

Watermark Infratech Private Limited
FINANCIAL ACCOUNTS
2014-15

Independent Auditor's Report

To the Members of Watermark Infratech Pvt. Ltd.

1. Reports on the Financial Statements

We have audited the accompanying financial statements of **Watermark Infratech Pvt Ltd**, 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.

WATERMARK INFRA TECH PRIVATE LIMITED

- 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

M.L.Jain

Partner

Membership No: 084190

Place: New Delhi

Date: 6th April, 2015

Balance Sheet as at 31st March 2015*(All Amount in Rs.)*

	Notes	As at 31st March 2015	As at 31st March 2014
A Equity and Liabilities			
1 Shareholders' funds			
Share Capital	3	100,000	100,000
Reserves and Surplus	4	(35,956,207)	(35,754,713)
2 Non-current Liabilities			
Long-term Borrowings	5	3,865,973,769	7,610,444,839
3 Current Liabilities			
Other Current Liabilities	6	118,354	41,605,930
Total		3,830,235,916	7,616,396,056
B Assets			
1 Non-current Assets			
Non-current Investments	7	3,827,304,270	3,827,304,270
2 Current Assets			
Trade Receivables	8	149,823-	
Cash and Cash equivalents	9	2,720,649	546,582
Other Current Assets	10	61,1742,657,534	
Total		3,830,235,916	3,830,508,386
See accompanying notes forming part of the financial statements	1-19		

As per our report of even date attached

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

For and on behalf of the Board

M. L. Jain
Partner
Membership No. 084190

Raja Kolumum Ramachandran
Director

Laxmidas Vallabhdas Merchant
Director

Place: New Delhi
Date : 6th April, 2015

Statement of Profit and Loss for the year ended 31st March 2015

		<i>(All Amount in Rs.)</i>	
	Notes	Year Ended 31st March 2015	Year Ended 31st March 2014
I. Income			
Revenue from operations	11	149,823	1,283,086
Other income	12	-	259,109
Total revenue		<u>149,823</u>	<u>1,542,195</u>
II. Expenses			
Purchases of traded goods	13	145,000	1,263,125
Finance Cost	14	13,255	10,386
Other expenses	15	193,062	422,712
Total		<u>351,317</u>	<u>1,696,223</u>
Profit Before Tax		(201,494)	(154,028)
Tax expense			
Current tax		-	-
Deferred tax		-	-
Total Tax expense		<u>-</u>	<u>-</u>
Loss for the year		<u>(201,494)</u>	<u>(154,028)</u>
Earnings per equity share [nominal value of share Rs. 10]	16		
Basic		(20.15)	(15.40)
Diluted		(20.15)	(15.40)
See accompanying notes forming part of the financial statements	1-19		

As per our report of even date attached

For Mohan L. Jain & Co.

Chartered Accountants

Firm Registration No. 005345N

For and on behalf of the Board**M. L. Jain**

Partner

Membership No. 084190

Raja Kolumum Ramachandran

Director

Laxmidas Vallabhadas Merchant

Director

Place: New Delhi

Date : 6th April, 2015

Cash Flow Statement for the year ended 31st March, 2015

	<i>(All Amount in Rs.)</i>	
Cash Flow Statement	Year ended 31st March 2015	Year ended 31st March 2014
Cash flows from Operating activities		
Profit / (Loss) before income tax	(201,494)	(154,028)
Adjustments for:		
Interest & Financial Charges	13,255	10,386
Changes in working capital		
Increase/(Decrease) in Current Liabilities	(41,487,576)	(300,471)
(Increase)/Decrease in Current Assets	2,446,537	3,986,301
Cash used in operations	<u>(39,229,278)</u>	<u>3,542,188</u>
Income tax paid	-	-
Net cash used in Operating activities	<u>(39,229,278)</u>	<u>3,542,188</u>
Cash flows from Investing activities		
Net cash flow used in Investing activities	<u>-</u>	<u>-</u>
Cash flows from Financing activities		
Loan taken	80,086,099	304,086
Loan Repayment	(38,669,499)	(4,250,000)
Demat Charges	(13,255)	(10,386)
Net cash flow generated from Financing activities	<u>41,403,345</u>	<u>(3,956,300)</u>
Net Increase/(Decrease) in Cash and Cash equivalents	<u>2,174,067</u>	<u>(414,112)</u>
Cash and Cash equivalents at the beginning of year	<u>546,582</u>	<u>960,694</u>
Cash and Cash equivalents at the end of period	<u><u>2,720,649</u></u>	<u><u>546,582</u></u>

As per our report of even date attached

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

For and on behalf of the Board

M. L. Jain
Partner
Membership No. 084190

Raja Kolumum Ramachandran
Director

Laxmidas Vallabhdas Merchant
Director

Place: New Delhi
Date : 6th April, 2015

Notes to Financial Statements for the year ended 31st March 2015

1 Corporate information

The Company was incorporated on January 04, 2011 and was promoted by Mr. Anil Srivastava and Mr. Hitesh Kumar Jain.

2 Significant accounting policies

2.1 Basis of accounting and preparation of financial statements

These financial statements have been prepared to comply with Accounting Principles Generally accepted in India (Indian GAAP) the Accounting Standards notified under Section 211(3C) of the Companies (Accounting Standards) Rules, 2006 (as amended) ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provision of the 1956 Act/2013 Companies Act, as applicable.

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.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Revenue recognition

Sale of goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

2.4 Other income

Interest income is accounted on accrual basis.

2.5 Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.6 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

2.7 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Having regard to the accumulated losses, the Company has not provided for deferred tax assets as there is no virtual certainty that there will be sufficient taxable income available to realize such assets.

Notes to Financial Statements for the year ended 31st March 2015

2.8 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. There are no Contingent liabilities for year ended March 31,2015.

2.9 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

Notes to Financial Statements for the year ended 31st March 2015

(All Amount in Rs.)

	As at 31st March 2015	As at 31st March 2014
3 Share Capital		
(a) Authorized Share Capital		
10,000 (Previous Year 10,000) equity shares of Rs. 10 each	<u>100,000</u>	<u>100,000</u>
(b) Issued, Subscribed and Paid-up Capital		
10,000 (Previous Year 10,000) equity shares of Rs. 10 each fully paid up	<u>100,000</u>	<u>100,000</u>
Total Issued, Subscribed and fully Paid-up Shares Capital	<u>100,000</u>	<u>100,000</u>

DISCLOSURES

(a) Reconciliation of the Shares outstanding

Equity Shares

	<u>Numbers</u>	<u>Numbers</u>
i) At the beginning of the period	<u>10,000</u>	<u>10,000</u>
Outstanding at the end of the period	<u>10,000</u>	<u>10,000</u>

(b) Details of shares held within the Group

	<u>Numbers</u>	<u>Numbers</u>
i) Others	<u>10,000</u>	<u>10,000</u>

(c) Details of shareholders holding more than 5% shares in the company

Name of Shareholder	As at 31st March 2015		As at 31st March 2014	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Raghav Bahl	-		9,500	95.00
Sanchar Content Private Limited (On behalf of Independent Media Trust)	9,999	99.99	-	
Total	9,999	99.99	9,500	95.00

Notes to Financial Statements for the year ended 31st March 2015

(All Amount in Rs.)		
	As at 31st March 2015	As at 31st March 2014
4 Reserve and Surplus		
Deficit in the statement of Profit and Loss		
Balance as per the last financial statements	(35,754,713)	(35,600,685)
Profit/(Loss) for the year	(201,494)	(154,028)
Net Deficit in the statement of Profit and Loss	<u>(35,956,207)</u>	<u>(35,754,713)</u>
Total Reserves and Surplus	<u>(35,956,207)</u>	<u>(35,754,713)</u>
5 Long-Term Borrowings		
Unsecured		
Loans and Advances from Related Parties*		
- From directors or the Company in which Directors are interested		3,824,557,169
Independent Media Trust	80,086,099	-
Zero Coupon Convertible Debentures	3,785,887,670	3,785,887,670
Total	<u>3,865,973,769</u>	<u>7,610,444,839</u>
Note:-		
*Loans and Advances from Related Parties		
BK Media Private Limited	-	8,524,299
Raghav Bahl	-	5,347,160
RB Holdings Private Limited	-	24,798,040
Independent Media Trust	80,086,099	
Independent Media Trust (ZCCD)	3,785,887,670	3,785,887,670
Total	<u>3,865,973,769</u>	<u>3,824,557,169</u>
**Terms and condition of Zero Coupon Debentures		
- Each Zero (Coupon) Optionally Redeemable Convertible Debenture has a face value of Rs 100/- and tenure of 10 years from the date of allotment, at the option of the holder there of shall be converted into one fully paid equity share of Rs. 10 each. Shares so issued shall rank pari pasu and shall have same rights as of the existing equity shares.		
- In case the holder of the ZORCD do not exercise the option within the conversion period i.e. 10 years from the date of allotment, then such remaining ZORCD shall be redeemed at its face value.		
6 Other Liabilities : (Due within 1 year)		
Creditors for Investments	-	41,416,600
Statutory dues payable		
-TDS payable	9,556	16,854
Other Expenses Payable	108,798	172,476
Total	<u>118,354</u>	<u>41,605,930</u>

Notes to Financial Statements for the year ended 31st March 2015

	(All Amount in Rs.)	
	As at	As at
	31st March 2015	31st March 2014
7 Non-Current Investments		
Investments in Equity Shares: Quoted		
12,75,28,287 (Previous Year 12,75,28,287) shares of Network18 Media & Investments Limited (Market Value is Rs. 6,38,27,90,764/- as per NSE)	3,618,898,610	3,618,898,610
1,04,20,173 (Previous Year 1,04,20,173) shares of TV18 Broadcast Limited (Market Value: 31,52,10,233.3/-) as per NSE)	208,405,660	208,405,660
Total	3,827,304,270	3,827,304,270
8 Trade Receivables		
Trade receivables outstanding for a period less than six months		
Unsecured, considered good	149,823	-
Total	149,823	-
9 Cash and Bank Balances		
Cash and Cash Equivalents		
Cash on hand	-	46,641
Balances with Banks	2,720,649	499,941
Total	2,720,649	546,582
10 Other Current Assets		
Balance with Revenue Authorities (net of provisions)	61,174	2,657,534
Total	61,174	2,657,534

