</b>	<b>(440.02)</b>

#### Details of inventories

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Work in progress</b>		
Printed material for books	11.73	4.38
	<b>11.73</b>	<b>4.38</b>
<b>Finished goods</b>		
- <b>Manufactured goods</b>		
Books	1,614.40	1,723.83
- <b>Traded goods</b>		
Books	13.63	23.91
Other trade items	92.07	25.04
	<b>1,720.10</b>	<b>1,772.78</b>

#### 25. Employee benefits expenses

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	1,131.01	1,343.95
Contribution to provident and other funds	72.33	80.03
Gratuity expense (refer note 35)	23.15	30.18
Employee stock option expense (refer Note 36)	0.67	2.10
Staff welfare expenses	32.49	55.18
<b>Total</b>	<b>1,259.65</b>	<b>1,511.44</b>

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 26. Selling and distribution expenses

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Advertisement and sales promotion	206.72	364.77
Meeting & conference expenses	4.51	11.17
Travelling and conveyance	168.03	235.99
Freight and forwarding charges	160.67	198.21
Packing expenses	15.53	20.48
Vehicle running and maintenance	10.05	18.94
Canvassing expenses	16.89	18.65
Leases rent - vehicles (refer note 37)	-	0.31
Book workshop expenses	9.89	15.82
<b>Total</b>	<b>592.29</b>	<b>884.34</b>

#### 27. Finance cost

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest on loans and debts	337.34	255.88
Unwinding of discount on security deposit received	0.21	-
Bank charges	5.88	9.67
Processing fees - bank loan	4.50	6.52
<b>Total</b>	<b>347.93</b>	<b>272.07</b>

#### 28. Depreciation and amortisation expense

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of property, plant & equipment (refer note 3)	98.02	101.50
Amortisation of intangible assets (refer note 4A)	184.08	131.35
Amortisation of Right to use Assets (refer note 4B)	125.59	-
Intangible assets under development written off	-	4.47
<b>Total</b>	<b>407.69</b>	<b>237.32</b>

#### 29. Other expenses

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Communication cost	24.70	46.39
Rent (refer note 37)	58.46	233.03
Rates and taxes	19.91	14.50
Insurance	22.32	20.16
Travelling and conveyance	5.11	7.12
Repairs and maintenance:		
- Plant & machinery	1.72	0.16
- Buildings	4.66	4.37
- Others	46.42	63.51
Printing and stationery	5.80	9.10
Legal and professional fee	68.02	53.22
Donations	13.83	6.08
Payment to auditor (refer details below)	18.48	18.58
Water and electricity charges	18.87	20.45
Office expenses	31.58	33.37
Security expenses	15.70	29.08
Corporate social responsibility expenses (refer note 50)	17.00	12.30
Bad debts written off	53.49	27.31

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 29. Other expenses (Continued)

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Provision for expected credit loss	113.28	154.01
Loss on sale of property, plant and equipment (net)	-	3.30
Provision for advances	2.50	7.18
Miscellaneous expenses	37.70	43.56
Fair value loss on financial instruments at fair value through profit or loss	2.62	4.37
Outsourced employee cost	44.47	69.39
Amount written off	5.08	-
<b>Total</b>	<b>631.72</b>	<b>880.54</b>

#### Payment to auditor

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
As auditor		
- Audit fee	11.17	13.17
- Limited review	5.79	3.17
- Other Services	1.52	2.24
- Out of pocket expenses	-	-
<b>Total</b>	<b>18.48</b>	<b>18.58</b>

#### 29A. Exceptional expense

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Loss of goods by fire (refer note 53)	-	(7.12)
Sales return (refer Note 54)	-	(226.27)
Provision for slow moving titles (refer note 55)	(87.15)	-
Provision for impairment on investment (refer Note 56)	(14.52)	-
	<b>(101.67)</b>	<b>(233.39)</b>

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

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

##### For the year ended 31 March 2020

(₹ in millions)

	Retained earnings	Total
Re-measurement gains/(losses) on defined benefit plans	(7.70)	(7.70)
Tax impact on re-measurement gains/(losses) on defined benefit plans	1.69	1.69
	<b>(6.01)</b>	<b>(6.01)</b>

##### For the year ended 31 March 2019

(₹ in millions)

	Retained earnings	Total
Re-measurement gains/(losses) on defined benefit plans	34.66	34.66
Tax impact on re-measurement gains/(losses) on defined benefit plans	(10.04)	(10.04)
	<b>24.62</b>	<b>24.62</b>

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 31. Earnings per share

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

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

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

	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit attributable to equity holders of the company (₹ in millions)	(1,114.68)	(669.20)
Weighted average number of equity shares used for computing Earning per Share (Basic)	34,975,287	34,975,287
Weighted average number of equity shares used for computing Earning per Share (Diluted)	35,030,974	35,060,067
Basic EPS (Amount in ₹)	(31.87)	(19.13)
Diluted EPS (Amount in ₹)	(31.87)	(19.13)

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

The Amount due to Micro and small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Group. The disclosures relating to Micro and Small Enterprises as at 31<sup>st</sup> March 2020 are as under:

(₹ in millions)

	31 March 2020	31 March 2019
<b>Description</b>		
(i) Principal amount remaining unpaid	172.59	117.24
(ii) Interest due thereon	-	0.04
	<b>172.59</b>	<b>117.28</b>
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006.	-	-

#### 33. Group information

##### Information about subsidiary companies:

	Principal activities	Country of incorporation	% equity interest	
			31 Mar 2020	31 Mar 2019
Nirja Publishers & Printers Private Limited	Publishing and Printing of Books	India	100.00%	100.00%
Safari Digital Education Initiatives Private Limited	Curriculum Solutions	India	100.00%	100.00%
Eurasia Publishing House Private Limited	Publishing of Books	India	100.00%	100.00%
Blackie & Son (Calcutta) Private Limited	Publishing of Books	India	100.00%	100.00%
Vikas Publishing House Private Limited	Publishing and Printing of Books	India	100.00%	100.00%
DS Digital Private Limited	Digital Learning solutions to Schools	India	99.99%	99.99%
New Saraswati House (India) Private Limited	Publishing of Books	India	100.00%	100.00%
Chhaya Prakashani Private Limited	Publishing of Books	India	100.00%	100.00%
BPI (India) Private Limited	Publishing of Books & Educational Kits	India	51.00%	51.00%
S Chand Edutech Private Limited	Learning solutions for Pre School/Online Testing	India	100.00%	100.00%
Indian Progressive Publishing Company Private Limited	Publishing of Books	India	100.00%	100.00%



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### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 33. Group information (Continued)

Information about associates:

	Principal activities	Country of incorporation	% equity interest	
			31 Mar 2020	31 Mar 2019
Edutor Technologies India Private Limited	Learning Management System/ Aggregator	India	44.66%	44.66%
Smartivity Labs Private Limited	Early Learning through Augmented Reality, STEM DIY Kits and Virtual Reality	India	19.70%	19.70%

#### 34. Investment in associates

##### 34A. Edutor Technologies India Private Limited

The Group has a 44.66% (31 March 19: 44.66%) interest in Edutor Technologies India Private Limited, which is primarily engaged in the business of providing digital education solutions of all kind through an online Learning Management System (LMS), enabling students to achieve academic success through one-on-one tutoring and engage in personalized training by using the electronic devices such as gadgets, with specialization in length and breadth of all streams of education. Its registered and principal office of business is located at Hyderabad. Edutor Technologies India Private Limited is a private entity that is not listed on any public exchange. The Group's interest in Edutor Technologies India Private Limited is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in Edutor Technologies India Private Limited:

	(₹ in millions)	
	31 March 2020	31 March 2019
Current assets	24.48	27.17
Non-current assets	29.00	15.82
Current liabilities	(66.14)	(62.06)
Non-current liabilities	(4.71)	(4.23)
<b>Equity</b>	<b>(17.37)</b>	<b>(23.30)</b>
Proportion of the Group's ownership	44.66%	44.66%
Carrying amount of the investment	165.10	162.93

	(₹ in millions)	
	31 March 2020	31 March 2019
Revenue	55.53	71.66
Cost of raw material and components consumed	(11.81)	(18.38)
Depreciation & amortization	(6.68)	(6.46)
Finance cost	(3.79)	(3.25)
Employee benefit	(14.27)	(37.43)
Other expense	(13.70)	(18.05)
Profit/ (Loss) before tax	5.28	(11.91)
Income tax expense	0.06	0.33
Profit/ (Loss) for the year	5.34	(11.58)
Other Comprehensive Income	(0.49)	(1.00)
<b>Total comprehensive income for the year</b>	<b>4.85</b>	<b>(12.58)</b>
<b>Group's share of loss for the year</b>	<b>2.17</b>	<b>(5.62)</b>

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

The associate had no contingent liabilities or capital commitments as at 31 March 2020 or 31 March 2019.

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### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 34B. Smartivity Labs Pvt Ltd

The Group has a 19.70% (19.70% on 31 March 2019) interest in Smartivity Labs Pvt Ltd, which is primarily engaged in the business of Early Learning through Augmented Reality (AR), STEM DIY Kits (Science, Technology and Maths) and also Virtual Reality (VRX) Content. Smartivity Labs Pvt Ltd is a private entity that is not listed on any public exchange. The Group's interest in Smartivity Labs Pvt Ltd is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in Smartivity Labs Private Limited:

	(₹ in millions)	
	31 March 2020	31 March 2019
Current assets	102.29	101.07
Non-current assets	88.11	71.64
Current liabilities	(71.02)	(71.17)
Non-current liabilities	(3.40)	(2.58)
<b>Equity</b>	<b>115.98</b>	<b>98.96</b>
Proportion of the Group's ownership	19.70%	19.70%
Carrying amount of the investment	18.41	24.61

	(₹ in millions)	
	31 March 2020	31 March 2019
Revenue	115.02	175.29
Cost of raw material and components consumed	(41.22)	(81.83)
Depreciation & amortization	(19.63)	(10.81)
Finance cost	(7.36)	(2.45)
Employee benefit	(38.96)	(53.47)
Other expense	(50.97)	(78.91)
Loss before tax	(43.12)	(52.18)
Income tax expense	11.65	7.47
Loss for the year	<b>(31.47)</b>	<b>(44.71)</b>
Other Comprehensive Income	-	-
<b>Total comprehensive income for the year</b>	<b>(31.47)</b>	<b>(44.71)</b>
<b>Group's share of loss for the year</b>	<b>(6.20)</b>	<b>(8.81)</b>

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

The associate had no contingent liabilities or capital commitments as at 31 March 2020 or 31 March 2019.

