

Web18 Software Services Limited

Independent Auditor's Report

To the Members of Web18 Software Services Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Web18 Software Services Limited (the 'Company'), which comprise 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 the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. 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.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's 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 controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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

Report on Other Legal and Regulatory Requirements

9. 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 I a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. 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 the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- 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 2016 from being appointed as a director in terms of Section 164(2) of the Act;
- f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 20 April 2016 as per Annexure II expressed unqualified opinion; and
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigations which would impact its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Walker Chandiok & Associates**

Chartered Accountants

Firm's Registration No.: 001329N

per **Arun Tandon**

Partner

Membership No.: 517273

Place : Noida

Date : 20 April 2016

Annexure I to the Independent Auditor's Report

Annexure I to the Independent Auditor's Report of even date to the members of Web18 Software Services Limited on the financial statements for the year ended 31 March 2016

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, we report that:

- (i) The Company does not have any fixed assets. Accordingly, the provisions of clause 3(i)(a), 3(i)(b) and 3(i)(c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships 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 sections 185 and 186 of the Act in respect of loans, investments, guarantees, and security.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)
 - (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
 - (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.
- (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) In our opinion, the provisions of section 197 of the Act read with Schedule V to the Act is not applicable to the Company as the Company does not pay any remuneration to the directors. Accordingly, the provisions of clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is 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 accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with them.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Associates**

Chartered Accountants

Firm's Registration No.: 001329N

per **Arun Tandon**

Partner

Membership No.: 517273

Place : Noida

Date : 20 April 2016

Annexure II to the Independent Auditor's Report

Annexure II to the Independent Auditor's Report of even date to the members of Web18 Software Services Limited on the financial statements for the year ended 31 March 2016

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 Web18 Software Services Limited (the 'Company') as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company of as of 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 IFCoFR criteria established by the Company considering the essential components of internal financial controls 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 ('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 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.

Auditors' 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 ('standards'), issued by the 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 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 included 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.

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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 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 internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the IFCoFR criteria established by the Company considering the essential components of internal financial controls stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Associates**
Chartered Accountants
Firm's Registration No.: 001329N

per **Arun Tandon**
Partner
Membership No.: 517273

Place : Noida

Date : 20 April 2016

Balance Sheet as at 31 March 2016

	Notes	<i>All amounts in Rs.</i>	
		As at 31 March 2016	As at 31 March 2015
Equity and liabilities			
Shareholders' funds			
Share capital	2	10,533,690	10,533,690
Reserves and surplus	3	(14,520,804)	(14,219,727)
Non-current liabilities			
Long-term provisions	4	117,550	87,549
Current liabilities			
Trade payables			
Due to micro and small enterprises	5	-	-
Due to others	5	3,757,323	3,127,737
Other current liabilities	6	775,175	759,361
Short-term provisions	7	5,694	4,179
Total		668,628	292,789
Assets			
Current assets			
Cash and cash equivalents	9	632,760	264,269
Short-term loans and advances	10	35,868	28,520
Total		668,628	292,789

Notes 1 to 22 form an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

For **Walker Chandiook & Associates**
Chartered Accountants
Firm's Registration No.:001329N

For and on behalf of the Board of Directors of
Web18 Software Services Limited

per **Arun Tandon**
Partner
Membership No.: 517273

Place: Noida
Date: 20 April 2016

Sanjiv Kulshreshtha
Director
DIN 06788866

Place: Mumbai
Date: 20 April 2016

Karanvir Singh Gil
Director
DIN 07283590

Profit and loss statement for the year ended 31 March 2016

	Notes	Year ended 31 March 2016	Year ended 31 March 2015
<i>All amounts in Rs.</i>			
Revenue			
Revenue from operations	11	1,149,743	1,238,519
Other income	12	11,721	34,359
		1,161,464	1,272,878
Expenses			
Employee benefits expense	13	1,066,546	1,131,551
Other expenses	14	395,995	295,209
		1,462,541	1,426,760
Loss for the year before and after tax		(301,077)	(153,882)
Loss per share (basic and diluted)	15	(0.61)	(0.31)

Notes 1 to 22 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 & Associates**
Chartered Accountants
Firm's Registration No.:001329N

For and on behalf of the Board of Directors of
Web18 Software Services Limited

per **Arun Tandon**
Partner
Membership No.: 517273
Place: Noida
Date: 20 April 2016

