

Web18 Holdings Limited

Independent Auditor's Report

To the Members of Web 18 Holdings Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Web 18 Holdings 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 Standalone 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 standalone 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 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone 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 standalone 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 standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, and its Profit and cash flows for the year ended on that date.

Other Matter

9. This report is intended solely for the purpose of facilitating Network 18 Media & Investment Limited, the holding Company, to comply with the provision of Section 129 of the Companies Act, 2013 and should not be used for any other purpose.

Report on Other Legal and Regulatory Requirements

10. As required by Section 143(3) of the Act, we report that:

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. the standalone financial statements dealt with by this report are in agreement with the books of account;
- d. in our opinion, the aforesaid standalone 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. 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 standalone 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.: 070116

Place: New Delhi
Date:

Balance Sheet as at 31 March, 2015

		<i>All amounts in USD</i>	
	Notes	As at 31 March, 2015	As at 31 March, 2014
Equity and liabilities			
Shareholders' funds			
Share capital	2	469,673	469,673
Reserves and surplus	3	34,204,399	34,212,493
Current liabilities			
Trade payables	4	3,003	11,584
Total		<u>34,677,075</u>	<u>34,693,750</u>
Assets			
Non-current assets			
Non-current investments	6	33,482,505	33,482,505
Current assets			
Cash and bank balances	7	50,886	67,561
Short-term loans and advances	8	1,143,684	1,143,684
Total		<u>34,677,075</u>	<u>34,693,750</u>

Notes 1 to 17 form an integral part of these financial statements

This is the Balance Sheet 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 the Board of Directors
of **Web18 Holdings Limited**

CCY Management
Director

Milorad Vujnovic
Director

Place:
Date:

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

		<i>All amounts in USD</i>	
	Notes	Year ended 31 March, 2015	Year ended 31 March, 2014
Revenue			
Other income	9	797	1,955
		<u>797</u>	<u>1,955</u>
Expenses			
Other expenses	10	8,891	34,423
		<u>8,891</u>	<u>34,423</u>
Loss for the year before / after tax		(8,094)	(32,468)
Earnings per share (basic and diluted)*	11	(0.000)	(0.000)

***Rounded off to nil**

Notes 1 to 17 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 the Board of Directors
of **Web18 Holdings Limited**

CCY Management
Director

Milorad Vujnovic
Director

Place:
Date:

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

	Year ended 31 March, 2015	Year ended 31 March, 2014
<i>All amounts in USD</i>		
Cash flows from operating activities :		
Loss before tax	(8,094)	(32,468)
Adjustment for:		
Sundry balances written back	-	(1,955)
Operating loss before working capital changes	(8,094)	(34,423)
Adjustments for:		
(Decrease) / increase in current liabilities	(8,581)	10,662
Net cash used in operating activities / net decrease in cash and cash equivalents	(16,675)	(23,761)
Cash and cash equivalents at the beginning of the year	67,561	91,322
Cash and cash equivalents at the end of the year	50,886	67,561
	(16,675)	(23,761)

Notes 1 to 17 form an integral part of these financial statements

This is the Statement of Cash Flow 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 the Board of Directors
of **Web18 Holdings Limited**

CCY Management
Director

Milorad Vujnovic
Director

Place:
Date:

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

1. Significant accounting policies

a. Basis of preparation

These Financial Statements have been prepared for the limited purpose of facilitating the holding company for complying with the provision of section 129 of the Companies Act, 2013. The financial statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with Indian Generally Accepted Accounting Principles and in accordance with the provisions of the Companies Act of India as adopted consistently by the Company.

b. Use of estimates

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

c. Investments

Investments which are readily realizable and intended to be held for not more than a year from the date on which investment made are classified as current investments. All other investments are classified as non-current investments.

Current investments are stated at lower of cost or market value. Non-current investments are stated at cost. However, provision for diminution in their value is made to recognize a decline, other than temporary in value of investments.

Profit/ loss on sale of investments are computed with reference to the average cost of the investment

d. 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 recognized as income or as expenses in the year in which they arise.

e. Taxation

In accordance with the provisions of the Cyprus Income Tax Laws, the Company's chargeable profits, as adjusted for tax purposes, are liable to corporation tax at 12.5%. Furthermore, the Company is subject to 30% special contribution levied on interest receivable other than that arising out of the ordinary course of business and closely related activities of the Company.

f. 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.

g. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares).

