

SETPRO18 DISTRIBUTION LIMITED

Setpro18 Distribution Limited

Independent Auditor's Report

To the Members of
Setpro18 Distribution Limited

1. Reports on the Financial Statements

We have audited the accompanying financial statements of **Setpro18 Distribution Limited**, which comprise the Balance Sheet as at March 31, 2015 the Statement of Profit & Loss, and a cash flow statement for the year then ended on that date, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013 ("the Act") with respect to preparation of the 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 Standards specified under section 133 of the Act, read with Companies (Accounts) Rules, 2014 ("the Act"). This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control 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.

3. Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and fair presentation of the financial statements 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.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- c) in the case of a cash flow statement, of the cash flows of the company for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) we have 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 appears from our examination of those books
- c) The Balance Sheet, Statement of Profit & Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the accounting standards referred specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164(2) of the Act.

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

Nitin Aggarwal
Partner
Membership No: 528066

Place: New Delhi

Date:

Balance Sheet as at 31st March, 2015

	Notes	As at 31.03.2015	(All amounts in INR) At at 31.03.2014
EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	3,400,000	3,400,000
(b) Reserves and surplus	4	(19,391,734)	(13,020,908)
		<u>(15,991,734)</u>	<u>(9,620,908)</u>
2. Current liabilities			
(a) Trade payables	5	86,845,909	86,845,909
(b) Other current liabilities	6	43,322,086	43,154,724
		<u>130,167,995</u>	<u>130,000,633</u>
Total		<u><u>114,176,261</u></u>	<u><u>120,379,725</u></u>
ASSETS			
1. Non - current assets			
(a) Fixed assets	7		
(i) Tangible assets		75,005	184,202
(ii) Intangible assets		-	19,945
		<u>75,005</u>	<u>204,147</u>
2. Current assets			
(a) Cash and cash equivalents	8	9,315,443	10,607,069
(b) Short - term loans and advances	9	104,604,333	109,365,267
(c) Other Current Assets	10	181,480	203,242
		<u>114,101,256</u>	<u>120,175,578</u>
Total		<u><u>114,176,261</u></u>	<u><u>120,379,725</u></u>
Notes forming part of the Financial statements	1 - 19		

In terms of our report attached

For and on behalf of the Board of Directors

For Mohan L Jain & Co.

Chartered Accountants
Firm Reg. No. 005345N

M.L.Jain

Partner
M. No. 084190

Place:- New Delhi

Date :

Kshipra Jatana

Director

Sanjiv Kulshreshtha

Director

Statement of Profit and Loss Account for the period ended 31st March, 2015

	Notes	Year ended 31.03.2015	Year ended 31.03.2014
<i>(All amounts in INR)</i>			
1. Revenue			
Other income	11	1,325,902	5,331,796
Total		<u>1,325,902</u>	<u>5,331,796</u>
2. Expenses:			
(a) Finance costs	12	160,685	40,975
(b) Depreciation and amortization expenses	7	74,482	190,806
(c) Operating and other expenses	13	888,824	203,239
Total		<u>1,123,991</u>	<u>435,020</u>
3. Profit / (Loss) before exceptional item		201,911	4,896,776
Exceptional items		5,707,442	-
Profit / (Loss) before tax		<u>(5,505,531)</u>	<u>4,896,776</u>
4. Tax expenses:			
Provision of Income Tax		125,815	-
Prior period adjustment		684,820	1,637,000
Deferred Tax Liability / (Asset)			(54,622)
5. Profit / (Loss) for the year		<u>(6,316,166)</u>	<u>3,314,398</u>
6. Earnings per equity share (See note 15) (Face value of Rs. 10 each)			
(a) Basic		(18.58)	9.75
(b) Diluted		(18.58)	9.75
Notes forming part of the Financial statements	1 - 19		

In terms of our report attached

For and on behalf of the Board of Directors

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

M.L.Jain
Partner
M. No. 084190

Kshipra Jatana
Director

Sanjiv Kulshreshtha
Director

Place:- New Delhi

Date :

Cashflow Statement for the year ended 31st March 2015

	<i>(All amounts in INR)</i>	
	Year ended 31.03.2015	Year ended 31.03.2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	5,505,531	4,896,776
Adjustments for :		
- Depreciation	74,482	190,806
- Exceptional Item	5,707,442	-
- Interest income	(1,294,583)	(5,331,796)
- Finance charges	160,685	40,975
- Operating profit before working capital changes	(857,505)	(203,239)
Adjustments for :		
- Decrease/(Increase) in current and non-current assets	(946,509)	20,483,819
- Increase/(Decrease) in current and non-current liabilities	167,362	(40,823,794)
- Cash Generated from/(used in) operation	(1,636,651)	
- Tax paid	(810,635)	
Net cash from/ (used in) operating activities (A)	(2,447,286)	(20,543,214)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	1,316,345	5,331,796
Net cash from/ (used in) investing activities (B)	1,316,345	5,331,796
C. CASH FLOW FROM FINANCING ACTIVITIES		
Other financial charges	(160,685)	(40,975)
Cash received from issue of equity capital	-	2,900,000
Net cash from/ (used in) financing activities (C)	(160,685)	2,859,025
Net increase/ (decrease) in cash and cash equivalents (A)+(B)+(C)	(1,291,626)	(12,352,393)
Cash and cash equivalents as at the beginning of the year	10,607,069	22,959,462
Cash and cash equivalents as at the end of the year	9,315,443	10,607,069
Component of Cash and cash equivalent		
- Cash on hand	1,314	7,400
- Bank Balance in current A/c	9,314,129	10,599,669
Closing Balance of Cash and Cash Equivalent	9,315,443	10,607,069

Notes :

- The above Cash flow statement has been prepared under the indirect method set out in AS-3
- Figures in brackets indicate cash outflow.

In terms of our report attached

For and on behalf of the Board of Directors

For Mohan L Jain & Co.

Chartered Accountants
Firm Reg. No. 005345N

M.L.Jain

Partner
M. No. 084190

Kshipra Jatana

Director

Sanjiv Kulshreshtha

Director

Place:- New Delhi

Date :

Notes to the financial statements for the year ended 31st March, 2015

1.1 Corporate information

Setpro18 Distribution Limited was originally incorporated on 28 September 1993 as Setpro Holdings Private Limited. The name of company was changed to Setpro18 Distribution Private Limited on 11 May 2007. The Company was converted into a public limited company w.e.f. 20th May, 2008 and fresh Certificate of Incorporation was issued by The Registrar of Companies, NCT of Delhi & Haryana on 9th June 2008.

Pursuant to an arrangement with IndiaCast Media Pvt Ltd, all the rights & obligations with the company for placement of channels with cable operators has been assigned to India Cast Media Pvt Ltd w.e.f. 1st July,2012. Under the said arrangement, all the employees have been transferred to IndiaCast Media Pvt Ltd. Major portion of assets were also sold to IndiaCast Media Pvt Ltd at Book Value. However Accounts have been drawn up on going concern basis pending final decision on the future business plans of the company.

1.2 Summary of significant accounting policies

The financial statements are prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. These financial statements have not been prepared on a going concern basis.

1.3 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets and liabilities in the future period.

1.4 Fixed Assets

Fixed assets, carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

1.5 Revenue recognition

1. Band Placement Fee

As pronounced by the ICAI in Accounting Standard 9, para 10, 11, and 12 the company have postponed the recognition of band placement fees. The proportionate amounts of band placement fees, up to the date when the contracts have been signed, are recognized in the month of signing of contract. The balance is spread equally over the remaining duration of the contract. Similar treatment has been applied to expense relating to placement and promotion expenses/carriage fees, which is directly variable to the band placement income.

1.6 Other Income

Dividends on investments are accounted for when the right to receive dividend is established. And Interest is recognized only when it is reasonably certain that the ultimate collection will be made.

1.7 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are

Notes to the financial statements for the year ended 31st March, 2015

deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

1.8 Taxes On Income

No provision for Tax is recognised on account of MAT payable.

