SAAVN, LLC

Financial Statements

For the Year ended 31st December, 2018

Independent Auditor's Report

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Saavn, LLC (the "Company"), which comprise of the Balance Sheet as at December 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year ended, and a summary of the significant accounting policies and other explanatory information. These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended), for the information and use of the Board of Directors of Saavn Media Private Limited (SMPL), the holding company and Reliance Industries Limited, the ultimate holding company, to comply with the financial reporting requirements in India.

Management's Responsibility for the Ind AS Financial Statements

Management of the Company are responsible for the preparation of these 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). This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 financial statements based on our audit. We conducted our audit of these financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view in conformity with Indian Accounting Standards (Ind AS), of the state of affairs of the Company as at December 31, 2018, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matter

The Ind AS financial statements of the Company for the year ended December 31, 2017, included in these financial statements, were audited by another auditor who expressed an unmodified opinion on those statements on 1st March, 2019

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

per **Pramod Kumar Bapna**
Partner
Membership No.: 105497

Place: Mumbai
Date: 05th April 2019

Balance Sheet as at 31st December, 2018

(All amounts are in thousand of USD unless stated otherwise)

Particulars	Notes	As at 31st December, 2018	As at 31st December, 2017	As at 1st January, 2017
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	1	62	106	129
(b) Intangible Assets		-	303	344
(c) Financial assets (security deposits)	2	196	203	182
(d) Other non-current assets	3	16	7	19
Total non-current assets		**274**	**619**	**674**
(2) Current assets				
(a) Financial assets				
(i) Trade receivables	4	23,580	1,521	1,529
(ii) Cash and cash equivalents	5	454	3,167	783
(b) Other current assets	6	346	1,571	2,965
Total current assets		**24,380**	**6,259**	**5,277**
TOTAL ASSETS		**24,654**	**6,878**	**5,951**
EQUITY AND LIABILITIES				
Equity				
(a) Member's Contribution	7	196,900	178,417	140,962
(b) Member's Other Fund	7	(184,894)	(178,020)	(140,838)
TOTAL EQUITY		**12,006**	**397**	**124**
(1) Non-current liabilities				
(a) Financial Liabilities (Deferred payment liabilities)	8	-	54	109
Total non-current liabilities		**-**	**54**	**109**
(2) Current liabilities				
(a) Financial liabilities				
(i) Trade payables	9	12,433	6,127	5,481
(ii) Others financial liabilities	10	68	60	53
(b) Other Current Liabilities	11	139	230	180
(c) Provisions	12	8	10	4
Total current liabilities		**12,648**	**6,427**	**5,718**
TOTAL LIABILITIES		**12,648**	**6,481**	**5,827**
TOTAL EQUITY AND LIABILITIES		**24,654**	**6,878**	**5,951**

(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)

For and behalf of the Board of Directors of Saavn, LLC

Pramod Kumar Bapna
Partner
Membership No. 105497
Date: 5th April 2019
Mumbai

Rishi Malhotra
Chief Executive Officer
Date: 4th April 2019
New York

Paramdeep Singh
Executive Vice Chairman
Date: 4th April 2019
New York

Vinodh Bhat
President
Date: 4th April 2019
New York

Matthew Emerman
Chief Financial Officer
Date: 29th March 2019
Mumbai

Statement of Profit and Loss for the year ended 31st December, 2018

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

Particulars	Notes	For the year ended 31st December, 2018	For the year ended 31st December, 2017
Revenue from operations	**13**	18,176	8,911
Other income	**14**	1,738	22
Total income		**19,914**	**8,933**
Expenses			
Employee benefits expense	**15**	11,738	7,076
Finance cost	**16**	5	65
Depreciation and amortization expense	**1**	308	559
Other expenses	**17**	14,735	38,414
Total expenses		**26,786**	**46,114**
Loss before tax		**(6,872)**	**(37,181)**
Tax expenses			
Current tax	**18**	2	1
Total tax expenses		**2**	**1**
Loss for the year		**(6,874)**	**(37,182)**
Other comprehensive income for the year, net of tax		**-**	**-**
Total comprehensive income for the year		**(6,874)**	**(37,182)**

(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)

For and behalf of the Board of Directors of Saavn, LLC

Pramod Kumar Bapna
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Chief Financial Officer
Date: 29th March 2019
Mumbai

Statement of Changes in Equity for the year ended 31st December, 2018

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

	Member's Contribution	*Share in Net Income*	*Total*
As on 1st January 2017	140,962	(140,838)	124
Additional Contribution Received	37,455	-	37,455
Loss during the Year	-	(37,182)	(37,182)
As on 31st December 2017	**178,417**	**(178,020)**	**397**
Additional Contribution Received	18,483	-	18,483
Loss during the Year	-	(6,874)	(6,874)
As on 31st December 2018	**196,900**	**(184,894)**	**12,006**

(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)

For and behalf of the Board of Directors of Saavn, LLC

Pramod Kumar Bapna
Partner

Membership No. 105497

Date: 5th April 2019
Mumbai

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Date: 4th April 2019
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Vinodh Bhat
President
Date: 4th April 2019
New York

Matthew Emerman
Chief Financial Officer
Date: 29th March 2019
Mumbai

Statement of Cash Flows for the year ended 31st December, 2018

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

Particulars	**For the year ended 31st December, 2018**	**For the year ended 31st December, 2017**
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year	(6,874)	(37,182)
Adjustments for:		
Income tax expense	2	1
Finance cost	5	65
Depreciation and amortization expense	308	559
Provision for bad and doubtful debts	55	30
Operating cash flows before working capital changes	**(6,504)**	**(36,527)**
Changes in working capital:		
Trade and Other Receivables	(20,893)	1,364
Trade and Other Payables	6,216	701
Cash generated from operations	**(21,181)**	**(34,462)**
Income taxes paid	(2)	(2)
Cash flow from operating activities	**(21,183)**	**(34,464)**
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property Plant & Equipment and intangible assets (net)	38	(494)
Cash flow from investing activities	**38**	**(494)**
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Receipt of member's contribution	18,483	37,455
Payments in respect of deferred consideration liabilities (including interest)	(51)	(113)
Cash flow from financing activities	**18,432**	**37,342**
Net increase (decrease) in cash and cash equivalents	**(2,713)**	**2,384**
Cash and cash equivalents at the beginning of the period	3,167	783
Cash and cash equivalents at the end of the period	**454**	**3,167**

Changes in liabilities arising from financing activities

Particulars	**As at December 31, 2017**	**Accrual of interest expense**	**Cash flows**	**As at December 31, 2018**
Deferred payment liabilities	114	5	(51)	68

(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)

For and behalf of the Board of Directors of Saavn, LLC

Pramod Kumar Bapna	**Rishi Malhotra**	**Paramdeep Singh**	**Vinodh Bhat**	**Matthew Emerman**
Partner	**Chief Executive Officer**	**Executive Vice Chairman**	**President**	**Chief Financial Officer**
Membership No. 105497				
Date: 5th April 2019	**Date: 4th April 2019**	**Date: 4th April 2019**	**Date: 4th April 2019**	**Date: 29th March 2019**
Mumbai	**New York**	**New York**	**New York**	**Mumbai**

Notes to the financial statements for the year ended 31st December, 2018

A CORPORATE INFORMATION

Saavn, LLC ("the Company") is a limited liability company incorporated under laws of Delaware in United States of America. The address of its registered office and principal place of business is "460 Park Avenue South, 4th Floor, New York, NY 10016, United States".Company is engaged in business of providing Business Advisory, Marketing Support and Information Technology Support services.

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.

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

The financial statements are presented in United States Dollars (USD) which is the Company's functional currency and rounded of to nearest thousands ('000) except otherwise indicated.

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.

Property, plant and equipment which are significant to the total cost of that item of property, plant and equipment and having different useful life are accounted separately.

Depreciation on property, plant and equipment is provided using straight line method. Depreciation is provided based on useful life determined based on period over which economic benefits are expected to be received from the use of asset. The useful lives of the different category of assets are as under:

Assets	*Useful life in years as per management's estimates*	*Remarks*
Furniture and fixtures	5	Useful life as per Schedule III to the Companies Act, 2013 is 10 years
Equipments	5	-
Computers	3	-
Leasehold improvement	Term of Lease	-

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting 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 the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

Notes to the financial statements for the year ended 31st December, 2018

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.

