

NW18 HSN HOLDINGS PLC

NW18 HSN Holdings PLC

Independent Auditor's Report

To the Board of Directors of NW18 HSN Holdings PLC

Report on the Financial Statements

1. We have audited the accompanying financial statements of NW18 HSN Holdings PLC (the 'Company'), which comprise the Balance Sheet as at 31 March 2015, 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. Management is responsible for 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 Companies Act, 2013 (the 'Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records for safeguarding 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. 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.
5. 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of 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.
6. 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

7. 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 2015, its loss and its cash flows for the year ended on that date.

Other Matter

8. This report is intended solely for the purpose of facilitating Network 18 Media & Investments Limited, the Holding Company, to comply with the provision of sub-section (3) of Section 129 of the Act and should not be used for any other purpose.

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

per **B. P. Singh**
Partner
Membership No.: 70116

Place : New Delhi
Date : 15 April 2015

Balance Sheet as at 31 March 2015

	Notes	As at 31 March 2015	(All amounts in USD) As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	4,118,231	4,118,231
Reserves and surplus	3	72,265,940	78,108,123
Money received against share warrants	4	3,117,594	3,117,594
Non-current liabilities			
Long-term provisions	5	200	179
Current liabilities			
Trade payables	6	1,200,592	745,009
Other current liabilities	7	1,706,074	611,781
Short-term provisions	8	3,538,642	1,717,351
		<u>85,947,273</u>	<u>88,418,268</u>
ASSETS			
Non-current assets			
Non-current investments	9	85,766,539	85,766,539
Current assets			
Cash and cash equivalents	10	180,734	325,717
Other current assets	11	-	2,326,012
		<u>85,947,273</u>	<u>88,418,268</u>

Notes 1 to 24 form an integral part of the financial statements.
This is the Balance Sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **B.P. Singh**
Partner

Place
Date:

For and on behalf of Board of Directors

Director

Director

Place
Date:

Statement of profit and loss for the period ended 31 March 2015

	Notes	Year ended 31 March 2015	(All amounts in USD) Year ended 31 March 2014
Revenue			
Other income	12	<u>39,199</u>	<u>22,833</u>
		39,199	22,833
Expenses			
Employee benefits expense	13	<u>75,060</u>	<u>1,308,594</u>
Finance costs	14	<u>1,608</u>	<u>2,351</u>
Other expenses	15	<u>293,312</u>	<u>114,798</u>
Prior period expense	16	<u>-</u>	<u>139,472</u>
		369,980	1,565,216
Loss for the year before tax and exceptional items		(330,781)	(1,542,382)
Exceptional items		<u>3,765,150</u>	<u>-</u>
Loss for the year before tax		(4,095,931)	(1,542,382)
Tax expense - current tax	17	<u>1,821,291</u>	<u>1,470,228</u>
Loss for the year after tax		(5,917,222)	(3,012,610)
Loss per share (Basic and diluted)	18	<u>(0.29)</u>	<u>(0.15)</u>

Notes 1 to 24 form an integral part of the financial statements.

This is the Statement of profit and loss referred to in our report of even date.

For **Walker Chandiook & Co LLP**
Chartered Accountants

per **B.P. Singh**
Partner

Place
Date:

For and on behalf of Board of Directors

Director

Place
Date:

Director

Cash flow statement for the year ended 31 March 2015

	Year ended 31 March 2015	<i>(All amounts in USD)</i> Year ended 31 March 2014
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(4,095,931)	(1,542,382)
Adjustments for :		
Finance costs	1,608	2,351
Employee stock compensation expenses	75,060	1,448,066
Interest on bank deposits	(3,616)	(3,854)
Operating loss before working capital changes	(4,022,879)	(95,819)
Adjustments for :		
Decrease in short term loans and advances	-	5,989
Increase/ (decrease) in other current assets	2,326,013	(1,174,229)
Increase in trade payables	455,582	29,661
Increase in other current liabilities	1,094,293	108,860
Net cash used in operating activities	(146,991)	(1,125,538)
CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of long term investments	-	(25,000,000)
Interest on bank deposits	3,616	2,059
Net cash (used in)/flow from investing activities	3,616	(24,997,941)
CASH FLOW FROM FINANCING ACTIVITIES		
Finance charges	(1,608)	(2,351)
Issue of Class O preference shares	-	27,063,769
Share issue expenses	-*	(640,042)
Net cash from financing activities	(1,608)	26,421,376
Net increase/ (decrease) in cash and cash equivalents	(144,983)	297,897
Cash and cash equivalents as at the beginning of the year	325,717	27,820
Cash and cash equivalents as at the end of the year	180,734	325,717

Notes 1 to 24 form an integral part of the financial statements.
This is the cash flow statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants

per **B.P. Singh**
Partner

Place
Date:

For and on behalf of Board of Directors

Director

Place
Date:

Director

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

1 Significant accounting policies

a Basis of preparation

These Financial Statements have been prepared for the limited purpose of facilitating Network18 Media & Investment Limited for complying with the provision of section 129 of the Companies Act, 2013 (the 'Act') 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). The financial statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with the generally accepted accounting principles in India (Indian GAAP) and the provisions of the Act as adopted consistently by the NW 18 HSN Holdings PLC (the 'Company').

b Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c Revenue

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

d Investments

Investments which are readily realisable and intended to be held for not more than a year from the date on which the investment is made are classified as current investments. All other investments are classified as non-current investments. Current investments are stated at lower of cost or market value. Non-current investments are stated at cost however, provision for diminution in their value is made to recognize a decline, other than temporary in the value of investment. Profit/ loss on sale of investments are computed with reference to the average cost of the investment.

e Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

f Taxation

In accordance with the provisions of the Cyprus Income Tax Laws, the Company's chargeable profits, as adjusted for tax purpose, are liable to Corporation tax. In accordance to the provisions of the Income Tax Law 118(I)/2002 as amended from 29 April 2013, the Corporation tax has been increased from 10% to 12.5%. Furthermore, the Company is subject to Special Defence Contribution (SDC) levied on interest receivable other than that arising out of the ordinary course of business and closely related to the activities of the Company. In accordance to the provisions of the SDC Law 117(I)/2002 as amended from 29 April 2013, the SDC has been increased from 15% to 30%.

g Employee share based payments

Accounting value of stock options is determined on the basis of 'Intrinsic Value' representing the excess of the fair market value of Company's stock on the date of grant over the exercise price of the options granted under the 'Employees Stock Option Scheme' of the Company, and is being amortized as 'Employee Compensation Expense' on a straight-line basis

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

over the vesting period in accordance with the Guidance Note 18 'Share Based Payments' issued by the Institute of Chartered Accountants of India.

h Earnings per share

Earnings per ordinary share is computed by dividing net profit or loss after tax attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per ordinary share is computed using the weighted average number of ordinary shares and dilutive potential ordinary shares outstanding during the year except where the result could be anti-dilutive.

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 equivalent

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

	As at 31 March 2015	(All amounts in USD) As at 31 March 2014
2 Share capital		
Authorized share capital		
33,180,000 (previous year 16,180,000) ordinary shares of USD 0.2 each	6,636,000	3,236,000
15,649,698 (previous year 15,649,698) Class A preference shares of USD 0.2 each	3,129,940	3,129,940
4,050,302 (previous year 4,050,302) Class O preference shares of USD 0.2 each	810,060	810,060
2,800,000 (previous year 2,800,000) Class G preference shares of USD 0.2 each	560,000	560,000
	<u>11,136,000</u>	<u>7,736,000</u>
Issued, subscribed and fully paid-up capital		
10,303,683 (previous year 9,303,683) ordinary shares of USD 0.2 each	2,060,737	1,860,737
5,234,505 (previous year 6,234,505) Class A preference shares of USD 0.2 each	1,046,901	1,246,901
2,025,584 (previous year 2,025,582) Class O preference shares of USD 0.2 each	405,116	405,116
2,708,546 (previous year 2,708,546) Class G preference shares of USD 0.2 each	541,709	541,709
	<u>4,054,463</u>	<u>4,054,463</u>
Issued, subscribed and partly paid-up capital		
1,275,367 (Previous year 1,275,367) Class O preference shares of USD 0.2 each	63,768	63,768
	<u>63,768</u>	<u>63,768</u>
	<u>4,118,231</u>	<u>4,118,231</u>

