Nspira Management Services Private Limited

Financial Statements and Independent Auditor's Report as at and for the year ended 31 March 2019

Contents

Walker Chandiok & Co LLP
7th Floor, Block III, White House
Kundan Bagh, Begumpet
Hyderabad 500016
India

T +91 40 6630 8200
F +91 40 6630 8230

Independent Auditor's Report

To the Members of Nspira Management Services Private Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **Nspira Management Services Private Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2019, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Walker Chandiok & Co LLP * Hyderabad *

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

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

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

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Walker Chandiok & Co LLP * Hyderabad *

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

11. The provisions of section 197 read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under section 2(71) of the Act. Accordingly, reporting under section 197(16) is not applicable.

12. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.

13. Further to our comments in Annexure A, 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 purpose of our audit;

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) the financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;

    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act;

Walker Chandiok & Co LLP * Hyderabad *

f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 14 June 2019 as per Annexure B expressed unmodified opinion thereon;

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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. the Company, as detailed in note 33 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2019;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019;

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

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

Sanjay Kumar Jain
Partner
Membership No.: 207660

Walker Chandiok & Co. LLP * Hyderabad *

Place: Hyderabad
Date: 14 June 2019

Annexure A to the Independent Auditor's Report of even date to the members of Nspira Management Services Private Limited on the financial statements for the year ended 31 March 2019

Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment expect for the details of location of assets in certain cases.

(b) The Property, plant and equipment have been physically verified by the management during the year by engaging the outside expert. The management is in the process of reconciling physical assets verified with the books, pending which we are unable comment upon the material discrepancies, if any. In our opinion, the frequency of verification of Property, plant and equipment is reasonable having regard to the size of the Company and nature of its assets.

(c) The Company does not hold any immovable property (in the nature of 'Property, plant and equipment'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.

(ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of loans, guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

Walker Chandiok & Co. LLP * Hyderabad *

Annexure A to the Independent Auditor's Report of even date to the members of Nspira Management Services Private Limited on the financial statements for the year ended 31 March 2019

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, Goods and services tax, cess and other material statutory dues, as applicable, have not been regularly deposited to the appropriate authorities and there have been significant delays in a large number of cases. Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

Statement of arrears of statutory dues outstanding for more than six months

Name of the statute	Nature of the dues	Amount (₹ in millions)	Period to which the amount relates	Due date	Date of payment	Remarks, if any
Employee's State Insurance Act, 1948	Employee's State Insurance contribution	5.31	2018-19	Various dates	Not yet paid	Nil
The Employee's provident funds and Miscellaneous provisions Act, 1952	Provident fund contribution	1.96	2018-19	Various dates	Not yet paid	Nil
Professional tax governed by state governments	Professional tax	3.61	2018-19	Various dates	Not yet paid	Nil

Walker Chandiok & Co. LLP * Hyderabad *

Annexure A to the Independent Auditor's Report of even date to the members of Nspira Management Services Private Limited on the financial statements for the year ended 31 March 2019

(b) The dues outstanding in respect of income-tax, duty of customs, goods and services tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in millions)	Amount paid under protest (₹ in millions)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Finance Act,1994	Service Tax	23.44	-	2011-2012	Customs, Excise and Service Tax Appellate Tribunal ("CESTAT"), Bangalore	Nil
		45.92	3.44	2012-2013		Nil
		42.36	2.89	2013-2014		Nil
		65.16	2.01	2014-2015		Nil
		37.73	2.83	2011-2012 to 2014-2015		Nil
		23.02	1.73	2015-16 to 2016-17	Customs, Excise and Service Tax Appellate Tribunal ("CESTAT"), Guntur	Nil
		7.45	0.56	2015-16	Customs, Excise and Service Tax Appellate Tribunal ("CESTAT"), Hyderabad	Nil
Income Tax Act, 1961	Income Tax	49.79	9.96	2015-16	Commissioner of Income Tax (Appeals)	Nil

(viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or any dues to debenture-holders during the year. Further, the Company did not have any loans or borrowings payable to government during the year.

Walker Chandiok & Co LLP
Hyderabad

Annexure A to the Independent Auditor's Report of even date to the members of Nspira Management Services Private Limited on the financial statements for the year ended 31 March 2019

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained, though idle/surplus funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) The provisions of Section 197 of the Act read with Schedule V to the Act are not applicable to the Company since the Company is not a public Company as defined under Section 2(71) of the Act. Accordingly, provisions of clause 3(xi) of the Order are not applicable.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has made private placement of compulsory convertible fully paid-up preference shares and equity shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Sanjay Kumar Jain
Partner
Membership No.: 207660

Walker Chandiok & Co LLP * Hyderabad *

Place: Hyderabad
Date: 14 June 2019

Annexure B to the Independent Auditor's Report of even date to the members of Nspira Management Services Private Limited on the financial statements for the year ended 31 March 2019

Annexure B

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of Nspira Management Services Private Limited ('the Company') as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors 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 ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Walker Chandiok & Co. LLP * Hyderabad *

Annexure B to the Independent Auditor's Report of even date to the members of Nspira Management Services Private Limited on the financial statements for the year ended 31 March 2019

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Sanjay Kumar Jain
Partner
Membership No.: 207660

Walker Chandiok & Co. LLP * Hyderabad *

Place: Hyderabad
Date: 14 June 2019

NSPIRA Management Services Private Limited

Balance Sheet as at 31 March 2019

(All amounts in ₹ in millions, unless otherwise stated)

	Notes	As at 31 March 2019	As at 31 March 2018
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	2,856.76	2,128.73
(b) Other intangible assets	4 (a)	187.79	30.58
(c) Intangible assets under development	4 (b)	90.51	259.12
(d) Financial assets			
(i) Investments	5	16.03	16.03
(ii) Loans	6	3,785.99	4,096.30
(e) Deferred tax assets (net)	27	159.09	136.66
(f) Other non-current assets	7	394.95	339.88
Total non-current assets		7,491.12	7,007.29
(2) Current assets			
(a) Inventories	8	395.62	417.44
(b) Financial assets			
(i) Trade receivables	9	4,620.32	1,722.14
(ii) Cash and cash equivalents	10	57.89	36.66
(iii) Bank balances other than (ii) above	10	51.94	259.50
(iv) Loans	6	459.38	665.88
(v) Other financial assets	11	0.65	7.48
(c) Other current assets	7	271.82	166.62
Total current assets		5,857.62	3,275.72
Total Assets		**13,348.74**	**10,283.01**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	12	3,501.20	0.50
(b) Instruments entirely equity in nature	13	1,516.69	521.48
(c) Other Equity	14	3,482.79	2,406.50
Total equity		8,500.68	2,928.48
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	2,083.18	3,744.58
(b) Provisions	16	52.90	35.37
(c) Other financial liabilities	17	11.22	4.50
Total non-current liabilities		2,147.30	3,784.45
Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
-total outstanding dues of micro enterprises and small enterprises		-	-
-total outstanding dues of creditors other than micro enterprises and small enterprises		933.36	930.96
(ii) Other financial liabilities	17	1,395.22	2,155.39
(b) Other current liabilities	18	300.18	332.44
(c) Provisions	16	2.86	0.45
(d) Current tax liabilities (net)		69.14	150.84
Total current liabilities		**2,700.76**	**3,570.08**
Total Equity and Liabilities		13,348.74	10,283.01

The accompanying notes 1 to 37 form an integral part of these financial statements.
This is the Balance Sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration Number: 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No. 207660

Walker Chandiok & Co LLP * Hyderabad *

Place: Hyderabad
Date: 14 June 2019

For and on behalf of the Board of Directors of
NSPIRA Management Services Private Limited

Puneet Kothapa
Managing Director
DIN: 06909621

Sindhura Ponguru
Director
DIN: 02755981

Sambashiva Sastry Kambhampati
Chief Financial Officer and Executive Director
DIN: 03642199
Place: Hyderabad
Date: 14 June 2019

NSPIRA Management Services Private Limited

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

(All amounts in ₹ in millions, except earnings per equity share)

	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations	19	13,083.57	11,028.43
Other income	20	184.05	81.51
Total income		**13,267.62**	**11,109.94**
Expenses			
Purchases of stock-in-trade	21	2,181.93	2,037.92
Changes in inventories of stock-in-trade	22	21.82	(92.14)
Employee benefits expense	23	3,168.25	2,855.43
Finance costs	24	878.36	778.79
Depreciation and amortization expense	3, 4	631.07	411.57
Other expenses	25	4,521.26	3,340.76
Total expense		**11,402.69**	**9,332.33**
Profit before tax		**1,864.93**	**1,777.61**
Tax expense:			
(a) Current tax	26	677.35	727.81
(b) Deferred tax benefit	27	(22.45)	(121.95)
Income tax expense		**654.90**	**605.86**
Profit for the year		**1,210.03**	**1,171.75**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss, including its income tax effects		(15.76)	1.51
Other comprehensive income, net of tax		**(15.76)**	**1.51**
Total comprehensive income for the year		**1,194.27**	**1,173.26**
Earnings per equity share (EPES)			
Basic EPES (In absolute ₹ terms)	28	2.91	3.33
Diluted EPES (In absolute ₹ terms)		2.91	3.33

The accompanying notes 1 to 37 form an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration Number: 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No. 207660

Walker Chandiok & Co LLP * Hyderabad *

Place: Hyderabad
Date: 14 June 2019

For and on behalf of the Board of Directors of
NSPIRA Management Services Private Limited

Puneet Kothapa
Managing Director
DIN: 06909621

Sindhura Ponguru
Director
DIN: 02755981

Sambashiva Sastry Kambhampati
Chief Financial Officer and Executive Director
DIN: 03642199

Place: Hyderabad
Date: 14 June 2019

NSPIRA Management Services Private Limited

Statement of Changes in Equity for the year ended 31 March 2019

(All amounts in ₹ in millions, except number of equity shares and debentures)

(c) Other equity

	Reserves and Surplus					Other comprehensive reserve	
	Retained earnings- Surplus in the statement of profit and loss	**Securities premium**	**Business combination reserve**	**Debenture redemption reserve**	**General reserve**	**Actuarial gains / (losses) on measurement on employee benefits**	**Total**
Balance as at 1 April 2017	227.78	-	2.47	1,000.00	-	0.99	1,231.24
Profit for the year	1,171.75	-	-	-	-	-	1,171.75
Actuarial gain on post-employment benefit obligations	-	-	-	-	-	1.51	1.51
Issue of shares	-	2.00	-	-	-	-	2.00
Transfers during the year	-	-	-	(110.00)	110.00	-	-
Balance as at 31 March 2018	**1,399.53**	**2**	**2.47**	**890.00**	**110.00**	**2.50**	**2,406.50**
Profit for the year	1,210.03	-	-	-	-		1,210.03
Actuarial loss on post-employment benefit obligations	-	-	-	-	-	(15.76)	(15.76)
Issue of preference shares	-	3,382.72	-	-	-	-	3,382.72
Transfers during the year	-	-	-	(890.00)	890.00	-	-
Issue of bonus shares	-	(3,384.72)	-	-	(115.98)		(3,500.70)
Balance as at 31 March 2019	**2,609.56**	**-**	**2.47**	**-**	**884.02**	**(13.26)**	**3,482.79**

The accompanying notes 1 to 37 form an integral part of these financial statements.