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.

Amortisation on intangible assets is provided using straight line method. Amortisation is provided based on useful life determined based on period over which such intangibles are available to use. The useful lives of the different category of assets are as under:

Assets	*Useful life in years*
Original Programming	1

d Impairment of non-financial assets

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU), may be impaired. If any such indication exists 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.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

e 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.

f 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: A defined contributi on plan is a post-employment benefit plan under which the Company pays specified contributions to 401(k) retirement benefit. The Company makes specified monthly contributions towards qualified retirement benefit plan. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined Benefit Plans: The Company is not subject to defined benefit plans.

g Tax Expenses

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

Notes to the financial statements for the year ended 31st December, 2018

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 or substantively 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 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 is 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.

h 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.

i Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

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 when the performance of agreed contractual task has been performed.

Income from music publishing

Music publishing revenues are earned from the receipt of royalties relating to the licensing of rights in musical compositions. The receipt of royalties principally relates to amounts earned from the public performance of copyrighted material. In accordance with contractual arrangement, music publishing royalties are recognized as revenue on accrual basis.

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.

Royalty Fees

Royalty fees is recognised when the out-licensing of technologies and trademark made available for use and obligation pertaining to the same have been fulfilled as per contractual arrangement.

Notes to the financial statements for the year ended 31st December, 2018

j Cash and cash equivalents

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

k Financial instruments

Financial Asset

A. Initial recognition and measurement

All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. 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)

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 measurement 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. The Company do not hold any financial assets to be measurement at FVTPL.

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) if there is no significant increases in credit risk since initial recognition; or
- The lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument) if there is significant increase in credit risk since initial recognition.

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.

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.

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

Notes to the financial statements for the year ended 31st December, 2018

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.

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.

l Current and Non Current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:- Expected to be realized or intended to be sold or consumed in normal operating cycle- Held primarily for trading- Expected to be realized within twelve months after the reporting period, or- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

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

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

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. These amendments shall be applicable to the Company from January 1, 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

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

D FIRST TIME ADOPTION OF IND AS

The Company has adopted Ind AS with effect from January 1, 2018 with comparatives. The figures for the previous period has been prepared to comply with the requirement of Ind AS and Schedule III to the Companies Act, 2013.

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.

Reconciliation with Previous GAAP: These are Company's first financial statement and there is no prevailing previous GAAP; accordingly, reconciliation with previous GAAP is not applicable.

Notes to the financial statements for the year ended 31st December, 2018

1 PROPERTY, PLANT AND EQUIPMENTS, INTANGIBLE ASSETS

Description	Gross Block							Depreciation / Amortisation							Net Block		
	As at 1-Jan-17	Addition/ Adjustment	Deduction/ Adjustment	As at 31-Dec-17	Addition/ Adjustment	Deduction/ Adjustment	As at 31-Dec-18	As at 1-Jan-17	Addition/ Adjustment	Deduction/ Adjustment	As at 31-Dec-17	Addition/ Adjustment	Deduction/ Adjustment	As at 31-Dec-18	As at 31-Dec-18	As at 31-Dec-17	As at 1-Jan-17
Furniture and fixtures	8	2	-	10	-	-	**10**	1	2	-	3	2	-	5	**5**	7	7
Equipments *	299	28	-	327	17	-	**344**	241	29	-	270	37	-	307	**37**	57	58
Leasehold Improvements	81	-	-	81	-	-	**81**	17	22	-	39	22	-	61	**20**	42	64
Total (A)	**388**	**30**	**-**	**418**	**17**	**-**	**435**	**259**	**53**	**-**	**312**	**61**	**-**	**373**	**62**	**106**	**129**
Original Programming	892	465	-	1,357	15	70	**1,302**	548	506	-	1,054	248	1,302	-	303	344	
Total (B)	**892**	**465**	**-**	**1,357**	**15**	**70**	**1,302**	**548**	**506**	**-**	**1,054**	**248**	**-**	**1,302**	**-**	**303**	**344**
Total (A+B)	**1,280**	**495**	**-**	**1,775**	**32**	**70**	**1,737**	**807**	**559**	**-**	**1,366**	**309**	**-**	**1,675**	**62**	**409**	**473**

*Includes office equipment

Notes to the financial statements for the year ended 31st December, 2018

2 OTHER FINANCIAL ASSETS - NON CURRENT

Particulars	As at 31st December, 2018	As at 31st December, 2017	As at 1st January, 2017
Security deposits	196	203	182
Total	**196**	**203**	**182**

3 OTHER NON CURRENT ASSETS

Particulars	As at 31st December, 2018	As at 31st December, 2017	As at 1st January, 2017
Prepaid rent	-	7	19
Capital Advances	16	-	-
Total	**16**	**7**	**19**

4 TRADE RECEIVABLES

Particulars	As at 31st December, 2018	As at 31st December, 2017	As at 1st January, 2017
Unsecured and considered good			
From related parties	23,032	138	295
From others	548	1,383	1,234
Unsecured and considered doubtful			
From others	84	166	162
Less: Allowance for doubtful doubts	(84)	(166)	(162)
Total	**23,580**	**1,521**	**1,529**
Breakup for ageing details:			
Outstanding for More than 6 months			
Considered Good	101	218	420
Considered Doubtfull	84	166	162
Less: Allowance for doubtful doubts	(84)	(166)	(162)
Others			
Considered Good	23,479	1,303	1,108
Total	**23,580**	**1,521**	**1,529**

5 CASH AND CASH EQUIVALENTS

Particulars	As at 31st December, 2018	As at 31st December, 2017	As at 1st January, 2017
Balances with banks	453	3,150	762
Balances with E-commerce intermediaries (payment gateways)	1	17	21
Total	**454**	**3,167**	**783**

Notes to the financial statements for the year ended 31st December, 2018

6 OTHER CURRENT ASSETS

Particulars	As at 31st December, 2018	As at 31st December, 2017	As at 1st January, 2017
Prepaid rent	7	12	18
Other prepaid expenses	339	1,013	2,475
Current tax assets	-	2	-
Advances to related parties	-	138	295
Others	-	406	177
	346	**1571**	**2965**

7 EQUITY

Members Contribution

Particulars	As at 31st December, 2018	As at 31st December, 2017	As at 1st January, 2017
Contribution by Holding Company	196,900	178,417	140,962
Total	**196,900**	**178,417**	**140,962**

Member's Other Funds

Particulars	As at 31st December, 2018	As at 31st December, 2017	As at 1st January, 2017
Share in Net Income			
Opening Balance	(178,020)	(140,838)	(102,316)
Add: Loss for the year	(6,874)	(37,182)	(38,522)
Closing Balance	**(184,894)**	**(178,020)**	**(140,838)**
Total	**(184,894)**	**(178,020)**	**(140,838)**

8 FINANCIAL LIABILTIES - NON CURRENT

Particulars	As at 31st December, 2018	As at 31st December, 2017	As at 1st January, 2017
Deferred payment liabilities	-	54	109
Total	**-**	**54**	**109**

9 TRADE PAYABLES - CURRENT

Particulars	As at 31st December, 2018	As at 31st December, 2017	As at 1st January, 2017
Dues to Micro and Small Enterprises	-	-	-
Dues to others	12,433	6,127	5,481
Total	**12,433**	**6,127**	**5,481**

Note: The Company does not have any dues outstanding to Micro and Small Enterprises as mentioned in the Micro, Small and Medium Enterprises Development Act 2006. This is determined on the basis of information available with the Company.

Notes to the financial statements for the year ended 31st December, 2018

10 OTHER FINACIAL LIABILITES - CURRENT

Particulars	As at 31st December, 2018	As at 31st December, 2017	As at 1st January, 2017
Deferred Payment Liabilites - Current Maturities	68	60	53
Total	**68**	**60**	**53**

11 OTHER CURRENT LIABILITIES

Particulars	As at 31st December, 2018	As at 31st December, 2017	As at 1st January, 2017
Deferred revenue	139	230	180
Total	**139**	**230**	**180**

12 PROVISIONS (CURRENT)

Particulars	As at 31st December, 2018	As at 31st December, 2017	As at 1st January, 2017
Provision for Income Taxes	-	-	1
Other Statutory Dues	8	10	3
Total	**8**	**10**	**4**

13 REVENUE FROM OPERATIONS

Particulars	For the year ended 31st December, 2018	For the year ended 31st December, 2017
Service Fees	14,368	-
Revenue from Subscription	1,991	6,704
Revenue from Online Advertising	1,531	2,023
Royalty Revenue	217	-
Other Revenue	69	184
Total	**18,176**	**8,911**

14 OTHER INCOME

Particulars	For the year ended 31st December, 2018	For the year ended 31st December, 2017
Interest income on financial assets at amortised cost		
Deposits	14	22
Other	3	-
Provision No Longer Required Written Back	58	-
Liability No Longer Required Written Back	1,387	-
Foreign exchange gain (net)	276	-
Total	**1,738**	**22**

Notes to the financial statements for the year ended 31st December, 2018

15 EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended 31st December, 2018	For the year ended 31st December, 2017
Salaries and Wages	10,930	6,285
Contribution to Retirement Benefit Funds	157	142
Staff Welfare Expenses	651	649
Total	**11,738**	**7,076**

16 FINANCE COST

Particulars	For the year ended 31st December, 2018	For the year ended 31st December, 2017
Interest on financial liabilities at amortised cost	5	65
Total	**5**	**65**

17 OTHER EXPENSES

Particulars	For the year ended 31st December, 2018	For the year ended 31st December, 2017
Content Expenses	6,132	17,230
General Expenses	2,638	5,761
Professional Fees	1,754	1,836
Website Operations	1,269	4,528
Marketing Expenses	1,156	6,549
Travelling Expenses	1,111	654
Rent Expenses	560	536
Provision for bad and doubtful debts	55	30
Insurance Expenses	37	31
Repairs & Maintenance - Office	23	91
Foreign Exchange Loss	-	1,168
Total	**14,735**	**38,414**

18 INCOME TAXES CONTINUED DEFERRED TAX ASSETS (NET)

Particulars	As at 31st December, 2018	As at 31st December, 2017	As at 1st January, 2017
Deferred tax assets	4	89	172
Less: Deferred tax liabilities	(4)	(89)	(172)
Total	**-**	**-**	**-**

Notes to the financial statements for the year ended 31st December, 2018

NET CURRENT TAX ASSETS / (LIABILITIES)

Particulars	**As at 31st December, 2018**	**As at 31st December, 2017**	**As at 1st January, 2017**
Current tax assets (advance tax, self assessment tax, and withholding taxes)	1	2	1
Provision for income tax	(1)	(2)	(2)
Total	**-**	**-**	**(1)**

INCOME TAX RECOGNISED IN STATEMENT OF PROFIT AND LOSS

Particulars	**For the year ended 31st December, 2018**	**For the year ended 31st December, 2017**
Current tax expense	2	1
Deferred tax Benefit	-	-
Total	**2**	**1**

RECONCILIATION OF EFFECTIVE TAX RATE

Particulars	**For the year ended 31st December, 2018**	**For the year ended 31st December, 2017**
Profit before tax	**(6,872)**	**(37,181)**
Tax at the USA tax rate of 21% (Previous year: 34%)*	**(1,443)**	**(12,641)**
Adjustments:		
Expenses that are not deductible in determining taxable profit	26	9
Expenses not deducted in books but allowed for tax purpose	(13)	-
State taxes	1	7
Effect of temporary difference on which no deferred taxes were recognised	1,431	12,626
Tax expense as per statement of profit or loss	**2**	**1**

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

RECONCILIATION OF CURRENT TAX ASSETS (LIABILITIES)

Particulars	**For the year ended 31st December, 2018**	**For the year ended 31st December, 2017**
Opening balance of current tax assets (liabilities)	**-**	**(1)**
Add: Taxes paid	2	2
Less: Current tax payable for the year	(2)	(1)
Closing balance of current tax assets (liabilities)	**-**	**-**

