

Capital18 Fincap Private Limited

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CAPITAL18 FINCAP PRIVATE LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Capital18 Fincap Private Limited, ("the company"), which comprises the Balance Sheet as at 31 March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit/loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (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 statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

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- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors of the Company as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.
 - 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 Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any material foreseeable losses on long term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Mohan L Jain & Co**
Chartered Accountants
Firm Registration No. 005345N

Mohan Lal Jain
Partner
Membership No. 084190

Place: New Delhi
Date: 11th April 2016

“ANNEXURE – A” TO THE INDEPENDENT AUDITOR’S REPORT

“ANNEXURE –A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENT OF CAPITAL18 FINCAP PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **Capital18 Fincap Private Limited** (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Mohan L Jain & Co**
Chartered Accountants
Firm Registration No. 005345N

Mohan Lal Jain
Partner
Membership No. 084190

Place: New Delhi
Date: 11th April 2016

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

To the Members of Capital18 Fincap Private Limited

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016.

On the basis of such checks as we considered appropriate 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, we report that:

(i) Fixed assets:

- (a) The Company does not have any fixed assets. Accordingly, the provisions of clause (i) of the Order are not applicable to the Company.

(ii) Inventories:

- (a) The Company does not have any inventory at any time during the year. Accordingly, the provisions of paragraph 3 (ii) of the Order are not applicable to the Company.

(iii) Granting of loans to certain parties:

- (a) According to the information and explanations given to us, the Company has granted loan to one company covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (b) In the case of the loans granted to the company listed in the register maintained under section 189 of the Act, the terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand.
- (c) In respect of the aforesaid loans, closing balance at the end of the year was Rs 74,070,802/- (including interest).

(iv) Loans and investments:

- (a) According to the information and explanation given to us, the Company has not made any loan, investment, and guarantees to any person specified under section 185 and section 186 of the Companies Act, 2013; and therefore paragraph 3(iv) of the Order is not applicable.

(v) Acceptance of Deposits:

- (a) In our opinion and according to the information and explanation given to us, the Company has not received any public deposits during the year.

(vi) Maintenance of cost records:

- (a) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the Company.

(vii) Deposit of statutory dues:

- (a) According to the records of the company and information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, employees state insurance (ESI), Investor Education and Protection Fund, Income-tax, Tax deducted at sources, Tax collected at source, Professional Tax, Sales Tax, value added tax (VAT), Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it, with the appropriate authorities.
- (b) According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, sales tax, VAT, Cess and other material statutory dues in arrears / were outstanding as at 31 March, 2016 for a period of more than six months from the date they became payable.

(viii) Default in repayment of dues:

- (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.

(ix) *Application of term loans/public issue/follow on offer:*

- (a) In our opinion and according to the information and explanations given to us, monies raised by way of debt instruments and the term loans have been applied by the Company during the year for the purposes for which they were raised.

(x) *Fraud reporting:*

- (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(xi) *Managerial remuneration:*

- (a) The Company is a private limited company. Accordingly, the provisions of paragraph 3(xi) of the Order are not applicable

(xii) *Nidhi Company:*

- (a) The Company is not Nidhi Company as per Companies Act 2013. Accordingly, the provision of paragraph 3(xii) of the Order is not applicable.

(xiii) *Related party transactions:*

- (a) All transactions with the related parties are in compliance with section 177 and 188 of the Companies act 2013 where applicable and details have been disclosed in financial statements etc., as required by the applicable accounting standards.

(xiv) *Preferential allotment/private placement:*

- (a) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) *Non-cash transactions:*

- (a) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provision of paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

For Mohan L Jain & Co.

Chartered Accountants

(Firm Registration No: 005345N)

Mohan Lal Jain

Partner

Membership No: 084190

Place: New Delhi

Date: 11th April 2016

Balance sheet as at 31st March 2016

Particulars	Notes	(Amounts in Rs.)	
		As at 31.03.2016	As at 31.03.2015
Equity and liabilities			
1 Shareholders' funds			
(a) Share capital	2	25,580,000	25,580,000
(b) Reserves and surplus	3	147,669,775	(42,698,362)
2 Non-current liabilities			
(a) Long-term borrowings	4	784,902,000	1,000,918,958
3 Current liabilities			
(a) Other current liabilities	5	469,288	292,902,363
Total		958,621,063	1,276,702,959
Assets			
Non-current assets			
(a) Non-current investments	6	881,451,472	1,253,393,325
2 Current assets			
(a) Current investments	7	882,902	882,902
(b) Cash and cash equivalents	8	126,387	737,288
(c) Short-term loans and advances	9	76,160,302	11,578,333
(d) Other current assets	10	-	10,111,111
Total		958,621,063	1,276,702,959
Notes forming part of the financial statements	1-17		

In Terms of our Report attached

For and on behalf of the Board of Directors

For Mohan L. Jain & Co.