This is the Statement of Changes in Equity referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration Number: 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No. 207660

Walker Chandiok & Co. LLP * Hyderabad *

Place: Hyderabad
Date: 14 June 2019

For and on behalf of the Board of Directors of
NSPIRA Management Services Private Limited

Puneet Kothapa
Managing Director
DIN: 06909621

Sindhura Ponguru
Director
DIN: 02755981

Sambashiva Sastry Kambhampati
Chief Financial Officer and Executive Director
DIN: 03642199

Place: Hyderabad
Date: 14 June 2019

NSPIRA Management Services Private Limited

Statement of Cash Flows for the year ended 31 March 2018

(All amounts in ₹ in millions, unless otherwise stated)

	For the year ended	
	31 March 2019	**31 March 2018**
Cash flow from financing activities		
Proceeds from issue of equity shares	2.40	2.00
Proceeds from issue of instruments entirely equity in nature, net of transaction cost	4,375.53	521.48
Proceeds from long-term borrowings	1,743.94	1,278.94
Repayment of long-term borrowings	(240.72)	(34.12)
Interest paid	(1,089.47)	(588.92)
Redemption of debentures	(3,560.00)	(440.00)
Net cash flows generated from financing activities	**1,231.68**	**739.39**
Net increase/(decrease) in cash and cash equivalents during the year	21.23	(68.63)
Cash and cash equivalents at the beginning of the year	36.66	105.29
Cash and cash equivalents at the end of the year (refer note 1)	**57.89**	**36.66**

	As at	
	31 March 2019	**31 March 2018**
Note 1:		
Cash and cash equivalents comprise of : (refer note 10)		
Balances with banks		
- On current accounts	25.72	17.88
Cash on hand	32.17	18.78
	57.89	**36.66**

This is the Cash Flow Statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration Number: 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No. 207660

Walker Chandiok & Co LLP * Hyderabad *

Place: Hyderabad
Date: 14 June 2019

For and on behalf of the Board of Directors of
NSPIRA Management Services Private Limited

Puneet Kothapa
Managing Director
DIN: 06909621

Sindhura Ponguru
Director
DIN: 02755981

Sambashiva Sastry Kambhampati
Chief Financial Officer and Executive Director
DIN: 03642199

Place: Hyderabad
Date: 14 June 2019

NSPIRA Management Services Private Limited

Statement of Changes in Equity for the year ended 31 March 2019

(All amounts in ₹ in millions, except number of equity shares and debentures)

(a) **Equity share capital**

	Number	Amount
Equity shares of ₹10 each issued, subscribed and fully paid up		
As at 1 April 2017	50,000	0.50
Issued during the year	5	0.00
As at 31 March 2018	**50,005**	**0.50**
Issued during the year	350,070,006	3,500.70
As at 31 March 2019	**350,120,011**	**3,501.20**

(b) **Instruments entirely equity in nature**

	Compulsorily Convertible Debentures	Compulsorily Convertible Preference Shares	Total
As at 1 April 2017	-	-	-
Issued during the year	553.00	-	553.00
Less:-Adjustment*	(31.52)	-	(31.52)
As at 31 March 2018	**521.48**	-	**521.48**
Balance as at 1 April 2018	521.48	-	521.48
Issued during the year	-	1,126.78	1,126.78
Less:-Adjustment*	-	(131.57)	(131.57)
As at 31 March 2019	**521.48**	**995.21**	**1,516.69**

*Represents adjustment of transaction cost in accordance with accounting principles.

Walker Chandiok & Co LLP * Hyderabad *

This space has been intentionally left blank.

NSPIRA Management Services Private Limited

Statement of Cash Flows for the year ended 31 March 2018

(All amounts in ₹ in millions, unless otherwise stated)

	For the year ended	
	31 March 2019	**31 March 2018**
Cash flow from operating activities		
Profit before tax	1,864.93	1,777.61
Adjustments to reconcile profit before tax to net cash flows:		
- Depreciation, amortisation expense and impairment losses	631.07	411.57
- Interest income on fixed deposits	(353.00)	(352.88)
- Dividend income	(113.25)	(0.79)
- Interest expense	859.11	778.79
- Provision for doubtful advances	94.30	20.41
- Provision for employee benefits	4.18	25.10
- Loss on sale of Property, plant and equipment	0.93	-
- Impairment of Property, plant and equipment	17.84	-
Adjustments for working capital :		
(Increase) / decrease in loans	808.43	(1,102.66)
Increase in other assets	(228.68)	(313.84)
Increase/(decrease) in inventories	21.82	(85.10)
Increase in trade receivables	(2,918.01)	(618.95)
Increase in trade payables	2.40	144.67
Increase/(decrease) in financial liabilities	(167.56)	345.77
(Decrease) / increase in other current liabilities	(32.26)	189.31
Cash generated from operations	**492.25**	**1,219.02**
Income taxes paid	(769.01)	(582.40)
Net cash generated (used in)/from operating activities	**(276.76)**	**636.62**
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,275.84)	(1,249.62)
Proceeds from sale of property, plant and equipment	2.20	-
Cash paid / adjustment due to retrospective application of business combination under common control	-	(72.50)
Redemption in bank deposits for more than 12 months	-	0.90
(Investment)/Redemption in bank deposits for more than 3 months but less than 12 months	207.56	(127.50)
Interest income	19.14	20.11
Investment in mutual funds	(8,831.10)	-
Redemption of mutual funds	8,944.35	-
Investment in equity and preference shares	-	(16.03)
Net cash used in investing activities	**(933.69)**	**(1,444.64)**

Walker Chandiok & Co. LLP

Hyderabad

NSPIRA Management Services Private Limited
Summary of the significant accounting policies and other explanatory information
(All amounts in ₹ in millions, unless otherwise stated)

1. Company Overview

NSPIRA Management Services Private Limited ('the Company') was incorporated as a private limited company in India in accordance with the provisions of the Companies Act, 1956. The Company was incorporated on 26 June 2013 to carry on, in India or elsewhere, the business of management of educational institutions, educational consultancy and admissions in India and abroad, providing an educational foundation for various streams and courses of education and ensuring effective management systems within educational institutions. The debt securities of the Company were listed with the National Stock Exchange. However, pursuant to the redemption of the debentures, the debt securities of the Company are delisted as on 31 March 2019.

2. Summary of significant accounting policies

(a) Basis of preparation of financial statements

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act'), as amended from time to time and other relevant provisions of the Act.

The financial statements have been prepared on a historical cost basis except for certain material financial instruments and plan assets of defined benefit plans, which are measured at fair value. The accounting policies applied by the Company are consistent with those used in the prior periods, unless otherwise stated elsewhere in these financial statements.

(b) Use of estimate

The preparation of financial statements requires the management of the company to make estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

(c) Operating cycle and current and non-current classification

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has ascertained its operating cycle as twelve months for the purpose of current/ non-current classification of assets and liabilities.

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

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

Walker Chandiok & Co. LLP * Hyderabad *

2. Summary of significant accounting policies (continued)

The Company classifies all other assets as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

(d) Fair value measurement:

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprise of purchase price, freight, non-refundable taxes and duties, and any other cost attributable to bring the asset to its working condition for its intended use. Expenditure directly relating to construction activity is capitalized if the recognition criteria are met. Indirect expenditure is capitalized to the extent those relate to the construction activity or is incidental thereto. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognised in profit or loss as incurred.

Walker Chandiok & Co. LLP
Hyderabad

2. **Summary of significant accounting policies** (continued)

Gain or losses arising from derecognition of an item of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on property, plant and equipment is provided on straight-line method over their estimated useful lives as estimated by the management which coincides with the requirements of Schedule II to the Act. The estimated useful life is mentioned below:

Particulars	**Schedule II (No. of years)**
Office equipment	5 years
Computers and data processing units	3 to 6 years
Electrical installations and equipment	10 years
Furniture and fixtures	10 years
Kitchen equipment	5 years
Teaching aid and equipment	5 years
Vehicles	8 years

Leasehold improvements are depreciated on straight-line method over the lease period or the useful lives as determined by management, whichever is lower.

Capital work-in-progress includes cost of property, plant and equipment that are not ready for their intended use.

Capital work-in-progress are not depreciated as these assets are not yet available for use.

(f) Intangible assets

Intangibles assets comprises of N-Learn application, trade mark, non-compete fees and other internally intangible assets. Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Research and development cost
Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

Amortization of intangible assets
Intangible assets are amortized on a straight-line basis over the estimated useful economic life. The estimated useful lives of intangible assets are as follows:

Particulars	**Useful life**
Trade mark, non-compete fees and other intangible assets	10 Years
N-Learn Application	3 Years

Walker Chandiok & Co LLP Hyderabad

2. Summary of significant accounting policies (continued)

(f) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognized are accordingly reversed in the Statement of Profit and Loss.