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

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

h. Fixed assets

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

i. Amortization

Amortisation of intangible assets is provided on straight line basis over the management's assessment of the useful life of the assets, which is as follows:

Asset category Useful life

Intangible assets 5 years

j. Cash and cash equivalent

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

All amounts in USD

	As at 31 March, 2015	As at 31 March, 2014
2. Share capital		
(a) Authorized shares capital		
178,181,818 (Previous year 178,181,818) Class A ordinary shares of USD 0.00374 each	666,400	666,400
2,707,219,251 (Previous year 2,707,219,251) Class B ordinary shares of USD 0.00374 each	10,125,000	10,125,000
5,080,213,904 (Previous year 5,080,213,904) preference shares of USD 0.00374 each	19,000,000	19,000,000
	29,791,400	29,791,400
(b) Issued, subscribed and paid-up share capital		
107,248,888 (Previous year 107,248,888) Class A ordinary shares of USD 0.00374 each fully paid up	401,111	401,111
5,720,095 (Previous year 5,720,095) Class B ordinary shares of USD 0.00374 each fully paid up	21,392	21,392
12,612,307 (Previous year 12,612,307) preference shares of USD 0.00374 each fully up	47,170	47,170
	469,673	469,673

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

(c) **Reconciliation of the shares outstanding**

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

(d) **Description of the rights, preferences and restrictions attached to each class of shares**

Class of shares	Rights, preferences and restrictions (including restrictions on distributions of dividends and repayment of capital) attached to the class of shares
Ordinary Shares - Class A	Each Class A ordinary Share carries ten vote at any meeting of the shareholders of the Company. In the event of winding up of the Company, the holder of the shares will be entitled to receive remaining assets of the Company, after payment of all liabilities. The distribution will be in proportion to the par value of shares held by the shareholders.
Ordinary Shares - Class B	Each Class B Ordinary Share carries one vote at any meeting of the shareholders of the Company . In the event of winding up of the Company, the holder of the shares will be entitled to receive remaining assets of the Company, after payment of all liabilities. The distribution will be in proportion to the par value of shares held by the shareholders.
Preference Shares	Holders of preference shares have the same voting rights as the holders of Class B ordinary shares on an 'as-if converted' basis. Each preference share is convertible into one share of Class B ordinary share. The conversion ratio is subject to change as per the computation specified in the shareholders agreement. The shares are convertible at the option of the holder thereof by written notice. The holder of the shares also have the right at any time after the fifth anniversary of Closing ('Trigger Date') to require the Company to redeem the Shares along with the annual rate of interest of 15% on the subscription price. The Company have the right at any time after the Trigger Date, to redeem the shares along with the annual rate of interest of 25% on the subscription price. If neither party exercises its option within the period of four months from the Trigger Date, shares shall be mandatorily converted into Class B Ordinary Shares in the conversion ratio as specified in shareholders agreement. In the event of winding up of the Company the holder of the shares will be entitled to receive remaining assets of the Company, after payment of all liabilities. The distribution will be in proportion to the par value of shares held by the shareholders.

All amounts in USD

(e) **Details of shares held by holding company and fellow subsidiary**

1. Class A ordinary shares

Name of the entity	Nature of relationship	31 March, 2015		31 March, 2014	
		No. of shares	% of holding	No. of shares	% of holding
Television Eighteen Media & Investments Limited, Mauritius	Holding company	107,248,888	100%	107,248,888	100%

2. Class B ordinary shares

Name of the entity	Nature of relationship	31 March, 2015		31 March, 2014	
		No. of shares	% of holding	No. of shares	% of holding
Television Eighteen Mauritius Limited	Fellow Subsidiary	5,300,095	93%	5,300,095	93%
Television Eighteen Media & Investment Ltd.	Holding Company	420,000	7%	420,000	7%

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

3. Preference shares

Name of the entity	Nature of relationship	31 March, 2015		31 March, 2014	
		No. of shares	% of holding	No. of shares	% of holding
Television Eighteen Media and Investments Limited, Mauritius	Holding company	12,612,307	100%	12,612,307	100%

No shares have been issued for consideration other than cash or as bonus shares in the current reporting period and in the last five years immediately preceding the current reporting period.

(f) Details of shareholders holding more than 5% shares in the Company

1. Class A ordinary shares

Name of the entity	Nature of relationship	31 March, 2015		31 March, 2014	
		No. of shares	% of holding	No. of shares	% of holding
Television Eighteen Media and Investments Limited, Mauritius	Holding company	107,248,888	100%	107,248,888	100%

2. Class B ordinary shares

Name of the entity	Nature of relationship	31 March, 2015		31 March, 2014	
		No. of shares	% of holding	No. of shares	% of holding
Television Eighteen Mauritius Limited, Mauritius	Fellow Subsidiary	5,300,095	93%	5,300,095	93%
Television Eighteen Media and Investment Ltd., Mauritius	Holding Company	420,000	7%	420,000	7%

3. Preference shares

Name of the entity	Nature of relationship	31 March, 2015		31 March, 2014	
		No. of shares	% of holding	No. of shares	% of holding
Television Eighteen Media and Investments Limited, Mauritius	Holding Company	12,612,307	100%	12,612,307	100%

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

	As at 31 March, 2015	As at 31 March, 2014
3. Reserve and surplus		
(a) Securities premium account	38,730,565	38,730,565
(b) Deficit in the statement of profit and loss		
Balance at the beginning of the year	(4,518,072)	(4,485,604)
Loss for the year	(8,094)	(32,468)
Balance at the end of the year	<u>(4,526,166)</u>	<u>(4,518,072)</u>
	<u>34,204,399</u>	34,212,493
4. Trade payables	<u>3,003</u>	<u>11,584</u>
	<u>3,003</u>	11,584

