

INDIA CAST UK LIMITED

Independent Auditors' Report

To

**The Board of Directors of
Indiacast UK Limited**

❖ **Report on the Financial Statements**

We have audited the accompanying standalone Ind AS Financial statements of **INDIACAST UK LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other Comprehensive Income) and the Cash Flow Statement, the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

❖ **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity 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. This responsibility also includes the 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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of 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**

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

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.

We conducted our audit of the Standalone Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view 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 the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

❖ **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including Ind AS, of the financial position of the Company as at 31st March 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

❖ **Restriction on Use and Distribution**

This report is intended solely for the information and use of the Company, IndiaCast Media Distribution Private Limited and Deloitte Haskins & Sells in connection with the audit of the consolidated financial information of IndiaCast Media Distribution Private Limited and should not be used for any other purpose or by any other party without obtaining our prior consent in writing.

For and on behalf of

SANDIP SHAH & CO.

Chartered Accountants

Firm Reg. No.: 133680W

Sandip Shah

Proprietor

Membership No.: 103125

Place: Mumbai

Date: 13th April, 2018

Balance Sheet as at 31 March, 2018

| | Note No. | As at 31 March 2018 (GBP) | As at 31 March, 2017 (GBP) |
|---|----------|---------------------------------|----------------------------------|
| A ASSETS | | | |
| 1 Non-current assets | | | |
| a. Property, Plant and Equipment | 3 | 3,098 | 3,690 |
| b. Financials assets | | | |
| (i) Loans | 4 | 4,358 | 4,358 |
| | | 7,456 | 8,048 |
| 2 Current Assets | | | |
| a. Financial assets | | | |
| (i) Trade receivables | 5 | 58,76,332 | 37,90,526 |
| (ii) Cash and Cash equivalents | 6 | 7,46,455 | 11,56,311 |
| (iii) Other Financial Assets | 7 | 5,73,233 | 7,06,872 |
| b. Other current assets | 8 | 3,097 | 2,931 |
| | | 71,99,117 | 56,56,640 |
| | | 72,06,573 | 56,64,688 |
| B EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| a. Equity Share capital | 9 | 60,000 | 60,000 |
| b. Other Equity | | 6,28,327 | 4,51,082 |
| | | 6,88,327 | 5,11,082 |
| 2 Non-current liabilities | | | |
| (i) Deferred tax liabilities(Net) | 10 | 589 | 738 |
| | | 589 | 738 |
| 3 Current Liabilities | | | |
| a. Financial Liabilities | | | |
| (i) Trade payables | 11 | 62,82,948 | 48,93,866 |
| b. Other current liabilities | 12 | 2,21,975 | 2,24,089 |
| c. Short-term provisions | 13 | 12,734 | 34,913 |
| | | 65,17,657 | 51,52,868 |
| | | 72,06,573 | 56,64,688 |
| See accompanying notes forming part of the financial statements | 1 to 24 | - | - |

