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**G.K.
Publications
Private Limited**

Statutory Audit for the year
ended March 31, 2015

Independent Auditors' Report

To the Members of

G.K. Publications Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of G.K. Publications Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal



financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by 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 31st March, 2015, its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditors' Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f. 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, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company does not have any pending litigation which would impact its financial position;
 - (ii) The Company did not have any long-term contracts including derivative contracts and hence, the question of any material foreseeable losses does not arise;



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

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W


Pranav Jain
Partner
Membership No. 098308



Date: June 23, 2015
Place: NEW DELHI

HARIBHAKTI & CO. LLP

Chartered Accountants

Annexure to Independent Auditors' Report

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of G.K. Publications Private Limited on the financial statements for the year ended March 31, 2015]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year, the fixed assets of the Company have been physically verified by the management and as informed, no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. As informed, discrepancies noticed in physical verification during the year have been properly dealt with in the books of account.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions stated in paragraph 3 (iii)(a) and 3 (iii)(b) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- There are no transactions with respect to sale of services.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) The Central Government of India has not prescribed the maintenance of cost records for any of the business activities of the Company under sub-section (1) of Section 148 of the Act and the rules framed there under.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.



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(b) According to the information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, which have not deposited on account of any dispute.

(c) According to the information and explanations given to us, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

- (viii) The Company does not have accumulated losses at the end of financial year. However, the company has incurred cash losses during the financial year covered by our audit. The company had not incurred cash losses in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to any bank. The company has not issued any debentures.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, the provisions stated in paragraph 3(x) of the Order are not applicable to the Company.
- (xi) The Company has not obtained any term loans.
- (xii) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such instance by the management.

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W

Pranav Jain

Pranav Jain
Partner

Membership No. 098308



Date: June 23, 2015

Place: NEW DELHI


G.K. Publications Private Limited
Balance Sheet as at 31 March 2015

| Particulars | Notes | 31 March 2015 | 31 March 2014 |
|--|-------|---------------------------|---------------------------|
| | | Amount in ₹ | Amount in ₹ |
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 1,900,000 | 1,900,000 |
| Reserves and surplus | 4 | 16,497,373 | 18,486,318 |
| | | <u>18,397,373</u> | <u>20,386,318</u> |
| Non-current liabilities | | | |
| Long-term provisions | 5 | 694,420 | 254,725 |
| | | <u>694,420</u> | <u>254,725</u> |
| Current liabilities | | | |
| Short-term borrowings | 6 | 47,116,883 | 53,934,309 |
| Trade payables | 7 | 163,988,198 | 116,594,501 |
| Other current liabilities | 8 | 7,144,367 | 5,262,859 |
| Short-term provisions | 5 | 1,802,611 | 7,164,188 |
| | | <u>220,052,059</u> | <u>182,955,857</u> |
| Total | | <u><u>239,143,852</u></u> | <u><u>203,596,900</u></u> |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| -Tangible assets | 9 | 1,014,847 | 1,156,725 |
| -Intangible assets | 10 | 1,527,648 | 2,551,286 |
| Deferred tax assets (net) | 11 | 1,356,218 | 501,515 |
| Long-term loans and advances | 12 | 365,371 | 350,000 |
| | | <u>4,264,084</u> | <u>4,559,526</u> |
| Current assets | | | |
| Inventories | 13 | 72,076,093 | 79,792,212 |
| Trade receivables | 14 | 146,196,785 | 101,809,953 |
| Cash and bank balances | 15 | 15,731,907 | 16,820,929 |
| Short-term loans and advances | 12 | 605,226 | 266,643 |
| Other current assets | 16 | 269,757 | 347,637 |
| Total | | <u><u>234,879,768</u></u> | <u><u>199,037,374</u></u> |
| | | <u><u>239,143,852</u></u> | <u><u>203,596,900</u></u> |
| Summary of significant accounting policies | 2 | | |

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

As per our report of even date.

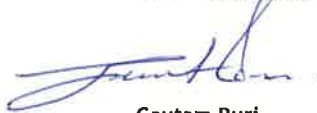
For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.:103523W


Pranav Jain
Partner
Membership No.: 098308



Place: New Delhi
Date: June 23, 2015

For and on behalf of the Board of Directors of
G.K. Publications Private Limited



Gautam Puri
Director
DIN: 00033548



Nikhil Mahajan
Director
DIN: 00033404

Place: New Delhi
Date: June 23, 2015



G.K. Publications Private Limited
Statement of Profit and Loss for the year ended 31 March 2015

| Particulars | Notes | 31 March 2015 | 31 March 2014 |
|--|-------|--------------------|--------------------|
| | | Amount in ₹ | Amount in ₹ |
| Income | | | |
| Revenue from operations | 17 | 167,412,270 | 185,190,275 |
| Other income | 18 | 1,987,318 | 615,974 |
| Total revenue (I) | | 169,399,588 | 185,806,249 |
| Expenses | | | |
| Purchases of stock-in-trade | 19 | 114,632,400 | 159,184,040 |
| (Increase)/Decrease in inventories of traded goods | 20 | 7,716,119 | (30,178,102) |
| Employee benefit expenses | 21 | 10,659,083 | 9,822,178 |
| Finance cost | 22 | 7,586,789 | 2,486,804 |
| Depreciation and amortisation expense | 23 | 1,399,979 | 1,419,596 |
| Other expenses | 24 | 30,116,358 | 26,711,849 |
| Total expenses (II) | | 172,110,728 | 169,446,365 |
| (Loss)/ Profit before prior period items and tax (I - II) | | (2,711,140) | 16,359,884 |
| Prior period expenses (Net) | 25 | - | 52,340 |
| (Loss)/ Profit before tax | | (2,711,140) | 16,307,544 |
| Less: Tax expense for current period | | | |
| -Current tax | | - | 5,282,410 |
| -Deferred tax (benefit) | 11 | (813,758) | (421,148) |
| Total tax expenses | | (813,758) | 4,861,262 |
| (Loss)/ Profit after tax | | (1,897,382) | 11,446,282 |
| (Loss)/ Earnings per equity share | 26 | | |
| Nominal value of ₹ 10 each (Previous year ₹ 10 each) | | | |
| -Basic and Diluted | | (9.99) | 60.24 |
| Summary of significant accounting policies | 2 | | |

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date.