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

All amounts in USD

5. Intangible assets

Particulars	Intangible assets	
	Domain name	Total
Gross block		
At 1 April 2013	2,500,000	2,500,000
Additions	-	-
At 31 March 2014	2,500,000	2,500,000
Additions	-	-
At 31 March 2015	2,500,000	2,500,000
Accumulated amortization		
At 1 April 2013	2,500,000	2,500,000
Charge for the year	-	-
At 31 March 2014	2,500,000	2,500,000
Charge for the year	-	-
At 31 March 2015	2,500,000	2,500,000
Net block		
At 31 March 2014	-	-
At 31 March 2015	-	-

All amounts in USD

	As at 31 March, 2015	As at 31 March, 2014
6. Non-current investments (Unquoted, trade)		
Investment in subsidiary (valued at cost)		
E18 Limited, Cyprus		
2,07,870 (Previous year 2,07,870) equity shares of USD 1 each fully paid up	33,482,505	33,482,505
	<u>33,482,505</u>	<u>33,482,505</u>
7. Cash and bank balances		
Cash and cash equivalents		
Balance with banks		
in current account	50,886	67,561
	<u>50,886</u>	<u>67,561</u>
8. Short term loans and advances		
(Unsecured, considered good)		
Loans and advances to related parties	1,143,684	1,143,684
	<u>1,143,684</u>	<u>1,143,684</u>

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

	Year ended 31 March, 2015	Year ended 31 March, 2014
9. Other income		
Interest income	12	-
Sundry balances written back	785	1,955
	797	1,955
10. Other expenses		
Legal and professional charges	8,367	33,245
Foreign exchange fluctuation	60	219
Miscellaneous expenses	464	959
	8,891	34,423
11. Earnings per share		
Loss after tax attributable to equity shareholders	(8,094)	(32,468)
Weighted average number of equity shares outstanding during the year	112,968,983	112,968,983
Nominal value of equity shares in USD	0.00374	0.00374
Earnings per share (basic and diluted)*	(0.000)	(0.000)

*Rounded off to nil

12. Particulars of unhedged foreign currency exposure as at the reporting date

Trade payables	Foreign currency	Local Currency
As at 31 March 2015	-	-
As at 31 March 2014	Rs. 50000	USD 831

All amounts in USD

13. Related party disclosure

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

13.1 List of Related parties

Name of Related Party	Relationship
1 Independent Media Trust (w.e.f. 07.07.2014)	Enterprises exercising control
2 Adventure Marketing Private Limited (w.e.f. 07.07.2014)#	
3 Watermark Infratech Private Limited (w.e.f. 07.07.2014)#	
4 Colorful Media Private Limited (w.e.f. 07.07.2014)#	
5 RB Media Holdings Private Limited (w.e.f. 07.07.2014)#	
6 RB Mediasoft Private Limited (w.e.f. 07.07.2014)#	
7 RRB Mediasoft Private Limited (w.e.f. 07.07.2014)#	
8 RB Holdings Private Limited (w.e.f. 07.07.2014)#	
9 Network18 Media & Investments Limited	
10 Television Eighteen Media & Investments Limited, Mauritius	
11 Reliance Industries Limited (RIL) (w.e.f. 07.07.2014)	Beneficiary/Protector of Independent Media Trust
12 Reliance Industrial Investments and Holdings Limited (w.e.f. 07.07.2014)	
13 E18 Limited, Cyprus	Subsidiary
14 Network 18 Holding Limited, Mauritius	Fellow Subsidiary

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

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

13.2 Related party disclosures

Particulars	Subsidiaries/Fellow Subsidiaries	
	2015	2014
Transactions during the year		
Subscription of share capital		
E18 Limited, Cyprus	22,436,810	
Total	-	22,436,810
Balances as at the year end		
Loans and advances		
Television Eighteen Mauritius Limited	1,000,000	1,000,000
Network18 Holding Limited	143,684	143,684
Total	1,143,684	1,143,684

14. The reporting currency of the Company has been determined as US Dollar which is different from the currency of Cyprus i.e. Euro, since majority of the funding of the Company is denominated in US Dollar.

15. Prior year comparatives

Prior year figures have been regrouped / reclassified where necessary to conform to the current year's classifications.

16. No provision for tax has been made in the financial statements, as there is no taxable income under the provisions of the Income-Tax Act, 1961. Further, no provision for deferred tax asset on carried forward losses has been recognised in the financial statements as there no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. There are no other items of timing difference between taxable income and accounting income.

17. The company operates in single business segment of investments in Cyprus only as there is no separate reportable business or geographical segment as per Accounting Standard on Segment Reporting (As-17)

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

per **B P Singh**
Partner

Place:
Date:

For and on behalf of the Board of Directors
of **Web18 Holdings Limited**

CCY Management
Director

Milorad Vujnovic
Director

Place:
Date: