

TV18 HOME SHOPPING NETWORK LIMITED

TV18 HOME SHOPPING NETWORK LIMITED

Independent Auditor's Report

To the Members of TV18 Home Shopping Network Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of TV18 Home Shopping Network Limited (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. 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, 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 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, 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.
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 2015, 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, 2015 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
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;

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- 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 2015 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. 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;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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

Place : New Delhi
Date : 13 April 2015

Annexure to the Independent Auditor's Report of even date to the members of TV 18 Home Shopping Network Limited on the Financial Statements for the year ended 31 March 2015

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) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (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 granted unsecured loans to a company covered in the register maintained under Section 189 of the Act; and with respect to the same:
 - (a) the principal amounts are repayable on demand and since the repayment of such loans has not been demanded, in our opinion, receipt of the principal amount is regular. Further, receipt of the interest amount is regular; and
 - (b) there is no overdue amount in respect of loans granted to such company.
- (iv) Owing to the nature of its business, the Company does not maintain any physical inventories or sell any goods. Accordingly, clause 3(iv) of the Order with respect to purchase of inventories and sale of goods is not applicable. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (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) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's services and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with 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, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess that have not been deposited with the appropriate authorities on account of any dispute.
(c) There were no amounts which were required to be transferred to investor education and protection fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder accordingly, the provisions of clause 3(VII)(C) of the order are not applicable.
- (viii) In our opinion, the Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash losses in the current and the immediately preceding financial year.
- (ix) The Company has not defaulted in repayment of dues to any bank during the year. The Company did not have any outstanding debentures or dues payable to financial institution during the year.

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- (x) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 3(x) of the Order are not applicable.
 - (xi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
 - (xii) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

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

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

Place : New Delhi
Date : 13 April 2015

Balance sheet as at 31 March 2015

	Notes	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	89,675,510	89,675,510
Reserves and surplus	4	27,480,489	1,780,765,194
		<u>117,155,999</u>	<u>1,870,440,704</u>
Non-current liabilities			
Long-term borrowings	5	51,302,922	121,302,922
Other long term liabilities	6	746,179	3,020,783
Long-term provisions	7	38,362,148	36,117,450
		<u>90,411,249</u>	<u>160,441,155</u>
Current liabilities			
Short-term borrowings	8	662,002,813	187,438,069
Trade payables	9	929,336,581	846,266,274
Other current liabilities	10	491,867,118	370,927,939
Short-term provisions	11	48,730,212	64,745,876
		<u>2,131,936,724</u>	<u>1,469,378,158</u>
		<u>2,339,503,972</u>	<u>3,500,260,017</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	357,355,982	410,895,944
Intangible assets	13	119,749,632	121,731,320
Long-term loans and advances	14	808,128,879	617,390,719
		<u>1,285,234,493</u>	<u>1,150,017,983</u>
Current assets			
Trade receivables	15	103,255,825	147,008,027
Cash and bank balances	16	112,263,449	771,019,665
Short-term loans and advances	17	823,000,434	1,415,270,385
Other current assets	18	15,749,771	16,943,957
		<u>1,054,269,479</u>	<u>2,350,242,034</u>
		<u>2,339,503,972</u>	<u>3,500,260,017</u>

Notes 1 to 40 form an integral part of these financial statements

This is the balance sheet referred to in our report of even date.

For Walker Chandio & Co LLP

Chartered Accountants

per **B.P.Singh**

Partner

Place :

Date :

For and on behalf of Board of Directors of
TV18 Home Shopping Network Limited

Raghav Bahl

Director

DIN: 00015280

Sundeep Malhotra

Chief Executive

Officer

Place: Noida

Date

Kim Joon Shick

Director

DIN: 02937373

Sarbvir Singh

Chief Financial

Officer

Meenakshi Bahl

Company Secretary

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

	Notes	Year ended 31 March 2015 (Rs.)	Year ended 31 March 2014 (Rs.)
Revenue			
Revenue from operations	19	4,438,664,036	3,621,879,570
Other income	20	54,918,681	60,662,435
Total revenue		4,493,582,717	3,682,542,005
Expenses			
Employee benefit expenses	21	683,711,261	635,363,498
Finance costs	22	75,184,999	252,397,527
Depreciation and amortization expense	23	181,172,187	111,122,826
Other expenses	24	4,609,909,880	3,522,239,415
Total expenses		5,549,978,327	4,521,123,266
Loss before prior period and exceptional items		(1,056,395,610)	(838,581,261)
Prior period items	25	(635,422,432)	-
Exceptional items	26	(57,325,064)	-
Loss before / after tax for the year		(1,749,143,106)	(838,581,261)
Earnings per equity share (Basic and diluted)	27	(1,409.70)	(675.84)

Notes 1 to 40 form an integral part of these financial statements

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

For Walker Chandiok & Co LLP
Chartered Accountants
per **B.P.Singh**
Partner

Place :
Date :

For and on behalf of Board of Directors of
TV18 Home Shopping Network Limited
Raghav Bahl Kim Joon Shick
Director Director
DIN: 00015280 DIN: 02937373

Sundeep Malhotra Sarbvir Singh
Chief Executive Chief Financial
Officer Officer
Meenakshi Bahl
Company Secretary

Place: Noida
Date

Cash flow statement for the year ended 31 March 2015

	Year ended 31 March 2015 (Rs.)	Year ended 31 March 2014 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(1,749,143,107)	(838,581,261)
Adjustments for :		
Depreciation and amortization expense	181,172,187	111,122,826
Loss / (Profit) on sale of fixed assets	1,913,757	(397,121)
Provision for doubtful debts / advances	526,508,261	40,584,280
Balances written off	145,626,493	-
Liabilities written back	(2,914,489)	-
Goodwill written off	21,500,000	-
Interest expense	61,646,774	241,834,991
Loan processing charges	5,929,885	6,059,713
Interest income	(51,162,135)	(39,668,854)
Operating loss before working capital changes	(858,922,373)	(479,045,426)
Adjustments for :		
Decrease/(Increase) in trade receivables	43,752,202	17,860,183
Increase in loans and advances	(62,781,719)	(351,018,269)
Increase in current and non-current liabilities	174,640,165	108,603,670
Increase in provisions	(13,770,966)	37,991,558
Cash used in operations	(717,082,691)	(665,608,283)
Tax paid (net of refund received)	(205,946,658)	(375,729,277)
Net cash used in operating activities	(923,029,349)	(1,041,337,560)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(104,921,804)	(325,221,789)
Purchase of intangible assets (including Intangible assets under development)	(53,556,420)	(39,104,141)
Proceeds from sale of tangible assets	5,272,328	926,148
(Deposit in)/ proceeds from maturity of fixed deposits (net)	540,000,000	(640,273,175)
Interest received	52,356,321	22,752,061
Net cash generated from investing activities	439,150,425	(980,920,896)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of preference shares	-	3,940,250,421
(Repayment)/proceeds of long term borrowing	(70,000,000)	(1,092,005,546)
(Repayment)/proceeds of short term borrowing (net)	504,564,744	(336,700,442)
Interest expense	(61,637,565)	(386,706,975)
Loan processing charges	(7,804,472)	(7,934,300)
Net cash generated from financing activities	365,122,707	2,116,903,159
Net increase/(decrease) in cash and cash equivalents	(118,756,216)	94,644,703
Cash and cash equivalents as at the beginning of the year	127,217,685	32,572,982
Cash and cash equivalents as at the end of the year	8,461,469	127,217,685
Cash and cash equivalents include:		
Cash on hand	1,796,606	362,748
Balance with banks	6,664,863	126,854,937
Deposits with original maturity of more than 3 months but less than 12 months	8,461,469	127,217,685
Balance as per books (refer note 16)	103,801,980	643,801,980
	112,263,449	771,019,665

Notes 1 to 40 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 & Co LLP

Chartered Accountants

per **B.P.Singh**

Partner

Place :

Date :

For and on behalf of Board of Directors of

TV18 Home Shopping Network Limited

Raghav Bahl

Director

DIN: 00015280

Sundeep Malhotra

Chief Executive

Officer

Place: Noida

Date

Kim Joon Shick

Director

DIN: 02937373

Sarbvir Singh

Chief Financial

Officer

Meenakshi Bahl

Company Secretary

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

1. Background

TV18 Home Shopping Network Limited (“the Company”), was incorporated in India on 13 June 2006.

The Company is primarily engaged in providing the platform to vendors for marketing and distribution of consumer goods through the television channel owned by the Company, its website and call centers and courier companies engaged by it for delivery of the goods of such third party vendors to customers located across India.

2. Basis of preparation

The financial statements have been prepared under historical cost convention, on accrual basis, 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 accounting policies have been consistently applied by the Company.

2.1 Summary of significant accounting policies

a. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires 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.

b. Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Capital expenditure incurred on rented properties is classified as ‘Leasehold improvements’ under fixed assets.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

c. Depreciation on tangible fixed assets

Depreciation is recognized on a straight-line basis based on useful life to write down the cost less residual value of tangible fixed assets. The periods applicable are:

Asset Description	Useful life
Computer hardware	5 years
Plant and machinery	2-7 years
Furniture and fixtures	5-10 years
Vehicles	6-7 years

Leasehold improvements are amortized over the expected useful lives of the underlying assets (determined by reference to comparable owned assets) or over the term of the lease, whichever is shorter.

Gains or losses arising on the disposal of tangible assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in the Statement of profit and loss.

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

d. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Goodwill is recorded in the books when consideration is paid in excess of the value of the net assets of the business taken over.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

e. Amortisation of intangible assets

Intangible assets are amortized on a straight line basis over the estimated useful life. Computer software, Customer interaction portals and trademarks are amortised over a period of five years on straight-line basis.

Goodwill is amortized over the period of five years.

f. Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

g. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the same is accordingly reversed in the statement of profit and loss.

h. Revenue recognition

a. Commission on sale of products and reimbursement of freight and collection expenses:

Commission on sale of product and reimbursement of freight and collection expenses is recognized at the time of delivery of products by the courier companies to customer in accordance with contracted terms with the vendors.

b. Interest income :

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

i. Foreign currency transactions

Income and expense in foreign currencies are converted at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. Exchange differences arising on the settlement of monetary items or on reporting 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 recognised as income or as expenses in the year in which they arise.

j. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15- 'Employee Benefits' of Companies (Accounting Standards) Rules, 2006.

i. Provident fund and Employee State Insurance Scheme

Employee benefits in the form of Provident Fund and Employee State Insurance Scheme are defined contribution plans and the contributions are charged to the statement of profit and loss of the year when the contributions to the funds are due. There are no other obligations other than the contribution payable to the funds.

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

ii. Gratuity.

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.

iii. Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

k. Income-taxes

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 recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situation, where the company has unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

l. Earnings/ (loss) per share

Basic earnings or loss per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings or loss per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

m. 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.

n. 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.

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

3 Share capital

	Number	As at 31 March 2015 (Rs.)	Number	As at 31 March 2014 (Rs.)
Authorised share capital				
i. Equity shares of Rs. 10 each	11,000,000	110,000,000	11,000,000	110,000,000
ii. Preference shares of Rs. 100 each	1,000,000	100,000,000	1,000,000	100,000,000
Issued, subscribed and paid-up capital				
Equity shares of Rs. 10 each fully paid up	1,240,791	12,407,910	1,240,791	12,407,910
15% Compulsory convertible preference shares of Rs.100 each fully paid up	135,000	13,500,000	135,000	13,500,000
5% Optionally convertible preference shares of Rs.100 each fully paid up	101,181	10,118,100	101,181	10,118,100
0.01% Compulsory convertible preference shares of Rs. 100 each fully paid up	291,998	29,199,800	291,998	29,199,800
0.001% Compulsory convertible preference shares of Rs. 100 each fully paid up	244,497	24,449,700	244,497	24,449,700
Total issued, subscribed and fully paid-up share capital		89,675,510		89,675,510
a Reconciliation of the share capital				
i. Equity shares				
	Numbers	As at 31 March 2015 (Rs.)	Numbers	As at 31 March 2014 (Rs.)
Shares outstanding at the end of the year	<u>1,240,791</u>	<u>12,407,910</u>	<u>1,240,791</u>	<u>12,407,910</u>
ii. 15% compulsory convertible preference shares				
	As at 31 March 2015 Numbers	As at 31 March 2014 Numbers	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)
At the beginning of the year	135,000	-	13,500,000	-
Add: Issued during the year	-	135,000	-	13,500,000
Outstanding at the end of the year	<u>135,000</u>	<u>135,000</u>	<u>135,000</u>	<u>13,500,000</u>
iii. 5% optionally convertible preference shares				
	Numbers	As at 31 March 2015 (Rs.)	Numbers	As at 31 March 2014 (Rs.)
Shares outstanding at the end of the year	<u>101,181</u>	<u>10,118,100</u>	<u>101,181</u>	<u>10,118,100</u>
iv. 0.01% compulsory convertible preference shares				
	Numbers	As at 31 March 2015 (Rs.)	Numbers	As at 31 March 2014 (Rs.)
Outstanding at the end of the year	<u>291,998</u>	<u>29,199,800</u>	<u>291,998</u>	<u>29,199,800</u>