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

a. Reconciliation of share capital

i. Ordinary shares

	As at 31 March 2015		As at 31 March 2014	
	Numbers	Amount	Numbers	Amount
At the beginning of the year	9,303,683	1,860,737	9,303,683	1,860,737
Shares issued under conversion from Series A	1,000,000	200,000	-	-
Outstanding at the end of the year	10,303,683	2,060,737	9,303,683	1,860,737

ii. Class A Preference shares

	As at 31 March 2015		As at 31 March 2014	
	Numbers	Amount	Numbers	Amount
At the beginning of the year	6,234,505	1,246,901	5,540,006	1,108,001
Shares converted to ordinary shares	(1,000,000)	(200,000)	-	-
Conversion of warrants	-	-	694,499	138,900
Outstanding at the end of the year	5,234,505	1,046,901	6,234,505	1,246,901

(All amounts in USD)

iii. Class G Preference shares

	As at 31 March 2015		As at 31 March 2014	
	Numbers	Amount	Numbers	Amount
At the beginning of the year	2,708,546	108,342	2,708,546	541,709
Differential adjustment on account of reverse split (refer note 24)	-*	-*	-	-
Outstanding at the end of the year	2,708,546	108,342	2,708,546	541,709

*Rounded off to Nil

iv. Class O Preference shares

	As at 31 March 2015		As at 31 March 2014	
	Numbers	Amount	Numbers	Amount
At the beginning of the year	3,300,949	468,884	-	-
Shares issued during the period (fully paid up share USD 0.2 each)	-	-	2,025,582	405,116
Shares issued during the period (partly paid up share USD 0.2 each)	-	-	1,275,367	63,768
Differential adjustment on account of reverse split (refer note 24)	2	-*	-	-
Outstanding at the end of the year	3,300,951	468,884	3,300,949	468,884

*Rounded off to Nil

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

b. Details of shares held by the immediate holding company - Network18 Holdings Limited

Type of shares	As at 31 March 2015		As at 31 March 2014	
	Number of shares held	% of holding	Number of shares held	% of holding
Ordinary shares*	9,261,733	89.89%	9,261,733	99.55%
Class A preference shares	500	0.01%	500	0.01%
Class O preference shares	1,275,367	13.60%	1,275,367	13.60%
	<u>10,537,600</u>		<u>10,537,600</u>	

* Remaining ordinary shares are held by the nominee of Network18 Holdings Limited.

c. Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2015		As at 31 March 2014	
	Number of shares held	% of holding	Number of shares held	% of holding
a. Network18 Holdings Limited				
Ordinary shares	9,261,733	89.89%	9,261,733	99.55%
Class O preference shares	1,275,367	13.60%	1,275,367	13.60%
b. GS Home Shopping Inc				
Class G preference shares	2,708,546	100.00%	2,708,546	100.00%
Class O preference shares	825,238	35.20%	825,237	35.20%
c. SAIF II Mauritius Company Limited				
Ordinary shares	1,000,000	9.71%	-	-
Class A preference shares	5,234,005	99.99%	6,234,005	99.99%
d. Orchard Centar Master Limited				
Class O preference shares	1,050,302	44.80%	1,050,302	44.80%
e. Makira SP 5 Limited				
Class O preference shares	150,044	6.40%	150,043	6.40%

d. Description of the rights, preferences, terms of redemption and restrictions attached to each class of shares

Preference shares : Each holder of preference share is entitled to one vote per share. The preference share holders are entitled to fixed dividend at the rate of 0.001% per annum in addition to the dividend declared in respect of all shareholders. These preference shares carry preferential right over ordinary share in respect of dividends and on winding up all shareholders will be entitled to receive remaining assets of the Company after payment of all liabilities. The distribution will be in proportion of the shares held by shareholders. However the preference shareholders will be entitled to receive the paid up capital in priority to any payment to the holders of the ordinary shares.

Class A , G and O preference shares are convertible into ordinary shares of the Company in the ratio of 1:1.