#### 35. Gratuity and other post-employment benefits plan

##### Gratuity

The Group has a defined benefit gratuity plan. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service or part thereof in excess of six months subject to a maximum of Rs 2 million. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognised in the profit and loss account and amounts recognized in the balance sheet for Gratuity Plan.

##### Statement of Profit & Loss account

##### Net employee benefit expense recognised in employee cost:

	(₹ in millions)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Current service cost	19.96	25.19
Interest cost on defined obligation	7.44	8.86
Expected return on plan assets	(4.25)	(3.87)
	<b>23.15</b>	<b>30.18</b>

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### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 35. Gratuity and other post-employment benefits plan (Continued)

Amount recognised in Other Comprehensive Income:

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Actuarial (gains) / losses on obligation	2.03	(35.89)
Actuarial gains / (losses) on assets	(9.73)	(1.23)
<b>Net gain/(loss)</b>	<b>(7.70)</b>	<b>34.66</b>

#### Balance sheet

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

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening defined benefit obligation	111.54	122.58
Current service cost	19.96	25.19
Interest cost	7.44	8.86
Benefits paid from plan assets	(18.00)	(9.71)
Benefits paid directly by employer	(4.53)	(0.79)
Actuarial (gains) / losses on obligation	2.03	(35.89)
Acquisition/ divestiture	2.09	1.30
<b>Closing defined benefit obligation</b>	<b>120.53</b>	<b>111.54</b>

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

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening fair value of plan assets	64.18	55.90
Expected return	4.25	3.87
Contributions by employer	3.36	12.89
Benefits paid	(18.00)	(9.71)
Actuarial gain/(loss)	9.73	1.23
<b>Closing fair value of plan assets</b>	<b>63.51</b>	<b>64.18</b>
<b>Net liability recognised in financial statements</b>	<b>57.01</b>	<b>47.36</b>
<b>Current Portion</b>	<b>3.99</b>	<b>1.57</b>
<b>Non - Current Portion</b>	<b>60.40</b>	<b>45.79</b>

The Company expects to contribute Rs. 13.27 million to gratuity in this year (31 March 2019: Rs. 4.63 million)

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

	For the year ended 31 March 2020	For the year ended 31 March 2019
Investments with insurers	100%	100%

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

	For the year ended 31 March 2020	For the year ended 31 March 2019
Discount rate	6.30% to 6.78%	7.15% to 7.70%
Expected rate of return on assets	6.77% to 7.70%	7.50% to 7.70%
Expected rate of salary increase	6% to 8%	6% to 10%
Retirement Age (In years)	58-60 years	58-60 years
Employee turnover :-		
- For Service upto 5 years	3% to 15%	3% to 15%
- For Service more than 5 years	1% to 2%	1% to 2%
Mortality Rate	IALM (2012-14) Ultimate	IALM (2006-08)

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### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 35. Gratuity and other post-employment benefits plan (Continued)

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

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

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

(₹ in millions)

	Change in assumptions	For the year ended 31 March 2020	For the year ended 31 March 2019
Discount rate	+1%	67.69	95.07
	-1%	68.36	117.88
Expected rate of salary increase	+1%	124.51	117.36
	-1%	67.88	95.28

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

#### 36. Employee stock option plans

The Company provides share-based payment schemes to its employees. During the year ended 31 March 2020 an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

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

(₹ in millions)

	Grant I	Grant II	Grant III (a)	Grant III (b)	Grant IV (a)	Grant IV (b)	Grant IV (c)	Grant IV (d)	Grant V	Grant VI	Grant VII
Date of grant	09-Jul-12	09-Jul-12	28-Jul-14	30-Sep-14	27-Aug-15	27-Aug-15	30-Sep-15	28-Mar-16	05-Aug-16	16-Aug-16	30-Nov-16
Date of Board approval	30-Jun-12	30-Jun-12	28-Jul-14	30-Sep-14	27-Aug-15	27-Aug-15	27-Aug-15	28-Mar-16	05-Aug-16	05-Aug-16	19-Sep-16 & 30-Nov-16
Date of Shareholder's approval	30-Jun-12	30-Jun-12	28-Jul-14	30-Sep-14	30-Sep-15	30-Sep-15	30-Sep-15	28-Mar-16	05-Aug-16	05-Aug-16	10-Nov-16
Number of options granted	2,194	292	180	75	441	185	248	40	93,388	51,060	12,506
Method of settlement (Cash/Equity)	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting Period	Year 1-10% Year 2-15% Year 3-20% Year 4-25% Year 5-30%	100% Immediate vesting	Year 1-28% Year 2-32% Year 3-40%	Year 1-28% Year 2-32% Year 3-40%	Year 1-50% Year 2-50%	Year 1-25% Year 2-35% Year 3-40%	Year 1-25% Year 2-35% Year 3-40%	Year 1-25% Year 2-35% Year 3-40%	Year 1-100%	Year 1-25% Year 2-25% Year 3-25% Year 4-25%	Year 1-50% Year 2-50%
Exercise Period	Exercise on listing but not later than two years from the listing/on sale										

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### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 36. Employee stock option plans (Continued)

(₹ in millions)

	Grant I	Grant II	Grant III (a)	Grant III (b)	Grant IV (a)	Grant IV (b)	Grant IV (c)	Grant IV (d)	Grant V	Grant VI	Grant VII
Exercise price	9,110	9,110	36,870	36,870	36,870	45,000	45,000	45,000	304	304	392
Fair value of shares at the time of grant	4,139	4,109	10,949	10,949	25,227	20,944	20,594	20,404	112	139	60

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

Exercise Period	Exercise on listing but not later than two years from the listing/on sale										
Exercise price	61.55	61.55	249.12	249.12	249.12	304.05	304.05	304.05	304.00	304.00	392.00
Fair value of shares at the time of grant	27.97	27.77	73.98	73.98	170.45	141.51	139.15	137.87	112.41	138.97	60.40

The details of activities under Growth option (Grant I) are summarized below:

(₹ in millions)

	March 31, 2020		March 31, 2019	
	No. of options	WAEP (in ₹)**	No. of options	WAEP (in ₹)**
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Effect of share split	-	-	-	-
Effect of bonus issue	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

\*\* denotes weighted average exercise price

The details of activities under Thankyou option (Grant II) are summarized below:

(₹ in millions)

	March 31, 2020		March 31, 2019	
	No. of options	WAEP (in ₹)	No. of options	WAEP (in ₹)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Effect of share split	-	-	-	-
Effect of bonus issue	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

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### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 36. Employee stock option plans (Continued)

The details of activities under Grant III a and III b are summarized below:

(₹ in millions)

	March 31, 2020		March 31, 2019	
	No. of options	WAEP (in ₹)	No. of options	WAEP (in ₹)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Effect of share split	-	-	-	-
Effect of bonus issue	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

The weighted average remaining contractual life for option outstanding as at 31 March 2020 is Nil (31 March 2019: Nil).

The Company had granted 441 option during the financial year ended 31 March 2016. The details of activities under Grant IV(a) are summarized below:

(₹ in millions)

	March 31, 2020		March 31, 2019	
	No. of options	WAEP (in ₹)	No. of options	WAEP (in ₹)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Effect of share split	-	-	-	-
Effect of bonus issue	-	-	-	-
Exercisable at the end of the year	-	-	-	-

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

(₹ in millions)

	March 31, 2020		March 31, 2019	
	No. of options	WAEP (in ₹)	No. of options	WAEP (in ₹)
Outstanding at the beginning of the year	40,034	304	40,034	304
Granted during the year	-	-	-	-
Forfeited during the year	14,578	-	-	-
Exercised during the year	-	-	-	-
Effect of share split	-	-	-	-
Effect of bonus issue	-	-	-	-
Outstanding at the end of the year	25,456	304	40,034	304
Exercisable at the end of the year	25,456	304	40,034	304

The weighted average remaining contractual life for option outstanding as at 31 March 2020 under Grant IV(b) is 2.41 years, under Grant IV(c) is 2.5 years and under Grant IV(d) is 1.52 years.

The Company had granted 93,388 option during the year ended 31 March 2017. The details of activities under Grant are summarized below:

(₹ in millions)

	March 31, 2020		March 31, 2019	
	No. of options	WAEP (in ₹)	No. of options	WAEP (in ₹)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

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### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 36. Employee stock option plans (Continued)

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

	March 31, 2020		March 31, 2019	
	No. of options	WAEP (in ₹)	No. of options	WAEP (in ₹)
Outstanding at the beginning of the year	38,295	304	38,295	304
Granted during the year	-	-	-	-
Forfeited during the year	12,765	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	25,530	304	38,295	304
Exercisable at the end of the year	25,530	304	12,765	304

The weighted average remaining contractual life for option outstanding under Grant VI as at March 31, 2020 is 3.38 years.

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

	March 31, 2020		March 31, 2019	
	No. of options	WAEP (in ₹)	No. of options	WAEP (in ₹)
Outstanding at the beginning of the year	6,451	392	6451	392
Granted during the year	-	-	-	-
Forfeited during the year	1,750	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	4,701	392	6451	392
Exercisable at the end of the year	4,701	392	6451	392

The weighted average remaining contractual life for option outstanding under Grant VII as at March 31 2020 is 1.67 years.

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

	Grant IVa		Grant IVb		Grant IVc		Grant IVd		Grant V		Grant VI		Grant VII	
	31 March 2016	31 March 2016	31 March 2016	31 March 2016	31 March 2016	31 March 2016	31 March 2016	31 March 2016	31 March 2017	31 March 2017	31 March 2017	31 March 2017	31 March 2017	
Dividend yield (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Expected volatility	17.05%	16.46%	16.20%	16.57%	16.43%	16.41%	17.06%							
Risk-free interest rate	7.67%	7.71%	7.46%	7.36%	6.73%	6.86%	5.99%							
Weighted average fair market price (Rs.)	377	377	377	377	376	376	376							
Exercise price (Rs.)	249	304	304	304	304	304	392							
Expected life of options granted in years	2.43	3.22	3.20	3.15	2.00	3.50	2.50							
Weighted average fair value of option at the time of grant (Rs.)	170.45	141.51	139.15	137.87	112.41	138.97	60.40							

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

#### 37. Leases

The Group has adopted Ind AS 116 "Leases" from April 01, 2019, which resulted in changes in accounting policies in the financial statements.

