

# **Affinity Names, Inc.**

## Independent Auditors' Report

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To the Board of Directors  
**Reliance Industries Limited**

### Report on the Standalone Financial Statements

We have audited the accompanying financial statements of **Affinity Names Inc** ("the Company"), which comprise the Balance Sheet as at December 31, 2015, the Profit and Loss Statement and the Cash Flow Statement for the period January 1, 2015 to December 31, 2015, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records, safeguarding the assets of the Company and 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.

### Auditors' Responsibility

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

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). 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 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 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 operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the 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 aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2015, and its profit and its cash flows for the period January 1, 2015 to December 31, 2015.

We further 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 purposes of our audit.
- (b) The Balance Sheet, the Profit and Loss Statement, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

**For V.P Mehta & Co**  
Chartered Accountants  
(Firm Registration No106326)

**Vipul Mehta**  
(Partner)

Mumbai, dated: April 20, 2016

Membership No:-035277

## Balance Sheet as at 31st December 2015

Particulars	Note	(USD) As at 31st Dec 2015	(USD) As at 31st Dec 2014
<b>I EQUITY &amp; LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
Member Contribution	2	246,474	246,474
Reserves & Surplus	3	<u>(245,974)</u>	<u>146,963</u>
		500	(99,511)
<b>2 Current liabilities</b>			
Other Current Liabilities	4	750	750
<b>TOTAL</b>		<u><u>1 250</u></u>	<u><u>147 713</u></u>
<b>II ASSETS</b>			
<b>1 Non-current assets</b>			
Fixed Assets			
Intangible assets	5	-	146,463
		146,463	146,463
<b>2 Current assets</b>			
Cash & Cash Equivalents	6	1,250	1,250
<b>TOTAL</b>		<u><u>1,250</u></u>	<u><u>1,250</u></u>
		<u><u>1,250</u></u>	<u><u>147,713</u></u>

## Statement of Profit and Loss for the period ended 31st December 2015

Particulars	Note	(USD)	
		Jan - Dec 15	Jan - Dec 14
<b>I</b> Revenue from Operations		-	-
<b>II</b> Other Income		-	-
<b>III Total Revenue</b>		<u>-</u>	<u>-</u>
<b>IV</b> Expenses:			
Employee Benefits and Expenses		-	-
Finance Cost (Interest Others)		-	-
Other Expenses	7	<u>146,463</u>	<u>49,571</u>
<b>Total Expenses</b>		<u>146,463</u>	<u>49,571</u>
<b>V</b> Profit/(loss) for the period		<b>(146,463)</b>	<b>(49,571)</b>

## Cash Flow Statement for the period ended 31st December 2015

	(USD)	
	Jan - Dec 15	Jan - Dec 14
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax as per Statement of Profit and Loss	(146,463)	(49,571)
Adjusted for:		
Depreciation & Amortization Expense	146,463	48,696
	<b>146,463</b>	48,696
<b>Operating Loss before Working Capital Changes</b>		
Adjusted for		
Trade and Other Receivables	-	-
Trade and Other Payables	-	(750)
<b>Cash Generated from Operations</b>	<b>-</b>	<b>(1,625)</b>
Taxes Paid	-	-
<b>Net cash used in Operating Activities (A)</b>	<b>-</b>	<b>(1,625)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (Including Work in progress)		-
Purchase of Investments	-	
<b>Net Cash from / (used in) Investing Activities (B)</b>	<b>-</b>	<b>-</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Capital contribution from stockholders	-	2,000
<b>Net Cash from / (used in) Financing Activities (C)</b>	<b>-</b>	<b>2,000</b>
<b>Net Increase/ ( Decrease ) in Cash and Cash Equivalents (A+B+C)</b>	<b>-</b>	<b>375</b>
<b>Opening Balance of Cash and Cash Equivalents</b>	<b>1,250</b>	<b>875</b>
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>1,250</b>	<b>1,250</b>

## Significant Accounting Policies

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### A BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements have been prepared to comply with Accounting Principles Generally accepted in India (Indian GAAP), the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

The financial statements are prepared on accrual basis under the historical cost convention. The financial statements are presented in Indian rupees rounded off to the nearest rupees in lakh.

#### B USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

#### C FIXED ASSETS

##### (i) Tangible Assets

Tangible Assets are stated at cost net of recoverable taxes, trade discounts and rebates less accumulated depreciation and impairment loss, if any. The cost of tangible assets comprises its purchase price, borrowing cost and any cost directly attributable to bringing the asset to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Projects under which assets are not ready for their intended use are shown as Capital Work-in-Progress.

##### (ii) Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation and impairment loss, if any. The cost comprises purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use and net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

#### D OPERATING LEASE

Rentals are expensed with reference to lease terms and other considerations. However, rentals pertaining to the period upto the date of commissioning of the assets are capitalised.

#### E DEPRECIATION AND AMORTISATION

##### (i) Tangible Assets

Depreciation on fixed assets is provided on straight line method over their useful life and in the manner prescribed in Schedule II to the Companies Act, 2013. Leasehold land is amortised on a straight line basis over the period of lease. Leasehold improvements are depreciated on a straight line basis over the period of lease.

##### (ii) Intangible Assets

These are amortised as under :-

Sr. No.	Particulars	Amortisation
1	Softwares	Over a period of 5 to 10 years
2	Internet Service Provider ( ISP ) License Fee	Amortised equally over the remainder of the License period of 15 Years from the date of commencement of the commercial operation.

## Significant Accounting Policies

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### F IMPAIRMENT

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### G FOREIGN CURRENCY TRANSACTIONS

- (i) Transactions denominated in foreign currency are recorded at the exchange rate prevailing at the time of transaction or that approximates the actual rate on the date of the transaction.
- (ii) Monetary items denominated in foreign currency at the year end are restated at the year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.
- (iii) Non monetary foreign currency items are carried at cost.
- (iv) In respect of branches, which are integral foreign operations, all transactions are translated at rates prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction. Branch monetary assets and liabilities are restated at the year end rates.
- (v) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

### H INVESTMENTS

Current Investments are carried at lower of cost and quoted / fair value, computed category wise. Long term investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

### I REVENUE RECOGNITION

- (i) Revenue from services is recognized only when risks and rewards are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection as and when services are provided. The revenue is recognised net of discounts and service tax.
- (ii) Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.
- (iii) Dividend income is recognized when right to receive payment is established.

### J EMPLOYEE BENEFITS

#### (i) 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. These benefits include performance incentive and compensated absences.

#### (ii) Post-employment benefits

##### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity The Company makes specified monthly contributions towards Provident Fund, Superannuation Fund and Pension Scheme. The Company's contribution is recognised as an expense in the Statement of Profit and Loss / Project Development expenditure during the period in which the employee renders the related service.

## Significant Accounting Policies

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### **Defined benefit plans**

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

Actuarial gains and losses in respect of post-employment and other long term benefits are charged to the Statement of Profit and Loss / Project Development expenditure

### **K BORROWING COSTS**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

### **L INCOME TAXES**

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same.

Deferred tax assets and liabilities are measured using the tax rates and tax law that have been enacted or substantively enacted by the Balance Sheet date.

### **M PROVISIONS , CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provision is recognised in the accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed in the financial statements.



## Notes to Financial Statements for the period Ended 31st December 2015

2 MEMBER CONTRIBUTION		(USD)	
		As at 31st Dec 2015	As at 31st Dec 2014
<b>Issued, Subscribed and Paid up:</b>			
1000	Equity Shares of USD 10 each fully paid up	10,000	10,000
	Additional Paid in Capital	236,474	236,474
<b>Total</b>		<b>246,474</b>	<b>246,474</b>

### 2.1 Terms/rights attached to equity shares :

The company has only one class of equity shares having a par value of USD 10 per share. The Company has received an amount aggregating USD 236474 towards additional paid in capital from Reliance USA Holdings Inc the parent company. The company has one class of ordinary shares which carry equal voting rights , equal rights to income and distribution of assets on liquidation or otherwise.

### 2.2 Reconciliation of number of shares outstanding at the beginning and at the end of the year:

Particulars	Ordinary Shares			
	As at 31st Dec 2015		As at 31st Dec 2014	
	No.of Shares	Amount (USD)	No.of Shares	Amount (USD)
No. of shares at the beginning of the year	-	-	5,000.00	10
Add: Shares issued during the year	5,000.00	10	-	-
Add : Additional paid in capital	-	236,474	-	236,474
No. of shares at the end of the year	<b>5,000.00</b>	<b>236,484</b>	5,000.00	236,484

### 2.3 Details of Shareholders holding more than 5% shares in the company including those held by holding company:

	Ordinary Shares			
	As at 31st Dec 2015		As at 31st Dec 2014	
	No.of Shares	% holding	No.of Shares	% holding
Reliance Holding USA Inc	1,000.00	100%	1,000.00	100%
	<b>Additional Paid in capital</b>			
	As at 31st Dec 2015		As at 31st Dec 2014	
	Amount	% holding	Amount	% holding
Reliance Holding USA Inc	236,474	100%	-	-

## Notes to Financial Statements for the period Ended 31st December 2015

### 3 RESERVES AND SURPLUS

(USD)

	As at 31st Dec 2015	As at 31st Dec 2014	
<b>Surplus in the Statement of Profit and Loss</b>			
As per last Balance Sheet	(99,511)	(49,940)	
Add: Profit for the year	(146,463)	(49,571)	(99,511)
<b>Total</b>	<b>(245,974)</b>	<b>(99,511)</b>	

### 4 OTHER CURRENT LIABILITIES

	As at 31st Dec 2015	As at 31st Dec 2014
Other Payable	750	750
<b>TOTAL</b>	<b>750</b>	<b>750</b>

### 5. INTANGIBLE ASSETS

Description	Gross Block				Depreciation				Net Block	
	As at 1st April, 2015	Addi- tions	Deductions/ Adjustments	As at 31st March, 2016	As at 1st April, 2015	For the year	Deductions/ Adjustments	As at 31st March, 2016	As at 31st March, 2016	As at 31st March, 2015
Software	22,783	-	-	22,783	8,734	14,048	-	22,783	-	14,048
Internet TLD Application	220,692	-	-	220,692	88,277	132,415	-	220,692	-	132,415
<b>Total</b>	<b>243,474</b>	<b>-</b>	<b>-</b>	<b>243,474</b>	<b>97,011</b>	<b>146,463</b>	<b>-</b>	<b>243,474</b>	<b>-</b>	<b>146,463</b>

### 6 CASH AND CASH EQUIVALENTS

	As at 31st Dec 2015	As at 31st Dec 2014
Balance with Banks in Current Accounts	1,250	1,250
<b>Total</b>	<b>1,250</b>	<b>1,250</b>

### 7 OTHER EXPENSES

	2015	2014
Amortization Expense	146,463	48,696
License Fee & Registration	-	125
Professional Fees	-	750
<b>Total</b>	<b>146,463</b>	<b>49,571</b>

## Notes to Financial Statements for the period Ended 31st December 2015

25 Previous year figures have been reworked, regrouped, re-arranged and reclassified where ever necessary to make them comparable with those of current year.

29 Deferred Tax Asset (net) is not recognised on consideration of prudence.

30 Earnings Per Share (EPS) 2015-16 2014-15

### Basic Earning Per Share

- i. Loss for the year as per Profit and Loss Statement (Rs. in lakh)
  - Less: Arrears of Dividend on Cumulative Preference Shares and attributable tax thereto (Rs. in lakh)
  - Earnings attributable to Equity Share holders (Rs. in lakh)
- ii. Weighted Average number of equity shares used as denominator for calculating EPS
- iii. Basic Earnings per share (Rs.)
- iv. Face Value per equity share (Rs.)

### Diluted Earning Per Share

- i. Loss for the year as per Profit and Loss Statement (Rs. in lakh)
  - Less: Arrears of Dividend on Cumulative Preference Shares and attributable tax thereto (Rs. in lakh)
  - Earnings attributable to Equity Share holders (Rs. in lakh)
- ii. Weighted Average number of equity shares used as denominator for calculating EPS
- iii. Number of Non-Cumulative Preference Shares convertible into equity shares
- iv. Weighted Average number of equity shares used as denominator for calculating diluted EPS
- v. Diluted Earnings per share (Rs.)
- vi. Face Value per equity share (Rs.)

### 34 Segment Reporting

The Company provides Internet related services. The Company has single segment as per the requirements of Accounting Standard 17 for "Segment Reporting" notified by Companies (Accounting Standard) Rules, 2006. The assets and liabilities of the Company as on 31st March, 2016 predominantly relate to this segment.