Ordinary shares : The Company has only one class of ordinary share having a par value of USD 0.2 per share. Each holder of equity share is entitled to one vote per share. All shareholders are equally eligible to receive dividends. On winding up all shareholders will be entitled to receive remaining assets of the Company after payment of all liabilities. The distribution will be in proportion of the shares held by shareholders.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

e. During the year ended 31 March 2011, the Company filed a scheme of arrangement (the 'Scheme') for implementing certain changes to its authorised and issued share capital. The Scheme was approved by Hon'ble Nicosia District Court on 10 May 2012 and filed with the Registrar of Companies on 10 May 2012.

f. Shares reserved for issue under options

The Company has reserved issuance of 1,093,393 (Previous year 1,093,393) ordinary shares of USD 0.2 each for offering to eligible employees of its subsidiary under Employees Stock Option Scheme and Stock Appreciation Rights Scheme. During the year, the Company has issued and allotted nil (previous year nil) equity shares to eligible employees of its subsidiary under the said schemes. The option would vest over such period as may be decided by the Employee Stock Compensation Committee from the date of grant based on specific criteria.

g. Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting period:-

No such issue has taken place in the immediately preceding five years. The Company has not issued any shares pursuant to a contract without payment being received in cash nor has there been any buy-back of shares in the current year and preceding five years except as disclosed in note 4 (vi) below.

3 Reserves and surplus

	As at 31 March 2015	As at 31 March 2014
a. Securities premium account		
Balance at the beginning of the year	80,504,235	49,938,292
Add: Premium on conversion of warrants in Class A Preference shares	-	4,611,100
Add: Premium on issue of Class O Preference shares	-	26,594,885
Less : Amount utilised for issue of further shares	-*	(640,042)
Balance at the end of the year	<u>80,504,235</u>	<u>80,504,235</u>
b. Employee stock options outstanding		
Balance at the beginning of the year	3,531,134	2,083,068
Add : Share based payment expenses	75,060	1,448,066
Balance at the end of the year	<u>3,606,194</u>	<u>3,531,134</u>
c. Deficit in the statement of profit and loss		
Deficit at the beginning of the year	(5,927,246)	(2,914,616)
Loss for the year	(5,917,222)	(3,012,610)
Less: Preference dividend	(21)	(20)
Balance at the end of the year	<u>(11,844,489)</u>	<u>(5,927,246)</u>
	<u>72,265,940</u>	<u>78,108,123</u>

* Rounded off to Nil

(All amounts in USD)

	As at 31 March 2015	As at 31 March 2014
4 Money received against share warrants		
Balance at the beginning of the year	3,117,594	7,867,594
Less : Shares issued on conversion of warrants	-	(4,750,000)
Balance at the end of the year	<u>3,117,594</u>	<u>3,117,594</u>

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

- (i) During the year ended 31 March 2012, the Company issued 500,000 warrants at a subscription price of USD 10 per warrant. The Company has received USD 777,637 towards subscription of these warrants. These warrants are convertible within 12 months from the closing date as defined in the warrant subscription agreements into Class 'A' preference shares at a pre-determined discount to the valuation of the Company in the event, the Company undertakes an IPO or is acquired or does a primary issuance of securities to an external investor. In case the aforementioned events do not happen within the stipulated 12 months period, the warrants are convertible at a valuation to be decided amongst the shareholders. During the year ended 31 March 2013, the aforesaid tenure of 12 months has been increased to 36 months, while during the year ended 31 March 2015, the tenure was further extended to 54 months. These warrants are convertible in to 720,486 Class A Preference shares.
- (ii) During the year ended 31 March 2012, the Company issued 1,500,000 warrants at a subscription price of USD 10 per warrant. The Company has received USD 7,077,930 towards subscription of these warrants. These warrants are convertible into Class A preference shares after a period of 12 months from the closing date as defined in the warrant subscription agreement or on initial public offering and sale of the ordinary shares of the Company, or acquisition of the Company, whichever is earlier. During the year ended 31 March 2013, the aforesaid tenure of 12 months has been increased to 36 months while during the year ended 31 March 2015, the tenure was further extended to 54 months.. During the year ended 31 March 2014 , 475,000 warrants held by SAIF II Mauritius Company Limited were converted into 694,499 Class A preference shares. The remaining warrants are convertible into 1,498,657 Class A preference shares.
- (iii) During the year ended 31 March 2013, the Company issued 1,202,734 warrants at a subscription price of USD 10 per warrant. The Company has received USD 12,027 towards subscription of these warrants. These warrants are convertible into Class A preference shares at a pre-determined discount to the valuation of the Company in the event, the Company undertakes an IPO or is acquired or does a primary issuance of securities to an external investor. In case the aforementioned events do not happen within the stipulated 36 months period, the warrants are convertible at a valuation to be decided amongst the shareholders . During the year ended 31 March 2015, the aforesaid tenure was further extended to 54 months. These warrants are convertible in to 9,89,102 Class A Preference shares.
- (iv) The Authorised share capital of the company is increased to US\$ 11,136,000 with the creation of 17,000,000 ordinary shares of nominal value US\$ 0.2 each by passing a ordinary resolution.
- (v) Company received a notice from SAIF II Mauritius Company Limited being a shareholder of company, for the purpose of converting 1,000,000 Class A Preference shares held by them in the share capital of the company in to ordinary shares. All the shareholders of the company have given their consent to the conversion to take effect.
- (vi) Company passed a special resolution that the board of directors is authorised and directed to issue 2 class G preference share to GS Home Shopping Inc. And 10 class O Preference Shares of which 2 class O preference Shares be issued to Network 18 Holdings Limited, 4 class O Preference Shares be issued to GS Home Shopping Inc, and 4 Class O Preference Shares be issued to Makira SP5 Limited, by way of bonus shares provided out of the share premium account.