##### Transition

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

On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 594.19 million (excluding leasehold land of ₹ 160.53 million) with a corresponding lease liability. Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

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### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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#### 37. Leases (Continued)

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

1. Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, Determining whether an Arrangement contains a Lease.

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

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

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>As at 1 April</b>	160.53	-
Additions (Note 4B)	594.19	-
Deletions	(6.04)	-
Depreciation expense (Note 28)	(125.59)	-
<b>As at 31 March</b>	<b>623.09</b>	<b>-</b>

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

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Opening Balance</b>	103.39	-
Additions	500.38	-
Accretion of interest	50.46	-
Deletion during the year	(16.77)	-
Payments	(145.61)	-
<b>Closing Balance</b>	<b>491.85</b>	<b>-</b>
<b>Current</b>	<b>125.93</b>	<b>-</b>
<b>Non-current</b>	<b>365.92</b>	<b>-</b>

The following are the amounts recognised in Profit or Loss:

(₹ in millions)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation expense of right-of-use assets	125.59	-
Interest expense on lease liabilities	50.46	-
Expense relating to short-term leases (included in other expenses)	58.46	-
<b>Total amount recognised in Profit or Loss</b>	<b>234.51</b>	<b>-</b>

The Group had total cash outflows for leases of ₹ 118.61 million in 31 March 2020 (31 March 2019 ₹ NIL). The Group also had non-cash additions to lease liabilities of ₹ 391.48 million in 31 March 2020 (31 March 2019 ₹ NIL).

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

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

Rental expense recorded for short-term leases was ₹ 58.46 million for the year ended March 31, 2020.

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



## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

CIN:L22219DL1970PLC005400

#### 38. Related party disclosure

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

Related parties with whom transactions have taken place during the year:	
Enterprises over which Key Management personnel or their relatives exercise significant influence	: Hotel Tourist (Partnership firm) : SC Hotel Tourist Deluxe Private Limited : Shaara Hospitalities Private Limited : S Chand Properties Private Limited : Shyam Lal Charitable Trust : RKG Hospitalities Private Limited
Associate	: Edutor Technologies India Private limited : Smartivity Labs Private Limited
Key Management Personnel (KMP) & their relatives	
Mrs. Savita Gupta	: Non- Executive Director
Mr. Himanshu Gupta	: Managing Director
Mr. Dinesh Kumar Jhunjhnuwala	: Whole-time Director
Mr. Gaurav Jhunjhnuwala	: Non- Executive Director
Mr. Desh Raj Dogra	: Chairman, Non-Executive, Independent Director
Mrs. Archana Capoor	: Non-Executive, Independent Director
Mr. Sanjay Vijay Bhandarkar	: Non-Executive, Independent Director
Mr. Rajagopalan Chandrashekar	: Non-Executive, Independent Director (w.e.f 23 July 2018)
Mr. Sanjay Gujral	: Non-Executive, Independent Director (from 02 Nov 2018 till 05 Mar 2019)
Mr. Saurabh Mittal	: Chief Financial Officer
Mr. Jagdeep Singh	: Company Secretary
Relatives of KMP	
	: Mr. Ravindra Kumar Gupta
	: Mrs. Neerja Jhunjhnuwala

(₹ in millions)

Nature of Transactions	Period/Year Ended	Enterprises over which KMP or their relatives exercise significant influence	Key Managerial Personnel & their relatives	Associates	Total
<b>Sale of E-Books</b>					
Edutor Technologies India Private Limited	31 March 2020	-	-	0.06	0.06
	31 March 2019	-	-	0.29	0.29
<b>Purchase of Goods and Services</b>					
Edutor Technologies India Private Limited (App Development support services)	31 March 2020	-	-	13.81	13.81
	31 March 2019	-	-	7.43	7.43
Smartivity Labs Private Limited (VRX Sets)	31 March 2020	-	-	0.59	0.59
	31 March 2019	-	-	15.59	15.59
<b>Purchase of Services</b>					
SC Hotel Tourist Deluxe Private Limited	31 March 2020	0.52	-	-	0.52
	31 March 2019	2.66	-	-	2.66
Hotel Tourist	31 March 2020	0.21	-	-	0.21
	31 March 2019	3.34	-	-	3.34
Ravindra Kumar Gupta	31 March 2020	-	0.01	-	0.01
	31 March 2019	-	-	-	-

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

CIN:L22219DL1970PLC005400

#### 38. Related party disclosure (Continued)

(₹ in millions)

Nature of Transactions	Period/Year Ended	Enterprises over which KMP or their relatives exercise significant influence	Key Managerial Personnel & their relatives	Associates	Total
<b>Development work of Project VRX</b>					
Smartivity Labs Private Limited	31 March 2020	-	-	-	-
	31 March 2019	-	-	9.42	9.42
<b>Other expenses paid (reimbursement)</b>					
Shyam Lal Charitable Trust	31 March 2020	0.04	-	-	0.04
	31 March 2019	0.01	-	-	0.01
Eduator Technologies India Private Limited	31 March 2020	-	-	0.03	0.03
	31 March 2019	-	-	-	-
S Chand Properties Private Limited	31 March 2020	0.71	-	-	0.71
	31 March 2019	-	-	-	-
<b>Rentals paid</b>					
S Chand Properties Private Limited	31 March 2020	16.40	-	-	16.40
	31 March 2019	34.05	-	-	34.05
Mrs.Savita Gupta	31 March 2020	-	1.16	-	1.16
	31 March 2019	-	3.52	-	3.52
Mrs.Neerja Jhunjhnuwala	31 March 2020	-	0.67	-	0.67
	31 March 2019	-	2.69	-	2.69
Mr. Ravindra Kumar Gupta	31 March 2020	-	0.23	-	0.23
	31 March 2019	-	1.40	-	1.40
SC Hotel Tourist Deluxe Private Limited	31 March 2020	10.10	-	-	10.10
	31 March 2019	11.04	-	-	11.04
<b>Investment made during the period</b>					
Smartivity Labs Private Limited (Preference shares)	31 March 2020	-	-	-	-
	31 March 2019	-	-	2.96	2.96
<b>Remuneration to KMP</b>					
Mr. Himanshu Gupta	31 March 2020	-	14.54	-	14.54
	31 March 2019	-	12.88	-	12.88
Mr. Dinesh Kumar Jhunjhnuwala	31 March 2020	-	14.48	-	14.48
	31 March 2019	-	12.95	-	12.95
Mr. Desh Raj Dogra	31 March 2020	-	0.53	-	0.53
	31 March 2019	-	0.59	-	0.59
Ms. Archana Capoor	31 March 2020	-	0.50	-	0.50
	31 March 2019	-	0.56	-	0.56
Mr. Sanjay Vijay Bhandarkar	31 March 2020	-	0.41	-	0.41
	31 March 2019	-	0.21	-	0.21
Mr. Rajagopalan Chandrashekar	31 March 2020	-	0.38	-	0.38
	31 March 2019	-	0.12	-	0.12
Mr. Sanjay Gujral	31 March 2020	-	-	-	-
	31 March 2019	-	0.18	-	0.18
Mr. Saurabh Mittal	31 March 2020	-	9.90	-	9.90
	31 March 2019	-	12.94	-	12.94
Mr. Jagdeep Singh	31 March 2020	-	5.52	-	5.52
	31 March 2019	-	7.11	-	7.11

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

CIN:L22219DL1970PLC005400

#### 38. Related party disclosure (Continued)

(₹ in millions)

Nature of Transactions	Period/Year Ended	Enterprises over which KMP or their relatives exercise significant influence	Key Managerial Personnel & their relatives	Associates	Total
<b>Interest income</b>					
Smartivits Lab Private Limited	31 March 2020	-	-	0.11	0.11
	31 March 2019	-	-	-	-
SC Hotel Tourist Deluxe Private Limited	31 March 2020	0.07	-	-	0.07
	31 March 2019	-	-	-	-
<b>Loans and Advances given</b>					
Eduator Technologies India Private Limited	31 March 2020	-	-	-	-
	31 March 2019	-	-	7.50	7.50
Smartivity Labs Private Limited	31 March 2020	-	-	2.00	2.00
	31 March 2019	-	-	-	-
SC Hotel Tourist Deluxe Private Limited	31 March 2020	1.10	-	-	1.10
	31 March 2019	-	-	-	-
<b>Balances outstanding as at 31 March 2020</b>					
<b>Security deposit receivable</b>					
SC Hotel Tourist Deluxe Private Limited	31 March 2020	4.20	-	-	4.20
	31 March 2019	4.20	-	-	4.20
S Chand Properties Private Limited	31 March 2020	0.58	-	-	0.58
	31 March 2019	12.55	-	-	12.55
Mrs. Savita Gupta	31 March 2020	-	0.39	-	0.39
	31 March 2019	-	0.54	-	0.54
Mrs. Neerja Jhunjhnuwala	31 March 2020	-	-	-	-
	31 March 2019	-	0.12	-	0.12
Mr. Ravindra Kumar Gupta	31 March 2020	-	0.41	-	0.41
	31 March 2019	-	0.41	-	0.41
<b>Loans and advances</b>					
SC Hotel Tourist Deluxe Private Limited	31 March 2020	2.12	-	-	2.12
	31 March 2019	1.48	-	-	1.48
Hotel Tourist	31 March 2020	0.43	-	-	0.43
	31 March 2019	-	-	-	-
Shaara Hospitalities Private Limited	31 March 2020	-	-	-	-
	31 March 2019	0.01	-	-	0.01
RKG Hospitalities Private Limited	31 March 2020	0.34	-	-	0.34
	31 March 2019	0.34	-	-	0.34
Smartivity Labs Private Limited	31 March 2020	-	-	2.10	2.10
	31 March 2019	-	-	-	0.34
S Chand Properties Private Limited	31 March 2020	8.62	-	-	8.62
	31 March 2019	-	-	-	-
Shyam Lal Charitable Trust	31 March 2020	0.01	-	-	0.01
	31 March 2019	-	-	-	-
Eduator Technologies India Private Limited	31 March 2020	-	-	-	-
	31 March 2019	-	-	4.39	4.39

