# TV18 Home Shopping Network Limited

# Independent Auditor's Report

**To the Members of TV18 Home Shopping Network Limited**

**Report on the Financial Statements**

1. We have audited the accompanying financial statements of TV18 Home Shopping Network Limited (the 'Company'), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We 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.

5. We conducted our audit in accordance with the Standards on Auditing 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.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. 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**

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

**Report on Other Legal and Regulatory Requirements**

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

10. 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 financial statements dealt with by this report are in agreement with the books of account;

    d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

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

    f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 18 April 2016 as per Annexure II expressed unmodified opinion; and

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

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

        ii. the Company, as detailed in Note 10 to the financial statements, has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

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

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

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

**Place :** Noida
**Date :** 18 April 2016

# Annexure I

**Annexure I to the Independent Auditor's Report of even date to the members of TV18 Home Shopping Network Limited on the financial statements for the year ended 31 March 2016**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

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

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The Company does not hold any immovable properties. Accordingly, the provisions of clause 3(ii)(c) of the Order are not applicable.

(ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) The Company has not granted any loan, 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 clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has complied with the provisions of sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.

(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.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's services and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

| Name of the statute | Nature of dues | Amount (₹) | Amount paid under protest (₹) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| Maharashtra Value Added Tax Act, 2002 | Value Added Tax (VAT) | 4,717,634 | 300,000 | 1 April 2006 to 31 March 2007 | Deputy Commissioner of Sales Tax |

(viii) In our opinion, the Company has not defaulted in repayment of loans or borrowings to any bank during the year. The Company has no loans or borrowings payable to a financial institution or government and has no dues payable to debentures holders during the year.

(ix) In our opinion, the Company has applied the term loans for the purposes for which these were raised. The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) In our opinion, the provisions of section 197 of the Act read with Schedule V to the Act is not applicable to the Company as the Company does not pay any remuneration to the directors. Accordingly, the provisions of clause 3(xi) of the Order are not applicable.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xii) In our opinion all transactions with the related parties are in compliance with sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.

(xiii) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xiv) The Company has not entered into any non-cash transactions with directors or persons connected with them.

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

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

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

**Place :** Noida
**Date :** 18 April 2016

# Annexure II

**Annexure II to the Independent Auditor's Report of even date to the members of TV18 Home Shopping Network Limited on the financial statements for the year ended 31 March 2016**

**Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the 'Act')**

1. In conjunction with our audit of the financial statements of TV18 Home Shopping Network Limited (the 'Company') as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company of as of that date.

**Management's Responsibility for Internal Financial Controls**

2. The Company's Board of Directors 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 ('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 the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

**Meaning of Internal Financial Controls over Financial Reporting**

6. A Company's IFCoFR 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 IFCoFR 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**

7. Because of the inherent limitations of IFCoFR, 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

IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

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

**Place :** Noida
**Date :** 18 April 2016

# Balance sheet as at 31 March 2016

| | Notes | As at 31 March 2016 ₹ | As at 31 March 2015 ₹ |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Shareholders' funds** | | | |
| Share capital | 3 | 89,675,510 | 89,675,510 |
| Reserves and surplus | 4 | (815,475,268) | 27,480,489 |
| | | (725,799,758) | 117,155,999 |
| **Non-current liabilities** | | | |
| Long-term borrowings | 5 | - | 51,302,922 |
| Other long-term liabilities | 6 | 491,089 | 746,179 |
| Long-term provisions | 7 | 36,786,332 | 38,362,148 |
| | | 37,277,421 | 90,411,249 |
| **Current liabilities** | | | |
| Short-term borrowings | 8 | 1,537,937,900 | 662,002,813 |
| Trade payables | 9 | 916,587,867 | 902,151,609 |
| Other current liabilities | 10 | 655,221,312 | 519,052,092 |
| Short-term provisions | 11 | 26,274,496 | 48,730,212 |
| | | 3,136,021,575 | 2,131,936,726 |
| | | 2,447,499,238 | 2,339,503,974 |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Fixed assets | | | |
| Tangible assets | 12 | 246,810,291 | 357,355,984 |
| Intangible assets | 13 | 88,130,181 | 119,749,632 |
| Long-term loans and advances | 14 | 905,692,858 | 811,064,169 |
| | | 1,240,633,330 | 1,288,169,785 |
| **Current assets** | | | |
| Trade receivables | 15 | 56,961,374 | 103,255,825 |
| Cash and bank balances | 16 | 15,496,166 | 112,263,449 |
| Short-term loans and advances | 17 | 1,134,403,868 | 820,065,144 |
| Other current assets | 18 | 4,500 | 15,749,771 |
| | | 1,206,865,908 | 1,051,334,189 |
| | | 2,447,499,238 | 2,339,503,974 |

Notes 1 to 45 form an integral part of these financial statements.
This is the balance sheet referred to in our report of even date.

**For Walker Chandiok & Co LLP**
*(formerly Walker, Chandiok & Co)*
Chartered Accountants

per **B.P.Singh**
Partner

**Place** : Noida
**Date** : 18 April 2016

For and on behalf of the Board of Directors of
**TV18 Home Shopping Network Limited**

**Adil Zainulbhai**
Director
DIN: 0664690

**Rohit Bansal**
Director
DIN: 02067348

**Sanjeev Agrawal**
Chief Executive Officer

**S Anandanarayanan**
Chief Financial Officer

**Meenakshi Bahl**
Company Secretary
Mem. No.: A35816

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

| | Notes | **Year ended 31 March 2016 ₹** | Year ended 31 March 2015 ₹ |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from operations | **19** | **3,877,202,848** | 4,438,664,036 |
| Other income | **20** | **27,407,938** | 54,918,681 |
| **Total revenue** | | **3,904,610,786** | 4,493,582,717 |
| **Expenses** | | | |
| Employee benefits expense | **21** | **581,094,979** | 683,711,261 |
| Finance costs | **22** | **133,302,171** | 75,184,999 |
| Depreciation and amortization expense | **23** | **157,585,841** | 181,172,187 |
| Other expenses | **24** | **3,875,583,552** | 4,609,909,880 |
| **Total expenses** | | **4,747,566,543** | 5,549,978,327 |
| **Loss before prior period and exceptional items** | | **(842,955,757)** | (1,056,395,610) |
| Prior period items | **25** | **-** | (635,422,432) |
| Exceptional items | **26** | **-** | (57,325,064) |
| **Loss for the year** | | **(842,955,757)** | (1,749,143,106) |
| Earnings per equity share (Basic and diluted) | **27** | **(679.37)** | (1,409.70) |

Notes 1 to 45 form an integral part of these financial statements.

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

**For Walker Chandiok & Co LLP**
*(formerly Walker, Chandiok & Co)*
Chartered Accountants

per **B.P.Singh**
Partner

**Place** : Noida
**Date** : 18 April 2016

For and on behalf of the Board of Directors of
**TV18 Home Shopping Network Limited**

