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# G.K.Publications Private Ltd.

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Statutory Audit for the year  
ended March 31, 2017

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## INDEPENDENT AUDITOR'S 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, 2017, 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. 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 aforesaid 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 March 31, 2017, its profit 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, 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 "Annexure 1", 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, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".
  - g. 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 litigations which would impact its financial position;
    - (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;



# HARIBHAKTI & CO. LLP

Chartered Accountants

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

(iv) The company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of account maintained by the company.

For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No.103523W/W100048



(Raj Kumar Agarwal)  
Partner  
Membership No. 074715



Place: New Delhi  
Date: May 29, 2017

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S 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, 2017]

- (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.
- (c) The Company does not have any immovable property. Accordingly, paragraph 3(i)(c) of the Order is not applicable to the Company.
- (ii) The inventory has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out at the year end.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (iv) According to the information and explanation given to us, there are no loans, investments, guarantees and securities. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any 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 has not prescribed the maintenance of cost records for any of the products 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, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, however, there have been slight delay in few cases.

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, 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.

- (b) According to the information and explanation given to us, there are no dues with respect to income tax, sales tax, service tax, value added tax, customs duty, excise duty, which have not been deposited on account of any dispute.

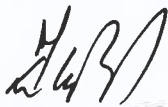


# HARIBHAKTI & CO. LLP

Chartered Accountants

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks. There are no debenture holders.
- (ix) The Company has neither raised money by way of public issue offer nor has obtained any term loans. Therefore, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) 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 by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) According to the information and explanation given to us, the Company has not paid/provided for any managerial remuneration. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Section 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No. 103523W/W100048



(Raj Kumar Agarwal)  
Partner  
Membership No: 074715



Place: New Delhi  
Date: May 29, 2017



## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2 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, 2017]

### Report on the Internal Financial Controls over Financial Reporting 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 G.K. Publications Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

#### Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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



## Meaning of Internal Financial Controls over Financial Reporting

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

## Inherent Limitations of Internal Financial Controls over Financial Reporting

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

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 ICAI.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W/W100048



(Raj Kumar Agarwal)

Partner

Membership No. 074715



Place: New Delhi

Date: May 29, 2017



G.K. Publications Private Limited  
Balance Sheet as at 31 March 2017

Particulars	Notes	31 March 2017	31 March 2016
		Amount in ₹	Amount in ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,900,000	1,900,000
Reserves and surplus	4	6,469,006	5,932,382
		<b>8,369,006</b>	<b>7,832,382</b>
<b>Non-current liabilities</b>			
Long-term provisions	5	899,494	933,479
		<b>899,494</b>	<b>933,479</b>
<b>Current liabilities</b>			
Short-term borrowings	6	39,735,630	44,338,939
Trade payables	7	-	-
(i) total outstanding dues of micro enterprises and small enterprises;		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		271,881,009	198,250,500
Other current liabilities	8	15,774,251	10,276,025
Short-term provisions	5	834,555	965,967
		<b>328,225,445</b>	<b>253,831,431</b>
<b>Total</b>		<b>337,493,945</b>	<b>262,597,292</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
-Tangible assets	9	773,261	828,865
-Intangible assets	10	3,664	517,919
Deferred tax assets (net)	11	5,916,461	5,695,232
Long-term loans and advances	12	-	500,010
		<b>6,693,386</b>	<b>7,542,026</b>
<b>Current assets</b>			
Inventories	13	80,398,214	58,066,818
Trade receivables	14	231,158,951	180,719,595
Cash and bank balances	15	18,231,386	15,659,561
Short-term loans and advances	12	942,661	454,504
Other current assets	16	69,347	154,788
<b>Total</b>		<b>330,800,559</b>	<b>255,055,266</b>
		<b>337,493,945</b>	<b>262,597,292</b>
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/W100048

