Network18 Holdings Limited

Independent Auditor's Report to the Member of Network18 Holdings Limited

Report on the financial Statements

We have audited the financial statements of Network Holdings Limited from 7 to 34 which comprise the statement of financial position at 31 March 2016, the statement of comprehensive income, changes in equity and cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

This report is made solely to the Company's member, as a body, in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Company's members those matters that are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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' judgement, 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 auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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, the financial statements give a true and fair view of the financial position of the Company at 31 March 2016 and of its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act

- We have no relationship with or interests in the Company other than in our capacity as auditors.
- We have obtained all the information and explanations we have required.

In our opinion proper accounting records have been kept by the Company as far as it appears from our examination of those records.

ROY SERVANSINGH ASSOCIATES
Licensed Auditors

DATE: 11th April, 2016

SIGNING PARTNER
SAMRAT C. SERVANSINGH (FCCA)
Licensed by FRC

DATE: 11th April, 2016

Statement of financial position as at 31 March 2016

	Note	**31 March 2016 USD**	31 March 2015 USD
ASSETS			
Non-current assets			
Non-current investments	4	**13,896,738**	13,896,738
Long-term loans and advances	5	**24,184**	24,184
		13,920,922	13,920,922
Current assets			
Cash and bank balances	6	**661,449**	689,561
Short-term loans and advances	7	**15,011,439**	14,648,332
Other current assets	8	**32,759,267**	34,716,458
		48,432,155	50,054,351
Total assets		**62,353,077**	63,975,273
EQUITY AND LIABILITIES			
Equity			
Share capital	9	**1,500,000**	1,500,000
Equity component of financial instruments		**5,511,885**	5,511,885
Accumulated losses	10	**(20,740,233)**	(19,846,159)
		(13,728,348)	(12,834,274)
Liabilities			
Non-current liabilities			
Long-term borrowings	11	**7,572,284**	7,119,820
		7,572,284	7,119,820
Current liabilities			
Short-term provision	12	**32,754,707**	34,711,930
Trade payables	13	**13,898**	10,754
Other current liabilities	14	**35,740,536**	34,967,043
		68,509,141	69,689,727
Total equity and liabilities		**62,353,077**	63,975,273

The financial statements were approved by the Board of Directors on 11th April, 2016
and were signed on their behalf by:

....
DIRECTOR
NAME: M Aslam Koomar

....
DIRECTOR
NAME: Shariff Golam Hossen

The notes on pages 11 to 34 form part of these financial statements

Statement of profit or loss and other comprehensive income
For the year ended 31 March 2016

	Note	**Year ended 31 March 2016 USD**	Year ended 31 March 2015 USD
Income			
Other income	15	**377,350**	411,613
		377,350	411,613
Expenses			
Finance costs	16	**1,252,405**	1,190,198
Other expenses	17	**19,019**	18,330
		1,271,424	1,208,528
Loss before tax		**(894,074)**	(796,915)
Tax expense	21	**-**	-
Loss for the year		**(894,074)**	(796,915)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(894,074)**	(796,915)
Loss per share	18		
Basic		**(0.60)**	(0.53)
Diluted		**(0.03)**	(0.03)

The notes on pages 11 to 34 form part of these financial statements

Statement of Changes in Equity for the year ended 31 March 2016

	Share capital USD	Equity component of financial instruments USD	Retained earnings/ (accumulated losses) USD	Total USD
At 1 April 2014	1,500,000	5,781,473	24,262,585	31,544,058
Total comprehensive loss for the year	-	-	(796,915)	(796,915)
Redemption of 586,000 Zero Coupon Convertible Bond	-	(269,588)	-	(269,588)
Loss on Merger	-	-	(43,311,829)	(43,311,829)
At 31 March 2015	1,500,000	5,511,885	(19,846,159)	(12,834,274)
Total comprehensive loss for the year	-	-	(894,074)	(894,074)
Redemption of 586,000 Zero Coupon Convertible Bond (Note 12)				
At 31 March 2016	**1,500,000**	**5,511,885**	**(20,740,233)**	**(13,728,348)**