Minimum Alternate Tax (MAT) paid in the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

1.9 Provisions

1. Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation.
2. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

2.0 Depreciation and amortisation

Depreciation on all Fixed Assets is provided as per Schedule II of Companies Act, 2013 under SLM over estimated useful lives for each category of assets as under:

Plant & Machinery 15 years

Furniture & Fixture 10 years

Computer hardware 3 years

Intangible assets are amortised over their estimated useful life as follows:

Notes to the financial statements for the year ended 31st March, 2015

	<i>(All amounts in INR)</i>	
	As at 31.03.2015	As at 31.03.2014
4. Reserves and Surplus		
Surplus/(deficit) in the Statement of Profit and Loss Account		
Opening Balance	(13,020,908)	(16,335,306)
Add/(less):		
- Dep. Adj. due to schedule II	(54,660)	-
- Profit/(Loss) for the year	(6,316,166)	3,314,398
Total	<u>(19,391,734)</u>	<u>(13,020,908)</u>
5. Trade Payables		
Others	86,845,909	86,845,909
Total	<u>86,845,909</u>	<u>86,845,909</u>
<p>According to the records available with the Company, there were no dues payable to entities that are classified as Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 during the period. Hence disclosures, if any, relating to amounts unpaid as at the period end together with the interest paid / payable as required under the said Act have not been given. Further the amount of creditors given above are subject to confirmation from respective creditors.</p>		
6. Other Current Liabilities		
a. Other Liabilities		
- Other Payable	37,273,065	37,231,518
- Provision For Expenses	5,923,206	5,923,206
- Provision For Tax	125,815	-
Total	<u>43,322,086</u>	<u>43,154,724</u>

Notes to the financial statements for the year ended 31st March, 2015

(All amounts in INR)

Description	Gross block				Accumulated depreciation					Net block		
	Balance As at 1-Apr-14	Addition on merger	Additions	Deletions Adjustments	Closing balance as at 31-Mar-15	Balance as at 1-Apr-14	Addition on merger	Dep. Tfd to retained earnings	Depreciation charge for the year	On Disposals	Closing balance as at 31-Mar-15	Closing balance as at 31-Mar-14
(a) Tangible Assets												
Plant and Equipment	98,949	-	-	-	98,949	37,033	-	33,829	13,418	-	14,669	61,916
- others												
Computers	1,158,343	-	-	-	1,158,343	1,112,921	-	20,831	24,591	-	-	45,422
- others												
Furniture and Fixtures	120,122	-	-	-	120,122	43,258	-	-	16,528	-	60,336	76,864
Total	1,377,414	-	-	-	1,377,414	1,193,212	-	54,660	54,537	-	1,302,409	184,202
(b) Intangible Assets												
Computers software	400,000	-	-	-	400,000	380,055	-	-	19,945	-	400,000	19,945
Total	400,000	-	-	-	400,000	380,055	-	-	19,945	-	400,000	19,945
Grand Total	1,777,414	-	-	-	1,777,414	1,573,267	-	54,660	74,482	-	1,702,409	204,147
Previous period	1,777,414	-	-	-	1,777,414	1,382,461	-	-	190,806	-	1,573,267	394,953

"Pursuant to the enactment of the Companies Act, 2013 (the Act), the Company has, effective from 1st April, 2014, reassessed the useful life of its fixed assets and has computed depreciation with reference to the useful life of assets as recommended in Schedule II to the Act. Depreciation and consequently net loss of the Company in the consolidated financial results for the period ended 31 March 2015 is higher by Rs.12,043/- . Further, based on the transitional provision provided in Schedule II, an amount of Rs.54,660/- has been adjusted with the opening reserves."

Notes to the financial statements for the year ended 31st March, 2015

14. Related Party Disclosures

Disclosures as required by the Accounting Standard (AS) 18 – “Related Party Disclosures” are as below:

a. Related parties and their relationships

Description of relationship	Names of related parties
Enterprises exercising control	Independent Media Trust (w.e.f. 07.07.2014)
	Adventure Marketing Private Limited (w.e.f. 07.07.2014)#
	Watermark Infratech Private Limited (w.e.f. 07.07.2014)#
	Colorful Media Private Limited (w.e.f. 07.07.2014)#
	RB Media Holdings Private Limited (w.e.f. 07.07.2014)#
	RB Mediasoft Private Limited (w.e.f. 07.07.2014)#
	RRB Mediasoft Private Limited (w.e.f. 07.07.2014)#
	RB Holdings Private Limited (w.e.f. 07.07.2014)#
	Network18 Media & Investments Limited
	Capital18 Fincap Private Limited
Beneficiary/Protector of Independent Media Trust	Reliance Industries Limited (RIL) (w.e.f. 07.07.2014)
	Reliance Industrial Investments and Holdings Limited (w.e.f. 07.07.2014)
Fellow Subsidiary company	RRB Investments Private Limited
	RRK Finhold Private Limited
	RVT Finhold Private Limited
	Reed Infomedia India Private Limited
	Colosceum Media Private Limited
	Stargaze Entertainment Pvt. Limited
	TV18 Broadcast Limited
KMP	Sanjay Ray Chaudhuri (till 09-01-2015)
	Raman Deep Singh Bawa (till 19-05-2014)
	Hitesh K. Jain (till 15-10-2014)

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

b. Details of balances and transactions during the period with related parties

Transactions	Enterprises exercising control	Fellow Subsidiary
Network18 Media & Investment Ltd	9,314 (-)	
Equity Share Issued		
Capital 18 Fincap Private Limited	- (3,400,000)	
Other Payable		
TV18 Broadcast Limited		86,845,909 (86,845,909)
Network18 Media & Investment Ltd	9,314 (-)	

Notes to the financial statements for the year ended 31st March, 2015

15. Earnings Per Equity Shares

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 period ended 31 March, 2015. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year. The details are:

Particulars	Unit	Year ended 31.03.2015	Year ended 31.03.2014
Earnings Per Equity Shares:			
Net profit after tax	Rupees	(6,316,166)	3,314,398
Weighted average number of equity shares outstanding during the year	Numbers	340,000	340,000
Nominal Value of Equity Shares	Rupees	10.00	10.00
Basic Earnings per Share	Rupees	(18.58)	9.75
Weighted average of number of equity shares used in computing diluted earnings per share	Numbers	340,000	340,000
Diluted Earnings per Share	Rupees	(18.58)	9.75

16. Segment Reporting

- The Company has only one business segment "Band Placement Operations" 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).
- The Company has only one Geographical Segment. The Company caters mainly to the needs of the domestic market. The export turnover is not significant in the context of total turnover.

17. Claim against the company not acknowledged as debts is the demand raised by the income Tax Authorities relating to the AY10-11 amounts to Rs.63,897,510/-. The company has deposited Rs 6,125,000 challan against the claim on different dates and Rs 47,875,540 has been adjusted against the refund for the AY12-13.

18. The Boards of Directors of the company in its meeting held on 09-01-2014 considered and approved a scheme of Arrangement ("the Scheme") between the Companies. As per the Scheme, the Company's whole of the businesses and undertaking will be merged and amalgamated with Capital18 Fincap Private Limited (Formerly known as VT Holding Private Limited) as per section 391-394 of Companies Act, 1956. The Company has filed petition with the Hon'ble Delhi High Court for the sanction of the Scheme on 06-02-2014. The Scheme has been sanctioned by the Hon'ble High Court of Delhi on 23-05-2014. The appointed date of proposed restructuring is 1 April, 2013 and the Scheme shall be effective when the certified copies of the High Court is filed with the jurisdictional Registrar of Companies, which is still pending. Upon the Scheme becoming effective, the results of operations, assets and liabilities related to the business shall be transferred to Capital18 Fincap Private Limited (Formerly known as VT Holding Private Limited).

19. Exceptional Item

During the year, based on a review of the current and non-current assets, the Company and its subsidiaries has accounted for (a) write-off and provisions of Income tax & Service Tax to the extent of Rs. 57,07,442/-. However, these adjustments have no impact on the future profitability and cash flows of the operating businesses of the Company.

In terms of our report attached

For and on behalf of the Board of Directors

For Mohan L Jain & Co.

Chartered Accountants

Firm Reg. No. 005345N

M.L.Jain

Partner

M. No. 084190

Place:- New Delhi

Date :

Kshipra Jatana

Director

Sanjiv Kulshreshtha

Director