

**INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS****To the Members of Digivive Services Private Limited****Report on the Financial Statements**

We have audited the accompanying financial statements of **Digivive Services Private Limited** ('the Company') which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for 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

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 control 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.

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018 and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note No. 23(15) of the financial statements pertaining to erosion in net worth, as stated in the said Note. Our opinion is not qualified in this respect.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a. We have sought and 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 it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards 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 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. The going concern matter described under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
 - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 23(1) to the financial statements



- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, and as required on long-term contracts. The Company does not have any derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **OSWAL SUNIL & COMPANY**
Chartered Accountants
Firm Registration No. 016520N



(CA **Amit Nowlakha**)
Partner
Membership No. 0513504

Place: New Delhi
Date: 18-05-2018

'ANNEXURE A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' section of our report of even date)

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) According to information and explanations given to us, all the assets have been physically verified by the management during the year under the regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company does not have any immovable property, hence question of title deeds in the name of the Company does not arise.
- 2) Having regard to the nature of the Company's business/activities/result, clause 3(ii) regarding Inventory, of 'the Order' is not applicable.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.
- 4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013, with respect to the loans and investments, etc., as provided in paragraph 3 (iv) of the Order.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the Central Government has not prescribed maintenance of cost records under Sec 148(1) of the Companies Act, 2013 in respect of the products of the Company.
- 7) a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Duty of Customs, Goods & Service Tax, Duty of Excise, Value added Tax, Cess and any other statutory dues except certain delays in depositing the service tax with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as on 31st March, 2018 for a period of more than six months from the date on when they become payable.
- (b) According to the information and explanations given to us, there are no dues in respect of, Sales Tax/Vat, Income Tax, Service Tax, Goods & Service Tax, Custom Duty and Cess as at 31st March, 2018 which have not been deposited with the appropriate authorities on account of any dispute.
- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to banks or debenture holders. The Company has not taken any loan from financial institutions or from the government.



- 9) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- 10) According to the information and explanation given to us and based on our examination, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- 11) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid managerial remuneration during the year in accordance with Section 197 read with schedule V to the Companies Act.
- 12) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of paragraph 3 (xii) of the Order are not applicable to the Company.
- 13) According to the information and explanations given to us and based on our examination of the records of the Company, in our opinion, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) The Company has made private placement of debentures during the year and according to the information and explanations given to us and based on our examination of the records of the Company, the requirement of section 42 of the Companies Act, 2013 has been complied with and the amount raised has been used for the purposes for which the funds were raised.
- 15) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- 16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of paragraph 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For **OSWAL SUNIL & COMPANY**

Chartered Accountants

Firm Registration No. 016520N



CA Amit Nowlakha)

Partner

Membership No. 0513504

Place: New Delhi

Date : 18-05-2018

'ANNEXURE B' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(g) under 'Report on other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of **Digivive Services Private Limited** ('the Company') as of 31st March, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing as prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide



reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as on 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **OSWAL SUNIL & COMPANY**

Chartered Accountants

Firm Registration No. 016520N



(CA Amit Nowlakha)

Partner

Membership No. 0513504

Place: New Delhi

Date :18-05-2018

DIGIVIVE SERVICES PRIVATE LIMITED
BALANCE SHEET AS AT 31ST MARCH 2018

(Rs.)

| Particulars | | Note No. | As at 31st March, 2018 | As at 31st March, 2017 |
|-------------|------------------------------------|----------|------------------------|------------------------|
| I | <u>EQUITY AND LIABILITY</u> | | | |
| (1) | Shareholders' Funds | | | |
| | (a) Share Capital | 2 | 1000,00,000 | 1000,00,000 |
| | (b) Reserves & Surplus | 3 | (9805,72,491) | (9629,69,375) |
| (2) | Non-Current Liabilities | | | |
| | (a) Long Term Borrowings | 4 | 8583,48,410 | 8001,56,000 |
| | (b) Long Term Provisions | 5 | 20,82,354 | 23,25,651 |
| (3) | Current Liabilities | | | |
| | (a) Short Term Borrowings | 6 | 395,00,000 | 326,26,752 |
| | (b) Trade Payables | 7 | 385,69,559 | 1162,21,146 |
| | (c) Other Current Liabilities | 8 | 220,94,711 | 210,70,707 |
| | (d) Short Term Provisions | 9 | 49,44,261 | 252,60,913 |
| | | | 849,66,804 | 1346,91,794 |
| II | <u>ASSETS</u> | | | |
| (1) | Non Current Assets | | | |
| | (a) Fixed Assets | 10 | | |
| | (i) Tangible Assets | | 210,04,496 | 336,78,619 |
| | (ii) Intangible Assets | | 33,48,612 | 30,19,262 |
| | (iii) Capital Work in Progress | | 20,10,322 | - |
| | (b) Long Term Loans and Advances | 11 | 19,75,161 | 19,71,161 |
| | (c) Other Non-Current Assets | 12 | 5,11,855 | 1,62,706 |
| (2) | Current Assets | | | |
| | (a) Trade Receivables | 13 | 240,29,223 | 412,46,155 |
| | (b) Cash and Cash Equivalents | 14 | 19,56,149 | 58,19,831 |
| | (c) Short-term Loans and Advances | 15 | 301,30,986 | 487,94,060 |
| | | | 849,66,804 | 1346,91,794 |

