

RRK FINHOLD PRIVATE LIMITED

RRK Finhold Private Limited

Independent Auditor's Report

To the Members of
RRK Finhold Pvt. Ltd.

1. Reports on the Financial Statements

We have audited the accompanying financial statements of **RRK Finhold Pvt. Ltd.**, which comprise the Balance Sheet as at March 31, 2015 the Statement of Profit & Loss, and a cash flow statement for the year then ended on that date, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

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 preparation of the 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 Standards specified under section 133 of the Act, read with Companies (Accounts) Rules, 2014 ("the Act"). This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control 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.

3. Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and 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 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- c) in the case of a cash flow statement, of the cash flows of the company for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- c) The Balance Sheet, Statement of Profit & Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

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- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the accounting standards referred specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164(2) of the Act.

For Mohan L. Jain & Co
Chartered Accountants
Firm Registration No: 005345N

Nitin Aggarwal
Partner
Membership No: 528066

Place: New Delhi

Date:

Balance Sheet as at 31st March, 2015

	Note No.	Amount in Rs	
		As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	100,000	100,000
(b) Reserves and surplus	4	(65,984,855)	(25,796,610)
2. Non-current liabilities			
(a) Long-term borrowings	5	65,875,000	65,875,000
3. Current liabilities			
(a) Other current liabilities	6	148,582	37,079
Total		138,727	40,215,469
ASSETS			
1. Non-current assets			
(a) Non-current investments	7	-	40,070,000
2. Current assets			
(a) Cash and cash equivalents	8	138,665	138,665
(b) Other current assets	9	62	6,804
Total		138,727	40,215,469
See accompanying notes forming part of the financial statements	1-17		

In terms of our report attached.

For Mohan L. Jain & Co.
Chartered Accountants
Firm Registration No. 005345N

Nitin Aggarwal
Partner
Membership No. 528066

Place: Delhi
Date :

For and on behalf of the Board

Sanjiv Kulshreshtha
Director

Saurabh Awasthi
Director

Place:
Date :

Statement of Profit and Loss for the year ended 31st March, 2015

	Notes	Year ended 31 March 2015	Amount in Rs. Year ended 31 March 2014
I. Income			
Other income	10	-	3,836
Total		-	3,836
II. Expenses			
Finance costs	11	-	1,686
Other expenses	12	118,245	3,966,071
Total		118,245	3,967,757
Profit before exceptional items and tax		(118,245)	(3,963,921)
Exceptional items	17	40,070,000	-
Profit/(loss) before tax		(40,188,245)	(3,963,921)
Tax expense			
Current tax		-	-
Total Tax expense		-	-
Profit/(loss) for the year		(40,188,245)	(3,963,921)
Earnings per equity share [nominal value of share Rs. 10]	13		
(a) Basic		(4,018.82)	(396.39)
(b) Diluted		(4,018.82)	(396.39)
See accompanying notes forming part of the financial statements	1-17		

In terms of our report attached.

For Mohan L. Jain & Co.
Chartered Accountants
Firm Registration No. 005345N

Nitin Aggarwal
Partner
Membership No. 528066

Place: Delhi
Date :

For and on behalf of the Board

Sanjiv Kulshreshtha
Director

Saurabh Awasthi
Director

Place:
Date :

Cash Flow Statement for the year ended 31st March, 2015

	Year Ended 31 March 2015	Amount in Rs. Year Ended 31 March 2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	(40,188,245)	(3,963,921)
Adjustments for :		
Investment Written Off	40,070,000	-
Interest and other financial charges	-	1,686
Operating profit before working capital changes	(118,245)	(3,962,235)
Adjustments for :		
Decrease/(Increase) in current assets	6,742	(6,804)
Increase/(Decrease) in current liabilities	111,503	(135,047)
Cash generated from/(used in) operations	-	(4,104,086)
Net cash from/(used in) operating activities	-	(4,104,086)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale/Disposal of investment in subsidiary	-	8,930,000
Net cash from/(used in) investing activities	-	8,930,000
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid		(1,686)
Proceeds / (Payment) of loans/ debentures	-	(4,700,000)
Net cash from/(used in) financing activities	-	(4,701,686)
Net increase/(decrease) in cash and cash equivalents	-	124,228
Cash and cash equivalents as at the beginning of the year	138,665	14,437
Cash and cash equivalents as at the end of the year	138,665	138,665

- The above cash flow statement has been prepared under the indirect method setout in AS-3.
- Figures in brackets indicate cash outflow.

In terms of our report attached.

For Mohan L. Jain & Co.
Chartered Accountants
Firm Registration No. 005345N

Nitin Aggarwal
Partner
Membership No. 528066

Place: Delhi
Date :

For and on behalf of the Board

Sanjiv Kulshreshtha
Director

Saurabh Awasthi
Director

Place:
Date :

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2015

1. Corporate information

RRK Finhold Private Limited was incorporated on August 30, 2007 to carry on the business of Investment in all its aspects and branches, stock brokers, custodian and all types of related services.

2. Significant accounting policies

2.1 Basis of accounting and preparation of financial statements

These financial statements have been prepared to comply with Accounting Principles Generally accepted in India (Indian GAAP) the Accounting Standards notified under Section 211(3C) of the Companies (Accounting Standards) Rules, 2006 (as amended) ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provision of the 1956 Act/2013 Companies Act, as applicable.

The financial statements are prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

These financial statements have not been prepared on a going concern basis.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Revenue recognition

All revenues are accounted for on accrual basis.

2.4 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.5 Investments

Long term investments are stated at cost less temporary diminution in the value of such investments. Current investments are carried forward at lower of cost or fair value.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences on foreign exchange transaction settled during the year are recognised in the profit and loss account.

2.6 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

2.7 Earnings per share

The Company reports basic and diluted earnings per equity share in accordance with AS-20, the Accounting Standard on Earnings Per Share. Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

2.8 Taxes on income

With regard to the significant accumulated losses the Company has not provided for deferred tax assets as there is no virtual certainty that there will be sufficient future taxable income available to realize such assets.

2.9 Provisions and contingencies

A provision is recognised when the company has a present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. A contingent liability is recognised where there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Notes forming part of the financial statements

	Amount in Rs.			
	As at 31.03.2015	As at 31.03.2014		
3. Share capital				
a. Authorized shares capital				
i. 2,000,000 (previous year 2,000,000) Equity Shares of Rs. 10/- each	20,000,000	20,000,000		
b. Issued, subscribed and paid-up capital				
i. 10,000 (previous year 10,000) equity shares of Rs. 10/- each	100,000	100,000		
Total issued, subscribed and fully paid-up shares capital	100,000	100,000		
3.1 Disclosures				
a. Reconciliation of the shares outstanding				
i. Equity shares	31 March 2015 Numbers	31 March 2014 Numbers		
i. At the beginning of the period	10,000	10,000		
ii. Issued during the period	-	-		
iii. Forfeited During the period	-	-		
Outstanding at the end of the period	10,000	10,000		
b. Details of shares held within the Group				
Name of Shareholder	31 March 2015	31 March 2014		
Shares held by the holding company	10,000	10,000		
Total	10,000	10,000		
c. Details of shareholders holding more than 5% shares in the company				
Name of Shareholder	As at 31 March 2015		As at 31 March 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Capital 18 Fincap Private Limited	10,000	100	10,000	100
Total	10,000	100	10,000	100

Notes on Financial Statements for the year ended 31st March, 2015

	As at 31 March 2015	Amount in Rs. As at 31 March 2014
NOTE - 4		
RESERVE AND SURPLUS		
Surplus/(deficit) in the statement of profit and loss		
Balance as per the last financial statements	(25,796,610)	(21,832,689)
Profit/ (loss) for the year	(40,188,245)	(3,963,921)
Total	(65,984,855)	(25,796,610)

NOTE - 5

LONG TERM BORROWINGS

a. Long-term borrowings -Unsecured

i. 65,875 (Previous Year 65,875) Zero Coupan Optionally Redeemable Convertible Debenture of Rs.1,000/- each *	65,875,000	65,875,000
	65,875,000	65,875,000

*Terms of redemption

1. Conversion Option: Each ZORCD shall have a face value of Rs. 1000 /- and tenure of 10 years from the date of allotment of the ZORCDs and at the option of the holder thereof shall be convertible into one fully paid up equity share of Rs. 10/- each of RRK Finhold Private Limited ("Conversion Option") at a price of Rs.1000/- per share (including premium of Rs.990/- per share).
2. Conversion Period: Any time prior to the expiry of the 10 years from the date of allotment but after expiry of two years from the date of allotment (Conversion Period), the ZORCD holder shall have the right but not the obligation to exercise the Conversion Option in relation to some or all of the ZORCDs in one or more tranches.
3. Conversion Option Shares: In order to exercise its Conversion Option, the ZORCD holder shall issue a written notice (the "Conversion Option Notice") to the Company, which shall state the number of ZORCDs held by him, which it proposes to convert into equity shares of the Company. Within 10 business days of the receipt of the Conversion Option Notice, the Company shall allot to the ZORCD holder such number of equity shares of the Company that is equal to the number ZORCDs proposed to be converted at a face value of Rs. 10 and premium of Rs. 990 each, subject to (5) below, ("Conversion Shares").
4. Title to Conversion Shares: The Conversion Shares shall be (i) duly authorized, validly issued, fully paid up ; (ii) free and clear of any encumbrances and free of any restrictions on transfer; and (iii) shall rank pari passu in all respect with the then existing equity shares of the Company; and the Company shall so represent and warrant. Stamp duty or fees, if any, payable on the issuance of such Conversion Shares shall be borne and paid by the Company.
5. Adjustment Upon Corporate Action: In the event the Company takes any corporate action during the currency of ZORCD like split, consolidation, rights issue, buyback, or bonus issue or other similar corporate action etc affecting or diluting the equity shares of the Company and any other transaction having the effect of any of the foregoing in relation to the Company, then the Company shall make a reasonable adjustment in the entitlement for conversion of equity shares upon conversion of unexercised Options. The decision of the Board of Directors of the Company in this regard shall be final and binding.
6. Redemption: In case the holder of the ZORCDs do not exercise the Conversion Option within the Conversion Period, i.e. 10 years from the date of allotment, then the such remaining ZORCDs shall be redeemed at its face value. However the Company, at its discretion and subject to availability of funds, on the request of the holder of the ZORCD may redeem the ZORCDs in one or more tranches, anytime before exercise of the conversion option.
7. Transferability: ZORCDs shall be freely transferable by the allottee or the holders of ZORCD.

Notes on Financial Statements for the year ended 31st March, 2015

	As at 31 March 2015	Amount in Rs. As at 31 March 2014
NOTE - 6		
OTHER CURRENT LIABILITIES		
a. Other current liabilities		
i. Expenses payable	144,579	33,708
ii. Statutory dues payable		
- TDS payable	4,003	3,371
Total	148,582	37,079
NOTE - 7		
NON CURRENT INVESTEMENTS		
a. Non current investments- unquoted		
Investment in Subsidiaries		
8,014 (Previous Year 8,014) Equity shares of Rs.10/- each fully paid up in Wespro Digital Private Limited	40,070,000	40,070,000
Less :- Provision for diminution in value of Investment	40,070,000	-
Total	-	40,070,000
NOTE - 8		
Cash and bank balances		
Cash and cash equivalents		
Cash in hand	2,366	2,366
Bank balance		
- in current accounts	136,299	136,299
Total	138,665	138,665
NOTE - 9		
OTHER CURRENT ASSETS		
Other current assets		
Due from Subsidiaries	62	3,433
Others	-	3,371
Total	62	6,804
NOTE - 10		
OTHER INCOME		
Other Income	-	3,836
Total	-	3,836

Notes on Financial Statements for the year ended 31st March, 2015

	As at 31 March 2015	Amount in Rs. As at 31 March 2014
NOTE - 11		
FINANCIAL COST		
Other financial charges	-	1,686
Total	-	1,686
NOTE - 12		
OTHER EXPENSES		
a. Legal and professional expenses	78,216	2,363
b. Payment to auditor (Refer details below)	40,029	33,708
c. Loss on sale / disposal of investment	-	3,930,000
Total	118,245	3,966,071
Payment to auditor		
As auditor:		
Statutory audit fee	40,029	33,708
13. Earnings per share (EPS)		
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Total operations for the year		
Profit/(loss) after tax	(40,188,245)	(3,963,921)
Less : Dividends on convertible preference share & tax thereon	-	-
Net profit/(loss) for calculation of basic EPS	(40,188,245)	(3,963,921)
Net profit as above	(40,188,245)	(3,963,921)
Add : dividend on convertible preference share & tax thereon	-	-
Net profit/(loss) for diluted EPS	(40,188,245)	(3,963,921)
Weighted average number of equity shares in calculating basic EPS	10,000	10,000
Effect of dilution:		
Convertible preference shares	-	-
Weighted average number of equity shares in calculating diluted EPS	10,000	10,000
EPS	(4,018.82)	(396.39)
DPS	(4,018.82)	(396.39)

Notes on Financial Statements for the year ended 31st March, 2015

NOTE 14 RELATED PARTY TRANSACTIONS

14.a Details of related parties:

Description of relationship	Names of related parties
Enterprises exercising control	Independent Media Trust (w.e.f. 07.07.2014) Adventure Marketing Private Limited (w.e.f. 07.07.2014)# Watermark Infratech Private Limited (w.e.f. 07.07.2014)# Colorful Media Private Limited (w.e.f. 07.07.2014)# RB Media Holdings Private Limited (w.e.f. 07.07.2014)# RB Mediasoft Private Limited (w.e.f. 07.07.2014)# RRB Mediasoft Private Limited (w.e.f. 07.07.2014)# RB Holdings Private Limited (w.e.f. 07.07.2014)# Network18 Media & Investments Limited Capital 18 Fincap Private Limited
Beneficiary/Protector of Independent Media Trust	Reliance Industries Limited (RIL) (w.e.f. 07.07.2014) Reliance Industrial Investments and Holdings Limited (w.e.f. 07.07.2014)
Fellow Subsidiaries	Greycells18 Media Limited RVT Finhold Private Limited RRB Investments Pvt Ltd (W.e.f 3rd January,2014) Stargaze Entertainment Private Limited Setpro18 Distribution Ltd (W.e.f 9th January,2014) Reeds Infomedia Ltd (W.e.f 9th January,2014) Colosseum Media Private Limited
Associate	Wespro Digital Private Limited
KMP	Raghav Bahl (Till 09 March 2015) Ritu Kapur (Till 09 March 2015)

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

14.b Details of related party transactions during the year ended 31 March, 2015 and balances outstanding as at 31 March, 2015:

Particulars	Amount In Rs.		
	Enterprises exercising control	Associate Company	Fellow subsidiaries
Transactions during the year			
Sale of Investment in Equity Shares			
Wespro Digital Private Limited		-	
		(5,000,000)	
Provision of Diminution in Investments			
Wespro Digital Private Limited		40,070,000	
		(-)	
Redemption of Optional Convertible Debenture			
Capital 18 Fincap Private Limited	-		
	(4,700,000)		
Loss on sale of Investment in Equity Shares			
Wespro Digital Private Limited		-	
		(3,930,000)	
Loan repaid during the year			
Capital 18 Fincap Private Limited	3,371		
	(-)		
Reimbursement of expenses paid			
Network18 Media & Investments Limited	59,295		
	(-)		

Notes on Financial Statements for the year ended 31st March, 2015

14.b Details of related party transactions during the year ended 31 March, 2015 and balances outstanding as at 31 March, 2015:

Particulars	Amount In Rs.		
	Enterprises exercising control	Associate Company	Fellow subsidiaries
Balances at end of the year			
Balance Receivable			
Capital 18 Fincap Private Limited	62		
	(3,433)		
Loan & Advance payable			
Network18 Media & Investments Limited	59,295		
	(-)		
Investment in Equity Shares			
Wespro Digital Private Limited		-	
		(40,070,000)	
Optionally Convertible Debenture			
Capital 18 Fincap Private Limited	65,875,000		
	(65,875,000)		

Note - 15

i **Segment Reporting**

- (i) The Company has only one business segment "Investments" as its primary segment and hence disclosure of segment-wise information is not required under Accounting Standard 17 - "Segmental Information" notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended).
- (ii) The Company has only one Geographical Segment. The Company invests mainly in the Indian markets.

ii There are no contingent liabilities as on 31.03.2015.

iii **Previous year's figures**

The previous year's figures are regrouped, rearranged, or recast wherever necessary to conform to this year's classification.

Note - 16

The Boards of Directors of the company in its meeting held on 07 January 2014 considered and approved a scheme of Arrangement ("the Scheme") between the Companies. As per the Scheme, the Company's whole of the businesses and undertaking will be merged and amalgamated with Capital18 Fincap Private Limited (Formerly known as VT Holding Private Limited) as per section 391-394 of Companies Act, 1956. The Company has filed petition with the Hon'ble Delhi High Court for the sanction of the Scheme on 07 February 2014. The Scheme has been sanctioned by the Hon'ble High Court of Delhi on 23 May 2014. The appointed date of proposed restructuring is 1 April, 2013 and the Scheme shall be effective when the certified copies of the High Court is filed with the jurisdictional Registrar of Companies, which is still pending. Upon the Scheme becoming effective, the results of operations, assets and liabilities related to the business shall be transferred to Capital18 Fincap Private Limited (Formerly known as VT Holding Private Limited).

Note - 17 Exceptional item

The Company has an investments of Rs 40,070,000/- in equity shares of Wespro Digital Private Limited. As the operations and outlook for the business are very bleak, the Company has decided to provide for diminution in the value of Investment in Wespro Digital Private Limited. Thus the Management has decided to make a provision of Rs 40,070,000/- and charged to profit and loss account as an exceptional expense.

For and on behalf of the Board

Sanjiv Kulshreshtha

Director

Place

Date

Saurabh Awasthi

Director