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

CIN:L22219DL1970PLC005400

#### 38. Related party disclosure (Continued)

(₹ in millions)

Nature of Transactions	Period/Year Ended	Enterprises over which KMP or their relatives exercise significant influence	Key Managerial Personnel & their relatives	Associates	Total
<b>Loans and advances to KMP</b>					
Neerja Jhunjhnuwala	31 March 2020	-	0.35	-	0.35
	31 March 2019	-	0.93	-	0.93
Mr. Saurabh Mittal	31 March 2020	-	3.14	-	3.14
	31 March 2019	-	3.98	-	3.98
Mr. Jagdeep Singh	31 March 2020	-	-	-	-
	31 March 2019	-	0.60	-	0.60
<b>Trade payables</b>					
Hotel Tourist	31 March 2020	0.05	-	-	0.05
	31 March 2019	0.18	-	-	0.18
SC Hotel Tourist Deluxe Private Limited	31 March 2020	0.02	-	-	0.02
	31 March 2019	0.46	-	-	0.46
Eduator Technologies India Pvt Ltd	31 March 2020	-	-	3.49	3.49
	31 March 2019	-	-	0.97	0.97
Smartivity Labs Private Limited	31 March 2020	-	-	-	-
	31 March 2019	-	-	1.07	1.07
S Chand Properties Private Limited	31 March 2020	0.87	-	-	0.87
	31 March 2019	-	-	-	-
Ravindra Kumar Gupta	31 March 2020	-	0.23	-	0.23
	31 March 2019	-	-	-	-
<b>Directors remuneration payable</b>					
Mr. Dinesh Kumar Jhunjhnuwala	31 March 2020	-	0.43	-	0.43
	31 March 2019	-	0.42	-	0.42
Mr. Himanshu Gupta	31 March 2020	-	0.40	-	0.40
	31 March 2019	-	0.44	-	0.44
Mr. Saurabh Mittal	31 March 2020	-	0.27	-	0.27
	31 March 2019	-	0.54	-	0.54
Mr. Jagdeep Singh	31 March 2020	-	0.20	-	0.20
	31 March 2019	-	0.44	-	0.44
<b>Investments made as at 31st Mar 2020</b>					
Eduator Technologies India Pvt Ltd	31 March 2020	-	-	165.10	165.10
	31 March 2019	-	-	162.93	162.93
Smartivity Labs Private Limited	31 March 2020	-	-	18.41	18.41
	31 March 2019	-	-	24.61	24.61

#### 39. Capital and other commitment

(₹ in millions)

	31 March 2020	31 March 2019
a. Capital commitment (net of advance)	0.25	0.52
b. Relating to Export Promotion Capital Goods commitment	25.39	22.59
c. Other commitments	-	24.25

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

CIN:L22219DL1970PLC005400

#### 40. Contingent liabilities

(₹ in millions)

	31 March 2020	31 March 2019
Stamp duty (refer note 'a' below)	95.01	95.01
Registration fee (refer note 'a' below)	9.15	9.15
Income Tax demand (refer note 'b', 'c', 'd', 'e' and 'f' below)	83.05	77.14
VAT claim by U. P. VAT Act. (refer note 'g')	2.75	2.75
Kolkata VAT (refer note 'h')	1.05	-
EPCG liability (refer note 'i' below)	2.77	3.77
Dealer financing (refer note 'j' below)	-	100.00

- a. During the year 2015-16, S Chand And Company Ltd. received notice under Indian Stamp Act, 1899 for non-payment of stamp duty on transfer of property on amalgamation and demerger held in the financial year 2011-12. The district registrar contented that order of Hon'ble High Court for amalgamation and demerger does not grants exemption in respect of payment of stamp duty.
- During the year 2017-18, the Company has also received a demand notice from the Sub-Registrar under section 80A of the Registration Act, 1908 wherein the authority has directed the Company to pay additional registration fee of ₹ 9.15 million (31 March 2019: 9.15 million)
- As per the legal opinion obtained, management is of the view that no liability would accrue on the Company on account of such case. Accordingly, no provision has been made in the books of account for the same.
- b. In S Chand And Company Ltd., In respect of Assessment Year 2006-2007, demand was raised due to disallowance of certain expenses under section 14A of the Income Tax Act and also certain penalty proceedings on the above issue. The matter is pending with the Delhi High Court. The amount involved is ₹ 0.67 million (31 March 2019: ₹ 0.67 million).
- c. In S Chand And Company Ltd., In respect of Assessment Year 2015-16 a disallowance under section 36(1)(va) read with section 2(24)(x) of the act, a demand has been raised on account of disallowance of payment made towards employee's contribution to PF after the due date of payment but before the due date of filing return. The matter is pending with CIT (A). The amount involved is ₹ 0.72 million (31 March 2019: ₹ 0.72 million).
- d. In Nirja Publishers & Printers Private Limited, During FY 2012-13, the Company received demand notice from the income tax authorities requiring to pay additional tax of ₹ 39.44 million (31 March 2019: ₹ 39.44 million) for assessment year 2011-12. Demand pertains to disallowance of deduction under section 80IC of the Income Tax Act. The company has not paid any amount towards this demand. The matter has been decided in Company's favour by CIT (Appeals) and is currently pending with the ITAT. The management is confident that the matter will be decided in company's favour.
- e. In Nirja Publishers & Printers Private Limited, during FY 2014-15, the Company received demand notice from the income tax authorities requiring to pay additional tax of ₹ 35.43 million (31 March 2019: ₹ 35.43 million) for assessment year 2012-13. Demand pertains to disallowance of deduction under section 80IC of the Income Tax Act. The company has not paid any amount towards this demand. The matter has been decided in Company's favour by CIT (Appeals) and is currently pending with the ITAT. The management is confident that the matter will be decided in company's favour.
- f. In Chhaya Prakashani Private Limited, the Company has some ongoing disputes with Income Tax Authorities relating to ₹ 16.78 million (31 March 2019: ₹ 9.29 million) owing to certain disallowances of expenses and non allowance of credit in advance tax and TDS receivable. The Company has recognised a contingent liability in respect of tax demands which are being contested by the Company based on the management evaluation and advice of tax consultants. The amounts includes indemnification from the sellers of Chhaya Prakashani Private Limited.
- g. In DS Digital Private Limited, Company had received Claim for levy of penalty U/S 54(1) of U.P. VAT Act. vide Appellate order by UP VAT Act for ₹ 2.75 million. Company has paid ₹ 1.10 million and booked under security deposit. The order has been set aside for re-adjudication.
- h. In Vikas Publishing House Pvt. Ltd., Company has received a notice in the year 2019-20 from Kolkata VAT with demand of ₹ 1.05 million for the year 2016-17. Company has filed an appeal with Sr. joint Commissioner against this notice.
- i. In Vikas Publishing House Private Limited, the Company has export obligation outstanding as on March 31, 2020 against which the Company had saved the import duty of ₹ 2.77 million (March 31, 2019 ₹ 3.77 million).
- j. In S Chand And Company Ltd., During the year Nil (31 March 2019 ₹ 100 millions) dealer financing facility is availed through Yes Bank. The same amount has been repaid during the year.
- k. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund dated 28<sup>th</sup> February, 2019. As a matter of caution, the Group has made a provision on a prospective basis from the date of the SC order. The Group will update its provision, on receiving further clarity on the subject.

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

CIN:L22219DL1970PLC005400

#### 41. Unhedged foreign currency exposure

The amount of foreign currency exposure that are not hedged by derivative instrument or otherwise as on 31 March 2020 and 31 March 2019 are as under:

	Foreign currency	Amount in foreign currency		Amount in ₹ (million)	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
Trade receivable	USD	324,161	427,372	24.41	29.67
	QAR	50,000	234,998	1.04	4.47
	AED	958,586	73,900	19.68	1.39
	MXN	545	1,116	0.00	0.00
	JPY	10,366	14,600	0.01	0.01
	GBP	350	331	0.03	0.03
	EUR	280	478	0.02	0.04
	CAD	160	235	0.01	0.01
	BRL	230	506	0.00	0.01
	AUD	272	267	0.01	0.01
Trade payable	GBP	9,767	1,350	0.74	0.09
	USD	-	819,757	-	56.84
Advance from Customer	USD	2440	-	0.18	-

42. BPI India Private Limited had entered into a contract with a foreign party for supply of certain children books. As per the contract material was to be supplied in lots. After receiving certain lots the Company had requested the vendor to terminate the contract as there were no demands for such books. But the party had continued to supply books. The party has filed case against the Company for recovery of amount with interest. The case has been decided by Delhi High court vide its order dated 17 February 2020. The court has directed to the Registrar General to release a sum of ₹ 2.32 million to the foreign party from the amount of ₹ 4.17 million lying with Registrar General and balance amount shall be repaid to the company.

#### 43. Financial Instruments:- Financial risk management objectives and policies

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

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

##### A. Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises three types of risk:-

- Interest rate risk,
- currency risk and other price risk, such as equity price risk and
- commodity risk.

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

The sensitivity analyses in the following sections relate to the position as at 31 March 2020 and 31 March 2019.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of floating to fixed interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant in place at 31 March 2020.

