Digital 18 Media Limited

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DIGITAL18 MEDIA LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Digital18 Media Limited, ("the company"),which comprises the Balance Sheet as at 31 March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

Management 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 7of the Companies (Accounts) Rules, 2014. 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 the 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 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 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 in accordance with the Standards on Auditing under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 control relevant to the Company's preparation and presentation of the 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 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.

Opinion

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 31st March, 2016, and its profit/loss and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 purposes 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement 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.

e. On the basis of the written representations received from the directors of the Company as on March 31, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.

g. With respect to the other matters to be included in the Auditor’s report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any material foreseeable losses on long term contracts including derivative contracts.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Mohan Lal Jain
Partner
Membership No. 084190

Place: New Delhi
Date: April 9, 2016

"ANNEXURE –A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENT OF DIGITAL18 MEDIA LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Digital18 Media Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Mohan Lal Jain
Partner
Membership No. 084190

Place: New Delhi
Date: April 9, 2016

Annexure to the Independent Auditor's Report

To the Members of Digital18 Media Limited

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016.

On the basis of such checks as we considered appropriate and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

(i) *Fixed assets:*

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) As explained to us, fixed assets have been physically verified by the management during the year in accordance with the phased programme of verification adopted by the management which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties. Accordingly, the provision of paragraph 3 (i) (c) of the Order is not applicable to the Company.

(ii) *Inventories:*

(a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(iii) *Granting of loans to certain parties:*

(a) According to the information and explanation given to us, the Company has not granted any loan, secured or unsecured to companies, firms or other parties covered by Section 2(76) of the Companies Act, 2013; and therefore paragraph 3(iii) of the Order is not applicable.

(iv) *Loans and investments:*

(a) According to the information and explanation given to us, the Company has not made any loan, investment, and guarantees to any person specified under section 185 and section 186 of the Companies Act, 2013; and therefore paragraph 3(iv) of the Order is not applicable.

(v) *Acceptance of Deposits:*

(a) In our opinion and according to the information and explanation given to us, the Company has not received any public deposits during the year.

(vi) *Maintenance of cost records:*

(a) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1) (d) of the Act and are of the opinion that, *prima facie*, the prescribed accounts and cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) *Deposit of statutory dues:*

(a) According to the records of the company and information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, employees state insurance (ESI), Investor Education and Protection Fund, Income-tax, Tax deducted at sources, Tax collected at source, Professional Tax, Sales Tax, value added tax (VAT), Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it, with the appropriate authorities.

(b) According to the information and explanations given to us, there were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, sales tax, VAT, Cess and other material statutory dues in arrears / were outstanding as at 31 March, 2016 for a period of more than six months from the date they became payable.

(viii) *Default in repayment of dues:*

(a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.

(ix) *Application of term loans/public issue/follow on offer:*

(a) In our opinion and according to the information and explanations given to us, monies raised by way of debt instruments and the term loans have been applied by the Company for the purposes for which they were raised.

(x) *Fraud reporting:*

(a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(xi) *Managerial remuneration:*

(a) In our opinion and according to the information and explanations given to us, the Company has provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) *Nidhi Company:*

(a) The Company is not Nidhi Company as per Companies Act 2013. Accordingly, the provision of paragraph 3(xii) of the Order is not applicable.

(xiii) *Related party transactions:*

(a) All transactions with the related parties are in compliance with section 177 and 188 of the Companies act 2013 where applicable and details have been disclosed in financial statements etc., as required by the applicable accounting standards.

(xiv) *Preferential allotment/private placement:*

(a) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) *Non-cash transactions:*

(a) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provision of paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