Sanjiv Kulshreshta
Director
DIN 06788866
Place: Mumbai
Date: 20 April 2016

Karanvir Singh Gil
Director
DIN 07283590

Cash Flow Statement for the year ended 31 March 2016

	<i>All Amounts in Rs.</i>	
	Year ended 31 March 2016	Year ended 31 March 2015
A) Cash flows from operating activities		
Loss before tax	(301,077)	(153,882)
Adjustments for:		
Sundry balances written back	(11,721)	(34,359)
Operating loss before working capital changes	(312,798)	(188,241)
Adjustments for :		
(Increase) / Decrease in loans and advances	(7,348)	96,660
Increase / (Decrease) in current liabilities and provisions	688,637	(366,838)
Net cash (used in)/ from operating activities before taxes	368,491	(458,419)
Less: Taxes paid	-	-
Net cash (used in) / from operating activities	368,491	(458,419)
B) Cash flows from investing activities	-	-
C) Cash flows from financing activities	-	-
Net increase /(decrease) in cash and cash equivalents	368,491	(458,419)
Cash and cash equivalents as at the beginning of the year	264,269	722,688
Cash and cash equivalents as at the end of the year	632,760	264,269
Note:		
a) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 (AS-3) on "Cash flow statements" as specified under section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).		
b) Cash and cash equivalents include:		
Balance in current accounts	632,760	264,269
	632,760	264,269

Notes 1 to 22 form an integral part of these financial statements.

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

For **Walker Chandiook & Associates**
Chartered Accountants
Firm's Registration No.:001329N

For and on behalf of the Board of Directors of
Web18 Software Services Limited

per **Arun Tandon**
Partner
Membership No.: 517273

Place: Noida
Date: 20 April 2016

Sanjiv Kulshreshtha
Director
DIN 06788866

Place: Mumbai
Date: 20 April 2016

Karanvir Singh Gil
Director
DIN 07283590

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

1 Significant accounting policies

a Basis of preparation

The financial statements have been prepared under historical cost convention, on going concern basis, on accrual basis, in accordance with the generally accepted accounting principles in India (Indian GAAP). Indian GAAP comprises Accounting Standards specified under Section 133 of the Companies Act, 2013 (the 'Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and other accounting pronouncements of the Institute of Chartered Accountants of India.

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

b Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognised in the current and future periods.

c Revenue

Revenue from website support is recognised as per the terms of arrangement and to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured

Interest income is recognised on a time proportion basis, taking into account the amount outstanding and the rates applicable.

d Fixed assets

Fixed assets are stated at cost of acquisition less accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

e Depreciation

Depreciation on fixed assets is provided on straight line basis as per the revised Schedule II of the Act.

f Employee benefits

Employee benefits in the form of Provident Fund is a defined contribution plan and the contributions are charged to the statement of profit and loss of the year when the contributions to the fund is due. There are no other obligations other than the contribution payable to the fund.

Short term employee benefits (medical, leave travel allowance etc.) expected to be paid in exchange for the services rendered are recognised on undiscounted basis.

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated at the balance sheet date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of profit and loss in the year in which such gains or losses are determined.

Benefits comprising long term compensated absences constitute other long term employee benefits. The liability for compensated absences is provided on the basis of an actuarial valuation done by an independent actuary using projected unit credit method at the year end. Actuarial gains and losses are recognised immediately in the statement of profit and loss.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

g Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard 20, Earnings Per Share. Basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year except where the result would be anti-dilutive.

h Income tax

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of Income Tax Act, 1961 as applicable to the financial year. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

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 recognised 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 a situation, where the Company has unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

i Provisions and contingent liabilities

The Company makes a provision when there is a present obligation as a result of a past event and where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

- possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company; or
- present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- present obligation, where a reliable estimate cannot be made.

Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

j Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term bank deposits with an original maturity of three months or less.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

All amounts in Rs.