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

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

CIN:L22219DL1970PLC005400

#### 43. Financial Instruments:- Financial risk management objectives and policies (Continued)

##### a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with fixed interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/decrease in basis points	Effect on profit before tax	Effect on equity (OCI)
<b>As at 31 March 2020</b>			
Borrowings	+0.50%	(10.76)	-
	-0.50%	10.76	-
<b>As at 31 March 2019</b>			
Borrowings	+0.50%	(12.40)	-
	-0.50%	12.40	-

##### b. Foreign currency risk

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

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

(₹ in millions)

	Changes in foreign currency rates	Effect on profit before tax	Effect on equity (OCI)
<b>For the year ended 31 March 2020</b>			
USD	+0.5%	0.12	-
	-0.5%	(0.12)	-
QAR	+0.5%	0.01	-
	-0.5%	(0.01)	-
AED	+0.5%	0.10	-
	-0.5%	(0.10)	-
<b>For the year ended 31 March 2019</b>			
USD	+0.5%	(0.14)	-
	-0.5%	0.14	-
QAR	+0.5%	0.02	-
	-0.5%	(0.02)	-
AED	+0.5%	0.01	-
	-0.5%	(0.01)	-

##### B. Credit Risk

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

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

(₹ in millions)

Age Bracket	Not Due	Due	Total
As at 31 March 2019	3,667.99	778.04	4,446.03
As at 31 March 2020	2,548.32	800.33	3,348.65

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

CIN:L22219DL1970PLC005400

#### 43. Financial Instruments:- Financial risk management objectives and policies (Continued)

##### C. Liquidity Risk

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

(₹ in millions)

	31 March 2020	31 March 2019
<b>On Demand</b>		
- Borrowings	1,052.56	1,299.38
	<b>1,052.56</b>	<b>1,299.38</b>
<b>Less than 1 year</b>		
- Borrowings	441.59	353.34
- Trade payables	1,582.47	1,943.72
- Other financial liabilities	210.59	246.67
	<b>2,234.65</b>	<b>2,543.73</b>
<b>More than 1 year</b>		
- Borrowings	608.17	727.27
- Trade payables	-	6.82
- Other financial liabilities	-	8.05
	<b>608.17</b>	<b>742.14</b>

#### 44. Capital management

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

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

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

Group's adjusted net debt to equity ratio as at 31 March 2020 is as follows:

(₹ in millions)

Gearing Ratio	31 March 2020	31 March 2019
Borrowings (Note 13A & 13B) (including current maturities)	2,152.32	2,479.19
Less: cash and cash equivalents (Note 5E)	(98.10)	(603.96)
<b>Adjusted Net debt (A)</b>	<b>2,054.22</b>	<b>1,875.23</b>
Equity	8213.00	9,332.98
<b>Total equity (B)</b>	<b>8213.00</b>	<b>9,332.98</b>
<b>Total equity and net debt [C = (A+B)]</b>	<b>10,267.22</b>	<b>11,208.21</b>
<b>Gearing Ratio (A/C)</b>	<b>20%</b>	<b>17%</b>

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.



## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

CIN:L22219DL1970PLC005400

#### 45. Fair Values

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

(₹ in millions)

Particulars	31 March 2020			31 March 2019		
	Amortized Cost	FVTPL	FVTOCI	Amortized Cost	FVTPL	FVTOCI
<b>Assets</b>						
<b>Non current financial assets</b>						
- Investments	223.25	0.11	-	241.80	0.18	-
- Loans	55.85	-	-	95.40	-	-
- Other financial assets	14.06	-	-	12.73	-	-
<b>Current Financial assets</b>						
- Trade receivables	3,348.65	-	-	4,446.03	-	-
- Loans	59.67	-	-	66.72	-	-
- Investments	-	167.02	-	14.06	201.52	-
- Other financial assets	20.31	-	-	90.86	-	-
- Cash and cash equivalents	98.10	-	-	603.96	-	-
<b>Liabilities</b>						
<b>Non Current Financial liabilities</b>						
- Borrowings	608.17	-	-	727.27	-	-
- Trade payables	-	-	-	6.82	-	-
- Lease Liability	365.92	-	-	-	-	-
- Other financial liabilities	-	-	-	8.05	-	-
<b>Current Financial liabilities</b>						
- Borrowings	1,114.39	-	-	1,408.87	-	-
- Trade payables	1,582.47	-	-	1,943.72	-	-
- Lease Liability	125.93	-	-	-	-	-
- Other financial liabilities	640.35	-	-	589.72	-	-

The fair values of current financial assets like trade receivables, loans and cash & cash equivalents and current financial liabilities like trade payables and other current financial liabilities are considered to be same as their carrying values due to their short term nature.

The carrying amounts of other items carried at amortized cost are reasonable approximation of their fair values.

The Group classifies all its financial assets and financial liabilities to be measured at amortized cost. Hence the group has not classified its financial instruments into three levels of fair value measurement hierarchy in accordance with the relevant accounting standards

46. As per requirement of Companies Act, 2013, following additional disclosure needs to be given in the Notes to Accounts for the year ended 31 March 2020 along with comparative numbers for 31 March 2019:

(₹ in millions)

Name of the entity	As at 31 March 2020							
	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
<b>Parent</b>								
S Chand And Company Limited	53.84%	4,421.80	30.85%	(343.89)	67.73%	(4.07)	31.05%	(347.96)
<b>Subsidiaries</b>								
<i>Indian</i>								
Eurasia Publishing House Private Limited	1.84%	151.30	-0.45%	4.98	0.00%	-	-0.44%	4.98
BPI (India) Private Limited	0.30%	24.49	0.13%	(1.43)	6.82%	(0.41)	0.16%	(1.84)

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

CIN:L22219DL1970PLC005400

#### 46. (Continued)

(₹ in millions)

Name of the entity	As at 31 March 2020							
	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Safari Digital Education Initiatives Private Limited	0.88%	72.40	13.17%	(146.81)	-4.56%	0.27	13.08%	(146.54)
Blackie & Son (Calcutta) Private Limited	0.86%	70.50	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Nirja Publishers & Printers Private Limited	9.47%	778.00	-1.77%	19.71	0.00%	-	-1.76%	19.71
Vikas Publishing House Private Limited	17.36%	1,425.84	8.73%	(97.29)	-13.42%	0.81	8.61%	(96.50)
S Chand Edutech Private Limited	-0.47%	(38.45)	2.73%	(30.41)	-0.12%	0.01	2.71%	(30.40)
D S Digital Private Limited	-0.08%	(6.98)	9.43%	(105.13)	-1.70%	0.10	9.37%	(105.02)
New Saraswati House (India) Private Limited	2.45%	201.47	47.06%	(524.61)	31.66%	(1.90)	46.98%	(526.51)
Chhaya Prakashani Private Limited	10.80%	886.86	-9.33%	104.04	15.84%	(0.95)	-9.20%	103.09
Indian Progressive Publishing Company Private Limited	0.17%	13.78	-0.51%	5.72	0.00%	-	-0.51%	5.72
<b>Minority interest in all subsidiaries</b>	0.35%	28.48	-0.04%	0.47	-2.24%	0.13	-0.05%	0.59
<b>Associates (Indian)</b>								
Investment as per Equity Method	2.23%	183.51	0.00%	-	0.00%	-	0.00%	-
	<b>100.00%</b>	<b>8,213.00</b>	<b>100.00%</b>	<b>(1,114.68)</b>	<b>100.00%</b>	<b>(6.01)</b>	<b>100.00%</b>	<b>(1,120.69)</b>

(₹ in millions)

Name of the entity	As at 31 March 2019							
	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
<b>Parent</b>								
S Chand And Company Limited	54.95%	5,128.81	39.63%	(265.23)	-2.83%	(0.70)	41.26%	(265.92)
<b>Subsidiaries</b>								
<i>Indian</i>								
Eurasia Publishing House Private Limited	1.48%	137.91	-0.56%	3.78	0.00%	-	-0.59%	3.78
BPI (India) Private Limited	0.30%	27.64	2.03%	(13.57)	0.27%	0.07	2.09%	(13.50)
Safari Digital Education Initiatives Private Limited	-1.50%	(139.82)	12.21%	(81.72)	-1.22%	(0.30)	12.72%	(82.02)
Blackie & Son (Calcutta) Private Limited	0.16%	15.21	-0.16%	1.04	0.00%	-	-0.16%	1.04
Nirja Publishers & Printers Private Limited	5.91%	551.75	-5.95%	39.79	0.09%	0.02	-6.18%	39.81
Vikas Publishing House Private Limited	18.41%	1,718.29	-9.42%	63.02	58.56%	14.42	-12.01%	77.43
S Chand Edutech Private Limited	-0.09%	(8.05)	2.76%	(18.46)	-0.33%	(0.08)	2.88%	(18.54)
D S Digital Private Limited	1.87%	174.46	7.91%	(52.91)	2.47%	0.61	8.11%	(52.30)
New Saraswati House (India) Private Limited	7.80%	727.98	68.46%	(458.10)	44.20%	10.88	69.38%	(447.22)
Chhaya Prakashani Private Limited	8.40%	783.65	-20.55%	137.51	-1.48%	(0.36)	-21.28%	137.15
Indian Progressive Publishing Company Private Limited	0.08%	7.46	-0.47%	3.13	0.00%	-	-0.49%	3.13
<b>Minority interest in all subsidiaries</b>	0.31%	29.08	1.95%	(13.04)	0.26%	0.06	2.01%	(12.98)
<b>Associates (Indian)</b>								
Investment as per Equity Method	1.91%	178.60	2.16%	(14.43)	0.00%	-	2.24%	(14.43)
	<b>100.00%</b>	<b>9,332.98</b>	<b>100.00%</b>	<b>(669.20)</b>	<b>100.00%</b>	<b>24.62</b>	<b>100.00%</b>	<b>(644.57)</b>