(g) Financial instruments

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement
All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets of the Company are classified in two categories:

- Debt instruments at amortised cost
- Equity instruments measured at FVTPL

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

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.
Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned while holding FVTOCI debt instrument is reported as interest income using the EIR method.

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Walker Chandiok & Co. LLP
Hyderabad

2. Summary of significant accounting policies (continued)

Equity instruments measured at FVTPL
All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Cash and cash equivalents
Cash and cash equivalents represent cash and bank balances and fixed deposits with banks with original maturity of less than three months. Cash and cash equivalent are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

De-recognition
The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for following financial assets and credit risk exposures:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, deposits, and bank balance

b) Trade receivables

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

Walker Chandiok & Co. LLP
Hyderabad

2. Summary of significant accounting policies (continued)

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. When estimating the cash flows, the Company is required to consider –

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Financial Liabilities

Initial recognition and measurement
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss. The Company has not designated any financial liability at fair value through profit or loss as at 31 March 2019.

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to interest-bearing loans and borrowings.

Walker Chandiok & Co. LLP
Hyderabad

2. Summary of significant accounting policies (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per agreed terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

De-recognition
A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(g) Taxes

Tax expense comprises of current and deferred tax.

i) *Current income tax*
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current taxes are recognised in Profit or Loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity in which case, the income taxes are recognised in Other Comprehensive Income or directly in equity respectively.

The Company recognises interest levied and penalties related to income tax assessments in interest expenses.

ii) *Deferred tax*
Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Walker Chandiok & Co LLP
Hyderabad

2. **Summary of significant accounting policies** (continued)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(h) Inventories

Study materials, stationery items, groceries and stores and spares are carried at cost. Cost includes purchase price, duties and taxes (other than those subsequently recoverable by the Company from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, first in first out (FIFO) method is used. The carrying cost of inventories are appropriately written down when there is a decline in replacement cost of such materials.

(i) Borrowing costs

Borrowing costs consists of interest, ancillary costs and other costs in connection with the borrowing of funds.

Borrowing costs attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such assets, up to the date such assets are ready for their intended use. Other borrowing costs are charged to the Statement of Profit and Loss.

(j) Provisions and contingencies

Provisions
A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past event i.e., it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingencies
Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company; or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent liabilities and assets are not recognised in financial statements. A disclosure of the contingent liability is made when there is a possible or a present obligation that may, but probably will not, require an outflow of resources.

(k) 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, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Walker Chandiok & Co LLP * Hyderabad *

2. Summary of significant accounting policies (continued)

The Company has adopted Ind AS 115 - Revenue from Contracts with Customers, using the cumulative catch-up transition method, with effect from 1 April 2018 and accordingly these financial statements are prepared in accordance with the recognition and measurement principles laid down in Ind AS 115. Also, the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the financial statements of the Company.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

i. the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or

ii. the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

iii. the Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue in excess of invoicing are classified as contract assets while collections in excess of revenues are classified as contract liabilities.

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

Sale of stock-in-trade
Revenue from sale of materials comprises the sale of mess items, sale of study materials, and other items. Revenue from sale of mess items, and other items is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership in the goods supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the goods are handed over to the buyer. Revenue from sale of study material, where the performance obligations are satisfied over time and where the is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. Efforts or costs expended have been used to measure the percentage completion.

Revenue from services other than coaching and hostel services
Revenue is recognized on rendering of services and is recognized when there are no significant uncertainties as to its measurability or collectability.

Revenue from coaching services
Revenue from student fee which comprise of coaching (tuition) fees, annual fees, admission fees and transport fees is recognized on accrual basis over the period of instructions.

Revenue from hostel services
Revenue from hostel services is recognized on accrual basis over the period of provision of services.

Walker Chandiok & Co. LLP
Hyderabad

2. **Summary of significant accounting policies** (continued)

Dividend
Dividend from investment in shares and in liquid mutual funds is recognized when the right to receive the payment is established.

Interest
Interest is recognized on time proportion basis taking into account the amount outstanding and the rates applicable.

(l) Earnings per equity share

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares shall include the equity shares that would be issued on conversion of instruments entirely equity in nature.

For the purpose of calculating diluted earnings per equity 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. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

(m) Retirement and other employee benefits

Provident fund and employee state insurance fund are defined contribution schemes and the contribution is charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective authorities.

Gratuity is a defined benefit obligation and is provided for on the basis of an actuarial valuation as per the projected unit credit method made at the end of each financial year.

Compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

(n) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 April 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Walker Chandiok & Co. LLP * Hyderabad *

2. Summary of significant accounting policies (continued)

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Company as a lessor
Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

(o) Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payment and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

(p) Segment reporting

The management has assessed the identification of reportable segments in accordance with the requirements of Ind AS 108 'Operating Segments' and believes that the Company has only one reportable segment namely "the provision of education and education support services". Further, the Board of directors have designated the Managing Director as Chief Operating Decision Maker ('CODM').

(q) Significant accounting judgements, estimates and assumptions
The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Judgements, estimates and assumptions

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements.

Leases
The Company has evaluated each lease agreement for its classification between finance lease and operating lease. The Company has reached its decisions on the basis of the principles laid down in Ind AS 17 "Leases" for the said classification.

Walker Chandiok & Co. LLP
Hyderabad

2. **Summary of significant accounting policies** (continued)

Deferred income taxes
The assessment of the probability of future taxable profit in which deferred tax assets can be utilized is based on the Company's latest approved forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdiction in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full.

Research and development costs
Management monitors progress of internal research and development projects by using a project management system. Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

Useful lives of various assets
Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company.

Current income taxes
Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Accounting for defined benefit plans
In accounting for post-retirement benefits, several statistical and other factors that attempt to anticipate future events are used to calculate plan expenses and liabilities. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgment. The actuarial assumptions used by the Company may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

Impairment
An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount to determine the recoverable amount, management estimates expected future cash flows from each asset or cash generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets.
In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Fair value measurement of financial instruments
Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Walker Chandiok & Co LLP
Hyderabad

2. **Summary of significant accounting policies** (continued)

2.1 Recent accounting pronouncements:

a) Ind AS 116: Leases: On March 30, 2019, "Ministry of Corporate Affairs", "MCA" has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. Ind AS 116 removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability (the obligation to pay rentals). An optional exemption exists for short-term and low value leases. considering the number of assets under operating lease arrangement as at 31 March 2019. On implementation of Ind AS 116, the operating lease charges will be replaced with interest and depreciation expenses. These changes will affect key ratios like profit margin, operating margin, EBITDA margin etc. Further, operating cash flows will be higher as cash payments for the principal portion of the lease liability will be classified within financing activities.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after 1 April 2019. The management is currently in the process of ascertaining the impact of this standard on its financial statements.

b) Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments:

On 30 March 2019, the Ministry of Corporate Affairs has notified Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount of the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:
• Full retrospective approach – Under this approach Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight, and
• Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives

The management is currently in the process of ascertaining the impact of this standard on its financial statements.

c) Amendment to Ind AS 12, Income Taxes:

On 30 March 2019, the Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, Income Taxes, in connection with accounting for dividend distribution taxes.
The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.
Effective date for application of this amendment is annual period beginning on or after 1 April 2019.
The management is currently in the process of ascertaining the impact of this standard on its financial statements.

(All amounts in ₹ in millions, unless otherwise stated)

3 Property, plant and equipment

	Office equipment	Computers and data processing units	Electrical installations and equipment	Furniture and fixtures	Kitchen equipment	Teaching aid and equipment	Vehicles	Leasehold improvements	Total
Gross block									
As at 1 April 2017	**360.47**	**91.54**	**86.22**	**772.82**	**45.75**	**24.47**	**44.64**	**293.70**	**1,719.61**
Additions during the year	270.09	71.42	70.23	338.05	12.29	12.57	26.36	223.10	1,024.11
Disposals	-	-	-	-	-	-	19.85	-	19.85
As at 31 March 2018	**630.56**	**162.96**	**156.45**	**1,110.87**	**58.04**	**37.04**	**51.16**	**516.80**	**2,723.87**
Additions during the year	354.78	130.01	78.94	438.21	26.13	28.03	39.62	215.63	1,311.35
Disposals	-	-	-	-	-	-	4.03	-	4.03
Impairment during the year	-	-	-	-	-	-	-	21.77	21.77
As at 31 March 2019	**985.34**	**292.97**	**235.39**	**1,549.08**	**84.17**	**65.07**	**86.75**	**710.66**	**4,009.42**
Accumulated depreciation									
Up to 1 April 2017	53.30	18.06	5.77	84.67	6.91	3.50	3.26	20.54	**196.01**
Charge for the year	115.48	34.55	14.26	162.49	10.88	8.88	6.46	46.13	399.13
Disposals	-	-	-	-	-	-	-	-	-
Up to 31 March 2018	**168.78**	**52.61**	**20.03**	**247.16**	**17.79**	**12.38**	**9.72**	**66.67**	**595.14**
Charge for the year	174.43	61.04	21.76	210.14	14.67	13.85	6.19	60.27	562.35
Adjustments for disposals	-	-	-	-	-	-	0.90	-	0.90
Adjustments for Impairment	-	-	-	-	-	-	-	3.93	3.93
Up to 31 March 2019	**343.21**	**113.65**	**41.79**	**457.30**	**32.46**	**26.23**	**15.01**	**123.01**	**1,152.66**
Net block									
As at 31 March 2019	642.13	179.32	193.60	1,091.78	51.71	38.84	71.74	587.65	2,856.76
As at 31 March 2018	461.78	110.35	136.42	863.71	40.25	24.66	41.44	450.13	2,128.73

This space has been intentionally left blank.