Significant Accounting Policies

Additional Information

1

23

As per our report of even date attached

For Oswal Sunil & Company

Chartered Accountants

Firm Regn. No.: 018520N

CA Amit Nowlakhia
(Partner)

Membership No.: 513504



For and on Behalf of the Board of Directors

Gurdial Singh Khandpur
Director
DIN- 00121913

Sunil Batra
Director
DIN- 02188254

Mitra Kumar Gulgulia
Company Secretary

Place : New Delhi

Date : 18-05-2018



DIGIVIVE SERVICES PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

(Rs.)

| Particulars | Note No. | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|----------|-----------------------------|-----------------------------|
| Revenue from Operations | 16 | 941,57,472 | 3200,95,312 |
| Other Income | 17 | 421,15,320 | 628,03,063 |
| Total Revenue | | 1362,72,792 | 3828,98,375 |
| EXPENDITURE | | | |
| Content and Bandwidth Expenses | 18 | 177,44,320 | 248,57,685 |
| Technical and Network Cost | 19 | 128,72,294 | 198,46,528 |
| Personnel Expenses | 20 | 395,58,006 | 525,62,255 |
| Administrative and Selling Expenses | 21 | 628,91,253 | 1219,30,284 |
| Finance Cost | 22 | 74,11,334 | 42,26,795 |
| Depreciation and Amortization Expenses | 10 | 133,98,701 | 522,31,225 |
| Total Expenses | | 1538,75,908 | 2756,54,773 |
| Profit before Tax | | (176,03,116) | 1072,43,603 |
| Less: Tax Expense: | | | |
| Current Tax | | - | 6,44,078 |
| Deferred Tax | | - | - |
| Add: MAT Credit Entitlement | | - | (6,25,318) |
| Profit (Loss) for the period from Continuing Operation (after tax) | | (176,03,116) | 1072,24,843 |
| Profit (Loss) from Discontinuing Operation | | - | - |
| Tax Expense of Discontinuing Operations | | - | - |
| Profit (Loss) from Discontinuing Operation (after tax) | | - | - |
| Profit (Loss) for the period | | (176,03,116) | 1072,24,843 |
| Earning per share (Face value of Rs.10/- each) | | | |
| Basic and Diluted (Rs.) | | (1.76) | 10.72 |

Significant Accounting Policies
Additional Information

As per our report of even date attached
For Oswal Sunil & Company
Chartered Accountants
Firm Regn. No.: 016520N

CA Amit Nowlakhia
(Partner)
Membership No.: 513504



For and on Behalf of the Board of Directors

Gurdial Singh Khandpur
Director
DIN- 00121913

Mitra Kumar Gulgulia
Company Secretary

Sunil Batra
Director
DIN- 02188254



Place : New Delhi
Date : 18-05-2018

DIGIVIVE SERVICES PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018

(Rs.)