Raj Kumar Agarwal  
Partner  
Membership No.: 074715

Place: New Delhi  
Date: May 29, 2017



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: May 29, 2017



G.K. Publications Private Limited

Statement of Profit and Loss for the year ended 31 March 2017

Particulars	Notes	31 March 2017	31 March 2016
		Amount in ₹	Amount in ₹
<b>Income</b>			
Revenue from operations	17	186,175,782	146,599,946
Other income	18	3,158,185	2,120,389
<b>Total revenue (I)</b>		<b>189,333,967</b>	<b>148,720,335</b>
<b>Expenses</b>			
Purchases of stock-in-trade	19	156,428,772	96,433,662
(Increase)/Decrease in inventories of traded goods	20	(23,042,838)	12,414,839
Employee benefit expenses	21	19,354,515	14,782,886
Finance cost	22	5,358,049	5,926,734
Depreciation and amortisation expense	23	704,860	1,339,445
Other expenses	24	30,094,824	32,726,774
<b>Total expenses (II)</b>		<b>188,898,182</b>	<b>163,624,340</b>
<b>Profit/(Loss) before tax</b>		<b>435,785</b>	<b>(14,904,005)</b>
-Current tax		-	-
-Earlier year tax adjustment		120,390	-
-Deferred tax benefit	11	(221,229)	(4,339,014)
<b>Total tax expenses</b>		<b>(100,839)</b>	<b>(4,339,014)</b>
<b>Profit/(Loss) after tax</b>		<b>536,624</b>	<b>(10,564,991)</b>
<b>Profit/(Loss) per equity share</b>	25		
Nominal value of ₹ 10 each (Previous year ₹ 10 each)			
-Basic and Diluted		2.82	(55.61)
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/W100048

Raj Kumar Agarwal  
Partner  
Membership No.: 074715

Place: New Delhi  
Date: May 29, 2017



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: May 29, 2017



G.K. Publications Private Limited  
Cash Flow Statement for the year ended 31 March 2017

	31 March 2017 Amount in ₹	31 March 2016 Amount in ₹
<b>A Cash flow from operating activities</b>		
Net profit/(loss) before tax and after prior period items	435,785	(14,904,005)
Adjustments for:		
Depreciation and amortization	704,860	1,339,445
Finance cost (excluding interest on delayed payment of income tax and statutory liabilities)	5,352,162	5,916,149
Interest on delayed payment of income tax and statutory liabilities	5,887	10,585
Interest income	(1,180,431)	(1,346,395)
Bad debts written off	449,246	775,275
Provision for doubtful debts	358,253	200,000
Provision for slow moving inventory	711,442	1,594,436
Provision for sales return	-	949,228
Liabilities no longer required, written back	(1,063,815)	-
<b>Operating profit/(loss) before working capital changes</b>	<b>5,773,389</b>	<b>(5,465,282)</b>
Adjustments for (increase) / decrease in operating assets:		
Inventories	(23,042,838)	12,414,839
Trade receivables	(51,246,854)	(35,498,085)
Short term loan and advances	(488,157)	150,722
Long term loan and advances	350,000	-
Adjustments for Increase / (decrease) in operating liabilities:		
Trade payables	73,630,507	34,262,300
Other current liabilities	6,562,041	3,462,907
Long term provisions	(33,985)	239,059
Short term provisions	(248,108)	(1,785,872)
<b>Cash generated from operations</b>	<b>11,255,995</b>	<b>7,780,588</b>
Taxes paid	146,316	(134,639)
<b>Net cash generated from operating activities</b>	<b>11,402,311</b>	<b>7,645,949</b>
<b>B Cash flow from Investing activities:</b>		
Capital expenditure on fixed assets	(135,000)	(474,984)
Interest received	1,265,872	1,461,364
<b>Net cash flow generated from Investing activities</b>	<b>1,130,872</b>	<b>986,380</b>
<b>C Cash Flow from financing activities:</b>		
Finance cost paid	(5,358,049)	(5,926,732)
Repayment of short-term borrowings	(4,603,309)	(2,777,943)
<b>Net cash flow used in financing activities</b>	<b>(9,961,358)</b>	<b>(8,704,675)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>2,571,825</b>	<b>(72,346)</b>
Cash and cash equivalents (Refer note 15)		
-at beginning of the period	659,561	731,907
-at end of the period	3,231,386	659,561
Add: Deposits with maturity less than 12 months from balance sheet date (Refer foot note 3)	15,000,000	15,000,000
<b>Cash and bank balances</b>	<b>18,231,386</b>	<b>15,659,561</b>

foot 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/W100048

Raj Kumar Agarwal  
Partner  
Membership No.: 074715

Place: New Delhi  
Date: 17 May 29, 2017



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: May 29, 2017



## 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 2016 to 31 March 2017.

## 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 management's 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 less 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 2017**

*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 to 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.