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.:103523W

Pranav Jain

Pranav Jain
Partner

Membership No.: 098308



Place: New Delhi

Date: June 23, 2015

For and on behalf of the Board of Directors of
G.K. Publications Private Limited

Gautam Puri

Gautam Puri
Director
DIN: 00033548

Nikhil Mahajan

Nikhil Mahajan
Director
DIN: 00033404

Place: New Delhi

Date: June 23, 2015



G.K. Publications Private Limited
Cash Flow Statement for the year ended 31 March 2015

| | 31 March 2015 Amount in ₹ | 31 March 2014 Amount in ₹ |
|--|------------------------------|------------------------------|
| A Cash flow from operating activities | | |
| Net profit before tax and after prior period items | (2,711,140) | 16,307,544 |
| Adjustments for: | | |
| Depreciation and amortization | 1,399,979 | 1,419,596 |
| Finance cost (excluding interest on delayed payment of income tax and statutory liabilities) | 6,889,054 | 2,357,564 |
| Interest on delayed payment of income tax and statutory liabilities | 697,735 | 129,240 |
| Interest income | (1,400,613) | (386,263) |
| Bad debts written off | 1,699,607 | - |
| Operating profit before working capital changes | 6,574,622 | 19,827,681 |
| Adjustments for (increase) / decrease in operating assets: | | |
| Inventories | 7,716,119 | (30,178,102) |
| Trade receivables | (46,086,439) | (20,266,640) |
| Short term loan and advances | (338,583) | 826,358 |
| Long term loans and advances | - | (350,000) |
| Adjustments for Increase / (decrease) in operating liabilities: | | |
| Trade payables | 47,393,697 | 15,225,453 |
| Other current liabilities | 1,550,259 | (3,755,698) |
| Long term provisions | 439,695 | 34,319 |
| Short term provisions | 444,407 | 324,962 |
| Cash generated from operations | 17,693,777 | (18,311,667) |
| Taxes paid | (6,519,089) | (1,078,666) |
| Net cash generated/(used in) from operating activities | 11,174,688 | (19,390,333) |
| B Cash flow from investing activities: | | |
| Capital expenditure on fixed assets | (35,722) | (729,144) |
| Investments in fixed deposits | - | (15,000,000) |
| Interest received | 1,478,493 | 38,626 |
| Net cash generate from Investing activities | 1,442,771 | (15,690,518) |
| C Cash Flow from financing activities: | | |
| Finance cost paid | (6,889,054) | (2,826,291) |
| Proceeds from short-term borrowings | - | 58,248,809 |
| Repayment of short-term borrowings | (446,301) | (13,714,500) |
| Repayment of short-term borrowings from related party (net) | (6,371,126) | (10,752,963) |
| Net cash flow used in financing activities | (13,706,481) | 30,955,055 |
| Net (decrease) in cash and cash equivalents (A+B+C) | (1,089,022) | (4,125,796) |
| Cash and cash equivalents (Refer note 15) | | |
| -at beginning of the period | 1,820,929 | 5,946,724 |
| -at end of the period | 731,907 | 1,820,929 |
| Add: Deposits with maturity less than 12 months from balance sheet date (Refer foot note 3) | 15,000,000 | 15,000,000 |
| Cash and bank balances | 15,731,907 | 16,820,929 |

Notes :

- The above Cash Flow Statement has been prepared under the indirect method set out in AS-3 as notified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- Notes to the Financials Statements are integral part of the Cash Flow Statement.
- This deposit is pledged against Cash Credit facility from Kotak mahindra Bank of ₹ 15,000,000.

As per our report of even date.

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.:103523W

Pranav Jain
Pranav Jain
Partner
Membership No.: 098308

Place: New Delhi

Date: June 23, 2015



For and on behalf of the Board of Directors of
G.K. Publications Private Limited

Gautam Puri
Gautam Puri
Director
DIN: 00033548

Nikhil Mahajan
Nikhil Mahajan
Director
DIN: 00033404

Place: New Delhi

Date: June 23, 2015



G.K. Publications Private Limited
Notes to the Financial Statements for the year ended 31 March 2015

1. Background

G.K. Publications Private Limited ("the Company") was incorporated on 31 May 2001 under the Companies Act, 1956. The Company operates in test preparation industry through distribution of study resources, study guides, sample test papers and question banks to help students improve their performance in professional entrance examinations like GATE, IES, IAS, IIT, AIEEE, etc. CL Educate Limited holds 100% (previous year 100%) equity shares of the Company.

The accompanying financial statements reflect the results of the activities undertaken by the Company during the year 01 April 2014 to 31 March 2015.

2. Summary of significant accounting policies

(i) Basis for preparation of financial statements:

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act.

(ii) Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the managements' best knowledge of current events and actions, actual results could differ from these estimates. Any revision in accounting estimate is recognised prospectively in current and future periods.

(iii) Inventories

Inventories comprising traded goods are valued at the lower of cost and net realisable value. Cost comprises all costs of purchases and other costs incurred in bringing the inventory to their present location and condition. Cost is arrived at on the basis of specific identification method. Net realisable value is the estimated selling price in the ordinary course of business and estimated costs necessary to make the sale. The comparison of cost and net realisable value is made on an item by item basis.

(iv) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of books and scrap

Revenue is recognised when the significant risks and rewards of ownership have passed on to the buyer and is disclosed net of sales return and trade discounts.



G.K. Publications Private Limited

Notes to the Financial Statements for the year ended 31 March 2015

Interest

Revenue from interest on time deposits is recognised on the time proportion method taking into consideration the amount outstanding and the applicable interest rates.

(v) Fixed assets

Tangible Assets

Tangible fixed assets are stated at cost of acquisition net of recoverable taxes (wherever applicable), less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any cost attributable to bringing the assets to its working condition for its intended use.

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

Fixed assets retired from active use and held for disposal are stated at lower of book value and net realisable value as estimated by the Company and are shown separately in the financial statements under other current assets. Loss determined, if any, is recognised immediately in the Statement of Profit and Loss, whereas profit and sale of such assets is recognised only upon completion of sale thereof.

Intangible assets

An intangible asset is recognised when it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any cost attributable to bringing the assets to its working condition for its intended use.

(vi) Depreciation and amortisation

Depreciation

Depreciation has been calculated on Straight Line Method at the following useful lives, based on management estimates, which are equal useful lives as per schedule II to the Act.

Depreciation on addition to fixed assets is provided on pro-rata basis from the date the assets are ready for intended use. Depreciation on sale/discard from fixed assets is provided for up to the date of sale, deduction or discard of fixed assets as the case may be.