	As at 31 March 2016	As at 31 March 2015
2 Share capital		
Authorised share capital		
5,00,000 (previous year 5,00,000) equity shares of Rs. 10 each	5,000,000	5,000,000
60,00,000 (previous year 60,00,000) 1.4% cumulative, optionally redeemable, convertible preference shares of Rs. 10 each	60,000,000	60,000,000
	<u>65,000,000</u>	<u>65,000,000</u>
Issued, subscribed and fully paid-up capital		
4,91,489 (previous year 4,91,489) equity shares of Rs. 10 each, fully paid-up	4,914,890	4,914,890
5,61,880 (previous year 5,61,880) 1.4% cumulative, optionally redeemable, convertible preference shares of Rs. 10 each	5,618,800	5,618,800
	<u>10,533,690</u>	<u>10,533,690</u>

a Reconciliation of the shares outstanding as at the beginning and at the end of the year

There is no movement in equity share capital and preference share capital during the current year and previous year.

b Description of the rights, preferences and restrictions attached to each class of shares

(i) Equity shares

The Company has only one class of equity shares having the par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. All shareholders are equally entitled to dividends. The Company declares and pays dividend in Indian Rupees which is proposed by the Board of Directors and is subject to the approval of the shareholders in the coming Annual General Meeting. In the event of liquidation of the Company, the holder of the equity shares will be entitled to receive remaining assets of the Company, after payment of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) 1.4% cumulative, optionally redeemable, convertible preference shares

Preference shares are redeemable at a premium of Rs. 90 at the end of 10 years. The preference shareholders or the Company can convert the preference shares into equity shares at any time during the 10 year period at a conversion price which shall be decided by the Board of the Directors of the Company in compliance with the prevailing guidelines. The holder of preference shares shall have preference over equity shareholders in the event of liquidation of the Company.

c Details of shares held by holding company

i) Equity shares

Name of the entity	Nature of relationship	31 March 2016		31 March 2015	
		No. of shares	% of holding	No. of shares	% of holding
E-18 Limited, Cyprus*	Holding Company	4,91,489	100	4,91,489	100

* Includes shares held by nominees of E-18 Limited Cyprus

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

ii) 1.4% cumulative, optionally redeemable, convertible preference shares

Name of the entity	Nature of relationship	31 March 2016		31 March 2015	
		No. of shares	% of holding	No. of shares	% of holding
E-18 Limited, Cyprus	Holding Company	5,61,880	100	5,61,880	100

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

d **Details of shareholders holding more than 5% shares in the Company**

i) Equity shares

Name of the entity	Nature of relationship	31 March 2016		31 March 2015	
		No. of shares	% of holding	No. of shares	% of holding
E-18 Limited, Cyprus*	Holding company	4,91,489	100	4,91,489	100

* Includes shares held by nominees of E-18 Limited Cyprus

ii) 1.4% cumulative, optionally redeemable, preference shares

Name of the entity	Nature of relationship	31 March 2016		31 March 2015	
		No. of shares	% of holding	No. of shares	% of holding
E-18 Limited, Cyprus	Holding company	5,61,880	100	5,61,880	100

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

e **Shares issued for consideration other than cash**

No shares have been issued pursuant to a contract without payment being received in cash, allotted as fully paid up bonus issued or brought back in the current reporting period and in the last five years immediately preceding the current reporting period.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

	<i>All amounts in Rs.</i>	
	As at 31 March 2016	As at 31 March 2015
3 Reserves and surplus		
Capital reserve	33,927,277	33,927,277
Deficit in the statement of profit and loss		
Balance at the beginning of the year	(48,147,004)	(47,993,122)
Loss for the year	(301,077)	(153,882)
Balance at the end of the year	(48,448,081)	(48,147,004)
	<u>(14,520,804)</u>	<u>(14,219,727)</u>
4 Long - term provisions		
Provision for gratuity (refer Note 16)	88,019	63,000
Provision for compensated absences	29,531	24,549
	<u>117,550</u>	<u>87,549</u>
5 Trade payables		
Due to micro and small enterprises*	-	-
Due to others	3,757,323	3,127,737
	<u>3,757,323</u>	<u>3,127,737</u>

* Dues to small and micro enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006 #:

	As at 31 March 2016	As at 31 March 2015
Principal amount outstanding	-	-
Interest due thereon	-	-
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
Interest accrued and remaining unpaid as at end of the year	-	-
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

The details of amounts outstanding to micro and small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 are as per available information with the Company.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