Chartered Accountants

Firm Registration No. 005345N

Mohan Lal Jain

Partner

Membership No. 084190

Place: New Delhi

Date: 11th April, 2016

Kshipra Jatana

Director

DIN 02491225

Karanvir Singh Gill

Director

DIN 07283590

Statement of profit and loss for the year ended 31st March'2016

Particulars	Notes	(Amounts in Rs.)	
		Year Ended 31.03.2016	Year Ended 31.03.2015
I. Revenue			
Other income	11	191,174,462	1,185,761
Total		<u>191,174,462</u>	<u>1,185,761</u>
II. Expenses			
Finance costs	12	77,746	1,023,301
Other expenses	13	728,579	570,490
Total		<u>806,325</u>	<u>1,593,791</u>
III Profit/(Loss) before exceptional items and tax		<u>190,368,137</u>	<u>(408,030)</u>
IV Exceptional items	14	-	33,063,479
		-	33,063,479
V Profit/(Loss) for the year before tax		<u>190,368,137</u>	<u>(33,471,509)</u>
VI Tax expense			
Current tax		-	-
Less: Mat Credit Entitlement		-	-
Prior Period adjustment		-	-
Total Tax expense		<u>-</u>	<u>-</u>
VI Profit/(Loss) for the year		<u>190,368,137</u>	<u>(33,471,509)</u>
Earnings per equity share [nominal value of share Rs. 10 each (Previous year: Rs. 10)]			
(a) Basic		19,036.81	(3,347.15)
(b) Diluted		57.21	(9.00)

Notes forming part of the financial statements

1-17

In Terms of our Report attached

For and on behalf of the Board of Directors

For Mohan L. Jain & Co.

Chartered Accountants

Firm Registration No. 005345N

Mohan Lal Jain

Partner

Membership No. 084190

Place: New Delhi

Date: 11th April, 2016

Kshipra Jatana

Director

DIN 02491225

Karanvir Singh Gill

Director

DIN 07283590

Cash Flow Statement for the year ended 31st March, 2016

Particulars	(Amounts in Rs.)	
	Year Ended 31.03.2016	Year Ended 31.03.2015
Cash flows from Operating activities		
Profit / (Loss) before income tax	190,368,137	(33,471,509)
Adjustments for:		
Interest & Financial Charges	77,746	1,023,301
Provision for impairment W/Back	200,515,424	-
Dividend Income	-	(82,902)
Interest Received	(4,466,970)	(1,102,859)
Profit/Loss Sale of long term Investment	(186,707,491)	-
Changes in working capital		
Decrease in Current Assets		
Increase/(Decrease) in Current Liabilities	(1,103,075)	1,463,321
(Increase)/Decrease in Current Assets	6,688,859	5,453,934
Decrease in Current Liabilities		
Cash used in operations	205,372,630	(26,716,714)
Income Tax Paid	(663,073)	(9,120,605)
Net cash used in operating activities	204,709,557	(35,837,319)
Cash flows from investing activities		
Purchase of Investments	(111,125,748)	(90,387,031)
Debenture redeemed	4,000,000	-
Sale of long term investments(net of expense)	173,929,668	-
Dividend Received	-	82,902
Advance received against sale of long term investment	-	291,330,000
Interest received	4,470,326	1,102,859
Net cash flow used in investing activities	71,274,246	202,128,730
Cash flows from financing activities		
Debentures issued	40,500,000	107,700,000
Debentures redeemed	(245,000,000)	(274,000,000)
Loan (repaid)/ Received	(11,516,958)	11,500,000
Loan Paid	(60,500,000)	(10,000,000)
Interest & Financials Charges	(77,744)	(1,023,301)
Net cash flow generated from financing activities	(276,594,702)	(165,823,301)
Net decrease in cash and cash equivalents	(610,899)	468,110
Cash and cash equivalents at beginning of year	737,288	269,178
Cash and cash equivalents at end of year	126,389	737,288

In Terms of our Report attached

For and on behalf of the Board of Directors

For Mohan L. Jain & Co.

Chartered Accountants

Firm Registration No. 005345N

Mohan Lal Jain

Partner

Membership No. 084190

Kshipra Jatana

Director

DIN 02491225

Karanvir Singh Gill

Director

DIN 07283590

Place: New Delhi

Date: 11th April, 2016

Notes Formating Part of the accounts for the year ended 31st March, 2016

1 Corporate Information

The company was incorporated on June 20, 2006 to engage in the business of investment, leasing and hire purchase, and to carry on financial operations , trading business and commercial services . The name of the company has been changed to Capital18 Fincap Private Limited with effect from March 4 , 2011 (Formerly VT Holdings Private Limited).

2 Significant Accounting Policies

a. Basis of accounting and preparation of financial statements

The financial statements have been prepared under historical cost convention, on accrual basis, in accordance with the generally accepted accounting principles in India and to comply with the Accounting Standard specified under Section 133 of the Companies Act, 2013 (the Act') read with Rule 7 of the Companies (Accounts) Rule, 2014 (as amended). The accounting policies have been consistently applied by the Company'.

b. Revenue Recognition

All revenues are accounted for on accrual basis.

c. Other Income

Dividends on investments are accounted for when the right to receive dividend is established.

Interest income is recognized on time proportionate basis, taking into account the amount outstanding and the rate applicable.

d. Investments

Current investments are carried at lower of cost or fair value. Long Tern Investments are stated at cost. Provision for long term investment is made only if such a decline is other than temporary.

e. Income tax

Income tax expense comprises current tax and deferred tax. Current tax is determined in accordance with the provisions of Income Tax Act, 1961. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situation, where the Company has unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

f. Earnings Per Share

The Company reports basic and diluted earnings per equity share in accordance with AS-20, the Accounting Standard on Earnings Per Share. Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

g. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires judgements, estimates and assumptions to be made that effect the reported amount of assets and liabilities, disclosure of contingent liabilities and the reported amount of income and expenses during the year. Difference between the actual results and estimates are recognized in the period in which the results are known / materialise.

h. Policy for impairment

The Company assesses at each balance sheet date whether there is any indication that an investment may be impaired. If any such indication exists, the Company estimates the recoverable amount of the investment. If such recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the statement of profit and loss.

i. Scheme of arrangement

The Boards of Directors of the company in its meeting held on 7th January, 2014 considered and approved a scheme of Arrangement ("the Scheme") which inter alia envisaged merger of RRB Investment Private Limited, RVT Finhold Private Limited , RRB Finhold Private Limited , Setpro 18 Distribution and Reed Infomedia Private Limited with company . The Scheme was approved by Hon'able high Court of Delhi and Hon'able Court of Bombay on 23rd May 2014 and 30th January 2015 respectively. The Scheme was to become effective on filling of certified copies of the Hon'able High Court's orders with the respective jurisdictional Registrar of Companies . During the year , the plan for the proposed merger was shelved by complying with the required legal process.

j. The Company has not made any provision for dividend on preference shares.

Schedules forming part of the financial statements for the year ended 31st March, 2016

	(Amounts in Rs.)	
	As at 31.03.2016	As at 31.03.2015
NOTE - 2		
SHARE CAPITAL		
a. Authorized shares capital		
i. 10,00,000 (March 2015: 10,00,000) Equity Shares of Rs.10/- each	10,000,000	10,000,000
ii. 5,000,000 (March 2015: 5,000,000) Preference Shares of Rs 10/- each	50,000,000	50,000,000
b. Issued, subscribed and paid-up capital		
i. 10,000 (March 2015: 10,000) Equity Shares of Rs.10/- each fully paid up	100,000	100,000
ii. 2,548,000 (March 2015: 2,548,000) 15% Optionally Fully Convertible Preference Shares @ Rs. 10/- each	25,480,000	25,480,000
Total issued and subscribed fully paid-up shares capital	25,580,000	25,580,000

DISCLOSURES

c. Reconciliation of the shares outstanding

	Numbers	Numbers
i. Equity shares		
At the beginning of the year	10,000	10,000
Outstanding at the end of the year	10,000	10,000
ii. Preference shares		
At the beginning of the year	2,548,000	2,548,000
Outstanding at the end of the year	2,548,000	2,548,000

Description of the rights and restrictions attached of Equity shares

Each holder of Equity Shares is entitled to one vote per share held. The shares rank pari passu in all respects. In the event of liquidation, the holders are eligible to receive remaining assets of the company, after distribution of all preferential amounts, in proportion to their shareholding.