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

Mohan Lal Jain
Partner
Membership No. 084190

Place: New Delhi
Date: April 9, 2016

Balance Sheet as at 31st March, 2016

	Notes No.	As at 31.03.2016 ₹	As at 31.03.2015 ₹
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	**1**	5,00,000	5,00,000
(b) Reserves and surplus	**2**	(45,24,66,728)	(42,21,06,438)
		(45,19,66,728)	(42,16,06,438)
2. Non-current liabilities			
(a) Long-term borrowings	**3**	47,95,00,000	45,85,00,000
(b) Long-term provisions	**4**	60,65,679	51,24,647
		48,55,65,679	46,36,24,647
3. Current liabilities			
(a) Trade payables	**5**	7,21,77,164	5,62,35,004
(b) Other current liabilities	**6**	1,68,70,069	1,44,35,216
(c) Short-term provisions	**7**	24,49,116	36,57,069
		9,14,96,348	7,43,27,288
TOTAL		**12,50,95,299**	11,63,45,497
B. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets	**8**	3,26,605	6,91,938
(ii) Intangible assets	**8**	60,651	2,73,748
(iii) Intangible assets under development	8	1,40,450	1,40,450
		5,27,706	11,06,136
(b) Long - term loans and advances	**9**	33,25,221	53,57,498
2. Current assets			
(a) Inventories	**10**	64,28,374	10,22,655
(b) Trade receivables	**11**	9,63,45,525	7,73,95,326
(c) Cash and bank balances	**12**	75,37,154	1,40,14,177
(d) Short-term loans and advances	**13**	1,08,74,546	1,74,43,996
(e) Other current assets	**14**	56,774	5,711
		12,12,42,373	10,98,81,864
TOTAL		**12,50,95,299**	11,63,45,497

See accompanying notes forming part of the financial statements
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 of Directors

Mohan Lal Jain
Partner
Membership No. 084190

Hariharan Mahadevan
Director
DIN: 07036403

Karanvir Singh Gill
Director
DIN: 07203590

Place: New Delhi
Date: April 9, 2016

Place: Mumbai
Date: April 9, 2016

Statement of Profit and Loss for the year ended 31st March, 2016

		Notes No.	**Year ended March 31, 2016 ₹**	Year ended March 31, 2015 ₹
1.	Revenue from operations	**15**	23,66,31,477	27,36,29,704
2.	Other income	**16**	14,79,744	55,55,996
3.	**Total revenue (1+2)**		**23,81,11,222**	27,91,85,700
4.	**Expenses**			
	(a) Cost of materials consumed and traded goods sold	17	96,67,802	1,11,97,186
	(b) Employee benefits expense	18	10,94,12,329	10,90,92,765
	(c) Marketing,distribution and promotional expenses		2,56,28,707	3,60,36,492
	(d) Finance costs	19	1,80,026	1,76,805
	(e) Depreciation and amortisation expense	8	6,58,872	13,13,682
	(f) Other expenses	20	12,29,23,775	10,61,26,278
	Total expenses		**26,84,71,511**	26,39,43,208
5.	**Profit before exceptional items and tax (3-4)**		(3,03,60,289)	1,52,42,492
6.	Exceptional items	21	-	12,08,890
7.	**Profit before tax (5-6)**		(3,03,60,289)	1,40,33,602
8.	**Tax expense:**			
	(a) Current tax expense		-	8,86,719
	(b) (Less): MAT Credit		-	(8,86,719)
	Net tax expense		-	-
9.	**Profit for the year (7-8)**		**(3,03,60,289)**	1,40,33,602
10.	**Earnings per equity share**	22		
	(Face value of ₹ 10 each)			
	(a) Basic		(607.21)	280.67
	(b) Diluted		(607.21)	280.67

See accompanying notes forming part of the financial statements

As per our report of even date attached

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

Mohan Lal Jain
Partner
Membership No. 084190

Place: New Delhi
Date: April 9, 2016

For and on behalf of the Board of Directors

Hariharan Mahadevan
Director
DIN: 07036403

Karanvir Singh Gill
Director
DIN: 07203590

Place: Mumbai
Date: April 9, 2016

Cashflow Statement for the year ended 31st March, 2016

	Particulars	**For the Year ended 31.03.2016 ₹**	For the Year ended 31.03.2015 ₹
A.	**Net profit before tax (as per profit and loss account)**	**(3,03,60,289)**	1,40,33,602
	Adjustment for depreciation	6,58,872	13,13,682
	Interest	1,80,026	1,57,014
	Loss on sale of assets	(28,604)	-
	Interest income	(14,51,140)	(5,55,470)
	Exceptional Items	58,39,556	12,08,890
	Change in current and non current assets	(2,15,93,760)	(2,27,28,231)
	Change in current and non current liabilities	1,81,10,091	(1,10,74,712)
	Cash from operating activities	**(2,86,45,249)**	(1,76,45,226)
B.	**Cash from investing activities**		
	Purchase of fixed assets	(89,475)	(57,150)
	Sale of fixed assets	37,650	-
	Cash from investing activities	**(51,825)**	(57,150)
C.	**Cash from financing activities**		
	Zero coupon optionally convertible debentures	2,10,00,000	2,65,00,000
	Interest received	14,00,077	5,55,471
	Interest paid	(1,80,026)	(1,57,014)
	Cash from financing activities	**2,22,20,051**	2,68,98,457
	Cash/cash equivalents as at the beginning of the year	1,40,14,177	48,18,095
	Cash/cash equivalents as at the end of the year	**75,37,154**	1,40,14,177

As per our report of even date attached

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

Mohan Lal Jain
Partner
Membership No. 084190

Place: New Delhi
Date: April 9, 2016

For and on behalf of the Board of Directors

Hariharan Mahadevan
Director
DIN: 07036403

Karanvir Singh Gill
Director
DIN: 07203590

Place: Mumbai
Date: April 9, 2016

Notes to Financial Statements for the year ended 31st March, 2016

1. BACKGROUND

Digital 18 Media Limited was incorporated on 16th April, 2007. The Company is in the business of printing and publishing business magazine.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 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 except to the extent disclosed.

b. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires judgements, estimates and assumptions to be made that effect the reported amount of assets and liabilities, disclosure of contingent liabilities and the reported amount of income and expenses during the year. Difference between the actual results and estimates are recognized in the period in which the results are known / materialise.

c. Revenue Recognition

Advertisement revenue is recognized as and when advertisement is published in to the magazine.

Circulation Revenue includes sales to retail outlets/ newsstands, which are subject to returns. The Company records these retail sales upon dispatch, net of estimated returns. These estimated returns are based on historical return rates and are revised as necessary based on actual returns.

Revenue recognition from subscriptions to the Company's print publications is recognised as earned, prorata on a per issue basis on dispatch, over the subscription period.

Revenue from event sale is recognized on the completion of the event and on the basis of related service performed.

Revenue/Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

d. Fixed assets

Tangible assets

Tangible assets are stated at cost net of recoverable taxes, trade discounts and rebates, less accumulated depreciation and impairment loss, if any. The cost comprises purchase price, borrowing costs, and any cost directly attributable to bringing the assets to its intended use.

Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Capital work-in-progress: Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Intangible assets

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization/ depletion and impairment loss, if any. The cost comprises purchase price, borrowing costs, and any cost directly attributable to bringing the assets to its working condition.

e. Depreciation

Depreciation has been provided on the useful life of its tangible assets as per the useful life prescribed in Schedule II to the Companies Act, 2013. Computer software is being depreciated over a period of 5 years. Plant and machinery is being

Notes to Financial Statements for the year ended 31st March, 2016

distributed over a period of 10 years.

f. Foreign currency transactions

i. Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

ii. Monetary items denominated in foreign currencies at the year-end are restated at year end rates.

iii. Non-monetary foreign currency items are carried at cost.

iv. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss, except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

g. Inventories

Raw materials is valued at lower of cost and net realizable value. Cost is determined on a first in first out basis.

h. Employee Benefits

Provident Fund

Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the profit and loss account of the year - when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective trusts.

Gratuity

The Company provides for gratuity, a defined benefit plan covering eligible employees. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation is based on the market yields on government securities as at the balance sheet date. Actuarial gains/losses are recognized immediately in the Statement of profit and loss.

Compensated absenses

Short term compensated absences are provided for on the basis of estimates. Long term compensated absences in the form of Leave encashment is accrued and provided for on the basis of an actuarial valuation as at the year end. The actuarial valuation is done as per projected unit credit method.

i. Investments

Current investments are carried at lower of cost and quoted / fair value. Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary.

j. 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.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realised such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset, if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

k. Impairment

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An 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 recognized in prior accounting period is revered if there has been a change in the estimate of recoverable amount

l. Provisions, contingent liabilities and contingent assets

Provision recognized in the 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.

Notes to Financial Statements for the year ended 31st March, 2016

1. Share capital

Particulars	Number of Shares	As at 31.03.2016 ₹	Number of Shares	As at 31.03.2015 ₹
a. Authorised Share Capital:				
Equity shares of ₹ 10 each	**20,00,000**	**2,00,00,000**	**20,00,000**	**2,00,00,000**
b. Issued, Subscribed and fully paid up				
(i) Issued - Equity Shares	**50,000**	**5,00,000**	**50,000**	**5,00,000**
(ii) Subscribed and fully paid up	50,000	5,00,000	50,000	5,00,000
(iii) Shares forfeited	-	-	-	-
Total	**50,000**	**5,00,000**	**50,000**	**5,00,000**

Notes :

(i) The Company has only one class of equity share having par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share held. All the equity shares rank pari passu in all respects including but not limited to entitlement for dividend, bonus issue and rights issue. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(ii) Details of shares held by holding company and their subsidiaries:

Particulars	Number of Shares	As at 31.03.2016 ₹	Number of Shares	As at 31.03.2015 ₹
Network18 Media & Investments Limited, the Holding Company	50,000	5,00,000	50,000	5,00,000
	50,000		50,000	

(iii) Details of shares held by each shareholder holding more than 5% shares :

Particulars	Number of Shares	As at 31.03.2016 % Holding	Number of Shares	As at 31.03.2015 % Holding
Network18 Media & Investments Limited	**50,000**	**100%**	**50,000**	**100%**

(iv) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	Issued		Subscribed and fully paid up	
	Number of Shares	Amount ₹ in Lakhs	Number of Shares	Amount ₹ in Lakhs
Equity Shares opening balance	-	-	50,000	5,00,000
	-	-	(50,000)	(5,00,000)
Add : Shares issued under ESOP	-	-	-	-
	-	-	(-)	(-)
Equity Shares closing balance	-	-	50,000	5,00,000
	-	-	(50,000)	(5,00,000)

Figures in brackets pertains to the previous year

Notes to Financial Statements for the year ended 31st March, 2016

			As at 31.03.2016 ₹	As at 31.03.2015 ₹
2.	**Reserves and surplus**			
	a.	**(Deficit) in the Statement of Profit and Loss**		
		Opening balance	(42,21,06,439)	(43,53,48,180)
		Depreciation adjustment	-	(7,91,861)
		Profit for the year	(3,03,60,289)	1,40,33,602
			(45,24,66,728)	(42,21,06,438)
	Total Reserves and Surplus		**(45,24,66,728)**	(42,21,06,438)
3.	**Long - term borrowings**			
	a.	479,500 (Previous Year 458,500) Zero (coupon) Optionally Fully Convertible Debentures of ₹ 1,000 each *	47,95,00,000	45,85,00,000
			47,95,00,000	45,85,00,000

*** Terms of redemption**

Zero (coupon) Optionally Fully Convertible Debenture (ZOFCD) has tenure of 10 years from allotment date, are unsecured and do not carry interest right. The debentures are convertible into paid up equity share of Rs. 10/- of the Company in 1:1 ratio, at option of the issuer. The conversion option is exercisable any time after two years of allotment date. The debentures are held by Network18 Media & Investments Limited.

			As at 31.03.2016 ₹	As at 31.03.2015 ₹
4.	**Long-term provisions**			
	Provision for employee benefits:			
	Provision for compensated absences		19,97,821	17,32,736
	Provision for gratuity (net)		40,67,858	33,91,911
			60,65,679	51,24,647
5.	**Trade payables**			
	Micro,Small and Medium Enterprises		-	-
	Others		7,21,77,164	5,62,35,004
			7,21,77,164	5,62,35,004
6.	**Other current liabilities**			
	a.	Unearned revenue	2,25,000	1,15,000
	b.	Other payables		
		i. Statutory dues	24,96,213	23,23,846
		ii. Advances from customers	44,20,811	1,11,31,515
		iii. Employees Dues	90,83,505	87,930
		iv. Security Deposits	6,44,539	7,54,175
		v. Others	-	22,750
			1,68,70,069	1,44,35,216
7.	**Short - term provisions**			
	Provision for employee benefits			
	i.	Provision for compensated absences	1,93,572	1,43,875
	ii.	Provision for gratuity	1,92,572	90,167
	iii.	Provision for sales returns	20,62,972	34,23,027
			24,49,116	36,57,069