	As at 31 March 2015	(All amounts in USD) As at 31 March 2014
5 Long-term provisions		
Proposed preference dividend	200	179
	<u>200</u>	<u>179</u>
6 Trade payables		
Due to others	1,200,592	745,009
	<u>1,200,592</u>	<u>745,009</u>
7 Other current liabilities		
Due to related party	1,706,064	611,771
Others	10	10
	<u>1,706,074</u>	<u>611,781</u>

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

	As at 31 March 2015	(All amounts in USD) As at 31 March 2014
8 Short-term provisions		
Income tax payable (net of advance tax USD 4,716 (Previous year USD 4,716))	3,538,642	1,717,351
	<u>3,538,642</u>	<u>1,717,351</u>
9 Non-current investments		
(Valued at cost unless stated otherwise)		
Investment in equity shares : Unquoted		
Investment in subsidiary		
1,240,791 (Previous Year 1,240,791) Equity shares of INR 10 each in TV18 Home Shopping Network Limited	55,683,251	55,683,251
	<u>55,683,251</u>	<u>55,683,251</u>
Investment in preference shares : Unquoted		
Investment in subsidiary		
101,181 (Previous Year 101,181) 5% Optionally convertible preference shares of INR 100 each in TV18 Home Shopping Network Limited	1,083,308	1,083,308
291,998 (Previous Year 291,998) 0.001% Compulsorily convertible preference shares of INR 100 each in TV18 Home Shopping Network Limited	3,999,980	3,999,980
135,000 (Previous Year 135,000) 15% Optionally convertible preference shares of INR 100 each fully paid in TV18 Home Shopping Network Limited	25,000,000	25,000,000
	<u>30,083,288</u>	<u>30,083,288</u>
Aggregate amount of unquoted investments	<u>85,766,539</u>	<u>85,766,539</u>
10 Cash and cash equivalents		
Balances with bank:		
in current accounts	1,794	1,717
in deposit accounts with original maturity of less than 3 months	178,940	324,000
	<u>180,734</u>	<u>325,717</u>
11 Other current assets		
Interest accrued on fixed deposits	-	1,808
Expenses in respect of shares yet to be issued	-	2,324,204
	<u>-</u>	<u>2,326,012</u>
12 Other income		
Interest income on bank deposits	3,616	3,854
Exchange gain (net)	35,583	18,979
	<u>39,199</u>	<u>22,833</u>

