

Saavn, Inc.
Financial Statements
for the year ended 31st December, 2019

Independent Auditor's Report

To the Board of Directors Saavn Media Private Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of **Saavn, Inc.** ("the Company"), which comprise the Balance Sheet as at December 31 2019, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. These Ind AS financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended), for the information and use of the board of directors of Saavn Media Private Limited (SMPL), the Holding Company and Reliance Industries Limited, the Ultimate Holding Company, to comply with the financial reporting requirements in India.

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 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 December 31, 2019, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. 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.

Responsibility of Management for the Standalone Ind AS Financial Statements

Management of the Company including those Charged with Governance are responsible for the 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 Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records, 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 the 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- This report does not include report on the internal financial controls ('Report on internal financial controls'), since in our opinion and accordingly to the information and explanation given to us, the said report on internal financial controls is not applicable to the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Vishal Bansal

Partner

Membership Number: 097546

UDIN: 20097546AAAAAP1421

Place of Signature: Mumbai

Date: April 3, 2020

Financial statements for the year ended 31st December, 2019

(All amounts are in USD unless stated otherwise)

Balance Sheet

Particulars	Notes	As at 31st December, 2019	As at 31st December, 2018
ASSETS			
Non-current assets			
Financial assets			
Investments	1	1,95,92,012	1,75,82,912
Total non-current assets		1,95,92,012	1,75,82,912
Current assets			
Financial assets			
Cash and cash equivalents	2	161	-
Total current assets		161	-
TOTAL ASSETS		1,95,92,173	1,75,82,912
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	3	11	11
Other Equity	4	1,95,92,162	1,75,82,901
Total equity		1,95,92,173	1,75,82,912
Liabilities		-	-
TOTAL EQUITY AND LIABILITIES		1,95,92,173	1,75,82,912
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the financial statements			

As per our report on even date
For **S R B C & CO LLP**
Firm Registration No.324982E/E300003
Chartered Accountants

For and on behalf of Saavn, Inc.

Vishal Bansal
Partner
Membership No. 097546
Date: 3rd April, 2020
Mumbai

Rishi Malhotra
Chief Executive Officer
Date: 3rd April, 2020
New York

Paramdeep Singh
Executive Vice Chairman
Date: 3rd April, 2020
New York

Vinodh Bhat
President
Date: 3rd April, 2020
New York

Matthew Emerman
Chief Financial Officer
Date: 3rd April, 2020
Mumbai

Financial statements for the year ended 31st December, 2019

(All amounts are in USD unless stated otherwise)

Statement of Profit or Loss

Particulars	Note	For the Year Ended 31st December 2019	For the Year Ended 31st December 2018
Expenses			
Other Expenses	5	215	5
Total Expenses		215	5
(Loss) before tax		(215)	(5)
Tax Expense		-	-
(Loss) for the year		(215)	(5)
Other Comprehensive Income, Net of Tax		-	-
Total comprehensive income for the year		(215)	(5)
Basic & Diluted Earnings per equity share (Nominal value per share \$ 0.01)	7	(0.20)	(0.00)

The accompanying notes are an integral part of the financial statements

As per our report on even date
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New York

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Executive Vice Chairman
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President
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Chief Financial Officer
Date: 3rd April, 2020
Mumbai

Financial statements for the year ended 31st December, 2019

(All amounts are in USD unless stated otherwise)

Statement of Changes in Equity

	Common Stock	Other Equity	
		Retained Earnings	Securities Premium
As at January 1, 2018	10	(10)	-
Additional Capital Received (Common Stock \$ 0.70)	1	-	1,75,82,916
(Loss) for the year	-	(5)	-
As at 31st December, 2018	11	(15)	1,75,82,916
As at January 1, 2019	11	(15)	1,75,82,916
Additional Capital Received (Common Stock \$ 0.08)	0	-	20,09,476
(Loss) for the year	-	(215)	-
As at 31st December, 2019	11	(230)	1,95,92,392

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Financial statements for the year ended 31st December, 2019

(All amounts are in USD unless stated otherwise)

Statement of Cash Flows

Particulars	For the year ended 31st December, 2019	For the year ended 31st December, 2018
(A) CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) for the year	(215)	(5)
Net Cash flow used in operating activities	(215)	(5)
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Investment in Subsidiary	(20,09,100)	(1,75,82,912)
Net Cash flow used in investing activities	(20,09,100)	(1,75,82,912)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Equity Share Capital	20,09,476	1,75,82,916
Net Cash flow from financing activities	20,09,476	1,75,82,916
Net increase (decrease) in cash and cash equivalents	161	-
Cash and cash equivalents at the beginning of the period	-	-
Cash and cash equivalents at the end of the period (Refer note 2)	161	-

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Mumbai

Notes to the Financial Statements for the year ended December 31, 2019

1 CORPORATE INFORMATION

Saavn, Inc. (the Company) is incorporated under the Delaware state Corporation Law in United States of America. The address of its registered office and principal place of business is “64 Wooster Street, 2nd Floor, New York, NY 10012, United States”. The Company is blocker corporation.

2 BASIS OF PREPARATION AND PRESENTATION

The financial statements of the Company have been prepared to comply with the Indian Accounting Standards (“Ind AS”) specified under section 133 of the Companies Act, 2013 (“the Act”), read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended). These financial statements have been prepared for the limited purpose of its consolidation with Saavn Media Private Limited, the holding company and Reliance Industries Limited, the ultimate holding company.

The financial statements have been prepared on an accrual basis under the historical cost convention. The financial statements are presented in United States Dollars (USD) which is the Company’s functional currency.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Current and Non Current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when

- It is expected to be settled in normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities as non-current.

The Company always presents deferred tax assets and deferred tax liabilities as non-current.

(b) Earning per share

Basic earnings per share is computed by dividing the profit/ (loss) after tax 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 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.

(c) Investment in subsidiaries

Investment in subsidiary is carried at cost less accumulated impairment losses, if any.

(d) Impairment of Investment

Investment in subsidiary is reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment. Impairment losses, if any, are recognized in the Statement of Profit and Loss.

(e) Cash and Cash Equivalents

Cash and cash equivalents for balance sheet and cash flow statement comprises of cash on hand, cash at banks and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements for the year ended December 31, 2019

(All amounts are in USD unless stated otherwise)

1 INVESTMENTS (NON CURRENT)

Particulars	As at 31st December, 2019	As at 31st December, 2018
Investment in subsidiary		
Membership Interest in Saavn, LLC	1,95,92,012	1,75,82,912
Total	1,95,92,012	1,75,82,912

2 CASH AND CASH EQUIVALENTS

Particulars	As at 31st December, 2019	As at 31st December, 2018
Balances with banks	161	0
Total	161	0

3 EQUITY SHARE CAPITAL

Particulars	As at 31st December, 2019	As at 31st December, 2018
Authorised Share Capital: 2,000 (December 31 2018: 2,000) Common Stock of US \$ 0.01 Each	20	20
	20	20
Issued, Subscribed and Paid Up 1,078 (December 31 2018: 1,070) Common Stock of US \$ 0.01 Each	11	11
	11	11

(a) Reconciliation of shares outstanding at the beginning and end of reporting period

Common Stock	Nos.	Nos.
Outstanding as at January 1, 2018	1,000	1,000
Additional Capital Received	70	-
Outstanding as at December 31, 2018	1,070	1,000
Additional Capital Received	8	70
Outstanding as at December 31, 2019	1,078	1,070

(b) Terms/Rights attached to the common stock

The corporation has only one class of common stock having par value of \$ 0.01 each.

(c) Shares held by Holding/Ultime holding Company and/or their subsidiaries/associates

Out of the Common stock, shares held by the holding Company and/or their subsidiaries/associates is as follows:

	As at 31st December, 2019	As at 31st December, 2018
Saavn Media Private Limited 1,078 (December 31, 2018: 1,070) common stock of US \$ 0.01 Each	1,078	1,070

(d) Details of Shareholders holding more than 5% shares

Name of shareholder	As at 31st December, 2019	As at 31st December, 2018
	No. of Shares	No. of Shares
Saavn Media Private Limited (100%)	1,078	1,070

Notes to the Financial Statements for the year ended December 31, 2019

(All amounts are in USD unless stated otherwise)

4 OTHER EQUITY

Particulars	As at 31st December, 2019	As at 31st December, 2018
Securities Premium		
Opening Balance	1,75,82,916	-
Addition During the Year	20,09,476	1,75,82,916
Balance at the end of the year	1,95,92,392	1,75,82,916
Retained Earnings		
Opening Balance	(15)	(10)
Addition During the Year	(215)	(5)
Balance at the end of the year	(230)	(15)
TOTAL	1,95,92,162	1,75,82,901

5 OTHER EXPENSES

Particulars	For the year ended 31st December, 2019	For the year ended 31st December, 2018
Bank Charges	215	5
Total	215	5

6 EARNINGS PER SHARE

Particulars	December 31, 2019	December 31, 2018
Net profit / (loss) for the year available for shareholders	(215)	(5)
Weighted average number of shares in calculating basic EPS & Diluted EPS	1,078	1,037
Earnings per share (Basic & Diluted)	(0.20)	(0.00)

7 RELATED PARTY

Name of the Entity	Relationship
Reliance Industries Limited	Ultimate Holding Company (w.e.f. 5th April 2018)
Saavn Media Private Limited	Holding Company (w.e.f. 5th April 2018)
Saavn Global Holdings Limited	Holding Company (till 4th April 2018)
Saavn, LLC	Subsidiary Company

Related party transactions:

Name of the Related Party	Nature of transaction	For the year ended 31st December, 2019	For the year ended 31st December, 2018
Saavn Media Private Limited	Paid up capital infused	20,09,476	1,75,82,916
Saavn, LLC	Member's Contribution given	20,09,100	1,75,82,912

As per our report on even date

For **S R B C & CO LLP**

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Chartered Accountants

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