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

v. 0.001% compulsory convertible preference shares				
		As at 31 March 2015		As at 31 March 2014
	Numbers	(Rs.)	Numbers	(Rs.)
Outstanding at the end of the year				
i.	At the beginning of the year	244,497	-	-
ii.	Issued during the year	-	244,497	24,449,700
Outstanding at the end of the year		244,497	244,497	24,449,700
b Details of shares held by the immediate holding company and by the parent of its immediate holding company:-				
	As at 31 March 2015		As at 31 March 2014	
	Number	(Rs.)	Number	(Rs.)
i. Shares held by NW18 HSN Holdings PLC, the holding company				
	Equity shares of Rs 10 each fully paid *	1,240,785	1,240,785	12,407,850
	15% Compulsory convertible preference shares of Rs. 100 each fully paid	135,000	135,000	13,500,000
	5% Optionally convertible preference shares of Rs. 100 each fully paid	101,181	101,181	10,118,100
	0.01% Compulsory convertible preference Shares of Rs. 100 each fully paid	291,998	291,998	29,199,800
ii. Shares held by Network 18 Media & Investments Limited, the holding company of NW18 HSN Holdings PLC				
	0.001% Compulsory convertible preference Shares of Rs. 100 each fully paid	244,497	244,497	24,449,700
* Inclusive of shares are held by nominees of NW18 HSN Holdings PLC				
c Details of shareholders holding more than 5% shares in the Company				
	Number	As at 31 March 2015 % of holding	Number	As at 31 March 2014 % of holding
i. Shares held by NW18 HSN Holdings PLC, the holding company				
	Equity shares of Rs. 10 each fully paid*	1,240,785	1,240,785	100%
	15% Compulsory convertible preference shares of Rs. 100 each fully paid	135,000	135,000	100%
	5% Optionally convertible preference shares of ? 100 each fully paid	101,181	101,181	100%
	0.01% Compulsory convertible preference shares of Rs. 100 each fully paid	291,998	291,998	100%
ii. Shares held by Network 18 Media & Investments Limited, the holding company of NW18 HSN Holdings PLC				
	0.001% Compulsory convertible preference shares of Rs. 100 each fully paid	244,497	244,497	100%
* Inclusive of shares are held by nominees of NW18 HSN Holdings PLC				
d Rights, preferences and restrictions attached to each class of shares				
i. Equity shares				
The Company has only one class of equity shares with a face value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees upon recommendation of Board of Directors and approval in the annual general meeting of the Company. In the event of liquidation of the Company, the				

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

holder of 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. 15% Compulsory convertible preference shares

These shares are entitled to fixed dividend at the rate of 15% subject to the availability of profit and have a tenure of 20 years from the date of issue. These shares are non-cumulative in nature and convertible into equity shares of the Company before the expiry of the tenure based on the mutual consent of the companies. These shall have priority over equity shares in regard to payment of the dividend and repayment.

iii. 5% Optionally convertible preference shares

These shares carry a 'put/call' option of conversion into equity shares of the Company at a price determined mutually by the subscriber and the Board of Directors of the Company in conformity with the applicable regulatory provisions relating to price prevailing at the time of exercise of the option. In case of non-conversion of these shares, they will be redeemed after the expiry of 10 years, at a premium of Rs. 400 per share.

iv. 0.01% Compulsory convertible preference shares

These shares are compulsory convertible into equity shares at any time during the period of 10 years from the date of issue at a price determined mutually by the subscriber and the Board of Directors of the Company in conformity with the applicable regulatory provisions relating to the price prevailing at the time of conversion. The preference shares shall be entitled to a premium, to be determined based on the maximum rate of dividend payable by an Indian company under the prevailing regulatory guidelines (on preference shares held by a foreign investor).

v. 0.001% Compulsory convertible preference shares

These shares are non-cumulative in nature and are convertible into equity shares of the company only on the mutual consent of the companies. These are entitled to fixed dividend at the rate of 0.001% subject to the availability of profits and have a tenure of 10 years from the date of allotment.

e. Details of shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and brought back during the last 5 years for each class of shares

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.

4 Reserves and surplus

	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)
Securities premium account		
Balance at the beginning of the year	6,603,396,863	2,701,096,142
Add: premium on issue of 135,000 15 % Compulsory convertible preference shares	-	1,432,876,913
Add: premium on issue of 244,497 0.001 % Compulsory convertible preference shares	-	2,469,423,808
Balance at the end of the year	6,603,396,863	6,603,396,863
Deficit in the statement of profit and loss		
Balance at the beginning of the year	(4,822,631,669)	(3,984,050,408)
Depreciation charge (refer note 39)	(4,141,599)	-
Loss for the year	(1,749,143,106)	(838,581,261)
Balance at the end of the year	(6,575,916,374)	(4,822,631,669)
	27,480,489	1,780,765,194
5 Long-term borrowings		
Secured		
Term loan from bank*	51,302,922	121,302,922
	51,302,922	121,302,922

*On 26 July 2013, the Company entered into an arrangement with bank to avail credit facilities upto Rs. 250,000,000 available for a period of 48 months, carrying an interest rate 2.75% above the bank's base rate and repayable in 14 structured quarterly

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

instalments from 30 June 2014 onwards. The facility is secured by hypothecation of moveable fixed assets and entire current assets (including loan and advances) and further by way of corporate guarantee by Network18 Media & Investments Limited.