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

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47. S Chand And Company Limited has filed Draft Composite Scheme of Arrangement on January 9, 2018, amongst Blackie & Son (Calcutta) Private Limited ("Blackie"), Nirja Publishers & Printers Private Limited ("Nirja"), DS Digital Private Limited ("DS Digital"), Safari Digital Education Initiatives Private Limited ("Safari Digital") and S Chand And Company Limited ("S Chand") and their respective shareholders and creditors (Composite Scheme) with BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 and Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("SEBI Circular"). The Scheme inter alia includes amalgamation of Blackie & Nirja with and into S Chand, demerger of the education business of DS Digital & Safari with and into S Chand and amalgamation of residual business (after demerger) of DS Digital with and into Safari. The Company had filed the Scheme with NCLT. NCLT vide its order dated February 10, 2020 had directed to convene meetings of shareholders, secured & unsecured creditors of S Chand and meeting of secured & unsecured creditors of Nirja and DS Digital ("the meetings") for approval of the Scheme. However, due to Covid19 pandemic and nationwide lockdown the meetings were adjourned. NCLT vide its order dated May 29, 2020 has directed to convene the meetings through video conferencing in the month of July 2020.
48. The Shareholders of Vikas Publishing House Private Limited (transferee) and Rajendra Ravindra Printer Private Limited (transferor) (RRPL), a subsidiary of S Chand And Company Limited (SCCL), had approved a scheme of amalgamation (the scheme) u/s 391-394 of the Companies Act, 1956 and applicable provisions of Companies Act 2013 (to the extent applicable). In accordance with the scheme RRPL merged with the Company w.e.f. 1<sup>st</sup> April, 2014. The Hon'ble Delhi High Court had given its approval to the Scheme on February 18, 2016 and order was received by the company on April 7, 2016. The approved scheme was filed with the Registrar of Companies on April 27, 2016 and the Scheme became effective from such date. Assets and liabilities, rights and obligation of the RRPL were transferred into the Company (as provided in the Scheme).
- During FY 2012-13, Rajendra Ravindra Printing Private Limited "Amalgamating Company" had sold its certain land and building (acquired in 1972) to its wholly owned subsidiary, and claimed exemption under section 47(iv) of Income Tax Act, 1961 ("Act"). However, by virtue of merger of RRPL, the subsidiary company ceases to be wholly owned subsidiary of RRPL before expiry of 8 years from the date of transfer, accordingly, capital gains claimed as exempt under section 47(iv), would now be taxable in the year of transfer due to trigger of section 47A. Considering this, tax liability for Rs 33.51 million has been recognised in the books of accounts. The company has filed an application with the department.
49. S Chand And Company Limited had made an investment in 410 optionally convertible redeemable debentures of ₹ 100,000 each fully paid in Waldorf Integration Solutions Limited (formerly Cityxys Technologies Limited) during the financial year 2007-08 as per the debenture subscription agreement dated 14 May 2007. The debentures were converted into 512,500 optionally convertible or redeemable preference shares during the financial year 2008-09 as per the debenture conversion agreement dated 03 March 2009. These preference shares were redeemable or convertible at the option of the shareholder as per the debenture conversion agreement. The preference shares were due for redemption or conversion during the financial year 2011-12 and the Company opted for redemption of preference shares which the Waldorf Integration Solutions Limited (formerly Cityxys Technologies Limited) failed and defaulted in redeeming the preference shares. The Company had filed a case against Waldorf Integration Solutions Limited (formerly Cityxys Technologies Limited) demanding redemption of the preference shares held by the Company and on March 28, 2018, the Hon'ble Arbitral Tribunal, awarded the case in favour of the Company. The management in consultation with lawyers, has reversed the provision made of ₹ 41 Million and accrued premium on redemption of ₹ 23 Million in the current financial year. During the FY 2018-19, Citixys approached the company for settlement and paid ₹ 72.50, Accordingly ₹ 8.44 has been realised as other income. During the FY 2019-20 the company has received ₹ 14.06 million.

## 50. Corporate social responsibility

(₹ in millions)

	As at 31 March 2020	As at 31 March 2019
a) Gross amount required to be spent by the Group during the year	16.62	24.51
b) Amount spent during the year	17.00	12.30

## 51. Segment reporting

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

## 52. Impact of COVID -19

The outbreak of Coronavirus (COVID-19) pandemic globally is causing a slowdown in economic activity including India. This event has significantly effected economic activities and the impact of coronavirus on our business will depend on future developments that cannot be reliably predicted. Post the outbreak, certain premises (including warehouse) of the Group and third party (used for job work purposes) have been closed since March 22, 2020, however, effective May 08, 2020, operations have commenced in a phased manner as per the directives from the government.

In developing the assumptions relating to possible uncertainties in the business conditions because of the pandemic, the Group, as on the date of approval of these financials results have used variable information as available and considered the possible effects that may result

## S Chand And Company Limited

### Notes to consolidated financial statements for the year ended 31 March 2020 (Continued)

CIN:L22219DL1970PLC005400

#### 52. Impact of COVID -19 (Continued)

from COVID-19 on the carrying amount of its assets i.e. assessing counterparty credit risk in case of financial assets (comprising cash and cash equivalents, bank deposits and investments in mutual funds) and subsequent recoveries, past trends, credit risks profile of customers in case of trade receivables and advances to vendors. The Group expects to recover the carrying amount of the assets and investment. The Group while assessing Right to Use Asset and Investment in Subsidiaries, has considered past trend, future business projections, performed sensitivity analysis on the assumptions used and based on current estimates expects the carrying amount of other assets will be recovered and does not foresee either significant down-sizing in the operations or any changes in lease terms.

As at the balance sheet date, the Group has evaluated the impact of COVID 19 on its financial results the impact of COVID 19 may differ from the estimates as at the date of approval of these financial statements. There have been no material changes in the controls or processes followed in the financial statements closing process of the Group. The Group will continue to monitor any future changes to the business and financial statements due to COVID-19.

The management, based on its current and future business plans, after considering COVID 19 impact, has assessed that the Group's ability to meet its contractual obligations and liabilities that fall due in near future including repayment of the debts taken from banks / financial institutions and their related covenants, is dependent upon timely realization of debtors collections and subsequent sale of inventory. The management has assessed that it will be able to realize the collections on timely basis despite COVID 19 challenges and would be able to arrange sufficient working capital facilities from banks/ financial intuitions, if required, to ensure continuity of operations. The management has availed moratorium offered by one financial institutions during the month of Apr-May'20 to manage cash flows.

- 53.** In New Saraswati House (India) Pvt. Ltd., the company has one of its warehouse situated at "Sahibabad" . During the year ended March 31, 2019, a fire broke in warehouse, which resulted in loss of finished goods lying in warehouse at that point in time. The valuation of goods computed by the management at cost is INR 58.13 million, which has been disclosed as an exceptional item. The company has received insurance claim of INR 50.13 million and the scrap value realised from such stock is INR 0.87 million during the year ended March 31, 2019, which have been netted off from the exceptional item.
- 54.** During the year ended March 31, 2019, the group experienced significant sales return which was more than the management estimates made during year ended March 31, 2018, out of which ₹ 226.27 million was considered exceptional as being other than the ordinary course of business.
- 55.** During the quarter and year ended March 31, 2020, due to Covid-19, Group has performed a detailed assessment of its existing inventory and as a result, the Group has further reduced the valuation of certain titles to their current realisable value and recorded additional provision of Rs. 87.16 million as exceptional cost.
- 56.** During the year ended March 31, 2020, in Safari Digital Education Initiatives Private Limited, diminution in the carrying value of investment in respect of Gyankosh Solutions Pvt. Ltd. amounting to ₹ 12.07 million (represented by Investment in Preference Shares) has been made to recognise a decline in the value of its investments in resultant business, other than temporary in the value of the investment.
- 57.** The Group as part of its policy performs physical verification of inventory bi-annually in September and March every year. Accordingly, the management, had carried out physical verification of inventory for the period ended September 30, 2019, however, as at March 31, 2020, due to travel restrictions on account of COVID-19 and due to significant business activities subsequent to year-end in the post-lock down period, the management could not perform physical count of inventory as at March 31, 2020 through to the date of approval of these financial statements. The management has, therefore, relied upon the inventory count reflected in its books of accounts, which is the balancing figure for the opening, purchases and the inventory consumed / sold during the financial year. The management intends to complete the physical verification process in the subsequent quarter and doesn't expect any significant impact which could arise on completion of this process.
- 58.** Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

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

As per our report of even date

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

**per Sanjay Bachchani**  
Partner, Membership No.: 400419  
Place : Gurugram  
Date : 30 June 2020

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

**Sd/-  
Himanshu Gupta**  
Managing Director (DIN: 00054015)  
Place : New Delhi  
Date : 30 June 2020

**Sd/-  
Saurabh Mittal**  
Chief Financial Officer  
Place : New Delhi  
Date : 30 June 2020

**Sd/-  
Dinesh Kumar Jhunjhnuwala**  
Whole-time director (DIN: 00282988)  
Place : New Delhi  
Date : 30 June 2020

**Sd/-  
Jagdeep Singh**  
Company Secretary  
Place : New Delhi  
Date : 30 June 2020

**S Chand And Company Limited**

(CIN L22219DL1970PLC005400)

Registered Office: A-27, 2<sup>nd</sup> Floor, Mohan Co-operative Industrial Estate, New Delhi-110044

Email: investors@schandgroup.com Website: www.schandgroup.com

Tel: +91 11 49731800 Fax: +91 11 49731801

## NOTICE

**NOTICE** is hereby given that 49<sup>th</sup> Annual General Meeting (“**AGM**”) of Members of S Chand And Company Limited (“**Company**”) will be held on Tuesday, September 29, 2020 at 11:30 A.M. through video conferencing to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone Audited Financial Statements of the Company for the financial year ended March 31, 2020 and the Reports of Directors and Auditors thereon.
2. To receive, consider and adopt the Consolidated Audited Financial Statements of the Company for the financial year ended March 31, 2020 and the Report of Auditors thereon.
3. To appoint a Director in place of Ms. Savita Gupta (DIN: 00053988), who retires by rotation, and being eligible, offers herself for re-appointment.

### SPECIAL BUSINESS:

4. **Approval of waiver of excess remuneration paid to Mr. Himanshu Gupta, Managing Director of the Company during the financial year 2019-20**

To consider and if thought fit, to pass the following as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 197 and other applicable provisions, if any, of The Companies Act, 2013 read with rules made thereunder, the consent of the members of the Company, be and is hereby accorded to waive the recovery of excess remuneration of Rs. 2,538,126/- paid to Mr. Himanshu Gupta, Managing Director, of the Company during the financial year 2019-20.”

5. **Approval of waiver of excess remuneration paid to Mr. Dinesh Kumar Jhunjnuwala, Whole-time Director of the Company during the financial year 2019-20**

To consider and if thought fit, to pass the following as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 197 and other applicable provisions, if any, of The Companies Act, 2013 read with rules made thereunder, the consent of the members of the Company, be and is hereby accorded to waive the recovery of excess remuneration of Rs. 2,479,833/- paid to Mr. Dinesh Kumar Jhunjnuwala, Whole-time Director, of the Company during the financial year 2019-20.”

Date: August 14, 2020

Place: New Delhi

By Order of the Board  
S Chand And Company Limited

Sd/-  
Jagdeep Singh  
Company Secretary  
Membership No. A15028

### Notes:

1. The Explanatory Statement pursuant to Section 102 of The Companies Act, 2013 (“the Act”), which sets out details relating to Special Business at the Meeting, is annexed hereto. The Board of Directors have decided that the special business as set out under Item No. 3, 4 and 5, being considered unavoidable, be transacted at the AGM.
2. In view of the Covid 19 pandemic, the Ministry of Corporate Affairs has vide its circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 (“MCA Circulars”) and Securities and Exchange Board of India (“SEBI”) vide its circular dated May 12, 2020 permitted holding of the AGM through video conferencing or other audio visual means. In compliance of the provisions of the Act, MCA Circulars, The SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the AGM of the Company is being conducted through video conferencing.
3. Pursuant to the provisions of the Act, a member is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since the AGM is being held through video conferencing pursuant to the MCA Circulars, the physical attendance of members has been dispensed with. Accordingly, the facility of appointing proxies by the members will be not be available for the AGM.

