

IBN18 (MAURITIUS) LIMITED

IBN18 (Mauritius) Limited

Independent Auditors' Report

Independent Auditors' Report to the member of IBN18 (Mauritius) Limited

Report on the Financial Statements

We have audited the financial statements of ibn 18 (Mauritius) Limited from page 7 to 18 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 member, 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 member 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 member 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.

Auditors' 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' 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 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 policies 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 our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2015 and of its financial performance and cash flows 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 interests 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 PARTER
SAMRAT C. SERVANSINGH (FCCA)
Licensed by FRC

Date :

Date :

Statement of Financial Position as at 31 March 2015

	Notes	31 March 2015 USD	31 March 2014 USD
ASSETS			
Current assets			
Deposits, advances and prepayments	6	48,132,146	46,843,255
Cash and bank balances	7	35,567	79,480
		<u>48,167,713</u>	<u>46,922,735</u>
Total assets		<u>48,167,713</u>	<u>46,922,735</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	8	100	100
Revenue deficit		(8,132,599)	(9,379,090)
Total equity		<u>(8,132,499)</u>	<u>(9,378,990)</u>
Non-current liabilities			
Debentures	9	56,249,900	56,249,900
Current liabilities			
Account payables		25,261	13,461
Taxation	10	25,051	38,364
Total liabilities		<u>50,312</u>	<u>51,825</u>
Total equity and liabilities		<u>48,167,713</u>	<u>46,922,735</u>

The financial statements were approved by the directors on

DIRECTOR

DIRECTOR

NAME: _____

NAME: _____

The accounting policies and the notes form an integral 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
INCOME			
Interest on deposits		353	854
Interest on others		1,303,355	1,297,697
		<u>1,303,708</u>	<u>1,298,551</u>
EXPENSES			
Audit fees		3,500	4,000
Legal and professional fees and other expenses		9,452	5,668
Financial charges		5,714	10,098
		<u>18,666</u>	<u>19,766</u>
Profit for the year before taxation		<u>1,285,042</u>	1,278,785
Taxation	10	(38,551)	(38,364)
Profit for the year after taxation		<u>1,246,491</u>	1,240,421
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>1,246,491</u></u>	<u><u>1,240,421</u></u>

The accounting policies and the notes form an integral part of these financial statements

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

	Share Capital USD	Revenue Deficit USD	Total USD
At 01 April 2013	100	(10,619,511)	(10,619,411)
Total comprehensive income for the year	-	1,240,421	1,240,421
At 31 March 2014	<u>100</u>	<u>(9,379,090)</u>	<u>(9,378,990)</u>
At 01 April 2014	100	(9,379,090)	(9,378,990)
Total comprehensive income for the year	-	1,246,491	1,246,491
At 31 March 2015	<u>100</u>	<u>(8,132,599)</u>	<u>(8,132,499)</u>

The accounting policies and the notes form an integral 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
Cash flow from operating activities		
Profit for the year before taxation	1,285,042	1,278,785
<i>Adjustments for:</i>		
Change in account receivable	(1,288,892)	(1,292,666)
Change in account payable	11,800	3,101
	<u>7,950</u>	<u>(10,780)</u>
Less: Tax paid	(51,863)	(33,926)
Net cash used in operating activities	<u>(43,913)</u>	<u>(44,706)</u>
Net decrease in cash and cash equivalents	<u>(43,913)</u>	<u>(44,706)</u>
Cash and cash equivalents at beginning of the year	79,480	124,186
Cash and cash equivalents at end of the year	<u><u>35,567</u></u>	<u><u>79,480</u></u>

The accounting policies and the notes form an integral part of these financial statements

Notes to and forming part of the Financial Statements for the year ended 31 March, 2015

1. GENERAL INFORMATION

The Company was incorporated as a private limited company in the Republic of Mauritius on 19 February 2009. The principal activity of the Company is that of investment holding trading and providing consultancy services in the telecom and other fields. The Company was issued a Global Business Licence Category 1 on 27 September 2011.

2. 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 periods presented.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for the measurement at fair values of the financial instruments carried on the statement of financial position.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. 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.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no critical estimates or judgements made by the Company for the year ended 31 March 2015.

Financial instruments

Financial instruments carried on the statement of financial position include deposits, advances and prepayments, cash and bank balances, and accounts 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. 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.

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:

Notes to and forming part of the Financial Statements for the year ended 31 March, 2015

- 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 profit or loss and other 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 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 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 and forming part of the Financial Statements for the year ended 31 March, 2015

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The following standards have been adopted by the Company for the first time for the financial year beginning on or after 1 January 2014.

Standards	Description
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 ISSUED BUT NOT YET EFFECTIVE

The new standards and amendments to standards and interpretations are effective for annual periods beginning after 01 January 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.	July 1, 2014
Annual Improvements (2010-2012 Cycle) <ul style="list-style-type: none"> • IFRS 2 Share-based payment • IFRS 3 Business Combinations • IFRS 8 Operating Segments • IAS 16 Property, Plant and Equipment • IAS 24 Related Party Disclosures • IAS 38 Intangible Assets 	This publication is expected to set out minor amendments.	July 1, 2014
Annual Improvements (2011-2013 Cycle) <ul style="list-style-type: none"> • IFRS 3 <i>Business Combinations</i> • IFRS 13 <i>Fair Value Measurement</i> • IAS 40 <i>Investment Property</i> 		

Notes to and forming part of the Financial Statements for the year ended 31 March, 2015

<i>Standards</i>	<i>Description</i>	<i>Effective date for accounting periods beginning on or after</i>
IFRS7 Financial Instruments: Disclosures	Amendments resulting from September 2014 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 IFRS 14 Regulatory Deferral Accounts (New in 2014)	Accounting for Acquisitions of Interests in Joint Operations. 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	
IFRS7 Financial Instruments: Disclosures	Hedge Accounting; Simultaneously with IFRS 9, in accordance with specific requirements in IFRS 7 and IAS 39	To be determined
IAS 39 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 and forming part of the Financial Statements for the year ended 31 March, 2015

	31 March 2015	31 March 2014
	USD	USD
6. DEPOSITS, ADVANCES AND PREPAYMENTS		
Prepaid expenses	7,217	1,590
Loans to fellow subsidiaries	48,124,901	46,841,546
Interest accrued but not due	28	119
	<u>48,132,146</u>	<u>46,843,255</u>
7. CASH AND BANK BALANCES		
Balance in current Account	18,860	8,217
Balance in deposit Account	16,707	71,263
	<u>35,567</u>	<u>79,480</u>
8. SHARE CAPITAL		
Issued, subscribed and paid up		
Equity shares of USD 1.00 each fully paid	100	100
	<u>100</u>	<u>100</u>
9. DEBENTURES		
Issued, subscribed and paid up		
Optionally convertible debentures	56,249,900	56,249,900
	<u>56,249,900</u>	<u>56,249,900</u>

10. TAXATION

The Company, being the holder of a Category 1 Global Business Licence, is subject to income tax in Mauritius at the rate of 15 %. However, it is entitled to a credit equivalent to the higher of the actual foreign tax suffered and 80 % of the Mauritian tax on its foreign source income, thus reducing its maximum effective tax rate to 3%.

A provision for tax of USD 38,551 (31.3.2014: USD 38,364) has been made in the financial statements with regards to profit which arose as from the date the Company was converted to a Category 1 Business Licence Company.

	31 March 2015	31 March 2014
	USD	USD
Charge for the year	38,551	38,364
Less APS	(13,500)	-
	<u>25,051</u>	<u>38,364</u>

Tax reconciliation:

A reconciliation of the income tax expense based on accounting profit and actual income tax expense is as follows:

	31 March 2015	31 March 2014
	USD	USD
Profit before taxation	1,285,042	1,278,785
Profit charge to income tax	<u>1,285,042</u>	<u>1,278,785</u>
Income tax at 15%	192,756	191,818
Foreign tax (credit)/ allowances of 80%	(154,205)	(153,454)
Deferred tax not recognised	-	-
	<u>38,551</u>	<u>38,364</u>

Notes to and forming part of the Financial Statements for the year ended 31 March, 2015

11. PARENT COMPANY

ibn18 (Mauritius) Limited is a wholly owned subsidiary of TV18 Broadcast Limited, a public company incorporated under the laws of India and listed on the Bombay Stock Exchange and the National Stock Exchange of India.

12. RETIREMENT BENEFITS

During the year there was no employee on the payroll of the Company entitled to retirement benefits.

13. RELATED PARTY DISCLOSURES

	Relationship
TV18 Broadcast Limited	Parent Company
BK Holdings Ltd (Merge with Network 18 Holding Ltd. with effect from 6th June 2014)	Fellow subsidiary
Television 18 Media & Investment Ltd.	Fellow subsidiary
Network18 Holding Ltd.	Fellow subsidiary

RELATED PARTY TRANSACTIONS

(i) BK Holdings Ltd.	31 March 2015	31 March 2014
	USD	USD
a) TRANSACTIONS		
Balance Transferred to BK Holding on amalgamation	(26,253,849)	752,816
b) BALANCE RECEIVABLE	-	26,253,849
(ii) Television 18 Media & Investment Ltd.		
a) TRANSACTIONS		
Interest on ICD	550,538	544,881
b) BALANCE RECEIVABLE	21,138,236	20,587,698
(iii) TV 18 Broadcast Limited		
a) Interest on Debenture	4,300	9,796
b) BALANCE PAYABLE	56,263,996	56,259,696
(iv) Network 18 Holding Limited		
Balance Transferred from BK Holding on amalgamation	26,253,849	-
a) Interest on ICD	732,816	-
b) BALANCE RECEIVABLE	26,986,665	-

14. FAIR VALUE

The carrying amount of deposits, advances and prepayments, cash and bank balances and account payables approximate their fair values.

15. FINANCIAL SUMMARY

	31 March 2015	31 March 2014
	USD	USD
Opening balance	(9,379,090)	(10,619,511)
Profit for the year	1,246,491	1,240,421
Loss carried forward	(8,132,599)	(9,379,090)

16. 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 shareholder.

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.