The notes on pages 11 to 34 form part of these financial statements

Statement of cash flows For the year ended 31 March 2016

	Year ended 31 March 2016 USD	Year ended 31 March 2015 USD
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	**(894,074)**	(796,915)
Adjustments for :		
Interest expenses	**1,252,405**	1,190,198
Interest income	**(377,350)**	(375,116)
Sundry balances written back	**-**	(36,497)
Operating loss before working capital changes	**(19,019)**	(18,330)
Adjustments for :		
Decrease in current assets	**1,962,526**	13,029,776
Decrease in trade payables and other current liabilities	**(1,954,079)**	(1,446,096)
Net cash (used in)/ generated from operating activities	**(10,572)**	11,565,350
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	**8,908**	371,063
Acquisition of investments	**-**	1
Net cash from investing activities	**8,908**	371,064
CASH FLOW FROM FINANCING ACTIVITIES		
Loans received	**1,225,957**	32,936,348
Interest paid	**(1,252,405)**	(1,190,198)
Loss on merger	**-**	(43,311,829)
Net cash used in financing activities	**(26,448)**	(11,565,679)
Net (decrease)/ increase in cash and cash equivalents	**(28,112)**	370,735
Cash and cash equivalents as at the beginning of the year	**689,561**	318,826
Cash and cash equivalents as at the end of the year	**661,449**	689,561

The notes on pages 11 to 34 form part of these financial statements

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

1. **General information**

   Network 18 Holdings Limited ("the Company") was incorporated in Cayman Islands on 19th April, 2006 and had its registered office at Regatta Office Park, West Bay Road, Windward 1, P.O. Box 31106, Grand Cayman, Cayman Islands.

   The Company migrated from Cayman Islands to Mauritius and was granted Certificate of Registration by Continuation under Section 299 of the Companies Act 2001 of Mauritius with effect from 19th April 2012. The registered office of the Company is situated at 5th Floor, Ebene Esplanade, 24 Cyber City, Ebene, Mauritius.

2. **Summary of significant accounting policies**

   The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

   Basis of preparation

   The preparation of financial statements in conformity with IFRS requires the directors to make use of certain critical accounting estimates. It also requires directors to exercise its judgement in the process of applying the Company's accounting policies. There are no significant estimates or judgements made by the financial year ended 31 March 2016 other than those included in the notes to the accounts below.

   The financial statements have been prepared under the historical cost convention, as modified by fair valuation of available for sale financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss.

   Financial instruments

   Financial instruments carried on the statement of financial position include advance against equity, trade and other receivables, cash and bank balances, and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

   Cash and cash equivalents

   Cash and cash equivalent includes cash in hand, deposit held at call with banks, other short term highly liquid investment with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowing in current liabilities on the statement of financial position.

   Share capital

   Ordinary shares are classified as equity.

   Trade receivables

   Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

   Payables

   Payables are recognised initially at fair value and subsequently stated at amortised cost. The difference between the proceeds and the amount payable is recognised over the period of the payable using the effective interest method.

   Functional and presentation currency

   The financial statements are presented in United States dollars ("USD") which is the company's functional and presentation currency. The Company holds a Category 1 Global Business Licence under the Financial Services Act 2007, which requires that the company's business or other activity is carried on in a currency other than the Mauritian rupee.

   Transactions and balances

   Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

   Monetary assets and liabilities expressed in foreign currencies at year-end date are translated into USD at the exchange rates ruling at the reporting date. Translation differences on non-monetary financial assets and liabilities, such as equities at fair

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

2. **Summary of significant accounting policies (Continued)**

Transactions and balances (Continued)

value through profit or loss are recognised in the income statement within the fair value net gain or loss. Translation differences on non-monetary items, such as equities, classified as available-for-sale financial assets are included in the fair value reserve in equity.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass through’ arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statement of comprehensive income.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of period / year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the comprehensive income.

Monetary assets and liabilities expressed in foreign currencies at year-end date are translated into USD at the exchange rates ruling at the reporting date. Translation differences on non-monetary financial assets and liabilities, such as equities at fair value through profit or loss are recognised in the income statement within the fair value net gain or loss. Translation differences on non-monetary items, such as equities, classified as available-for-sale financial assets are included in the fair value reserve in equity

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

2. **Summary of significant accounting policies (Continued)**

Revenue recognition

Interest income is recognised on a time-proportionate basis using the effective interest method and includes interest income from debt securities.

Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions.

2.1 **Application of new and revised standards**

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2015, they did not have a material impact on the financial statements of the Company. The nature and the impact of each new standard or amendment is described below:

Annual Improvements 2010-2012 Cycle and Annual Improvements 2011-2013 Cycle

The Company applied these improvements for the first time in these financial statements. They include:

	Effective for accounting period beginning on or after
Annual Improvements 2010-2012 Cycle	
IAS 24 Related Party Disclosures	1 July 2014
Annual Improvements 2011-2013 Cycle	
IFRS 13 Fair Value Measurement	1 July 2014

Where the adoption of the standard or interpretation or improvement is deemed to have an impact on the financial statements or performance of the Company, its impact is described as follows:

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

The new standards and amendments which are not applicable to the Company are listed below:

Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions – effective 1 July 2014*

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment had no impact on the financial position of the Company's financial statements.

Annual Improvements 2010-2012 Cycle and Annual Improvements 2011-2013 Cycle

The improvements are not applicable to the Company:

	Effective for accounting period beginning on or after
Annual Improvements 2010-2012 Cycle	
IFRS 2 Share-based Payment	1 July 2014
IFRS 3 Business Combinations	1 July 2014
IFRS 8 Operating Segments	1 July 2014
IAS 16 Property, Plant and Equipment	1 July 2014
IAS 38 Intangible Assets	1 July 2014
Annual Improvements 2011-2013 Cycle	
IFRS 3 Business Combinations	1 July 2014
IAS 40 Investment Property	1 July 2014

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

2.1 **Application of new and revised standards (Continued)**

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. The Company does not have a share based payment facility thus, these amendments did not impact the Company's financial statements or accounting policies.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is consistent with the Company's current accounting policy and, thus, this amendment did not impact the Company's accounting policy.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'; and
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The above does not impact the Company's financial position and performance.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.

This amendment did not have any impact as the Company does not have those assets.

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 but are not applicable to the Company:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3; and
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

The Company has not entered into a joint arrangement, and thus this amendment is not relevant.

IAS 40 Investment Property

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. The amendment does not have any impact on the Company as the latter does not have Investment Property.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Company does not apply the portfolio exception in IFRS 13.

2.2 **Standards, interpretations and amendments issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

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

2.2 **Standards, interpretations and amendments issued but not yet effective (Continued)**

	Effective for accounting period beginning on or after
IFRS 9 Financial Instruments	1 January 2018
Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	1 January 2016
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	1 January 2016
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	1 January 2016
Amendments to IAS 27: Equity Method in Separate Financial Statement	1 January 2016
Annual improvements 2012 - 2014 Cycle	1 July 2016
Disclosure initiative - Amendments to IAS 1	1 January 2016

The standards and interpretations issued but not yet effective which are applicable to the Company are listed below:

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

IFRS 9 Financial Instruments – Classification and measurement of financial assets, Accounting for financial liabilities and derecognition – 1 January 2018

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

Classification and measurement of financial assets

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss (FVTPL). Debt instruments are subsequently measured at FVTPL, amortised cost or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) (without subsequent reclassification to profit or loss).

Classification and measurement of financial liabilities

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

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

2.2 **Standards, interpretations and amendments issued but not yet effective (Continued)**

Impairment

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases. Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised.

Hedge accounting

Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, can be qualitative. A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measureable. The time value of an option, any forward element of a forward contract and any foreign currency basis spread, can be excluded from the designation as the hedging instrument and accounted for as costs of hedging. More designations of groups of items as the hedged item are possible, including layer designations and some net positions.

The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and business model under which they are held. The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting.

The Company plans to adopt the new standard on the required effective date.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) - effective 1 January 2016

This amendment to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures (2011) was made to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

The Directors are still assessing the impact of the above amendments.

IFRS 15 Revenue from Contracts with Customers – effective 1 January 2018

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The Company is still assessing the impact of this new standard.

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

2.2 **Standards, interpretations and amendments issued but not yet effective (Continued)**

Amendments to IAS 27: Equity Method in Separate Financial Statements - effective 1 January 2016

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

The Company is still assessing whether to adopt this change in IAS 27.

Disclosure Initiative (Amendments to IAS 1) - effective 1 January 2016

Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

- clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and
- additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

The Company is still assessing the impact of this new standard.

The standards and interpretations issued but not yet effective which are not applicable to the Company are listed below:

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28) - effective 1 January 2016

This amendment to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) was made to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- it requires full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations); and
- it requires the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

IFRS 14 Regulatory Deferral Accounts - effective 1 January 2016

IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

This new standard will not have an impact, as the Company is not a first time adopter of IFRS.

IFRS 16 Leases – effective 1 January 2019

The IASB has redrafted this new leasing standard that would require lessees to recognise assets and liabilities for most leases. Lessees applying IFRS would have a single recognition and measurement model for all leases (with certain exemptions). Lessors applying IFRS would classify leases using the principle in IAS 17; in essence, lessor accounting would not change.

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

2.2 **Standards, interpretations and amendments issued but not yet effective (Continued)**
IFRS 16 Leases – effective 1 January 2019 (Continued)

The IASB and the FASB have made different decisions about lease classification and the recognition, measurement and presentation of leases for lessees and lessors.

The above amendment does impact the Company as the latter does not have leases.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) - effective 1 January 2016

Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

- Apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11.
- Disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

The amendment will not have an impact since the Company does not have any interests in joint operations.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) - effective 1 January 2016

Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

- Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
- Introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated; and

Add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

The amendment will not have an impact since the Company does not use a depreciation method based on revenue for its plant and equipment and intangible assets.

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) - effective 1 January 2016

Amends IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture to:

- Include ‘bearer plants’ within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16;
- Introduce a definition of ‘bearer plants’ as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales; and
- Clarify that produce growing on bearer plants remains within the scope of IAS 41.

The amendment will not have an impact as the Company does not have Property, Plant and Equipment.

Annual improvements 2012 – 2014 Cycle - effective 1 July 2016

The annual improvements 2012-2014 Cycle make amendments to the following standards:

- IFRS 5 - Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued;
- IFRS 7 – Additional guidance given to clarify whether a servicing contract is continuing involvement in a transferred assets, and clarification made on offsetting disclosures in condensed interim financial statements;
- IAS 9 – Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid; and

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

2.2 **Standards, interpretations and amendments issued but not yet effective (Continued)**
Annual improvements 2012 – 2014 Cycle - effective 1 July 2016 (Continued)

- IAS 34 – Clarifies the meaning of "elsewhere in the interim report" and require a cross reference.

The directors will assess the impact of the amendments when they become effective.

No early adoption of these standards and interpretations is intended by the Board of directors.

3. **Critical accounting judgments and key sources of estimation uncertainty**

Critical accounting judgments in applying the Company's accounting policies

In the process of applying the Company's accounting policies, which are described in Note 2, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements:-

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising there from are dependent on the functional currency selected. As described in Note 2, the directors have considered those factors described therein and have determined that the functional currency of the Company is the United States Dollar ("USD").

4. **Non-current investments**

	2016	2015
	USD	USD
Investment in equity shares : Unquoted (valued at cost)		
Investment in subsidiary		
9,261,733 (Previous year 9,261,733) Ordinary shares of USD 0.2 each in NW18 HSN Holdings PLC #	**13,831,969**	13,831,969
	13,831,969	13,831,969
Investment to preference shares : Unquoted (valued at cost)		
Investment in subsidiary		
500 (Previous year 500) Class A Preference Shares of USD 0.2 each in NW18 HSN Holdings PLC #	**1,000**	1,000
1,275,367 (Previous year 1,275,367) Class O Preference Shares of USD 0.2 partly paid up of USD 0.05 each in NW18 HSN Holdings PLC #	**63,769**	63,769
	64,769	64,769
	13,896,738	13,896,738

Nominal value of shares changed from USD 0.04 per share to USD 0.20 per share with corresponding reduction in number of shares consequent to a reverse split in FY 2014.

5. **Long-term loans and advances**

	2016	2015
	USD	USD
(unsecured, considered good)		
Share warrants - partly paid up	**24,184**	24,184
	24,184	24,184

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

6. **Cash and bank balances**

	2016 USD	2015 USD
Cash and cash equivalents		
Balances with banks:		
In current accounts	**11,459**	13,447
Other bank balances		
Deposits with original maturities of more than 3 months but less than 12 months##	**649,990**	676,114
	661,449	689,561

Deposit include USD Nil maturity more than 12 Months.

7. **Short-term loans and advances**

	2016 USD	2015 USD
(unsecured, considered good)		
Prepaid expenses	**1,692**	7,026
Loans and advances to related parties	**14,400,032**	14,031,591
Advance income tax (net of provision)	**609,715**	609,715
	15,011,439	14,648,332

8. **Other current assets**

	2016 USD	2015 USD
Interest accrued on fixed deposits	**4,560**	4,528
Amount receivable from related party (Note 12)	**32,754,707**	34,711,930
	332,759,267	34,716,458

9. **Share capital**

	2016 USD	2015 USD
a. *Authorized share capital*		
2,000,000 (2015: 2,000,000) ordinary shares of USD 1 each	**2,000,000**	2,000,000
5,400,000 (2015: 5,400,000) preference shares of USD 1 each	**5,400,000**	5,400,000
	7,400,000	7,400,000
b. *Issued, subscribed and paid-up capital*		
1,500,000 (2015: 1,500,000) ordinary shares of USD 1 each fully paid up	**1,500,000**	1,500,000
	1,500,000	1,500,000

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

10. **Retained earnings**

	2016	2015
	USD	USD
Balance at the beginning of the year	**(19,846,159)**	24,262,585
Loss on merger	-	(43,311,829)
Loss for the year	**(894,074)**	(796,915)
Balance at the end of the year	**(20,740,233)**	(19,846,159)

11. **Long-term borrowings**

	2016	2015
	USD	USD
Unsecured		
12,000,000 (2015: 12,000,000) Optionally Convertible Debentures of USD 1 each in Network 18 Media & Investments Limited *	**7,572,284**	7,119,820
	7,572,284	7,119,820

* The above represent the liability element of 12,000,000 Optionally Convertible Debentures of $1 each issued on 01 October 2013. The debenture has coupon rate of 0.01% per annum, a tenure of ten years from the allotment date and option to convert into equity shares of the Company at par value. The debentures were split into equity and liability elements using the rate of 6.357% which according to management of the Company is representative of the Company's risk profile. The equity elements for the above bonds is US$ 5,511,885.

12. **Short-term provisions**

	2016	2015
Unsecured	**USD**	USD
Loans and advances from related parties	**32,754,707**	34,711,930
	32,754,707	34,711,930

During the year ended 31 March 2011, Roptonal Limited, Cyprus ("Roptonal") a subsidiary of the holding company's jointly controlled entity, Viacom18 Media Private Limited made a public offer for purchase of entire issued capital of The Indian Film Company Limited, Guernsey ('TIFC'). The Company and its ultimate holding company, in their capacity as shareholders in TIFC accepted the public offer. Further, pursuant to an agreement between Roptonal and the Company, the Company has agreed to indemnify Roptonal against the amount, if any, by which the net cash generated by TIFC from its existing film library in respect of the period from the date on which the aforementioned public offer becomes unconditional up to 21 July 2014 is less than the net asset value of the film library as per the TIFC's therein mentioned accounts for the year ended 31 March 2010.

The Company has also agreed to indemnify Roptonal against certain Indian tax liabilities that may potentially arise in TIFC or Roptonal in respect of certain withholding tax recoveries stated in TIFC's financial statements and other taxes relating to the sale of Company's shares in TIFC. The aforementioned agreement further provided that if the Company does not fulfill the indemnity obligations agreed in the agreement, the indemnity shall be provided by the holding company. Based on the assessment of estimated cash flow of the indemnified assets, the Company has estimated the liability as Rs. 2,17,26,19,721 {equavlent to USD 32,754,707 (previous year 34,711,930)}.

13. **Trade payables**

	2016	2015
	USD	USD
Due to others	**13,898**	10,754
	13,898	10,754

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

14. **Other current liabilities**

	2016 USD	2015 USD
Other payable	**1,828,683**	1,828,683
Loan from Related Parties	**33,911,853**	33,138,360
	35,740,536	34,967,043

15. **Other income**

	2016 USD	2015 USD
Interest income	**377,350**	375,116
Excess provision written back	**-**	36,497
	377,350	411,613

16. **Finance costs**

	2016 USD	2015 USD
Interest expenses	**798,493**	796,310
Bond and debenture interest payable to related party	**452,464**	392,003
Bank charges	**1,448**	1,885
	1,252,405	1,190,198

17. **Other expenses**

	2016 USD	2015 USD
Exchange loss (net)	**45**	190
Legal and professional expenses	**18,974**	18,140
	19,019	18,330

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

18. **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 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:

	2016 USD	2015 USD
Total operations for the year		
Profit/(loss) after tax attributable to equity shareholders	**(894,074)**	(796,915)
Net profit/(loss) for calculation of basic EPS	**(894,074)**	(796,915)
Net profit as above	**(894,074)**	(796,915)
Add : interest on Optionally Convertible Debentures into equity shares (net of tax)	**452,464**	392,003
Net profit/(loss) for diluted EPS	**(441,610)**	(404,912)
Weighted average number of equity shares in calculating basic EPS	**1,500,000**	1,500,000
Effect of dilution:		
Convertible 0.01% Optionally Convertible Debentures	**12,000,000**	12,000,000
Weighted average number of equity shares in calculating diluted EPS	**13,500,000**	13,500,000
Nominal value of equity share	**1**	1
Earning per share		
Basic	**(0.60)**	(0.53)
Diluted	**(0.03)**	(0.03)

19. **Other commitments**

Pursuant to the warrant subscription agreements dated 29 July 2011, 6 March 2012 and 19 March 2013, the Company is required to invest USD 7,922,070, USD 4,222,363 and USD 12,015,314 in NW 18 HSN Holdings Plc in order to make the partly paid-up warrants as fully paid-up.

20. **Related party disclosures**

20.1 **List of related Parties and relationship**

Description of relationship	**Names of related parties**
Enterprises exercising control	Independent Media Trust (w.e.f. 07 July 2014) Adventure Marketing Private Limited (w.e.f. 07 July 2014)# Colorful Media Private Limited (w.e.f. 07 July 2014)# RB Holdings Private Limited (w.e.f. 07 July 2014)# RB Media Holdings Private Limited (w.e.f. 07 July 2014)# RB Mediasoft Private Limited (w.e.f. 07 July 2014)# RRB Mediasoft Private Limited (w.e.f. 07 July 2014)# Watermark Infratech Private Limited (w.e.f. 07 July 2014)# Network18 Media & Investments Limited
Beneficiary/Protector of Independent Media Trust	Reliance Industries Limited (RIL) (w.e.f. 07 July 2014) Reliance Industrial Investments and Holdings Limited (w.e.f. 07 July 2014)
Fellow subsidiaries	AETN18 Media Private Limited Big Tree Entertainment Private Limited Big Tree Entertainment Singapore Pte. Ltd. BK Holdings Limited (Amalgamated with Network18 Holdings Ltd w.e.f. 03 June 2014)

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

20. **Related party disclosures (Continued)**

20.1 **List of related Parties and relationship (Continued)**

Description of relationship	**Names of related parties**
Fellow subsidiaries	Capital18 Fincap Private Limited Capital18 Limited, Mauritius (Amalgamated with Network18 Holdings Ltd w.e.f. 03 June 2014) Colosceum Media Private Limited Digital 18 Media Limited e - Eighteen.com Limited E-18 Limited, Cyprus Equator Trading Enterprise Limited Fantain Sports Private Limited (Wef February 2016) Greycells 18 Media Limited ibn18 (Mauritius) Limited Infomedia Press Limited Moneycontrol Dot Com India Limited Television Eighteen Mauritius Limited NW 18 HSN Holdings Plc (formerly TV18 HSN Holdings Limited) Cyprus Panorama Entertainment Private Limited Prism TV Private Limited (up to 31st July 2015 by virtue of board control) Reed Infomedia India Private Limited Reliance Retail Limited (w.e.f. 07 July 2014)* RRB Investments Private Limited RRK Finhold Private Limited RVT Finhold Private Limited RVT Media Private Limited Setpro18 Distribution Limited Space Bound Web Labs Private Limited Stargaze Entertainment Private Limited (up to 23rd April 2015) Television Eighteen Media and Investments Limited TV18 Broadcast Limited TV18 Home Shopping Network Limited Web 18 Holdings Limited, Cyprus Web 18 Software Services Limited
Joint ventures	IBN Lokmat News Private Limited Indiacast Media Distribution Pvt. Limited Indiacast UK Limited Indiacast US Limited Indiacast UTV Media Distribution Private Limited Prism TV Private Limited (wef 1 st August 2015) Roptonal Limited, Cyprus The Indian Film Company Limited [merged with Roptonal Limited w.e.f. 19th January, 2015] Ubona Technologies Private Limited Viacom 18 Media Private Limited Viacom18 Media UK Limited Viacom18 US Inc.
Associates	24X7 Learnings Private Limited Aeon Learnings Private Limited Eenadu Television Private Limited Wespro Digital Private Limited (up to 8th April 2015)

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

*Subsidiary of RIL, the sole beneficiary of Independent Media Trust.

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

20.2 **Related party transactions**

b) The following transactions were carried out with related parties in the ordinary course of business:

Name	**Relationship**	**Transaction During the year**	**Balance receivable/ due 2016** USD	**Balance receivable/ due 2015** USD
Television Eighteen Media & Investments Limited, Mauritius	Fellow subsidiaries	Interest income	**368,442**	367,436
IBN18 Mauritius Limited	Fellow subsidiary	Interest expense	**754,879**	752,816
Television Eighteen Mauritius Limited	Fellow subsidiary	Interest expense	**43,614**	43,494
IBN18 Mauritius Limited	Fellow subsidiary	Loan repaid during the year	**25000**	20,000
Network 18 Media & Investments Limited	Enterprises exercising control	Balances payable at end of the year	**9,998**	9,998
Television Eighteen Mauritius Limited	Fellow subsidiary	Balances payable at end of the year	**1,675,001**	1,675,001
Web 18 Holdings Limited, Cayman Islands	Fellow subsidiary	Balances payable at end of the year	**143,684**	143,684
IBN18 Mauritius Limited	Fellow subsidiary	Loans/borrowings at end of the year	**27,716,544**	26,986,665
Television Eighteen Mauritius Limited	Fellowsubsidiary	Loans/borrowings during the year	**1,660,909**	1,617,295
E-18 limited	Fellow subsidiary	Loans/borrowings during the year	**4,534,400**	4,534,400
Roptonal Limited, Cyprus	Joint ventures	Short-term Provisions at end of the year	**32,754,707**	34,711,930
Television Eighteen Media & Investments Limited, Mauritius	Fellow subsidiary	Loans and Advances at end of the year	**14,400,033**	14,031,591
Network 18 Media & Investments Limited	Enterprises exercising control	Loans and Advances at end of the year	**32,754,707**	34,711,930
NW 18 HSN Holdings Plc	Fellow subsidiaries	Warrant subscription money	**24,184**	24,184
Network 18 Media & Investments Limited	Enterprises exercising control	Optionally Convertible Debenture	**12,000,000**	12,000,000

21. **Taxation**

The Company is a “Category 1 Global Business Licence Company” for the purpose of the Financial Services Act 2007. The profit of the company, as adjusted for income tax purposes, is subject to income tax at 15%. It is, however, entitled to a tax credit equivalent to the higher of the foreign taxes paid on 80% of the Mauritius tax on its foreign source income.

22. **Fair value**

The carrying amount of trade and other receivables, cash at bank, loan payable and trade and other payables approximate their fair values.

23. **Going concern**

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued support of the shareholders. The directors are of the opinion that this support will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on a going concern basis.