Useful life of its assets as per Schedule II which is as follows:

Asset	Useful life
Plant and Machinery	15
Computer Equipments	3
Furniture and Fixtures	10
Office Equipments	5





G.K. Publications Private Limited  
Notes to the Financial Statements for the year ended 31 March 2017

*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

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

(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 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 of 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 and fair value of plan assets 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 or change in return of the plan assets is recognised as an income or expense in the Statement of Profit and Loss. The expected return on plan assets is based on the assumed rate of return of such assets. The Company contributes to a policy taken from the IDBI Federal Life Insurance Company Limited.

(iii) 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.

(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.



G.K. Publications Private Limited  
Notes to the Financial Statements for the year ended 31 March 2017

(xv) Material events

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



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 2017		31 March 2016	
	Number	Amount in ₹	Number	Amount in ₹
<b>Authorised shares</b>				
Equity shares of ₹ 10 each (previous year ₹ 10 each)	250,000	2,500,000	250,000	2,500,000
<b>Issued, subscribed and fully paid-up shares</b>				
Equity shares of ₹ 10 each (previous year ₹ 10 each)	190,000	1,900,000	190,000	1,900,000
	<b>190,000</b>	<b>1,900,000</b>	<b>190,000</b>	<b>1,900,000</b>

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

Particulars	31 March 2017		31 March 2016	
	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	<b>190,000</b>	<b>1,900,000</b>	<b>190,000</b>	<b>1,900,000</b>

**Terms/rights attached to equity shares**

**Voting**

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 2017		31 March 2016	
		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 2017		31 March 2016	
	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%
	<b>189,999</b>	<b>99.99%</b>	<b>189,999</b>	<b>99.99%</b>

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 allotted as fully paid up pursuant to contract(s) without payment being received in cash, allotted as fully paid up by way of bonus shares or bought back in the period of 5 years immediately preceding the balance sheet date.





G.K. Publications Private Limited  
Notes to Financial Statements for the period ended 31 March 2017

4 Reserves and surplus

	31 March 2017 Amount in ₹	31 March 2016 Amount in ₹
<b>Surplus in the Statement of Profit and Loss</b>		
Opening balance	5,932,382	16,497,373
Net profit/(Loss) for the year	536,624	(10,564,991)
<b>Total reserves and surplus</b>	<b>6,469,006</b>	<b>5,932,382</b>

5 Provisions

	Long-term		Short-term	
	31 March 2017 Amount in ₹	31 March 2016 Amount in ₹	31 March 2017 Amount in ₹	31 March 2016 Amount in ₹
<b>Provision for taxes</b>				
-for Income tax [net of advance tax and tax deducted at A source ₹ 3,022,982(Previous year:Nil)]	-	-	116,696	-
<b>Provision for sales return (Refer footnote i)</b>	B	-	703,053	949,228
<b>Provision for employee benefits</b>				
Gratuity (Refer note 33)	784,438	803,396	12,757	14,129
Leave encashment (Refer note 33)	115,056	130,083	2,049	2,610
<b>Total</b>	C	<b>933,479</b>	<b>14,806</b>	<b>16,739</b>
<b>Total (A+B+C)</b>		<b>899,494</b>	<b>834,555</b>	<b>965,967</b>

**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 year. 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 2017 Amount in ₹	31 March 2016 Amount in ₹
Opening balance	949,228	1,788,747
(+) Additions during the period	703,053	949,228
(-) Utilised/reversed during the period	(949,228)	(1,788,747)
<b>Closing balance</b>	<b>703,053</b>	<b>949,228</b>

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6 Short-term borrowings

	31 March 2017 Amount in ₹	31 March 2016 Amount in ₹
<b>Secured loans</b>		
Loan from bank (Refer footnote i)	8,559,417	14,572,273
<b>Unsecured loans</b>		
Loan from bank (Refer footnote ii)	18,821,155	18,832,035
Loan from others (Refer footnote iii and note 32)	12,355,058	10,934,631
	<b>39,735,630</b>	<b>44,338,939</b>

**Footnote i:** Secured loan from bank represents overdraft 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 (previous year ₹ 15,000,000).