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

	As at 31 March 2015	(All amounts in USD) As at 31 March 2014
13 Employee benefits expense		
Employee stock compensation expense	75,060	1,308,594
	<u>75,060</u>	<u>1,308,594</u>
14 Finance costs		
Bank charges	1,608	2,351
	<u>1,608</u>	<u>2,351</u>
15 Other expenses		
Legal and professional charges	272,912	114,253
Rates and taxes	20,400	545
	<u>293,312</u>	<u>114,798</u>
16 Exceptional items		
Legal and professional charges	3,715,871	-
Travelling Expenses	49,279	-
	<u>3,765,150</u>	<u>-</u>
17 Prior period expense		
Employee stock compensation expense	-	139,472
	<u>-</u>	<u>139,472</u>
18 Earnings per share		
Loss as per statement of profit and loss	(5,917,222)	(3,012,610)
Less : Loss related to preference shareholders	(2,972,028)	(1,573,311)
Loss attributable to ordinary shareholder	(2,945,194)	(1,439,299)
Weighted average number of ordinary shares outstanding during the year	10,248,888	9,303,683
Nominal value of ordinary shares in USD	0.2	0.2
Loss per share (basic and diluted*)	(0.29)	(0.15)
19 Related party disclosures		
a. List of related parties and relationship		
1 Holding company		
Network18 Holdings Limited, Mauritius		
2 Entities exercising significant influence		
SAIF II Mauritius Company Limited		
GS Home Shopping Inc		
3 Subsidiary		
TV18 Home Shopping Network Limited		

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2015

b. Related party transactions

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

Note : Figures in brackets represent figures of previous year.

I) Transactions during the year

Particulars	Holding Company	Entities exercising significant influence	Subsidiary Company
Reimbursement of expenses (paid)			
TV18 Home Shopping Network Limited	-	-	1,134,214
	-	-	(127,616)
Share application money received			
Class O preference shares			
a. Network 18 Holdings Limited	-	-	-
	(63,768)	-	-
b. GS Home Shopping Inc	-	-	-
	-	(11,000,000)	-
Shares issued during the year			
Ordinary shares			
Shares issued under conversion from Series A preference shares			
a. SAIF II Mauritius Company Limited	-	200,000	-
	-	(-)	-
Class O preference shares			
a. Network 18 Holdings Limited	-	-	-
	(63,768)	-	-
b. GS Home Shopping Inc	-	-	-
	-	(165,047)	-
Preference shares			
Class A preference shares issued on conversion of warrant			
SAIF II Mauritius Company Limited	-	-	-
	-	(138,900)	-
Particulars			
Share premium			
Class A preference shares			
SAIF II Mauritius Company Limited	-	-	-
	-	(4,611,100)	-
Class O preference shares			
GS Home Shopping Inc.	-	-*	-
	-	(10,834,953)	-
Network 18 Holdings Limited	-*	-	-
	-	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2015

Class G preference shares			
GS Home Shopping Inc	-	-*	-
	-	-	-
Investment made in subsidiary			
15% Compulsory convertible preference shares			
TV18 Home Shopping Network Limited	-	-	-
	-	-	(25,000,000)

* Rounded off to Nil

(All amounts in USD)

II. Balances at the year end

Particulars	Holding Company	Entities exercising significant influence	Subsidiary Company
Creditors outstanding as at the year end			
TV18 Home Shopping Network Limited	-	-	1,706,064
	-	-	(611,771)
Investment in subsidiary			
TV18 Home Shopping Network Limited			
- Equity shares	-	-	55,683,251
	-	-	(55,683,251)
- Preference shares	-	-	30,083,288
	-	-	(30,083,288)
Share Capital			
a. Network 18 Holdings Limited			
- Ordinary shares	1,852,347	-	-
	(1,852,347)	-	-
- Class O preference shares	63,768	-	-
	(63,768)	-	-
- Class A preference shares	100	-	-
	(100)	-	-
- Warrants	24,184	-	-
	(24,184)	-	-
b. SAIF II Mauritius Company Limited			
- Ordinary shares	-	200,000	-
	-	-	-
- Class A preference shares	-	1,046,801	-
	-	(1,246,801)	-
c. GS Home Shopping Inc.			
- Class G preference shares	-	541,710	-
	-	(541,709)	-
- Class O preference shares	-	165,048	-
	-	(165,047)	-

20 Employee share based payments

a. Employee stock appreciation rights

The Board of Directors, vide written resolution dated 6 August 2012, adopted a Stock Appreciation Rights Scheme named the TV18 HSN Employee Stock Appreciation Rights Scheme, 2012 ('SARs Scheme') that allows the Company to grant

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2015

stock appreciation rights to the eligible employees of the Company and its subsidiaries, whether working in India or out of India. The SARs Scheme will be administered by a Compensation Committee of the Board of Directors of the Company. As per the terms of the SARs Scheme, each stock appreciation right may be settled either in cash or by the issue of shares at the sole option of the Compensation Committee.