In terms of our report attached

For and on behalf of
Sandip Shah & Co
Chartered Accountants
Firm Reg. No 133680W

Sandip Shah
Proprietor
Membership No. 103125
Place: Mumbai
Date: 13th April 2018

For and on behalf of the Board of Directors
INDIACAST UK LTD

Anuj Gandhi
Director
Place: Mumbai
Date: 13th April 2018

Statement of Profit and Loss for the year ended 31 March, 2018

| | Note No. | Year ended 31 Mar, 2018 (GBP) | Year ended 31 Mar, 2017 (GBP) | |
|----|---|-------------------------------------|-------------------------------------|--------------------|
| 1 | Revenue from operations | 14 | 1,56,78,326 | 1,36,88,006 |
| 2 | Total revenue | | 1,56,78,326 | 1,36,88,006 |
| 3 | Expenses | | | |
| a. | License fees | | 1,20,41,456 | 96,86,440 |
| b. | Employee benefits expense | 15 | 4,19,748 | 4,05,260 |
| c. | Depreciation and amortisation expense | 3 | 1,656 | 1,416 |
| d. | Other expenses | 16 | 29,79,283 | 32,85,892 |
| | | | 1,54,42,143 | 1,33,79,008 |
| 4 | Profit before tax (2 - 3) | | 2,36,183 | 3,08,998 |
| 5 | Tax expense | | | |
| a. | Current tax expense | | 59,087 | 81,445 |
| b. | Deferred tax | | (149) | 443 |
| | Net tax expense | | 58,938 | 81,888 |
| 6 | (Loss)/Profit after tax (4 - 5) | | 1,77,245 | 2,27,110 |
| 7 | Other Comprehensive income | | - | - |
| 8 | Total Comprehensive Income for the period (Comprising Profit/(Loss) and other Comprehensive Income for the period) | | 1,77,245 | 2,27,110 |

See accompanying notes forming part of the financial statements 1 to 24

In terms of our report attached

For and on behalf of
Sandip Shah & Co
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Sandip Shah
Proprietor
Membership No. 103125
Place: Mumbai
Date: 13th April 2018

For and on behalf of the Board of Directors
INDIACAST UK LTD

Anuj Gandhi
Director
Place: Mumbai
Date: 13th April 2018

Cash Flow Statement for the year ended 31 March, 2018

| | Year ended 31 March, 2018 (GBP) | Year ended 31 March, 2017 (GBP) |
|---|---------------------------------------|---------------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before tax | 2,36,183 | 3,08,998 |
| Adjustments for : | | |
| Depreciation on Property, Plant and Equipment | 1,656 | 1,416 |
| Provision for doubtful debts | (18,556) | (16) |
| Bad and doubtful debts written off | 18,556 | 16 |
| Net unrealised exchange gain | (42,129) | 22,399 |
| Operating Profit before working capital changes | 1,95,710 | 3,32,813 |
| <u>Working Capital Adjustment</u> | | |
| Adjustments for (increase) / decrease in Current assets: | | |
| Trade receivables | (20,65,901) | (21,07,508) |
| Current Financial assets- others | 1,33,639 | 9,10,454 |
| Financial Assets - Deposit | - | 515 |
| Other current assets | (3,015) | 36,354 |
| Adjustments for increase / (decrease) in Current liabilities: | | |
| Trade payables | 13,99,732 | 15,67,914 |
| Other current liabilities | 3,543 | (27,946) |
| Cash generated from operations | (3,36,293) | 7,12,596 |
| Tax (paid) refund / deducted at source | (81,266) | (68,529) |
| Net cash used in operating activities [A] | (4,17,559) | 6,44,067 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Capital expenditure on fixed assets, including capital advances | (1,064) | (3,634) |
| Net cash generated from investing activities [B] | (1,064) | (3,634) |
| Net (decrease) in cash and cash equivalents [A+B] | (4,18,622) | 6,40,433 |
| Cash and cash equivalents as at the beginning of the year | 11,56,311 | 5,66,964 |
| Net Foreign Exchange difference | 8,766 | (51,086) |
| Cash and cash equivalents as at the end of the year (Refer note 6) | 7,46,455 | 11,56,311 |

See accompanying notes forming part of the financial statements 1 to 24

In terms of our report attached

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Sandip Shah
Proprietor
Membership No. 103125
Place: Mumbai
Date: 13th April 2018

For and on behalf of the Board of Directors
INDIACAST UK LTD

Anuj Gandhi
Director
Place: Mumbai
Date: 13th April 2018

Statement of Change in Equity for the year ended 31 March, 2018

| A. EQUITY SHARE CAPITAL | | | | Total |
|--|----------------------------|--|------------------------------|-----------------|
| As at 31 March 2016 | | | | 60,000 |
| Changes in Equity Share Capital During the Year (Note 9) | | | | - |
| As at 31 March 2017 | | | | 60,000 |
| Changes in Equity Share Capital During the Year (Note 9) | | | | - |
| As at 31 March 2018 | | | | 60,000 |
| Changes in Equity Share Capital During the Year (Note 9) | | | | - |
| B. OTHER EQUITY | | | | Total |
| | Capital reserve | Reserves and Surplus Securities premium reserve | Retained earnings | |
| Balance as at 1 April, 2016 | - | - | 2,23,972 | 2,23,972 |
| Total Comprehensive income for the Year | - | - | 2,27,110 | 2,27,110 |
| Restated balance as at 31 March 2017 | - | - | 4,51,082 | 4,51,082 |
| Total Comprehensive income for the period | - | - | 1,77,245 | 1,77,245 |
| Balance as at 31st Mar 2018 | - | - | 6,28,327 | 6,28,327 |

In terms of our report attached

For and on behalf of
Sandip Shah & Co
Chartered Accountants
Firm Reg. No 133680W

Sandip Shah
Proprietor
Membership No. 103125
Place: Mumbai
Date: 13th April 2018

For and on behalf of the Board of Directors
INDIACAST UK LTD

Anuj Gandhi
Director
Place: Mumbai
Date: 13th April 2018

Notes forming part of the financial statements

1 Background

The Company was formed on January 22, 2013 in United Kingdom. It is a 100% subsidiary of Indiacast Media Distribution Private Limited (A Company registered under the laws of India). The Company is engaged in Advertisement Sales and Distribution of Channels of Viacom18, India and other broadcasters in UK & Europe.

2 Significant accounting policies

2.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) Amendment Rules, 2016 and the relevant provisions of the Companies Act, 2013. The financial statements have been 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 Ind AS 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. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes, and useful life of fixed assets. 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 Cash and cash equivalents

Cash and cash equivalents comprises of cash on hand and balance with banks.

2.4 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Depreciation and amortisation

Depreciation on fixed assets is provided on the straight line method based on economic useful lives of these assets as determined by the management and are greater than the corresponding rates prescribed in Schedule II of the Companies Act, 2013:

| | |
|--|----------|
| Computer hardware | 3 years |
| Office equipment excluding mobile phones | 5 years |
| Furniture & Fixture | 10 years |

2.6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Other income

Interest income is accounted on accrual basis. There is no interest income in the current year.

2.7 Fixed Assets (Tangible / Intangible)

Fixed assets are carried at cost less accumulated depreciation / amortisation.

2.8 Foreign currency transactions and translations

- (a) **Initial recognition:** Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.
- (b) **Measurement at the balance sheet date:** Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Notes forming part of the financial statements

- (c) **Treatment of exchange differences:** Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

2.9 Employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

(a) **Defined contribution plans:**

The Company's contribution to provident fund is considered as defined contribution plan and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees

(b) **Defined benefit plans:**

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight line basis over the average period until the benefits become vested. The retirement benefit obligation is recognized in the balance sheet at the present value of the defined benefit obligation as adjusted for unrecognized past service cost.

(c) **Short term employee benefits:**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the year when the employees render the service.

(d) **Long-term Employee Benefits:**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date on the basis of actuarial valuation.

2.10 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.11 Taxes on income

Income tax comprises of current tax and deferred tax. As per UK Income tax laws the company's chargeable profit, as adjusted for tax purposes are subject to a tax of 19%.

2.12 Impairment of assets

The asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. The impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.13 Provisions and contingencies

A provision is recognised in accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements.

2.14 Operating Cycle

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Notes forming part of the financial statements

3 Notes to the Financial Statements Property, Plant and Equipment

| Description of Assets | Plant and Equipment | Equipments and Computer System | Furniture and Fixtures | Total |
|--------------------------------------|---------------------|--------------------------------|------------------------|---------------|
| I. Gross Block | | | | |
| Balance as at April 1, 2016 | 833 | 8,352 | 600 | 9,785 |
| Additions | - | 3,634 | - | 3,634 |
| Disposals | - | (601) | - | (601) |
| Balance as on Mar 31, 2017 | 833 | 11,385 | 600 | 12,818 |
| Additions | 333 | 731 | - | 1,064 |
| Disposals | - | - | - | - |
| Balance as on Mar 31, 2018 | 1,166 | 12,116 | 600 | 13,882 |
| II. Accumulated depreciation. | | | | |
| Balance as at April 1, 2016 | 333 | 7,760 | 220 | 8,313 |
| Additions | 154 | 1,212 | 50 | 1,416 |
| Disposals | - | (601) | - | (601) |
| Balance as on Mar 31, 2017 | 487 | 8,371 | 270 | 9,128 |
| Depreciation expense for the year | 182 | 1,424 | 50 | 1,656 |
| Disposal of assets | - | - | - | - |
| Balance as on Mar 31, 2018 | 669 | 9,795 | 320 | 10,784 |
| Net block (I-II) | | | | |
| Balance as on Mar 31, 2018 | 497 | 2,321 | 280 | 3,098 |
| Balance as on Mar 31, 2017 | 346 | 3,014 | 330 | 3,690 |

Notes forming part of the financial statements

| Note No. | Particulars | As at 31 March, 2018 (GBP) | As at 31 March, 2017 (GBP) |
|------------|--|----------------------------------|----------------------------------|
| 4 | Financial Assets - Loans | | |
| | a. Security deposits | 4,358 | 4,358 |
| 5 | Trade receivables (Unsecured) | | |
| | i. Considered good | 58,76,332 | 37,90,526 |
| | ii. Considered doubtful | 70,330 | 88,886 |
| | | <u>59,46,662</u> | <u>38,79,412</u> |
| | Less : Provision for doubtful trade receivables | 70,330 | 88,886 |
| | | <u>58,76,332</u> | <u>37,90,526</u> |
| | | <u>58,76,332</u> | <u>37,90,526</u> |
| 5.1 | Movement in the Expected Credit Loss Allowance | | |
| | At the Beginning of the Year | 88,886 | 88,902 |
| | Movement in the Expected Credit Loss Allowance during the year | (18,556) | (16) |
| | At the End of the Year | 70,330 | 88,886 |
| 6 | Cash and cash equivalents | | |
| | a. Balances with banks: | | |
| | i. In current accounts | 7,46,455 | 11,56,311 |
| | | <u>7,46,455</u> | <u>11,56,311</u> |
| 7 | Other Financial Assets (Unsecured, considered good) | | |
| | a. Unbilled revenue | 5,73,233 | 7,06,872 |
| | | <u>5,73,233</u> | <u>7,06,872</u> |
| 8 | Other current assets (Unsecured, considered good) | | |
| | a. Advances to vendors | 355 | - |
| | b. Prepaid expenses | 2,742 | 2,931 |
| | | <u>3,097</u> | <u>2,931</u> |

Notes forming part of the financial statements

| Note No. | Particulars | As at 31 March, 2018 | | As at 31 March, 2017 | |
|----------|---|---------------------------------|---------------------|---------------------------------|---------------------|
| | | Number of shares | Amount (GBP) | Number of shares | Amount (GBP) |
| 9 | Share capital | | | | |
| | Authorised | | | | |
| | Equity Shares of £1 each | 60,000 | 60,000 | 60,000 | 60,000 |
| | Issued, subscribed and fully paid up: | | | | |
| | Equity Shares of £1 each | 60,000 | 60,000 | 60,000 | 60,000 |
| | Refer notes below (i) to (iv) below: | | | | |
| | (i) The Company has only one class of equity shares having a par value of £1 per share. Each holder of equity shares is entitled to one vote per shares held. | | | | |
| | (ii) Details of shares held by: | | | | |
| | Particulars | As at 31 March, 2018 | | As at 31 March, 2017 | |
| | | Number of shares | Amount (GBP) | Number of shares | Amount (GBP) |
| | Indiacast Media Distribution Private Limited | 60,000 | 60,000 | 60,000 | 60,000 |
| | (iii) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period: | | | | |
| | Particulars | As at 31 March, 2018 | | As at 31 March, 2017 | |
| | | Number of shares | Amount (GBP) | Number of shares | Amount (GBP) |
| | Opening and Closing balance | 60,000 | 60,000 | 60,000 | 60,000 |
| | (iv) Details of shares held by each shareholder holding more than 5% shares : | | | | |
| | Particulars | As at 31 March, 2018 | | As at 31 March, 2017 | |
| | | Number of Shares | % Holding | Number of Shares | % Holding |
| | Indiacast Media Distribution Private Limited | 60,000 | 100% | 60,000 | 100% |

Notes forming part of the financial statements

| Note No. | Particulars | As at 31 March 2018 | As at 31 March, 2017 |
|-----------|---|-------------------------------------|-------------------------------------|
| 10 | Deffered Tax Liabilities | | |
| | Property Plant & Equipment | 589 | 738 |
| | | <u>589</u> | <u>738</u> |
| | The movement in deffered Tax liabilites | | |
| | Particularies | Year Ended 31 March 2018 | Year Ended 31 March 2017 |
| | At the begning of the Year | 738 | 295 |
| | (Credit) / Charged to profit & Loss account | (149) | 443 |
| | At the End of the Year | 589 | 738 |
| 11 | Trade payables | | |
| a. | Trade payables | <u>62,82,948</u> | <u>48,93,866</u> |
| 12 | Other current liabilities | | |
| a. | Advances from customers | 9,497 | 14,249 |
| b. | Advance billing | 1,29,348 | 92,156 |
| c. | Other payables | | |
| i. | Statutory dues | 83,130 | 1,17,684 |
| | | <u>2,21,975</u> | <u>2,24,089</u> |
| 13 | Short term provisions | | |
| i. | Provision for Tax | 12,734 | 34,913 |
| | | <u>12,734</u> | <u>34,913</u> |

Notes forming part of the financial statements

| Note No. | Particulars | Period ended 31 March 2018 (GBP) | Year ended 31 March, 2017 (GBP) |
|-----------|--|--|---------------------------------------|
| 14 | Revenue from operations | | |
| a. | Subscription income & Income from online services | 90,87,246 | 87,96,728 |
| b. | Advertisement revenue | 27,66,369 | 33,48,247 |
| c. | Syndication income | 16,23,831 | 15,43,031 |
| d. | Distribution | 22,00,880 | - |
| | | <u>1,56,78,326</u> | <u>1,36,88,006</u> |
| 15 | Employee benefits expense | | |
| a. | Salaries and wages | 4,18,248 | 4,03,402 |
| b. | Staff welfare expenses | 1,500 | 1,858 |
| | | <u>4,19,748</u> | <u>4,05,260</u> |
| 16 | Other expenses | | |
| a. | Airtime purchased | 24,39,500 | 28,08,800 |
| b. | Dealer commission | 36,820 | 40,681 |
| c. | Rent including lease rentals | 32,652 | 31,618 |
| d. | Repairs and maintenance-others | 211 | 613 |
| e. | Insurance | 127 | 3,193 |
| f. | Legal and professional | 20,080 | 30,872 |
| g. | Bank charges | 1,658 | 1,722 |
| h. | Travelling and conveyance | 29,795 | 16,734 |
| i. | Advertisement, publicity and business promotion | 6,012 | 12,677 |
| j. | Communication expenses | 4,764 | 5,146 |
| k. | Rates and taxes | 74,059 | 1,00,444 |
| l. | Printing and stationery | 1,239 | 753 |
| m. | Provision for doubtful debts | (18,556) | (16) |
| n. | Bad and Doubtful debts written off | 18,556 | 16 |
| o. | Net loss on foreign currency transactions and translations | 1,36,159 | 27,932 |
| p. | Miscellaneous expenses | 1,96,207 | 2,04,707 |
| | | <u>29,79,283</u> | <u>32,85,892</u> |

Notes forming part of the financial statements

17 Related Party Disclosures as required in accordance with Ind AS-24

Details of related parties:

Description of relationship

Enterprise Exercising Control
Holding Company
Joint Venturer of Holding Company
Associate of Enterprise Exercising Control
Fellow Subsidiary
Subsidiary of Enterprises Exercising Control
Joint Venture of Enterprises Exercising Control

Names of related parties

TV18 Broadcast Limited
Indiacast Media Distribution Private Limited
Viacom18 Media Private Limited
Eenadu Television Private Limited
Indiacast US Ltd
Panaroma Television Private Limited
IBN Lokmat News Private Limited

| Particulars | Enterprises Exercising Control | Holding company | Joint Venturer of Holding Company | Fellow Subsidiary | Associate of TV18 Broadcast Limited | Subsidiary of Enterprises Exercising Control |
|---|--------------------------------------|--------------------|---|----------------------|--|--|
| Transactions with related parties during the year | | | | | | |
| License Fee Expense | | | | | | |
| Viacom 18 Media Private Limited | - | - | 1,06,44,165 | - | - | - |
| | (-) | (-) | (80,57,502) | (-) | (-) | (-) |
| Panaroma Television Private Limited | - | - | - | - | - | 2,93,929 |
| | (-) | (-) | (-) | (-) | (-) | (2,35,631) |
| TV18 Broadcast Limited | 4,85,776 | - | - | - | - | - |
| | (4,40,576) | (-) | (-) | (-) | (-) | (-) |
| IBN Lokmat News Private Limited | - | - | - | - | - | 22,412 |
| | (-) | (-) | (-) | (-) | (-) | (16,798) |
| Eenadu Television Private Limited | - | - | - | - | 2,40,448 | - |
| | (-) | (-) | (-) | (-) | (8,28,158) | (-) |
| License Fee Income | | | | | | |
| Indiacast US Ltd | - | - | - | 76,35,352 | - | - |
| | (-) | (-) | (-) | (77,76,202) | (-) | (-) |
| Ad Sales | | | | | | |
| TV18 Broadcast Limited | 14,621 | - | - | - | - | - |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| Airtime Purchased | | | | | | |
| TV18 Broadcast Limited | 29,000 | - | - | - | - | - |
| | (23,600) | (-) | (-) | (-) | (-) | (-) |
| Viacom18 Media Private Limited | - | - | 24,10,500 | - | - | - |
| | (-) | (-) | (27,85,200) | (-) | (-) | (-) |
| Reimbursement of expenses paid | | | | | | |
| Indiacast Media Distribution Private Limited | - | 1,92,000 | - | - | - | - |
| | (-) | (2,04,000) | (-) | (-) | (-) | (-) |
| Reimbursement of expenses received | | | | | | |
| Viacom18 Media Private Limited | - | - | 5,61,497 | - | - | - |
| | (-) | (-) | (2,84,295) | (-) | (-) | (-) |
| Balance outstanding with related parties at period end | | | | | | |
| Trade receivables | | | | | | |
| Indiacast US Ltd | - | - | - | 20,70,065 | - | - |
| | (-) | (-) | (-) | (31,73,709) | (-) | (-) |
| Trade receivables | | | | | | |
| TV18 Broadcast Limited | 14,621 | - | - | - | - | - |
| | (-) | (-) | (-) | (-) | (-) | (-) |

Notes forming part of the financial statements

Trade Payables

| | | | | | | |
|--|------------|----------|-------------|-----|------------|------------|
| Viacom18 Media Private Limited | - | - | 52,85,814 | - | - | - |
| | (-) | (-) | (39,86,253) | (-) | (-) | (-) |
| Indiacast Media Distribution Private Limited | - | 52,000 | - | - | - | - |
| | (-) | (-) | (-) | (-) | (-) | (-) |
| Panaroma Television Private Limited | - | - | - | - | - | 75,015 |
| | (-) | (-) | (-) | (-) | (-) | (2,02,525) |
| TV18 Broadcast Limited | 1,92,223 | - | - | - | - | - |
| | (1,79,862) | (-) | (-) | (-) | (-) | (-) |
| Eenadu Television Private Limited | - | - | - | - | 1,13,681 | - |
| | (-) | (-) | (-) | (-) | (2,75,741) | (-) |
| IBN Lokmat News Private Limited | - | - | - | - | - | 1,789 |
| | (-) | (-) | (-) | (-) | (-) | (16,798) |
| <u>Equity Share Capital</u> | | | | | | |
| Indiacast Media distribution Private Limited | - | 60,000 | - | - | - | - |
| | (-) | (60,000) | (-) | (-) | (-) | (-) |

18 There are no employee benefits accruing to employees except the salaries (including bonus) payable to them. Hence, Disclosures as required by Ind AS 19, Employee Benefits issued by Institute of Chartered Accountants of India are not given.

19 Earnings per share

Basic earnings per equity share have been computed by dividing net profit/loss after tax by the weighted average number of equity shares outstanding for the year. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year. The reconciliation between basic and diluted earnings per equity share is as follows :

| Particulars | Units | | Year ended 31 March, 2018 | Year ended 31 March, 2017 |
|--|-------|-----|------------------------------|------------------------------|
| Basic earnings per equity share | | | | |
| (Loss)/Profit for the year | GBP | (a) | 1,77,245 | 2,27,110 |
| Weighted average of number of equity shares used in computing basic earnings per share | Nos. | (b) | 60,000 | 60,000 |
| Nominal value of equity shares | GBP | | 1 | 1 |
| Basic earnings per equity share (a)/(b) | GBP | | 2.95 | 3.79 |

20 Operating Segments Information

As the Company operates in a single business and geographical segment, the reporting requirements for primary and secondary segment disclosures under Ind AS 108 Operating Segments Reporting, have not been provided in these financial statements

Notes forming part of the financial statements

21 Capital risk management

The Company's objectives when managing capital is to safeguard continuity as a going concern and provide adequate return to shareholders through continuing growth and maintain an optimal capital structure to reduce the cost of Capital.

The Company sets the amount of capital required on the basis of annual business plan and long-term operating plans which include capital investments.

The Company monitors capital on basis of total debt to total equity on a periodic basis.

The following table summarizes the capital of the Company:

| | As at March 31, 2018 | As at March 31, 2017 |
|---|-------------------------|-------------------------|
| Long term borrowings (including current maturities) | - | - |
| Short term borrowings | - | - |
| Total Debt | - | - |
| Equity Share Capital | 60,000 | 60,000 |
| Other Equity | 6,28,327 | 4,51,082 |
| Total Equity | 6,88,327 | 5,11,082 |
| Debt Equity Ratio | 0% | 0% |

22 Financial Risk Management

A wide range of risks may affect the Company's business and financial results. Amongst other risks that could have significant influence on the Company are market risk, credit risk and liquidity risk.

The Board of Directors of the Company manage and review the affairs of the Company by setting up short term and long term budgets by monitoring the same and taking suitable actions to minimise potential adverse effects on its operational and financial performance.

(a) Market risk

The Company is primarily exposed to the following market risks.

(i) Currency risk

The Company is exposed to currency risk on receivables and payables that are denominated in foreign currencies.