6 Other long term liabilities	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)
Due to others	746,179	3,020,783
	<u>746,179</u>	<u>3,020,783</u>
7 Long-term provisions		
Provision for employee benefits	38,362,148	35,958,089
Others	-	159,361
	<u>38,362,148</u>	<u>36,117,450</u>
8 Short-term borrowings		
Secured		
From bank*		
Working capital demand loan	500,000,000	-
Cash credit	94,975,167	123,197,179
Buyer's credit	67,027,646	64,240,890
	<u>662,002,813</u>	<u>187,438,069</u>
*Short term borrowings from bank are secured by exclusive charge on current and moveable fixed assets including loans and advances and corporate guarantee by Network18 Media & Investments Limited.		
9 Trade payables		
(a) Due to micro, small and medium enterprises (also, refer note below)	-	-
(b) Due to others	929,336,581	846,266,274
	<u>929,336,581</u>	<u>846,266,274</u>
Note:		
The Company has requested its vendors to confirm their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). Based on confirmations received, there are no amounts due to any micro, small and medium enterprise under the MSMED Act, 2006. Further, the Company's liability towards any interest for delayed payments, if any, under the provisions of the said Act is not likely to be material.		
10 Other current liabilities		
Current maturity of long - term borrowings: term loan from bank	70,000,000	40,000,000
Advance from customers	-	3,164,422
Statutory dues payable	11,774,001	29,090,816
Book overdraft	46,270,028	29,338,305
Security deposits	1,000,000	1,000,000
Consideration collected on behalf of vendors for sales to customers	309,439,847	215,560,814
Interest accrued but not due	616,286	607,077
Derivative financial liabilities	1,973,313	7,739,497
Unearned revenue	50,092,821	42,655,303
Other payables	700,822	1,771,705
	<u>491,867,118</u>	<u>370,927,939</u>
11 Short-term provisions		
Provision for employee benefits	1,653,009	1,650,057
Provision for incentives payable to employees	47,077,203	63,095,819
	<u>48,730,212</u>	<u>64,745,876</u>

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

12 Tangible assets						(In Rs.)
	Leasehold improvements	Plant and equipment	Furniture and fixtures	Vehicles	Computer	Total
Gross block						
Balance as at 1 April 2013	107,322,075	182,893,692	16,750,082	5,979,816	76,117,018	389,062,683
Additions	79,656,260	180,082,940	3,157,130	5,681,052	56,644,407	325,221,789
Disposals	6,441,068	853,500	-	988,008	42,840	8,325,416
Balance as at 31 March 2014	180,537,267	362,123,132	19,907,212	10,672,860	132,718,585	705,959,056
Additions	2,610,618	26,063,180	705,892	1,106,061	74,436,053	104,921,804
Disposals	9,372,565	3,654,381	1,294,168	877,490	7,984,170	23,182,774
Balance as at 31 March 2015	173,775,320	384,531,931	19,318,936	10,901,431	199,170,468	787,698,086
Accumulated depreciation and amortisation						
Balance as at 1 April 2013	82,013,501	99,388,771	6,068,120	2,727,128	29,690,496	219,888,016
Charge for the year	27,473,993	38,126,481	1,107,126	1,052,815	15,211,070	82,971,484
Reversal on disposal of assets	6,441,068	853,500	-	494,496	7,325	7,796,388
Balance as at 31 March 2014	103,046,426	136,661,752	7,175,246	3,285,447	44,894,241	295,063,112
Charge for the year	41,211,721	66,527,847	5,979,947	1,443,492	32,008,686	147,171,693
Adjusted to opening reserves (refer note 39)	-	3,346,246	708,426	-	49,314	4,103,986
Reversal on disposal of assets	9,372,565	2,311,847	265,125	676,728	3,370,423	15,996,688
Balance as at 31 March 2015	134,885,582	204,223,998	13,598,494	4,052,211	73,581,818	430,342,104
Net block						
Balance as at 31 March 2014	77,490,841	225,461,380	12,731,966	7,387,413	87,824,344	410,895,944
Balance as at 31 March 2015	38,889,738	180,307,933	5,720,442	6,849,220	125,588,650	357,355,982
13 Intangible assets						
	Computer software	Customer interaction portals	Trademark	Goodwill	(In Rs.) Total	
Gross block						
Balance as at 1 April 2013	60,241,154	20,413,437	722,449	50,000,000	131,377,040	
Additions	41,903,945	4,653,524	-	-	46,557,469	
Balance as at 31 March 2014	102,145,099	25,066,961	722,449	50,000,000	177,934,509	
Additions	53,109,420	-	447,000	-	53,556,420	
Balance as at 31 March 2015	155,254,519	25,066,961	1,169,449	50,000,000	231,490,929	
Amortization						
Balance as at 1 April 2013	11,460,980	572,261	18,606	16,000,000	28,051,847	
Charge for the year	13,460,087	4,546,765	144,490	10,000,000	28,151,341	
Balance as at 31 March 2014	24,921,067	5,119,026	163,096	26,000,000	56,203,188	
Charge for the year	26,293,355	4,697,357	509,782	2,500,000	34,000,494	
Goodwill written off	-	-	-	21,500,000	21,500,000	
Adjusted to opening reserves (refer note 39)	37,614	-	-	-	37,615	
Balance as at 31 March 2015	51,252,036	9,816,383	672,878	50,000,000	111,741,297	
Net block						
Balance as at 31 March 2014	77,224,032	19,947,935	559,353	24,000,000	121,731,321	
Balance as at 31 March 2015	104,002,483	15,250,578	496,571	-	119,749,632	

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

	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)
14 Long-term loans and advances (unsecured and considered good)		
Security deposits	45,257,202	41,681,834
Capital advances	2,164,145	23,534,681
Income tax paid*	760,707,532	552,174,204
	<u>808,128,879</u>	<u>617,390,719</u>
*Net of provision for income tax Rs. Nil (previous year Rs. Nil)		
15 Trade receivables		
Trade receivables outstanding for a period exceeding six months		
Unsecured, considered good	6,565,711	7,583,306
Unsecured, considered doubtful	17,017,992	18,422,072
Less: Provision for doubtful debts	(17,017,992)	(18,422,072)
	<u>6,565,711</u>	<u>7,583,306</u>
Unsecured, considered doubtful Other receivables	96,690,114	139,424,721
	<u>96,690,114</u>	<u>139,424,721</u>
	<u>103,255,825</u>	<u>147,008,027</u>
16 Cash and bank balances		
Cash and cash equivalents		
Cash in hand	1,796,606	362,748
Balances with banks:		
In current accounts	6,664,863	126,854,937
	<u>8,461,469</u>	<u>127,217,685</u>
Other bank balances		
Deposits with original maturity of more than 3 months but less than 12 months*	103,801,980	643,801,980
	<u>103,801,980</u>	<u>643,801,980</u>
	<u>112,263,449</u>	<u>771,019,665</u>
*Includes deposit of Rs. 80,464 (previous year Rs. 80,464) pledged with Uttar Pradesh trade tax department		
17 Short-term loans and advances (unsecured, considered good, unless otherwise stated)		
Loans and advances to related party (include doubtful advances amounting Rs. 28,600,000 Previous year Nil)	138,388,283	70,116,334
Advances recoverable in cash or kind (include doubtful advances amounting Rs. 520,866,514 Previous year Rs. 23,015,018)	1,165,094,850	1,307,307,662
Cenvat recoverable	12,477,304	15,851,225
Prepaid expenses	54,032,914	43,323,062
Others	2,473,597	1,687,120
	<u>1,372,466,948</u>	<u>1,438,285,403</u>
Less: Provisions for doubtful against advances recoverable in cash or kind	(549,466,514)	(23,015,018)
	<u>823,000,434</u>	<u>1,415,270,385</u>
18 Other current assets		
Interest accrued but not due on fixed deposits	15,749,771	16,943,957
	<u>15,749,771</u>	<u>16,943,957</u>

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

19 Revenue from operations	Year ended 31 March 2015 (Rs.)	Year ended 31 March 2014 (Rs.)
Income from sale of services		
Commission on sale of products	4,367,566,567	3,516,519,684
Reimbursement of freight and collection expenses	47,409,690	80,884,073
Sponsorship income	23,687,779	24,475,813
	<u>4,438,664,036</u>	<u>3,621,879,570</u>
20 Other income		
Interest income on		
Bank deposits	34,783,967	37,094,854
Refund of income tax	12,374,168	-
Others	4,004,000	2,574,000
Profit on sale of assets	-	397,121
Liabilities written back	2,914,489	20,596,460
Miscellaneous income	842,057	-
	<u>54,918,681</u>	<u>60,662,435</u>
21 Employee benefits expense		
Salaries, wages and bonus	609,860,796	568,675,158
Contribution to provident fund and other funds	30,717,606	28,730,723
Other employee benefits	16,277,655	12,835,512
Staff welfare expenses	26,855,204	25,122,105
	<u>683,711,261</u>	<u>635,363,498</u>
22 Finance costs		
Interest expense	61,646,774	241,834,991
Exchange loss on buyers credit	5,254,462	3,965,269
Others	8,283,763	6,597,267
	<u>75,184,999</u>	<u>252,397,527</u>
23 Depreciation and amortization expense		
Depreciation of tangible assets	147,171,693	82,971,484
Amortization of intangible assets	34,000,494	28,151,342
	<u>181,172,187</u>	<u>111,122,826</u>

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

24 Other expenses	Year ended 31 March 2015 (Rs.)	Year ended 31 March 2014 (Rs.)
Content purchase and production costs	166,848,768	137,909,604
Rent and hire charges	103,286,229	93,484,421
Communication expenses	163,846,514	120,069,361
Freight and distribution expenses	2,854,712,853	2,182,161,963
Advertisement and business promotion	539,075,744	551,482,474
Electricity and water	50,395,782	39,942,625
Insurance expenses	11,249,221	10,976,417
Repair and maintenance		
(i) Plant and machinery	25,135,218	14,382,998
(ii) Others	34,220,646	34,255,574
Travelling and conveyance	128,756,155	102,031,037
Vehicle running and maintenance	8,043,595	5,517,549
Legal and professional expenses	175,774,964	105,398,911
Balances written off	887,259	-
Provision for doubtful debts	-	40,584,280
Customer service expenditure	290,781,217	35,174,552
Website maintenance expenses	2,148,801	2,768,034
Loss on sale of fixed assets	1,913,757	-
Office running and maintenance	22,630,683	16,857,496
Printing and stationery	4,973,279	5,230,134
Payment to auditor	2,056,079	2,587,307
Miscellaneous expenses	23,173,116	21,424,678
	<u>4,609,909,880</u>	<u>3,522,239,415</u>
25 Prior period items		
Provision for doubtful loans and advances	496,972,884	-
Advances recoverable in cash or in kind written off	138,449,548	-
	<u>635,422,432</u>	<u>-</u>
26 Exceptional items		
Provision for doubtful loans and advances	29,535,378	-
Advances recoverable in cash or in kind written off	6,289,686	-
Goodwill written off	21,500,000	-
	<u>57,325,064</u>	<u>-</u>
27 Earnings per share		
Loss after tax	(1,749,143,106)	(838,581,261)
Weighted average number of equity shares in calculating basic loss per equity share	1,240,791	1,240,791
Effect of dilution:		
Weighted average number of equity shares in calculating diluted loss per equity share	1,240,791	1,240,791
Earnings per share - basic and diluted	<u>(1,409.70)</u>	<u>(675.84)</u>