4. Institutional/Corporate Shareholders (i.e. other than individuals/HUF, NRI, etc) are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorisation etc., authorising its representative to attend, vote during the meeting through video conferencing on its behalf or to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Company at [investors@schandgroup.com](mailto:investors@schandgroup.com) and to its RTA at [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in).
5. Members may avail nomination facility as provided under Section 72 of The Companies Act, 2013.
6. Pursuant to Regulation 36(3) of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings, the information about the Director proposed to be re-appointed is given in the **Annexure I** to this Notice.
7. The Company hereby requests Members who have not updated their email IDs to update the same with their respective Depository Participant(s) or with M/s. Link Intime India Private Limited, Registrar and Transfer Agent (R&T) of the Company.
8. Electronic copy of the notice of AGM and Annual Report for financial year ended March 31, 2020 is being sent to all the Members whose email IDs are registered with the Company/ Depository Participant(s) as on August 28, 2020. Please note that there would not be any physical dispatch of notice of AGM and Annual Report through post/courier. The members may further note that the notice of AGM and Annual Report for the financial year ended March 31, 2020 will also be available on the Company's website at [www.schandgroup.com](http://www.schandgroup.com), website of the stock exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com), National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com) and the website of Link Intime India Private Limited at <https://instavote.linkintime.co.in>.
9. The facility for joining the AGM through video conferencing will be opened 15 minutes before and will be open upto 15 minutes after the scheduled start time of the AGM i.e. 11:15 A.M. to 11:45 A.M. and will be available for atleast 1000 members on a first-come-first-served basis. This rule of first-come-first-served basis would not apply to participation of shareholders holding 2% or more shareholding, promoters, institutional investors, Directors, key managerial personnel and auditors.
10. The institutional investors, who are members of the Company are encouraged to attend and vote at the AGM of the Company.
11. Voting through electronic means:
  - I. The Company, in compliance of provisions of Section 108 of The Companies Act 2013, Rule 20 of The Companies (Management and Administration) Rules, 2014 and Regulation 44 of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, is pleased to provide its Members the facility to exercise their right to vote on resolutions proposed to be considered at the 49<sup>th</sup> AGM by remote e-voting or through an electronic voting system during the meeting.
  - II. The facility of casting votes by Members using an electronic voting system and remote e-voting will be provided by Link Intime India Private Limited ("Link Intime").
    - (i) The remote e-voting period begins on Friday September 25, 2020 (9:00 a.m.) and ends on Monday, September 28, 2020 (5:00 p.m.). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 22, 2020, may cast their vote electronically. The remote e-voting module shall be disabled by Link Intime for voting thereafter.
    - (ii) The instructions for e-voting are given in the **Annexure II** to this Notice.
  - III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
  - IV. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently or cast the vote again.
  - V. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.
  - VI. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. September 22, 2020 may obtain the login ID and password by sending a request at [delhi@linkintime.co.in](mailto:delhi@linkintime.co.in) or [investors@schandgroup.com](mailto:investors@schandgroup.com).
  - VII. Certificate from statutory auditors of the Company certifying that the ESOP Scheme of the Company is being implemented in accordance with The SEBI (Share Based Employee Benefits) Regulations, 2014, will be available for inspection by the members through electronic mode.
  - VIII. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
  - IX. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of their PAN card to the Company.
  - X. Mr. R. S. Bhatia, Company Secretary in Practice has been appointed as the Scrutinizer to scrutinize the remote e-voting process as well as the electronic voting process during the AGM in a fair and transparent manner.
  - XI. The Scrutinizer after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting and make a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

- XII. The Results declared alongwith the Scrutinizer's Report shall be displayed at the Registered Office of the Company and uploaded on the Company's website at [www.schandgroup.com](http://www.schandgroup.com) as well as on the website of Link Intime after the same is declared by the Chairman/ authorized person. The Results shall also be simultaneously forwarded to the stock exchanges.
- XIII. Members wishing to claim dividends that remain unclaimed are requested to correspond with the Registrar and Share Transfer Agent as mentioned above, or to the Company Secretary, at the Company's Registered Office. Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of The Companies Act, 2013, be transferred to the Investor Education and Protection Fund (IEPF). Shares on which dividend remains unclaimed for seven consecutive years will be transferred to the IEPF as per Section 124 of The Companies Act, 2013, and the applicable rules.

## EXPLANATORY STATEMENT UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013

### Item No. 4

The Nomination and Remuneration Committee and Board of Directors at its meeting held on February 14, 2019 and the shareholders at their Annual General Meeting held on September 19, 2019 approved the remuneration of Rs. 12,342,000/- per annum plus perquisites upto 10% of the basic salary to be paid to Mr. Himanshu Gupta, Managing Director of the Company.

During the financial year 2019-20, Mr. Himanshu Gupta was paid a total remuneration of Rs. 14,538,126/- including perquisites.

As per his approved terms of remuneration, in the event of loss or inadequacy of profits in any financial year, the above mentioned remuneration of Mr. Himanshu Gupta will be within the overall ceiling laid down in Schedule V of The Companies Act, 2013 ("the Act").

During the financial year 2019-20, the Company has reported inadequacy of profits due to the loss of considerable business in fourth quarter of the financial year 2019-20 which had resulted due to nationwide lockdown imposed by the Government Authorities amid Covid 19 Pandemic. This loss of considerable business [being seasonal in nature Company's business in fourth quarter constitute a substantial portion of overall business of the Company for the financial year] in fourth quarter resulted into losses for the financial year 2019-20.

Therefore, the remuneration paid to Mr. Himanshu Gupta exceeded 5% of net profit of the Company (calculated under provisions of section 198 of the Act). Accordingly, Mr. Himanshu Gupta shall be paid remuneration as per the overall ceiling laid down in Schedule V of the Act.

As per the ceiling laid down in Schedule V of the Act, Mr. Himanshu Gupta was entitled for remuneration of Rs. 12,000,000/- during the financial year. However, Mr. Himanshu Gupta has been paid an excess remuneration of Rs. 2,538,126/- which is liable to be recovered. However, as per the provisions of Section 197(10) of the Act, the Company can waive the recovery of such excess remuneration, if the same is approved by shareholders by way of special resolution.

The Board of Directors at its meeting held on June 30, 2020, subject to approval of members, approved the waiver of the recovery of excess remuneration of Rs. 2,538,126/- paid to Mr. Himanshu Gupta, Managing Director of the Company during the financial year 2019-20.

Your Board recommends the proposed special resolution set out at Item No. 4 for your approval.

None of the Directors, Key Managerial Personnel and/ or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution at Item No. 4 of the accompanying notice except Mr. Himanshu Gupta and Ms. Savita Gupta who is relative of Mr. Himanshu Gupta.

### Item No. 5

The Nomination and Remuneration Committee and Board of Directors at its meeting held on February 14, 2019 and the shareholders at the Annual General Meeting held on September 19, 2019 approved the remuneration of Rs. 12,342,000/- per annum plus perquisites upto 10% of the basic salary to be paid to Mr. Dinesh Kumar Jhunjhnuwala, Whole-time Director of the Company.

During the financial year 2019-20, Mr. Dinesh Kumar Jhunjhnuwala was paid a total remuneration of Rs. 14,479,833/- including perquisites.

As per his approved terms of remuneration, in the event of loss or inadequacy of profits in any financial year, the above mentioned remuneration of Mr. Dinesh Kumar Jhunjhnuwala will be within the overall ceiling laid down in Schedule V of The Companies Act, 2013 ("the Act").

During the financial year 2019-20, the Company has reported inadequacy of profits due to the loss of considerable business in fourth quarter of the financial year 2019-20 which has resulted due to nationwide lockdown imposed by the Government Authorities amid Covid 19 Pandemic. This loss of considerable business [being seasonal in nature, Company's business in fourth quarter constitute a substantial portion of overall business of the Company for the financial year] in fourth quarter resulted into losses for the financial year 2019-20.

Therefore, the remuneration paid to Mr. Dinesh Kumar Jhunjhnuwala exceeded 5% of net profit of the Company (calculated under provisions of section 198 of the Act). Accordingly, Mr. Dinesh Kumar Jhunjhnuwala shall be paid remuneration as per the overall ceiling laid down in Schedule V of the Act.

As per the ceiling laid down in Schedule V of the Act, Mr. Dinesh Kumar Jhunjhnuwala was entitled for remuneration of Rs. 12,000,000/- during the financial year. However, Mr. Dinesh Kumar Jhunjhnuwala has been paid an excess remuneration of Rs. 2,479,833/-. However, as per the provisions of Section 197(10) of the Act, the Company can waive the recovery of such excess remuneration, if the same is approved by shareholders by way of special resolution.

The Board of Directors at its meeting held on June 30, 2020, approved the waiver of the recovery of excess remuneration of Rs. 2,479,833/- paid to Mr. Dinesh Kumar Jhunjhnuwala, Whole-time Director of the Company during the financial year 2019-20.

Your Board recommends the proposed special resolution set out at Item No. 5 for your approval.

None of the Directors, Key Managerial Personnel and/ or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution at Item No. 5 of the accompanying notice except Mr. Dinesh Kumar Jhunjhnuwala and Mr. Gaurav Kumar Jhunjhnuwala who is relative of Mr. Dinesh Kumar Jhunjhnuwala.