8. Fixed assets

(in ₹)

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	Opening balance as at 1.04.2015	Additions	Deletions/ adjustment	Closing balance as at 31.03.2016	Opening balance as at 1.04.2015	Depreciation / amortisation expense for the year	On disposals / adjustments/ exceptional items	Closing balance as at 31.03.2016	As at 31.03.2016	As at 31.03.2015
(a) **Tangible Assets**										
Plant and equipment										
- on finance lease	-	-	-	-	-	-	-	-	-	-
- others	10,94,673	-	-	10,94,673	10,36,296	8,436	-	10,44,732	49,941	58,377
Computers										
- on finance lease	-	-	-	-	-	-	-	-	-	-
- others	6,63,114	79,476	(68,50,175)	75,92,765	2,98,800	3,10,370	68,50,175	74,59,345	1,33,420	3,64,314
Vehicles	2,08,125	-	-	2,08,125	83,717	29,296	-	1,13,013	95,112	1,24,408
Office equipment	5,98,848	9,999	(15,773)	6,24,620	4,54,008	97,676	24,803	5,76,486	48,134	1,44,840
Total	**25,64,760**	**89,475**	**(68,65,948)**	**95,20,183**	**18,72,822**	**4,45,777**	**68,74,978**	**91,93,576**	**3,26,606**	**6,91,938**
	-	-	-	-	-	-	-	-	-	-
(b) **Intangible Assets**										
Computers software	42,00,855	-	-	42,00,855	39,27,107	2,13,096	-	41,40,203	60,651	2,73,748
Total	**42,00,855**	**-**	**-**	**42,00,855**	**39,27,107**	**2,13,096**	**-**	**41,40,203**	**60,651**	**2,73,748**
	-	-	-	-	-	-	-	-	-	-
Total (a+b)	**67,65,615**	**89,475**	**(68,65,948)**	**1,37,21,037**	**57,99,929**	**6,58,873**	**68,74,978**	**1,33,33,780**	**3,87,258**	**9,65,686**
	-	-	-	-	-	-	-	-	-	-
Capital work-in-progress	**1,40,450**	-	-	**1,40,450**	-	-	-	-	**1,40,450**	**1,40,450**

		As at 31.03.2016 ₹	As at 31.03.2015 ₹
9.	**Long - term loans and advances**		
	a. Loans and advances to employees		
	Unsecured, considered good	1,46,371	94,225
	Doubtful	-	-
		1,46,371	94,225
	Less: Provision for doubtful advances	-	-
		1,46,371	94,225
	b. Advance income tax	31,78,850	52,63,272
		33,25,221	53,57,497
10.	**Inventories**		
	Raw materials and components	64,28,374	5,45,474
	Work in progress	-	4,77,181
		64,28,374	10,22,655
11.	**Trade receivables (Unsecured)**		
	a. Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
	- considered good	3,21,18,753	1,12,36,819
	- considered doubtful	80,00,000	21,60,444
	Less: Provision for doubtful trade receivables	(80,00,000)	(21,60,444)
		3,21,18,753	1,12,36,819
	b. Other trade receivables	6,42,26,772	6,61,58,507
		9,63,45,525	7,73,95,326
12.	**Cash and bank balances**		
	a. Cash on hand	-	6,227
	b. Balances with banks		
	i. in current accounts	3,00,149	84,05,692
	ii. in demand deposit account	72,37,005	56,02,258
		75,37,154	1,40,14,177

Notes to Financial Statements for the year ended 31st March, 2016

		As at 31.03.2016 ₹	As at 31.03.2015 ₹
13.	**Short - term loans and advances**		
a.	**Loans and advances**		
	- to employees	1,37,893	5,26,484
		1,37,893	5,26,484
	Less : Provision for doubtful advances	-	-
		1,37,893	5,26,484
b.	Security deposits	2,100	2,100
c.	Prepaid expenses	-	72,554
d.	Balance with government authorities		
	- Service tax credit receivable	29,02,765	-
	- MAT Entitlements	8,86,719	8,86,719
e.	Others		
	- Advances to vendors	69,45,069	32,21,408
	- Others	-	1,27,34,731
		69,45,069	1,59,56,139
		1,08,74,546	1,74,43,996
14.	**Other current assets**		
a.	Interest accrued but not due on deposits and advances	56,774	5,711
		56,774	5,711
15.	**Revenue from operations**		
a.	**Sale of services**		
	i. Advertisement and subscription revenue	20,12,93,276	23,92,29,352
	ii. Other media income and equipment rentals	2,54,50,000	2,62,80,760
	iii. Sale of Magazines	98,88,201	81,19,592
		23,66,31,477	27,36,29,704
16.	**Other income**		
a.	Interest income on		
	- Loans and advances	14,742	-
	- Deposit accounts with banks	9,64,928	3,70,262
	- Income tax refund	4,71,470	1,85,208
b.	Other non-operating income		
	- Liabilities / provisions no longer required written back	-	44,44,509
	- Profit On Sale Of Assets	28,604	-
	- Miscellaneous income	-	5,56,017
		14,79,744	55,55,996

Notes to Financial Statements for the year ended 31st March, 2016

	As at 31.03.2016 ₹	As at 31.03.2015 ₹
17. Cost of materials consumed and traded goods sold		
Cost of materials consumed	91,90,621	1,13,10,970
Change in inventory of work-in-progress	4,77,181	(1,13,784)
	96,67,802	1,11,97,186
a. Cost of materials consumed		
Opening balance		
- Raw material	5,45,474	45,79,827
- Add : Purchase during the year	1,50,73,521	72,76,617
	1,56,18,995	1,18,56,444
Less: Closing balance		
- Raw material	64,28,374	5,45,474
	64,28,374	5,45,474
	91,90,621	1,13,10,970
b. Change in inventory of work-in-progress		
Work-in-progress at the beginning of the year	4,77,181	3,63,397
Less :Work in progress at the end of the year	-	4,77,181
	4,77,181	(1,13,784)
18. Employee benefits expense		
Salaries and wages	9,35,40,985	10,17,66,057
Contribution to provident and other fund	44,38,232	36,00,935
Gratuity and compensated absences	28,89,665	26,13,131
Staff welfare expenses	85,43,447	11,12,642
	10,94,12,329	10,90,92,765
19. Finance costs		
a. Interest expense on		
- Others	29,106	15,608
b. Other borrowing costs	1,50,920	1,61,197
	1,80,026	1,76,805

Notes to Financial Statements for the year ended 31st March, 2016

		As at 31.03.2016 ₹	As at 31.03.2015 ₹
20.	**Other expenses**		
	Studio and equipment hire charges	17,150	-
	Royalty expenses	3,76,05,224	3,38,96,940
	Content expenses	45,67,643	69,70,151
	Media professional fees	40,31,667	63,45,084
	Other production expenses	3,58,61,149	2,40,39,911
	Rent including lease rentals	74,24,326	74,33,795
	Electricity expenses	8,13,561	14,08,721
	Insurance	4,40,409	3,16,325
	Travelling and conveyance	1,44,47,812	1,28,22,112
	Vehicle running and maintenance	44,22,053	41,05,705
	Communication expenses	15,22,181	10,32,390
	- Plant & Equipments	33,544	-
	- Others	2,11,313	5,14,313
	Legal and professional expenses	29,09,149	32,75,751
	Office upkeep and maintenance	9,42,706	19,10,383
	Net loss on foreign currency transactions and translations	2,91,829	5,62,007
	Bad debts and provision for doubtful trade and other receivable, loans and advances (net)	58,39,556	-
	Miscellaneous expenses	15,42,502	14,92,689
		12,29,23,775	10,61,26,278

Note:
Payments to the auditors comprises (net of service tax,where applicable):

		As at 31.03.2016 ₹	As at 31.03.2015 ₹
(a)	**To statutory auditors**		
	For Statutory audit fees	2,00,000	2,24,720
	For other services (including limited reviews, certifications)	3,00,000	3,37,080
		5,00,000	5,61,800

		As at 31.03.2016 ₹	As at 31.03.2015 ₹
21.	**Exceptional items**		
	Obsolescence/impairment (accelerated depreciation)	-	6,13,446
	Balances written off/provision for doubtful loans/advances/receivables.	-	5,95,444
		-	12,08,890

Note:
During the year, based on a review of the current and non-current assets, the Company has accounted for (a) obsolescence / impairment in the value of certain tangible assets to the extent of ₹ Nil (Previous year ₹ 6.13 lakhs) and (b) write-off and provisions of non-recoverable and doubtful receivables to the extent of ₹ Nil (Previous year ₹ 5.95 lakhs). However, these adjustments have no impact on the future profitability and cash flows of the operating businesses of the Company.

Notes to Financial Statements for the year ended 31st March, 2016

22. Earnings per equity shares

Basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding at the year end. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year. The details are:

	Particulars	**Year ended 31.03.2016**	Year ended 31.03.2015
a.	Net profit after tax (₹)	(3,03,60,289.22)	1,40,33,601.92
b.	Weighted average outstanding equity shares considered for basic EPS (Nos.)	50000	50000
c.	Basic Earnings per share (₹)	(607.21)	280.67
d.	Diluted Earnings per share (₹)	(607.21)	280.67
e.	Nominal value per share	10	10

23. The Disclosures as defined in the Accounting Standard 15 "Employee benefits", are given below :

I. Defined contribution plans

The Company makes Provident Fund and Employee State Insurance scheme contributions to the relevant authorities, which are defined contribution plans for qualifying employees. Under the schemes the Company is required to contribute a specified percentage of the payroll costs to fund the benefits.

Contribution to Defined Contribution Plans, recognised as expense for the year is as under :

Particulars	**2015-16** ₹	2014-15 ₹
Employer's Contribution to Provident Fund	28,34,097	22,65,777
Employer's Contribution to Employees State Insurance	4,576	-
Employer's Contribution to Pension Fund	12,48,636	9,98,247

II. Defined benefit plans

The Group provides gratuity benefits for some of its components through gratuity fund schemes managed by Life Insurance Corporation of India. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Compensated Absences is recognised in the same manner as gratuity.

i) Reconciliation of opening and closing balances of Defined Benefit Obligation

	Gratuity ₹		**Compensated Absences** ₹	
	2015-16	**2014-15**	**2015-16**	**2014-15**
Defined Benefit obligation at beginning of the year	34,82,078	32,87,244	18,76,611	18,21,054
Current Service Cost	8,71,683	7,45,605	6,94,345	5,87,941
Interest Cost	2,78,566	2,79,416	1,50,129	1,54,790
Actuarial (gain) / loss	8,71,607	6,36,398	23,335	2,08,981
Benefits paid	(12,43,504)	(14,66,585)	(5,53,027)	(8,96,155)
Defined Benefit obligation at year end	42,60,430	34,82,078	21,91,393	18,76,611

Notes to Financial Statements for the year ended 31st March, 2016

ii) Reconciliation of fair value of assets and obligations

	Gratuity ₹ As at 31st March		Compensated Absences ₹ As at 31st March	
	2016	**2015**	**2016**	**2015**
Present value of obligation	42,60,430	34,82,078	21,91,393	18,76,611
Amount recognised in Balance Sheet	42,60,430	34,82,078	21,91,393	18,76,611

iii) Expenses recognised during the year

	Gratuity ₹		Compensated Absences ₹	
	2015-16	**2014-15**	**2015-16**	**2014-15**
Current Service Cost	8,71,683	7,45,605	6,94,345	5,87,941
Interest Cost	2,78,566	2,79,416	1,50,129	1,54,790
Actuarial (gain) / loss	8,71,607	6,36,398	23,335	2,08,981
Net Cost	20,21,856	16,61,419	8,67,809	9,51,712

iv) Investment details

	31st March, 2016 % invested	31st March, 2015 % invested
Funds managed by Insurer	100	100

v) Actuarial assumptions

	Gratuity		Compensated Absences	
	2015-16	**2014-15**	**2015-16**	**2014-15**
Mortality Table	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)
Discount rate (per annum)	8.00%	8.00%	8.00%	8.00%
Expected rate of return on plan assets (per annum)	0.00%	0.00%	0.00%	0.00%
Rate of escalation in salary (per annum)	5.50%	5.50%	5.50%	5.50%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of Plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

vi) Amounts recognised in current year and previous four years

Particular	As at 31st March ₹				
Gratuity	**2016**	**2015**	**2014**	**2013**	**2012**
Defined benefit obligation	42,60,430	34,82,078	32,87,244	50,84,772	29,40,246
(Surplus) / Deficit in the plan	(42,60,430)	(34,82,078)	(32,87,244)	(50,84,772)	(29,40,246)
Actuarial (gain) / loss on plan obligation	(8,71,607)	(6,42,534)	(3,07,244)	(7,67,362)	1,15,991