Schedule II to the Companies Act 2013 has become applicable to the Company with effect from April 1, 2014. Accordingly, the Company has determined the useful life of its assets as per Schedule II. Revised useful lives and earlier useful lives are as under:



G.K. Publications Private Limited**Notes to the Financial Statements for the year ended 31 March 2015**

| Asset | Revised useful life | Existing useful life |
|------------------------|---------------------|----------------------|
| Plant and Machinery | 15 | 5 |
| Computer Equipments | 3 | 6.17 |
| Furniture and Fixtures | 10 | 5 |
| Office Equipments | 5 | 5 |

In accordance with the transitional provisions of Schedule II, in respect of tangible assets where the remaining useful life is 'Nil', their carrying amount aggregating ₹ 132,508 and deferred tax there on after retaining the residual value as on 01 April 2014 as determined by the management has been adjusted against the opening balance of retained earnings as on that date.

As a consequence, had the company not adopted Schedule II to the Companies Act, 2013, depreciation for the year would have been higher by ₹ 10,872, loss for the period would have been higher by ₹ 10,872 and the written down value of tangible assets as at 31 March 2015 would have been ₹ 1,136,482 as against reported written down value of ₹ 1,014,847. Impact of change in estimates of useful lives on subsequent periods is not realistically ascertainable.

Amortisation

Intangible assets are amortised on a straight line basis over the estimated useful economic life. The useful lives of assets are as under:

| Asset | Useful life |
|-----------------|-------------|
| Non compete fee | 5 |
| Software | 2 |

(vii) Impairment of assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation/amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

(viii) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight line basis over the lease term.

(ix) Employee benefits**(a) Short term employee benefits:**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, and bonus etc. are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.



(b) Long term employee benefits:

(i) Defined contribution plans: Provident Fund

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate as per the provisions of The Employees Provident Fund and Miscellaneous Provisions Act, 1952. These contributions are made to the fund administered and managed by the Government of India.

The Company's contributions to the scheme are expensed off in the Statement of Profit and Loss. The Company has no further obligations under these plans beyond its monthly contributions.

(ii) Defined contribution plans: Employee state insurance

Employees whose wages/salary is within the prescribed limit in accordance with the Employee State Insurance Act, 1948, are covered under this scheme. These contributions are made to the fund administered and managed by the Government of India.

The Company's contributions to the scheme are expensed off in the Statement of Profit and Loss. The Company has no further obligations under these plans beyond its monthly contributions.

(iii) Defined benefit plans: Gratuity

The Company provides for retirement benefits in the form of gratuity. Benefits payable to eligible employees of the Company with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the Balance Sheet date. In accordance with the Payment of Gratuity Act, 1972, the plan provides for lump sum payments to vested employees on retirement, death while in service or on termination of employment in an amount equivalent to 15 days basic salary for each completed year of service. Vesting occurs upon completion of five years of service. The present value of such obligation is determined by the projected unit credit method and adjusted for past service cost as at the Balance Sheet date through which the obligations are to be settled. The resultant actuarial gain or loss on change in present value of the defined benefit obligation is recognised as an income or expense in the Statement of Profit and Loss.

(iv) Other long-term benefits: Leave encashment

Benefits under the Company's leave encashment scheme constitute other employee benefits. The liability in respect of leave encashment is provided on the basis of an actuarial valuation done by an independent actuary at the end of the year. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss.

(x) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.



(xi) Taxation

Tax expense for the year comprising current tax, deferred tax charge or benefit and MAT credit entitlement is included in determining the net profit for the year.

Current Tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.

Deferred Tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty backed by convincing evidence of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

Minimum alternate tax

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(xii) Earnings per share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares except where the results would be anti-dilutive.

(xiii) Borrowing cost

Borrowing costs relating to acquisition or construction or production of assets which takes substantial period of time to get ready for its intended use are included as cost of such assets to the extent they relate to the period till such assets are ready to be put to use. Other borrowing costs are recognised as an expense in the period in which they are incurred.



G.K. Publications Private Limited

Notes to the Financial Statements for the year ended 31 March 2015

(xiv) Provisions, Contingent Liabilities and Contingent Assets:

Provision

A provision arising from claims, litigation, assessment, fines, penalties, etc. is recognised when the Company has a present obligation as a result of a past event and 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. These are reviewed at each Balance Sheet date and adjusted to reflect current management estimates.

Provision for sales returns is recognised to the extent of estimated margin on expected returns based on past trends.

Contingent liabilities

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

Contingent assets

Contingent assets are neither recorded nor disclosed in the financial statements.

(xv) Material events

Material events occurring after the Balance Sheet date are taken into cognisance.

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3 Share capital

a) The Company has only one class of share capital having a par value of ₹ 10 per share, referred to herein as equity shares.

| | 31 March 2015 | | 31 March 2014 | |
|--|----------------|------------------|----------------|------------------|
| | Number | Amount in ₹ | Number | Amount in ₹ |
| Authorised shares | | | | |
| Equity shares of ₹ 10 each (previous year ₹ 10 each) | 250,000 | 2,500,000 | 250,000 | 2,500,000 |
| Issued, subscribed and fully paid-up shares | | | | |
| Equity shares of ₹ 10 each (previous year ₹ 10 each) | 190,000 | 1,900,000 | 190,000 | 1,900,000 |
| | 190,000 | 1,900,000 | 190,000 | 1,900,000 |

b. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period.

| Particulars | 31 March 2015 | | 31 March 2014 | |
|---|----------------|------------------|----------------|------------------|
| | Number | Amount in ₹ | Number | Amount in ₹ |
| Shares outstanding at the beginning of the period | 190,000 | 1,900,000 | 190,000 | 1,900,000 |
| Shares outstanding at the end of the period | 190,000 | 1,900,000 | 190,000 | 1,900,000 |

Terms/rights attached to equity shares

Voting

Equity shares: Each holder of equity shares is entitled to one vote per share held.

Dividends

The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in ensuing Annual general meeting except in the case where interim dividend is distributed. The Company has not declared any dividend during the current year and previous year.

Liquidation

In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive all of the remaining assets of the Company after distribution of all preferential amounts, if any. Such distribution amounts will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding/ ultimate holding company and/ or their subsidiaries/associates

| Particulars | Nature of Relationship | 31 March 2015 | | 31 March 2014 | |
|--------------------|-------------------------------|---------------|--------------|---------------|--------------|
| | | Number | % of Holding | Number | % of Holding |
| CL Educate Limited | Holding Company | 189,999 | 99.99% | 189,999 | 99.99% |
| Nikhil Mahajan | Nominee of CL Educate Limited | 1 | 0.01% | 1 | 0.01% |

d. Detail of shareholders holding more than 5% of equity shares of the Company

| Equity shares of ₹ 10, each fully paid | 31 March 2015 | | 31 March 2014 | |
|--|--------------------|--------------------------|--------------------|--------------------------|
| | Holding in numbers | % of total equity shares | Holding in numbers | % of total equity shares |
| CL Educate Limited | 189,999 | 99.99% | 189,999 | 99.99% |
| | 189,999 | 99.99% | 189,999 | 99.99% |

As per records of the Company, including its register of shareholders/members, the above shareholding represents both legal and beneficial ownerships of shares.