Notes to Financial Statements for the year ended 31st March 2015

	<i>(All Amount in Rs.)</i>	
	Year ended 31st March 2015	Year ended 31st March 2014
11 Revenue from Operations		
Proceeds from sale of Wheat & Gram	149,823	1,283,086
Total	<u>149,823</u>	<u>1,283,086</u>
12 Other Income		
Interest received on Income Tax Return	-	259,109
Total	<u>-</u>	<u>259,109</u>
13 Details of Purchase of Traded Goods		
Wheat & Gram	145,000	1,263,125
Total	<u>145,000</u>	<u>1,263,125</u>
14 Finance Costs		
Interest Paid on TDS	12,250	8,172
Demat Charges	893	2,214
Bank Charges	112	-
Total	<u>13,255</u>	<u>10,386</u>
15 Other Expenses		
Fees & Subscription	50,938	1,408
Legal and Professional expenses	50,562	13,764
Staff Salary	41,000	239,000
Payment to Auditor (Refer details below)	50,562	168,540
Total	<u>193,062</u>	<u>422,712</u>
Payment to Auditor		
Statutory Audit fee	50,562	168,540
	<u>50,562</u>	<u>168,540</u>

Notes to Financial Statements for the year ended 31st March 2015

	<i>(All Amount in Rs.)</i>	
	Year ended 31st March 2015	Year ended 31st March 2014
16 Earnings per Share (EPS)		
The following reflects the profit and equity shares data used in the basic and diluted EPS computations:		
Total Operations for the year		
Profit/(Loss) after tax	(201,494)	(154,028)
Less: Dividend on convertible preference shares & tax thereon	-	-
Net Profit/(Loss) for calculation of basic EPS	<u>(201,494)</u>	<u>(154,028)</u>
Net profit/(loss) as above	(201,494)	(154,028)
Add: dividend on convertible preference share & tax thereon	-	-
Net Profit/(Loss) for Diluted EPS	<u>(201,494)</u>	<u>(154,028)</u>
	<hr/>	
	No. of shares	
Weighted Average number of Equity Shares in calculating Basic EPS	10,000	10,000
Effect of dilution:	-	-
Convertible preference shares	-	-
Weighted Average number of Equity Shares in calculating Diluted EPS	<u>10,000</u>	<u>10,000</u>
Earnings per Equity Share [Nominal Value of Share Rs. 10]		
Basic	(20.15)	(15.40)
Diluted	(20.15)	(15.40)

17 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

The Company does not owe any sum to Small Scale Industrial Undertakings which are covered under Micro, Small and Medium Enterprises Development Act, 2006.

18 Prior Year Comparatives

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

Notes to Financial Statements for the year ended 31st March 2015

19 Details of Related Parties:

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below

- (i) List of related parties where control exists and related parties with whom transactions have taken place and relationships

Name of Related Party	Relationship
Independent Media Trust (w.e.f. 7th July, 2014)	Enterprise exercising control
Reliance Industries Limited Reliance Industrial Investments and Holdings Limited	Beneficiary/ Protector of Independent Media Trust
Raghav Bahl (till 7th July, 2014) Ritu Kapur (till 7th July, 2014)	Key Management Personnel (KMP)
BK Media Private Limited (till 7th July, 2014) RB Holdings Private Limited (till 7th July, 2014) RB Investments Private Limited (till 7th July, 2014)	Entities under significant influence of KMP

Note: Related parties has been identified by the management

- (ii) Details of related party transactions during the year ended 31st March, 2015 and balances outstanding as at 31st March 2015:

(All Amount in Rs.)

Particulars	Balances outstanding at the end of year - Unsecured Loan	Loan taken	Loan repaid	Balances outstanding at the end of year - Creditors for Investment	Reimbursement Expenses-paid
Independent Media Trust	80,086,099	80,086,099	-	-	-
	-	-	-	-	-
Raghav Bahl	(5,347,160)	(300,000)	5,347,160	(12,871,950)	12,871,950
BK Media Private Limited	(8,524,229)	-	8,524,229	-	-
RB Holdings Private Limited	(24,798,040)	(4,086)	24,798,040	(24,152,400)	24,152,400
RB Investments Private Limited	-	-	-	(3,731,450)	3,731,450
Ritu Kapur	-	-	-	(660,800)	660,800
	-	-	-	-	-

Particulars	ZCCD outstanding at the end of year
Independent Media Trust	3,785,887,670
	(3,785,887,670)

Note: Figures in bracket relates to previous year

For and on behalf of the Board

Raja Kolumum Ramachandran
Director

Laxmidas Vallabhdas Merchant
Director