

E-18 Limited

Independent Auditor's Report

To the Members of E-18 Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of E-18 Limited (the 'Company'), which comprise 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 the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the preparation of these 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 Companies Act, 2013 (the 'Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31 March 2016, its profit and its cash flows for the year ended on that date.

Other Matter

8. This report is intended solely for the purpose of facilitating Network18 Media & Investments Limited, to comply with the provision of Section 129 of the Act and should not be used for any other purpose.

For **Walker Chandiook & Co LLP**

(formerly Walker, Chandiook & Co)

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **B.P. Singh**

Partner

Membership No.: 070116

Place : Noida

Date : 20 April 2016

Balance sheet as at 31 March 2016

	Notes	All amounts in USD	
		As at 31 March 2016	As at 31 March 2015
Equity and liabilities			
Shareholders' funds			
Share capital	2	207,870	207,870
Reserves and surplus	3	12,445,495	12,430,809
Current liabilities			
Trade payables	4	15,145	3,003
Short-term provisions	5	-	49,417
Total		12,668,510	12,691,099
Assets			
Non-current assets			
Non-current investments	6	8,205,800	8,205,800
Current assets			
Cash and bank balances	7	538,109	597,109
Short-term loans and advances	8	3,924,601	3,888,190
Total		12,668,510	12,691,099

Notes 1 to 15 form an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants
Firm's Registration No.:001076N/N500013

per **B.P. Singh**
Partner
Membership No.:70116

Place: Noida
Date: 20 April 2016

For and on behalf of the Board of Directors of
E-18 Limited

Milorad Vujnovic
Director

CCY Management
Director

Place: Cyprus
Date: 19 April 2016

Statement of profit and loss for the year ended 31 March 2016

	Notes	<i>All amounts in USD</i>	
		Year ended 31 March 2016	Year ended 31 March 2015
Income			
Other income	9	<u>42,667</u>	<u>46,718</u>
		<u>42,667</u>	<u>46,718</u>
Expenses			
Other expenses	10	<u>72,317</u>	<u>24,739</u>
		<u>72,317</u>	<u>24,739</u>
(Loss)/profit for the year before tax		(29,650)	21,979
Tax expense			
– current year		4,857	13,780
– earlier years		(49,193)	-
Profit for the year after tax		<u>14,686</u>	<u>8,199</u>
Earnings per share (basic and diluted)	11	0.07	0.04

Notes 1 to 15 form an integral part of these financial statements.

This is the Statement of profit and loss referred to in our report of even date.

For **Walker Chandiook & Co LLP**
(formerly Walker, Chandiook & Co)
Chartered Accountants
Firm's Registration No.:001076N/N500013

per **B.P. Singh**
Partner
Membership No.:70116

Place: Noida
Date: 20 April 2016

For and on behalf of the Board of Directors of
E-18 Limited

Milorad Vujnovic
Director

Place: Cyprus
Date: 19 April 2016

CCY Management
Director

Cash flow statement for the year ended 31 March 2016

	<i>All amounts in USD</i>	
	Year ended	Year ended
	31 March 2016	31 March 2015
A Cash flows from operating activities:		
(Loss)/Profit before tax	(29,650)	21,979
Adjustment for:		
Sundry balances written back	-	(785)
Unrealised foreign exchange fluctuations (net)	-	(62)
Interest income	(42,667)	(45,933)
Operating loss before working capital changes	(72,317)	(24,802)
Adjustment for:		
Decrease/(increase) in short term loans and advances	803	(2,671)
Increase/(decrease) in trade payable	12,142	(4,500)
Cash flow used in operating activities before taxes	(59,372)	(31,973)
Less: taxes paid	(5,081)	-
Net cash used in operating activities (A)	(64,453)	(31,973)
B Cash flows from investing activities:		
Interest received	5,453	7,937
Net cash flow from investing activities (B)	5,453	7,936
C Cash flows from financing activities (C)	-	-
Net decrease in cash and cash equivalents (A+B+C)	(59,000)	(24,037)
Cash and cash equivalents at the beginning of the year	597,109	5,154,310
Cash and cash equivalents as at end of the year	538,109	597,109
Cash and cash equivalents includes:		
Balances with bank		
– in current account	1,864	2,192
– in fixed deposits	536,245	594,917
Cash and bank balances as per note 7	538,109	597,109

Notes:

- a) The above cash flow statement has been prepared under the “Indirect Method” as set out in Accounting Standard 3 (AS-3) on “Cash flow statements” as specified under section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended).

Notes 1 to 15 form an integral part of these financial statements.

This is the Cash flow statement referred to in our report of even date.

For **Walker Chandiook & Co LLP**
(formerly Walker, Chandiook & Co)
Chartered Accountants
Firm's Registration No.:001076N/N500013

per **B.P. Singh**
Partner
Membership No.:70116

Place: Noida
Date: 20 April 2016

For and on behalf of the Board of Directors of
E-18 Limited

Milorad Vujnovic
Director

Place: Cyprus
Date: 19 April 2016

CCY Management
Director

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

1 Significant accounting policies

a Basis of preparation

These financial statements of E-18 Limited (the 'Company') have been prepared for the limited purpose of facilitating the holding company for complying the provision of section 129 of the Companies Act, 2013. The financial statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with Indian Generally Accepted Accounting Principles as adopted consistently by the Company.

b Use of estimates

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

c Investments

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

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

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

d Foreign currency transactions

Income and expense in foreign currencies are converted at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

e Taxation

In accordance with the provisions of the Cyprus Income Tax Laws, the Company is subject corporation tax on its taxable profits @ 12.5%. Any capital gains are taxed at rate of 20%. Under certain conditions interest is subject either to corporation tax or to defence contribution. The relevant corporation tax rate for the year is 12.5% and the defence contribution rate is 30%.

In certain cases, dividend received from abroad may be subject to defence contribution. The relevant defence contribution rate for the year is 17%.

f Provisions and contingent liabilities

The Company makes a provision when there is a present obligation as a result of a past event and where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

- possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company; or
- present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- present obligation, where a reliable estimate cannot be made.

Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

g Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard 20, "Earnings Per Share". Basic earnings per equity share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year except where the result would be anti-dilutive.

h Cash and cash equivalents

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

	<i>All amounts in USD</i>	
	As at 31 March 2016	As at 31 March 2015
2 Share capital		
Authorized share capital		
350,000 (Previous year 350,000) equity shares of USD 1 each	<u>350,000</u>	<u>350,000</u>
	<u>350,000</u>	<u>350,000</u>
Issued, subscribed and paid-up capital		
207,870 (Previous year 207,870) equity shares of USD 1 each fully paid up	<u>207,870</u>	<u>207,870</u>
	<u>207,870</u>	<u>207,870</u>

a Reconciliation of the shares outstanding as at the beginning and at the end of the reporting period.

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

b Description of the rights, preferences and restrictions attached to each class of shares

The Company has only one class of equity shares having the par value of USD 1 per share. Each holder of equity share is entitled to one vote per share. All shareholders are equally entitled to dividends. In the event of liquidation of the Company, the holder of the equity shares will be entitled to receive remaining assets of the Company, after payment of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

c Details of shares held by holding company

Name of the entity	Nature of relationship	31 March 2016		31 March 2015	
		No. of shares	% of holding	No. of shares	% of holding
Web18 Holdings Limited	Holding Company	207,870	100	207,870	100

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

d Details of shareholders holding more than 5% shares in the Company

Name of the entity	Nature of relationship	31 March 2016		31 March 2015	
		No. of shares	% of holding	No. of shares	% of holding
Web18 Holdings Limited	Holding Company	207,870	100	207,870	100

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

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

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

		<i>All amounts in USD</i>	
		As at 31 March 2016	As at 31 March 2015
3	Reserves and surplus		
a.	Securities premium account		
	Balance at the beginning /end of the year	33,274,635	33,274,635
b.	Deficit in the statement of profit and loss		
	Balance at the beginning of the year	(20,843,826)	(20,852,025)
	Add: Profit for the year	14,686	8,199
	Balance at the end of the year	<u>(20,829,140)</u>	<u>(20,843,826)</u>
		<u>12,445,495</u>	<u>12,430,809</u>
4	Trade payables		
	Due to others	15,145	3,003
		<u>15,145</u>	<u>3,003</u>
5	Short-term provisions		
	Provision for taxation	-	49,417
		<u>-</u>	<u>49,417</u>
6.	Non-current investments (Unquoted, trade)		
	Long-term investments		
	(Valued at cost unless stated otherwise)		
i.	Investment in equity instruments		
	In subsidiaries		
	Web18 Software Services Limited		
	491,483 (previous year 491,483) equity shares of INR 10 each	19,838,303	19,838,303
	Less: Provision for diminution in value of investment	<u>(19,838,303)</u>	<u>(19,838,303)</u>
		-	-
	e-Eighteen.com Limited		
	4,968,894 (previous year 4,968,894) equity shares of INR 10 each	257,241	257,241
	In others		
	Big Tree Entertainment Private Limited		
	5,898 (previous year 5,898) equity shares of INR 10 each	2,406,561	2,406,561
	Yatra Online Inc.		
	2,700,000 (previous year 2,700,000) ordinary shares of USD 0.0001 each	2,227,000	2,227,000
ii.	Investment in preference shares		
	In subsidiaries		
	Web18 Software Services Limited		
	561,880 (previous year 561,880) optionally convertible, cumulative, redeemable preference shares of INR 10 each	1,245,052	1,245,052
	Less: Provision for diminution in value of investment	<u>(1,245,052)</u>	<u>(1,245,052)</u>
		-	-
	In others		
	Yatra Online Inc.		
	975,700 (previous year 975,700) Series B preference shares of USD 0.0001 each	1,250,000	1,250,000
	1,500,015 (previous year 1,500,015) Series A preference shares of USD 0.0001 each	656,379	656,379
	437,459 (previous year 437,459) Series C preference shares of USD 0.0001 each	1,408,619	1,408,619
		<u>8,205,800</u>	<u>8,205,800</u>
	Aggregate amount of unquoted investments	<u>29,289,155</u>	29,289,155
	Aggregate provision for diminution in value of investments	<u>(21,083,355)</u>	(21,083,355)

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

		<i>All amounts in USD</i>	
		As at 31 March 2016	As at 31 March 2015
7	Cash and bank balances		
	Cash and cash equivalents		
	Balances with bank		
	– in current account	1,864	2,192
	– in fixed deposits	536,245	594,917
		<u>538,109</u>	<u>597,109</u>
8	Short-term loans and advances		
	(Unsecured, considered good unless otherwise stated)		
	Loans and advances to related parties (refer note 12.2)		
	Considered good	3,921,022	3,883,274
	Considered doubtful	4,534,399	4,534,399
	Less: Provision for doubtful advances	(4,534,399)	(4,534,399)
		<u>3,921,022</u>	<u>3,883,274</u>
	Prepaid expenses	2,174	2,987
	Other advances	1,405	1,929
		<u>3,924,601</u>	<u>3,888,190</u>
9	Other income		
	Interest on deposits with bank	5,453	7,937
	Interest - other	37,214	37,996
	Sundry balances written back	-	785
		<u>42,667</u>	<u>46,718</u>
10	Other expenses		
	Legal and professional charges	70,755	23,307
	Exchange fluctuation loss (net)	-	632
	Miscellaneous expenses	1,562	800
		<u>72,317</u>	<u>24,739</u>
11	Earnings per share (basic and diluted)		
	Profit after tax attributable to equity shareholders	14,686	8,199
	Weighted average number of equity shares outstanding during the year	207,870	207,870
	Nominal value of equity shares in USD	1	1
	Earnings per share (basic and diluted)	0.07	0.04

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

12 Related Party Disclosure

12.1 List of Related parties

	Name of Related Party	Relationship
1	Independent Media Trust	Enterprises exercising control
2	Adventure Marketing Private Limited	
3	Watermark Infratech Private Limited	
4	Colorful Media Private Limited	
5	RB Media Holdings Private Limited	
6	RB Mediasoft Private Limited	
7	RRB Mediasoft Private Limited	
8	RB Holdings Private Limited	
9	Network18 Media & Investments Limited	
10	Television Eighteen Media & Investments Limited, Mauritius	
11	Shinano Retail Private Limited	
12	Web18 Holdings Limited, Cyprus	
1	Reliance Industries Limited (RIL)	Beneficiary/Protector of Independent Media Trust
2	Reliance Industrial Investments and Holdings Limited	
1	BK Holdings Ltd, Mauritius (Amalgamated with Network18 Holding Limited w.e.f. 03.06.2014)	Fellow subsidiary*
2	TV18 Broadcast Limited	
3	Television Eighteen Mauritius Limited, Mauritius	
1	e-Eighteen.com Limited	Subsidiary
2	Web18 Software Services Limited	

* the disclosure of fellow subsidiary has been limited to the companies with whom the Company has transaction.

12.2 Transactions/balances outstanding with related parties

All amounts in USD

Particulars	Holding Company/ Intermediate Holding Company/Enterprises exercising control		Fellow Subsidiary	
	2016	2015	2016	2015
Interest Income				
Television Eighteen Mauritius Limited	-	-	38,100	37,996
Total	-	-	38,100	37,996
Balances at year end				
Loans and advances				
Network18 Media & Investments limited	4,964	5,261	-	-
TV18 Broadcast Limited	-	-	924	979
B K Holding Ltd	-	-	4,534,399	4,534,399
Television Eighteen Mauritius Limited	-	-	3,915,134	3,877,034
	4,964	5,261	8,450,457	8,412,412

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2016

- 13** The reporting currency of the Company has been determined as US Dollar which is different from the currency of Cyprus i.e. Euro, since majority of the funding of the Company is denominated in US Dollar.
- 14** As the Company operates in a single business and geographical segment, the reporting requirements for primary and secondary segment disclosures prescribed by Accounting Standard 17 “Segment Reporting”, have not been provided in these financial statements.
- 15** Prior year figures have been regrouped / reclassified where necessary to confirm to the current year’s classifications.

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants
Firm’s Registration No.:001076N/N500013

per **B.P. Singh**
Partner
Membership No.:70116

Place: Noida
Date: 20 April 2016

For and on behalf of the Board of Directors of
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