Walker Chandiok & Co. LLP * Hyderabad *

NSPIRA Management Services Private Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ in millions, unless otherwise stated)

4 (a) Intangible assets

	N-Learn application	Trademarks	Non compete fee	Other intangible assets	Total
Gross block					
As at 1 April 2017	-	14.01	11.44	29.28	54.73
Additions during the year	-	-	-		-
As at 31 March 2018	-	**14.01**	**11.44**	**29.28**	**54.73**
Additions during the year	225.93	-	-	-	225.93
As at 31 March 2019	**225.93**	**14.01**	**11.44**	**29.28**	**280.66**
Accumulated amortization					
Up to 1 April 2017	-	3.11	2.29	6.51	11.91
Charge for the year	-	3.11	2.62	6.51	12.24
Up to 31 March 2018	-	**6.22**	**4.91**	**13.02**	**24.15**
Charge for the year	56.48	3.11	2.62	6.51	68.72
Up to 31 March 2019	**56.48**	**9.33**	**7.53**	**19.53**	**92.87**
Net block					
As at 31 March 2019	169.45	4.68	3.91	9.75	187.79
As at 31 March 2018	-	7.79	6.53	16.26	30.58

(b) Intangible assets under development

Intangible assets under development includes the consultancy charges and employee benefit expense incurred. towards the development of accounting software application. Such cost is capitalized on the basis of management's assessment regarding the technical feasibility of the underlying assets, future economic benefits and when the cost to complete is

	Amount
As at 1 April 2017	-
Development cost incurred during the year	259.12
As at 31 March 2018	**259.12**
Development cost incurred during the year	57.32
Less:- Capitalised during the year	(225.93)
As at 31 March 2019	**90.51**

Walker Chandiok & Co. LLP ★ Hyderabad ★

5 Investments

	Face value	As at 31 March 2019	As at 31 March 2018
Unquoted - designated at FVTPL			
Investment in other entities			
Investments in equity shares (fully paid-up)			
Monkeybox Food Tech Private Limited - 6,845 (31 March 2018: 6,845) equity shares of	₹ 10	7.53	7.53
		7.53	**7.53**
-Investment in preference shares (fully paid-up)			
Monkeybox Food Tech Private Limited			
- 883 (31 March 2018: 883)	₹ 1000	1.00	1.00
- 4,771 (31 March 2018: 4,771)	₹ 10	7.50	7.50
		8.50	**8.50**
Total investments		**16.03**	**16.03**
Current		-	-
Non-current		16.03	16.03
Aggregate amount of quoted investments and market value		-	-
Aggregate amount of unquoted investments		16.03	16.03
Aggregate amount of impairment in value of investments		-	-

This space has been intentionally left blank.

NSPIRA Management Services Private Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ in millions, unless otherwise stated)

6 Loans

	As at	
	31 March 2019	31 March 2018
Non-current		
Secured, considered good	-	-
Unsecured, considered good		
Security deposits with related parties (note (i))	3,439.22	3,789.22
Rental and electricity deposits		
-related parties (note (ii))	7.13	20.72
-others	337.62	270.26
Advances to:		
- related parties	-	13.50
-others	2.02	2.60
Significant increase in credit risk	-	-
Credit impaired		
Rental and electricity deposits	33.55	-
Less: Provision of doubtful loans	(33.55)	-
	3,785.99	**4,096.30**
Current		
Secured, considered good	-	-
Unsecured, considered good		
Rental deposits		
-with related parties	4.33	0.84
-with others	25.30	74.53
Advances to related parties	64.55	25.00
Interest accrued on deposits from related parties	340.55	520.49
Other loans to		
- Employees and professionals	24.65	45.02
Significant increase in credit risk	-	-
Credit impaired		
Loans to employees and professionals	64.39	48.87
Less: Provision of doubtful loans	(64.39)	(48.87)
	459.38	**665.88**

Note

(i) Security deposits paid to related parties are in accordance with the terms of Master Service Agreement ('MSA') with related parties for services rendered by the Company and are repayable after the completion of MSA. The deposits carry an interest rate of 9.00% p.a. (31 March 2018: 9.00% p.a).

(ii) Rental deposits paid are on account of the premises taken on lease and the same are repayable after the expiry of the lease period as per the agreement.

(iii) Represents advances given to related parties in relation to a proposed contract at an annual interest rate of 9% (31 March 2018: 9%).

Walker Chandiok & Co. LLP * Hyderabad *

(All amounts in ₹ in millions, unless otherwise stated)

7 Other assets

	As at 31 March 2019	As at 31 March 2018
Non-current		
(Unsecured, considered good)		
Capital advances	29.39	82.36
Payments made under protest*	19.90	8.51
Prepaid expenses	345.66	249.01
	394.95	**339.88**
Current		
(Unsecured, considered good)		
Advances to vendors	99.41	43.09
Prepaid expenses	58.52	59.62
Other advances	4.73	12.21
Balances with government authorities	109.16	51.70
	271.82	**166.62**
Unsecured, considered doubtful	45.81	20.41
Less: Provision of doubtful advances	(45.81)	(20.41)
	271.82	**166.62**

*Payments made under protest includes payments made to income tax and service tax authorities which are pending for disposal.

8 Inventories

	As at 31 March 2019	As at 31 March 2018
Valued at the lower of cost and net realisable value		
Stock-in-trade	395.62	417.44
	395.62	**417.44**

9 Trade receivables

	As at 31 March 2019	As at 31 March 2018
- Secured, considered good	-	-
- Unsecured, receivables considered good		
- from related parties (refer note (i) below)	4,520.91	1,699.69
- from others	99.41	22.45
- receivables with significant increase in credit risk	-	-
-Credit impaired		
- from other	19.83	-
	4,640.15	1,722.14
Less: allowance for trade receivables	(19.83)	-
Trade receivables	**4,620.32**	**1,722.14**

(i) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Trade receivables from related parties represent dues from entities in which a director is a member or where Director has control or significant influence (refer note 36).

(ii) Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

Walker Chandiok & Co LLP
Hyderabad

(All amounts in ₹ in millions, unless otherwise stated)

10 Cash and bank balances

	As at	
	31 March 2019	31 March 2018
Cash and cash equivalents		
Balances with banks		
- On current accounts*	25.72	17.88
Cash on hand	32.17	18.78
	57.89	**36.66**
Bank balances other than above		
- Deposits with banks with maturity period from 3 to 12 months	51.94	259.50

*There are no repatriation restrictions with regard to cash and cash equivalents.

11 Other financial assets

	As at	
	31 March 2019	31 March 2018
Unsecured, considered good		
Current		
Security deposits	-	-
Interest accrued *	0.65	7.48
	0.65	**7.48**

* Financial assets are carried at amortized cost.

This space has been intentionally left blank.

(All amounts in ₹ in millions, except number of shares and debentures)

12 Share capital

	As at			
	31 March 2019		31 March 2018	
	Number	Amount	Number	Amount
Authorized				
Equity shares of series-A ₹10 each	536,999,990	5,370.00	1,000,000	10.00
Equity shares of series-B ₹10 each	10	0.00		
Preference shares of ₹ 2,500 each	452,000	1,130.00	-	-
	537,452,000	**6,500.00**	**1,000,000**	**10.00**
Issued, subscribed and fully paid-up				
Series A equity shares of ₹10 each	350,120,010	3,501.20	50,005	0.50
Series B equity shares of ₹10 each	1	0.00	-	-
Preference shares of ₹2,500 each	450,710	1,126.78	-	-
	350,570,721	**4,627.98**	**50,005**	**0.50**

(a) Reconciliation of equity shares outstanding at the beginning and end of the reporting period

	31 March 2019		31 March 2018	
	Number	Amount	Number	Amount
Series-A				
Balance at the beginning of the year	50,005	0.50	50,000	0.50
Issued during the year	5	0.00	5	0.00
Issue of bonus shares	350,070,000	3,500.70	-	-
Balance at the end of the year	**350,120,010**	**3,501.20**	**50,005**	**0.50**
Series-B				
Balance at the beginning of the year	-	-	-	-
Issued during the year	1	0.00	-	-
Issue of bonus shares	-	-	-	-
Balance at the end of the year	**1**	**0.00**	**-**	**-**

(b) Terms/rights attached to series-A equity shares

The Company has series-A equity shares having a par value of ₹10 per share. Each holder of series-A equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing general meeting. In the event of liquidation of the Company, the holders of series-A equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts in proportion of their shareholding.

(c) Terms/rights attached to series-B equity shares

The Company has series-B equity shares having a par value of ₹10 per share. Each holder of series-B equity shares is not entitled to vote and dividend distributions. In the event of liquidation of the Company, the holders of series-B equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts in proportion of their shareholding.

(d) Details of shareholders holding more than 5% equity shares in the Company

	31 March 2019		31 March 2018	
	Number of shares	% of holding	Number of shares	% of holding
Equity share of ₹10 each				
Series A				
Puneet Kothapa	87,512,500	25.00%	12,500	25.00%
Sindhura Ponguru	148,771,250	42.49%	21,250	42.50%
Sharani Ponguru	113,766,250	32.49%	16,250	32.50%
Series B				
NHPEA Minerva Holdings B.V.	1	100%	-	-

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Walker Chandiok & Co LLP

(All amounts in ₹ in millions, except number of shares and debentures)

12 **Share capital (Continued)**

(e) Pursuant to a proposal by the Board of directors and approval by the shareholders at their meetings held on 9 August 2018 and 11 August 2018, respectively, the company has issued 350,070,000 bonus equity shares of ₹10 each during the year ended 31 March 2019 to its existing equity shareholders in the ratio of 7,000 (Seven thousand) equity shares of 10 each for every 1 (one) fully paid-up equity share of ₹10 each held by them in accordance with the provisions of the Companies Act, 2013. The aforesaid shares has been issued vide capitalisation of the balances of securities premium and General reserve. Consequently, the balance of equity share capital and the aforesaid reserves as at 31 March 2019 has been adjusted to this effect.