**By Order of the Board**

**Sd/-**  
**Jagdeep Singh**  
**Company Secretary**  
**Membership No. A15028**  
**Date: August 14, 2020**

**Registered Office:**  
**A-27, 2<sup>nd</sup> Floor,**  
**Mohan Co-operative Industrial Estate,**  
**New Delhi-110044**  
**Tel:+91 11 49731800**  
**Fax:+91 11 49731801**  
**Website: www.schandgroup.com**  
**E-mail: investors@schandgroup.com**

## ANNEXURE I TO NOTICE

**Details of Director seeking appointment / re-appointment at the Annual General Meeting pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2)**

Particulars	Ms. Savita Gupta (DIN: 00053988)
Date of Birth	27/10/1949
Age	70 years
Date of first appointment on the Board	20/10/1989
Qualifications	Bachelor and Master Degree in English Literature
Nature of expertise in specific functional areas	More than 30 years of experience in the publishing industry.
Disclosure of relationships between directors inter-se	Ms. Savita Gupta is the mother of Mr. Himanshu Gupta
No. of shares held in the Company	12,18,626 Equity Shares
Directorships in other Companies (excluding private Companies, Section 8 companies and foreign companies)	1. Vikas Publishing House Private Limited 2. Nirja Publishers & Printers Private Limited
Memberships/Chairmanships of Committees of other Companies including S Chand	<b>S Chand And Company Limited</b> • Stakeholders Relationship Committee – Chairperson
Terms and Condition of appointment / re-appointment	Director liable to retire by rotation
Remuneration to be paid	Nil
Remuneration last drawn	Nil
Number of Board meeting attended during the year	1 out of 5



## ANNEXURE II TO NOTICE

### Process and manner for attending the Annual General Meeting through InstaMeet:

1. Open the internet browser and launch the URL: <https://instameet.linkintime.co.in>

- ▶ Select the "Company" and 'Event Date' and register with your following details:-
  - A. **Demat Account No. or Folio No:** Enter your 16 digit Demat Account No. or Folio No
    - Shareholders/ members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
    - Shareholders/ members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
    - Shareholders/ members holding shares in **physical form shall provide Folio Number registered with the Company**
  - B. **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/Company shall use the sequence number provided to you, if applicable.
  - C. **Mobile No.:** Enter your mobile number.
  - D. **Email ID:** Enter your email id, as recorded with your DP/Company.
- ▶ Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).

Please refer the instructions (annexure) for the software requirements and kindly ensure to install the same on the device which would be used to attend the meeting. Please read the instructions carefully and participate in the meeting. You may also call upon the InstaMeet Support Desk for any support on the dedicated number provided to you in the instruction/ InstaMEET website.

### Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet:

1. Shareholders who would like to speak during the meeting must register their request 3 days in advance by sending their request to the Company mentioning their name, demat account number/folio number, email id, mobile number at [investors@schandgroup.com](mailto:investors@schandgroup.com).
2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
3. Shareholders will receive "speaking serial number" once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

### Instructions for Shareholders/ Members to Vote during the Annual General Meeting through InstaMeet:

Once the electronic voting is activated by the scrutinizer/ moderator during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting "Cast your vote"
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on 'Submit'.
3. After successful login, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.
4. Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note: Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in) or contact on: - Tel: 022-49186175.

### Remote e-Voting Instructions for shareholders:

1. Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>

**Those who are first time users of LIPL e-voting platform or holding shares in physical mode have to mandatorily generate their own Password, as under:**

- ▶ Click on "**Sign Up**" under '**SHARE HOLDER**' tab and register with your following details: -
  - A. User ID:** Enter your User ID
    - Shareholders/ members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
    - Shareholders/ members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
    - Shareholders/ members holding shares in **physical form shall provide Event No + Folio Number registered with the Company**
  - B. PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/Company shall use the sequence number provided to you, if applicable).
  - C. DOB/DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)
  - D. Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/Company.
    - Shareholders/ members holding shares in **CDSL demat account shall provide either 'C' or 'D', above**
    - Shareholders/ members holding shares in **NSDL demat account shall provide 'D', above**
    - Shareholders/ members holding shares in **physical form** but have not recorded 'C' and 'D', shall provide their Folio number in 'D' above
- ▶ Set the password of your choice [The password should contain minimum 8 characters, at least one special Character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter].
- ▶ Click "confirm" (Your password is now generated).

NOTE: If Shareholders/ members are holding shares in demat form and have registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier event of any company then they can use their existing password to login.

2. Click on 'Login' under '**SHARE HOLDER**' tab.
3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on '**Submit**'.
4. After successful login, you will be able to see the notification for e-voting. Select '**View**' icon.
5. E-voting page will appear.
6. Refer the Resolution description and cast your vote by selecting your desired option '**Favour/Against**' (If you wish to view the entire Resolution details, click on the '**View Resolution**' file link).
7. After selecting the desired option i.e. Favour/Against, click on '**Submit**'. A confirmation box will be displayed. If you wish to confirm your vote, click on '**Yes**'; else to change your vote, click on '**No**' and accordingly modify your vote.
8. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as '**Custodian/Mutual Fund/Corporate Body**'. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the '**Custodian/Mutual Fund/Corporate Body**' login for the Scrutinizer to verify the same.

### If you have forgotten the password:

- Click on '**Login**' under '**SHARE HOLDER**' tab and further Click '**forgot password?**'
- Enter **User ID**, select **Mode** and Enter Image Verification (CAPTCHA) Code and Click on '**Submit**'.
- In case shareholders/ members is having valid email address, Password will be sent to his / her registered e-mail address.
- Shareholders/ members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
- The password should contain minimum 8 characters, at least one special character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter.
- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in the Notice.

During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

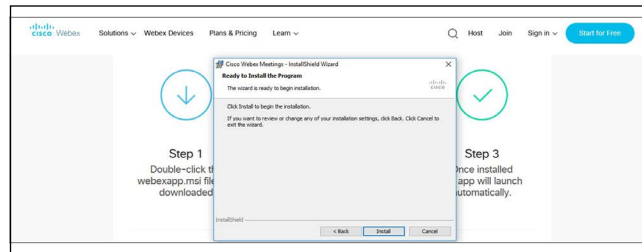
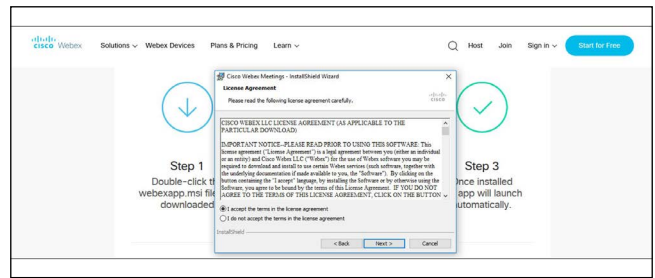
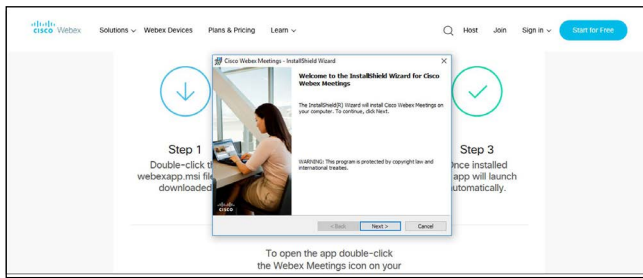
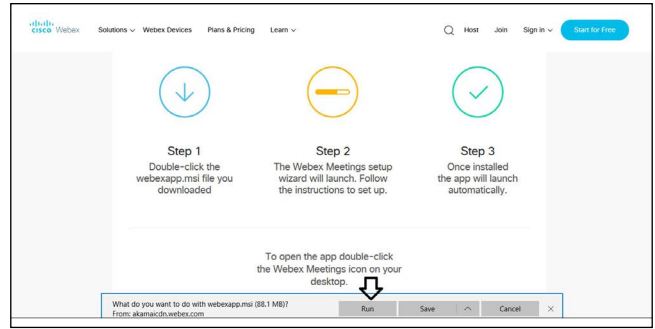
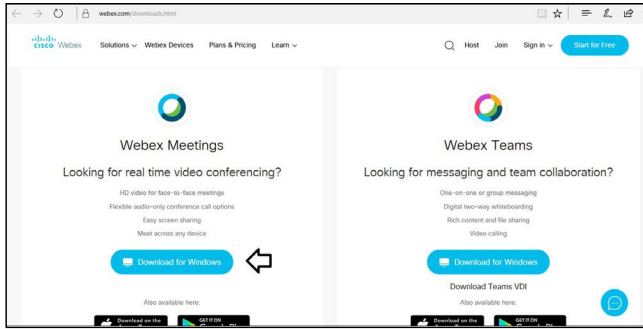
Shareholders/ members holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

In case shareholders/ members have any queries regarding e-voting, they may refer the **Frequently Asked Questions ('FAQs')** and **InstaVote e-Voting manual** available at <https://instavote.linkintime.co.in>, under Help section or send an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or contact on: - Tel: 022 -4918 6000.

**Guidelines to attend the AGM proceedings of Link Intime India Pvt. Ltd.: InstaMEET**

For a smooth experience of viewing the AGM proceedings of Link Intime India Pvt. Ltd. InstaMEET, shareholders/ members who are registered as speakers for the event are requested to download and install the Webex application in advance by following the instructions as under:

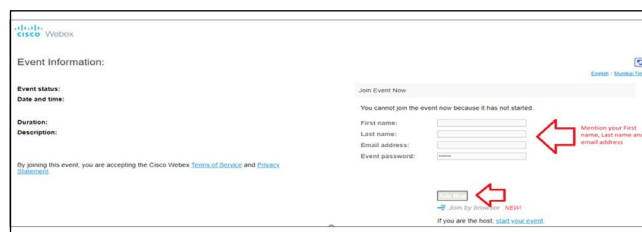
a) Please download and install the Webex application by clicking on the link <https://www.webex.com/downloads.html/>



or

<b>Step 1</b>	<b>Enter your First Name, Last Name and Email ID and click on Join Now.</b>
<b>1 (A)</b>	If you have already installed the Webex application on your device, join the meeting by clicking on Join Now
<b>1 (B)</b>	If Webex application is not installed, a new page will appear giving you an option to either Add Webex to chrome or Run a temporary application.  Click on Run a temporary application, an exe file will be downloaded. Click on this exe file to run the application and join the meeting by clicking on Join Now.

b) If you do not want to download and install the Webex application, you may join the meeting by following the process mentioned as under:







**S. CHAND  
GROUP**

REGISTERED OFFICE

S Chand And Company Limited  
A-27, 2<sup>nd</sup> Floor,  
Mohan Co-operative Industrial Estate,  
New Delhi 110044

Tel: 91 11 4973 1800

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website: [www.schandgroup.com](http://www.schandgroup.com)