SAAVN MEDIA PRIVATE LIMITED

Financial Statements

2018-19

Independent Auditor's Report

To the Members of

Saavn Media Private Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Saavn Media Private Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the fifteen months period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its loss including other comprehensive income / (loss), its cash flows and the changes in equity for the fifteen months period ended on that date.

Other Matter

The comparative financial information of the Company as at for the year ended December 31, 2017 and the transition date opening balance sheet as at January 1, 2017 included in these standalone Ind AS financial statements, are based on the previously issued statutory standalone financial statements of the Company prepared in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 audited by the predecessor auditor whose report furnished to us by the management for the year ended December 31, 2017 and December 31, 2016 dated March 23, 2018 and June 6, 2017, respectively expressed an unmodified opinion on those standalone financial statements of the Company, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

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 sub-section (11) of section 143 of the Act, we give in the Annexure 1, 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 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 purpose 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, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019, 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 with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the period ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Pramod Kumar Bapna
Partner
Membership Number: 105497

Place: Mumbai
Date: April 12, 2019

Annexure 1 to the Independent Auditor's Report

Annexure 1 referred to in paragraph 1 under Report on Other Legal and Regulatory Requirements of our audit report of even date

Re: Saavn Media Private Limited (the "Company")

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

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

ii. The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company and hence not commented upon.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

iv. In our opinion and according to the information and explanations given to us, provisions of section 186 of the Act in respect of investments, loans, securities and guarantees given have been complied with by the Company. In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors including the entities in which they are interested to which provisions of section 185 of the Act apply and hence not commented upon.

v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable and hence not commented upon.

vi. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act for the services of the Company.

vii. (a) Undisputed statutory dues including provident fund, income-tax, service tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities. The provisions relating to employees' state insurance, sales-tax, duty of custom, duty of excise, value added tax are not applicable to Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to employees' state insurance, sales-tax, duty of custom, duty of excise, value added tax are not applicable to Company.

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess which have not been deposited on account of any dispute.

viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders. The Company did not have outstanding dues to the government and / or debenture holders during the period.

ix. According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans. Hence reporting under clause 3(ix) of the Order is not applicable to the Company and hence not commented upon.

x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

xi. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of the Act, where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company. Accordingly, reporting under clause 3(xiii) of the Order insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.

xiv. According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Act, 2013 in respect of the preferential allotment or private placement of shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.

xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Pramod Kumar Bapna
Partner
Membership Number: 105497

Place: Mumbai
Date: April 12, 2019

Annexure 2 to the Independent Auditor's Report

Annexure 2 to the Independent Auditor's Report of even date on the standalone financial statements of Saavn Media Private 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 Saavn Media Private Limited (the "Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the fifteen months period 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). 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 the 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the ICAI. 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 with reference to these standalone Ind AS financial statements 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 over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, 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 standalone Ind AS 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 internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

A Company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements 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 with reference to these standalone Ind AS financial statements 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 unauthorised 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 With Reference to these Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, 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 with reference to these standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone Ind AS financial statements 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, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2019, 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 by the ICAI.

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Pramod Kumar Bapna
Partner
Membership Number: 105497

Place: Mumbai
Date: April 12, 2019

Balance Sheet as at 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

Particulars	Notes	As at 31st March 2019	As at 31st December 2017	As at 1st January 2017
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	1	11,314	9,565	11,640
(b) Intangible assets	2	587	1,407	1,930
(c) Intangible assets under development	2	47,506,816	-	-
(d) Financial assets				
(i) Investments	3	17,668,253	-	-
(ii) Others	4	-	9,692	9,515
(e) Other non-current assets	5	3,140	380	856
(f) Deferred tax asset	19	-	10,626	9,147
Total non-current assets		**65,190,110**	**31,670**	**33,088**
(2) Current assets				
(a) Financial assets				
(i) Trade receivables	6	104,683	51,679	55,346
(ii) Cash and cash equivalents	7	443,503	85,368	37,628
(iii) Others	8	14,819	72	1,036
(b) Other current assets	9	769,491	191,755	133,250
Total current assets		**1,332,496**	**328,874**	**227,260**
TOTAL ASSETS		**66,522,606**	**360,544**	**260,348**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	10	566	100	100
(b) Instruments entirely equity in nature	10	83	-	-
(c) Other equity	11	63,897,785	79,502	46,561
TOTAL EQUITY		**63,898,434**	**79,602**	**46,661**
(1) Non-current liabilities				
(a) Provisions	12	20,324	12,171	9,938
(b) Other non-current liabilities	13	-	2,292	4,106
Total non-current liabilities		**20,324**	**14,463**	**14,044**
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	14	500,000	-	-
(ii) Trade payables	15			
- Dues of micro enterprises and small enterprises		-	-	-
- Dues of creditors other than micro enterprises and small enterprises		1,901,822	224,296	162,062
(iii) Others	16	3,271	50	-
(b) Other current liabilities	17	181,458	20,754	20,645
(c) Provisions	18	17,297	21,379	16,936
Total current liabilities		**2,603,848**	**266,479**	**199,643**
TOTAL LIABILITIES		**2,624,172**	**280,942**	**213,687**
TOTAL EQUITY AND LIABILITIES		**66,522,606**	**360,544**	**260,348**
Summary of significant accounting policies	B.2			

(The accompanying notes are an integral part of the financial statements)

Balance Sheet as at 31st March, 2019

As per our report on even date

For **S R B C & CO LLP**
Chartered Accountants
(Registration No.324982E/E300003)

Pramod Kumar Bapna
Partner
Membership No. 105497

Date: 12th April 2019
Mumbai

For and on behalf of the Board of Directors

Akash M. Ambani
Director

Jyoti Deshpande
Director

Anshuman Thakur
Director

Vinodh Bhat
Director

Paramdeep Singh
Director

Arvind Kumar Tiwari
Director

Rishi Malhotra
Director

Shilpa Sethi
Company Secretary

Navi Mumbai

Statement of Profit and Loss for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

Particulars	**Notes**	**15 months ended 31st March 2019**	**Year ended 31st December 2017**
Revenue from operations	20	116,929	459,445
Other income	21	9,493	829
Total income		**126,422**	**460,274**
Expenses			
Employee benefits expense	23	83,695	309,166
Finance cost	22	118	-
Depreciation and amortisation	1 & 2	1,562	6,424
Other expenses	24	50,513	98,742
Total expenses		**135,888**	**414,332**
Profit / (loss) before tax		**(9,466)**	**45,942**
Tax expenses	19		
Current tax (relating to current period)		-	17,722
Current tax (relating to prior periods)		(3,400)	(378)
Deferred tax (benefit) / expense		10,626	(1,479)
Total tax expense		**7,226**	**15,865**
Profit / (loss) for the period		**(16,692)**	**30,077**
Other comprehensive income			
Items that will not be reclassified to profit or loss (net of tax)			
- Remeasurements of the defined benefit plans (net of tax)		(1,290)	2,864
Total other comprehensive income for the period (net of tax)		**(1,290)**	**2,864**
Total comprehensive income for the period		**(17,982)**	**32,941**
Earnings per equity share			
Basic earnings per equity share		(36)	301
Diluted earnings per equity share	27	NA	301
Summary of significant accounting policies	B.2		

(The accompanying notes are an integral part of the financial statements)

As per our report on even date

For **S R B C & CO LLP**
Chartered Accountants
(Registration No.324982E/E300003)

Pramod Kumar Bapna
Partner
Membership No. 105497

Date: 12th April 2019
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Company Secretary

Navi Mumbai

Statement of Changes in Equity for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

(a) Equity share capital

Particulars	**Amount**
As at 1st January 2017	**100**
Increase during the year	-
As at 31st December 2017	**100**
Increase during the 15 months	466
As at 31st March 2019	**566**

(b) Instrument entirely equity in nature (compulsorily convertible preference shares)

Particulars	**Amount**
As at 1st January 2017	**-**
Increase during the year	-
As at 31st December 2017	**-**
Increase during the 15 months	83
As at 31st March 2019	**83**

(C) Other equity

Particulars	**Securities premium**	**Retained earnings**	**Total**
As at 1st January 2017	**-**	**46,561**	**46,561**
Profit for the year ended 31st December 2017	-	30,077	30,077
Other comprehensive income for the year ended 31st December 2017	-	2,864	2,864
As at 31st December 2017	**-**	**79,502**	**79,502**
Loss for the 15 months ended 31st March 2019	-	(16,692)	(16,692)
Other comprehensive income for the 15 months ended 31st March 2019	-	(1,290)	(1,290)
Issue of equity shares and compulsorily convertible preference shares during the 15 months ended 31st March 2019	63,836,265	-	63,836,265
As at 31st March 2019	**63,836,265**	**61,520**	**63,897,785**

Summary of significant accounting policies - Note B.2

(The accompanying notes are an integral part of the financial statements)

As per our report on even date

For **S R B C & CO LLP**
Chartered Accountants
(Registration No.324982E/E300003)

Pramod Kumar Bapna
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Navi Mumbai

Cash Flow Statement for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

Particulars	15 months ended 31st March 2019	Year ended December 31, 2017
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit / (loss) before tax as per Statement of Profit and Loss	(9,466)	45,942
Adjustments for:		
Finance costs	118	-
Depreciation and amortization expense	1,562	6,424
Net gain on financial assets	(7,533)	-
Loss on disposal of property, plant and equipment	-	7
Interest income	(38)	(39)
Operating cash flows before working capital changes	**(15,357)**	**52,334**
Changes in working capital:		
Trade receivables	(53,007)	3,666
Other current assets	(376,040)	(57,540)
Other Non current assets	10,557	299
Trade payables (current)	1,677,526	62,234
Provisions	(360,933)	5,554
Other current liabilities	157,003	159
Other non-current liabilities	(1,078)	(1,814)
Effect of exchange rate	(6,124)	-
Cash generated from operations	**1,032,547**	**64,892**
Income taxes paid	(9,526)	(13,359)
Cash flow from operating activities	**1,023,021**	**51,533**
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(7,874)	(3,461)
Proceeds from disposal of property, plant and equipment	-	74
Purchase of intangible assets	(530)	(445)
Expenditure on intangible assets under development	(3,821,383)	-
Investment in subsidiaries	(8,103,099)	-
Purchase of other investments	(1,280,000)	-
Proceeds from sale of financial assets	1,287,533	-
Interest income	38	39
Cash flow from investing activities	**(11,925,315)**	**(3,793)**

Cash Flow Statement for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

(C) CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from issue of equity shares capital (including securities premium)	10,760,547	-
Proceeds from borrowings - Current	870,000	-
Repayment of Borrowing - Current	(370,000)	-
Interest paid	(118)	-
Cash flow from financing activities	**11,260,429**	**-**
Net increase (decrease) in cash and cash equivalents	**358,135**	**47,740**
Cash and cash equivalents at the beginning of the period	85,368	37,628
Cash and cash equivalents at the end of the period	**443,503**	**85,368**

Changes in liabilities arising from financing activities*

Particulars	**As at 31st December 2017**	**Cash flows**	**As at 31st March 2019**
Borrowings	-	500,000	500,000

* During previous year, there were no cash flows from financing activities

Summary of significant accounting policies - Note B.2

(The accompanying notes are an integral part of the financial statements)

As per our report on even date

For **S R B C & CO LLP**
Chartered Accountants
(Registration No.324982E/E300003)

Pramod Kumar Bapna
Partner
Membership No. 105497

Date: 12th April 2019
Mumbai

For and on behalf of the Board of Directors

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Shilpa Sethi
Company Secretary

Navi Mumbai

Notes to the financial statements for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

A CORPORATE INFORMATION

Saavn Media Private Limited (the Company) is a private limited company, and was incorporated on 26 August 2011, having registered office at Unit No. 402, Donear House, Plot No. A-50, Road No. 1, MIDC, Andheri East, Mumbai - 400 093. The Company's parent is Reliance Industries Limited.The Company is engaged in the business of online music content streaming, digital distribution of music through its website and mobile application.

B SIGNIFICANT ACCOUNTING POLICIES

B.1 BASIS OF PREPARATION AND PRESENTATION

The financial statements have been prepared on an accrual basis under the historical cost convention except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

The financial statements of the Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013.Upto the year ended 31st December 2017, the Company has prepared its financial statements in accordance with the requirement of Indian Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 and considered as "previous GAAP".These financial statements are Company's first Ind AS Financial Statements. Refer note E for the first-time adoption principles.The financial statements are presented in Indian Rupees which is the Company's functional currency and rounded of to nearest thousand's ('000) except otherwise indicated.

With effect from financial year 2018-2019, in order to harmonise the reporting period of the Company with its parent (Reliance Industries Limited), the Company changed its end of reporting year from December to March. Consequently, the financial statements for the current reporting period are presented for the period January 1, 2018 to March 31, 2019. The comparative amounts of the financial statements represents year ended December 31, 2017. Therefore, the amounts reported for the current period and previous year are not entirely comparable.

B.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a Property, plant and equipment

Property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Depreciation on property, plant and equipment is provided using straight line method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. The useful lives of the different category of assets are as under:

Assets	*Useful life in years*
Furniture and fixtures	10
Equipments	3

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising from derecognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

b Leases

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Company do not have any finance leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over

Notes to the financial statements for the 15 months ended 31st March 2019
(All amounts are in thousands of INR unless stated otherwise)

the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

c Intangible assets

Intangible assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation/depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Other indirect expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre-operative expenses and disclosed under Intangible assets under development.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

The Company's intangible assets include assets with finite useful lives which are amortised on a straight-line basis over the period of their expected useful lives. The useful lives of intangible assets are as under:

Assets	*Useful life in years*
Software	3

The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at each reporting date.

d Research and development expenditure

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss.

Development costs are capitalized as an intangible asset if it can be demonstrated that prescribed capitalisation criteria are met, the project is expected to generate future economic benefits, it is probable that those future economic benefits will flow to the Company and the costs of the asset can be measured reliably, else it is charged to the Statement of Profit and Loss.

e Finance cost

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

f Impairment of non-financial assets- property, plant and equipment and intangible assets

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment, goodwill and other intangible assets or group of assets, called cash generating units (CGU), may be impaired. If any such indication exists or when annual impairment testing is required the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent the asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

Notes to the financial statements for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

g Provisions

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

h Employee Benefits Expense

Short Term Employee Benefits

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

Post-Employment Benefits:

Defined Contribution Plans: The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Defined Benefit Plans: The Company pays gratuity to the employees who have completed five years of service with the Company at the time of resignation / superannuation. The gratuity is paid at 15 days salary for every completed year of service as per the Payment of Gratuity Act 1972. This is an unfunded plan.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income.

i Tax Expenses

The tax expense for the period comprises current and deferred income tax. Tax expense is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the comprehensive income or in equity; in which case, the related tax expense is also recognised in other comprehensive income or equity respectively.

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted at the balance sheet date.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are re-assessed at the each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability will be settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

Notes to the financial statements for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

j Foreign currency transactions and translation

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss.

The Company do not hold any non-monetary items denominated in foreign currencies.

k Revenue recognition

Subscription revenue

The Company recognizes subscription revenue from the sale of a premium version of its music streaming service called “Saavn Pro”. The Company recognizes such revenues over the subscription period.

Advertising revenue

The Company offers customers the right to purchase advertising space on its websites and applications. Revenue from such advertisement is measured at fair value of consideration received or receivable net of return and allowances, trade discounts and volume rebates. Revenue is recognised over the period as and when the contractual task is performed.

Service Fees

Revenue from Services are recognised to the extent the Company has rendered the services, as per contractual obligation, over the period of time.

Interest income

Interest income from financial assets is recognised using effective interest rate.

l Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

m Business combination

Business combinations are accounted for using the acquisition method of accounting, except for common control transaction which are accounted using the pooling of interest method that is accounted at carrying values.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities assumed at their acquisition date, the date on which control is acquired. Contingent consideration to be transferred is recognized at fair value and included as part of cost of acquisition. Transaction related costs are expensed in the period in which the costs are incurred.

n Financial instruments

Financial Asset

A. Initial recognition and measurement

All financial assets are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Regular way purchase and sale of financial assets are recognised using trade date accounting.

B. Subsequent measurement

Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income (FVTOCI)

Notes to the financial statements for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

A Financial Asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company do not hold any financial assets to be measured at FVTOCI.

Financial assets at fair value through profit or loss (FVTPL)

A Financial Asset which is not classified in any of the above categories are measured at FVTPL.

Investments in subsdiary

The Company has accounted for its investments in Subsidiaries at cost less impairment loss (if any).

Impairment of financial assets

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

- The lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For trade receivables, the Company applies 'simplified approach' which requires expected lifetime credit losses to be recognised from initial recognition of the receivables. The Company uses historical default rates and future expectations to determine impairment loss on the portfolio of trade receivables. At every reporting date, these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

Financial liabilities

A. *Initial recognition and measurement*

All financial liabilities are recognized at fair value and in case of loans, net of directly attributable cost.

B. *Subsequent measurement*

Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when, and only when, the Company has a legally enforceable right to set off the amount and it intends, either to settle them on a net basis or realise the asset and settle the liability simultaneously.

Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's balance sheet when the obligation specified in the contract is discharged, cancelled or expires.

o Earnings per share

Basic earnings per share is calculated by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as at the beginning of the period unless issued at a later date

Notes to the financial statements for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

p Current and Non Current Classification

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

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

All other assets are classified as non-current.

A liability is current when

- It is expected to be settled in normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

C STANDARD ISSUED BUT NOT EFFECTIVE

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - Revenue from Contract with Customers and certain amendment to existing Ind AS. The above-mentioned standard and amendments shall be applicable to the Company from April 1, 2019.On March 30, 2019, the MCA has notified Ind AS 116 – Leases which shall be applicable to the Company from April 01, 2019.

(a) Issue of Ind AS 115 - Revenue from Customer Contracts

Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

(b) Amendment to existing issued Ind AS

(i) Ind AS 21 - The Effects of Changes in Foreign Exchange Rates

(ii) Ind AS 40 - Investment Property

(iii) Ind AS 12 - Income Taxes

(iv) Ind AS 28 - Investments in Associates

(v) Ind AS 112 - Disclosure of Interests in Other Entities

(c) Issue of Ind AS 116 - Leases

Ind AS 116 will supersede the current standard on leases i.e. Ind AS 17- Leases.

Application of above standards and amendments are not expected to have any significant impact on the Company’s financial statements.

D CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Company’s financial statements requires management to make judgement, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in next financial years.

Notes to the financial statements for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

a Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

b Intangible asset under development

The Company capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

E FIRST TIME ADOPTION OF IND AS

The Company has adopted Ind AS with effect from January 1, 2018 with comparatives being restated. Accordingly the impact of transition has been provided in the opening reserves as at 1st January 2017 (the transition date). The figures for the previous period have been restated, regrouped and reclassified wherever required to comply with the requirement of Ind AS and Schedule III to the Companies Act, 2013. Refer Note 32 for the details of reconciliation with previous GAAP.

Exceptions from retrospective application of Ind AS

Derecognition of financial assets and financial liabilities: The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date.

*Impairment of financial assets:*The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition.

*Deemed cost:*Ind AS 101 allows a first time adopter to continue with the carrying value for all its property, plant and equipment and Intangible Assets as recognised in its previous GAAP financials on the date of transition. The Company has opted for this exemption and decided to carry its property, plant and equipment and intangible assets at carrying value as per Indian GAAP on the date of transition i.e. 1st January 2017.

Notes to the financial statements for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

1 PROPERTY, PLANT AND EQUIPMENTS

Description	Gross Block							Depreciation							Net Block		
	As at 1-Jan-17	Addition/ Adjustment	Deduction/ Adjustment	As at 31-Dec-17	Addition/ Adjustment	Deduction/ Adjustment	As at 31-Mar-19	As at 1-Jan-17	Addition[1]/ Adjustment	Deduction/ Adjustment	As at 31-Dec-17	Addition/ Adjustment	Deduction/ Adjustment	As at 31-Mar-19	As at 31-Mar-19	As at 31-Dec-17	As at 1-Jan-17
Furniture and fixtures	3,453	276	-	3,729	-	-	**3,729**	-	389	-	389	495	-	884	**2,845**	3,340	3,453
Equipments *	8,187	3,185	155	11,217	7,874	-	**19,091**	-	5,067	75	4,992	5,630	-	10,622	**8,469**	6,225	8,187
Total	**11,640**	**3,461**	**155**	**14,946**	**7,874**	**-**	**22,820**	**-**	**5,456**	**75**	**5,381**	**6,125**	**-**	**11,506**	**11,314**	**9,565**	**11,640**

*Includes office equipment

2 INTANGIBLE ASSETS

Description	Gross Block							Amortisation							Net Block		
	As at 1-Jan-17	Addition/ Adjustment	Deduction/ Adjustment	As at 31-Dec-17	Addition/ Adjustment	Deduction/ Adjustment	As at 31-Mar-19	As at 1-Jan-17	Addition[1]/ Adjustment	Deduction/ Adjustment	As at 31-Dec-17	Addition/ Adjustment	Deduction/ Adjustment	As at 31-Mar-19	As at 31-Mar-19	As at 31-Dec-17	As at 1-Jan-17
Software	1,930	445	-	2,375	530	-	**2,905**	-	968	-	968	1,350	-	2,318	**587**	1,407	1,930
Total	**1,930**	**445**	**-**	**2,375**	**530**	**-**	**2,905**	**-**	**968**	**-**	**968**	**1,350**	**-**	**2,318**	**587**	**1,407**	**1,930**
Intangible assets under development*															**47,506,816**	**-**	**-**

*Intangible assets under development includes:

(i) Rs. 4,34,49,068 thousands (Previous years: Rs. Nil) on account of acquisition of JioMusic Platform for consideration other than cash; and

(ii) Rs. 40,57,748 thousands (Previous years: Rs. Nil) on account of capitalisation of project development expenditure mainly comprising of content spends, website operation costs, depreciation, amortisation, and employee benefits.

[1] Depreciation / Amortisation for the year include depreciation of Rs. 5,913 thousands (Previous year: Rs. Nil) capitalised during the year. Thus, net amount of Rs. 1,562 thousands (Previous year: Rs. 6,424 thousands) has been considered in the Statement of Profit and Loss.

Notes to the financial statements for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

3 NON-CURRENT INVESTMENTS

Particulars	As at 31st March 2019	As at 31st December 2017	As at 1st January 2017
Equity shares of subsidiary(unquoted, carried at cost):			
1,078 (Previous years: Nil) equity shares of USD 0.01 each (Previous years: Nil) fully paid-up of Saavn Inc.	17,668,253	-	-
Total	**17,668,253**	**-**	**-**

4 OTHER NON CURRENT FINANCIAL ASSETS

Particulars	As at 31st March 2019	As at 31st December 2017	As at 1st January 2017
Security deposits	-	9,692	9,515
Total	**-**	**9,692**	**9,515**

5 OTHER NON CURRENT ASSETS

Particulars	As at 31st March 2019	As at 31st December 2017	As at 1st January 2017
Prepaid expenses	-	380	856
Advance tax (net of provision)	3,140	-	-
Total	**3,140**	**380**	**856**

6 TRADE RECEIVABLES

Particulars	As at 31st March 2019	As at 31st December 2017	As at 1st January 2017
Unsecured			
Considered good	104,683	51,679	55,346
Significant increase in credit risk	3,456	1,026	2,021
Less: Allowance for credit losses	(3,456)	(1,026)	(2,021)
Total	**104,683**	**51,679**	**55,346**

7 CASH AND CASH EQUIVALENTS

Particulars	As at 31st March 2019	As at 31st December 2017	As at 1st January 2017
Cash in hand	16	5	11
Balances with banks	443,487	85,363	37,617
Total	**443,503**	**85,368**	**37,628**

Notes to the financial statements for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

8 OTHER CURRENT FINANCIAL ASSETS

Particulars	As at 31st March 2019	As at 31st December 2017	As at 1st January 2017
Interest receivable from bank	-	72	36
Security deposits	14,819	-	-
Others	-	-	1,000
Total	**14,819**	**72**	**1,036**

9 OTHER CURRENT ASSETS

Particulars	As at 31st March 2019	As at 31st December 2017	As at 1st January 2017
Prepaid expenses	223,456	2,713	2,233
Unbilled revenue	13,198	5,143	1,906
Advances to vendors	372	318	741
Balances with government authorities	532,262	183,217	128,294
Others	203	364	76
Total	**769,491**	**191,755**	**133,250**

10 SHARE CAPITAL

(a) Equity share capital

Particulars	As at 31st March 2019		As at 31st December 2017		As at 1st January 2017	
	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares
Authorised share capital of Re. 1 each (As at 31st December 2017 : 20,00,000 Shares of Rs.10 Each)	19,917	19,917,164	20,000	20,00,000	20,000	20,00,000
Issued, subscribed and paid-up share capital of Re. 1 each (Previous years: Rs. 10 each)	566	566,019	100	10,000	100	10,000

(b) Instruments entirely equity in nature (0.001% Compulsorily Convertible Preference Shares)

Particulars	As at 31st March 2019		As at 31st December 2017		As at 1st January 2017	
	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares
Authorised share capital of Re.1 each (As at 31st December 2017 : NIL)	83	82,836	-	-	-	-
Issued, subscribed and paid-up share capital of Re. 1 each (Previous years: NIL)	83	82,836	-	-	-	-

The Authorised Share Capital of the Company has been altered from 20,00,000 Equity Shares of Rs. 10 each into 2,00,00,000 Equity Shares of Re. 1 each pursuant to the resolution passed at EOGM held on March 20, 2018.

The Authorised Share Capital of the Company has been reclassified 2,00,00,000 divided into 1,99,17,164 equity shares of Re. 1 (Rupee one) each and 82,836 compulsorily convertible preference shares of Re. 1 (Rupee one) each, pursuant to resolution passed at EOGM held on April 2, 2018.

Notes to the financial statements for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

Reconciliation of outstanding equity shares

Particulars	Amount	Number of shares
As at 1st January 2017 (face value: Rs. 10 per share)	100	10,000
Increase (decrease) during the year	-	-
As at 31st December 2017 (face value: Rs. 10 per share)	100	10,000
Change in face value from INR 10 to INR 1 per share	NA	90,000
Increase (decrease) during the period (of these, 376980 shares were issued for consideration other than cash)	466	466,019
At 31st March 2019 (face value: Re. 1 per share)	**566**	**566,019**

Reconciliation of outstanding preference shares

Particulars	Amount	Number of shares
As at 1st January 2017	-	-
Increase (decrease) during the year	-	-
As at 31st December 2017	-	-
Increase (decrease) during the year (issued for consideration other than cash)	83	82,836
At 31st March 2019	**83**	**82,836**

Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Re. 1 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, post distribution of all preferential amounts, in proportion to the number of equity shares held by them.

Terms / rights attached to preference shares

82,836 0.001% Compulsarily Convertible Preference Share (CCPS) holders entitled to the preferntial non-cummulative dividend at 0.001% p.a. 0.001% CCPS will be converted into fixed number of equity shares at the option of the Company; not later than April 5, 2021.

Equity shares held by the holding company

Particulars	As at 31st March 2019		As at 31st December 2017		As at 1st January 2017	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
Reliance Industries Limited (with effect from 5th April 2018)	466,019	82.3	-	-	-	-
Saavn Mauritius (upto 4th April 2018)	-	-	9,990	99.9	9,990	99.9

Shareholders holding more than 5% of the equity share capital

Particulars	As at 31st March 2019		As at 31st December 2017		As at 1st January 2017	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
Reliance Industries Limited (with effect from 5th April 2018)	466,019	82.3	-	-	-	-
Saavn Mauritius	99,900	17.7	9,990	99.9	9,990	99.9

Shareholders holding more than 5% of CCPS

Particulars	As at 31st March 2019		As at 31st December 2017		As at 1st January 2017	
	Number of shares	% of holding	Number of shares	% of holding	Number of shares	% of holding
Saavn Global Holdings Limited	82,836	100.0	-	-	-	-

Notes to the financial statements for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

11 RESERVES AND SURPLUS

Particulars	15 months ended 31st March 2019	Year ended 31st December 2017
Retained earnings		
Opening Balance	79,502	46,561
Profit (loss) for the period / year	(16,692)	30,077
Other comprehensive income for the period / year	(1,290)	2,864
Closing Balance	**61,520**	**79,502**
Securities premium		
Opening Balance	-	-
Increase during the period / year	63,836,265	-
Closing Balance	**63,836,265**	**-**
Total	**63,897,785**	**79,502**

12 PROVISIONS (NON-CURRENT)

Particulars	As at 31st March 2019	As at 31st December 2017	As at 1st January 2017
Provision for gratuity	20,324	12,171	9,938
Total	**20,324**	**12,171**	**9,938**

13 OTHER NON-CURRENT LIABILITIES

Particulars	As at 31st March 2019	As at 31st December 2017	As at 1st January 2017
Lease equalisation liability	-	2,292	4,106
Total	**-**	**2,292**	**4,106**

14 BORROWINGS

Particulars	As at 31st March 2019	As at 31st December 2017	As at 1st January 2017
Unsecured - At amortised cost			
Working capital loans			
Rupee loan from bank (repayable on demand)	500,000	-	-
Total	**500,000**	**-**	**-**

15 TRADE PAYABLES (CURRENT)

Particulars	As at 31st March 2019	As at 31st December 2017	As at 1st January 2017
Micro, small and medium enterprises*	-	-	-
Others	1,901,822	224,296	162,062
Total	**1,901,822**	**224,296**	**162,062**

*There are no overdue amounts to micro, small and Medium enterprises for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.

Notes to the financial statements for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

16 OTHER CURRENT FINANCIAL LIABILITIES

Particulars	**As at 31st March 2019**	**As at 31st December 2017**	**As at 1st January 2017**
Deposits from customers	50	50	-
Interest accrued on loan	249	-	-
Payable for capital expenditure	2,972	-	-
Total	**3,271**	**50**	**-**

17 OTHER CURRENT LIABILITIES

Particulars	**As at 31st March 2019**	**As at 31st December 2017**	**As at 1st January 2017**
Advance from customers	2,301	-	-
Lease equalisation liability	2,170	1,814	666
Deferred revenue	28,837	9,495	8,257
Statutory remittances	147,996	9,445	11,722
Others	154	-	-
Total	**181,458**	**20,754**	**20,645**

18 PROVISIONS (CURRENT)

Particulars	**As at 31st March 2019**	**As at 31st December 2017**	**As at 1st January 2017**
Provision for gratuity	1,303	671	198
Provision for leave encashment	15,994	10,921	10,937
Provision for income tax	-	9,787	5,801
Total	**17,297**	**21,379**	**16,936**

19 INCOME TAXES

DEFERRED TAX ASSETS (NET)

Particulars	**As at 31st March 2019**	**As at 31st December 2017**	**As at 1st January 2017**
Deferred tax assets	-	10,626	9,147
Total	**-**	**10,626**	**9,147**

INCOME TAX RECOGNISED IN STATEMENT OF PROFIT AND LOSS

Particulars	**15 months ended 31st March 2019**	**Year ended December 31, 2017**
Current tax (relating to current year)	-	17,722
Current tax (relating to prior years)	(3,400)	(378)
Deferred tax expense	10,626	(1,479)
Total	**7,226**	**15,865**

Notes to the financial statements for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

RECONCILIATION OF EFFECTIVE TAX RATE

Particulars	**15 months ended 31st March 2019**	**Year ended December 31, 2017**
Profit before tax	**(9,466)**	**45,942**
Tax at the rate of 27.820% (Previous year: 33.063%)*	**(2,633)**	**15,190**
Adjustments:		
Expenses that are not deductible in determining taxable profit	186	1,415
Income exempt from income tax	-	(396)
Reversal of excess provision for tax for earlier years	(3,400)	(378)
Derecognition of deferred tax assets of previous reporting period	10,626	-
Deferred taxes not recognised on temporary differences / tax losses	2,447	-
Other adjustments	-	34
Tax expense as per statement of profit or loss	**7,226**	**15,865**

*The tax rate used for the above reconciliation is the corporate tax rate applicable to the Company under tax laws of India.

RECONCILIATION OF CURRENT TAX ASSETS (LIABILITIES)

Particulars	**15 months ended 31st March 2019**	**Year ended December 31, 2017**
Opening balance of current tax assets (liabilities)	**(9,787)**	**(5,801)**
Add: Taxes paid	9,527	13,358
Less: Current tax payable for the year	-	(17,344)
Reversal of excess provision for tax	3,400	-
Closing balance of current tax assets (liabilities)	**3,140**	**(9,787)**

MOVEMENT OF DEFERRED TAX BALANCES FOR THE PERIOD ENDED 31 MARCH 2019

Component of deferred taxes	**Net deferred tax asset (liability) balance as at 1st January 2018**	**Recognised in profit and loss**	**Net deferred tax asset (liability) balance as at 31st March 2019**
Employee benefits	7,858	(7,858)	-
Non-deduction of TDS on expenses	813	(813)	-
Impairment allowance on financial assets	637	(637)	-
Property, plant, and equipment and intangible assets	(112)	112	-
Financial assets (interest free security deposits)	1,430	(1,430)	-
Total	**10,626**	**(10,626)**	**-**

MOVEMENT OF DEFERRED TAX BALANCES FOR THE YEAR ENDED 31 DECEMBER 2017

Component of deferred taxes	**Net deferred tax asset (liability) balance as at 1st January 2017**	**Recognised in profit and loss**	**Net deferred tax asset (liability) balance as at 31st December 2017**
Employee benefits	6,967	891	7,858
Non-deduction of TDS on expenses	562	251	813
Impairment allowance on financial assets	668	(31)	637
Property, plant, and equipment and intangible assets	(480)	368	(112)
Financial assets (interest free security deposits)	1,430	-	1,430
Total	**9,147**	**1,479**	**10,626**

Notes to the financial statements for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

UNRECOGNISED DEDUCTIBLE TEMPORARY DIFFERENCES, UNUSED TAX LOSSES, AND UNUSED TAX CREDITS

Particulars	As at 31st March 2019	As at 31st December 2017	As at 1st January 2017
Deductible temporary differences for which no deferred tax assets have been recognised	3,572,952	-	-

20 REVENUE FROM OPERATIONS

Particulars	15 months ended 31st March 2019	Year ended 31st December 2017
Revenue from Online Advertisement	16,456	124,751
Revenue from Subscription	10,890	38,387
Carrier Revenue	1,732	3,208
Service fees revenue	85,525	293,099
Other Revenue	2,326	-
Total	**116,929**	**459,445**

21 OTHER INCOME

Particulars	15 months ended 31st March 2019	Year ended 31st December 2017
Interest income on financial assets at amortised cost:		
Security deposits	150	521
Fixed deposits with banks	38	39
Gains on financial assets (realised)	7,533	-
Sundry balances written back	-	269
Foreign exchange gain	1,459	-
Others	313	-
Total	**9,493**	**829**

22 FINANCE COST

Particulars	15 months ended 31st March 2019	Year ended 31st December 2017
Interest on financial liabilities at amortised cost:		
Interest on loan	118	-
Total	**118**	**-**

23 EMPLOYEE BENEFITS EXPENSES

Particulars	15 months ended 31st March 2019	Year ended 31st December 2017
Salaries and wages	67,027	283,799
Contribution to provident and other funds	14,000	14,349
Staff welfare expenses	2,668	11,018
Total	**83,695**	**309,166**

Notes to the financial statements for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

As per Indian Accounting Standard 19 "Employee benefits", the disclosures as defined are given below :

23.1 Defined contribution plans

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

Particulars	**15 months ended 31st March 2019**	**Year ended 31st December 2017**
Employer's Contribution to Provident Fund	14,000	14,349

The Company's Provident Fund is exempted under Section 17 of Employees' Provident Fund and Miscellaneous Provisions Act, 1952.

23.2 Defined benefits plan

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

Particulars	**Gratuity (Unfunded)**	
	15 months ended 31st March 2019	**Year ended 31st December 2017**
Present value of defined benefit obligation	21,629	12,843
Net defined benefit liability recognised in balance sheet	21,629	12,843
Current portion	1,303	671
Non-current portion	20,324	12,171

II) Expense recognised during the year

Particulars	**Gratuity (Unfunded)**	
	15 months ended 31st March 2019	**Year ended 31st December 2017**
In income statement		
Current service cost	5,318	5,325
Past service cost	2,513	-
Interest in net defined benefit liability	1,187	718
Net cost	**9,018**	**6,043**
In other comprehensive income		
Re-measurements during the period due to		
Changes in financial assumptions	3,017	(1,402)
Changes in demographic assumptions	(286)	(319)
Experience adjustments	(1,441)	(1,143)
Amount recognised in OCI	**1,290**	**(2,864)**

III) Movement in Defined Benefit Obligation

Particulars	**Gratuity (Unfunded)**	
	15 months ended 31st March 2019	**Year ended 31st December 2017**
Opening balance of defined benefit obligation	12,843	10,136
Current service cost	5,318	5,325
Past service cost	2,513	-
Interest on defined benefit obligation	1,187	718
Remeasurements due to:		
Actuarial loss / (gain) arising from changes in financial assumptions	3,017	(1,402)
Actuarial loss / (gain) arising from changes in demographic assumptions	(286)	(319)
Actuarial loss / (gain) arising on account of experience changes	(1,441)	(1,143)
Benefits paid	(1,522)	(472)
Closing balance of defined benefit obligation	**21,629**	**12,843**

Notes to the financial statements for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

IV) Actuarial assumptions

Particulars	Gratuity (Unfunded)	
	15 months ended 31st March 2019	**Year ended 31st December 2017**
Discount rate (p.a.)	7.45%	8.40%
Salary escalation rate (p.a.)	11.00%	12.00%

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.

V) Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period , while holding all other assumptions constant. The result of sensitivity analysis is given below:

Particulars	Gratuity (Unfunded)			
	15 months ended 31st March 2019		**Year ended 31st December 2017**	
	Increase	**Decrease**	**Increase**	**Decrease**
Change in discounting rate (delta effect of -/+ 0.5%)	20,675	22,655	12,257	13,239
Change in rate of salary increase (delta effect of +/-0.5%)	22,352	20,909	13,473	12,445

24 OTHER EXPENSES

Particulars	**For 15 Months Ended March 31, 2019**	**For the year ended December 31, 2017**
Professional fees	22,500	16,622
Rent	8,990	34,042
General expenses	5,738	22,053
Travelling and conveyance	2,190	7,425
Royalty	842	2,172
Power and fuel	372	2,378
Provision for doubtful debts	2,534	2,413
Repairs and maintenance - office	262	1,048
Commission	-	1,029
Payment to auditors		
- Statutory audit	4,400	750
- Other services	2,062	250
- Out of pocket expenses	-	26
Rates and taxes	366	3,487
Insurance	172	120
Marketing expenses	85	2,254
Loss on sale of property, plant and equipment (net)	-	7
Foreign exchange loss	-	2,666
Total	**50,513**	**98,742**

Notes to the financial statements for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

25 FINANCIAL INSTRUMENTS

A Capital management

The capital structure of the Company consists of equity share capital, compulsorily convertible preference shares, and accumulated reserves. The Company is not subject to any externally imposed capital requirements. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

This framework is adjusted based on underlying macro-economic factors affecting business environment, financial market conditions, and interest rates environment.

B Financial instruments

B.1 *Fair Value Hierarchy:*

	As at 31st March 2019				As at 31st December 2017				As at 1st January 2017			
Particulars	**Carrying Amount***	**Level 1**	**Level 2**	**Level 3**	**Carrying Amount***	**Level 1**	**Level 2**	**Level 3**	**Carrying Amount***	**Level 1**	**Level 2**	**Level 3**
Financial Assets												
At Amortised Cost												
Trade receivable	104,683	-	-	-	51,679	-	-	-	55,346	-	-	-
Cash and cash equivalents	443,503	-	-	-	85,368	-	-	-	37,628	-	-	-
Other financial assets	14,819	-	-	-	9,764	-	-	-	10,551	-	-	-
Financial Liabilities	-											
At Amortised Cost												
Borrowings	500,000	-	-	-	-	-	-	-	-	-	-	-
Trade payables	1,901,822	-	-	-	224,296	-	-	-	162,062	-	-	-
Other financial liabilities	3,271	-	-	-	50	-	-	-	-	-	-	-

The Company considers that the carrying amounts of financial assets and financial liabilities at amortised cost approximate their fair values.

B.2 **Financial risk management**

The Company's business activities expose it to a variety of financial risks, namely foreign currency risk, credit risk, and liquidity risk. The following table summarises the risks, its source, and its management:

Risk	**Source of exposure**	***Management***
Foreign currency risk	Exchange rate fluctuation	Sensitivity analysis
Credit risk	Trade receivables	Aging analysis
Liquidity risk	Borrowings	Rolling cash flow forecasts

Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. Exposure can arise on account of the various assets and liabilities which are denominated in currencies other than INR, being the functional currency of the Company.

Notes to the financial statements for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

The following table shows foreign currency exposures in USD on financial instruments at the end of the reporting period (Rs. in thousands). The exposure to foreign currency for all other currencies are not material.

Particulars	**As at 31st March 2019**	**As at 31st December 2017**	**As at 1st January 2017**
Trade payables	802,348	8,855	20,028

The following table shows sensitivity analysis of 1% change in exchange rate at the end of reporting period Rs. in thousands):

Particulars	**As at 31st March 2019**	**As at 31st December 2017**	**As at 1st January 2017**
1% depreciation in INR against USD			
Impact on equity	(8,023)	(89)	(200)
Impact on profit or loss	(8,023)	(89)	NA
1% appreciation in INR against USD			
Impact on equity	8,023	89	200
Impact on profit or loss	8,023	89	NA

Credit risk:

Credit risk is the risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due, causing financial loss to the company. Refer note 6 for the trade receivables.

Liquidity risk:

Liquidity risk arises from the Company's inability to meet its cash flow commitments on the due date. The Company maintains sufficient cash and other liquid funds to ensure that it will have funds to meet its liabilities when due without incurring unacceptable losses.

The amounts disclosed below are the contractual undiscounted cash flows and considers interest payable in the future periods, if any.

Particulars	*As at 31st March 2019*		*As at 31st December 2017*		*As at 1st January 2017*	
	Upto 1 year	*1 to 5 Years*	*Upto 1 year*	*1 to 5 Years*	*Upto 1 year*	*1 to 5 Years*
Borrowings*	500,249	-	-	-	-	-

The management believes that the Company will be able to generate sufficient cash to settle the obligations on timely basis.

* Include Rs. 249 thousands (current) interest accrued

Notes to the financial statements for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

27 EARNINGS PER SHARE (EPS)

Particulars	**15 months ended 31st March 2019**	**Year ended 31st December 2017**
Net profit / (loss) after tax as per statement of profit and loss	(16,692)	30,077
Weighted average number of equity shares used as denominator for calculating Basic EPS*	460,778	100,000
Weighted average number of equity shares used as denominator for calculating Diluted EPS*	526,500	100,000
Basic earnings per equity share	(36)	301
Diluted earnings per equity share	NA	301
Face value per equity share (INR)	1	10

* The number of shares for the comparative period have been considered after adjusting it for the change in face value thereof in the current reporting period (i.e., from INR 10 per equity share to INR 1 per equity share).

28 CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	**As at 31st March 2019**	**As at 31st December 2017**	**As at 1st January 2017**
(I) Contingent liabilities			
Claims against the Company not acknowledged as debts	45,000	-	-

29 OPERATING LEASES

The Company's significant leasing arrangements are in respect of business center agreements for its Mumbai, Gurgaon and Bengaluru premises. These non-cancellable leasing arrangements are usually renewed by mutual consent on mutually agreeable basis. The aggregate lease rentals payable is charged as "Rent" under Other Expenses.

Future minimum rentals (excluding taxes) payable under non-cancellable operating leases are as follows:

Particulars	**As at 31st March 2019**	**As at 31st December 2017**	**As at 1st January 2017**
Not later than one year	18,180	32,676	31,315
Later than one year but not later than five years	-	28,992	32,307
Later than five years	-	-	-

30 SEGMENT REPORTING

The Company is mainly engaged in 'Digital Services' primarily catering to Indian consumers in various consumption baskets. All the activities of the Company revolve around this main business. Accordingly, the Company has only one identifiable segment reportable under Ind AS 108 "Operating Segment". The Chief Operational Decision Maker monitors the operating results of the entity's business for the purpose of making decisions about resource allocation and performance assessment.

Notes to the financial statements for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

Geographical segment information:

Particulars	**15 months ended 31st March 2019**	**Year ended 31st December 2017**
Segment Revenue		
(i) Within India	31,403	166,347
(ii) Outside India	85,525	293,099

Particulars	**As at 31st March 2019**	**As at 31st December 2017**	**As at 1st January 2017**
Non-current assets			
(i) Within India	47,521,856	11,352	14,427
(ii) Outside India	17,668,253	-	-

31 APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved for issue by the Board of Directors on 12th April 2019

32 FIRST-TIME ADOPTION OF IND AS

Reconciliation of total comprehensive income for the year ended 31st December 2017:

Particulars	**Note**	**Year ended 31st December 2017**
Profit as per previous GAAP		**32,274**
Ind AS adjustments:		
(i) Recognition of interest income on security deposits placed using effective interest rate	A	521
(ii) Amortisation of "prepaid marketing expense" element of interest free security deposits	B	(65)
(iii) Amortisation of "prepaid rent expense" element of interese free security deposits	C	(455)
(iv) Recognition of lease rent expense on straight-line method	D	666
(v) Recognition of remeasurements of post-employment benefits in other comprehensive income	E	(2,864)
Total Ind AS adjustments		**(2,197)**
Profit as per Ind AS		**30,077**
Other comprehensive income for the year as per Ind AS	G	2,864
Total comprehensive income as per Ind AS		**32,941**

Notes to the financial statements for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

Reconciliation of total equity as at 31st December 2017, and 1st January 2017:

	Note	As at 31st December 2017	As at 1st January 2017
Total equity (shareholder's funds) as per previous GAAP		**82,366**	**50,092**
Ind AS adjustments:			
(i) Measurement of security deposits placed at amortised cost	A	(946)	(1,466)
(ii) Recognition of "prepaid marketing expense" net of cumulative amortisation	B	21	86
(iii) Recognition of "prepaid rent expense" net of cumulative amortisation	C	835	1,290
(iv) Recognition of "lease equalisation reserve" net of cumulative amortisation	D	(4,106)	(4,771)
(v) Income tax effect of above adjustments	F	1,430	1,430
Total Ind AS adjustments		**(2,766)**	**(3,431)**
Total equity as per Ind AS		**79,600**	**46,661**

Impact of Ind AS adoption on the cash flow statement for the year ended 31st December 2017:

The transition from previous GAAP to Ind AS did not have any material impact on the cash flow statement.

Notes to the reconciliations:

A Under previous GAAP, security deposits were measured at cost (i.e., transaction price) less impairment, if any. Since security deposits are interest free, interest income thereon was not recognised.Under Ind AS, security deposits are initially measured at its fair value calculated by reference to market interest rate, and subsequently measured at amortised cost. The interest income thereon is recognised using the effective interest rate.This has resulted in:

(i) A decrease of total equity as on 31st December 2017 by Rs. 946 thousands (as on 1st January 2017: decrease by Rs. 1,466 thousands); and

(ii) An increase in profit for the year ended 31st December 2017 by Rs. 521 thousands.

B Under previous GAAP, interest free security deposits placed with the vendors for marketing support were measured at cost (i.e., transaction price) less impairment, if any. The difference between the cost and fair value of security deposits was not accounted as a prepaid expense. Under Ind AS, these security deposits are initially measured at fair value calculated by reference to market interest rate, and the difference between the cost and its so calculated fair value is recognised as "prepaid marketing expense". This prepaid expense element is recognised in the Statement of Profit and Loss using straight line method.This has resulted in:

(i) An increase of total equity as on 31st December 2017 by Rs. 21 thousands (as on 1st January 2017: increase by Rs. 86 thousands); and

(ii) A decrease in profit for the year ended 31st December 2017 by Rs. 65 thousands.

C Under previous GAAP, the interest free rental security deposits were measured at cost (i.e., transaction price) less impairment, if any. The difference between the cost and fair value of security deposits was not accounted as a prepaid expense. Under Ind AS, these security deposits are initially measured at fair value calculated by reference to market interest rate, and the difference between the cost and its so calculated fair value is recognised as "prepaid rent expense". This prepaid expense element is recognised in the Statement of Profit and Loss using straight line method.This has resulted in:

Notes to the financial statements for the 15 months ended 31st March 2019

(All amounts are in thousands of INR unless stated otherwise)

(i) An increase of total equity as on 31st December 2017 by Rs. 835 thousands (as on 1st January 2017: increase by Rs. 1,290 thousands); and

(ii) A decrease in profit for the year ended 31st December 2017 by Rs. 455 thousands.

D Under previous GAAP, there was no clear guidance on treatment of lease incentives.Under Ind AS, if lease incentives are received to enter into operating leases, such incentives are recognised as a liability. Payments made under operating leases (net of any incentives received from the lessor) are recognised in the Statement of Profit and Loss using straight line method over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.This has resulted in:

(i) A decrease of total equity as on 31st December 2017 by Rs. 4,106 thousands (as on 1st January 2017: decrease by Rs. 4,771 thousands); and

(ii) An increase in profit for the year ended 31st December 2017 by Rs. 666 thousands.

E Under previous GAAP, actuarial gains and losses relating to post employment defined benefits plan were recognised in profit or loss. Under Ind AS, these actuarial gains and losses are recognised in other comprehensive income.This change does not affect total equity. However, it has resulted in a decrease in profit for the year ended 31st December 2017 by Rs. 2,864 thousands

F The Company has recognised deferred tax assets / liabilities on all temporary differences arising on account of (i) the Ind AS adjustments as mentioned in the reconciliations above, and (ii) other temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base.This has resulted in:

(i) An increase of total equity as on 31st December 2017 by Rs. 1,430 thousands (as on 1st January 2017: increase by Rs. 1,430 thousands); and

(ii) An increase in profit for the year ended 31st December 2017 by Rs. 947 thousands.

G Under previous GAAP, total comprehensive income was not reported. Therefore, the reconciliation of total comprehensive income starts with profit under the previous GAAP.

As per our report on even date

For **S R B C & CO LLP**
Chartered Accountants
(Registration No.324982E/E300003)

Pramod Kumar Bapna
Partner
Membership No. 105497

Date: 12th April 2019
Mumbai

For and on behalf of the Board of Directors

Akash M. Ambani
Director

Jyoti Deshpande
Director

Anshuman Thakur
Director

Vinodh Bhat
Director

Paramdeep Singh
Director

Arvind Kumar Tiwari
Director

Rishi Malhotra
Director

Shilpa Sethi
Company Secretary

Navi Mumbai