**Adil Zainulbhai**
Director
DIN: 0664690

**Rohit Bansal**
Director
DIN: 02067348

**Sanjeev Agrawal**
Chief Executive Officer

**S Anandanarayanan**
Chief Financial Officer

**Meenakshi Bahl**
Company Secretary
Mem. No.: A35816

# Cash flow statement for the year ended 31 March 2016

| | | Year ended 31 March 2016 ₹ | Year ended 31 March 2015 ₹ |
|---|---|---|---|
| **A.** | **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| | Loss before tax and exceptional items | **(842,955,757)** | (1,691,818,042) |
| | Adjustments for : | | |
| | Depreciation and amortization expense | **157,585,841** | 181,172,187 |
| | Exceptional items (refer note 26) | **-** | (57,325,064) |
| | Loss on sale of fixed assets | **409,465** | 1,913,757 |
| | Provision for doubtful advances | **3,005,744** | 526,508,261 |
| | Balances written off | **838,693** | 145,626,493 |
| | Liabilities/provisions written back | **(26,310,151)** | (2,914,489) |
| | Goodwill written off | **-** | 21,500,000 |
| | Assets written off | **4,031,246** | - |
| | Interest expense | **120,955,547** | 61,646,774 |
| | Exchange loss on buyers credit | **4,464,826** | 5,254,462 |
| | Loan processing charges | **4,330,976** | 5,929,886 |
| | Interest income | **(1,097,787)** | (51,162,135) |
| | Operating loss before working capital changes | **(574,741,357)** | (853,667,911) |
| | Adjustments for : | | |
| | Decrease in trade receivables | **46,294,451** | 43,752,202 |
| | Increase in loans and advances | **(309,454,670)** | (62,781,719) |
| | Increase in current and non-current liabilities | **193,539,315** | 174,640,165 |
| | Decrease in provisions | **(24,031,532)** | (13,770,966) |
| | Cash used in operations | **(668,393,793)** | (711,828,229) |
| | Tax paid (net of refund received) | **(103,413,160)** | (205,946,657) |
| | Net cash used in operating activities | **(771,806,953)** | (917,774,886) |
| **B.** | **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| | Purchase of tangible assets | **(22,392,759)** | (104,921,804) |
| | Purchase of intangible assets | **(6,534,050)** | (53,556,420) |
| | Proceeds from sale of tangible assets | **9,065,401** | 5,272,328 |
| | (Deposit in)/ proceeds from maturity of fixed deposits (net) | **99,387,436** | 540,000,000 |
| | Interest received | **16,843,058** | 52,356,321 |
| | Net cash generated from investing activities | **96,369,087** | 439,150,425 |
| **C.** | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | Repayment of long term borrowing | **(51,302,922)** | (70,000,000) |
| | Proceeds of short term borrowing (net) | **858,225,512** | 504,564,744 |
| | Interest expense | **(124,589,573)** | (66,892,027) |
| | Loan processing charges | **(4,274,998)** | (7,804,472) |
| | Net cash generated from financing activities | **678,058,019** | 359,868,245 |
| | Net increase/(decrease) in cash and cash equivalents | **2,620,153** | (118,756,216) |
| | Cash and cash equivalents as at the beginning of the year | **8,461,469** | 127,217,685 |
| | Cash and cash equivalents as at the end of the year | **11,081,622** | 8,461,469 |
| | **Cash and bank balances includes:** | | |
| | **Cash and cash equivalents** | | |
| | Cash on hand | **512,724** | 1,796,606 |
| | Balance with banks | | |
| | - on current accounts | **10,568,898** | 6,664,863 |
| | | **11,081,622** | 8,461,469 |
| | **Other bank balances** | | |
| | Deposits with original maturity of more than 3 months but less than 12 months | **4,414,544** | 103,801,980 |
| | **Balance as per books (refer note 16)** | **15,496,166** | 112,263,449 |

Notes 1 to 45 form an integral part of these financial statements.
This is the cash flow statement referred to in our report of even date.

**For Walker Chandiok & Co LLP**
*(formerly Walker, Chandiok & Co)*
Chartered Accountants

per **B.P.Singh**
Partner

**Place** : Noida
**Date** : 18 April 2016

For and on behalf of the Board of Directors of
**TV18 Home Shopping Network Limited**

**Adil Zainulbhai**
Director
DIN: 0664690

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Chief Executive Officer

**S Anandanarayanan**
Chief Financial Officer

**Meenakshi Bahl**
Company Secretary
Mem. No.: A35816

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

**1. Background**

TV18 Home Shopping Network Limited (the 'Company'), was incorporated in India on 13 June 2006.

The Company is primarily engaged in providing the platform to vendors for marketing and distribution of consumer goods through the television channel owned by the Company, its website and call centers and courier companies engaged by it for delivery of the goods of such third party vendors to customers located across India.

**2. Basis of preparation**

The financial statements have been prepared under historical cost convention, on accrual basis, in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The accounting policies have been consistently applied by the Company.

2.1 **Summary of significant accounting policies**

**a. Use of estimates**

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

**b. Tangible fixed assets**

Tangible fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are changed to the statement of profit and loss for the period during which such expenses are incurred.

Capital expenditure incurred on rented properties is classified as 'Leasehold improvements' under fixed assets.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**c. Depreciation on tangible fixed assets**

Depreciation is recognized on a straight-line basis based on useful life to write down the cost less residual value of tangible fixed assets. The periods applicable are:

| **Asset Description** | **Useful life** |
|---|---|
| Computer hardware | 3-6 years |
| Plant and machinery | 2-7 years |
| Furniture and fixtures | 5-10 years |
| Vehicles | 6-7 years |

Leasehold improvements are amortized over the expected useful lives of the underlying assets (determined by reference to comparable owned assets) or over the term of the lease, whichever is shorter.

Gains or losses arising on the disposal of tangible assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in the Statement of profit and loss.

**d. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated

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

intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Goodwill is recorded in the books when consideration is paid in excess of the value of the net assets of the business taken over.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**e. Amortisation of intangible assets**

Intangible assets are amortized on a straight line basis over the estimated usefullife. Computer software, Customer interaction portals and trademarks are amortised over a period of five years on straight-line basis.

Goodwill is amortized over the period of five years.

**f. Operating leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases.Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**g. Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost and the same is accordingly reversed in the statement of profit and loss.

**h. Revenue recognition**

a. Commission on sale of products and reimbursement of freight and collection expenses:

Commission on sale of product and reimbursement of freight and collection expenses is recognized at the time of delivery of products by the courier companies to customer in accordance with contracted terms with the vendors.

b. Interest income :

Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

**i. Foreign currency transactions**

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

**j. Employee benefits**

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15- ‘Employee Benefits’ of Companies (Accounting Standards) Rules, 2006.

i. Provident fund and Employee State Insurance Scheme
Employee benefits in the form of Provident Fund and Employee State Insurance Scheme are defined contribution plans and the contributions are charged to the statement of profit and loss of the year when the contributions to the funds are due. There are no other obligations other than the contribution payable to the funds.

ii. Gratuity
Gratuity is a post- employment benefit and is in the nature of a defined benefit plan. The liability recognised in the

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

balance sheet in respect of gratuity is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is calculated at the balance sheet date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of profit and loss in the year in which such gains or losses are determined.

iii. Compensated absences

Liability in respect of compensated absences becoming due or expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of compensated absences becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

**k. Income-taxes**

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of Income Tax Act, 1961 as applicable to the financial year. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situation, where the company has unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

**l. Earnings/ (loss) per share**

Basic earnings or loss per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings or loss per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**m. Provisions andcontingent liabilities**

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

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

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

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

**n. Cash and cash equivalents**

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

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

**3 Share capital**

| | **As at 31 March 2016** | | As at 31 March 2015 | |
|---|---|---|---|---|
| | **Number** | **₹** | Number | ₹ |
| **Authorised share capital** | | | | |
| Equity shares of ₹ 10 each | **11,000,000** | **110,000,000** | 11,000,000 | 110,000,000 |
| Preference shares of ₹ 100 each | **1,000,000** | **100,000,000** | 1,000,000 | 100,000,000 |
| | | **210,000,000** | | **210,000,000** |
| **Issued, subscribed and fully paid-up capital** | | | | |
| Equity shares of ₹ 10 (previous year ₹10) each fully paid up | **1,240,791** | **12,407,910** | 1,240,791 | 12,407,910 |
| 15% Compulsory convertible preference shares of ₹ 100 (previous year ₹100) | **135,000** | **13,500,000** | 135,000 | 13,500,000 |
| 5% Optionally convertible preference shares of ₹ 100 (previous year ₹100 ) | **101,181** | **10,118,100** | 101,181 | 10,118,100 |
| 0.01% Compulsory convertible preference shares of ₹ 100 (previous year ₹100 ) | **291,998** | **29,199,800** | 291,998 | 29,199,800 |
| 0.001% Compulsory convertible preference shares of ₹ 100 (previous year ₹100 ) | **244,497** | **24,449,700** | 244,497 | 24,449,700 |
| **Total issued, subscribed and fully paid-up share capital** | | **89,675,510** | | **89,675,510** |