13 **Instruments entirely equity in nature**

(a) **Compulsorily convertible debentures ('CCDs')**

	31 March 2019		31 March 2018	
	Number	**Amount**	**Number**	**Amount**
Balance at the beginning of the year	553.00	521.48	-	-
Issued during the year	-	-	553.00	553.00
Less: Transaction cost	-	-	-	(31.52)
Balance at the end of the year	**553.00**	**521.48**	**553.00**	**521.48**

(b) **Compulsorily convertible preference shares ('CCPs')**

	31 March 2019		31 March 2018	
	Number	**Amount**	**Number**	**Amount**
Balance at the beginning of the year	-	-	-	-
Issued during the year	450,710	1,126.78	-	-
Less: Transaction cost	-	(131.57)	-	-
Balance at the end of the year	**450,710**	**995.21**	-	-

(c) **Terms and conditions for conversion of CCDs and CCPS**

During the year ended 31 March 2018, the Company had allotted 553 CCDs of ₹1,000,000 each fully paid-up to certain investors pursuant to the terms of the underlying shareholder's agreement, duly modified on the 26 May 2018. These instruments do not carry any coupon rate.

All of the above CCDs shall be compulsorily convertible into equity shares at the earlier of - (a) the option of the Investor; or (b) Initial Public Offering ('IPO') Conversion Date; (c) prior to the Investor offering to sell its CCDs through offer for sale ('OFS'); or (d) Final Maturity Date. Further, the CCDs shall convert into equity shares in accordance with the terms mentioned in the shareholders' agreement.

(d) The Company has allotted 450,710 CCPS of Rs. 2,500 each fully paid - up. Per the terms and conditions of the shareholders' agreement each holder of Series A CCPS shall be entitled to receive a dividend on each preference share at preferential rate of 0.01% p.a on the rate at which the dividends are declared by the board.

All the CCPs shall be compulsorily convertible into equity shares at the earlier of - (a) the option of the Investor; or (b) upon the expiry of last date of convertible Securities in relation with a QIPO or an Initial Public Offering ('IPO') Conversion Date; (c) CCPS Final Maturity Date. Further, the CCPS shall convert into equity shares in accordance with the terms mentioned in the shareholders' agreement.

(e) **Details of debenture holders and Preference share's holders with more than 5% holding in the Company**

	31 March 2019		31 March 2018	
	Number of debentures	**% of holding**	**Number of debentures**	**% of holding**
CCDs of ₹1,000,000 each				
BanyanTree Growth Capital II, LLC	550	99.46%	550	99.46%
CCPs of ₹2,500 each				
NHPEA Minerva Holdings B.V.	449,760	99.79%	-	-

Walker Chandiok & Co. LLP
Hyderabad

(All amounts in ₹ in millions, unless otherwise stated)

14 Other equity

	As at	
	31 March 2019	31 March 2018
Debenture redemption reserve		
Balance at the beginning of the year	890.00	1,000.00
Less: Transferred to retained earnings	(890.00)	(110.00)
Balance at the end of the year	-	**890.00**
General reserve		
Balance at the beginning of the year	110.00	-
Add: Additions during the year	890.00	110.00
Add: Utilised for issue of bonus shares	(115.98)	-
Balance at the end of the year	**884.02**	**110.00**
Securities premium		
Balance at the beginning of the year	2.00	-
Add: Additions during the year	3,382.72	2.00
Add: Utilised for issue bonus shares	(3,384.72)	-
Balance at the end of the year	-	**2.00**
Capital reserve on account of business combination		
Balance at the beginning and end of the year	2.47	2.47
Retained earnings-Surplus in the statement of profit and loss		
Balance at the beginning of the year	1,399.53	227.78
Add: Profit for the year	1,210.03	1,171.75
Balance at the end of the year	**2,609.56**	**1,399.53**
Other comprehensive income		
(i) Actuarial gain/(loss) on post employment benefits		
At the beginning of the year	2.50	0.99
for the year	(15.76)	1.51
At the end of the year	**(13.26)**	**2.50**
Total other equity	**3,482.79**	**2,406.50**

Debenture redemption reserve

Represents the reserve created out of the profits of the company in accordance with the provision of the Companies (Share capital and Debentures) Rules, 2014 (as amended) in relation to the redemption value of the outstanding debentures.

Securities premium

The amount received in excess of face value of the equity shares and Compulsorily convertible preference shares is recognised in securities premium reserve. This reserve is utilised in accordance with the provisions of the Act.

General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

Business combination reserve

The reserve represents the consideration paid in excess of the net assets acquired from Narayana Learning Private Limited (NLPL) on account of slump sale.

Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distribution to shareholders.

Walker Chandiok & Co LLP
Hyderabad

(All amounts in ₹ in millions, unless otherwise stated)

14 Other equity (continued)

Actuarial gain/(loss) on employment benefits

The reserve represents the remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit obligations of the Company. The remeasurement gains/(losses) are recognized in other comprehensive income and accumulated under this reserve within equity. The amounts recognized under this reserve are not reclassified to statement of profit and loss.

15 Borrowings

	As at	
Non-current borrowings	**31 March 2019**	**31 March 2018**
Secured		
Debentures		
- (31 March 2018: 3,560) non-convertible debentures of ₹1,000,000 each (refer note a)	-	3,779.48
Term loans from		
- Banks (refer note b)	2,730.92	1,250.00
Vehicle loans from		
- Banks (refer note c)	6.72	5.99
- Financial institutions (refer note c)	49.74	28.19
Total non-current borrowings	**2,787.38**	**5,063.66**
Less: Current maturities of long-term borrowings (refer note 17)	704.20	1,319.08
	2,083.18	**3,744.58**

a) Terms and conditions of non-convertible debentures and nature of security

(i) The Company has outstanding Nil (31 March 2018: 2,560) first series non-convertible debentures and Nil (31 March 2018: 1,000) second series non-convertible debentures (collectively 'NCDs') of the face value of ₹ 1,(each issued on 22 January 2016 to a consortium of investors which are secured, rated, redeemable and transferable.

(ii) The NCDs are secured by way of first charge on all the present and future assets of the Company and a first charge over Intellectual Property Rights including the Brand and the Copyrighted content owned by the Company. Further, the shareholders of the Company have pledged 100% of the issued, subscribed and fully paid-up equity share capital of the Company, on a fully diluted basis, respectively. The repayment of these NCDs have been guaranteed by Narayana Educational Society ('NES').

(iii) The first series NCDs were originally redeemable in 4 quarterly instalments of ₹110.00 million each beginning from 30 June 2017, 8 quarterly instalments of B80270.00 million each beginning from 30 June 2018 and a final instalment of ₹400.00 million on 30 June 2020. The second series NCDs were mandatorily redeemable vide a single bullet payment on 30 September 2020, or on 30 September 2021, with the unanimous consent of the debenture holders, at a premium of 82% of the face value of the Debentures.

(iv) The first series NCDs had coupon rate of 13.50% per annum (31 March 2018: 13.50% p.a.) and the second series NCDs had a coupon rate of 12.00% per annum (31 March 2018: 12.00% p.a.) payable on a quarterly basis.

(v) However, pursuant to a communication with the debenture holders, these first and second series NCDs were redeemed by the Company for an aggregating value, including the redemption premium on second series NCDs, of ₹ 3,570.00 million.

Walker Chandiok & Co LLP Hyderabad

This space has been intentionally left blank.

NSPIRA Management Services Private Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ in millions, unless otherwise stated)

15 Borrowings (continued)

b) Terms and conditions of secured term loans and nature of security

1 (i) Term loan from Karur Vysya Bank (KVB) amounting to ₹1,071.42 million (31 March 2018: ₹1,250.00 million,) is secured:

(a) primarily by way of demand promissory note;

(b) by collateral securities on the immovable properties, as specified in the term loan agreement, pertaining to:

- land and engineering college building at Nellore which is in the name of Narayana Educational Society ('NES');
- land and buildings at Nellore which is in the name of Mrs. P. Ramadevi;
- vacant land beside Narayana Hospital Nellore which is in the name of NES;
- existing properties of Mrs. P. Indira, Dr. P. Narayana, Dr. P. Sindhura, and Mrs. P. Ramadevi which are mortgaged against loans availed by NES; and

(c) corporate guarantee of NES, and personal guarantee of Dr. P. Narayana, Mrs. P. Ramadevi, Mrs. P. Indira, Dr. P. Sindhura, Mr. Puneet Kothapa, and Mrs. P. Sharani.

(ii) Term loan carries an interest at the rate of 0.90% above lenders prime lending rate i.e. 10.25% p.a. (31 March 2018: 9.35% p.a.). Interest rate is floating which is linked to lenders prime lending rate.

(iii) Term loan is repayable in 14 equal half yearly instalments commencing from 30 June 2018.

(2) (i) Term loan from Hero fincorp limited ('HFCL') amounting to ₹1,659.49 million (31 March 2018: nil,) is secured by way of:

(a) First exclusive charge on the entire fixed, non-current and current assets of the Company (both present and future, including lien on security deposits, immoveable and movable assets excluding equipment's funded by equipment lenders)

(b) Exclusive first charge overall intangible assets/ Education Infrastructure (including brand & copyrighted content)/ Intellectual Property Rights ('IPR') of the company

(c) Pledge (on fully diluted basis) of 16% of the equity shares of the company held by the promoters along with a non-disposal undertaking ('NDU') (with HFCL as beneficiary) for additional 10% of equity shares held by the promoters stating that in case of any default, the lender will have a right to create pledge on an aggregate of 26% equity shares of the company held by the promoters.

(d) Personal Guarantee of Promoter(s) (Mr. Puneet Kothapa, Mrs. P. Sindhura)

(e) Corporate Guarantee of Narayana Educational Society.

(ii) Term loan carries an interest at the rate of 0.90% above lenders prime lending rate i.e. 12.60% p.a. (31 March 2018: Nil). Interest rate is floating which is linked to lenders prime lending rate.

(iii) term loan is repayable in 36 equal monthly instalments commencing from 15 March 2019.

c) Terms and conditions of secured vehicle loans and nature of security

Vehicle loans availed from banks and financial institutions are fully secured by way of hypothecation of specific vehicles against which the loan is availed. These loans carry an annual interest rate in the range of 8.00 % p.a. to 10.15 % p.a. (31 March 2018: 8.00% to 10.51% p.a.).

d) Maturity profile of long-term borrowings:

	As at	
	31 March 2019	**31 March 2018**
Within 1 year	704.20	1,319.08
1 - 2 years	767.93	1,315.38
2 - 5 years	1,136.65	2,295.27
More than 5 years	178.60	133.93
	2,787.38	**5,063.66**

Walker Chandiok & Co. LLP
Hyderabad

(All amounts in ₹ in millions, unless otherwise stated)

15 **Borrowings** (continued)

(e) **Net debt reconciliation**

	Non-current borrowings	Interest accrued
Net debt as on 1 April 2018	**4,079.85**	-
Cash flows	804.82	-
Redemption premium accrued on NCD's	178.99	-
Interest expenses	-	778.79
Interest paid	-	(767.91)
Net debt as on 31 March 2018	**5,063.66**	**10.88**
Cash flows	1,503.22	-
Redemption of debentures	(3,560.00)	-
Interest expenses	-	859.09
Interest paid	-	(1,089.47)
Adjustments*	(219.50)	219.50
Net debt as on 31 March 2019	**2,787.38**	**-**

*Represents gain on modification of terms of the redemption of the debentures

16 **Provisions**

	As at 31 March 2019	As at 31 March 2018
Non-current		
Provision for employee benefits, unfunded		
- Gratuity, unfunded (refer note 23(b))	50.52	26.76
- Compensated absences	2.38	3.35
Other provisions	-	5.26
	52.90	**35.37**
Current		
Provision for employee benefits, unfunded		
- Gratuity, unfunded (refer note 23(b))	1.13	-
- Compensated absences	1.73	0.45
	2.86	**0.45**

17 **Other financial liabilities**

	As at 31 March 2019	As at 31 March 2018
Non-Current		
Security deposits from others	11.22	4.50
	11.22	**4.50**
Current		
At amortised cost		
Current maturities of long-term borrowings (refer note 15)	704.20	1,319.08
Creditors for capital expenditure	170.64	130.77
Creditors for expenses	138.54	113.20
Dues to employees	347.85	245.20
Dues to students	15.93	5.34
Interest accrued	-	10.88
Payable to related parties	13.27	330.92
Book overdraft	4.79	-
	1,395.22	**2,155.39**

Walker Chandiok & Co LLP
Hyderabad

(All amounts in ₹, in millions unless otherwise stated)

18 Other current liabilities

	As at 31 March 2019	As at 31 March 2018
Statutory liabilities	77.20	84.91
Unearned revenue (a)	59.75	70.42
Advances from customers	163.23	177.11
	300.18	**332.44**

(a) Unearned revenue

	As at 31 March 2018
Balance at the beginning of the year	70.42
Invoiced during the year	1,393.62
Revenue recognized during the year	1,404.29
Balance at the end of the period	**59.75**

19 Revenue from operations

	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from contracts with customers:		
(a) Sale of services		
- Admission support services	1,919.68	1,632.33
- Infrastructure management services	863.33	800.08
- Housekeeping services	723.22	674.77
- Examination support services	652.95	541.10
- Administrative services	403.48	341.13
- Security services	283.91	236.22
- Catering services	1,392.67	1,407.43
- Hostel services	2,074.93	1,453.41
- Coaching fee	1,393.88	1,071.66
- Vehicle maintenance services	127.20	107.66
- Teacher assistance services	4.66	-
- Printing services	125.46	124.74
- Lease of assets (refer note 34)	297.88	195.82
- Academic event management services	38.16	33.08
- Subscription fee	139.06	-
(b) Sale of products		
Sale of stock-in-trade - others	2,330.73	2,073.57
Other operating revenue		
Interest income on deposits with related parties	312.37	335.43
	13,083.57	**11,028.43**

	For the year ended 31 March 2019
Contracted price	13,083.57
Adjustment:-	
Reductions towards variable consideration components	-
Revenue recognised	**13,083.57**

Walker Chandiok & Co LLP
Hyderabad

(All amounts in ₹, in millions unless otherwise stated)

19 Revenue from operations (Continued)

Unsatisfied Performance Obligations in Coaching revenue

Revenue is recognised upon transfer of control of products or services to customer.

The aggregate value of transaction price allocated to unsatisfied (or partially satisfied) performance obligations in case of contracts for which revenues are recorded over a period of time is ₹ 59.75 million, which is expected to be fully recognised as revenue in the next year. Further, amount of ₹ 70.42 million, representing the value of the transaction price allocated to unsatisfied to performance obligations as at 31 March 2018 has been recognised as revenue during the year.

Disaggregation of revenue

	For the year ended 31 March 2019
Total revenue from contract with customers	13,083.57
Timing of revenue recognition	
-Services transferred at a point in time	1,442.82
-Services transferred over time	11,640.75

Refer note 35 for segment wise details of the Company's revenue.

20 Other income

	For the year ended	
	31 March 2019	31 March 2018
Interest income on financial assets measured at amortised cost	40.63	41.27
Other non-operating income		
-Dividend income	113.25	0.79
-Miscellaneous income	30.17	39.45
	184.05	**81.51**

21 Purchases of stock-in-trade

	For the year ended	
	31 March 2019	31 March 2018
Purchases of stock-in-trade	2,181.93	2,037.92
	2,181.93	**2,037.92**

This space has been intentionally left blank

Walker Chandiok & Co LLP Hyderabad

(All amounts in ₹, in millions unless otherwise stated)

22 Changes in inventories of stock-in-trade

	For the year ended	
	31 March 2019	31 March 2018
Opening balance	417.44	325.30
Closing balance	395.62	417.44
	21.82	**(92.14)**

23 Employee benefits expense

	For the year ended	
	31 March 2019	31 March 2018
Salaries and wages	3,028.13	2,680.10
Contribution to provident and other funds	134.56	150.23
Staff welfare expenses	1.38	8.16
Gratuity and leave encashment expense	4.18	16.94
	3,168.25	**2,855.43**

(a) Defined contribution plan

During the year ended 31 March 2019, the Company has contributed ₹89.30 million (31 March 2018: ₹89.53 million) towards provident fund and ₹59.97 million (31 March 2018: ₹60.70 million) towards Employees' State Insurance.

(b) Defined benefit plan

(i) The Company has an unfunded defined plan, viz. gratuity for its employees. Every employee who has completed five years or more of services gets a gratuity on departure at 15 days salary (last drawn monthly basic salary) for each completed year of service subject to a limit prescribed under the Gratuity Act, 1972.

The amounts recognized in the statement of profit and loss are as follows:

	For the year ended 31 March	
	31 March 2019	31 March 2018
Current service cost	7.27	12.79
Past service cost	-	-
Net interest cost	1.85	1.24
Total amount recognised in the statement of profit and loss	**9.12**	**14.03**

The amounts recognized in the other comprehensive income are as follows:

	For the year ended 31 March	
	31 March 2019	31 March 2018
Actuarial gain/(loss)	(15.76)	2.30
Total amount recognised in the other comprehensive income	**(15.76)**	**2.30**

Changes in present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

	As at 31 March	
	31 March 2019	31 March 2018
Present value of defined benefit obligation at beginning of the year	26.75	10.42
Current service cost	7.27	12.79
Past service cost	-	-
Interest cost	1.85	1.24
Benefits paid	-	-
Re-measurement of actuarial loss on obligation	15.76	2.30
Present value of defined benefit obligation at end of the year	**51.63**	**26.75**

Walker Chandiok & Co LLP Hyderabad

(All amounts in ₹, in millions unless otherwise stated)

23 Employee benefits expense (continued)

The assumptions used in accounting for gratuity plan are set out as below:

	As at 31 March	
	31 March 2019	**31 March 2018**
Discount rate	7.10%	7.52%
Retirement age	60 years	60 years
Salary escalation	5.00%	1.00%
Attrition rate	80% for service less than 4 years and 2% for others	25.00%
Mortality rate (% of IALM 06-08)	100%	100%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. The Company evaluates these assumptions annually based on its long-term plans of growth and industry standards.

Impact on defined benefit obligation

	As at 31 March	
Assumptions	**31 March 2019**	**31 March 2018**
Sensitivity level		
- Discount rate : 1.00% increase	(6.07)	2.71
- Discount rate : 1.00% decrease	7.28	(2.28)
- Future salary : 1.00% increase	7.08	4.01
- Future salary : 1.00% decrease	(6.02)	(3.29)

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

(ii) The Company provides for accumulation of compensated absences by certain categories of its employees. These employees can carry forward a portion of the unutilised compensated absences and utilise it in future periods or receive cash in lieu thereof as per the Company's policy. The Company records a liability for compensated absences in the period in which the employee renders the services that increases this entitlement.