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows;

| Particulars | Foreign Currency Denomination | As at March 31, 2018 | | As at March 31, 2017 | |
|-----------------------------------|-------------------------------------|----------------------|-------------------|----------------------|-------------------|
| | | Foreign Currency | GBP Equivalent | Foreign Currency | GBP Equivalent |
| Trade Receivable | CAD | 12,98,015 | 7,17,283 | 6,06,829 | 3,65,198 |
| | USD | 61,77,246 | 44,00,670 | 36,87,595 | 29,67,776 |
| | INR | 23,48,368 | 25,832 | 7,42,953 | 9,213 |
| | EURO | 9,038 | 7,932 | 7,925 | 6,881 |
| Trade Payables | CAD | 12,50,095 | 6,90,803 | 4,26,337 | 2,56,574 |
| | USD | 57,84,913 | 41,21,172 | 45,43,424 | 36,56,547 |
| | EURO | 8,552 | 7,505 | 9,015 | 7,826 |
| Other Financial Assets - Currents | USD | 3,71,277 | 2,62,605 | 4,79,588 | 3,85,973 |
| | CAD | 2,21,367 | 1,22,327 | 58,239 | 35,049 |
| | EURO | 1,048 | 920 | 4,001 | 3,474 |
| Cash and Cash equivalents | USD | 3,21,133 | 2,28,775 | 6,02,863 | 4,85,184 |
| | CAD | 5,68,824 | 3,14,332 | 3,64,906 | 2,19,602 |

Notes forming part of the financial statements

The Company's sensitivity to a 5% appreciation/depreciation of CAD, USD, INR & Euro with respect to GBP would result in decrease/ increase in the Company's net profit / (loss) before tax by approximately GBP. 23,157 [March 31, 2017: GBP. 18,164] GBP. 38,544 [March 31, 2017: GBP. 9119] GBP. 1292 [March 31, 2017: GBP. 461] and GBP. 67 [March 31, 2017: GBP. 126] respectively for the year ended March 31, 2018. This sensitivity analysis includes only outstanding foreign currency denominated monetary items.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

(ii) **Interest rate risk:**

The Company is not exposed to interest rate risk because it doesn't have any borrowing during the years

(b) **Credit Risk**

Credit risk refers to the risk that the counter party will default on its contractual obligation resulting in financial loss to the Company. The Company has adopted a policy of dealing with only credit worthy counter parties. This risk principally arises from credit exposures to customers, deposits with banks and financial institutions and other receivables.

Trade and other receivables: The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Receivables mainly consist of advertisement sales, subscription income and other streams of revenue. The Company has a dedicated Credit and Control team primarily responsible for monitoring credit risk and receivables. They monitor outstanding receivables along with ageing on periodic basis. For receivables pertaining to all streams of revenues, the credit and collection team regularly follows up for the collection and in rare cases of long past due, legal proceeding for recovery is initiated.

Trade receivables consist of a large number of customers, representing diverse industries and geographical areas, hence the Company is not exposed to concentration risks.

(c) **Liquidity risk**

Liquidity risk refers to the risk that the Company may not be in a position to meet its financial obligations timely.

Management monitors rolling forecasts of the Company's liquidity position (comprising of undrawn bank facilities and cash and cash equivalents) on the basis of expected cash flows. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents.

The table below analyses the maturity profile of the Company's financial liabilities. The following break up is based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| As at March 31, 2018 | Less than 1 year | Between 1 and 5 years |
|-------------------------------------|-------------------------|------------------------------|
| Long term and short term borrowings | - | - |
| Interest accrued but not due | - | - |
| Trade Payables and accruals | 62,82,948 | - |
| | 62,82,948 | - |
| As at March 31, 2017 | Less than 1 year | Between 1 and 5 years |
| Long term and short term borrowings | - | - |
| Interest accrued but not due | - | - |
| Trade Payables and accruals | 48,93,866 | - |
| | 48,93,866 | - |

23 The financial statements were approved for issue by the board of directors on 13th April 2018

24 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report attached

For and on behalf of

Sandip Shah & Co

Chartered Accountants

Firm Reg. No 133680W

Sandip Shah

Proprietor

Membership No. 103125

Place: Mumbai

Date: 13th April 2018

For and on behalf of the Board of Directors

INDIACAST UK LTD

Anuj Gandhi

Director

Place: Mumbai

Date: 13th April 2018