Description of the rights and restrictions attached of preference shares

15% Optionally Fully Convertible Preference Shares (OFCPS) has tenure of 15 year from allotment date and carry non cumulative dividend right. The shares are convertible into equity of the Company at option of the issuer at higher of the book value as at March 31, 2015 or face value of the equity share and shall rank pari passu with the exiting equity shares. The shares are held by Network18 Media & Investment Ltd.

d. Details of shares held within the Group

	31 March 2016	31 March 2015
Equity Shares held by Network18 Media & Investment Ltd., the holding company	10,000	10,000
Cummulative Redeemable Convertible Preference Shares held by Network18 Media & Investment Ltd the holding company	2,548,000	2,548,000

Schedules forming part of the financial statements for the year ended 31st March, 2016

e. Details of equity shareholders holding more than 5% shares in the company

Name of Shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Network18 Media & Investment Limited	10,000	100	10,000	100

f. Details of preference shareholders holding more than 5% shares in the company

Name of Shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Network18 Media & Investment Limited	2,548,000	100	2,548,000	100

(Amounts in Rs.)

As at 31.03.2016	As at 31.03.2015
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NOTE - 3

RESERVE AND SURPLUS

a. Securities premium account

Share Premium	848,520,000	848,520,000
	<u>848,520,000</u>	<u>848,520,000</u>

b. Surplus/(deficit) in the statement of profit and loss

Balance as per the last financial statements	(891,218,362)	(857,746,853)
Profit/ (Loss) for the year	190,368,137	(33,471,509)
	<u>(700,850,225)</u>	<u>(891,218,362)</u>
Total	<u><u>147,669,775</u></u>	<u><u>(42,698,362)</u></u>

NOTE - 4

LONG TERM BORROWINGS

a. Long-term borrowings -Unsecured

7,84,902 (March 2015: 9,89,402) Zero Coupon Optionally Fully Convertible Debenture of Rs 1000/- each*	784,902,000	989,402,000
Loans and advances from related party	-	11,516,958
Total	<u><u>784,902,000</u></u>	<u><u>1,000,918,958</u></u>

* Terms of redemption

- Zero Coupon Optionally Fully Convertible Debentures (ZOFCD) has tenure of 10 years from the date of allotment, are unsecured and do not carry interest right. The debentures are convertible into equity shares of the Company in the ratio of 1:1 at the option of the Issuer. The conversion option is exercisable any time after two years of the date of allotment. The debentures are held by Network18 Media & Investments Limited.

NOTE - 5

OTHER CURRENT LIABILITIES

a. Other Payable	463,288	503,099
b. Advance received against sale of investment	-	291,330,000
c. TDS Payable	6,000	1,069,264
Total	<u><u>469,288</u></u>	<u><u>292,902,363</u></u>

Schedules forming part of the financial statements for the year ended 31st March, 2016

	(Amounts in Rs.)	
	As at 31.03.2016	As at 31.03.2015
NOTE - 6		
NON CURRENT INVESTEMENTS		
A. Unquoted - Long term in equity shares		
a. Investment in subsidiary companies		
340,000 (March 2015: 340,000) equity shares of Rs.10 each of Setpro18 Distribution Limited	3,400,000	3,400,000
10,000,000 (March 2015: 10,000,000) equity shares of Rs.10 each of Reeds Infomedia India Private Limited	10,000	10,000
100,000 (March 2015: 100,000) equity shares of Rs.10 each of Aeon Learning Private Limited	100,000	100,000
175,998 (March 2015: 175,998) equity shares of Rs.10 each of Greycells18 Media Ltd.	52,799,980	52,799,980
Nil (March 2015: 64,700 equity shares of Rs.10/- each of Stargaze entertainment Pvt. Ltd.	-	87,267,600
10,000 (March 2015: 10,000) equity shares of Rs.10/- each of RRK Finhold Pvt. Ltd.	100,000	100,000
1,176,499 (March 2015: 1,176,449) equity shares of Rs.10/- each of Colosceum Media Pvt. Ltd.	82,095,594	82,095,594
10,000 (March 2015: 10,000) equity shares of Rs.10/- each of RVT Finhold Pvt. Ltd.	100,000	100,000
10,000 (March 2015: 10,000) equity shares of Rs.10/- each of RRB Investment Pvt. Ltd.	100,000	100,000
b. Investment in Joint Ventures		
10,821 (March 2015: 10,821) equity shares of Rs.10/- each of Ubono Technologies Pvt. Ltd.	40,000,000	40,000,000
c. Investment in Associates		
NIL (March 2015: 645,558) equity shares of Rs.10/- each of 24x7 Learning Pvt. Ltd. *	-	1
d. Investment in others		
301,876 (March 2015: 301,876) equity shares of Rs.10/- each of MobileNXT Teleservices Private Limited *	1	1
109,348 (March 2015: 50,614) equity shares of Rs.10/- each of Yatra Online Pvt.Ltd.	201,318,877	90,194,149
Aggregate of unquoted - long term investments in equity shares	380,024,452	356,167,325

* The company made an investment of Rs..20,05,15,425 in equity shares of 24x7 Learning Private Limited in FY 2010-11.

A provision for the impairment of the investment of Rs.20,05,15,425 was made against the above investment in FY 2014.

During the year, the impairment provision made in FY 2014 has been written back and the investment has been sold off.

Schedules forming part of the financial statements for the year ended 31st March, 2016

	(Amounts in Rs.)	
	As at 31.03.2016	As at 31.03.2015
B. Unquoted - Long term in preference shares		
a. Investment in subsidiary companies		
NIL (March 2015: 3,91,800) Zero percent ROC Preference shares of Rs.1000/- each of Stargaze Entertainment Pvt. Ltd.	-	391,800,000
108,101 (March 2015: 108,101) 0% Optionally Fully Convertible Preference shares of Rs.10/- each of Colosseum Media Pvt. Ltd.	108,101,000	108,101,000
2,000,000 (March 2015: 2,000,000) 0.01% Optionally Fully Convertible Redeemable Preference Shares of Rs. 10/- each of RRB Investment Pvt. Ltd.	100,000	100,000
2 (March 2015: Nil) Series B Compulsorily Convertible Preference Share of Rs.1 each of Aeon Learning Private Limited	1,020	-
Aggregate of unquoted - long term investment in preference shares	108,202,020	500,001,000
C. Unquoted - Long term in Debentures/ Bond		
a. Investment in subsidiary companies		
331,350 (March 2015:-331,350) Zero Coupon Optionally Fully Convertible Debentures of Rs.1000/- each of RVT Finhold Private Ltd.	331,350,000	331,350,000
61,875 (March 2015: 65,875) Zero Coupon Optionally Fully Convertible Debentures of Rs.1000/- each of RRK Finhold Private Ltd.	61,875,000	65,875,000
Aggregate of unquoted - long term investment in Debentures	393,225,000	397,225,000
Total	881,451,472	1,253,393,325

NOTE - 7

CURRENT INVESTEMENTS

In Mutual Funds - Quoted

342 (March 2015: 342) units of Rs. 1,000 each in Tata Liquid Fund Direct Plan- Growth Mutual Fund *	882,902	882,902
Aggregate of quoted - current investment in units of mutual funds	882,902	882,902
Total	882,902	882,902

* Market value Rs. 9,55,847 (Previous year Market Value Rs.8,82,902)

NOTE - 8

CASH AND BANK BALANCES

Cash and cash equivalents

i. Cash on hand	12,089	12,089
ii. Bank balance in current accounts	114,298	419,696
iii. Fixed deposit with Bank	-	305,503
Total	126,387	737,288

Schedules forming part of the financial statements for the year ended 31st March, 2016

	(Amounts in Rs.)	
	As at 31.03.2016	As at 31.03.2015
NOTE - 9		
SHORT TERM LOAN & ADVANCES		
a. Loans and advances		
Secured, considered good		
Unsecured, considered good		
Loan to Related Party	74,070,802	10,159,041
Other Advances	220,702	210,211
Total	74,291,504	10,369,252
b. Other Loans and Advances		
Income tax paid (net of provision)	1,868,798	1,205,725
Total	1,868,798	1,205,725
c. Interest accrued	-	3,356
Total	76,160,302	11,578,333
NOTE - 10		
OTHER CURRENT ASSETS		
Trade receivables and other assets		
Other current assets		
Advance to vendors	-	10,111,111
Total	-	10,111,111
NOTE - 11		
OTHER INCOME		
a. Interest Income		
– Deposits	676,123	926,147
– Others	3,790,847	176,712
b. Dividend on long term investments	-	82,902
c. Profit/(Loss) on sale of investments	(13,807,933)	-
d. Provision for Impairment W/back (Refer Note 6)	200,515,425	-
Total	191,174,462	1,185,761
NOTE - 12		
INTEREST AND OTHER FINANCIAL CHARGES		
a. Other financial charges	1,657	2,085
b. Fine & Penalties	-	1,002,374
c. Interest	76,089	18,842
Total	77,746	1,023,301

Schedules forming part of the financial statements for the year ended 31st March, 2016

	(Amounts in Rs.)	
	As at 31.03.2016	As at 31.03.2015
NOTE - 13		
OTHER EXPENSES		
a. Legal and professional expenses	116,004	227,792
b. Payment to auditor (Refer details below)	462,575	342,698
c. Director Sitting Fee	150,000	-
Total	728,579	570,490
Payment to auditor		
As auditor:		
Statutory Audit fee	462,575	342,698
NOTE - 14		
EXCEPTIONAL ITEMS		
a. Expenditure incurred on scheme of arrangement	-	33,063,479
Total	-	33,063,479

Notes to the Financial Statements for the year ended 31 March, 2016

NOTE - 15

EARNINGS PER SHARE (EPS)

Basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding at the year end. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year. The details are:

	Amount in Rs.	
	As at 31 March 2016	As at 31 March 2015
Total operations for the year		
Profit/(loss) after tax attributable to equity shareholders	190,368,137	(33,471,509)
Less: Dividends on convertible preference share & tax thereon	-	-
Net profit/(loss) for calculation of basic EPS	190,368,137	(33,471,509)
Net profit as above	190,368,137	(33,471,509)
Add: dividend on convertible preference share & tax thereon	-	-
Add: interest on Zero Coupon Optionally Fully Convertible Debenture into equity shares (net of tax)	-	-
Net profit/(loss) for diluted EPS	190,368,137	(33,471,509)
Weighted average number of equity shares in calculating basic EPS	10,000	10,000
Effect of dilution:		
Convertible preference shares	2,548,000	2,548,000
Convertible Zero Coupon Optionally Fully Convertible Debenture	769,793	1,162,288
Weighted average number of equity shares in calculating diluted EPS	3,327,793	3,720,288
Nominal value of equity share	10	10
Earning per share		
Basic	19,036.81	(3,347.15)
Diluted	57.21	(9.00)

NOTE - 16

RELATED PARTY DISCLOSURES

List of related parties where control exists and related parties with whom transactions have taken place and relationships;

Sr. No.	Name of Related Party	Relationship
1	Independent Media Trust (w.e.f. 07 July 2014)	Enterprises exercising control
2	Adventure Marketing Private Limited (w.e.f. 07 July 2014)#	
3	Colorful Media Private Limited (w.e.f. 07 July 2014)#	
4	RB Holdings Private Limited (w.e.f. 07 July 2014)#	
5	RB Media Holdings Private Limited (w.e.f. 07 July 2014)#	
6	RB Mediasoft Private Limited (w.e.f. 07 July 2014)#	
7	RRB Mediasoft Private Limited (w.e.f. 07 July 2014)#	
8	Watermark Infratech Private Limited (w.e.f. 07 July 2014)#	
9	Network18 Media & Investments Limited	

Notes to the Financial Statements for the year ended 31 March, 2016

Sr. No.	Name of Related Party	Relationship
10	Reliance Industrial Investments and Holdings Limited (w.e.f. 07 July 2014)	Beneficiary/Protector of Independent Media Trust
11	Reliance Industries Limited (RIL) (w.e.f. 07 July 2014)	
12	AETN18 Media Private Limited	Fellow Susidiary
13	Big Tree Entertainment Private Limited	
14	Big Tree Entertainment Singapore Pte. Ltd.	
15	BK Holdings Limited (Amalgamated with Network18 Holdings Ltd w.e.f. 03 June 2014)	
16	Capital18 Limited, Mauritius(Amalgamated with Network18 Holdings Ltd w.e.f. 03 June 2014)	
17	Colosceum Media Private Limited	
18	Digital 18 Media Limited	
19	e - Eighteen.com Limited	
20	E-18 Limited, Cyprus	
21	Equator Trading Enterprise Limited	
22	Fantain Sports Private Limited (Wef February 2016)	
23	Greycells 18 Media Limited	
24	ibn18 (Mauritius) Limited	
25	Infomedia Press Limited	
26	Moneycontrol Dot Com India Limited	
27	Network18 Holdings Limited	
28	NW 18 HSN Holdings Plc (formerly TV18 HSN Holdings Limited) Cyprus	
29	Panorama Entertainment Private Limited	
30	Prism TV Private Limited (up to 31st July 2015 by virtue of board control)	
31	Reed Infomedia India Private Limited	
32	Reliance Retail Limited (w.e.f. 07 July 2014)*	
33	RRB Investments Private Limited	
34	RRK Finhold Private Limited	
35	RVT Finhold Private Limited	
36	RVT Media Private Limited	
37	Setpro18 Distribution Limited	
38	Space Bound Web Labs Private Limited	
39	Stargaze Entertainment Private Limited (up to 23rd April 2015)	
40	Television Eighteen Mauritius Limited	
41	Television Eighteen Media and Investments Limited	
42	TV18 Broadcast Limited	
43	TV18 Home Shopping Network Limited	
44	Web 18 Holdings Limited, Cyprus	
45	Web 18 Software Services Limited	

Notes to the Financial Statements for the year ended 31 March, 2016

Sr. No.	Name of Related Party	Relationship
46	IBN Lokmat News Private Limited	Joint ventures
47	Indiacast Media Distribution Pvt. Limited	
48	Indiacast UK Limited	
49	Indiacast US Limited	
50	Indiacast UTV Media Distribution Private Limited	
51	Prism TV Private Limited (wef 1 st August 2015)	
52	Roptonal Limited, Cyprus	
53	The Indian Film Company Limited [merged with Roptonal Limited w.e.f. 19th January, 2015]	
54	Ubona Technologies Private Limited	
55	Viacom 18 Media Private Limited	
56	Viacom18 Media UK Limited	
57	Viacom18 US Inc.	
58	Viacom18 US Inc.	
58	24X7 Learnings Private Limited	Associates
59	AEON Learning Pvt. Ltd. (w.e.f. 29 November 2013)	
60	Eenadu Television Private Limited	
61	Wespro Digital Private Limited (up to 8th April 2015)	

Control by Independent Media Trust of which RIL is the sole beneficiary

* Subsidiary of RIL, the sole beneficiary of Independent Media Trust

Notes to the Financial Statements for the year ended 31 March, 2016

Related party transactions

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

Transactions	(Amounts in Rs.)				
	Enterprises exercising control	Subsidiary	Fellow Subsidiary	Associate	Joint Control entity
(A) Transactions during the period					
<u>Interest Expenses</u>					
Network18 Media & Investment Ltd.	76,089 (18,842)	- -	- -	- -	- -
<u>Interest Income</u>					
Greycell18 Media Pvt. Ltd.	- -	3,790,847 (176,712)	- -	- -	- -
<u>Loan taken</u>					
Network18 Media & Investment Ltd.	- (11,500,000)	- -	- -	- -	- -
<u>Loan repaid</u>					
Network18 Media & Investment Ltd.	- (11,500,000)	- -	- -	- -	- -
<u>Loan given</u>					
Greycell18 Media Pvt. Ltd.	- -	60,500,000 (10,000,000)	- -	- -	- -
<u>Debenture Application Money received</u>					
Network18 Media & Investment Ltd.	30,000,000 -	- -	- -	- -	- -
<u>Reimbursement of Expenses Paid</u>					
Network18 Media & Investment Ltd.	- (11,654)	- -	- -	- -	- -
<u>Debenture purchased during the period</u>					
Network18 Media & Investment Ltd.	10,500,000 (107,700,000)	- -	- -	- -	- -
<u>Amount Paid on Behalf of</u>					
RRK Finhold Pvt. Ltd.	- -	- (3,371)	- -	- -	- -
RVT Finhold Pvt. Ltd.	- -	- (5,585)	- -	- -	- -
<u>Debenture Redeem during the period</u>					
Network18 Media & Investment Ltd.	245,000,000 (274,000,000)	- -	- -	- -	- -
RRK Finhold Pvt. Ltd.	4,000,000 -	- -	- -	- -	- -