24 Finance costs

	For the year ended	
	31 March 2019	**31 March 2018**
Interest expense:		
-on financial liabilities measured at amortized cost*	859.11	778.79
-on statutory dues	19.25	-
	878.36	**778.79**

*Duly adjusted for gain on modification of terms of the redemption of the debentures to the tune of ₹ 219.50 millions (31 March 2018:Nil)

Walker Chandiok & Co. LLP * Hyderabad *

(All amounts in ₹, in millions unless otherwise stated)

25 Operating expenses

	For the year ended	
	31 March 2019	31 March 2018
Water charges	136.87	120.47
Security services	202.24	166.01
Power and fuel	222.40	194.76
Expenses for admission support services	823.58	549.58
Repairs and maintenance		
- Building	788.81	622.22
- Electrical equipment	77.55	72.34
- Vehicle	77.47	43.26
- Mess	77.98	95.05
- Others	106.25	79.65
Transportation charges	151.55	140.86
Rates and taxes	39.87	-
Corporate Social Responsibility (CSR) expenses (refer note (a) below)	31.37	14.50
Consultancy charges	117.10	85.85
Communication expenses	57.39	46.56
Functions and celebrations	103.03	88.15
Legal and professional fees	98.77	74.35
Rent expense	1,143.56	803.58
Printing and stationary	76.10	89.28
Provision for doubtful advances	94.30	20.41
Insurance charges	25.31	14.51
Bank charges	10.64	6.67
Impairment on Property, plant and equipment	17.84	-
Payments to auditor		
- As auditor	3.52	3.00
- Other services	-	-
Miscellaneous expenses	37.76	9.70
	4,521.26	3,340.76

a) Details of CSR expenditure

	For the year ended	
	31 March 2019	31 March 2018
Total amount to be spent for the financial year	23.30	11.45
Amount spent during the year	31.37	14.50
Amount unspent	-	-

Walker Chandiok & Co LLP
Hyderabad

(All amounts in ₹ in millions, unless otherwise stated)

26 Income taxes

(a) Income tax expense recognised in the statement of profit or loss

Statement of profit and loss	For the year ended 31 March 2019	For the year ended 31 March 2018
Current taxes	677.35	727.81
Deferred taxes	(22.45)	(121.95)
	654.90	**605.86**

(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2019

	For the year ended 31 March 2019	For the year ended 31 March 2018
Accounting profit before tax	1,864.93	1,777.61
Accounting profit before tax after adjustment	**1,864.93**	**1,777.61**
At India's statutory income tax rate of 34.94% (31 March 2018: 34.61%)	645.41	615.20
Permanent disallowances	10.86	-
Other adjustments	(1.37)	(9.34)
At the effective income tax rates of 34.94% (31 March 2018: 34.61%)	**654.90**	**605.86**
Income tax expense reported in the statement of profit and loss	654.90	605.86

27 Deferred tax assets / (liabilities), net

	As at 31 March 2019	As at 31 March 2018
The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities are as follows:		
Property, plant and equipment	80.31	26.25
Borrowings	-	75.96
Fair valuation of security deposits	7.44	2.88
Employee benefits	19.49	12.40
Provision for doubtful advances	40.09	7.07
Others	11.78	12.10
	159.11	**136.66**

This space has been intentionally left blank.

Walker Chandiok & Co LLP
Hyderabad

(All amounts in ₹ in millions, except number of equity shares and EPES)

27 Deferred tax assets / (liabilities), net (continued)

Reconciliation of deferred tax assets at the beginning and end of the year:

	Property, plant and equipment	Borrowings	Fair valuation of security deposits	Provision for doubtful advances	Employee benefits	Others	Total
As at 1 April 2017	**(19.59)**	**14.01**	**(0.08)**	**-**	**4.23**	**16.13**	**14.70**
(Charged) / credited							
- to profit or loss	45.84	61.95	2.96	7.07	8.17	(4.03)	121.96
- to OCI	-	-	-	-	-	-	-
As at 1 April 2018	**26.25**	**75.96**	**2.88**	**7.07**	**12.40**	**12.10**	**136.66**
(Charged) / credited							
- to profit or loss	54.06	(75.96)	4.56	33.02	7.09	(0.32)	22.45
- to OCI	-	-	-	-	-	-	-
As at 31 March 2019	**80.31**	**-**	**7.44**	**40.09**	**19.49**	**11.78**	**159.11**

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set-off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

In assessing the realisability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

28 Earnings per equity share ('EPES')

	For the year ended	
	31 March 2019	**31 March 2018**
Profit attributable to equity holders	**1,210.03**	**1,171.75**
Weighted average number of equity shares in calculating basic and diluted EPES	415,274,255	351,885,913
Earnings per equity share (EPES)		
Basic EPES (In absolute ₹ terms)	2.91	3.33
Diluted EPES (In absolute ₹ terms)	2.91	3.33

Earnings per share and number of share outstanding for the year ended 31 March 2018 have been proportionately adjusted for the issue bonus equity shares (refer note 12(e)).

Walker Chandiok & Co LLP * Hyderabad *

(All amounts in ₹ in millions, unless otherwise stated)

29 Fair value hierarchy of financial assets and financial liabilities

As at 31 March 2019	FVTPL	Amortised cost
Financial assets		
Investments	16.03	-
Loans	-	4,245.37
Trade receivables	-	4,620.32
Cash and cash equivalents	-	57.89
Bank balances other than above	-	51.94
Other financial assets	-	0.65
Financial liabilities		
Borrowings	-	2,787.38
Trade payables	-	933.36
Other financial liabilities	-	702.24
As at 31 March 2018		
Financial assets		
Investments	16.03	-
Loans	-	4,762.18
Trade receivables	-	1,722.14
Cash and cash equivalents	-	36.66
Bank balances other than above	-	259.50
Other financial assets	-	7.48
Financial liabilities		
Non-current borrowings	-	5,063.66
Trade payables	-	930.96
Other financial liabilities	-	840.81

Fair value of the above financial instruments is categorised into Level 3 in a fair value hierarchy based on the inputs used in valuation techniques.

(i) The management assessed that the balance of cash and cash equivalents, bank balances, trade and other receivables, trade and other payables, and other current financial assets and other current financial liabilities approximate their fair values largely due to the short-term maturities of these instruments, and

(ii) In respect of the balance of non-current financial assets and liabilities in the nature of loans and borrowings, the management has assessed the carrying value of these assets and liabilities approximates to the fair value mainly due to the interest rates which are at the market rate or linked to the market rate, as the case maybe.

(iii) In respect of the fair valuation of the long term investments, the management has assessed that the carrying value does approximate the fair value. The management uses a discounted cash flow method method to arrive at the fair value.

30 Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

Walker Chandiok & Co LLP Hyderabad

(All amounts in ₹ in millions, unless otherwise stated)

30 Financial risk management objectives and policies (continued)

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Company comprises primarily of interest risk. Financial instruments affected by market risk include deposits with banks, loans and borrowings. The sensitivity analysis in the following sections relate to the position as at 31 March 2019 and 31 March 2018.

The following assumptions have been made in calculating the sensitivity analysis:

(1) The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2019 and 31 March 2018.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. Further, the Company is not exposed to significant interest rate risk on loans and investments in deposits with banks as these are at fixed rates. The Company's variable rate borrowing is subject to interest rate risk. Below is the details of exposure to variable rate instruments:

Particulars	As at	
	31 March 2019	31 March 2018
Variable rate instruments		
Financial liabilities	2,730.92	1,250.00

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars*	As at	
	31 March 2019	31 March 2018
Interest rates increase by 100 basis points	27.31	12.50
Interest rates decrease by 100 basis points	(27.31)	(12.50)

* Holding all other variables constant

30 Financial risk management objectives and policies (continued)

(b) Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligation as agreed. Credit risk primarily arises from financial assets such as trade receivables, other balance with banks, loans and other receivables.

Trade Receivables: - The maximum exposure to credit risk is primarily from trade receivable. The company periodically assesses the credit quality of counter parties, taking into the financial condition, current economic trends, past experiences and other factors.

The company has a well-defined sale policy to minimize its risk or credit defaults. Outstanding receivables are regularly monitored and assessed. Impairment analysis is performed based on historical data at each reporting date on an individual basis.Financial assets are written off when there is no reasonable expectation of recovery, such as customer failing to engage in a repayment plan with the company.

Where financial assets have been written off, the company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in Profit or loss.

Walker Chandiok & Co. LLP * Hyderabad *

(All amounts in ₹ in millions, unless otherwise stated)

30 Financial risk management objectives and policies (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected cash flows.

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

	As at	
	31 March 2019	31 March 2018
Less than 1 year		
- Borrowings	704.20	1,319.08
- Trade payables	933.36	930.96
- Other financial liabilities	702.24	840.81
1 to 2 years		
- Borrowings	779.15	1,319.88
2 to 5 years		
- Borrowings	1,136.65	2,295.27
More than 5 years		
- Borrowings	178.60	133.93

31 Capital management

Capital includes equity capital, instruments entirely equity in nature and all other reserves attributable to the equity holders of the parent. The primary objective of the capital management is to ensure that it maintain an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder's value. The company manages its capital structure and make adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, company may adjust the dividend payment to shareholders return capital to shareholders or issue new shares.

The Company monitors capital using a debt to capital employed ratio which is debt divided by total capital plus debt. The Company's policy is to keep this ratio at an optimal level to ensure that the debt related covenants are complied with.

	As at	
	31 March 2019	31 March 2018
Total borrowings (note 15)	2,787.38	5,063.66
Less: Cash and bank balances (note 10)	(109.83)	(296.16)
Net debt	**2,677.55**	**4,767.50**
Equity	8,500.68	2,928.48
Total capital	**8,500.68**	**2,928.48**
Capital and net debt	**11,178.23**	**7,695.98**
Gearing ratio	**23.95%**	**61.95%**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018.

