

Web18 Holdings Limited

Independent Auditor's Report

To the Members of Web18 Holdings Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Web18 Holdings 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 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 Companies Act, 2013 (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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. 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.
6. 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

7. 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 31 March 2016, its loss and its cash flows for the year ended on that date.

Other Matter

8. This report is intended solely for the purpose of facilitating Network18 Media & Investments Limited, to comply with the provision of Section 129 of the Act and should not be used for any other purpose.

For **Walker Chandiook & Co LLP**

(formerly Walker, Chandiook & Co)

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **B.P. Singh**

Partner

Membership No.: 070116

Place : Noida

Date : 20 April 2016

Balance Sheet as at 31 March, 2016

		<i>All amounts in USD</i>	
	Notes	As at 31 March, 2016	As at 31 March, 2015
Equity and liabilities			
Shareholders' funds			
Share capital	2	4,69,673	4,69,673
Reserves and surplus	3	3,41,39,422	3,42,04,399
Current liabilities			
Trade payables	4	17,154	3,003
Total		<u>3,46,26,249</u>	<u>3,46,77,075</u>
Assets			
Fixed Assets			
Intangible assets	5	-	-
Non-current investments	6	3,34,82,505	3,34,82,505
Current assets			
Cash and cash equivalents	7	60	50,886
Short-term loans and advances	8	11,43,684	11,43,684
Total		<u>3,46,26,249</u>	<u>3,46,77,075</u>

Notes 1 to 15 form an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date

For **Walker Chandiook & Co. LLP**
Chartered Accountants
Firm's Registration No.:001076N/N500013

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

Place: Noida
Date: 20th April, 2016

For and on behalf of the Board of Directors
of **Web18 Holdings Limited**

CCY Management
Director

Milorad Vujnovic
Director

Place: Cyprus
Date: 19th April, 2016

Statement of Profit and Loss for the year ended 31st March, 2016

	Notes	<i>All amounts in USD</i>	
		Year ended 31 March, 2016	Year ended 31 March, 2015
Revenue			
Other income	9	44	797
		<u>44</u>	<u>797</u>
Expenses			
Other expenses	10	61,017	8,891
		<u>61,017</u>	<u>8,891</u>
Loss for the year before tax		(60,973)	(8,094)
Tax expense			
- current year		705	-
- earlier years		3,299	-
		<u>3,299</u>	<u>-</u>
Loss for the year after tax		(64,977)	(8,094)
		<u>(64,977)</u>	<u>(8,094)</u>
Earnings per share (basic and diluted)	11	(0.00)	(0.00)

Notes 1 to 15 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**
Chartered Accountants
Firm's Registration No.:001076N/N500013

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

Place: Noida
Date: 20th April, 2016

For and on behalf of the Board of Directors
of **Web18 Holdings Limited**

CCY Management
Director

Milorad Vujnovic
Director

Place: Cyprus
Date: 19th April, 2016

Statement of Cash Flow for the year ended 31 March, 2016

	<i>All amounts in USD</i>	
	Year ended 31 March, 2016	Year ended 31 March, 2015
A) Cash flows from operating activities :		
Loss for the year before tax	(60,973)	(8,094)
Adjustment for:		
Interest income	(44)	12
Sundry balances written back	-	785
Operating loss before working capital changes	(61,017)	(7,297)
Adjustments for:		
Increase / (decrease) in trade payables	14,195	(9,378)
Cash flow used in operating activities before taxes	(46,822)	(16,675)
Taxes paid	(4,004)	-
Net cash used in operating activities	(50,826)	(16,675)
B) Cash flows from investing activities	-	-
C) Cash flows from financing activities	-	-
Net decrease in cash and cash equivalents	(50,826)	(16,675)
Cash and cash equivalents at the beginning of the year	50,886	67,561
Cash and cash equivalents at the end of the year	60	50,886
Cash and cash equivalents includes:		
Balance with banks in current account	60	50,886
Cash and cash equivalents as per note 7	60	50,886

Notes:

- a) The above cash flow statement 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 the Companies (Accounts) Rules, 2014 (as amended).

Notes 1 to 15 form an integral part of these financial statements.

This is the Statement of Cash Flow referred to in our report of even date.

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

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

Place: Noida
Date: 20th April, 2016

For and on behalf of the Board of Directors
of **Web18 Holdings Limited**

CCY Management
Director

Place: Cyprus
Date: 19th April, 2016

Milorad Vujnovic
Director

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 of Web18 Holdings Limited (the 'Company') have been prepared for the limited purpose of facilitating the holding company for complying the provision of section 129 of the Companies Act, 2013. The financial statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with Indian Generally Accepted Accounting Principles as adopted consistently by the Company. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle i.e. 12 months

b Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the 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 recognized in the current and future periods.

c Investments

Investments which are readily realizable and intended to be held for not more than a year from the date on which investment 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 value of investments. Profit/ loss on sale of investments are computed with reference to the average cost of the investment

d 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 recognized as income or as expenses in the year in which they arise.

e Taxation

In accordance with the provisions of the Cyprus Income Tax Laws, the Company is subject corporation tax on its taxable profits @ 12.5%. Any capital gains are taxed at rate of 20%. Under certain conditions interest is subject either to corporation tax or to defence contribution. The relevant corporation tax rate for the year is 12.5% and the defence contribution rate is 30%. In certain cases, dividend received from abroad may be subject to defence contribution. The relevant defence contribution rate for the year is 17%.

f 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.

g Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for events including a bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

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

h Fixed assets

Intangible fixed assets are stated at cost of acquisition less accumulated amortization and accumulated impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

i Amortisation

Amortisation of intangible assets is provided on straight line basis over the management's assessment of the useful life of the assets, which is as follows:

Asset category Useful life

Intangible assets 5 years

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.

k Interest income

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

All amounts in USD

	As at 31 March, 2016	As at 31 March, 2015
2. Share capital		
Authorized shares capital		
17,81,81,818 (Previous year 17,81,81,818) Class A ordinary shares of USD 0.00374 each	6,66,400	6,66,400
2,70,72,19,251 (Previous year 2,70,72,19,251) Class B ordinary shares of USD 0.00374 each	1,01,25,000	1,01,25,000
5,08,02,13,904 (Previous year 5,08,02,13,904) preference shares of USD 0.00374 each	1,90,00,000	1,90,00,000
	2,97,91,400	2,97,91,400
Issued, subscribed and paid-up share capital		
10,72,48,888 (Previous year 10,72,48,888) Class A ordinary shares of USD 0.00374 each fully paid up	4,01,111	4,01,111
57,20,095 (Previous year 57,20,095) Class B ordinary shares of USD 0.00374 each fully paid up	21,392	21,392
1,26,12,307 (Previous year 1,26,12,307) preference shares of USD 0.00374 each fully up	47,170	47,170
	4,69,673	4,69,673

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

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

There is no movement in equity share capital and preference share capital during the current year and previous year.

b Description of the rights, preferences and restrictions attached to each class of shares

Class of shares	Rights, preferences and restrictions (including restrictions on distributions of dividends and repayment of capital) attached to each class of shares
Ordinary Shares - Class A	Each Class A ordinary share carries ten vote at any meeting of the shareholders of the Company. In the event of winding up of the Company, the holder of the shares will be entitled to receive remaining assets of the Company, after payment of all liabilities. The distribution will be in proportion to the par value of shares held by the shareholders.
Ordinary Shares - Class B	Each Class B ordinary share carries one vote at any meeting of the shareholders of the Company. In the event of winding up of the Company, the holder of the shares will be entitled to receive remaining assets of the Company, after payment of all liabilities. The distribution will be in proportion to the par value of shares held by the shareholders.
Preference Shares	Holders of preference shares have the same voting rights as the holders of Class B ordinary shares on an 'as-if converted' basis. Each preference share is convertible into one share of Class B ordinary share. The conversion ratio is subject to change as per the computation specified in the shareholders agreement. The shares are convertible at the option of the holder thereof by written notice. The holder of the shares also have the right at any time after the fifth anniversary of Closing ('Trigger Date') to require the Company to redeem the shares along with the annual rate of interest of 15% on the subscription price. The Company have the right at any time after the Trigger Date, to redeem the shares along with the annual rate of interest of 25% on the subscription price. If neither party exercises its option within the period of four months from the Trigger Date, shares shall be mandatorily converted into Class B ordinary shares in the conversion ratio as specified in shareholders agreement. In the event of winding up of the Company the holder of the shares will be entitled to receive remaining assets of the Company, after payment of all liabilities. The distribution will be in proportion to the par value of shares held by the shareholders.

All amounts in USD

c Details of shares held by holding company and fellow subsidiary

1. Class A ordinary shares

Name of the entity	Nature of relationship	31 March, 2016		31 March, 2015	
		No. of shares	% of holding	No. of shares	% of holding
Television Eighteen Media & Investments Limited, Mauritius	Holding company	10,72,48,888	100%	10,72,48,888	100%

2. Class B ordinary shares

Name of the entity	Nature of relationship	31 March, 2016		31 March, 2015	
		No. of shares	% of holding	No. of shares	% of holding
Television Eighteen Mauritius Limited	Fellow Subsidiary	53,00,095	93%	53,00,095	93%
Television Eighteen Media & Investment Ltd.	Holding Company	4,20,000	7%	4,20,000	7%

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

All amounts in USD

3. Preference shares

Name of the entity	Nature of relationship	31 March, 2016		31 March, 2015	
		No. of shares	% of holding	No. of shares	% of holding
Television Eighteen Media and Investments Limited, Mauritius	Holding company	1,26,12,307	100%	1,26,12,307	100%

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

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

1. Class A ordinary shares

Name of the entity	Nature of relationship	31 March, 2016		31 March, 2015	
		No. of shares	% of holding	No. of shares	% of holding
Television Eighteen Media and Investments Limited, Mauritius	Holding company	10,72,48,888	100%	10,72,48,888	100%

2. Class B ordinary shares

Name of the entity	Nature of relationship	31 March, 2016		31 March, 2015	
		No. of shares	% of holding	No. of shares	% of holding
Television Eighteen Mauritius Limited, Mauritius	Fellow Subsidiary	53,00,095	93%	53,00,095	93%
Television Eighteen Media and Investment Ltd., Mauritius	Holding Company	4,20,000	7%	4,20,000	7%

3. Preference shares

Name of the entity	Nature of relationship	31 March, 2016		31 March, 2015	
		No. of shares	% of holding	No. of shares	% of holding
Television Eighteen Media and Investments Limited, Mauritius	Holding Company	1,26,12,307	100%	1,26,12,307	100%

- e No shares have been issued pursuant to a contract without payment being received in cash, allotted as fully paid up bonus issued or brought back in the current reporting period and in the last five years immediately preceding the current reporting period.

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
3 Reserves and surplus		
Securities premium account		
Balance at the beginning /end of the year	3,87,30,565	3,87,30,565
Deficit in the statement of profit and loss		
Balance at the beginning of the year	(45,26,166)	(45,18,072)
Add: loss for the year	(64,977)	(8,094)
Balance at the end of the year	<u>(45,91,143)</u>	<u>(45,26,166)</u>
	<u>3,41,39,422</u>	<u>3,42,04,399</u>
4 Trade payables		
Due to others	17,154	3,003
	<u>17,154</u>	<u>3,003</u>

All amounts in USD

5. Intangible assets

Particulars	Intangible assets	
	Domain name	Total
Gross block		
At 1 April 2014/ 1 April 2015	25,00,000	25,00,000
At 31 March 2015/ 31 March 2016	25,00,000	25,00,000
Accumulated amortization		
At 1 April 2014/ 1 April 2015	25,00,000	25,00,000
At 31 March 2015/ 31 March 2016	25,00,000	25,00,000
Net block		
At 31 March 2015	-	-
At 31 March 2016	-	-

All amounts in USD

	As at 31 March, 2016	As at 31 March, 2015
6 Non-current investments (Unquoted, trade)		
Long-term investments (valued at cost)		
Investment in subsidiary		
E-18 Limited, Cyprus		
207,870 (previous year 207,870) equity shares of USD 1 each fully paid up	3,34,82,505	3,34,82,505
	<u>3,34,82,505</u>	<u>3,34,82,505</u>
Aggregate amount of unquoted investments	3,34,82,505	3,34,82,505

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
7 Cash and cash equivalents		
Balance with banks		
in current account	<u>60</u>	<u>50,886</u>
	<u>60</u>	<u>50,886</u>
8 Short-term loans and advances (Unsecured, considered good)		
Loans and advances to related parties (refer note 12.2)	<u>11,43,684</u>	<u>11,43,684</u>
	<u>11,43,684</u>	<u>11,43,684</u>
9 Other income		
Interest income	44	12
Sundry balances written back	-	785
	<u>44</u>	<u>797</u>
10 Other expenses		
Legal and professional charges	59,117	8,367
Foreign exchange fluctuation (net)	1,145	60
Miscellaneous expenses	755	464
	<u>61,017</u>	<u>8,891</u>
11 Earnings per share (Basic and diluted)		
Loss after tax attributable to equity shareholders	(64,977)	(8,094)
Weighted average number of equity shares outstanding during the year	11,29,68,983	11,29,68,983
Nominal value of equity shares in USD	0.00374	0.00374
Earnings per share (basic and diluted)	(0.00)	(0.00)

The effect of potential equity shares being anti-dilutive has not been considered while calculating diluted earnings per share

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

12 Related party disclosure

12.1 List of Related parties

Name of Related Party	Relationship
1 Independent Media \Trust 2 Adventure Marketing Private Limited 3 Watermark Infratech Private Limited 4 Colorful Media Private Limited 5 RB Media Holdings Private Limited 6 RB Mediasoft Private Limited 7 RRB Mediasoft Private Limited 8 RB Holdings Private Limited 9 Network18 Media & Investments Limited 10 Television Eighteen Media & Investments Limited, Mauritius 11 Shinano Retail Private Limited	Enterprises exercising control
1 Reliance Industries Limited (RIL) 2 Reliance Industrial Investments and Holdings Limited	Beneficiary/Protector of Independent Media Trust
1 Television Eighteen Mauritius Limited, Mauritius 2 Network18 Holdings Limited, Mauritius	Fellow subsidiary*
1 E-18 Limited, Cyprus	Subsidiary

* The disclosure of fellow subsidiaries has been limited to the Companies with whom the Company has transactions.

12.2 Related party disclosures

All amounts in USD

Particulars	Subsidiaries/Fellow Subsidiaries	
	2016	2015
Transactions during the year	-	-
Total	-	-
Balances as at the year end		
Loans and advances		
Television Eighteen Mauritius Limited	10,00,000	10,00,000
Network18 Holdings Limited	1,43,684	1,43,684
Total	11,43,684	11,43,684

- 13 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.
- 14 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.
- 15 Prior year amounts have been regrouped / reclassified where necessary to conform to the current year's classification.

For **Walker Chandiok & Co. LLP**
Chartered Accountants
Firm's Registration No.:001076N/N500013
per **B P Singh**
Partner
Membership No.:70116

Place: Noida
Date: 20th April, 2016

For and on behalf of the Board of Directors
of **Web18 Holdings Limited**

CCY Management
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Place: Cyprus
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