

NETWORK18 HOLDINGS LIMITED

# **Network18 Holdings Limited**

## Directors' Report

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### Directors' report

The directors present herewith their report and the audited financial statements for the year ended 31 March 2015.

### PRINCIPALACTIVITY

The Company is engaged in media business and investment in media undertakings.

### RESULTS AND DIVIDENDS

The Company's loss for the year ended 31 March 2015 is **USD 796,915** (Year ended 31.3.2014 – Profit of USD 404,756).

The directors do not recommend the payment of dividend for the year under review (Year ended 31.3.2014 - Nil).

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs and of the profit or loss of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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### **Report on the financial Statements**

We have audited the financial statements of Network18 Holdings Limited (the “Company”) from 7 to 25 which comprise the statement of financial position at 31 March 2015, the statement of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

This report is made solely to the Company’s members, as a body, in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Company’s members those matters that are required to state to them in an auditors’ report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

#### *Directors’ Responsibility for the Financial Statements*

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor’s Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgement, 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 auditors consider internal control relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of accounting estimates made by the directors, 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 audit opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair vies of the financial position of the Company at 31 March 2015 and of its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act.

### **Report on Other Legal and Regulatory Requirements**

#### *Mauritius Companies Act*

- We have no relationship with or interest in the Company other than in our capacity as auditors.
- We have obtained all the information and explanations we have required.

In our opinion proper accounting records have been kept by the Company as far as it appears from our examination of those records.

**ROY SERVANSINGH ASSOCIATES**  
*Licensed Auditors*

**SIGNING PARTNER**  
**SAMRAT C. SERVANSINGH (FCCA)**  
*Licensed by FRC*

**DATE:**

**DATE:**

## Statement of financial position as at 31 March 2015

	Note	31 March 2015 USD	31 March 2014 USD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Non-current investments	6	13,896,738	13,896,739
Long-term loans and advances	7	14,665,490	26,257,179
		<u>28,562,228</u>	<u>40,153,918</u>
<b>Current assets</b>			
Cash and bank balances	8	689,561	318,826
Short-term loans and advances	9	7,026	6,964
Other current assets	10	34,716,458	36,150,554
		<u>35,413,045</u>	<u>36,476,344</u>
<b>Total assets</b>		<u><u>63,975,273</u></u>	<u><u>76,630,262</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	1,500,000	1,500,001
Equity component of financial instruments		5,511,885	5,781,473
Retained earnings	12	(19,846,159)	24,262,585
		<u>(12,834,274)</u>	<u>31,544,058</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	13	40,258,180	7,052,244
		<u>40,258,180</u>	<u>7,052,244</u>
<b>Current liabilities</b>			
Short-term provision	14	34,711,930	36,150,079
Trade payables	15	10,754	1,871,499
Other current liabilities	16	1,828,683	12,382
		<u>36,551,367</u>	<u>38,033,960</u>
<b>Total equity and liabilities</b>		<u><u>63,975,273</u></u>	<u><u>76,630,262</u></u>

The financial statements were approved by the Board of Directors on and were signed on their behalf by:

.....  
**SHARIFF GOLAM HOSSEN**  
 DIRECTOR

.....  
**ASLAM KOOMAR**  
 DIRECTOR

The notes on pages 11 to 25 form part of these financial statements

## Statement of profit or loss and other comprehensive income

### For the year ended 31 March 2015

	Note	Year ended 31 March 2015 USD	Year ended 31 March 2014 USD
<b>Income</b>			
Other income	17	<u>411,613</u>	662,824
		<u>411,613</u>	<u>662,824</u>
<b>Expenses</b>			
Finance costs	18	1,190,198	228,173
Other expenses	19	<u>18,330</u>	17,514
		<u>1,208,528</u>	<u>245,687</u>
<b>(Loss)/ profit before tax</b>		<b>(796,915)</b>	417,137
Tax expense	23	-	(12,381)
<b>(Loss)/ profit for the year</b>		<b>(796,915)</b>	404,756
Other comprehensive income		-	-
<b>Total comprehensive (loss)/ income for the year</b>		<b>(796,915)</b>	<u>404,756</u>
(Loss)/ earnings per share	20	<b>(0.53)</b>	0.27

The notes on pages 11 to 25 form part of these financial statements

## Statement of Changes in Equity for the year ended 31 March 2015

	Share capital USD	Equity component of financial instruments USD	Retained earnings USD	Total USD
At 1 April 2013	1,500,001	269,588	23,857,829	25,627,418
Total comprehensive income for the year	-	-	404,756	214,268
Issue of 12,000,000 0.01% Optionally Convertible Debentures (Note 12)	-	5,511,885	-	5,511,855
Share bought back (note 25)	(1)	-	-	(1)
At 31 March 2014	<u>1,500,000</u>	<u>5,781,473</u>	<u>24,262,585</u>	<u>31,544,058</u>
At 1 April 2014	1,500,000	5,781,473	24,262,585	31,544,058
Total comprehensive loss for the year	-	-	(796,915)	(796,915)
Redemption of 586,000 Zero Coupon Convertible Bond (Note 12)	-	(269,588)	-	(269,588)
Loss on merger	-	-	(43,311,829)	(43,311,829)
<b>At 31 March 2015</b>	<b><u>1,500,000</u></b>	<b><u>5,511,885</u></b>	<b><u>(19,846,159)</u></b>	<b><u>(12,834,274)</u></b>

The notes on pages 11 to 25 form part of these financial statements

## Statement of cash flows For the year ended 31 March 2015

	Year ended 31 March 2015 USD	Year ended 31 March 2014 USD
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss)/ profit before tax	(796,915)	417,137
<i>Adjustments for :</i>		
Interest expenses	1,190,198	228,173
Interest income	(375,116)	(658,046)
Sundry balances written back	(36,497)	-
Foreign exchange loss on provision for indemnity	-	(352)
Operating loss before working capital changes	(18,330)	(13,088)
<i>Adjustments for :</i>		
(Increase)/ decrease in current assets	13,029,776	(6,999,246)
(Decrease)/ increase in trade payables and other current liabilities	(1,446,096)	(7,503,070)
Net cash used in operating activities	<u>11,565,350</u>	<u>(14,515,404)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest received	371,063	660,029
Acquisition of investments	1	(63,770)
Net cash from investing activities	<u>371,064</u>	<u>596,259</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loans (repaid)/taken		
Debentures issued	32,936,348	-
	-	12,000,000
Interest paid	(1,190,198)	(569)
Loss on merger	(43,311,829)	-
Net cash used in financing activities	<u>(11,565,679)</u>	<u>11,999,431</u>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>370,735</b>	<b>(1,919,714)</b>
Cash and cash equivalents as at the beginning of the year	<u>318,826</u>	<u>2,238,540</u>
<b>Cash and cash equivalents as at the end of the year</b>	<b><u>689,561</u></b>	<b><u>318,826</u></b>

The notes on pages 11 to 25 form part of these financial statements

## Notes to the Financial Statements for the year ended 31 March 2015

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### 1. General information

Network 18 Holdings Limited (“the Company”) was incorporated in Cayman Islands on 19<sup>th</sup> April, 2006 and had its registered office at Regatta Office Park, West Bay Road, Windward 1, P.O. Box 31106, Grand Cayman, Cayman Islands.

The Company migrated from Cayman Islands to Mauritius and was granted Certificate of Registration by Continuation under Section 299 of the Companies Act 2001 of Mauritius with effect from 19<sup>th</sup> April 2012. The registered office of the Company is situated at 5<sup>th</sup> Floor, Ebene Esplanade, 24 Cyber City, Ebene, Mauritius.

### 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### *Basis of preparation*

The preparation of financial statements in conformity with IFRS requires the directors to make use of certain critical accounting estimates. It also requires directors to exercise its judgement in the process of applying the Company’s accounting policies. There are no significant estimates or judgements made by the financial year ended 31 March 2015.

The financial statements have been prepared under the historical cost convention, as modified by fair valuation of available for sale financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the directors to make use of certain critical accounting estimates. It also requires directors to exercise its judgement in the process of applying the Company’s accounting policies. There are no significant estimates or judgments made by the financial year 31 March 2015 other than those included in the notes to the accounts below.

#### *Financial instruments*

Financial instruments carried on the statement of financial position include advance against equity, trade and other receivables, cash and bank balances, and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

#### *Cash and cash equivalents*

Cash and cash equivalent includes cash in hand, deposit held at call with banks, other short term highly liquid investment with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowing in current liabilities on the statement of financial position.

#### *Share capital*

Ordinary shares are classified as equity.

#### *Trade receivables*

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

#### *Payables*

Payables are recognised initially at fair value and subsequently stated at amortised cost. The difference between the proceeds and the amount payable is recognised over the period of the payable using the effective interest method.

#### *Functional and presentation currency*

The financial statements are presented in United States dollars (“USD”) which is the company’s functional and presentation currency. The Company holds a Category 1 Global Business Licence under the Financial Services Act 2007, which requires that the company’s business or other activity is carried on in a currency other than the Mauritian rupee.

#### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

Monetary assets and liabilities expressed in foreign currencies at year-end date are translated into USD at the exchange rates



## Notes to the Financial Statements for the year ended 31 March 2015

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ruling at the reporting date. Translation differences on non-monetary financial assets and liabilities, such as equities at fair value through profit or loss are recognised in the income statement within the fair value net gain or loss. Translation differences on non-monetary items, such as equities, classified as available-for-sale financial assets are included in the fair value reserve in equity.

### *Derecognition of financial assets and liabilities*

#### *Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### *Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statement of comprehensive income.

#### *Provisions*

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

#### *Income tax*

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

#### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of period / year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the comprehensive income.

Monetary assets and liabilities expressed in foreign currencies at year-end date are translated into USD at the exchange rates ruling at the reporting date. Translation differences on non-monetary financial assets and liabilities, such as equities at fair value through profit or loss are recognised in the income statement within the fair value net gain or loss. Translation differences on non-monetary items, such as equities, classified as available-for-sale financial assets are included in the fair value reserve in equity

#### *Revenue recognition*

Interest income is recognised on a time-proportionate basis using the effective interest method and includes interest income from debt securities.

#### *Related parties*

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions.

## Notes to the Financial Statements for the year ended 31 March 2015

### 3. Adoption of new and revised International Financial Reporting Standards (IFRS)

The following standards have been adopted by the Company for the first time for the financial year beginning on 01 March 2014.

Standards	Description
IFRIC 21 Levies	Clarifies how an entity should account for liabilities to pay levies imposed by governments.
IAS 39 Financial Instruments: Recognition and Measurement	Introduces a narrow-scope exception to the requirement for the discontinuation of hedge accounting in IAS 39 by allowing hedge accounting to continue in a situation in which a derivative that has been designated as a hedging instrument is novated from one counterparty to a central counterparty, as a consequence of new laws or regulations, if specific conditions are met.
IAS 36 Impairment of Assets	Clarifies the scope of certain disclosures about the recoverable amount of impaired assets.
IAS 32 Financial Instruments: Presentation	Addresses inconsistencies in current practice when applying the offsetting criteria in IAS 32.
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other entities and IAS 27 Separate Financial Statements	Defines an investment entity and introduces an exception to consolidating particular subsidiaries for investment entities

The adoption of these amendments to the standards have not had any impact on these financial statements.

### 4. Standards and Interpretations in issue but not yet adopted

The new standards and amendments to standards and interpretations are effective for annual periods beginning after 01 March 2014, and have not been applied in preparing these financial statements.

Standards	Description	Effective date for accounting periods beginning on or after
IAS 19 – Defined Benefit Plans: Employee Contributions *	Introduces a narrow-scope amendment to simplify the accounting for contributions that are independent of the number of years of employee service eg, employee contributions that are calculated according to a fixed percentage of salary.	
Annual Improvements (2010-2012 Cycle)		
<ul style="list-style-type: none"> <li>• IFRS 2 Share-based payment</li> <li>• IFRS 3 Business Combinations</li> <li>• IFRS 8 Operating Segments</li> </ul>		July 1, 2014
<ul style="list-style-type: none"> <li>• IAS 16 Property, Plant and Equipment</li> </ul>	This publication is expected to set out minor amendments.	

## Notes to the Financial Statements for the year ended 31 March 2015

- IAS 24 Related Party Disclosures
- IAS 38 Intangible Assets

Annual improvements (2011-2013 cycle).

- IFRS 3 *Business Combinations* July 1, 2014
- IFRS 13 *Fair Value Measurement*
- IAS 40 *Investment Property*

IFRS7 Financial Instruments: Amendments resulting from September 2014 Disclosures Annual Improvements to IFRSs January 1, 2015

IFRS 10 Consolidated Financial Statements; IAS 28 Investments in Associates and Joint Ventures (Amended in 2011) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture January 1, 2016

IFRS 11 Joint Arrangements Accounting for Acquisitions of Interests in Joint Operations.

IFRS 14 Regulatory Deferral Accounts (New in 2014) The objective of IFRS 14 is to specify the financial reporting requirements for 'regulatory deferral account balances' that arise when an entity provides good or services to customers at a price or rate that is subject to rate regulation.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets re: Clarification of Acceptable Methods of Depreciation and Amortisation

IAS 16 Property, Plant and Equipment and

IAS 41 Agriculture Agriculture: Bearer Plants In accordance with specific requirements in IAS 16 and IAS 41

IAS 27 Separate Financial Statements (Amended in 2011) Equity Method in Separate Financial Statements

IFRS 9 Financial Instruments Hedge Accounting To be determined

IFRS7 Financial Instruments: Disclosures Hedge Accounting; Simultaneously with IFRS 9, in accordance with specific requirements in IFRS 7 and IAS 39

IAS39 Financial Instruments: Recognition and measurement

There are no other standards and IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

### 5. Critical accounting judgments and key sources of estimation uncertainty

*Critical accounting judgments in applying the Company's accounting policies*

In the process of applying the Company's accounting policies, which are described in Note 2, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements:-

*Determination of functional currency*

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising there from are dependent on the functional currency selected. As described in Note 2, the directors have considered those factors described therein and have determined that the functional currency of the Company is the United States Dollar ("USD").

## Notes to the Financial Statements for the year ended 31 March 2015

6. Non-current investments	31 March 2015 USD	31 March 2014 USD
<b>Investment in equity shares : Unquoted (valued at cost)</b>		
Investment in subsidiary		
46,308,665 (Previous year: 46,308,665) Ordinary shares of USD 0.04 each in TV18HSN Holdings Limited	13,831,969	13,831,969
Nil (Previous year 5,000 ) Equity shares of USD 1 each in BK Holding Limited	-	1
	<u>13,831,969</u>	<u>3,831,970</u>
<b>Investment to preference shares : Unquoted (valued at cost)</b>		
Investment in subsidiary		
2500 (Previous year: 2,500) Series A preference shares of USD 0.04 each in TV18 HSN Holdings Limited	1,000	1,000
6,376,833 (Previous year 6,376,833) Series O preference shares of USD 0.04 each partly paid up of USD 0.01 each in TV 18 HSN Holdings Limited	63,769	63,769
	<u>64,769</u>	<u>64,769</u>
	<u>13,896,738</u>	<u>13,896,739</u>
7. Long-term loans and advances	31 March 2015 USD	31 March 2014 USD
<b>(unsecured, considered good)</b>		
Loans and advances to related parties	14,031,591	26,232,995
Share warrants - partly paid up	24,184	24,184
Advance income tax (net of provision)	609,715	-
	<u>14,665,490</u>	<u>26,257,179</u>
8. Cash and bank balances	31 March 2015 USD	31 March 2014 USD
<b>Cash and cash equivalents</b>		
Balances with banks:		
In current accounts	13,447	5,897
<b>Other bank balances</b>		
Deposits with original maturities of more than 3 months but less than 12 months	676,114	312,929
	<u>689,561</u>	<u>318,826</u>
9. Short-term loans and advances	31 March 2015 USD	31 March 2014 USD
<b>(unsecured, considered good)</b>		
Prepaid expenses	7,026	6,964
	<u>7,026</u>	<u>6,964</u>

## Notes to the Financial Statements for the year ended 31 March 2015

	<b>31 March 2015 USD</b>	31 March 2014 USD
<b>10. Other current assets</b>		
Interest accrued on fixed deposits	<b>4,528</b>	475
Amount receivable from related party (refer note 22)	<b>34,711,930</b>	36,150,079
	<b>34,716,458</b>	36,150,554
<b>11. Share capital</b>		
	<b>31 March 2015 USD</b>	31 March 2014 USD
a. <i>Authorized share capital</i>		
2,000,000 (Previous year: 2,000,000) ordinary shares of USD 1 each	<b>2,000,000</b>	2,000,000
5,400,000 (2013: 5,400,000) preference shares of USD 1 each	<b>5,400,000</b>	5,400,000
	<b>7,400,000</b>	7,400,000
b. <i>Issued, subscribed and paid-up capital</i>		
1,500,000 (Previous year 1,500,000) ordinary shares of USD 1 each fully paid up	1,500,000	1,500,000
	<b>1,500,000</b>	1,500,000
<b>12. Retained earnings</b>		
	<b>31 March 2015 USD</b>	31 March 2014 USD
Balance at the beginning of the year	<b>24,262,585</b>	23,857,829
Loss on merger	<b>(43,311,829)</b>	-
(Loss)/ profit for the year	<b>(796,915)</b>	404,756
Balance at the end of the year	<b>(19,846,159)</b>	24,262,585
<b>13. Long-term borrowings</b>		
	<b>31 March 2015 USD</b>	31 March 2014 USD
<i>Unsecured</i>		
Nil (Previous year: 586,000) Zero Coupon Convertible Bond*	-	357,917
12,000,000 (Previous year: 12,000,000) 0.01% Optionally Convertible Debentures of USD 1 each **	<b>7,119,820</b>	6,694,327
Loan from related parties	<b>33,138,360</b>	-
	<b>40,258,180</b>	7,052,244

\* The above represent the liability element of 586,000 zero coupon convertible bonds of \$1 each issued on 30/03/2010. The bonds are convertible into 1 ordinary share of the Company at the option of the bond holder up to 30/03/2020. The bonds were split into equity and liability elements using the rate of 6.357% which according to management of the Company is representative of the Company's risk profile. The equity elements for the above bonds are US\$ 269,588.

\*\* The above represent the liability element of 12,000,000 0.01% Optionally Convertible Debentures of \$1 each issued on 01/10/2013. The debentures shall carry a coupon rate of 0.01% per annum and have a maximum term of ten years from the date of allotment (i.e. 01 October 2013). At any time during the term, subject to the option of the subscriber of the Debentures, the Debentures shall be converted into equity shares of the Company at par value. If, by the expiry of the Term, the Subscriber of the Debentures has not opted for the conversion of the Debentures into equity shares of the Company as stated above, the Debentures shall be redeemed by the Company in the manner as may be agreed mutually between the parties. The debentures were split into equity and liability elements using the rate of 6.357% which according to management of the Company is representative of the Company's risk profile. The equity elements for the above bonds are US\$ 5,511,885.

## Notes to the Financial Statements for the year ended 31 March 2015

	<b>31 March 2015</b>	31 March 2014
	<b>USD</b>	USD
<b>14. Short-term provisions</b>		
<b>Unsecured</b>		
Loans and advances from related parties	<u><b>34,711,930</b></u>	<u>35,150,079</u>
	<u><b>34,711,930</b></u>	<u>35,150,079</u>
<p>** During the year ended 31 March 2011, Roptonal Limited, Cyprus (“Roptonal”) a subsidiary of the holding company’s jointly controlled entity, Viacom18 Media Private Limited made a public offer for purchase of entire issued capital of The Indian Film Company Limited, Guernsey (‘TIFC’). The Company and its ultimate holding company, in their capacity as shareholders in TIFC accepted the public offer. Further, pursuant to an agreement between Roptonal and the Company, the Company has agreed to indemnify Roptonal against the amount, if any, by which the net cash generated by TIFC from its existing film library in respect of the period from the date on which the aforementioned public offer becomes unconditional up to 21 July 2014 is less than the net asset value of the film library as per the TIFC’s therein mentioned accounts for the year ended 31 March 2010.</p> <p>The Company has also agreed to indemnify Roptonal against certain Indian tax liabilities that may potentially arise in TIFC or Roptonal in respect of certain withholding tax recoveries stated in TIFC’s financial statements and other taxes relating to the sale of Company’s shares in TIFC. The aforementioned agreement further provided that if the Company does not fulfill the indemnity obligations agreed in the agreement, the indemnity shall be provided by the holding company.</p> <p>During the year ended 28 February 2015, the Company carried out a fair valuation exercise of the aforementioned film library and accordingly USD 35,161,348 (previous year 36,150,079) has been provided towards the said indemnity obligation in the books of the Company. In accordance with the aforementioned agreement, the Company has also recorded a receivable from the holding company for the same amount. In accordance with the Company’s agreement with ultimate holding company, any foreign exchange fluctuations arising at the time of settlement of the aforementioned indemnity liability shall be borne by the Company. The amount receivable from the holding company has been shown under note 5 - Other non-current assets.</p>		
<b>15. Trade payables</b>	<b>31 March 2015</b>	31 March 2014
	<b>USD</b>	USD
Due to others	<u><b>10,754</b></u>	<u>1,871,499</u>
	<u><b>10,754</b></u>	<u>1,871,499</u>
<b>16. Other current liabilities</b>	<b>31 March 2015</b>	31 March 2014
	<b>USD</b>	USD
Other payable	<b>1,828,683</b>	-
Income tax payable	-	12,831
	<u><b>1,828,683</b></u>	<u>12,831</u>
<b>17. Other income</b>	<b>31 March 2015</b>	31 March 2014
	<b>USD</b>	USD
Interest income	<b>375,116</b>	658,046
Excess provision written back	<b>36,497</b>	-
Net exchange gain (net)	-	351
Miscellaneous income	-	4,427
	<u><b>411,613</b></u>	<u>662,824</u>

## Notes to the Financial Statements for the year ended 31 March 2015

18. Finance costs	31 March 2015 USD	31 March 2014 USD
Interest expenses	796,310	-
Bond and debenture interest payable to related party	393,002	27,604
Bank charges	1,885	569
	1,190,198	228,173
19. Other expenses	31 March 2015 USD	31 March 2014 USD
Exchange loss (net )	190	-
Legal and professional expenses *	18,141	16,809
Miscellaneous expenses	-	705
	18,330	17,514
20. Earnings per share	31 March 2015 USD	31 March 2014 USD
(Loss)/ profit attributable to ordinary shareholders	(796,915)	404,756
Weighted average number of ordinary shares outstanding during the year	1,500,000	1,500,000
Nominal value of ordinary shares in USD	1	1
<b>(Loss)/ profit per share (basic and diluted)</b>	<b>(0.53)</b>	<b>0.27</b>

### 21. Other commitments

Pursuant to the warrant subscription agreements dated 29 July 2011, 6 March 2012 and 19 March 2013, the Company is required to invest USD 7,922,070, USD 4,222,363 and USD 12,015,314 in TV18 HSN Holdings Limited in order to make the partly paid-up warrants as fully paid-up.

### 22. Related party disclosures

#### 22.1 List of related Parties and relationship

(a) **Holding company**

Network 18 Media & Investments Limited

(b) **Fellow subsidiaries**

Capital18 Limited, Mauritius (up to 02.06.2014)

Television Eighteen Mauritius Limited

Television Eighteen Media & Investments Limited, Mauritius

IBN18 Mauritius Limited

E-18 limited

Web 18 Holdings Limited, Cayman Islands

(c) **Subsidiary companies**

NW18 HSN Holdings PLC (formerly known as TV18 HSN Holdings Limited), Cyprus

TV18 Home Shopping Network Limited

BK Holdings Limited, Mauritius (up to 02.06.2014)

(d) **Joint venture of holding company**

Roptonal Limited, Cyprus

The Indian Film Company Limited

(e) **Key management personnel ('KMP')**

Raghav Bahl

## Notes to the Financial Statements for the year ended 31 March 2015

### 22.2 Related party transactions

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

Name	Relationship	Transaction During the year	Balance receivable/ due 2015 USD	Balance receivable/ due 2014 USD
BK Holdings Limited, Mauritius	Subsidiaries	Loans/advances given during the year	-	13,860,000
Network 18 Media & Investments Limited	Holding company	Issue of Optionally Convertible Debenture during the year	-	12,000,000
Television Eighteen Media & Investments Limited, Mauritius	Fellow subsidiaries	Interest income	367,436	60,003
Capital 18 Limited, Mauritius	Fellow subsidiaries	Interest income	-	255,004
BK Holdings Limited, Mauritius	Subsidiaries	Interest income	-	337,874
IBN18 Mauritius Limited	Fellow subsidiaries	Interest expense	752,816	-
Television Eighteen Mauritius Limited	Fellow subsidiaries	Interest expense	43,494	-
BK Holdings Limited, Mauritius	Subsidiaries	Investments in Equity Shares	-	1
TV18 HSN Holdings Limited, Cyprus	Subsidiaries	Investments in Preference Shares	-	63,769
Television Eighteen Mauritius Limited	Fellow subsidiaries	Share buy back by the Company	-	1
IBN18 Mauritius Limited	Fellow subsidiaries	Loan repaid during the year	20,000	-
Network 18 Media & Investments Limited	Holding company	Balances payable at end of the year	9,998	9,998
Television Eighteen Mauritius Limited	Fellow subsidiaries	Balances payable at end of the year	3,292,296	1,675,001
Web 18 Holdings Limited, Cayman Islands	Fellow subsidiaries	Balances payable at end of the year	143,684	143,684
IBN18 Mauritius Limited	Fellow subsidiaries	Loans/borrowings at end of the year	26,986,665	-
Television Eighteen Mauritius Limited	Fellow subsidiaries	Loans/borrowings during the year	1,617,295	-
E-18 limited	Fellow subsidiaries	Loans/borrowings during the year	4,534,400	-
Roptional Limited, Cyprus	Joint venture of Holding company	Short-term Provisions at end of the year	34,711,930	36,150,079
BK Holdings Limited, Mauritius	Subsidiaries	Loans and Advances at end of the year	-	14,675,313
Capital 18 Limited, Mauritius	Fellow subsidiaries	Loans and Advances at end of the year	-	9,374,060
Television Eighteen Media & Investments Limited, Mauritius	Fellow subsidiaries	Loans and Advances at end of the year	14,031,591	2,183,622
Network 18 Media & Investments Limited	Holding company	Loans and Advances at end of the year	34,711,930	36,150,079
TV18 HSN Holdings Limited, Cyprus	Subsidiaries	Warrant subscription money	24,184	24,184
Network 18 Media & Investments Limited	Holding company	Optionally Convertible Debenture	12,000,000	12,000,000
BK Holdings Limited, Mauritius	Subsidiaries	Long term borrowings-Zero Coupon Convertible Bonds	-	316,412

### 23. Taxation

The Company is a "Category 1 Global Business Licence Company" for the purpose of the Financial Services Act 2007. The profit of the company, as adjusted for income tax purposes, is subject to income tax at 15%. It is, however, entitled to a tax credit equivalent to the higher of the foreign taxes paid on 80% of the Mauritius tax on its foreign source income.

### 24. Fair value

The carrying amount of trade and other receivables, cash at bank, loan payable and trade and other payables approximate their fair values.



## Notes to the Financial Statements for the year ended 31 March 2015

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25. The Company is primarily engaged in the business of making investments. As the Company operates in a single business and geographical segment, primary and secondary segment disclosures prescribed by Accounting Standard 17, "Segment Reporting", have not been provided in these financial statements.

26. During the year ended 31 March 2015, the Company has reclassified/regrouped the previous year figures, wherever necessary, to make them comparable with those of current year.

27. **Going concern**

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued support of the shareholders.

The directors are of the opinion that this support will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the financial statements to be prepared on a going concern basis.