Walker Chandiok & Co LLP Hyderabad

(All amounts in ₹ in millions, unless otherwise stated)

32 Commitments

	As at	
	31 March 2019	**31 March 2018**
Estimated amount of contracts amounting to be executed on capital account and not provided for (net of advances)	566.64	153.01

33 Contingent liabilities and pending litigations

Claims against the Company not acknowledged as debts in respect of :

Financial year	As at	
service tax matters	**31 March 2019**	**31 March 2018**
-2011-2012 (refer note-1)		
-2012-2013 (refer note-1)	23.44	23.44
-2013-2014 (refer note-1)	45.92	45.92
-2014-2015 (refer note-1)	42.36	42.36
-2011-2012 to 2014-2015 (refer note-1)	65.16	65.16
-2015-16 to 2016-17 (refer note-1)	37.73	37.73
-2015-16 (refer note-2)	23.02	-
Income tax matters	7.45	-
2015-16 (refer note-3)		
Others legal matters	49.79	-
2018-19		
Compliance with the Employees provident fund act and	3.44	-
miscellaneous Act, 1952 (refer note-4)	Not ascertainable	-

Notes:

1. The Company had received various demands from service tax authorities, in respect of its coaching business which is acquired from NLPL, for sums aggregating to ₹237.62 million (31 March 2018: 214.60 million) for the above mentioned financial years. Management has filed necessary appeals against the demands with the Customs, Excise and Service Tax Appellate Tribunal ("CESTAT"), Bangalore and Guntur, aggregating to ₹176.87 and ₹60.75 million, respectively, which are pending for disposal as at balance sheet date. However, on the basis of its internal assessment, the management is confident of these cases being settled in favour of the Company and accordingly do not foresee any adjustments to these financial statements in this regard.

2. The Company received demands from service tax authorities, in respect of its academic events services providing to its customers, for a amount of ₹7.45 million (31 March 2018: Nil) for the above mentioned financial year. Management has filed necessary appeals against the demands with the Customs, Excise and Service Tax Appellate Tribunal ("CESTAT"), Hyderabad, which are pending for disposal as at balance sheet date. However, on the basis of its internal assessment, the management is confident of these cases being settled in favour of the Company and accordingly do not foresee any adjustments to these financial statements in this regard.

3. Pursuant to the income tax assessment for the year mentioned above, the Company had received demand from the income tax authorities in relation to the inadmissibility of certain expenditure in accordance with the provisions of the income tax law. The management has filed necessary appeals against the said demand with the concerned appellate authorities which is pending for disposal as at 31 March 2019.

4. The Honble Supreme Court of India ("SC") by their order dated 28 February 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal. In view of the management, the liability for the period from date of the SC order to 31 March 2019 is not significant. Further, pending decision on the subject review petition and directions from the EPFO, the impact for the past period, if any, is not ascertainable and consequently no effect has been given in the accounts. Accordingly, this has been disclosed as a Contingent liability in the financial statements.

Walker Chandiok & Co LLP * Hyderabad *

(All amounts in ₹ in millions, unless otherwise stated)

34 Leases

(a) As a lessor

Pursuant to the terms of the Master Service Agreement (MSA), the Company has leased certain assets to its related parties. The lease income recognised in the Statement of Profit and Loss during the year ended 31 March 2019 is ₹297.88 million (31 March 2018: ₹195.82 million). These leases are subject to renewal on a yearly basis in accordance with the terms of the MSA.

(b) As a lessee

Operating leases

The Company's significant leasing arrangements are in respect of non-cancellable and cancellable operating leases for premises. Rental expenses under those leases for the year ended 31 March 2019 aggregates to ₹1,143.56 million (31 March 2018: ₹803.58million).

The Company's future minimum lease obligations under the operating lease arrangements is as given below:

	As at	
	31 March 2019	**31 March 2018**
Not later than one year	923.40	794.21
Later than one year and not later than five	2,874.68	2,320.56
Later than five years	2,609.04	2,385.81

Note: As at 31 March 2019, the Company had entered into certain cancellable lease agreement for the lease of premises against which security deposits have already been made. However, as the underlying premises is in the process of being constructed and considering that the arrangements are cancellable, the rental amounts as per the aforesaid arrangements have not been considered for the purposes of the above disclosure.

35 Segment reporting

Management has assessed its reportable segments in accordance with the requirements of Ind AS 108 'Operating Segments' and has assessed that the Company has presently only one reportable segment namely "provision of education and education support services". The Company provides all of its services within India and to one customer group and all the non current assets are located in India. The Company has considered all entities under common control as a single customer in accordance with Ind AS 108.

During the year ended 31 March 2019, the Company has one customer with revenue of ₹9,366.89 million (31 March 2018: ₹7,687.27 million) representing 73% (31 March 2018: 72%) of the total revenue of the Company.

36 Related party disclosures

(a) Names of the related parties and nature of relationship

Names of related parties	Nature of relationship
Puneet Kothapa	Key Managerial Personnel ('KMP')
Ponguru Sindhura	Key Managerial Personnel ('KMP')
Sambashiva Sastry Kambhampati	Key Managerial Personnel ('KMP')
Ponguru Sharani	Key Managerial Personnel ('KMP')
Ravi Teja Ganta	Shareholder with significant influence
Ponguru Indira	Relative of the above shareholder
Ponguru Narayana	Relative of the KMP
Ponguru Ramadevi	Relative of the KMP
Late Nishith Narayana Ponguru (up to 10 May 2017)	Relative of the KMP
Narayana Educational Society	Entities in which a KMP has significant influence
Narayana Learning Private Limited	Entities in which a KMP has significant influence
Rama Narayana Education Trust	Entities in which a KMP has significant influence
Narayana Educational Trust	Entities in which a KMP has significant influence
Narayana Education Trust	Entities in which a KMP has significant influence
Greatest Common Factor Private Limited	Entities in which a KMP has significant influence

Walker Chandiok & Co. LLP * Hyderabad *

NSPIRA Management Services Private Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ in millions, unless otherwise stated)

36 Related party disclosures (continued)

(b) Transactions with related parties

	For the year ended	
	31 March 2019	**31 March 2018**
Narayana Educational Society		
Sale of services	7,445.59	6,147.30
Sale of goods	1,613.39	1,320.93
Security deposit given / (repaid)	-	1,098.62
Interest earned on security deposit	278.03	250.24
Advances given	964.6	1,163.05
Reimbursement of security deposits	111.38	467.25
Collections made on behalf of Nspira	4,309.84	1,717.49
Reimbursement of expenditure	196.32	146.71
Narayana Education Trust		
Sale of services	186.86	159.08
Sale of goods	26.42	-
Interest earned on security deposit	22.50	22.59
Advances given	-	27.50
Collections made on behalf of Nspira	76.64	76.13
Reimbursement of expenditure	7.51	9.07
Reimbursement of security deposits	1.65	-
Rama Narayana Education Trust		
Sale of services	126.68	-
Interest earned on security deposit	2.25	2.25
Reimbursement of expenditure	-	2.55
Collections made on behalf of Nspira	-	59.30
Narayana Educational Trust		
Sale of services	83.69	59.97
Sale of goods	10.94	-
Security deposit repaid	-	(2.09)
Interest earned on security deposit	9.00	9.00
Reimbursement of expenditure	16.50	10.16
Collections made on behalf of Nspira	54.19	26.69
Collections made by Npsira on behalf of	1.77	-
Narayana Learning Private Limited		
Purchase consideration of coaching business on account of slump sale	-	72.50
Rent	65.19	48.89
Greatest Common Factor Private Limited		
Advances given	37.50	13.50
Revenue share	41.15	-
Puneet Kothapa		
Remuneration	7.50	7.50
Advances given	-	-
Sindhura Ponguru		
Remuneration	7.50	7.50
Rent	6.50	5.85
Ponguru Sharani		
Remuneration	7.50	7.50
Rent	1.51	1.13

Walker Chandiok & Co LLP

Hyderabad

(All amounts in ₹ in millions, unless otherwise stated)

36 Related party disclosures (continued)

	For the year ended	
	31 March 2019	31 March 2018
Late Nishith Narayana Ponguru		
Remuneration	-	1.88
Ravi Teja Ganta		
Remuneration	7.50	7.50
Sambashiva Sastry Kambhampati		
Remuneration	4.88	4.88
Issue of CCPs	2.00	-
Ponguru Narayana		
Rent	23.14	20.83
Ponguru Ramadevi		
Rent	21.38	18.69
Ponguru Indira		
Rent	2.90	2.59

(c) **Balances receivable/(payable)**

	As at 31 March	
	2019	2018
Narayana Educational Society	7,654.90	5,119.14
Narayana Education Trust	438.55	327.15
Rama Narayana Education Trust	117.55	67.86
Narayana Educational Trust	114.67	116.52
Narayana Learning Private Limited	(4.78)	84.50
Greatest Common Factor Private Limited	36.85	13.50
Puneet Kothapa	0.67	1.10
Ponguru Sindhura	1.89	2.21
Ponguru Sharani	0.20	0.93
Ravi Teja Ganta	(0.44)	-
Ponguru Ramadevi	(0.82)	6.72
Ponguru Narayana	(2.71)	3.52
Ponguru Indira	1.36	1.58
Sambashiva Sastry Kambhampati	(0.34)	(0.34)

(d) 100% of the issued, subscribed and fully paid-up equity share capital of the Company on a fully diluted basis have been pledged by the shareholders with the holders of NCDs. Further, repayment of the NCDs, term loans taken from KVB, HCFL has been guaranteed by Narayana Educational Society.

Further, Puneet Kothapa, Sindhura Ponguru and Sharani Ponguru have pledged 16% of the issued, subscribed and fully paid up-equity shares of the company held by them wth HFCL in respect of loans taken from it, along with a non-disposal undertaking ('NDU') (with HFCL as beneficiary) for additional 10% of equity shares held by them. In the event of any default in repayment of the aforesaid loan, HFCL will have a right to create pledge on the aggregate of 26% equity shares of the company held by the aforesaid shareholders.

Walker Chandiok & Co. LLP
Hyderabad

37 Based on the information available with the Company, as at 31 March 2019, there are no suppliers who are registered as micro and small enterprises under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration Number: 001076N/N500013

Sanjay Kumar Jain
Partner
Membership No. 207660

Walker Chandiok & Co. LLP * Hyderabad *

Place: Hyderabad
Date: 14 June 2019

For and on behalf of the Board of Directors of
NSPIRA Management Services Private Limited

Puneet Kothapa
Managing Director
DIN: 06909621

Sindhura Ponguru
Director
DIN: 02755981

Sambashiva Sastry Kambhampati
Chief Financial Officer and Executive Director
DIN: 03642199

Place: Hyderabad
Date: 14 June 2019