**Guarantees**

The overdraft facility is further secured by personal guarantees of directors of the Company named Mr. Satya Narayanan R., Mr. Gautam Puri and Mr. Nikhil Mahajan. Aggregate amount of overdraft facility guaranteed by directors of the Company ₹ 8,559,417 (Previous year ₹ 14,572,273)

**Interest rate:**

The overdraft facility carries an interest rate ranging between 12.40% p.a. and 13.75% p.a. 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:**

Kestone Integrated Marketing Services Private Limited, a fellow subsidiary company has pledged its fixed deposits amounting ₹ 20,000,000 (previous year ₹ 20,000,000) as security for the above over draft facility from IndusInd Bank Limited.

**Interest rate:**

The overdraft facility carries an interest rate of 9.75% (Bank fixed deposits rate i.e., 8.00% + 1.75%) per annum payable on monthly basis.

**Footnote iii:** Represents loan repayable on demand to the holding company. The aforesaid loan bears interest rate of 14.50% (previous year 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 2017 Amount in ₹	31 March 2016 Amount in ₹
Trade payable (Refer note 31 and footnote i)	271,881,009	198,250,500
	<b>271,881,009</b>	<b>198,250,500</b>

**Footnote**

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

8 Other current liabilities

	31 March 2017 Amount in ₹	31 March 2016 Amount in ₹
Payable for expenses (Refer note 31 and 32)	8,675,492	3,607,310
Employee related payables	3,003,555	3,243,665
Advance from customers	3,882,192	3,074,390
Payable to government authorities	213,012	350,660
	<b>15,774,251</b>	<b>10,276,025</b>



G.K. Publications Private Limited  
Notes to Financial Statements for the period ended 31 March 2017

9 Tangible assets\* (Refer footnote a)

Current Year	Gross block (at cost)					Accumulated depreciation			(Amount in Rs)	
	As at 1 April 2016	Additions during the year	Disposal/ Adjustment	As at 31 March 2017	As at 1 April 2016	For the year	Disposal/ Adjustment	As at 31 March 2017	As at 31 March 2017	Net block
Furniture and fixtures	285,125	-	-	285,125	157,566	18,884	-	176,450	108,675	
Office equipments	401,403	-	-	401,403	319,169	32,591	-	351,760	49,643	
Plant & machinery	432,312	-	-	432,312	54,044	26,635	-	80,679	351,633	
Computers	1,801,494	135,000	-	1,936,494	1,560,690	112,494	-	1,673,184	263,310	
<b>Total</b>	<b>2,920,334</b>	<b>135,000</b>	<b>-</b>	<b>3,055,334</b>	<b>2,091,469</b>	<b>190,604</b>	<b>-</b>	<b>2,282,073</b>	<b>773,261</b>	

Previous Year

Description	Gross block (at cost)					Accumulated depreciation			(Amount in Rs)	
	As at 1 April 2015	Additions during the year	Disposal/ Adjustment	As at 31 March 2016	As at 1 April 2015	For the year	Adjustment pursuant to Schedule II	As at 31 March 2016	As at 31 March 2016	Net block
Furniture and fixtures	285,125	-	-	285,125	138,631	18,935	-	157,566	127,559	
Office equipments	401,403	-	-	401,403	255,201	63,968	-	319,169	82,234	
Plant & Machinery	432,312	-	-	432,312	27,336	26,708	-	54,044	378,268	
Computers	1,672,579	128,915	-	1,801,494	1,355,404	205,286	-	1,560,690	240,804	
<b>Total</b>	<b>2,791,419</b>	<b>128,915</b>	<b>-</b>	<b>2,920,334</b>	<b>1,776,572</b>	<b>314,897</b>	<b>-</b>	<b>2,091,469</b>	<b>828,865</b>	

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).