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

28 Employee benefits:

Particulars	Year ended 31 March 2015		Year ended 31 March 2014	
	Gratuity benefits	Compensated absences	Gratuity benefits	Compensated absences
(Amounts in ₹)				
Change in benefit obligations:				
Present value of obligation at the beginning of the year	22,326,677	15,281,469	16,416,414	12,559,497
Current service cost	5,900,476	4,851,156	5,914,593	5,767,220
Interest cost	1,897,768	1,298,925	1,313,313	1,004,760
Actuarial (gain)/loss	(704,351)	3,033,681	(989,591)	(174,783)
Benefits paid	(3,530,035)	(10,340,609)	(328,052)	(3,875,225)
Present value of obligation at the year end	25,890,535	14,124,622	22,326,677	15,281,469
Current portion of obligation as at the end of the year	1,653,009	-	1,650,057	-
Non-current portion of obligation as at the end of the year	38,362,148	-	35,958,089	-
Expenses recognised in the statement of profit and loss :				
Current service cost	5,900,476	4,851,156	5,914,593	5,767,220
Interest cost	1,897,768	1,298,925	1,313,313	1,004,760
Net actuarial (gain)/loss	(704,351)	3,033,681	(989,591)	(174,783)
Net cost	7,093,893	9,183,762	6,238,315	6,597,197
Actuarial assumptions used				
		Year ended 31 March 2015	Year ended 31 March 2014	
Discount rate		8.00%	8.50%	
Expected salary escalation rate		5.50%	6.00%	
Demographic assumptions for year ended 31 March 2015 and 31 March 2014:				
	Year ended 31 March 2015		Year ended 31 March 2014	
Mortality table	IALM(2006-08)		IALM(2006-08)	
Retirement age	60 Yrs		60 Yrs	
Withdrawal rates	Age	Percentage	Age	Percentage
	Upto 30 Years	3	Upto 30 Years	3
	From 31 to 44 Years	2	From 31 to 44 Years	2
	Above 44 Years	1	Above 44 Years	1

29 Segmental reporting

The Company is primarily engaged in the business of providing the platform to vendors for the distribution of consumer goods in India. 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.

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

- 30 The employees of the Company have been granted stock options under TV18 HSN Holdings Limited Share Option Plan 2008 (“ESOP 2008”) of NW18 HSN Holdings PLC (formerly TV18 HSN Holdings Limited). The plan was approved by the shareholders of NW18 HSN Holdings PLC (formerly TV18 HSN Holdings Limited) vide shareholders resolution dated 7 April 2008. The ESOP 2008 entitles the eligible employees to purchase ordinary shares of NW18 HSN Holdings PLC (formerly TV18 HSN Holdings Limited). A description of the share based payment arrangement of NW18 HSN Holdings PLC (formerly TV18 HSN Holdings Limited) 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 employees of the Company have also been granted Stock Appreciation Rights (SARs) under TV18 HSN Stock Appreciation Rights Scheme, 2012 (‘SARs Scheme’). The SARs Scheme will also be administered by a Compensation Committee of the Board of Directors of TV18 HSN Holdings Limited. SARs scheme was approved by the shareholders of TV18 HSN Holdings Limited vide resolution dated 2 November 2012. A description of the SARs arrangement of TV18 HSN Holdings Limited is given below:

Particulars **TV18 HSN Employees Stock Appreciation Rights Scheme, 2012**
Exercise price The exercise price in respect of the stock appreciation rights shall be decided by the Compensation Committee

Vesting conditions **Options granted till 26 July 2013:**
50,000 rights on the grant date
 For remaining rights- 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 26 July 2013:
10,000 rights on the grant date
 For remaining rights- graded vesting - 25% on the expiry of one year from the grant date, thereafter 25% each year on the expiry of 250 days from the 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 holding company has not recharged any cost relating to ESOP 2008 and SARs scheme to the Company.

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

31 Related party disclosures

a. List of related parties

1 Holding and ultimate holding company

Name	Relationship
i. NW18 HSN Holdings PLC (formerly TV18 HSN Holdings Limited), Cyprus - (NW18 HSN)	Holding company
ii. Network18 Holdings Limited, Mauritius (NHL) PLC (formerly TV18 HSN Holdings Limited), Cyprus	Holding company of NW18 HSN Holdings
iii. Network18 Media & Investments Limited (Network18)	The holding company of NW18 HSN Holdings PLC

2 Other related parties (names have been given for only those parties with whom transactions have been undertaken during the year)

i. TV18 Broadcast Limited (TV18 Broadcast)	Fellow subsidiary
ii. Indiacast Media & Distribution Private Limited (Indiacast)	Fellow subsidiary
iii. AETN18 Media Private Limited	Fellow subsidiary
iv. e- Eighteen.com Limited (E eighteen.com)	Fellow subsidiary
v. Greycells18 Media Private Limited (Greycells18)	Fellow subsidiary
vi. Prism TV Private Limited (from 22 January 2014 onwards) (Prism)	Fellow subsidiary
vii. RRB Investments Private Limited (RRB Investments)	Fellow subsidiary
viii. Reliance Retail Limited	Co- subsidiary
ix. Viacom18 India Limited (Viacom18)	Joint venture of fellow subsidiary
x. Ubona Technologies Private Limited.(Ubona)	Joint venture of fellow subsidiary
xi. Sundeep Malhotra	Key Managerial Personnel (KMP)
xii. Sarbvir Singh	KMP
xiii. Meenakshi Bahl	KMP
xiv. Wespro Digital Private Limited (Wespro)	Associate of ultimate holding company
xv. RVT Holdings Limited (till 28 May 2014)	Entity controlled by individual exercising significant influence on the Company

b. Transactions/balances outstanding with related parties

Particulars	Holding	Fellow	Entity	Key
	Company/Ultimate holding Company	Subsidiaries/ Joint ventures/ Associates/ Co-Subsidiaries	controlled by individual exercising significant influence on the Company	management personal
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
A. Transactions during the year				
Income from operations				
a. Wespro	-	10,148,254	-	-
	-	(24,491,121)	-	-
Total	-	10,148,254	-	-
	-	(24,491,121)	-	-
Interest income				
a. Wespro	-	4,004,000	-	-
	-	(2,574,000)	-	-
Total	-	4,004,000	-	-
	-	(2,574,000)	-	-
Sale of Assets				
a. Reliance Retail Limited	-	4,310,135	-	-
	-	-	-	-
Total	-	4,310,135	-	-
	-	-	-	-

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

Particulars	Holding	Fellow	Entity	Key
	Company/Ultimate holding Company	Subsidiaries/ Joint ventures/ Associates/ Co-Subsidiaries	controlled by individual exercising significant influence on the Company	management personal
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
Expenses				
Interest expense				
a. Network18	-	-	-	-
	(200,538,230)	-	-	-
b. RRB Investments	-	-	-	-
	-	(22,334,286)	-	-
Total	-	-	-	-
	(200,538,230)	(22,334,286)	-	-
Reimbursement of expenses (received)				
a. Network18	18,190,000	-	-	-
	-	-	-	-
b. E eighteen.com	-	232,000	-	-
	-	(348,000)	-	-
c. Wespro	-	888,307	-	-
	-	(4,541,188)	-	-
d. TV18 Broadcast	-	99,425	-	-
	-	-	-	-
e. Reliance Retail Limited	-	5,355,511	-	-
	-	-	-	-
Total	18,190,000	6,575,243	-	-
	-	(4,889,188)	-	-
Amount paid on behalf of				
a. NW18 HSN	70,015,082	-	-	-
	(9,414,102)	-	-	-
Total	70,015,082	-	-	-
	(9,414,102)	-	-	-
Loan Received				
a. Network18	-	-	-	-
	(901,145,728)	-	-	-
b. RRB Investments	-	-	-	-
	-	(811,145,728)	-	-
Total	-	-	-	-
	(901,145,728)	(811,145,728)	-	-
Loan Repaid				
a. Network18	-	-	-	-
	(2,178,645,728)	-	-	-
b. RRB Investments	-	-	-	-
	-	(811,145,728)	-	-
Total	-	-	-	-
	(2,178,645,728)	(811,145,728)	-	-
Reimbursement of expenses (paid)				
a. Network18	33,698,913	-	-	-
	(12,125,783)	-	-	-
b. TV18 Broadcast	-	50,097,233	-	-
	-	(20,510,425)	-	-
c. E eighteen.com	-	947,358	-	-
	-	(1,711,274)	-	-
Total	33,698,913	51,044,591	-	-
	(12,125,783)	(22,221,699)	-	-

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

Particulars	Holding Company/Ultimate holding Company	Fellow Subsidiaries/ Joint ventures/ Associates/ Co-Subsidiaries	Entity controlled by individual exercising significant influence on the Company	Key management personal
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
Amount collected on behalf of (received)				
a. Wespro	-	33,278,093	-	-
	-	(93,175,173)	-	-
Total	-	33,278,093	-	-
	-	(93,175,173)	-	-
Expenditure for services received				
a. Network18	-	-	-	-
	(7,341,191)	-	-	-
b. TV18 Broadcast	-	13,651,475	-	-
	-	(9,000,000)	-	-
c. AETN18 Media Private Limited	-	1,263,500	-	-
	-	-	-	-
d. Viacom18	-	74,071,452	-	-
	-	(26,025,000)	-	-
e. Prism	-	1,037,910	-	-
	-	-	-	-
f. Ubona	-	3,238,573	-	-
	-	-	-	-
Total	-	93,262,910	-	-
	(7,341,191)	(35,025,000)	-	-
Corporate Guarantee received during the year				
a. Network18	250,000,000	-	-	-
	(250,000,000)	-	-	-
Total	250,000,000	-	-	-
	(250,000,000)	-	-	-
Employee benefit expense				
a. Sundeep Malhotra	-	-	-	43,366,497
	-	-	-	(42,196,000)
b. Sarbvir Singh	-	-	-	34,109,004
	-	-	-	(7,152,250)
c. Meenakshi Bahl	-	-	-	381,267
	-	-	-	-
Total	-	-	-	77,475,501
	-	-	-	(49,348,250)
Issue of compulsorily convertible preference shares (including premium)				
a. NW18 HSN	-	-	-	-
	(1,446,376,913)	-	-	-
b. Network18	-	-	-	-
	(2,493,873,508)	-	-	-
Total	-	-	-	-
	(3,940,250,421)	-	-	-
B. Balances at the year end				
Loans / advances outstanding as at the year end				
a. NW18 HSN	106,782,540	-	-	-
	(36,767,458)	-	-	-
b. RVT Holdings	-	-	-	-
	-	-	(2,816,613)	-

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

Particulars	Holding	Fellow	Entity	Key
	Company/Ultimate holding Company	Subsidiaries/ Joint ventures/ Associates/ Co-Subsidiaries	controlled by individual exercising significant influence on the Company	management personal
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
c. Wespro	-	31,605,743	-	-
	-	(30,532,263)	-	-
Total	106,782,540	31,605,743	-	-
	(36,767,458)	(30,532,263)	(2,816,613)	-
Corporate Gurantee outstanding as at the year end				
a. Network18	783,305,735	-	-	-
	(348,740,991)	-	-	-
Total	783,305,735	-	-	-
	(348,740,991)	-	-	-
Creditors outstanding as at the year end				
a. TV 18 Broadcast	-	13,923,977	-	-
	-	(8,120,705)	-	-
b. Network18 (other)	4,227,792	-	-	-
	(5,067,512)	-	-	-
c. Viacom18	-	67,569,466	-	-
	-	(3,145,260)	-	-
d. E eighteen.com	-	102,519	-	-
	-	(4,730,416)	-	-
e. Greycells18	-	90,577	-	-
	-	(90,577)	-	-
f. Prism	-	1,271,735	-	-
	-	(1,299,213)	-	-
g. AETN18 Media Private Limited	-	1,394,399	-	-
	-	-	-	-
h. Wespro	-	410,102	-	-
	-	(1,707,044)	-	-
i. Ubona	-	310,534	-	-
	-	-	-	-
Total	4,227,792	85,073,309	-	-
	(5,067,512)	(19,093,215)	-	-
Performance linked incentive outstanding as at year end				
a. Sundeep Malhotra	-	-	-	14,280,000
	-	-	-	(23,810,000)
b. Sarbvir Singh	-	-	-	15,000,000
	-	-	-	(2,875,000)
Total	-	-	-	29,280,000
	-	-	-	(26,685,000)
Share Capital				
a. NW 18 HSN				
- Equity	12,407,850	-	-	-
	(12,407,850)	-	-	-
- Preference	52,817,900	-	-	-
	(52,817,900)	-	-	-
b. Network18				
- Preference	24,449,700	-	-	-
	(24,449,700)	-	-	-
Total	89,675,450	-	-	-
	(89,675,450)	-	-	-

Note : Figures in brackets represent figures for the previous year .

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

32 Operating leases commitment

The Company has taken various commercial premises under cancellable/non-cancellable operating leases. The cancellable lease agreements are normally renewed on expiry. Rent amounting to Rs. 103,286,229/- (Previous year Rs. 93,484,421) has been debited to statement of profit and loss during the year.

Particulars	As at 31 March 2015 (Rs.)	As at 31 March 2014 (Rs.)
Not later than one year	79,325,470	85,729,435
Later than one year but not later than five years	30,332,664	103,990,682
More than five years	-	-

33 Capital commitments

Estimated amounts of contracts remaining to be executed on capital account (net of advances) Rs. 8,643,492 (Previous year Rs. 48,906,759).

34 Value of imports calculated on CIF basis

Particulars	Year ended 31 March 2015 (Rs.)	Year ended 31 March 2014 (Rs.)
Capital goods	8,584,418	110,607,246

35 Expenditure in foreign currency (accrual basis)

Particulars	Year ended 31 March 2015 (Rs.)	Year ended 31 March 2014 (Rs.)
Travelling and conveyance	1,229,222	528,072
Advertisement and business promotion	12,192,158	11,040,021
Legal and professional expenses	2,014,932	670,488
Repair and maintenance -others	373,307	287,082
	15,809,619	12,525,663

- 36 The Company is subject to the uplinking and downlinking guidelines issued by the Ministry of Information and Broadcasting ('MIB'), Government of India and has obtained approval from MIB dated 23 November 2007 to uplink and downlink "HomeShop18" television channel for a period of ten and five years respectively. On 21 November 2012, the Company applied for the renewal of the downlinking license for its television channel under the Downlinking Guidelines, which is currently pending for approval of the MIB. It has received a show cause notice dated 13 March 2014 from the MIB intimating that it has not been compliant with minimum positive net worth requirements as per the Uplinking Guidelines issued by the MIB. The MIB, through this show cause notice, has requested information from the Company on why penalties ranging from suspension of permission and prohibition of broadcast/ transmission for a certain number of days, to revocation of permission and prohibition of broadcast for the remaining period of the permission, to disqualification from holding any fresh permission in future for a period of five years, be not imposed. The Company has addressed the net worth requirements as on 31 March 2014 and is hopeful that the aforesaid penalties will not be imposed by the MIB.

The Company does not expect any adverse impact of the pending downlinking application arising from any restriction to continue to uplink and downlink its television channel.

- 37 Since its inception, the Company has been focusing on building platforms for vendors for distribution of consumer goods. The Company has invested significantly in setting up the infrastructure and its corporate brand. Accordingly, being in its early stages, the Company has experienced operating losses and negative cash flows from operations. However, the ultimate majority shareholder, Network18 Media & Investments Limited, has assured continued financial support to the Company up to and including 31 March 2015, and based on this financial support, these financial statements have been prepared on a going concern basis.

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

38 Hedged foreign currency exposure

The Company uses cross-currency forward contract to hedge its risks associated with fluctuations in foreign currencies and interest rates relating to foreign currency liabilities. The following are outstanding derivatives contracts as on 31 March 2015 :

Forward contract

Description of hedge	As at 31 March 2015	As at 31 March 2014
	Amount in foreign currency (USD)	
To take protection against appreciation in Indian Rupees against USD payable in respect of imports against letter of credit	1,070,900	1,079,001
	Amount in Indian Rupees	
	67,027,646	64,847,967

39 The Company recognizes depreciation and amortisation on straight-line basis based on the useful life to write down the cost less estimated residual value of tangible assets. In respect to the useful life of the assets the management is of the following view:

- That on account of technological obsolescence, the useful life of computer of 5 years is reasonable and hence, expect to replace in a span averaging 5 years.
- Plant & Machinery comprise of Multi viewer screens, Lights and LED, camera's, tracks for installing the roof cameras, Batteries, Mobile phone, gateway appliances etc which are specific to the industry of the Company and not specifically covered under the Schedule II and hence, the management adopted to depreciate the same in line with the industry practices .
- Certain items in furniture and fixture comprising of revolving chairs, tables, racks and cabinets are worn out in a period of 5 -7 years resulting in a need for replacement and hence, basis the past usage trend the management has taken a lower useful life. However, for the remaining block of furniture and fixtures, it has appropriately taken a life of 10 years.
- Vehicles are provided to the top level management for official purposes and are replaced with a new vehicle in a shorter period depending on the hierarchal progression. Accordingly, a lower useful life has been taken for vehicles also. And hence for the following block of assets different useful lives are taken as compared to the lives specified in Schedule II of the Act :

Asset Description	Useful life as taken by the company	Useful life as per Schedule II
Computer	5 years	6 years
Plant and machinery	2-7 years	15 years
Furniture and fixtures	5-10 years	10 years
Vehicles	6-7 years	10 years

- On account of change in the useful lives as per schedule II of the Act, the impact of depreciation adjusted against opening reserves is Rs 4,141,599, and had the Company not changed the useful lives, the loss of a company would be lower by Rs 40,852,788, while the reserve balances would have been higher by Rs.44,994,387 .

40 Previous year figures have been presented for the purpose of comparison and have been regrouped/ reclassified wherever necessary.

For Walker Chandiok & Co LLP

Chartered Accountants

per B.P.Singh

Partner

Place :

Date :

For and on behalf of Board of Directors of

TV18 Home Shopping Network Limited

Raghav Bahl

Director

DIN: 00015280

Kim Joon Shick

Director

DIN: 02937373

Sundeep Malhotra

Chief Executive

Officer

Sarbvir Singh

Chief Financial

Officer

Meenakshi Bahl

Company Secretary

Place: Noida

Date