Notes to the financial statements for the year ended 31st December, 2018

MOVEMENT OF DEFERRED TAX BALANCES FOR THE YEAR ENDED DECEMBER 31, 2018

Particulars	Net deferred tax asset (liability) balance as on January 1, 2018	Recognised in profit and loss	Recognised in OCI	Net deferred tax asset (liability) balance as on December 31, 2018
Deferred Revenue	-	3	-	3
Property, plant, and equipment	(11)	7	-	(4)
Intangible assets	(79)	79	-	-
Impairment allowance for financial assets	40	(39)	-	1
Charitable Contributions	25	(25)	-	-
Net operating losses	25	(25)	-	-
Total	-	-	-	-

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

Particulars	Net deferred tax asset (liability) balance as on January 1, 2017	Recognised in profit and loss	Recognised in OCI	Net deferred tax asset (liability) balance as on December 31, 2017
Property, plant, and equipment	(24)	13	-	(11)
Intangible assets	(148)	69	-	(79)
Impairment allowance for financial assets	60	(20)	-	40
Charitable Contributions	35	(10)	-	25
Net operating losses	77	(52)	-	25
Total	-	-	-	-

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

Particulars	As at 31st December, 2018	As at 31st December, 2017	As at 1st January, 2017
‘Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following			
- Tax losses (will begin to expire from 2031)	44,239	40,522	49,185
Total	***44,239***	***40,522***	***49,185***

Notes to the financial statements for the year ended 31st December, 2018

19 FINANCIAL INSTRUMENTS

A Capital management

The capital structure of the Company consists of member's contribution and member's other fund. 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 members 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 *Categories of financial instruments:*

Subsequent to initial recognition, all the financial instruments recognised in the balance sheet are measured at amortised cost. Company considers that the carrying amounts (i.e., amortised costs) of financial assets and financial liabilities, approximate their fair values.

Fair Value Hierarchy

Particulars	As at 31st December 2018				As at 31st December 2017				As at 1st January 2017			
	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	23,580	-	-	-	1,521	-	-	-	1,529	-	-	-
Cash and Cash Equivalents	454	-	-	-	3,167	-	-	-	783	-	-	-
Security Deposits	196	-	-	-	203	-	-	-	182	-	-	-
Financial Liabilities												
At Amortised Cost												
Deferred Payment Liabilities	68	-	-	-	114	-	-	-	163	-	-	-
Trade Payables	12,433	-	-	-	6,127	-	-	-	5,481	-	-	-

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
Liquidity risk	Deferred payment liabilities	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 USD, being the functional currency of the Company.

Notes to the financial statements for the year ended 31st December, 2018

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

Particulars	**As at 31st December, 2018**	**As at 31st December, 2017**	**As at 1st January, 2017**
Trade receivables	28	17	177
Trade payables	14	236	62

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

Particulars	**As at 31st December, 2018**	**As at 31st December, 2017**	**As at 1st January, 2017**
1% depreciation in USD against INR			
Impact on equity	(0)	2	(1)
Impact on profit or loss	(0)	2	NA
1% appreciation in USD against INR			
Impact on equity	0	(2)	1
Impact on profit or loss	0	(2)	NA

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 December, 2018*		*As at 31st December, 2017*		*As at 1stJanuary, 2017*	
	Upto 1 year	*1 to 5 Years*	*Upto 1 year*	*1 to 5 Years*	*Upto 1 year*	*1 to 5 Years*
Deferred Payment Liabilities*	75	-	60	65	60	120

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

* Include USD 7 thousands (current) interest accrued

Notes to the financial statements for the year ended 31st December, 2018

21 CONTINGENT LIABILITIES AND COMMITMENTS

Commitments	As at 31st December 2018	As at 31st December 2017	As at 1st January 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for	16	-	-

22 SEGMENT REPORTING

The Company is mainly engaged in one segment i.e. "Advisory and Support" services and hence there is no separate reportable segment as per Ind AS 108 - Operating Segments.

(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)

For and behalf of the Board of Directors of Saavn, LLC

Pramod Kumar Bapna
Partner

Membership No. 105497

Date: 5th April 2019
Mumbai

Rishi Malhotra	**Paramdeep Singh**	**Vinodh Bhat**	**Matthew Emerman**
Chief Executive Officer	**Executive Vice Chairman**	**President**	**Chief Financial Officer**
Date: 4th April 2019	**Date: 4th April 2019**	**Date: 4th April 2019**	**Date: 29th March 2019**
New York	**New York**	**New York**	**Mumbai**