The Compensation Committee is entitled to determine the vesting schedule for stock appreciation rights as the committee deems fit. Stock appreciation rights that are not exercised within the applicable exercise period will automatically lapse. The stock appreciation rights granted under the SARs Scheme can be exercised within a period of 48 months from vesting date. In case of staggered vesting (as determined by the Compensation Committee), the period of 48 months shall be considered from each vesting date. The stock appreciation rights can be exercised only after a liquidity event (as defined in the SARs Scheme) and in the absence of a liquidity event during the exercise period, stock appreciation rights granted shall automatically lapse.

A description of the SAR Scheme of the Company is given below:

Particulars	TV18 HSN Employee Stock Appreciation Right Scheme 2012
Exercise price	The exercise price in respect of the options shall be decided by the Compensation Committee
Vesting conditions	250,000 rights on the grant date 686,250 rights on the expiry of one year from the respective grant date 766,250 rights on the expiry of two years from the respective grant date 446,250 rights on the expiry of three years from the respective grant date 436,250 rights on the expiry of four years from the respective grant date 94,000 rights on the expiry of four years from the respective grant date. The SARs vested as per schedule above can be exercised subject to the liquidity event being achieved. For remaining rights- graded vesting - 25% on the expiry of one year from the respective grant date, 25% on the expiry of two years from the respective grant date, 25% on the expiry of three years from the respective grant date and 25% on the expiry of four years from the respective grant date.
Exercise Period	The SARs can be exercised within a period of 48 months from the date of vesting post occurrence of liquidity event (i.e. Initial Public Offering).

The number and weighted average exercise price of share options are as follows:

Particulars	Options (nos.)	Weighted average exercise price (US\$)
<i>Year ended 31 March 2015</i>		
Outstanding as of 1 April 2014	429,000	4.75
Granted	94,000	10.00
Forfeited	149,200	7.35
Exercised	-	-
Outstanding as of 31 March 2015	373,800	5.03
Exercisable as of 31 March 2015	-	-
Weighted average remaining contractual life (in years)	3.89	
<i>Year ended 31 March 2014</i>		
Outstanding as of 1 April 2013	442,000	4.35
Granted	65,000	10.00
Forfeited	78,000	6.85
Exercised	-	-
Outstanding as of 31 March 2014	429,000	4.75
Exercisable as of 31 March 2014	-	-
Weighted average remaining contractual life (in years)	4.88	

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2015

b. Employee stock options

The Company has implemented an equity-settled employee share based payment arrangement by offering employee stock options to the employees of its subsidiary company in India viz. TV18 Home Shopping Network Limited.

In 2008, the Company established a share option programme in Cyprus, named the TV18 HSN Holdings Limited Employee Stock Option Plan, 2008 ("ESOP 2008"), which was approved by the shareholders of the Company vide shareholders resolution dated 7 April 2008. The ESOP 2008 entitles the eligible employees to purchase ordinary shares of the Company. A description of the share based payment arrangement of the Company is given below:

Particulars	TV18 HSN Holdings Limited Share Option Plan 2008
Exercise price	The exercise price in respect of the options shall be decided by the Compensation Committee
Vesting conditions	Options granted till 22 October 2010: Graded vesting - 25% on the expiry of one year from the grant date, 25% on the expiry of two years from the grant date, 25% on the expiry of three years from the grant date and 25% on the expiry of four years from the grant date. Options granted after 22 October 2010: Options will vest on the expiry of one year from the grant date.
Exercise period	The stock options can be exercised within a period of 48 months from the date of vesting. The number and weighted average exercise price of share options are as follows:

Particulars	Options (nos.)	Weighted average exercise price (US\$)
<i>Year ended 31 March 2015</i>		
Outstanding as of 1 April 2014	482,300	2.05
Granted	-	-
Forfeited	48,100	0.69
Exercised	-	-
Outstanding as of 31 March 2015	434,200	2.21
Exercisable as of 31 March 2015	434,200	2.21
Weighted average remaining contractual life (in years)		
Particulars	Options (nos.)	Weighted average exercise price (US\$)
<i>Year ended 31 March 2014</i>		
Outstanding as of 1 April 2013	431,200	0.60
Granted	75,000	10.00
Forfeited	23,900	0.60
Exercised	-	-
Outstanding as of 31 March 2014	482,300	2.05
Exercisable as of 31 March 2014	407,300	0.60
Weighted average remaining contractual life (in years)	0.33	

c. Pro forma Accounting for Stock Option Grants and Stock Appreciation Rights

The Company has adopted the intrinsic value method as per the Guidance Note on Accounting for Employee Share Based Payments issued by the Institute of Chartered Accountants of India for measuring the cost of the options granted.

Had the Company used the fair value method in accordance with Black Scholes Model to determine employee stock compensation, its loss after tax and loss per share as reported would have changed to the amounts indicated below:

Summary of significant accounting policies and other explanatory information for the year ended 31 March, 2015

Particulars	Year ended 31 March 2015	Year ended 31 March 2014
a. Net loss after tax as reported	(5,917,222)	(3,012,610)
i. Add: Stock based employee compensation expense debited to Statement of Profit and Loss *	75,060	1,448,066
ii. Less: Stock based employee compensation expense based on fair value	(322,312)	(1,725,648)
b. Difference between (i) and (ii)	(247,252)	(277,582)
c. Adjusted proforma loss	(6,164,474)	(3,290,192)
d. Difference between (a) and (c)	(247,252)	(277,582)
e. Basic loss per share as reported • 1.00	(0.29)	(0.15)
f. Proforma basic loss per share	(0.89)	(0.52)
g. Diluted loss per share as reported	(0.29)	(0.15)
h. Proforma diluted loss per share	(0.89)	(0.52)

* Including prior period expenses of USD NIL (Previous Year USD 139,472).

Number of rights	10,000	10,000	18,500	18,500	18,500	18,500
Grant Date	29 April 2014	29 April 2014	29 April 2014	29 April 2014	29 April 2014	29 April 2014
Vesting Date	29 April 2014	15 July 2014	03 January 2015	03 January 2016	03 January 2017	03 January 2018
Fair value of right at grant date (US\$)	4.67	4.67	4.99	7.16	7.38	7.61
Weighted average equity value (US\$)	12.43	12.43	12.43	12.43	12.43	12.43
Exercise price	10.00	10.00	10.00	10.00	10.00	10.00
Expected volatility	33.52%	33.52%	34.81%	55.93%	52.80%	50.70%
Life of right (in years)	4.21	4.21	4.68	5.68	6.68	7.68
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	1.40%	1.40%	1.60%	1.92%	2.20%	2.38%

- 21** The Company is primarily engaged in the business of making investments. As the Company operates in a single business and geographical segment, the primary and secondary segment disclosures prescribed by Accounting Standard 17, "Segment Reporting", have not been provided in these financial statements.
- 22** The reporting currency of the Company has been determined as US Dollar which is different from the currency of Cyprus i.e. Euro, since majority of the funding of the Company is denominated in US Dollar.
- 23** On 21 April 2014, the Company's shareholders and Board of Directors approved a resolution to effect a one-for-five reverse share split of its ordinary and preference shares. Also the Board of directors passed a resolution to approve the modification to warrant subscription agreement for proportional adjustment to the conversion ratio of its outstanding warrants and Compensation Committee of the Board passed a resolution for proportional adjustment to (a) number of share options, (b) number of stock appreciation rights, and (c) the exercise prices of share options and stock appreciation rights. At the same time, the nominal value of ordinary shares and preference shares was changed from \$0.04 per share to \$0.20 per share. The comparative information has been updated accordingly for the previous year.
- 24** Previous year figures have been regrouped/reclassified, wherever necessary to make them comparable with those of the current year.

For **Walker Chandio & Co LLP**
Chartered Accountants

For and on behalf of Board of Directors

per **B.P. Singh**
Partner

Director

Director

Place
Date:

Place
Date: