

NW18 HSN Holdings PLC

Independent Auditor's Report

To the Members of NW18 HSN Holdings PLC

Report on the Financial Statements

1. We have audited the accompanying financial statements of NW18 HSN Holdings PLC (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 profit and its cash flows for the year ended on that date.

Other Matter

9. This report is intended solely for the purpose of facilitating Network18 Media & Investments Limited, the Holding Company, to comply with the provision of sub-section (3) of Section 129 of the Act and should not be used for any other purpose.

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 : 20 April 2016

Balance Sheet as at 31 March 2016

	Notes	As at 31 March 2016	As at 31 March 2015
<i>(All amounts in USD)</i>			
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	4,118,231	4,118,231
Reserves and surplus	3	72,657,500	72,265,940
Money received against share warrants	4	3,117,594	3,117,594
Current liabilities			
Trade payables	5	89,858	1,200,592
Other current liabilities	6	2,123,972	1,706,074
Short-term provisions	7	3,704,214	3,538,842
		<u>85,811,369</u>	<u>85,947,273</u>
ASSETS			
Non-current assets			
Non-current investments	8	85,766,539	85,766,539
Current assets			
Cash and cash equivalents	9	44,830	180,734
		<u>85,811,369</u>	<u>85,947,273</u>

Notes 1 to 21 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 :
Date :

For and on behalf of the Board of Directors

Director Director

Place : Cyprus
Date : 19 April 2016

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

	Notes	Year ended 31 March 2016	Year ended 31 March 2015
<i>(All amounts in USD)</i>			
Revenue			
Other income	10	<u>721,077</u>	<u>39,199</u>
		<u>721,077</u>	<u>39,199</u>
Expenses			
Employee benefits expense	11	-	75,060
Finance costs	12	1,304	1,608
Other expenses	13	<u>81,764</u>	<u>293,312</u>
		<u>83,068</u>	<u>369,980</u>
Profit/(loss) for the year before tax and exceptional items		638,009	(330,781)
Exceptional items	14	-	<u>3,765,150</u>
Profit/(loss) before tax		638,009	<u>(4,095,931)</u>
Tax expense			
– current tax		412,664	1,821,291
– tax for earlier years		<u>(247,313)</u>	-
Profit/(loss) for the year		472,658	<u>(5,917,222)</u>
Profit/(loss) per share	15		
– Basic		0.05	(0.58)
– Diluted		0.02	(0.58)

Notes 1 to 21 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 :
Date :

For and on behalf of the Board of Directors

Director Director

Place : Cyprus
Date : 19 April 2016

Cash flow statement for the year ended 31st March 2016

	<i>(All amounts in USD)</i>	
	Year ended 31 March 2016	Year ended 31 March 2015
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	638,009	(4,095,931)
Adjustments for :		
Employee stock compensation	(81,077)	75,060
Excess provision written back	(514,261)	-
Interest on bank deposits	(1,539)	(3,616)
Operating profit/(loss) before working capital changes	41,132	(4,024,487)
Adjustments for :		
Increase in other current assets	-	2,326,013
(Decrease)/ increase in trade payables	(1,110,734)	455,582
Increase in other current liabilities	932,159	1,094,293
Net cash used in operating activities (A)	(137,443)	(148,599)
CASH FLOW FROM INVESTMENT ACTIVITIES		
Interest on bank deposits	1,539	3,616
Net cash flow from investing activities (B)	1,539	3,616
CASH FLOW FROM FINANCING ACTIVITIES		
Net cash from financing activities (C)	-	-
Net (decrease) in cash and cash equivalents (A+B+C)	(135,904)	(144,983)
Cash and cash equivalents as at the beginning of the year	180,734	325,717
Cash and cash equivalents as at the end of the year	44,830	180,734
Components of cash and cash equivalents		
Balance with banks		
- on current accounts	1,723	1,794
- on deposit account	43,107	178,941
Cash and cash equivalents (refer note 9)	44,830	180,734

Note:

The above cash flow has been prepared under the indirect method as set out in Accounting standard - 3 (AS-3) on cash flow statements as specified under Section 133 of Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 (as amended).

Notes 1 to 21 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

For and on behalf of the Board of Directors

per **B.P. Singh**
Partner

Director Director

Place :
Date :

Place : Cyprus
Date : 19 April 2016

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

1 Significant accounting policies

a Basis of preparation

These financial statements have been prepared for the limited purpose of facilitating Network18 Media & Investment Limited for complying with the provision of section 129 of the Companies Act, 2013 (the 'Act') 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 financial statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with the generally accepted accounting principles in India (Indian GAAP) and the provisions of the Act as adopted consistently by the NW18 HSN Holdings PLC (the 'Company').

b Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c Revenue

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

d Investments

Investments which are readily realisable and intended to be held for not more than a year from the date on which the investment is made are classified as current investments. All other investments are classified as non-current investments.

Current investments are stated at lower of cost or market value. Non-current investments are stated at cost however, provision for diminution in their value is made to recognize a decline, other than temporary in the value of investment.

Profit/ loss on sale of investments are computed with reference to the average cost of the investment.

e Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences

Exchange differences arising on the settlement of monetary items or on restatement of the 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 recognized as income or as expenses in the year in which they arise.

f Taxation

In accordance with the provisions of the Cyprus Income Tax Laws, the Company's chargeable profits, as adjusted for tax purpose, are liable to Corporation tax. In accordance to the provisions of the Income Tax Law 118(I)/2002 as amended

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

from 29 April 2013, the Corporation tax has been increased from 10% to 12.5%. Further, the Company is subject to Special Defence Contribution (SDC) levied on interest receivable other than that arising out of the ordinary course of business and closely related to the activities of the Company. In accordance to the provisions of the SDC Law 117(I)/2002 as amended from 29 April 2013, the SDC has been increased from 15% to 30%.

g Employee share based payments

Accounting value of stock options is determined on the basis of 'Intrinsic Value' representing the excess of the fair market value of Company's stock on the date of grant over the exercise price of the options granted under the 'Employees Stock Option Scheme' of the Company, and is being amortized as 'Employee Compensation Expense' on a straight-line basis over the vesting period in accordance with the Guidance Note 18 'Share Based Payments' issued by the Institute of Chartered Accountants of India.

h Earnings per share

Earnings per ordinary share is computed by dividing net profit or loss after tax attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per ordinary share is computed using the weighted average number of ordinary shares and dilutive potential ordinary shares outstanding during the year except where the result could be anti-dilutive.

i Provisions and contingent 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.

j 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

(All amounts in USD)

2 Share capital	As at 31 March 2016	As at 31 March 2015
Authorized share capital		
33,180,000 (previous year 33,180,000) ordinary shares of USD 0.2 each	6,636,000	6,636,000
15,649,698 (previous year 15,649,698) Class A preference shares of USD 0.2 each	3,129,940	3,129,940
4,050,302 (previous year 4,050,302) Class O preference shares of USD 0.2 each	810,060	810,060
2,800,000 (previous year 2,800,000) Class G preference shares of USD 0.2 each	560,000	560,000
	<u>11,136,000</u>	<u>11,136,000</u>
Issued, subscribed and fully paid-up share capital		
10,303,683 (previous year 10,303,683) ordinary shares of USD 0.2 each	2,060,737	2,060,737
5,234,505 (previous year 5,234,505) Class A preference shares of USD 0.2 each	1,046,901	1,046,901
2,025,584 (previous year 2,025,584) Class O preference shares of USD 0.2 each	405,116	405,116
2,708,546 (previous year 2,708,546) Class G preference shares of USD 0.2 each	541,709	541,709
Total issued, subscribed and fully paid up share capital	<u>4,054,463</u>	<u>4,054,463</u>
Issued, subscribed and partly paid-up share capital		
1,275,367 (Previous year 1,275,367) Class O preference shares of USD 0.2 each	63,768	63,768
	<u>63,768</u>	<u>63,768</u>
	<u>4,118,231</u>	<u>4,118,231</u>

a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

i. Ordinary shares

	As at 31 March 2016		As at 31 March 2015	
	Numbers	Amount	Numbers	Amount
At the beginning of the year	<u>10,303,683</u>	<u>2,060,737</u>	<u>9,303,683</u>	<u>1,860,737</u>
Add: shares issued under conversion from Class A preference shares	-	-	1,000,000	200,000
Outstanding at the end of the year	<u>10,303,683</u>	<u>2,060,737</u>	<u>10,303,683</u>	<u>2,060,737</u>

ii. Class A Preference shares

	As at 31 March 2016		As at 31 March 2015	
	Numbers	Amount	Numbers	Amount
At the beginning of the year	5,234,505	1,046,901	6,234,505	1,246,901
Add: shares converted to ordinary shares	-	-	(1,000,000)	(200,000)
Outstanding at the end of the year	<u>5,234,505</u>	<u>1,046,901</u>	<u>5,234,505</u>	<u>1,046,901</u>

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

(All amounts in USD)

a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period (Continued)

iii. Class G Preference shares

	As at 31 March 2016		As at 31 March 2015	
	Numbers	Amount	Numbers	Amount
At the beginning of the year	2,708,546	108,342	2,708,546	108,342
Add: Differential adjustment on account of reverse split	-	-	_*	_*
Outstanding at the end of the year	2,708,546	108,342	2,708,546	108,342

*Rounded off to nil

iv. Class O Preference shares

	As at 31 March 2016		As at 31 March 2015	
	Numbers	Amount	Numbers	Amount
At the beginning of the year	3,300,951	468,884	3,300,949	468,884
Add: Differential adjustment on account of reverse split (refer note 20)	-	-	2	_*
Outstanding at the end of the year	3,300,951	468,884	3,300,951	468,884

*Rounded off to nil

b. Details of shares held by the Network18 Holdings Limited - Immediate Holding Company

Type of shares	As at 31 March 2016		As at 31 March 2015	
	Number of shares held	% of holding	Number of shares held	% of holding
Ordinary shares	9,261,733	89.89%	9,261,733	89.89%
Class A preference shares	500	0.01%	500	0.01%
Class O preference shares	1,275,367	13.60%	1,275,367	13.60%
	10,537,600		10,537,600	

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

c. Details of shareholders holding more than 5% shares in the Company (Continued)

Name of the shareholders	As at 31 March 2016		As at 31 March 2015	
	Number of shares held	% of holding	Number of shares held	% of holding
a. Network18 Holdings Limited				
Ordinary shares	9,261,733	89.89%	9,261,733	89.89%
Class O preference shares	1,275,367	13.60%	1,275,367	13.60%
b. GS Home Shopping Inc.				
Class G preference shares	2,708,546	100.00%	2,708,546	100.00%
Class O preference shares	825,238	35.20%	825,237	35.20%
c. SAIF II Mauritius Company Limited				
Ordinary shares	1,000,000	9.71%	1,000,000	9.71%
Class A preference shares	5,234,005	99.99%	5,234,005	99.99%
d. Orchard Centar Master Limited				
Class O preference shares	1,050,302	44.80%	1,050,302	44.80%
e. Makira SP 5 Limited				
Class O preference shares	150,044	6.40%	150,044	6.40%

As per records of the Company including its register of shareholders /members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of the shares.

d. Description of the rights, preferences, terms of redemption and restrictions attached to each class of shares

Preference shares : Each holder of preference share is entitled to one vote per share. The preference share holders are entitled to fixed dividend at the rate of 0.001% per annum in addition to the dividend declared in respect of all shareholders. These preference shares carry preferential right over ordinary share in respect of dividends and on winding up all shareholders will be entitled to receive remaining assets of the Company after payment of all liabilities. The distribution will be in proportion of the shares held by shareholders. However, the preference shareholders will be entitled to receive the paid up capital in priority to any payment to the holders of the ordinary shares.

Class A , G and O preference shares are convertible into ordinary shares of the Company in the ratio of 1:1.

Ordinary shares : The Company has only one class of ordinary share having a par value of USD 0.2 per share. Each holder of equity share is entitled to one vote per share. All shareholders are equally eligible to receive dividends. On winding up all shareholders will be entitled to receive remaining assets of the Company after payment of all liabilities. The distribution will be in proportion of the shares held by shareholders.

e. Shares reserved for issue under options

The Company has reserved issuance of 1,093,393 (previous year 1,093,393) ordinary shares of USD 0.2 each for offering to eligible employees of its subsidiary under Employees Stock Option Scheme and Stock Appreciation Rights Scheme. During the year, the Company has issued and allotted nil (previous year nil) equity shares to eligible employees of its subsidiary under the said schemes. The option would vest over such period as may be decided by the Employee Stock Compensation Committee from the date of grant based on specific criteria. For details refer note 17.

f. 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 immediately preceding the reporting date:-

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 except for bonus shares issued as disclosed in note 4 (iv).

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

<i>(All amounts in USD)</i>		
3 Reserves and surplus	As at 31 March 2016	As at 31 March 2015
a. Securities premium account		
Balance at the beginning of the year	80,504,235	80,504,235
Less : Amount utilised for issue of further shares	-	*
Balance at the end of the year	80,504,235	80,504,235
b. Employee stock options outstanding		
Balance at the beginning of the year	3,606,194	3,531,134
Add: Share based payment expenses	(2,931,611)	75,060
Balance at the end of the year	674,583	3,606,194
c. General reserve		
Balance at the beginning of the year	-	-
Add: Amount transferred from Employee stock options outstanding	2,850,534	-
Balance at the end of the year	2,850,534	-
d. Deficit in the statement of profit and loss		
Deficit at the beginning of the year	(11,844,489)	(5,927,246)
Add: Profit/(loss) for the year	472,658	(5,917,222)
Less: Preference dividend	(21)	(21)
Net deficit in the statement of profit and loss	(11,371,852)	(11,844,489)
	72,657,500	72,265,940
	*	*
* Rounded off to nil		
4 Money received against share warrants	As at 31 March 2016	As at 31 March 2015
Balance at the beginning/end of the year	3,117,594	3,117,594
	3,117,594	3,117,594
(i) During the year ended 31 March 2012, the Company issued 500,000 warrants at a subscription price of USD 10 per warrant. The Company has received USD 777,637 towards subscription of these warrants. These warrants are convertible within 12 months from the closing date as defined in the warrant subscription agreements into Class 'A' preference shares at a pre-determined discount to the valuation of the Company in the event the Company undertakes an Initial Public Offering (IPO) or is acquired or does a primary issuance of securities to an external investor. In case the aforementioned events do not happen within the stipulated 12 months period, the warrants are convertible at a valuation to be decided amongst the shareholders. During the year ended 31 March 2013, the aforesaid tenure of 12 months has been increased to 36 months, while during the year ended 31 March 2015, the tenure was further extended to 54 months, while during the year ended 31 March 2016, the tenure was further extended to 90 months. These warrants are convertible in to 720,486 Class A Preference shares.		
(ii) During the year ended 31 March 2012, the Company issued 1,500,000 warrants at a subscription price of USD 10 per warrant. The Company has received USD 7,077,930 towards subscription of these warrants. These warrants are convertible into Class A preference shares after a period of 12 months from the closing date as defined in the warrant subscription agreement or on initial public offering and sale of the ordinary shares of the Company, or acquisition of the Company,		

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

whichever is earlier. During the year ended 31 March 2013, the aforesaid tenure of 12 months has been increased to 36 months while during the year ended 31 March 2015, the tenure was further extended to 54 months while during the year ended 31 March 2016, the tenure was further extended to 90 months. During the year ended 31 March 2014, 475,000 warrants held by SAIF II Mauritius Company Limited were converted into 694,499 Class A preference shares. The remaining warrants are convertible into 1,498,657 Class A preference shares.

- (iii) During the year ended 31 March 2013, the Company issued 1,202,734 warrants at a subscription price of USD 10 per warrant. The Company has received USD 12,027 towards subscription of these warrants. These warrants are convertible into Class A preference shares at a pre-determined discount to the valuation of the Company in the event the Company undertakes an IPO or is acquired or does a primary issuance of securities to an external investor. In case the aforementioned events do not happen within the stipulated 36 months period, the warrants are convertible at a valuation to be decided amongst the shareholders. During the year ended 31 March 2015, the aforesaid tenure was further extended to 54 months, while during the year ended 31 March 2016, the tenure was further extended to 90 months. These warrants are convertible in to 9,89,102 Class A Preference shares.
- (iv) The Company passed a special resolution that the board of directors is authorised and directed to issue 2 class G preference share to GS Home Shopping Inc. and 10 Class O preference shares of which 2 Class O preference shares be issued to Network 18 Holdings Limited, 4 Class O preference shares be issued to GS Home Shopping Inc., and 4 Class O preference shares be issued to Makira SP5 Limited, by way of bonus shares provided out of the share premium account.

(All amounts in USD)

5 Trade payables	As at 31 March 2016	As at 31 March 2015
Due to others	89,858	1,200,592
	89,858	1,200,592
6 Other current liabilities		
Due to related party	2,123,962	1,706,064
Others	10	10
	2,123,972	1,706,074
7 Short-term provisions		
Provision for income-tax (net of advance tax USD 4,716 (previous year USD 4,716))	3,703,993	3,538,642
Proposed preference dividend	221	200
	3,704,214	3,538,842

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

<i>(All amounts in USD)</i>		
8 Non-current investments	As at 31 March 2016	As at 31 March 2015
Long-term investments (Valued at cost unless stated otherwise)		
Trade - Investment in subsidiary		
i) Investment in equity shares : Unquoted		
1,240,791 (previous year 1,240,791) Equity shares of INR 10 each in TV18 Home Shopping Network Limited	55,683,251	55,683,251
	55,683,251	55,683,251
ii) Investment in preference shares : Unquoted		
101,181 (previous year 101,181) 5% Optionally convertible preference shares of Rs. 100 each in TV18 Home Shopping Network Limited	1,083,308	1,083,308
291,998 (previous year 291,998) 0.001% Compulsorily convertible preference shares of Rs. 100 each in TV18 Home Shopping Network Limited	3,999,980	3,999,980
135,000 (previous year 135,000) 15% Optionally convertible preference shares of Rs. 100 each fully paid in TV18 Home Shopping Network Limited	25,000,000	25,000,000
	30,083,288	30,083,288
Aggregate amount of unquoted investments	85,766,539	85,766,539
9 Cash and cash equivalents		
Balances with bank:		
– on current accounts	1,723	1,794
– on deposit accounts with original maturity of less than 3 months	43,107	178,940
	44,830	180,734
10 Other income		
Interest income on bank deposits	1,539	3,616
Exchange gain (net)	124,200	35,583
Excess provision, no longer required written back	514,261	-
Employee stock compensation	81,077	-
	721,077	39,199
11 Employee benefits expense		
Employee stock compensation expense	-	75,060
	-	75,060
12 Finance costs		
Bank charges	1,304	1,608
	1,304	1,608

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

	<i>(All amounts in USD)</i>	
	As at 31 March 2016	As at 31 March 2015
13 Other expenses		
Legal and professional charges (refer note below)	81,764	272,912
Rates and taxes	-	20,400
	81,764	293,312
14 Exceptional items		
Legal and professional charges	-	3,715,871
Travelling expenses	-	49,279
	-	3,765,150
15 Earnings per share (EPS)		
Profit/(loss) as per statement of profit and loss	472,658	(5,917,222)
Less : Dividend on preference shares	21	21
Profit/(loss) attributable to ordinary shareholder	472,637	(5,917,243)
Weighted average number of ordinary shares outstanding during the year	10,303,683	10,248,888
Nominal value of ordinary shares in USD	0.2	0.2
Earnings per share (basic)	0.05	(0.58)
Dilutive EPS		
Weighted average number of ordinary shares outstanding during the year for the purpose of calculation of diluted EPS *	24,755,928	-
Earnings per share (dilutive)	0.02	(0.58)
Weighted average number of equity shares in calculating basic EPS		
Effect of dilution:		
Convertible preference shares	11,244,000	*
Convertible Warrants	3,208,245	*
Weighted average number of equity shares in calculating diluted EPS	24,755,928	

* potential equity shares are anti-dilutive in nature for the year ended 31 March 2015.

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

(All amounts in USD)

16 Related party disclosures

a. List of related parties and relationship

1 Holding company

Network18 Holdings Limited, Mauritius

2 Enterprises exercising control

SAIF II Mauritius Company Limited

GS Home Shopping Inc

3 Subsidiary

TV18 Home Shopping Network Limited

b. Related party transactions

The following transactions were carried out with related parties in the ordinary course of business.

Note : Figures in brackets represent figures of previous year.

I) Transactions during the year

Particulars	Holding Company	Entities exercising significant influence	Subsidiary Company
Reimbursement of expenses paid on behalf of company			
TV18 Home Shopping Network Limited	-	-	541,497
	-	-	(1,134,214)
Shares issued during the year			
Ordinary shares			
Shares issued under conversion from Series A preference shares			
a. SAIF II Mauritius Company Limited	-	-	-
	-	(200,000)	-
Share premium			
Class O preference shares			
GS Home Shopping Inc.	-	-	-
	-	(‘-*)	-
Network 18 Holdings Limited	-	-	-
	(‘-*)	-	-
Class G preference shares			
GS Home Shopping Inc	-	-	-
	-	(‘-*)	-

* Rounded off to nil

II. Balances at the year end

Trade payables			
TV18 Home Shopping Network Limited	-	-	2,123,962
	-	-	(1,706,064)

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

(All amounts in USD)

17 Employee share based payments

a. Employee stock appreciation rights

The Board of Directors, vide written resolution dated 6 August 2012, adopted a Stock Appreciation Rights Scheme named the TV18 HSN Employee Stock Appreciation Rights Scheme, 2012 ('SARs Scheme') that allows the Company to grant stock appreciation rights to the eligible employees of the Company and its subsidiaries, whether working in India or out of India. The SARs Scheme will be administered by a Compensation Committee of the Board of Directors of the Company.

As per the terms of the SARs Scheme, each stock appreciation right may be settled either in cash or by the issue of shares at the sole option of the Compensation Committee.

The Compensation Committee is entitled to determine the vesting schedule for stock appreciation rights as the committee deems fit. Stock appreciation rights that are not exercised within the applicable exercise period will automatically lapse. The stock appreciation rights granted under the SARs Scheme can be exercised within a period of 48 months from vesting date. In case of staggered vesting (as determined by the Compensation Committee), the period of 48 months shall be considered from each vesting date. The stock appreciation rights can be exercised only after a liquidity event (as defined in the SARs Scheme) and in the absence of a liquidity event during the exercise period, stock appreciation rights granted shall automatically lapse.

A description of the SAR Scheme of the Company is given below:

Particulars	TV18 HSN Employee Stock Appreciation Right Scheme 2012
Exercise price	The exercise price in respect of the options shall be decided by the Compensation Committee
Vesting conditions	250,000 rights on the grant date 686,250 rights on the expiry of one year from the respective grant date 766,250 rights on the expiry of two years from the respective grant date 446,250 rights on the expiry of three years from the respective grant date 436,250 rights on the expiry of four years from the respective grant date 94,000 rights on the expiry of four years from the respective grant date. The SARs vested as per schedule above can be exercised subject to the liquidity event being achieved. For remaining rights- graded vesting - 25% on the expiry of one year from the respective grant date, 25% on the expiry of two years from the respective grant date, 25% on the expiry of three years from the respective grant date and 25% on the expiry of four years from the respective 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 number and weighted average exercise price of share options are as follows:

Particulars	Options (nos.)	Weighted average exercise price (US\$)
<i>Year ended 31 March 2016</i>		
Outstanding as of 1 April 2015	373,800	5.03
Granted during the year		
Forfeited during the year	300,400	4.02
Exercised during the year	-	-
Outstanding as of 31 March 2016	73,400	9.18
Exercisable as of 31 March 2016	-	
Weighted average remaining contractual life (in years)	3.60	

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

(All amounts in USD)

a. Employee stock appreciation rights (Continued)

Particulars	Options (nos.)	Weighted average exercise price (US\$)
<i>Year ended 31 March 2015</i>		
Outstanding as of 1 April 2014	429,000	4.75
Granted during the year	94,000	10.00
Forfeited	149,200	7.35
Exercised	-	-
Outstanding as of 31 March 2015	373,800	5.03
Exercisable as of 31 March 2015	-	-
Weighted average remaining contractual life (in years)	3.89	

b. Employee stock options

The Company has implemented an equity-settled employee share based payment arrangement by offering employee stock options to the employees of its subsidiary company in India viz. TV18 Home Shopping Network Limited.

In 2008, the Company established a share option programme in Cyprus, named the TV18 HSN Holdings Limited Employee Stock Option Plan, 2008 ("ESOP 2008"), which was approved by the shareholders of the Company vide shareholders resolution dated 7 April 2008. The ESOP 2008 entitles the eligible employees to purchase ordinary shares of the Company. A description of the share based payment arrangement of the Company 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	<p>Options granted till 22 October 2010:</p> <p>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.</p> <p>Options granted after 22 October 2010:</p> <p>Options will vest on the expiry of one year from the grant date.</p>
Exercise period	The stock options can be exercised within a period of 48 months from the date of vesting.

The number and weighted average exercise price of share options are as follows:

Particulars	Options (nos.)	Weighted average exercise price (US\$)
<i>Year ended 31 March 2016</i>		
Outstanding as of 1 April 2015	440,200	2.21
Granted	-	-
Forfeited	382,200	2.40
Exercised	-	-
Outstanding as of 31 March 2016	58,000	0.69
Exercisable as of 31 March 2016	58,000	0.69
Weighted average remaining contractual life (in years)	0.23	

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

(All amounts in USD)

b. Employee stock options (Continued)

Particulars	Options (nos.)	Weighted average exercise price (US\$)
<i>Year ended 31 March 2015</i>		
Outstanding as of 1 April 2014	482,300	2.05
Granted	-	-
Forfeited	42,100	0.69
Exercised	-	-
Outstanding as of 31 March 2015	440,200	2.21
Exercisable as of 31 March 2015	440,200	2.21

c. Pro forma Accounting for Stock Option Grants and Stock Appreciation Rights

The Company has adopted the intrinsic value method as per the Guidance Note on Accounting for Employee Share Based Payments issued by the Institute of Chartered Accountants of India for measuring the cost of the options granted.

Had the Company used the fair value method in accordance with Black Scholes Model to determine employee stock compensation, its loss after tax and loss per share as reported would have changed to the amounts indicated below:

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
a. Net profit/ (loss) after tax as reported	472,658	(5,917,222)
i. Add: Stock based employee compensation expense debited to Statement of Profit and Loss *	-	75,060
ii. Less: Stock based employee compensation expense based on fair value	(165,444)	(322,312)
b. Difference between (i) and (ii)	(165,444)	(247,252)
c. Adjusted proforma profit/ (loss)	307,214	(6,164,474)
d. Difference between (a) and (c)	(165,444)	(247,252)
e. Basic loss per share as reported	0.05	(0.58)
f. Proforma basic loss per share	0.03	(0.60)
g. Diluted loss per share as reported	0.02	(0.58)
h. Proforma diluted loss per share	0.01	(0.60)

* potential equity shares are anti-dilutive in nature for the year ended 31 March 2015.

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

- 17** The Company is primarily engaged in the business of making investments. As the Company operates in a single business and geographical segment, the primary and secondary segment disclosures prescribed by Accounting Standard 17, "Segment Reporting", have not been provided in these financial statements.
- 18** The reporting currency of the Company has been determined as US Dollar which is different from the currency of Cyprus i.e. Euro, since majority of the funding of the Company is denominated in US Dollar.
- 19** On 21 April 2014, the Company's shareholders and Board of Directors approved a resolution to effect a one-for-five reverse share split of its ordinary and preference shares. Also the Board of directors passed a resolution to approve the modification to warrant subscription agreement for proportional adjustment to the conversion ratio of its outstanding warrants and Compensation Committee of the Board passed a resolution for proportional adjustment to (a) number of share options, (b) number of stock appreciation rights, and (c) the exercise prices of share options and stock appreciation rights. At the same time, the nominal value of ordinary shares and preference shares was changed from USD 0.04 per share to USD 0.20 per share.
- 20** Pursuant to warrants and class 'O' preference shares subscription agreements and amendments thereto, the balance subscription money receivable in respect of partly paid up warrants and class O preference shares is required to be utilised towards purchase of equity shares issued by TV18 Home Shopping Network Limited (the 'subsidiary') of Company, against outstanding 0.001% compulsorily convertible preference shares issued by the subsidiary.
- 21** Previous year figures have been regrouped/reclassified, wherever necessary to make them comparable with those of the current year.

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

per **B.P. Singh**
Partner

Place :
Date :

For and on behalf of the Board of Directors

Director Director

Place : Cyprus
Date : 19 April 2016