One share is held by nominee shareholder of CL Educate Limited.

e. No class of shares have been issued as bonus shares and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date.



G.K. Publications Private Limited

Notes to Financial Statements for the year ended 31 March 2015

4 Reserves and surplus

| | 31 March 2015 Amount in ₹ | 31 March 2014 Amount in ₹ |
|---|------------------------------|------------------------------|
| Surplus in the Statement of Profit and Loss | | |
| Opening balance | 18,486,318 | 7,040,036 |
| Net (Loss)/Profit for the year | (1,897,382) | 11,446,282 |
| (-) Depreciation adjustment pursuant to Schedule II of the Companies Act, 2013 (Refer footnote) | (132,508) | |
| (+) Deferred tax on depreciation adjustment pursuant to Schedule II of the Companies Act, 2013 | 40,945 | |
| Total reserves and surplus | 16,497,373 | 18,486,318 |

Footnote

Pursuant to the transitional provisions of Schedule II in respect of fixed assets where the remaining useful life is "Nil" as on April 1, 2014, their carrying amount aggregating ₹ 132,508 and deferred tax thereon has been adjusted against the opening reserves.

5 Provisions

| | Long-term | | Short-term | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| | 31 March 2015 Amount in ₹ | 31 March 2014 Amount in ₹ | 31 March 2015 Amount in ₹ | 31 March 2014 Amount in ₹ |
| Provision for taxes | | | | |
| -for Income tax [net of advance tax and tax A deducted at source of ₹ Nil (previous year ₹ 2,911,028)] | - | - | - | 5,805,984 |
| Provision for sales return (Refer footnote i) B | - | - | 1,788,747 | 1,350,000 |
| Provision for employee benefits | | | | |
| Gratuity (Refer note 33) | 643,083 | 245,033 | 10,860 | 7,782 |
| Leave encashment (Refer note 33) | 51,337 | 9,692 | 3,004 | 422 |
| Sub total C | 694,420 | 254,725 | 13,864 | 8,204 |
| Total (A+B+C) | 694,420 | 254,725 | 1,802,611 | 7,164,188 |

Footnote

i. Provision for sales return has been created for estimated loss of margin on expected sales returns in future period against products sold during the twelve months period. The provision has been recorded based on management's estimate as per past trend and actual sales return till the date of signing of financial statements. Following is the movement in provision made:

| | 31 March 2015 Amount in ₹ | 31 March 2014 Amount in ₹ |
|---|------------------------------|------------------------------|
| Opening balance | 1,350,000 | 998,559 |
| (+) Additions during the period | 1,788,747 | 1,350,000 |
| (-) Utilised/reversed during the period | (1,350,000) | (998,559) |
| Closing balance | 1,788,747 | 1,350,000 |



6 Short-term borrowings

| | 31 March 2015 | 31 March 2014 |
|---|-------------------|-------------------|
| | Amount in ₹ | Amount in ₹ |
| Secured loans | | |
| Loan from bank (Refer footnote i) | 13,991,285 | 14,323,063 |
| Unsecured loans | | |
| Loan from bank (Refer footnote ii) | 18,849,868 | 18,964,391 |
| Loan from others (Refer footnote iii and note 32) | 14,275,729 | 20,646,855 |
| | 47,116,883 | 53,934,309 |

Footnote i: Secured loan from bank represents over draft facility from Kotak Mahindra Bank Limited. The above amount represents the limit availed out of the total fund limit of ₹ 15,000,000 (Previous year ₹ 15,000,000). The loan is secured by the following:

Primary security

First and exclusive charge on all present and future current and movable assets including movable fixed assets of the Company.

Lien over the fixed deposit of ₹ 15,000,000.

Guarantees

The overdraft facility is further secured by personal guarantees of Mr. Satya Narayanan R., Mr. Gautam Puri and Mr. Nikhil Mahajan. Aggregate amount of overdraft facility guaranteed by directors of the Company ₹ 13,991,285 (previous year ₹ 14,323,063).

Interest rate:

The overdraft facility carries an interest rate of 14.25% (bank's base rate i.e. 10% + 4.25%) per annum payable on monthly basis.

The above loan is repayable on demand.

Footnote ii: Secured loan from bank represents over draft facility from IndusInd Bank Limited. The above amount represents the limit availed out of the total fund limit of ₹ 19,000,000 (previous year ₹ 19,000,000).

Security:

Keystone Integrated Marketing Services Private Limited, a fellow subsidiary company has pledged its fixed deposits as security for the above over draft facility from IndusInd Bank Limited.

Interest rate:

The overdraft facility carries an interest rate of 11% (Bank's fixed deposit rate i.e. 9.25% + 1.75%) per annum payable on monthly basis.

The above loan is repayable by 20 February 2016 or maturity date of underlying fixed deposits, whichever is earlier.

Footnote iii: Represents loan repayable on demand to the holding company. The aforesaid loan bears interest rate of 14.50%. The interest on loan is added to the loan amount at the end of every financial year, when it becomes due. The disbursement under the loan shall be repaid on demand at any time upon service of 1 month notice on the borrower.

7 Trade payables

| | 31 March 2015 | 31 March 2014 |
|--|--------------------|--------------------|
| | Amount in ₹ | Amount in ₹ |
| Trade payable (Refer note 31 and footnote i) | 163,988,198 | 116,594,501 |
| | 163,988,198 | 116,594,501 |

Footnote

i. Includes amount payable to related party (Refer note 32).

8 Other current liabilities

| | 31 March 2015 | 31 March 2014 |
|---|------------------|------------------|
| | Amount in ₹ | Amount in ₹ |
| Payable for expenses (Refer note 31) | 2,526,308 | 1,960,059 |
| Employee related payables | 1,606,342 | 1,885,784 |
| Advance from customers | 2,464,542 | 988,975 |
| Payable to government authorities | 215,926 | 428,041 |
| Payable for capital Expenditure (Refer note 31) | 331,249 | - |
| | 7,144,367 | 5,262,859 |



G.K. Publications Private Limited
Notes to Financial Statements for the year ended 31 March 2015

9 Tangible assets* (Refer footnote a)

| Description | Gross block | | | Accumulated depreciation | | (Amount in ₹) Net block As at 31 March 2015 | | |
|------------------------|-----------------------|---------------------------------|-------------------------|--------------------------|-----------------------|--|--|------------------|
| | As at 1 April 2014 | Additions during the year | Disposal/ Adjustment | As at 31 March 2015 | As at 1 April 2014 | | Adjustment pursuant to Schedule II * | |
| Furniture and fixtures | 285,125 | - | - | 285,125 | 119,748 | 18,883 | 138,631 | 146,494 |
| Office equipments | 399,754 | 1,649 | - | 401,403 | 187,195 | 68,006 | 255,201 | 146,202 |
| Plant & machinery | 185,731 | 246,581 | - | 432,312 | 15,978 | 11,358 | 27,336 | 404,976 |
| Computers | 1,585,779 | 86,800 | - | 1,672,579 | 976,743 | 246,153 | 1,355,404 | 317,175 |
| Total | 2,456,389 | 335,030 | - | 2,791,419 | 1,299,664 | 344,400 | 1,776,572 | 1,014,847 |

| Description | Gross block | | | Accumulated depreciation | | Net block As at 31 March 2014 | | |
|------------------------|-----------------------|---------------------------------|-------------------------|--------------------------|-----------------------|-------------------------------------|------------------|------------------|
| | As at 1 April 2013 | Additions during the year | Disposal/ Adjustment | As at 31 March 2014 | As at 1 April 2013 | | | |
| Furniture and fixtures | 285,125 | - | - | 285,125 | 62,722 | 57,026 | 119,748 | 165,377 |
| Office equipments | 311,018 | 88,736 | - | 399,754 | 119,294 | 67,901 | 187,195 | 212,559 |
| Plant & Machinery | - | 185,731 | - | 185,731 | - | 15,978 | 15,978 | 169,753 |
| Computers | 1,203,079 | 382,700 | - | 1,585,779 | 718,743 | 258,000 | 976,743 | 609,036 |
| Total | 1,799,222 | 657,167 | - | 2,456,389 | 900,759 | 398,905 | 1,299,664 | 1,156,725 |

Footnote

a. Tangible assets are subject to first and exclusive charge to secure the Company's borrowings referred in notes as secured term loan from banks and bank overdrafts in the current year and in the previous year. (See note 6).

*Pursuant to the transitional provisions of Schedule II in respect of fixed assets where the remaining useful life is "Nil" as on April 1, 2014, their carrying amount aggregating ₹ 132,508 and deferred tax thereon has been adjusted against the opening reserves.



10 Intangible assets (Refer footnote a)

| Description | Gross block | | | Accumulated amortisation | | | (Amount in ₹) Net block As at 31 March 2015 | | |
|--------------------|-----------------------|---------------------------------|-------------------------|--------------------------|-----------------------|------------------|---|-------------------------|------------------------|
| | As at 1 April 2014 | Additions during the year | Disposal/ Adjustment | As at 31 March 2015 | As at 1 April 2014 | For the year | | Disposal/ Adjustment | As at 31 March 2015 |
| Computer softwares | 93,977 | 31,941 | - | 125,918 | 42,691 | 55,579 | - | 98,270 | 27,648 |
| Non-compete fees | 5,000,000 | - | - | 5,000,000 | 2,500,000 | 1,000,000 | - | 3,500,000 | 1,500,000 |
| Total | 5,093,977 | 31,941 | - | 5,125,918 | 2,542,691 | 1,055,579 | - | 3,598,270 | 1,527,648 |

| Description | Gross block | | | Accumulated amortisation | | | Net block As at 31 March 2014 | | |
|--------------------|-----------------------|---------------------------------|-------------------------|--------------------------|-----------------------|------------------|--|-------------------------|------------------------|
| | As at 1 April 2013 | Additions during the year | Disposal/ Adjustment | As at 31 March 2014 | As at 1 April 2013 | For the year | | Disposal/ Adjustment | As at 31 March 2014 |
| Computer softwares | 22,000 | 71,977 | - | 93,977 | 22,000 | 20,691 | - | 42,691 | 51,286 |
| Non-compete fees | 5,000,000 | - | - | 5,000,000 | 1,500,000 | 1,000,000 | - | 2,500,000 | 2,500,000 |
| Total | 5,022,000 | 71,977 | - | 5,093,977 | 1,522,000 | 1,020,691 | - | 2,542,691 | 2,551,286 |

Footnote

a. Intangible assets are subject to first and exclusive charge to secure the Company's borrowings referred in notes as secured term loan from banks and bank overdrafts in the current year and in the previous year. (See note 6).



11 Deferred tax asset (net)

In accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' the net increase in deferred tax asset of ₹ 813,758 (net of schedule II adjustment of ₹ 40,945) has been recognised as benefit in the Statement of Profit and Loss. The tax effect of significant timing differences as at 31 March 2015 that reverse in one or more subsequent years gave rise to the following net deferred tax assets as at 31 March 2015.

Deferred tax assets and liabilities are attributable to the following:

| | 31 March 2015 | Benefit/ (Charge) for the period | 31 March 2014 |
|---|------------------|-------------------------------------|------------------|
| | Amount in ₹ | Amount in ₹ | Amount in ₹ |
| Deferred tax assets | | | |
| Provision for leave encashment | 16,791 | 13,666 | 3,125 |
| Provision for gratuity | 202,068 | 123,948 | 78,120 |
| Provision for sales return | 552,723 | 135,573 | 417,150 |
| Unabsorbed losses | 407,120 | 407,120 | - |
| Provision for sales incentive | 100,587 | (112,682) | 213,269 |
| Provision for bonus | 73,695 | 73,695 | - |
| Total deferred tax assets | 1,352,983 | 641,320 | 711,664 |
| Deferred tax liabilities | | | |
| On account of depreciation | 3,234 | 213,383 | (210,149) |
| Total deferred tax liabilities | 3,234 | 213,383 | (210,149) |
| Net deferred tax asset | 1,356,218 | 854,703 | 501,515 |
| Footnote: | | | |
| Deferred tax benefit for the year | 854,703 | | |
| Less: Transfer to retained earnings on account of Schedule II adjustments | (40,945) | | |
| Net deferred tax benefit for the year | 813,758 | | |

In assessing the realisability of deferred tax assets, management considers whether it is reasonable, that some portion, or all, of the deferred tax assets will be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible.

12 Loans and advances

| | Long-term | | Short-term | |
|--|----------------|----------------|----------------|----------------|
| | 31 March 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 |
| | Amount in ₹ | Amount in ₹ | Amount in ₹ | Amount in ₹ |
| Unsecured, considered good, unless otherwise stated | | | | |
| Advance to suppliers | - | - | 68,151 | 12,701 |
| Security deposits | 350,000 | 350,000 | 1,000 | 1,000 |
| Prepaid expenses | - | - | 166,709 | 142,609 |
| Loans and advances to employees | - | - | 369,366 | 110,333 |
| Advance income tax and tax deducted at source [Net of provision ₹ 8,422,088 (previous year ₹ Nil)] | 15,371 | - | - | - |
| | 365,371 | 350,000 | 605,226 | 266,643 |

13 Inventories

| | 31 March 2015 | 31 March 2014 |
|---|-------------------|-------------------|
| | Amount in ₹ | Amount in ₹ |
| Valued at lower of cost and net realisable value | | |
| Stock in trade-Books | 72,076,093 | 79,792,212 |
| | 72,076,093 | 79,792,212 |



G.K. Publications Private Limited
Notes to Financial Statements for the year ended 31 March 2015

14 Trade receivables

| | 31 March 2015 | 31 March 2014 |
|--|--------------------|--------------------|
| | Amount in ₹ | Amount in ₹ |
| Unsecured, considered good unless stated otherwise | | |
| Outstanding for a period exceeding six months from the date they are due for payment | | |
| - Considered good (Refer footnote a) | 33,057,093 | 438,381 |
| Others | | |
| - Considered good (Refer footnote a) | 113,139,692 | 101,371,572 |
| | <u>146,196,785</u> | <u>101,809,953</u> |

Footnote a: Includes amount due from related parties. (Refer note 32)

15 Cash and bank balances

| | 31 March 2015 | 31 March 2014 |
|--|-------------------|-------------------|
| | Amount in ₹ | Amount in ₹ |
| Cash and cash equivalents | | |
| Cash on hand | | 19,783 |
| Balances with banks | | |
| - on current accounts | 731,907 | 1,801,146 |
| Sub total (A) | <u>731,907</u> | <u>1,820,929</u> |
| Other bank balances | | |
| Deposits with maturity less than 12 months from Balance Sheet date * | 15,000,000 | 15,000,000 |
| Sub total (B) | <u>15,000,000</u> | <u>15,000,000</u> |
| Total (A+B) | <u>15,731,907</u> | <u>16,820,929</u> |

* This deposit is pledged against Cash Credit facility from Kotak mahindra Bank of ₹ 15,000,000 (Also refer footnote i of note 6)

16 Other current assets

| | 31 March 2015 | 31 March 2014 |
|--|----------------|----------------|
| | Amount in ₹ | Amount in ₹ |
| Interest accrued but not due on fixed deposits | 269,757 | 347,637 |
| | <u>269,757</u> | <u>347,637</u> |

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G.K. Publications Private Limited

Notes to Financial Statements for the year ended 31 March 2015

17 Revenue from operations

| | 31 March 2015 | 31 March 2014 |
|--------------------------------|--------------------|--------------------|
| | Amount in ₹ | Amount in ₹ |
| Revenue from operations | | |
| Sale of books | 166,583,982 | 184,542,825 |
| Other operating revenue | | |
| Sale of scrap | 828,288 | 647,450 |
| | 167,412,270 | 185,190,275 |

Footnote:

The Company deals in only one product namely "Trading of books". Hence disclosures under broad heads are not applicable. Additionally, electronic storage disks sold are delivered with books (wherever applicable) as an integral part of sale and hence their value cannot be determined separately.

18 Other Income

| | 31 March 2015 | 31 March 2014 |
|--|------------------|----------------|
| | Amount in ₹ | Amount in ₹ |
| Interest income on fixed deposits | 1,400,613 | 386,263 |
| Liabilities no longer required written back | 493,302 | 142,951 |
| Leave encashment excess provision written back | - | 6,660 |
| Miscellaneous income | 93,403 | 80,100 |
| | 1,987,318 | 615,974 |

19 Purchase of Stock-in-trade

| | 31 March 2015 | 31 March 2014 |
|----------------------------|--------------------|--------------------|
| | Amount in ₹ | Amount in ₹ |
| Text books (Refer note 32) | 114,632,400 | 159,184,040 |
| | 114,632,400 | 159,184,040 |

20 Decrease/(increase) in inventories of stock-in-trade

| | 31 March 2015 | 31 March 2014 |
|--|------------------|---------------------|
| | Amount in ₹ | Amount in ₹ |
| Inventories at the end of the period | 72,076,093 | 79,792,212 |
| Inventories at the beginning of the period | 79,792,212 | 49,614,110 |
| Net decrease/ (increase) | 7,716,119 | (30,178,102) |

21 Employee benefit expenses

| | 31 March 2015 | 31 March 2014 |
|---|-------------------|------------------|
| | Amount in ₹ | Amount in ₹ |
| Salary, wages, bonus and other benefits | 9,308,537 | 8,960,028 |
| Contribution to provident and other funds (Refer note 33) | 748,742 | 670,531 |
| Leave encashment (Refer note 33) | 44,227 | - |
| Gratuity expenses (Refer note 33) | 401,128 | 14,500 |
| Staff welfare expenses | 156,449 | 177,119 |
| | 10,659,083 | 9,822,178 |

22 Finance cost

| | 31 March 2015 | 31 March 2014 |
|--|------------------|------------------|
| | Amount in ₹ | Amount in ₹ |
| Interest expenses | | |
| - On loan from related party (Refer note 32) | 2,754,305 | 1,769,587 |
| - On bank overdraft facility | 4,092,614 | 418,550 |
| - On delay in payment of statutory liabilities | 160 | 887 |
| - On delay in payment of income tax | 697,575 | 129,240 |
| Loan processing charges | 42,135 | 168,540 |
| | 7,586,789 | 2,486,804 |



G.K. Publications Private Limited
Notes to Financial Statements for the year ended 31 March 2015

23 Depreciation and amortisation expenses

| | 31 March 2015 | 31 March 2014 |
|---|------------------|------------------|
| | Amount in ₹ | Amount in ₹ |
| Depreciation of tangible assets (Refer Note 9) | 344,400 | 398,905 |
| Amortisation of intangible assets (Refer Note 10) | 1,055,579 | 1,020,691 |
| | <u>1,399,979</u> | <u>1,419,596</u> |

24 Other expenses

| | 31 March 2015 | 31 March 2014 |
|---|-------------------|-------------------|
| | Amount in ₹ | Amount in ₹ |
| Consumption of packing materials | 2,428,365 | 1,978,204 |
| Rent (Refer note 34) | 2,582,527 | 1,769,670 |
| Power and fuel | 770,096 | 620,360 |
| Travelling and conveyance expense | 7,968,226 | 8,030,873 |
| Legal and professional expenses (Refer note 29) | 886,922 | 865,155 |
| Business promotion expenses | 825,363 | 1,460,352 |
| Rebates and discounts | 1,785,633 | 1,892,427 |
| Bad debts | 1,699,607 | - |
| Sales Incentive | 212,135 | - |
| Communication expenses | 1,209,734 | 1,029,796 |
| Rates and taxes | 210,429 | 122,037 |
| Insurance expenses | 209,220 | 160,404 |
| Freight and cartage | 5,713,228 | 5,012,188 |
| Repair and maintenance-others | 700,782 | 620,739 |
| Printing and stationery | 106,457 | 356,183 |
| Bank charges | 39,139 | 33,152 |
| Provision for sales return (Refer note 5) | 1,788,747 | 1,350,000 |
| Miscellaneous expenses | 979,748 | 1,410,309 |
| | <u>30,116,358</u> | <u>26,711,849</u> |

25 Prior period expenses (net)

| | 31 March 2015 | 31 March 2014 |
|--|---------------|---------------|
| | Amount in ₹ | Amount in ₹ |
| Prior period expenses | | |
| - discount difference for earlier year | - | 52,340 |
| Prior period expenses | - | 52,340 |
| Prior period expenses (net) | - | 52,340 |

26 Basic and diluted earnings per share

The calculation of earnings per share (EPS) has been made in accordance with Accounting Standard (AS) -20. A statement on calculation of Basic and Diluted EPS is as under.

| | Reference | Units | 31 March 2015 | 31 March 2014 |
|---|-----------|---------|---------------|---------------|
| (Loss)/profit attributable to equity shareholders | A | ₹ | (1,897,382) | 11,446,282 |
| Weighted average numbers of equity shares | B | Numbers | 190,000 | 190,000 |
| Basic and Dilutive (loss)/ earnings per share | (A/B) | ₹ | (9.99) | 60.24 |

Note: The Company does not have any outstanding potential equity shares. Hence the Basic and diluted Earnings Per Share of the Company are same.



G.K. Publications Private Limited
Notes to Financial Statements for the year ended 31 March 2015

27 Contingent liabilities

There are no contingent liabilities as at 31 March 2015 (Previous Year ₹ Nil).

28 Commitments

There are no capital or other material commitments as at 31 March 2015 (Previous Year ₹ Nil).

29 Auditors' Remuneration (included in legal and professional expenses)(excluding service tax)

| | 31 March 2015 | 31 March 2014 |
|-----------------|----------------|----------------|
| | Amount in ₹ | Amount in ₹ |
| Statutory audit | 450,000 | 450,000 |
| | 450,000 | 450,000 |

30 Segment reporting

The disclosures as required under Accounting Standard-17 on 'Segment Reporting' has not been provided as the Company deals in one business segment namely "Trading of books". As the Company operates under single geographic location, there are no separate reportable geographical segments

31 Disclosure relating to suppliers registered under Micro, Small and Medium Enterprise Development Act, 2006:

| | 31 March 2015 | 31 March 2014 |
|--|--------------------|--------------------|
| | Amount in ₹ | Amount in ₹ |
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year included in | | |
| - Trade payables | 163,988,198 | 116,594,501 |
| - Other current liabilities | | |
| Payables for capital Expenditures | 331,249 | - |
| Payables for expenses | 2,526,308 | 1,960,059 |
| Principal amount due to micro and small enterprises | - | - |
| Interest due on above | - | - |
| | 166,845,755 | 118,554,560 |

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 day 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 appointment day during the year) but without adding the interest specified under the MSMED Act, 2006.

The amount of interest accrued and remaining unpaid at the end of each accounting year.

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.

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G.K. Publications Private Limited
Notes to Financial Statements for the year ended 31 March 2015
32 Related Party Disclosure

The disclosures as required by the Accounting Standard-18 on "Related Party Disclosures" are as follows:

(a) List of related parties

(i) Related parties where control exists:

| Relationship | Name of related party |
|-----------------|-----------------------|
| Holding Company | CL Educate Limited |

(ii) Other related parties where with whom transactions have taken place:

| Relationship | Name of related party |
|---|--|
| Enterprises that are under common control with the reporting enterprise - Fellow subsidiaries | 1. CL Media Private Limited 2. Kestone Integrated Marketing service Private Limited |
| Key managerial personnel | 1. Mr. Satya Narayanan R. 2. Mr. Gautam Puri 3. Mr. Nikhil Mahajan |

(b) Details of related party transactions are as below:

| Particulars | 31 March 2015 | 31 March 2014 |
|--|------------------|---------------|
| | Amount in ₹ | Amount in ₹ |
| a) Sale of books (net of returns) | | |
| Holding Company | | |
| - CL Educate Limited | 11,899,722 | 6,464,998 |
| - CL Media Private Limited | 33,500 | |
| b) Purchase of books (net of returns) | | |
| Fellow subsidiaries | | |
| - CL Media Private Limited | 114,632,400 | 159,184,040 |
| c) Loan taken | | |
| Holding Company | | |
| - CL Educate Limited | | 17,900,000 |
| d) Repayment of Loan | | |
| Holding Company | | |
| - CL Educate Limited | 8,850,000 | 13,714,500 |
| e) Interest expense on loan | | |
| Holding Company | | |
| - CL Educate Limited | 2,754,305 | 1,769,587 |
| f) Reimbursement of expenses to related parties | | |
| Holding Company | | |
| - CL Educate Limited | 80,000 | 158,522 |
| Fellow subsidiaries | | |
| - CL Media Private Limited | 345,383 | |
| g) Expenses incurred on behalf of related parties | | |
| Fellow subsidiaries | | |
| - CL Media Private Limited | 158,013 | 359,101 |
| h) Conversion of interest into loan | | |
| Holding Company | | |
| - CL Educate Limited | 2,478,874 | 1,592,628 |
| i) Conversion of payable for FA into Loan | | |
| Holding Company | | |
| - CL Educate Limited | | 5,000,000 |



G.K. Publications Private Limited

Notes to Financial Statements for the year ended 31 March 2015

Balance outstanding as at period end

a) Trade Receivables

Holding Company

- CL Educate Limited

13,536,134

2,986,521

- CL Media Private Limited

33,500

b) Trade Payables

Fellow subsidiaries

- CL Media Private Limited

162,594,980

116,293,710

c) Other Payable

Holding Company

- CL Educate Limited

238,521

158,521

d) Short term borrowings

Holding Company

- CL Educate Limited

14,275,729

20,646,855

Personal guarantee provided by Key Managerial Personnel

Overdraft from Kotak Mahindra Bank is collaterally secured by personal guarantee of:

1) Mr. Satya Narayanan R.

2) Mr. Gautam Puri

3) Mr. Nikhil Mahajan

The above disclosure does not include Fixed Deposit of ₹ 20,000,000 pledged by Kestone Integrated Marketing Services Private Limited for overdraft facility availed by the Company from IndusInd Bank Limited.

33 Employee Benefits

The Company has in accordance with the Accounting Standard-15 'Employee Benefits' calculated the various benefits provided to employees as under:

A. Defined contribution plans:

During the period the Company has recognised the following amounts in the Statement of Profit and Loss:

| | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| | Amount in ₹ | Amount in ₹ |
| Contribution to Provident Fund (Refer note 21) | 558,554 | 488,675 |
| Contribution to Employee State Insurance Scheme (Refer note 21) | 190,188 | 181,856 |
| Total | 748,742 | 670,531 |

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G.K. Publications Private Limited

Notes to Financial Statements for the year ended 31 March 2015

B. Defined employee benefits and other long term benefit schemes:

The present value obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligations. The summarised positions of various defined benefits are as under:

i. Change in present value of obligation

| Particulars | Earned Leave (unfunded) | | Gratuity (unfunded) | |
|--|--|---------------|---------------------|---------------|
| | 31 March 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 |
| | Present value of obligation at the beginning of the period | 10,114 | 16,774 | 252,815 |
| Current service cost | 15,121 | 3,285 | 150,543 | 74,993 |
| Interest cost | 917 | 1,342 | 22,930 | 19,065 |
| Actuarial loss/(gain) on obligation | 28,189 | (11,287) | 227,655 | (79,558) |
| Present value of obligation at the end of period | 54,341 | 10,114 | 653,943 | 252,815 |

ii. Expenses recognised in the Statement of Profit and Loss for the period

| Particulars | Earned Leave (unfunded) | | Gratuity (unfunded) | |
|---|-------------------------|---------------|---------------------|---------------|
| | 31 March 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 |
| | Current service cost | 15,121 | 3,285 | 150,543 |
| Interest cost | 917 | 1,342 | 22,930 | 19,065 |
| Net actuarial loss/(gain) to be recognised | 28,189 | (11,287) | 227,655 | (79,558) |
| Expense/(income) recognised in the Statement of Profit & Loss (Refer note 21) | 44,227 | (6,660) | 401,128 | 14,500 |

iii. Amount recognised in the Balance Sheet

| Particulars | Earned Leave (unfunded) | | Gratuity (unfunded) | |
|---|--|---------------|---------------------|---------------|
| | 31 March 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 |
| | Present value of obligation at the end of the period | 54,341 | 10,114 | 653,943 |
| Planned assets | - | - | - | - |
| Net liability recognised in the Balance Sheet | 54,341 | 10,114 | 653,943 | 252,815 |
| Amount classified as: | | | | |
| Long term provision (Refer note 5) | 51,337 | 9,692 | 643,083 | 245,033 |
| Short term provision (Refer note 5) | 3,004 | 422 | 10,860 | 7,782 |

iv. Actuarial assumptions

| Particulars | Earned Leave (unfunded) | | Gratuity (unfunded) | |
|--|---------------------------|---------------------|---------------------|---------------------|
| | 31 March 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 |
| | Discount rate (per annum) | 8.00% | 9.07% | 8.00% |
| Expected rate of increase in compensation levels | 8.00% | 5.00% | 8.00% | 5.00% |
| Average Age | 33.51 | 31.60 | 32.68 | 31.60 |
| Retirement age (Years) | 58 | 58 | 58 | 58 |
| Mortality table | IALM (2006-08) | IALM (2006-08) | IALM (2006-08) | IALM (2006-08) |
| Ages | Withdrawal Rate (%) | Withdrawal Rate (%) | Withdrawal Rate (%) | Withdrawal Rate (%) |
| Up to 30 Years | 3 | 3 | 3 | 3 |
| From 31 to 44 years | 2 | 2 | 2 | 2 |
| Above 44 years | 1 | 1 | 1 | 1 |

The discount rate has been assumed at 8.00% p.a. (Previous year 9.07%) which is determined by reference to market yield at the Balance Sheet date on government securities. 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.

v. Net assets/(liability) and actuarial experience gain/(loss) for present benefit obligation ('PBO') and plan assets.



G.K. Publications Private Limited
Notes to Financial Statements for the year ended 31 March 2015
(a) Gratuity (unfunded) [Refer footnote]

| | (Amount in ₹) | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| | 31 March 2015 | 31 March 2014 | 31 March 2013 | 31 March 2012 | 31 March 2011 |
| Present value of obligation | 653,943 | 252,815 | 238,315 | 53,210 | - |
| Fair value of plan assets | - | - | - | - | - |
| Net funded status | (653,943) | (252,815) | (238,315) | (53,210) | - |
| Experience adjustments on plan liabilities-gain/(loss) | 86,800 | 32,994 | (90,617) | 34,361 | - |

(b) Earned leave (unfunded) [Refer footnote]

| | (Amount in ₹) | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| | 31 March 2015 | 31 March 2014 | 31 March 2013 | 31 March 2012 | 31 March 2011 |
| Present value of obligation | 54,341 | 10,114 | 16,774 | 21,892 | - |
| Fair value of plan assets | - | - | - | - | - |
| Net funded status | (54,341) | (10,114) | (16,774) | (21,892) | - |
| Experience adjustments on plan liabilities-(loss)/gain | (2,280) | 9,435 | 15,256 | - | - |

Footnote: The Company has not funded its gratuity and earned leaves liability.

(c) Employer's best estimate of contribution during next year

| Particulars | Amount in ₹ |
|------------------|-------------|
| Gratuity | 261,834 |
| Leave encashment | 25,563 |


34 The Company is a lessee under an operating lease. Rental expense for operating lease for the year ended 31 March 2015 and 31 March 2014 was ₹ 2,582,527 and ₹ 1,769,670 respectively. The Company has not executed any non-cancellable operating leases.

35 The Company has conducted a Transfer Pricing Study using the services of an independent chartered accountant for Specified Domestic Transactions ('SDT') with its associated parties domiciled in India as stipulated in Section 92BA of the Income Tax Act, 1961, applicable in India, to determine whether such SDT with associated parties in India are being undertaken at "arm's length basis".
The management is of the opinion that all transactions with associated enterprises are undertaken at negotiated contracted prices on usual commercial terms and are at arms' length.

36 Previous year's figures have been regrouped and/or re-arranged wherever necessary to conform to current year's groupings and classifications.

As per our report of even date

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.103523W


Pranav Jain
Partner
Membership No.: 098308



Place: New Delhi
Date: June 23, 2015

For and on behalf of Board of Directors of
G.K. Publications Private Limited


Gautam Puri
Director
DIN: 00033548


Nikhil Mahajan
Director
DIN: 00033404



Place: New Delhi
Date: June 23, 2015