**a Reconciliation of the shares outstanding at the beginning and at the end of the year**

**i. Equity shares**

| | **As at 31 March 2016** | | As at 31 March 2015 | |
|---|---|---|---|---|
| | **Numbers** | **₹** | Numbers | ₹ |
| Shares outstanding at the beginning/end of the year | **1,240,791** | **12,407,910** | 1,240,791 | 12,407,910 |

**ii. 15% compulsory convertible preference shares**

| | **As at 31 March 2016** | | As at 31 March 2015 | |
|---|---|---|---|---|
| | **Numbers** | **₹** | Numbers | |
| Outstanding at the beginning/ end of the year | **135,000** | **13,500,000** | 135,000 | 13,500,000 |

**iii. 5% optionally convertible preference shares**

| | **As at 31 March 2016** | | As at 31 March 2015 | |
|---|---|---|---|---|
| | **Numbers** | **₹** | Numbers | ₹ |
| Outstanding at the beginning/ end of the year | **101,181** | **10,118,100** | 101,181 | 10,118,100 |

**iv. 0.01% compulsory convertible preference shares**

| | **As at 31 March 2016** | | As at 31 March 2015 | |
|---|---|---|---|---|
| | **Numbers** | **₹** | Numbers | ₹ |
| Outstanding at the beginning/ end of the year | **291,998** | **29,199,800** | 291,998 | 29,199,800 |

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

**v. 0.001% compulsory convertible preference shares**

| | As at 31 March 2016 | | As at 31 March 2015 | |
|---|---|---|---|---|
| | **Numbers** | **₹** | Numbers | ₹ |
| Outstanding at the beginning/ end of the year | **244,497** | **24,449,700** | 244,497 | 24,449,700 |

**b Details of shares held by the immediate holding company and by the parent of its immediate holding company:**

| | As at 31 March 2016 | | As at 31 March 2015 | |
|---|---|---|---|---|
| | **Numbers** | **₹** | Numbers | ₹ |
| **i. NW18 HSN Holdings PLC , the holding company** | | | | |
| Equity shares of ₹ 10 each fully paid * | **1,240,791** | **12,407,910** | 1,240,785 | 12,407,850 |
| 15% Compulsory convertible preference shares of ₹ 100 each fully paid | **135,000** | **13,500,000** | 135,000 | 13,500,000 |
| 5% Optionally convertible preference shares of ₹ 100 each fully paid | **101,181** | **10,118,100** | 101,181 | 10,118,100 |
| 0.01% Compulsory convertible preference shares of ₹ 100 each fully paid | **291,998** | **29,199,800** | 291,998 | 29,199,800 |
| **ii. Network 18 Media & Investments Limited, the holding company of NW18 HSN Holdings PLC** | | | | |
| 0.001% Compulsory convertible preference shares of ₹ 100 each fully paid | **244,497** | **24,449,700** | 244,497 | 24,449,700 |

* Inclusive of shares are held by nominees of NW18 HSN Holdings PLC

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

| | As at 31 March 2016 | | As at 31 March 2015 | |
|---|---|---|---|---|
| | **Numbers** | **% of holding** | Numbers | % of holding |
| **i. Shares held by NW18 HSN Holdings PLC , the holding company** | | | | |
| Equity shares of ₹ 10 each fully paid* | **1,240,791** | **100%** | 1,240,785 | 100% |
| 15% Compulsory convertible preference shares of ₹ 100 each fully paid | **135,000** | **100%** | 135,000 | 100% |
| 5% Optionally convertible preference shares of ₹ 100 each fully paid | **101,181** | **100%** | 101,181 | 100% |
| 0.01% Compulsory convertible preference shares of ₹ 100 each fully paid | **291,998** | **100%** | 291,998 | 100% |
| **ii. Shares held by Network 18 Media & Investments Limited, the holding company of NW18 HSN Holdings PLC** | | | | |
| 0.001% Compulsory convertible preference shares of ₹ 100 each fully paid | **244,497** | **100%** | 244,497 | 100% |

* Inclusive of shares are held by nominees of NW18 HSN Holdings PLC

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

**d Rights, preferences and restrictions attached to each class of shares**

**i. Equity shares**

The Company has only one class of equity shares with a face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees upon recommendation of the Board of Directors and approval in the annual general meeting of the Company. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after payment of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

**ii. 15% Compulsory convertible preference shares**

These shares are entitled to fixed dividend at the rate of 15% subject to the availability of profit and have a tenure of 20 years from the date of issue i.e. 2012-13. These shares are non-cumulative in nature and convertible into equity shares of the Company before the expiry of the tenure based on the mutual consent of the companies. These shall have priority over equity shares in regard to payment of the dividend and repayment.

**iii. 5% Optionally convertible preference shares**

These shares carry a 'put/call' option of conversion into equity shares of the Company at a price determined mutually by the subscriber and the Board of Directors of the Company in conformity with the applicable regulatory provisions relating to price prevailing at the time of exercise of the option. In case of non-conversion of these shares, they will be redeemed after the expiry of 10 years, at a premium of ₹ 400 per share. These are non cumulative in nature.

**iv. 0.01% Compulsory convertible preference shares**

These shares are compulsory convertible into equity shares at any time during the period of 10 years from the date of issue at a price determined mutually by the subscriber and the Board of Directors of the Company in conformity with the applicable regulatory provisions relating to the price prevailing at the time of conversion. The preference shares shall be entitled to a premium, to be determined based on the maximum rate of dividend payable by an Indian company under the prevailing regulatory guidelines (on preference shares held by a foreign investor). These are non cumulative in nature.

**v. 0.001% Compulsory convertible preference shares**

These shares are non - cumulative in nature and are convertible into equity shares of the company only on the mutual consent of the companies. These are entitled to fixed dividend at the rate of 0.001% subject to the availability of profits and have a tenure of 10 years from the date of allotment. These are non cumulative in nature.

**e Details of shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and brought back during the last 5 years for each class of shares**

No such issue has taken place in the immediately preceding five years. The Company has not issued any shares pursuant to a contract without payment being received in cash nor has there been any buy-back of shares in the current year and preceding five years.

| 4 Reserves and surplus | **As at 31 March 2016 ₹** | As at 31 March 2015 ₹ |
|---|---|---|
| **Securities premium account** | | |
| Balance at the beginning/end of the year | **6,603,396,863** | 6,603,396,863 |
| **Deficit in the statement of profit and loss** | | |
| Balance at the beginning of the year | **(6,575,916,374)** | (4,822,631,669) |
| Add: Depreciation charge (refer note 40) | - | (4,141,599) |
| Add: Loss for the year | **(842,955,757)** | (1,749,143,106) |
| Balance at the end of the year | **(7,418,872,131)** | (6,575,916,374) |
| | **(815,475,268)** | 27,480,489 |

| | | As at 31 March 2016 | As at 31 March 2015 |
|---|---|---|---|
| **5** | **Long-term borrowings** | | |
| | **Secured** | **₹** | ₹ |
| | Term loan from bank* | - | 51,302,922 |
| | | - | 51,302,922 |

* On 26 July 2013, the Company entered into an arrangement with bank to avail credit facilities upto ₹ 250,000,000 available for a period of 48 months, carrying an interest rate 1.25% above the bank's base rate and repayable in 14 structured quarterly instalments from 30 June 2014 onwards. The facility is secured by hypothecation of moveable fixed assets and entire current assets (including loan and advances) and further by way of corporate guarantee by Network18 Media & Investments Limited.

| | | | |
|---|---|---|---|
| **6** | **Other long-term liabilities** | | |
| | Due to others | **491,089** | 746,179 |
| | | **491,089** | 746,179 |
| **7** | **Long-term provisions** | | |
| | Provision for employee benefits (refer note 28) | 36,786,332 | 38,362,148 |
| | | **36,786,332** | 38,362,148 |
| **8** | **Short-term borrowings** | | |
| | **Secured** | | |
| | From bank* | | |
| | Working capital demand loan | **1,220,000,000** | 500,000,000 |
| | Cash credit | **246,864,587** | 94,975,167 |
| | Buyer's credit | **71,073,313** | 67,027,646 |
| | | **1,537,937,900** | 662,002,813 |

* Short term borrowings from bank are secured by exclusive charge on current and moveable fixed assets including loans and advances and corporate guarantee by Network18 Media & Investments Limited.

| | | | |
|---|---|---|---|
| **9** | **Trade payables** | | |
| | Due to micro and small enterprises (refer note 43) | - | - |
| | Due to others | **916,587,867** | 902,151,609 |
| | | **916,587,867** | 902,151,609 |
| **10** | **Other current liabilities** | | |
| | Current maturity of long-term borrowings | **52,290,424** | 70,000,000 |
| | Statutory dues payable | **22,709,733** | 11,774,001 |
| | Book overdraft | **14,040,797** | 46,270,028 |
| | Security deposits | **1,000,000** | 1,000,000 |
| | Consideration collected on behalf of vendors for sales to customers | **485,295,162** | 309,439,847 |
| | Interest accrued but not due | **1,447,086** | 616,286 |
| | Derivative financial liabilities | **2,392,472** | 1,973,313 |
| | Unearned revenue | **38,425,921** | 50,092,821 |
| | Other payables | **37,619,717** | 27,885,796 |
| | | **655,221,312** | **519,052,092** |
| **11** | **Short-term provisions** | | |
| | Provision for employee benefits (refer note 28) | **4,023,802** | 1,653,009 |
| | Provision for incentives payable to employees | **22,250,694** | 47,077,203 |
| | | **26,274,496** | 48,730,212 |

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

**12 Tangible assets** **(In ₹)**

| | Plant and equipment | Furniture and fixtures | Vehicles | Computers | Leasehold improve-ments | Total |
|---|---|---|---|---|---|---|
| **Gross block** | | | | | | |
| Balance as at 1 April 2014 | 362,123,132 | 19,907,212 | 10,672,860 | 132,718,585 | 180,537,267 | 705,959,056 |
| Additions | 26,063,180 | 705,892 | 1,106,061 | 74,436,053 | 2,610,618 | 104,921,804 |
| Disposals/ Adjustment | 3,654,381 | 1,294,168 | 877,490 | 7,984,170 | 9,372,565 | 23,182,774 |
| **Balance as at 31 March 2015** | **384,531,931** | **19,318,936** | **10,901,431** | **199,170,468** | **173,775,320** | **787,698,086** |
| Additions | 3,127,109 | 751,715 | 987,502 | 12,479,836 | 1,015,351 | 18,361,513 |
| Disposals/Adjustments | 18,686,678 | 5,200,821 | 8,251,052 | 10,220,045 | 2,998,927 | 45,357,523 |
| **Balance as at 31 March 2016** | **368,972,362** | **14,869,830** | **3,637,881** | **201,430,259** | **171,791,744** | **760,702,076** |
| **Accumulated depreciation** | | | | | | |
| Balance as at 1 April 2014 | 136,661,752 | 7,175,246 | 3,285,447 | 44,894,241 | 103,046,426 | 295,063,112 |
| Charge for the year | 66,527,847 | 5,979,947 | 1,443,492 | 32,008,686 | 41,211,721 | 147,171,693 |
| Adjusted to opening reserves (refer note 40) | 3,346,246 | 708,426 | - | 49,313 | - | 4,103,985 |
| Reversal on disposal of assets | 2,311,847 | 265,125 | 676,728 | 3,370,423 | 9,372,565 | 15,996,688 |
| **Balance as at 31 March 2015** | **204,223,998** | **13,598,494** | **4,052,211** | **73,581,817** | **134,885,582** | **430,342,102** |
| Charge for the year | 56,654,539 | 1,367,781 | 1,368,198 | 32,149,583 | 27,892,239 | 119,432,340 |
| Reversal/ Adjustment on disposal of assets | 14,793,527 | 4,838,799 | 3,934,519 | 10,033,985 | 2,281,827 | 35,882,657 |
| **Balance as at 31 March 2016** | **246,085,010** | **10,127,476** | **1,485,890** | **95,697,415** | **160,495,994** | **513,891,785** |
| **Net block** | | | | | | |
| **Balance as at 31 March 2015** | **180,307,933** | **5,720,442** | **6,849,220** | **125,588,651** | **38,889,738** | **357,355,984** |
| **Balance as at 31 March 2016** | **122,887,352** | **4,742,354** | **2,151,991** | **105,732,844** | **11,295,750** | **246,810,291** |

**13 Intangible assets** **(In ₹ )**

| | Computer software | Customer interaction portals | Trademark | Goodwill | Total |
|---|---|---|---|---|---|
| **Gross block** | | | | | |
| Balance as at 1 April 2014 | 102,145,099 | 25,066,961 | 722,449 | 50,000,000 | 177,934,509 |
| Additions | 53,109,420 | - | 447,000 | - | 53,556,420 |
| **Balance as at 31 March 2015** | 155,254,519 | 25,066,961 | 1,169,449 | 50,000,000 | 231,490,929 |
| Additions | 6,534,050 | - | - | - | 6,534,050 |
| **Balance as at 31 March 2016** | **161,788,569** | **25,066,961** | **1,169,449** | **50,000,000** | **238,024,979** |
| **Amortization** | | | | | |
| Balance as at 1 April 2014 | 24,921,067 | 5,119,026 | 163,096 | 26,000,000 | 56,203,189 |
| Charge for the year | 26,293,355 | 4,697,357 | 509,782 | 2,500,000 | 34,000,494 |
| Adjusted to opening reserves (refer note 40) | 37,614 | - | - | - | 37,614 |
| Goodwill written off | - | - | - | 21,500,000 | 21,500,000 |
| **Balance as at 31 March 2015** | 51,252,036 | 9,816,383 | 672,878 | 50,000,000 | 111,741,297 |
| Charge for the year | 32,798,228 | 5,134,751 | 220,522 | - | 38,153,501 |
| **Balance as at 31 March 2016** | **84,050,264** | **14,951,134** | **893,400** | **50,000,000** | **149,894,798** |
| **Net block** | | | | | |
| **Balance as at 31 March 2015** | **104,002,483** | **15,250,578** | **496,571** | **-** | **119,749,632** |
| **Balance as at 31 March 2016** | **77,738,305** | **10,115,827** | **276,049** | **-** | **88,130,181** |

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

| | | As at 31 March 2016 ₹ | As at 31 March 2015 ₹ |
|---|---|---|---|
| **14** | **Long-term loans and advances (Unsecured, considered good)** | | |
| | Security deposits | **37,706,072** | 45,257,202 |
| | Capital advances | **1,492,762** | 2,164,145 |
| | Other loans and advances | | |
| | Income tax paid | **864,120,692** | 760,707,532 |
| | Balance with statutory authorities | **300,000** | - |
| | Prepaid expenses | **2,073,332** | 2,935,290 |
| | | **905,692,858** | 811,064,169 |
| **15** | **Trade receivables** (Unsecured) | | |
| | Outstanding for a period exceeding six months from the due date | | |
| | Considered good | **15,809,220** | 6,565,711 |
| | Considered doubtful | **17,017,992** | 17,017,992 |
| | Less: Provision for doubtful debts | **(17,017,992)** | (17,017,992) |
| | | **15,809,220** | 6,565,711 |
| | Others | | |
| | Considered good | **41,152,154** | 96,690,114 |
| | | **41,152,154** | 96,690,114 |
| | | **56,961,374** | 103,255,825 |
| **16** | **Cash and bank balances** | | |
| | **Cash and cash equivalents** | | |
| | Balances with banks: | | |
| | – On current accounts | **10,568,898** | 6,664,863 |
| | Cash on hand | **512,724** | 1,796,606 |
| | | **11,081,622** | 8,461,469 |
| | **Other bank balances** | | |
| | – Deposits with original maturity of more than 3 months but less than 12 months* | **4,414,544** | 103,801,980 |
| | | **4,414,544** | 103,801,980 |
| | | **15,496,166** | 112,263,449 |

*Includes deposit of ₹ 112,385 (previous year ₹ 80,464) pledged with statutory authorities.

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

| | | As at 31 March 2016 ₹ | As at 31 March 2015 ₹ |
|---|---|---|---|
| **17** | **Short- term loans and advances (Unsecured and considered good unless otherwise stated)** | | |
| | Loans and advances to related party | **140,960,142** | 106,782,540 |
| | Advances recoverable in cash or kind: | | |
| | -Secured, considered good | **1,000,000** | 1,000,000 |
| | -Unsecured, considered good | **870,237,421** | 643,228,336 |
| | -Unsecured, considered doubtful | **373,281,088** | 520,866,514 |
| | | **1,244,518,509** | 1,165,094,850 |
| | Less: Provisions for doubtful advances | **(373,281,088)** | (520,866,514) |
| | | **871,237,421** | 644,228,336 |
| | Inter corporate deposit | | |
| | -Considered good | - | 3,005,743 |
| | -Considered doubtful | **35,617,984** | 28,600,000 |
| | | **35,617,984** | 31,605,743 |
| | Less: Provisions for doubtful inter corporate deposit | **(35,617,984)** | (28,600,000) |
| | | - | 3,005,743 |
| | Balance with statutory authorities | **39,258,176** | 12,477,304 |
| | Prepaid expenses | **75,580,819** | 51,097,624 |
| | Others | **7,367,310** | 2,473,597 |
| | | **1,134,403,868** | **820,065,144** |
| **18** | **Other current assets** | | |
| | Interest accrued but not due on fixed deposits | **4,500** | 15,749,771 |
| | | **4,500** | **15,749,771** |

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

| | | Year ended 31 March 2016 ₹ | Year ended 31 March 2015 ₹ |
|---|---|---|---|
| **19** | **Revenue from operations** | | |
| | **Sale of services** | | |
| | Commission on sale of products | **3,396,223,498** | 4,367,566,567 |
| | Reimbursement of freight and collection expenses | **463,959,943** | 47,409,690 |
| | Sponsorship income | **17,019,407** | 23,687,779 |
| | | **3,877,202,848** | **4,438,664,036** |
| **20** | **Other income** | | |
| | Interest income on | | |
| | Bank deposits | **1,097,787** | 34,783,967 |
| | Refund of income tax | **-** | 12,374,168 |
| | Others (net of provision ₹ 4,012,242 (previous year ₹ nil) | **-** | 4,004,000 |
| | Liabilities/provisions written back | **26,310,151** | 2,914,489 |
| | Miscellaneous income | **-** | 842,057 |
| | | **27,407,938** | 54,918,681 |
| **21** | **Employee benefits expense** | | |
| | Salaries, wages and bonus | **512,677,498** | 609,860,796 |
| | Contribution to provident and other funds | **28,388,230** | 30,717,606 |
| | Other employee benefits (refer note 28) | **11,940,317** | 16,277,655 |
| | Staff welfare expenses | **28,088,934** | 26,855,204 |
| | | **581,094,979** | 683,711,261 |
| **22** | **Finance costs** | | |
| | Interest expense | **120,955,547** | 61,646,774 |
| | Exchange loss on buyers credit | **4,464,826** | 5,254,462 |
| | Other borrowing costs | **7,881,798** | 8,283,763 |
| | | **133,302,171** | 75,184,999 |
| **23** | **Depreciation and amortisation expense** | | |
| | Depreciation of tangible assets | **119,432,340** | 147,171,693 |
| | Amortisation of intangible assets | **38,153,501** | 34,000,494 |
| | | **157,585,841** | 181,172,187 |

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

| | | Year ended 31 March 2016 ₹ | Year ended 31 March 2015 ₹ |
|---|---|---|---|
| **24** | **Other expenses** | | |
| | Content purchase and production costs | **184,493,633** | 166,848,768 |
| | Rent | **101,725,756** | 103,286,229 |
| | Communication expenses | **114,903,400** | 163,846,514 |
| | Freight and distribution expenses | **2,621,173,158** | 2,912,887,853 |
| | Advertisement and business promotion | **329,606,914** | 480,900,744 |
| | Electricity and water | **58,432,186** | 50,395,782 |
| | Insurance expenses | **12,882,424** | 11,249,221 |
| | Repair and maintenance | | |
| | (i) Plant and machinery | **23,943,777** | 25,135,218 |
| | (ii) Others | **32,616,201** | 34,220,646 |
| | Travelling and conveyance | **101,855,490** | 128,756,155 |
| | Vehicle running and maintenance | **3,109,393** | 8,043,595 |
| | Legal and professional expenses | **152,787,601** | 175,774,964 |
| | Payment to auditor (refer note no 36) | **2,451,341** | 2,056,079 |
| | Balances written off | **838,693** | 887,259 |
| | Provision for doubtful advances | **3,005,744** | - |
| | Assets written off | **4,031,246** | - |
| | Customer service expenditure | **64,538,099** | 290,781,217 |
| | Website maintenance expenses | **5,834,236** | 2,148,801 |
| | Loss on sale of fixed assets | **409,465** | 1,913,757 |
| | Office running and maintenance | **26,540,432** | 22,630,683 |
| | Printing and stationery | **4,218,727** | 4,973,279 |
| | Miscellaneous expenses | **26,185,636** | 23,173,116 |
| | | **3,875,583,552** | 4,609,909,880 |
| **25** | **Prior period items** | | |
| | Provision for doubtful loans and advances | - | 496,972,884 |
| | Advances recoverable in cash or in kind written off | - | 138,449,548 |
| | | - | 635,422,432 |
| **26** | **Exceptional items** | | |
| | Provision for doubtful loans and advances | - | 29,535,378 |
| | Advances recoverable in cash or in kind written off | - | 6,289,686 |
| | Goodwill written off | - | 21,500,000 |
| | | - | 57,325,064 |
| **27** | **Earnings per share** | | |
| | Loss after tax | **(842,955,757)** | (1,749,143,106) |
| | Face value of the equity shares | **10** | 10 |
| | Weighted average number of equity shares in calculating basic and diluted loss per equity share | **1,240,791** | 1,240,791 |
| | Earnings per share - basic and diluted* | **(679.37)** | (1,409.70) |

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

**28 Employee benefits:**

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amount recognized in the balance sheet for the respective plans.

**(Amounts in ₹)**

| Particulars | Year ended 31 March 2016 | | Year ended 31 March 2015 | |
|---|---|---|---|---|
| | Gratuity benefits | Compensated absences | Gratuity benefits | Compensated absences |
| **Change in present value of the benefit obligations are as follows:** | | | | |
| Present value of obligation at the beginning of the year | **25,890,535** | **14,124,622** | 22,326,677 | 15,281,469 |
| Current service cost | **6,227,987** | **4,853,349** | 5,900,476 | 4,851,156 |
| Interest cost | **2,071,243** | **1,129,970** | 1,897,768 | 1,298,925 |
| Actuarial (gain)/losses on obligation | **(3,174,438)** | **832,206** | (704,351) | 3,033,681 |
| Benefits paid | **(4,537,595)** | **(6,607,745)** | (3,530,035) | (10,340,609) |
| **Present value of obligation at the year end** | **26,477,732** | **14,332,402** | 25,890,535 | 14,124,622 |
| Current portion of obligation as at the end of the year | **2,461,956** | **1,561,846** | 602,236 | 1,050,773 |
| Non-current portion of obligation as at the end of the year | **24,015,776** | **12,770,556** | 25,288,299 | 13,073,849 |
| **Expenses recognised in the statement of profit and loss :** | | | | |
| Current service cost | **6,227,987** | **4,853,349** | 5,900,476 | 4,851,156 |
| Interest cost in benefit obligation | **2,071,243** | **1,129,970** | 1,897,768 | 1,298,925 |
| Net actuarial (gain)/loss recognised in the year | **(3,174,438)** | **832,206** | (704,351) | 3,033,681 |
| Net benefit expense | **5,124,792** | **6,815,525** | 7,093,893 | 9,183,762 |
| **Balance sheet** | | | | |
| **Benefit liability** | | | | |
| Present value of defined benefit obligation | **26,477,732** | **14,332,402** | 25,890,535 | 14,124,622 |
| Plan liability | **26,477,732** | **14,332,402** | 25,890,535 | 14,124,622 |

| Actuarial assumptions used | Year ended 31 March 2016 | Year ended 31 March 2015 |
|---|---|---|
| Discount rate | **8.00%** | 8.00% |
| Expected salary escalation rate | **6.00%** | 5.50% |

**Demographic assumptions for year ended 31 March 2016 and 31 March 2015:**

| | Year ended 31 March 2016 | | Year ended 31 March 2015 | |
|---|---|---|---|---|
| Mortality table | IALM(2006-08) | | IALM(2006-08) | |
| Retirement age | 60 Yrs | | 60 Yrs | |
| Withdrawal rates | **Age** | **Percentage** | Age | Percentage |
| | **Upto 30 Years** | **3** | Upto 30 Years | 3 |
| | **From 31 to 44 Years** | **2** | From 31 to 44 Years | 2 |
| | **Above 44 Years** | **1** | Above 44 Years | 1 |

The Company expects to contribute ₹. 11,917,733 to gratuity in the next year (31 March 2015: ₹ 10,675,056).

**Amount for the current and previous four years are as follows:-**

| Particulars | Year ended 31 March | | | | |
|---|---|---|---|---|---|
| **Gratuity** | **2016** | **2015** | **2014** | **2013** | **2012** |
| Defined benefit obligation | 26,477,732 | 25,890,535 | 22,326,677 | 16,416,414 | 10,807,369 |
| Experience adjustments of plan liabilities | 4,569,599 | 665,637 | 1,005,596 | (430,584) | (633,448) |
| Actuarial (gain) / loss on plan obligation | (3,174,438) | (704,351) | (989,591) | 484,620 | 78,480 |

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

**29 Segmental reporting**

The Company is primarily engaged in the business of providing the platform to vendors for the distribution of consumer goods in India. As the Company operates in a single business and geographical segment, the reporting requirements for primary and secondary segment disclosures prescribed by Accounting Standard 17 "Segment Reporting", have not been provided in these financial statements.

**30** The employees of the Company have been granted stock options under TV18 HSN Holdings Limited Share Option Plan 2008 ("ESOP 2008") of NW18 HSN Holdings PLC (formerly TV18 HSN Holdings Limited - the Holding Company). The plan was approved by the shareholders of NW18 HSN Holdings PLC (formerly TV18 HSN Holdings Limited) vide shareholders resolution dated 7 April 2008. The ESOP 2008 entitles the eligible employees to purchase ordinary shares of NW18 HSN Holdings PLC (formerly TV18 HSN Holdings Limited). A description of the share based payment arrangement of NW18 HSN Holdings PLC (formerly TV18 HSN Holdings Limited) is given below:

| **Particulars** | **TV18 HSN Holdings Limited Share Option Plan 2008** |
|---|---|
| **Exercise price** | The exercise price in respect of the options shall be decided by the Compensation Committee |
| **Vesting conditions** | **Options granted till 22 October 2010:**<br>Graded vesting - 25% on the expiry of one year from the grant date, 25% on the expiry of two years from the grant date, 25% on the expiry of three years from the grant date and 25% on the expiry of four years from the grant date.<br>**Options granted after 22 October 2010:**<br>Options will vest on the expiry of one year from the grant date. |
| **Exercise Period** | The stock options can be exercised within a period of 48 months from the date of vesting. |

The employees of the Company have also been granted Stock Appreciation Rights ( SARs) under TV18 HSN Stock Appreciation Rights Scheme, 2012 ('SARs Scheme'). The SARs Scheme will also be administered by a Compensation Committee of the Board of Directors of TV18 HSN Holdings Limited. SARs scheme was approved by the shareholders of TV18 HSN Holdings Limited vide resolution dated 2 November 2012. A description of the SARs arrangement of TV18 HSN Holdings Limited is given below:

| **Particulars** | **TV18 HSN Employees Stock Appreciation Rights Scheme, 2012** |
|---|---|
| **Exercise price** | The exercise price in respect of the stock appreciation rights shall be decided by the Compensation Committee |
| **Vesting conditions** | **Options granted till 26 July 2013:**<br>50,000 rights on the grant date<br>For remaining rights- graded vesting - 25% on the expiry of one year from the grant date, 25% on the expiry of two years from the grant date, 25% on the expiry of three years from the grant date and 25% on the expiry of four years from the grant date.<br>**Options granted after 26 July 2013:**<br>10,000 rights on the grant date<br>For remaining rights- graded vesting - 25% on the expiry of one year from the grant date, thereafter 25% each year on the expiry of 250 days from the grant date. |
| **Exercise Period** | The SARs can be exercised within a period of 48 months from the date of vesting post occurrence of liquidity event ( i.e. Initial Public Offering). |

The Holding Company has not recharged any cost relating to ESOP 2008 and SARs scheme to the Company.

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

**31 Related party disclosures**

a. List of related parties

I. Holding and ultimate holding company

| | Name | Relationship |
|---|---|---|
| i. | NW18 HSN Holdings PLC (formerly TV18 HSN Holdings Limited), Cyprus - (NW18 HSN) | Holding company |
| ii | Independent Media Trust | Enterprises exercising control |
| iii | Adventure Marketing Private Limited ^ | Enterprises exercising control |
| iv | Watermark Infratech Private Limited ^ | Enterprises exercising control |
| v | Colorful Media Private Limited ^ | Enterprises exercising control |
| vi | RB Media Holdings Private Limited ^ | Enterprises exercising control |
| vii | RB Media soft Private Limited ^ | Enterprises exercising control |
| viii | RRB Mediasoft Private Limited ^ | Enterprises exercising control |
| ix | RB Holdings Private Limited ^ | Enterprises exercising control |
| x | Network18 Media & Investments Limited | Enterprises exercising control |
| xi | Reliance Industries Limited (RIL) | Beneficiary/ Protector of Independent Media Trust |
| xii | Reliance Industrial Investments and Holdings Limited | Beneficiary/ Protector of Independent Media Trust |
| xiii | Network18 Holdings Limited, Mauritius (NHL) | Holding company of NW18 HSN |
| xiv | Network18 Media & Investments Limited (Network18) | The Holding company of NHL |

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

II. Other related parties (names have been given for only those parties with whom transactions have been undertaken during the year)

| | | |
|---|---|---|
| i . | TV18 Broadcast Limited ( TV18 Broadcast ) | Fellow subsidiary |
| ii. | Indiacast Media & Distribution Private Limited (Indiacast) | Fellow subsidiary |
| iii. | AETN18 Media Private Limited | Fellow subsidiary |
| iv. | e- Eighteen.com Limited (E eighteen.com ) | Fellow subsidiary |
| v. | Greycells18 Media Private Limited (Greycells18) | Fellow subsidiary |
| vi. | Prism TV Private Limited (Prism) | Fellow subsidiary |
| vii. | RRB Investments Private Limited (RRB Investments) | Fellow subsidiary |
| viii. | Panorma Television Private Limited | Fellow subsidiary |
| ix. | Reliance Retail Limited | Fellow subsidiary |
| x. | Viacom18 India Limited (Viacom18 ) | Joint venture of fellow subsidiary |
| xi. | Ubona Technologies Private Limited.(Ubona) | Joint venture of fellow subsidiary |
| xii. | Sundeep Malhotra (till 31 August 2015) | Key Managerial Personnel (KMP) |
| xiii. | Sarbvir Singh (till 31 October 2015) | Key Managerial Personnel (KMP) |
| xiv. | Meenakshi Bahl | Key Managerial Personnel (KMP) |
| xv. | Sanjeev Agrawal (with effect from 4 May 2015) | Key Managerial Personnel (KMP) |
| xvi. | S Anandanarayanan (with effect from 1 November 2015) | Key Managerial Personnel (KMP) |

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

**b. Transactions/balances outstanding with related parties**

| | Particulars | Holding Company | Fellow Subsidiaries/ Joint Ventures/ Associates | Entity controlled by individual exercising significant influence on the Company | Key Management Personal |
|---|---|---|---|---|---|
| | | Amount (₹) | Amount (₹) | Amount (₹) | Amount (₹) |
| **A.** | **Transactions during the year** | | | | |
| | **Income from operations** | | | | |
| a. | Reliance Retail Limited | - | 188,415 | - | - |
| | | - | - | - | - |
| | **Total** | **-** | **188,415** | **-** | **-** |
| | | **-** | **-** | **-** | **-** |
| **Sale of Assets** | | | | | |
| a. | Reliance Retail Limited | - | - | - | - |
| | | - | (4,310,135) | - | - |
| b. | TV18 Broadcast | - | 1,253,984 | - | - |
| | | - | - | - | - |
| | **Total** | **-** | **1,253,984** | **-** | **-** |
| | | **-** | **(4,310,135)** | **-** | **-** |
| **Reimbursement of expenses (received)** | | | | | |
| a. | Network18 | 1,057,500 | - | - | - |
| | | (18,190,000) | - | - | - |
| b. | E eighteen.com | - | 15,000 | - | - |
| | | - | (232,000) | - | - |
| c. | TV18 Broadcast | - | 725,000 | - | - |
| | | - | (99,425) | - | - |
| e. | Reliance Retail Limited | - | 14,682,478 | - | - |
| | | - | (5,355,511) | - | - |
| | **Total** | **1,057,500** | **15,422,478** | **-** | **-** |
| | | **(18,190,000)** | **(5,686,936)** | **-** | **-** |
| **Amount paid on behalf of** | | | | | |
| a. | NW18 HSN | 34,099,840 | - | - | - |
| | | (70,015,082) | - | - | - |
| | **Total** | **34,099,840** | **-** | **-** | **-** |
| | | **(70,015,082)** | **-** | **-** | **-** |
| **Reimbursement of expenses (paid)** | | | | | |
| a. | Network18 | 28,823,871 | - | - | - |
| | | (33,698,913) | - | - | - |
| b. | TV18 Broadcast | - | 37,711,446 | - | - |
| | | - | (50,097,233) | - | - |

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

| | Particulars | Holding Company | Fellow Subsidiaries/ Joint Ventures/ Associates | Entity controlled by individual exercising significant influence on the Company | Key Management Personal |
|---|---|---|---|---|---|
| | | **Amount (₹)** | **Amount (₹)** | **Amount (₹)** | **Amount (₹)** |
| c. | E eighteen.com | - | 587,062 | - | - |
| | | - | (947,358) | - | - |
| | **Total** | **28,823,871** | **38,298,508** | - | - |
| | | **(33,698,913)** | **(51,044,591)** | - | - |
| **Amount collected on behalf of (received)** | | | | | |
| a | Relaince Retail Limited | - | 1,693,758 | - | - |
| | | - | - | - | - |
| | **Total** | - | **1,693,758** | - | - |
| | | - | - | - | - |
| **Expenditure for services received** | | | | | |
| a. | TV18 Broadcast | - | 9,000,000 | - | - |
| | | - | (13,651,475) | - | - |
| b. | AETN18 Media Private Limited | - | - | - | - |
| | | - | (1,263,500) | - | - |
| c. | Viacom18 | - | 69,494,476 | - | - |
| | | - | (74,071,452) | - | - |
| d. | Prism | - | 561,000 | - | - |
| | | - | (1,037,910) | - | - |
| e. | Panorma Television Pvt Ltd | - | 447,780 | - | - |
| | | - | - | - | - |
| f. | Ubona | - | 2,625,511 | - | - |
| | | - | (3,238,573) | - | - |
| | **Total** | - | **82,128,767** | - | - |
| | | - | **(93,262,910)** | - | - |
| **Corporate Guarantee received during the year** | | | | | |
| a. | Network18 | 750,000,000 | - | - | - |
| | | (250,000,000) | - | - | - |
| | **Total** | **750,000,000** | - | - | - |
| | | **(250,000,000)** | - | - | - |
| **Employee benefit expense** | | | | | |
| a. | Sundeep Malhotra | - | - | - | 28,543,918 |
| | | - | - | - | (43,366,497) |
| b. | Sarbvir Singh | - | - | - | 12,260,351 |
| | | - | - | - | (34,109,004) |
| c. | Sanjeev Agrawal | - | - | - | 19,004,557 |
| | | - | - | - | - |

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

| | Particulars | Holding Company | Fellow Subsidiaries/ Joint Ventures/ Associates | Entity controlled by individual exercising significant influence on the Company | Key Management Personal |
|---|---|---|---|---|---|
| | | **Amount (₹)** | **Amount (₹)** | **Amount (₹)** | **Amount (₹)** |
| d. | S Anandanarayanan | - | - | - | 3,335,344 |
| | | - | - | - | - |
| c. | Meenakshi Bahl | - | - | - | 488,694 |
| | | - | - | - | (381,267) |
| | **Total** | **-** | **-** | **-** | **63,632,864** |
| | | **-** | **-** | **-** | **(77,856,768)** |
| **B.** | **Balances at the year end** | | | | |
| **Loans / advances outstanding as at the year end** | | | | | |
| a. | NW18 HSN | 140,882,380 | - | - | - |
| | | (106,782,540) | - | - | - |
| **Corporate Guarantee outstanding as at the year end** | | | | | |
| a. | Network18 | 1,590,228,324 | - | - | - |
| | | (783,305,735) | - | - | - |
| **Creditors outstanding as at the year end** | | | | | |
| a. | TV 18 Broadcast | - | 13,423,923 | - | - |
| | | - | (13,923,977) | - | - |
| b. | Network18 ( other) | 6,189,449 | - | - | - |
| | | (4,227,792) | - | - | - |
| c | Viacom18 | - | 38,358,744 | - | - |
| | | - | (67,569,466) | - | - |
| d. | E eighteen.com | - | 251,388 | - | - |
| | | - | (102,519) | - | - |
| e. | Greycells18 | - | 90,577 | - | - |
| | | - | (90,577) | - | - |
| f. | Prism | - | 1,902,860 | - | - |
| | | - | (1,271,735) | - | - |
| g. | AETN18 Media Private Limited | - | 1,394,399 | - | - |
| | | - | (1,394,399) | - | - |
| h. | Panorma Television Pvt Ltd | - | 503,752 | - | - |
| | | - | - | - | - |
| i. | Ubona | - | 222,609 | - | - |
| | | - | (310,534) | - | - |
| j | Reliance Retail Limited | | 390,376 | | |
| | | | - | | |
| | Total | **6,189,449** | **56,538,628** | - | - |
| | | **(4,227,792)** | **(84,663,207)** | - | - |

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

| | Particulars | Holding Company | Fellow Subsidiaries/ Joint Ventures/ Associates | Entity controlled by individual exercising significant influence on the Company | Key Management Personal |
|---|---|---|---|---|---|
| | | **Amount (₹)** | **Amount (₹)** | **Amount (₹)** | **Amount (₹)** |
| **Performance linked incentive outstanding as at year end** | | | | | |
| a. | Sundeep Malhotra | - | - | - | - |
| | | - | - | - | (14,280,000) |
| b. | Sarbvir Singh | - | - | - | - |
| | | - | - | - | (15,000,000) |
| c. | Sanjeev Agrawal | - | - | - | 2,728,767 |
| | | - | - | - | - |
| d. | S Anandanarayanan | - | - | - | 548,931 |
| | | - | - | - | - |
| | Total | - | - | - | **3,277,698** |
| | | - | - | - | **(29,280,000)** |

**Note :** Figures in brackets represent figures for the previous year .

**32 Operating leases commitment**

The Company has taken various commercial premises under cancellable/non-cancellable operating leases. The cancellable lease agreements are normally renewed on expiry. Rent amounting to ₹ 101,725,756 (Previous year ₹ 103,286,229) has been debited to statement of profit and loss during the year.

| **Particulars** | **Year ended 31 March 2016 ₹** | Year ended 31 March 2015 ₹ |
|---|---|---|
| Not later than one year | **105,065,824** | 79,325,470 |
| Later than one year but not later than five years | **172,530,758** | 30,332,664 |
| More than five years | - | - |

**33 Capital commitments**

Estimated amounts of contracts remaining to be executed on capital account (net of advances) ₹ 2,181,962 (Previous year ₹ 8,643,492).