Notes to Financial Statements for the year ended 31st March, 2016

24. Related party disclosures

Name of related parties and related party relationship with whom transactions have taken place during the year

Holding company	Network18 Media and Investments Ltd.
Fellow subsidiaries	TV 18 Broadcast Ltd e-Eighteen.com Ltd

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Particulars	Year ended on	Purchase of services	Sale of services	Reimbursement of Expenses	ZORCD Debentures	Amount Receivable from related parties	Amount payable to related parties	Closing Balance of ZORCD
		₹	₹	₹	₹	₹	₹	₹
Holding company								
Network18 Media and Investments Ltd	31 March 2016	24,500	-	36,80,165	2,10,00,000	-	(42,96,510)	-
	31 March 2015	-	-	1,63,22,064	2,65,00,000	22,444	(11,85,809)	(45,85,00,000)
Fellow subsidiaries								
TV 18 Broadcast Ltd	31 March 2016	65,48,905	(56,80,000)	1,81,50,363	-	4,81,953	(2,77,17,663)	-
	31 March 2015	90,89,902	(1,14,29,544)	1,57,37,239	-	18,02,884	(30,58,481)	-
e-Eighteen.com Ltd	31 March 2016	-	(4,64,000)	24,00,510	-	2,27,360	(24,54,999)	-
	31 March 2015	27,53,731	(31,61,000)	54,47,662	-	2,27,360	(18,43,284)	-

	As at 31.03.2016 ₹	As at 31.03.2015 ₹
25. Expenditure in foreign currency		
i. Royalty	3,28,70,900	3,38,96,940
ii. Professional & Consultancy Fee	42,644	1,46,817
iii. Content Purchased	15,82,263	58,28,107
	3,44,95,807	3,98,71,864

	As at 31.03.2016 ₹	As at 31.03.2015 ₹
26. Earnings in foreign currency		
Income from Advertisement	1,20,77,772	87,13,560
	1,20,77,772	87,13,560

	As at 31.03.2016 ₹	As at 31.03.2015 ₹
27. Value of imports calculated on CIF basis		
Paper	75,02,962	49,05,824
	75,02,962	49,05,824

Notes to Financial Statements for the year ended 31st March, 2016

28. Value of imported and indigenous raw materials consumed

	31-03-2016	%	31.03.2015	%
Paper				
Imported at landed cost	88,72,146	92%	90,25,157	80%
Indigenously obtained	7,95,656	8%	22,85,813	20%
	96,67,802		1,13,10,970	

29. Other Disclosures

1. **Net Gain/(Loss) on foreign currency transaction or translation other than considered in finance cost**

Exchange Gain / Loss (Net)	2,91,829	6,35,765
Exchange Difference on Translation	-	(73,758)

2. **Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**
   Based on the information available with the Company, the balance due to micro and small enterprises as defined under the MSMED Act, 2006 is ₹ Nil (Previous year ₹ Nil) and no interest has been paid or is payable under the terms of the MSMED Act, 2006.

3. **Segment Reporting**
   The Company has only one business segment "Publishing of Magazines'' as its primary segment and hence disclosure of segment-wise information is not required under Accounting Standard 17 - "Segmental Information'' notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).

4. There are no contingent liabilities as on 31.03.2016.

30. Barter transaction

During the period ending 31st March, 2016, the Company had entered into barter transactions, which were recorded at the fair value of consideration receivable or payable. The Income from operations for the period ended 31st March, 2016 has been net of, to reflect revenue from barter transactions of ₹ 252.70 lakhs (Previous Year ₹ 167.79 lakhs) and expenditure of ₹ 79.32 lakhs (Previous year ₹ 159.36 lakhs) being the fair value of barter transactions provided and received.

31. Previous year's figures

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

For and on behalf of the Board of Directors

Hariharan Mahadevan	**Karanvir Singh Gill**
Director	Director
DIN: 07036403	DIN: 07203590

Place: Mumbai
Date: April 9, 2016