10 Intangible assets (Refer footnote a)

Description	Gross block (at cost)			Accumulated amortisation		(Amount in Rs) Net block As at 31 March 2017
	As at 1 April 2016	Additions during the year	Disposal/ Adjustment	As at 1 April 2016	For the year Disposal/ Adjustment	
Computer softwares	140,738	-	-	122,818	14,256	3,664
Non-compete fees	5,000,000	-	-	4,500,000	500,000	-
<b>Total</b>	<b>5,140,738</b>	<b>-</b>	<b>-</b>	<b>4,622,818</b>	<b>514,256</b>	<b>3,664</b>
<b>Previous Year</b>						
Description	Gross block (at cost)			Accumulated amortisation		Net block As at 31 March 2016
	As at 1 April 2015	Additions during the year	Disposal/ Adjustment	As at 1 April 2015	For the year Disposal/ Adjustment	
Computer softwares	125,918	14,820	-	98,270	24,548	17,920
Non-compete fees	5,000,000	-	-	3,500,000	1,000,000	500,000
<b>Total</b>	<b>5,125,918</b>	<b>14,820</b>	<b>-</b>	<b>3,598,270</b>	<b>1,024,548</b>	<b>517,920</b>

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).

b. Internally generated intangible assets as at March 31, 2017 ₹ Nil (March 31, 2016 ₹ Nil)



## 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 ₹ 221,229 has been recognised as benefit in the Statement of Profit and Loss. The tax effect of significant timing differences as at 31 March 2017 that reverse in one or more subsequent years gave rise to the following net deferred tax assets as at 31 March 2017.

Deferred tax assets and liabilities are attributable to the following:

	31 March 2017	Benefit/ (Charge) for the period	31 March 2016
	Amount in ₹	Amount in ₹	Amount in ₹
<b>Deferred tax assets</b>			
Provision for leave encashment	36,185	(4,817)	41,002
Provision for gratuity	246,333	(6,282)	252,615
Provision for sales return	217,243	(76,068)	293,311
Unabsorbed losses	3,972,378	153,744	3,818,634
Provision for sales incentive	301,585	(68,359)	369,944
Provision for bonus	-	(154,929)	154,929
Provision for doubtful debts	172,500	110,700	61,800
Provision for slow moving inventory	712,516	219,835	492,681
On account of depreciation	257,721	47,405	210,316
<b>Total deferred tax assets</b>	<b>5,916,461</b>	<b>221,229</b>	<b>5,695,232</b>
<b>Net deferred tax asset</b>	<b>5,916,461</b>	<b>221,229</b>	<b>5,695,232</b>

The management is of the view that the current losses are of temporary nature due to changes in market conditions resulting changes in pattern of competitive examination. The Company is in process of revising its content and revamping distribution channel and sales strategies including identification of new markets. The management believes on the basis of current order book and agreements/ MOUs that the Company will be profitable in next 2-3 years and will be able to fully recover unabsorbed depreciation and losses within the timeframe allowed under Income Tax Act, 1961.

## 12 Loans and advances

	Long-term		Short-term	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	Amount in ₹	Amount in ₹	Amount in ₹	Amount in ₹
<b>Unsecured, considered good, unless otherwise stated</b>				
Advance to suppliers	-	-	79,050	41,153
Security deposits	-	350,000	351,000	1,000
Prepaid expenses	-	-	213,519	172,154
Loans and advances to employees	-	-	299,092	240,197
Advance income tax and tax deducted at source [Net of provision Nil(Previous Year ₹ 8,422,088)]	-	150,010	-	-
	-	<b>500,010</b>	<b>942,661</b>	<b>454,504</b>

## 13 Inventories

	31 March 2017	31 March 2016
	Amount in ₹	Amount in ₹
<b>Valued at lower of cost and net realisable value</b>		
Stock in trade-Books	82,704,092	59,661,254
Less: provision for slow moving / obsolete inventory	(2,305,878)	(1,594,436)
	<b>80,398,214</b>	<b>58,066,818</b>





G.K. Publications Private Limited  
Notes to Financial Statements for the period ended 31 March 2017

14 Trade receivables

	31 March 2017 Amount in ₹	31 March 2016 Amount in ₹
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured and considered good	54,830,155	58,674,560
Unsecured and considered doubtful	558,253	200,000
Less: Provision for doubtful debts	558,253	200,000
	<u>54,830,155</u>	<u>58,674,560</u>
Other receivables		
Unsecured and considered good (Refer footnote a)	176,328,796	122,045,035
	<u>231,158,951</u>	<u>180,719,595</u>