Notes to the Financial Statements for the year ended 31 March, 2016

(Amounts in Rs.)					
Transactions	Enterprises exercising control	Subsidiary	Fellow Subsidiary	Associate	Joint Control entity
(B) Balances at the period end					
Loan Receivable at the year ended (including Interest)					
Greycell18 Media Pvt. Ltd.	-	74,070,802	-	-	-
	-	(10,159,041)	-	-	-
Loan Payable at the year ended (including Interest)					
Network18 Media & Investment Ltd.	-	-	-	-	-
	(11,516,958)	-	-	-	-
Amount Payable at the year ended					
RRK Finhold P.Ltd.	-	-	-	-	-
	-	(62)	-	-	-
Amount receivable at the year ended					
RVTFinhold P.Ltd.	-	212,843	-	-	-
	-	(210,273)	-	-	-
RRB Investment Pvt.Ltd.	-	7,859	-	-	-
	-	-	-	-	-
<u>Investments - Equity Share at the year ended</u>					
RRK Finhold P.Ltd.	-	100,000	-	-	-
	(-)	(100,000)	(-)	(-)	(-)
RVT Finhold Pvt. Ltd.	-	100,000	-	-	-
	(-)	(100,000)	(-)	(-)	(-)
RRB Investment Pvt. Ltd.	-	100,000	-	-	-
	(-)	(100,000)	(-)	(-)	(-)
Setpro18 Distribution Ltd.	-	3,400,000	-	-	-
	(-)	(3,400,000)	(-)	(-)	(-)
Greycell18 Media Pvt. Ltd.	-	52,799,980	-	-	-
	(-)	(52,799,980)	(-)	(-)	(-)
Reeds Infomedia India Private Ltd.	-	-	10,000	-	-
	(-)	(-)	(10,000)	(-)	(-)
Aeon Learning Pvt. Ltd.	-	-	-	100,000	-
	(-)	(-)	(-)	(100,000)	(-)
Colosceum Media Pvt. Ltd.	-	82,095,594	-	-	-
	(-)	(82,095,594)	(-)	(-)	(-)
Stargaze Entertainment Pvt.Ltd.	-	-	-	-	-
	(-)	(87,257,600)	(-)	(-)	(-)
Ubona Technologies Pvt Ltd	-	-	-	-	40,000,000
	(-)	(-)	(-)	(-)	(40,000,000)

Notes to the Financial Statements for the year ended 31 March, 2016

(Amounts in Rs.)					
Transactions	Enterprises exercising control	Subsidiary	Fellow Subsidiary	Associate	Joint Control entity
<u>Investments Preference Share at the year ended</u>					
Colosceum Media Pvt. Ltd.	- 108,101,000		-	-	-
	- (108,101,000)		-	-	-
RRB Investment Private Limited	- 100,000		-	-	-
	(-) (100,000)		(-)	(-)	(-)
<u>Debenture Application Money received at the year ended</u>					
Network18 Media & Investment Ltd.	30,000,000	-	-	-	-
	-	-	-	-	-
<u>Zero Coupon Convetiable Debenture (Investment)</u>					
RRK Finhold Pvt Ltd.	- 61,875,000		-	-	-
	(-) (65,875,000)		(-)	(-)	(-)
RVT Finhold Pvt Ltd.	- 331,350,000		-	-	-
	(-) (331,350,000)		(-)	(-)	(-)
Stargaze Entertainment Pvt.Ltd.	- -				
	(-) (391,800,000)				
<u>Zero Coupon Convetiable Debenture (Liability)</u>					
Network18 Media & Investment Ltd.	784,902,000	-	-	-	-
	(989,402,000)	(-)	(-)	(-)	(-)

Notes to the Financial Statements for the year ended 31 March, 2016

NOTE - 17

i Segment Reporting

The Company has only one business segment "Investments" as its primary segment and hence disclosure of segment-wise information is not required under Accounting Standard 17 - "Segmental Information" notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).

ii Based on the information available with the Company, the balance due to micro and small enterprises as defined under the MSMED Act, 2006 is Rs. Nil (Previous year Rs. Nil) and no interest has been paid or is payable under the terms of the MSMED Act, 2006.

iii There are no contingent liabilities as on 31.03.2016.

iv. Prior Year Comparatives

The previous year's figures are regrouped, rearranged, or recast wherever necessary to confirm to this year's classification.

v. Going Concern

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued support of the shareholder. The directors are of the opinion that this support will be forthcoming over the next twelve months.

vi. In view of the management, the company is not carrying business of non -banking financial institution '(NBFI)'.

In Terms of our Report attached

For and on behalf of the Board of Directors

For Mohan L. Jain & Co.

Chartered Accountants

Firm Registration No. 005345N

Mohan Lal Jain

Partner

Membership No. 084190

Place: New Delhi

Date: 11th April, 2016

Kshipra Jatana

Director

DIN 02491225

Karanvir Singh Gill

Director

DIN 07283590