**34 Value of imports calculated on CIF basis**

| **Particulars** | **Year ended 31 March 2016 ₹** | Year ended 31 March 2015 ₹ |
|---|---|---|
| Capital goods | **3,203,772** | 8,584,418 |

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

35 **Expenditure in foreign currency (accrual basis)**

| **Particulars** | **Year ended 31 March 2016 ₹** | Year ended 31 March 2015 ₹ |
|---|---|---|
| Travelling and conveyance | **1,407,504** | 1,229,222 |
| Advertisement and business promotion | **1,359,784** | 12,192,158 |
| Legal and professional expenses | **-** | 2,014,932 |
| Repair and maintenance | **750,872** | 373,307 |
| Content purchase and production costs | **3,721,960** | - |
| Miscellaneous expenses | **96,165** | - |
| | **7,336,285** | 15,809,619 |

36 **Payment to auditors**

| **Particulars** | **Year ended 31 March 2016 ₹** | Year ended 31 March 2015 ₹ |
|---|---|---|
| As auditor: | **2,400,000** | 1,900,000 |
| Reimbursement of expenses | **51,341** | 156,079 |
| | **2,951,341** | 2,056,079 |

37 The Company is subject to the uplinking and downlinking guidelines issued by the Ministry of Information and Broadcasting ('MIB'), Government of India and has obtained approval from MIB dated 23 November 2007 to uplink and downlink "HomeShop18" television channel for a period of ten and five years respectively. The downlinking license has been further renewed till 22 November 2016. As at the end of the current year, the net worth of the Company has fully eroded and the management of the Company is in the process of addressing the same. The management does not expect this to have any adverse impact on the operations of the Company .

38 Since its inception, the Company has been focusing on building platforms for vendors for distribution of consumer goods. The Company has invested significantly in setting up the infrastructure and its corporate brand. Accordingly, being in its early stages, the Company has experienced operating losses and negative cash flows from operations. However, the ultimate majority shareholder, Network18 Media & Investments Limited, has assured continued financial support to the Company up to and including 31 March 2017, and based on this financial support, these financial statements have been prepared on a going concern basis.

39 **Hedged foreign currency exposure**

The Company uses cross-currency forward contract to hedge its risks associated with fluctuations in foreign currencies and interest rates relating to foreign currency liabilities. The following are outstanding derivatives contracts as on 31 March 2016:

**Forward contract**

| **Description of hedge** | **As at 31 March 2016** | As at 31 March 2015 |
|---|---|---|
| | **Amount in foreign currency (USD)** | |
| To take protection against appreciation in Indian Rupees against USD payable in respect of imports against letter of credit | **1,071,511** | 1,070,900 |
| | **Amount in ₹** | |
| | **71,073,313** | 67,027,646 |

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

40 The Company recognizes depreciation and amortisation on straight-line basis based on the useful life to write down the cost less estimated residual value of tangible assets. In respect to the useful life of the assets the management is of the following view:

i. That on account of technological obsolescence, the useful life of computer of 5 years is reasonable and hence, expect to replace in a span averaging 5 years.

ii. Plant & Machinery comprise of Multi viewer screens, Lights and Light emitting diode (LED), camera's, tracks for installing the roof cameras, Batteries, Mobile phone, gateway appliances etc which are specific to the industry of the Company and not specifically covered under the Schedule II and hence, the management adopted to depreciate the same in line with the industry practices .

iii. Certain items in furniture and fixture comprising of revolving chairs, tables, racks and cabinets are worn out in a period of 5 -7 years resulting in a need for replacement and hence, basis the past usage trend the management has taken a lower useful life. However, for the remaining block of furniture and fixtures, it has appropriately taken a life of 10 years.

iv. Vehicles are provided to the top level management for official purposes and are replaced with a new vehicle in a shorter period depending on the hierarchal progression. Accordingly, a lower useful life has been taken for vehicles also.

And hence for the following block of assets different useful lives are taken as compared to the lives specified in Schedule II of the Act :

| **Asset Description** | **Useful life as taken by the company** | **Useful life as per Schedule II** |
|---|---|---|
| Computers including servers | 3-6 years | 3-6 years |
| Plant and equipment | 2-7 years | 15 years |
| Furniture and fixtures | 5-10 years | 10 years |
| Vehicles | 6-7 years | 10 years |

v. During previous year ended March 31 2015, the Company account of change in the useful lives as per schedule II of the Act,the impact of depreciation adjusted against opening reserves is ‘ 4,141,599, and had the Company not changed the useful lives, the loss for the Company would be lower by ‘ 40,852,788, while the reserve balances would have been higher by ‘.44,994,387 .

41 **Deferred tax assets/ liabilities (net)**

| **Particulars** | **As at 31 March 2016** | As at 31 March 2015 |
|---|---|---|
| Deferred tax liability on account of: | | |
| – Timing difference on account of depreciation and amortisation on fixed assets | | (2,474,239) |
| Deferred tax assets on account of: | | |
| – Timing difference on account of depreciation and amortisation on fixed assets | **13,409,887** | |
| – Provision for employee benefits | **19,485,796** | 26,911,539 |
| – Provision for doubtful debts and advances | **131,608,373** | 175,043,712 |
| – Brought forward losses and unabsorbed depreciation | **1,961,196,202** | 1,788,983,453 |
| Net deferred tax (liability) / asset | **-** | - |

The Company has unabsorbed depreciation and brought forward losses under the Income-tax Act, 1961. In the absence of virtual certainty of having sufficient taxable income against which deferred tax assets can be realised, no deferred tax assets has been recognised in the balance sheet.

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

42 The Company has recognised an expense of ₹123,883,901 (previous year ₹ 156,796,929 ) in respect of the gift coupon cost under the head "Advertisement and business promotion" in the statement of profit and loss for the year ended 31 March 2016 as per the AS-29 Provisions, Contigent Liabilities and Contigent Assets": The movement is given below:

| **Particulars** | **As at 31 March 2016** | As at 31 March 2015 |
|---|---|---|
| Opening balance | **13,000,000** | 8,000,000 |
| Add:- Provision made during the year | **120,883,901** | 161,796,929 |
| Less:- Provision utilised during the year | **123,883,901** | 156,796,929 |
| Closing Balance | **10,000,000** | 13,000,000 |

43 **Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

| | **31 March 2016 ₹** | 31 March 2015 ₹ |
|---|---|---|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| Principal amount due to micro and small enterprises | - | - |
| Interest due on above | - | - |
| | - | - |
| The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006. | - | - |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | - | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | - | - |

44 **Details of loans, given, investments made and guarantee given covered under section 186 (4) of the Act**

The loan given below is for business purpose

| **Particulars** | **As at 31 March 2016** | As at 31 March 2015 |
|---|---|---|
| **Name of the Company** | | |
| Wespro Digital Private Limited * | **35,617,984** | 28,600,000 |

* include interest accrued thereupon

45 Previous year figures have been presented for the purpose of comparison and have been regrouped/ reclassified wherever necessary.

**For Walker Chandiok & Co LLP**
*(formerly Walker, Chandiok & Co)*
Chartered Accountants

per **B.P.Singh**
Partner

**Place** : Noida
**Date** : 18 April 2016

For and on behalf of the Board of Directors of
**TV18 Home Shopping Network Limited**

**Adil Zainulbhai**
Director
DIN: 0664690

**Rohit Bansal**
Director
DIN: 02067348

**Sanjeev Agrawal**
Chief Executive Officer

**S Anandanarayanan**
Chief Financial Officer

**Meenakshi Bahl**
Company Secretary
Mem. No.: A35816