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

15 Cash and bank balances

	31 March 2017 Amount in ₹	31 March 2016 Amount in ₹
Cash and cash equivalents		
Balances with banks		
- on current accounts	3,231,386	659,561
	(A) <u>3,231,386</u>	<u>659,561</u>
Other bank balances		
Deposits with maturity less than 12 months from Balance Sheet date *	15,000,000	15,000,000
	(B) <u>15,000,000</u>	<u>15,000,000</u>
	(A+B) <u>18,231,386</u>	<u>15,659,561</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 2017 Amount in ₹	31 March 2016 Amount in ₹
Interest accrued but not due on fixed deposits	69,347	154,788
	<u>69,347</u>	<u>154,788</u>

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17 Revenue from operations

	31 March 2017 Amount in ₹	31 March 2016 Amount in ₹
Revenue from operations		
Sale of books (Refer note 32)	186,175,782	146,599,946
	<b>186,175,782</b>	<b>146,599,946</b>

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 2017 Amount in ₹	31 March 2016 Amount in ₹
Interest income on fixed deposits	1,180,431	1,346,395
Excess provisions written back	1,063,815	-
Leave encashment excess provision written back (Refer note 33)	3,531	-
Sale of scrap	229,951	687,763
Miscellaneous income	680,457	86,231
	<b>3,158,185</b>	<b>2,120,389</b>

19 Purchase of Stock-in-trade

	31 March 2017 Amount in ₹	31 March 2016 Amount in ₹
Text books (Refer note 32)	156,428,772	96,433,662
	<b>156,428,772</b>	<b>96,433,662</b>

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

	31 March 2017 Amount in ₹	31 March 2016 Amount in ₹
Inventories at the end of the period	82,704,092	59,661,254
Inventories at the beginning of the period	59,661,254	72,076,093
Net (increase)/decrease	<b>(23,042,838)</b>	<b>12,414,839</b>

21 Employee benefit expenses

	31 March 2017 Amount in ₹	31 March 2016 Amount in ₹
Salary, wages, bonus and other benefits	17,999,426	13,406,101
Contribution to provident and other funds (Refer note 33)	844,622	671,828
Leave encashment (Refer note 33)	-	93,652
Gratuity expenses (Refer note 33)	318,055	186,395
Staff welfare expenses	192,412	424,910
	<b>19,354,515</b>	<b>14,782,886</b>

22 Finance cost

	31 March 2017 Amount in ₹	31 March 2016 Amount in ₹
Interest expenses		
- On loan from related party (Refer note 32)	1,585,522	1,954,337
- On bank overdraft facility	3,723,515	3,940,343
- On delay in payment of statutory liabilities	712	1,245
- On delay in payment of income tax	5,175	9,340
Loan processing charges	43,125	21,469
	<b>5,358,049</b>	<b>5,926,734</b>



## 23 Depreciation and amortisation expenses

	31 March 2017	31 March 2016
	Amount in ₹	Amount in ₹
Depreciation of tangible assets (Refer Note 9)	190,604	314,897
Amortisation of intangible assets (Refer Note 10)	514,256	1,024,548
	<b>704,860</b>	<b>1,339,445</b>

## 24 Other expenses

	31 March 2017	31 March 2016
	Amount in ₹	Amount in ₹
Consumption of packing materials	2,059,207	1,969,890
Rent (Refer note 26)	2,262,547	2,828,827
Power and fuel	620,722	851,071
Travelling and conveyance expense	5,271,348	5,049,367
Legal and professional expenses (Refer note 29)	987,262	935,297
Business promotion expenses	1,303,491	984,916
Rebates and discounts	5,718,272	5,566,771
Bad debts	449,246	775,275
Provision for doubtful debts	358,253	200,000
Sales Incentive	426,003	1,270,367
Communication expenses	1,231,666	1,399,301
Rates and taxes	223,591	214,691
Insurance expenses	192,313	214,524
Freight and cartage	7,113,203	6,502,645
Repair and maintenance-others	299,865	821,000
Printing and stationery	180,097	145,096
Bank charges	23,606	44,639
Provision for sales return (Refer note 5)	-	949,228
Provision for slow moving inventory	711,442	1,594,436
Miscellaneous expenses	662,690	409,433
	<b>30,094,824</b>	<b>32,726,774</b>

## 25 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 2017	31 March 2016
(Loss)/profit attributable to equity shareholders	A	₹	536,624	(10,564,991)
Weighted average numbers of equity shares	B	Numbers	190,000	190,000
Basic and Dilutive (loss)/ earnings per share	(A/B)	₹	2.82	(55.61)

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 period ended 31 March 2017

26 Till December 2016, the Company was a lessee under an operating lease. The lease terms of these premise ranged from 0 to 1 year and accordingly it was a short term leases. The premise has been vacated in December 2016. Rental expense for operating lease for the period ended 31 March 2017 and 31 March 2016 was ₹ 2,262,547 and ₹ 2,828,827 respectively. The Company has not executed any non-cancellable operating leases.

27 Contingent liabilities

There are no contingent liabilities as at 31 March 2017 (Previous Year ₹ Nil).

28 Commitments

There are no capital or other material commitments as at 31 March 2017 (Previous Year ₹ Nil).

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

	<u>31 March 2017</u> Amount in ₹	<u>31 March 2016</u> Amount in ₹
Statutory audit	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

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:

	<u>31 March 2017</u> Amount in ₹	<u>31 March 2016</u> Amount in ₹
The principal amount and the interest due thereon remaining unpaid to any MSME supplier as at the end of each accounting year included in		
Principal amount due to micro and small enterprises	-	-
Interest due on above	-	-
	<u>-</u>	<u>-</u>
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 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.	-	-
	<u>-</u>	<u>-</u>

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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 Services Private Limited 3. Accendere Knowledge Management System Pvt Ltd
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 2017 Amount in ₹	31 March 2016 Amount in ₹
<b>a) Sale of books (net of returns)</b>		
Holding Company		
- CL Educate Limited	3,961,389	14,205,618
<b>b) Purchase of books (net of returns)</b>		
Fellow subsidiaries		
- CL Media Private Limited	156,428,772	96,433,662
<b>c) Repayment of Loan</b>		
Holding Company		
- CL Educate Limited	-	5,100,000
<b>d) Interest expense on loan</b>		
Holding Company		
- CL Educate Limited	1,585,522	1,954,337
<b>e) Reimbursement of expenses to related parties</b>		
Holding Company		
- CL Educate Limited	464,430	160,000
<b>f) Expenses incurred on behalf of related parties</b>		
Fellow subsidiaries		
- CL Media Private Limited	10,170	52,544
<b>g) Conversion of interest into loan</b>		
Holding Company		
- CL Educate Limited	1,420,427	1,758,904





G.K. Publications Private Limited

Notes to Financial Statements for the period ended 31 March 2017

Balance outstanding as at period end

	<u>31 March 2017</u>	<u>31 March 2016</u>
	Amount in ₹	Amount in ₹
<b>a) Trade Receivables</b>		
Holding Company		
- CL Educate Limited	11,719,731	27,681,152
Fellow subsidiaries		
- Accendere Knowledge Management Services Pvt	572,345	572,345
<b>b) Trade Payables</b>		
Fellow subsidiaries		
- CL Media Private Limited	270,921,910	197,839,208
<b>c) Other Payable</b>		
Holding Company		
- CL Educate Limited	802,352	337,922
<b>d) Short term borrowings</b>		
Holding Company		
- CL Educate Limited	12,355,058	10,934,631
<b>e) Guarantee given</b>		
Fellow subsidiaries		
- Kestone Integrated Marketing Services Private Limited	20,000,000	20,000,000

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

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:

	<u>31 March 2017</u>	<u>31 March 2016</u>
	Amount in ₹	Amount in ₹
Contribution to Provident Fund (Refer note 21)	756,512	571,767
<b>Total</b>	<u>756,512</u>	<u>571,767</u>

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**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	(Amount in ₹)			
	Earned Leave		Gratuity	
	(unfunded)	(unfunded)	(Funded)	(Unfunded)
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Present value of obligation at the beginning of the year	132,693	54,341	817,525	653,943
Current service cost	56,582	54,983	235,363	167,722
Interest cost	10,788	4,347	66,465	52,315
Actuarial (gain)/loss on obligation	(70,901)	34,322	20,568	(33,642)
Benefits paid	(12,057)	(15,300)	(238,385)	(22,813)
Present value of obligation at the end of year	<b>117,105</b>	<b>132,693</b>	<b>901,536</b>	<b>817,525</b>

**ii. Fair value of plan assets**

	Gratuity	
	(Funded)	(Unfunded)
	31 March 2017	31 March 2016
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions	100,000	-
Benefits paid	-	-
Actuarial gain/(loss) on plan assets	4,341	-
Administrative Expenses	-	-
Fair value of plan assets at the end of the year	<b>104,341</b>	<b>-</b>

**iii. Expenses recognised in the Statement of Profit and Loss for the year**

Particulars	(Amount in ₹)			
	Earned Leave		Gratuity	
	(unfunded)	(unfunded)	(Funded)	(Unfunded)
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Current service cost	56,582	54,983	235,363	167,722
Interest cost	10,788	4,347	66,465	52,315
Net actuarial loss/(gain) to be recognised	(70,901)	34,322	16,227	(33,642)
Expense/(income) recognised in the Statement of Profit & Loss (Refer note 18 and 21)	<b>(3,531)</b>	<b>93,652</b>	<b>318,055</b>	<b>186,395</b>

**iv. Amount recognised in the Balance Sheet**

Particulars	(Amount in ₹)			
	Earned Leave		Gratuity	
	(unfunded)	(unfunded)	(Funded)	(Unfunded)
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Present value of obligation at the end of the year	117,105	132,693	901,536	817,525
Planned assets	-	-	104,341	-
Net liability recognised in the Balance Sheet	117,105	132,693	797,195	817,525
Amount classified as:				
Long term provision (Refer note 5)	115,056	130,083	784,438	803,396
Short term provision (Refer note 5)	2,049	2,610	12,757	14,129



v. Actuarial assumptions

	Earned Leave		Gratuity	
	(unfunded)	(unfunded)	(Funded)	(Unfunded)
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Discount rate (per annum)	7.69%	8.13%	7.69%	8.13%
Expected rate of return on plan assets	8.00%	8.00%	8.00%	8.00%
Expected average remaining working lives of employees (years)	-	-	8.25%	-
Retirement age (Years)	24.78	24.77	24.78	24.77
Mortality table	58	58	58	58
Ages	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
Up to 30 Years	Withdrawal Rate (%)	Withdrawal Rate (%)	Withdrawal Rate (%)	Withdrawal Rate (%)
From 31 to 44 years	3	3	3	3
Above 44 years	2	2	2	2
	1	1	1	1

The discount rate has been assumed at 7.69% p.a. (Previous year 8.13%) 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.

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

(a) Gratuity (Funded) [Refer footnote]

	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Present value of obligation	901,536	817,525	653,943	252,815	238,315
Fair value of plan assets	104,341	-	-	-	-
Net funded status	(797,195)	(817,525)	(653,943)	(252,815)	(238,315)
Experience adjustments on plan liabilities-gain/(loss)	24,555	15,453	86,800	32,994	(90,617)
Experience gain/(loss) on plan assets	4,341	-	-	-	-

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

	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Present value of obligation	117,105	132,693	54,341	10,114	16,774
Fair value of plan assets	-	-	-	-	-
Net funded status	(117,105)	(132,693)	(54,341)	(10,114)	(16,774)
Experience adjustments on plan liabilities-(loss)/gain	(79,652)	(37,465)	(2,280)	9,435	15,256

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

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

Particulars	(Amount in ₹)
Gratuity	1,150,242
Leave encashment	89,064



34 Disclosure of Transactions in Specified Bank Notes

Particulars	Period 08/11/2016 to 30/12/2016		
	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	-	-
Permitted receipts	-	-	-
Permitted payment	-	-	-
Deposit in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	-	-

35 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/W100048

Raj Kumar Agarwal  
Partner  
Membership No.: 074715



Place: *New Delhi*  
Date: *May 29, 2017*

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: *May 29, 2017*