		<i>All amounts in Rs.</i>	
		As at 31 March 2016	As at 31 March 2015
6	Other current liabilities		
	Statutory dues payable	12,558	7,244
	Payable to employees	762,617	752,117
		<u>775,175</u>	<u>759,361</u>
7	Short term provisions		
	Provision for gratuity (refer Note 16)	4,446	3,158
	Provision for compensated absences	1,248	1,021
		<u>5,694</u>	<u>4,179</u>
8	Fixed assets		
		<i>All amounts in Rs.</i>	
	Particulars	Computer and related equipment	Total
	Gross block		
	At 1 April 2014 / 1 April 2015	420,907	420,907
	At 31 March 2015 / 31 March 2016	420,907	420,907
	Accumulated depreciation/amortisation		
	At 1 April 2014 / 1 April 2015	420,907	420,907
	At 31 March 2015 / 31 March 2016	420,907	420,907
	Net Block		
	At 31 March 2015	-	-
	At 31 March 2016	-	-
9	Cash and cash equivalents		
	Balances with banks		
	in current accounts	632,760	264,269
		<u>632,760</u>	<u>264,269</u>
10	Short-term loans and advances		
	(Unsecured, considered good)		
	Advances recoverable in cash or in kind	22,426	28,520
	Balance with government authorities (CENVAT)	13,442	-
		<u>35,868</u>	<u>28,520</u>

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

	<i>All amounts in Rs.</i>	
	Year ended 31 March 2016	Year ended 31 March 2015
11 Revenue from operations		
Income from sale of services		
Income relating to website support services	1,149,743	1,238,519
	<u>1,149,743</u>	<u>1,238,519</u>
12 Other income		
Sundry balances written back	11,721	34,359
	<u>11,721</u>	<u>34,359</u>
13 Employee benefits expense		
Salaries, wages and bonus	996,803	1,002,719
Contribution to provident fund and other funds	49,028	62,921
Staff welfare expenses	20,715	65,911
	<u>1,066,546</u>	<u>1,131,551</u>
14 Other expenses		
Insurance	282	2,517
Travelling and conveyance	14,630	17,140
Legal and professional charges*	321,422	239,611
Miscellaneous expenses	59,661	35,941
	<u>395,995</u>	<u>295,209</u>
* includes payment to auditors (excluding service tax)		
As auditors	100,000	100,000
For re-imburement of expenses	7,862	22,850
	<u>107,862</u>	<u>122,850</u>
15 Earning per share (Basic and Diluted)		
Loss after tax attributable to equity shareholders	(301,077)	(153,882)
Less: Preference dividend	(740,380)	(661,717)
Accumulated loss after preference dividend	(1,041,457)	(815,599)
Weighted average number of equity shares outstanding during the year	491,489	491,489
Nominal value of equity shares	10.00	10.00
Earnings per share (basic and diluted)	(0.61)	(0.31)

The effect of potential equity shares being anti-dilutive has not been considered while calculating diluted earnings per share

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

16 Employee benefits

Defined benefit plans

a Amount recognised in statement of profit and loss

All amounts in Rs.

Particulars	Gratuity		Compensated absences	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Current service cost	11,049	9,215	3,703	3,645
Interest cost on benefit obligation	5,293	48,655	2,046	8,313
Net actuarial loss/(gain) recognised in the year	9,965	(160,273)	(540)	(10,215)
Expense charged to Statement of Profit and Loss	26,307	(102,403)	5,209	1,743

b Change in the present value of obligation

Particulars	Gratuity		Compensated absences	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Opening defined benefit obligation	66,158	572,407	25,570	97,799
Current service cost	11,049	9,215	3,703	3,645
Interest cost	5,293	48,655	2,046	8,313
Benefits paid	-	(403,846)	-	(73,972)
Actuarial loss/(gain) on obligation	9,965	(160,273)	(540)	(10,215)
Closing defined benefit obligation	92,465	66,158	30,779	25,570

c The principal assumptions used in determining gratuity and compensated absence benefit obligations for the Company's plan are shown below:

Particulars	Gratuity		Compensated absences	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Discount rate	8.00%	8.00%	8.00%	8.00%
Expected salary escalation rate	5.50%	5.50%	5.50%	5.50%
Mortality table	IALM (2006 - 08)	IALM (2006 - 08)	IALM (2006 - 08)	IALM (2006 - 08)
Retirement age	60	60	60	60
Withdrawal rate				
– upto 30 years	3.00%	3.00%	3.00%	3.00%
– from 31 to 44 years	2.00%	2.00%	2.00%	2.00%
– above 44 years	1.00%	1.00%	1.00%	1.00%

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

d Amounts for the current and previous four years are as follows:

	2015-16	2014-15	2013-14	2012-13	2011-12
Gratuity	92,465	66,158	572,407	547,217	59,516
Experience adjustment arising on the gratuity benefits	(9,965)	160,273	55,379	(443,752)	-

e Notes :

- 1) The discount rate is based on the prevailing market yield of Indian Government bonds as at the balance sheet date for the estimated terms of obligations.
- 2) The expected return is based on the expectation of the average long term rate of return on investments of the fund during the estimated terms of obligations.
- 3) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
- 4) The best expected contribution for the next year is Rs 25,928.

17 Related party disclosures

Sr. No.	Name of Related Party	Relationship
1	Independent Media Trust	Enterprises exercising control
2	Adventure Marketing Private Limited	
3	Watermark Infratech Private Limited	
4	Colorful Media Private Limited	
5	RB Media Holdings Private Limited	
6	RB Mediasoft Private Limited	
7	RRB Mediasoft Private Limited	
8	RB Holdings Private Limited	
9	Network18 Media & Investments Limited	
10	Television eighteen media & Investment Limited, Mauritius	
11	Shinano Retail Private Limited	
12	E-18 Limited, Cyprus	
1	Reliance Industries Limited (RIL)	Beneficiary/Protector of Independent Media Trust
2	Reliance Industrial Investments and Holdings Limited	
1	e-eighteen.com Limited	Fellow Subsidiary*

* The disclosure of fellow subsidiaries has been limited to the Companies with whom the Company has transactions.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

17.2 Related party transactions

b) The following transactions were carried out with related parties in the ordinary course of business

All amounts in Rs.

Particulars	Holding company/ Ultimate holding company/ Intermediate holding company/Enterprises exercising control	
	2016	2015
Transactions during the year		
Income from website support		
Network18 Media & Investments Limited	1,149,743	1,238,519
Total	1,149,743	1,238,519
Expenditure incurred by Company on behalf of other		
Network18 Media & Investments Limited	-	48,409
Total	-	48,409
Amount payable as at end of the year		
E-Eighteen.com Ltd	323,386	2,453
Network18 Media & Investments Limited	3,201,289	3,005,666
Total	3,524,675	3,008,119

All amounts in Rs.

	Year ended 31 March 2016	Year ended 31 March 2015
18 Contingent liabilities		
Preference dividend on 1.4% cumulative, redeemable, convertible preference shares not provided for	740,380	661,717
	<u>740,380</u>	<u>661,717</u>
19 Deferred tax assets/ liabilities (net)		
Particulars	As at 31 March 2016	As at 31 March 2015
Deferred tax assets on account of:		
– Provision for employee benefits	123,244	91,728
– Brought forward losses and unabsorbed depreciation	1,662,732	1,398,369
Net deferred tax asset /(liability) (net)	<u>-</u>	<u>-</u>

The Company has unabsorbed depreciation and brought forward losses under the Income-tax Act, 1961. In the absence of virtual certainty of having sufficient taxable income against which deferred tax assets can be realised, no deferred tax assets has been recognised in the balance sheet.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

- 20 The Company has accumulated losses of Rs 48,448,081 (previous year Rs. 48,147,004) as at 31 March 2016. These accumulated losses represent erosion of more than hundred percent of net worth of the Company. Network18 Media & Investments Limited, the holding company, has agreed to provide financial support to meet the obligations of the Company in the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.
- 21 As the Company operates in a single business and geographical segment, the reporting requirements for primary and secondary segment disclosures prescribed by Accounting Standard 17 "Segment Reporting", have not been provided in these financial statements.
- 22 Previous year figures have been regrouped/recast wherever considered necessary.

For **Walker Chandiok & Associates**
Chartered Accountants
Firm's Registration No.:001329N

For and on behalf of the Board of Directors of
Web18 Software Services Limited

per **Arun Tandon**
Partner
Membership No.: 517273
Place: Noida
Date: 20 April 2016

Sanjiv Kulshreshta
Director
DIN 06788866
Place: Mumbai
Date: 20 April 2016

Karanvir Singh Gil
Director
DIN 07283590