| Particulars | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
|---|-----------------------------|-----------------------------|
| A Cash flows from Operating activities | | |
| Profit before tax | (176,03,116) | 1072,43,603 |
| Adjusted for: | | |
| Depreciation and amortization | 133,98,701 | 522,31,225 |
| Provision for doubtful debts | 4,03,421 | 19,60,369 |
| Provision for gratuity | 1,41,929 | 58,066 |
| Provision for leave encashment | 2,87,237 | 24,583 |
| Bad debts | 12,23,999 | 23,14,840 |
| Sundry balances written off | 173,11,336 | 26,67,265 |
| Profit on sale of assets | - | (8,401) |
| Provision Written Back | (220,46,914) | - |
| Interest income | (33,731) | 37,397 |
| Interest paid | 51,94,946 | (35,81,471) |
| Operating profit before working capital changes | (17,22,192) | 1629,47,476 |
| Movement in working capital | | |
| Decrease/ (increase) in trade receivables | 155,89,512 | 242,15,339 |
| Decrease / (Increase) in non current assets | (3,49,149) | 2,85,247 |
| Decrease/ (Increase) in loans and advances | 53,14,752 | 312,76,310 |
| Increase/ (decrease) in long term provision | (6,72,463) | 6,662 |
| Increase/ (decrease) in current liabilities and provisions | (969,44,235) | (455,18,822) |
| Cash generated from operations | (787,83,776) | 1732,12,211 |
| Direct taxes paid (net of refunds) | 180,79,900 | (43,75,408) |
| Net cash from operating activities | (607,03,876) | 1688,36,804 |
| B Cash flows from Investing activities | | |
| Purchase of fixed assets | (30,64,250) | (8,12,456) |
| Sales of fixed assets | - | 40,54,200 |
| Interest income | 33,731 | (37,397) |
| Net cash used for investing activities | (30,30,519) | 32,04,347 |
| C Cash flows from Financing activities | | |
| Proceeds from issue of CCDs/ ZOFCDS | 581,92,410 | (950,00,000) |
| Proceeds from Short Term Loan (Net) | 68,73,248 | (737,03,248) |
| Interest Paid | (51,94,946) | - |
| Net cash from (used for) financing activities | 598,70,712 | (1687,03,248) |
| Net increase in cash and cash equivalents (A+B+C) | (38,63,683) | 33,37,903 |
| Cash and cash equivalents at the beginning of the year | 58,19,831 | 24,81,926 |
| Cash and cash equivalents at the end of the year | 19,56,148 | 58,19,829 |
| Cash and bank balances as per Note-14(refer notes below) | 19,56,149 | 58,19,831 |
| Cash and cash equivalents in cash flow statement | 19,56,149 | 58,19,831 |

Notes:-

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- 1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 Cash Flow Statement
- 2) Cash and bank balance includes the following, which are not available for use by the Company :
Fixed deposits pledged with banks and Trade Tax authorities 3,00,000 3,00,000
- 3) The Previous year's figures have been re-classified/re-grouped to conform to current year's classification

As per our report of even date attached

For Oswal Sunil & Company

Chartered Accountants

Firm Regn. No.: 0165204

CA Amit Nowlakha
(Partner)

Membership No.: 0513504



For and on Behalf of the Board of Directors

Gurdial Singh Khandpur
Director
DIN- 00121913

Sunil Batra
Director
DIN- 02188254

Mitra Kumar Gulgulia
Company Secretary



Place : New Delhi
Date : 18-05-2018

DIGIVIVE SERVICES PRIVATE LIMITED

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES AND ADDITIONAL INFORMATION FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2018

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

- i) The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards referred to in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention
- ii) The Company follows the mercantile system of accounting & recognizes the income and expenditure on accrual basis except those with significant uncertainties.

2. Fixed Assets

- i) **Tangible Assets:** Fixed assets are stated at cost less impairment loss, if any, and accumulated depreciation. The Company capitalizes all direct costs including taxes, duty (**Net of GST**), freight and incidental expenses attributable to the acquisition and installation of fixed assets.
- ii) **Intangible Assets:** The expenses incurred for development of new applications Software and Licences has been treated as Intangible Assets.
- iii) **Capital Work in Progress:** All direct expenses incurred for acquiring, erecting and commissioning of fixed assets which are not put to use till balance sheet date are shown under Capital work- in progress.

3. Depreciation & Impairment

Depreciation on fixed assets for the year ended 31st March 2018:

Depreciation is provided on Straight Line Method as prescribed in Schedule II to the Companies Act, 2013 except in the cases mentioned below:

| Asset | Useful life (in years) |
|---------------------|------------------------|
| Mobile Phones | 2 years |
| Software & Licences | 3 years |
| Plant & Machine | 5 years |
| Server | 3 years |
| Trademarks | 5 years |

Depreciation on additions/deletions to fixed assets is provided prorata from the date of addition/till the date of deletion.

At the Balance Sheet date, an impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount



4. Revenue Recognition

- i) Revenue from services is recognized as services are rendered, in accordance with the terms of contracts with concerned parties.
- ii) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable

5. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investment is classified as Non Current investment. Non Current investment is stated at cost. Provision for diminution is made only if in the opinion of the management such a decline is other than temporary. Current investment are carried at lower of cost and fair value and determined on an individual investment basis.

6. Income-Tax

Current Tax: Provision for current tax is made on the estimated taxable income at the rate applicable to the relevant assessment year,

Deferred Tax: In accordance with the Accounting Standard 22 - Accounting for taxes on Income, prescribed by Companies (Accounting Standard) Rules, 2006, the deferred tax for the timing differences is accounted for using the tax rates and laws that have been enacted or substantially enacted by the Balance Sheet date, Deferred tax assets arising from the timing differences are recognized only on the consideration of prudence,

7. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

8. Employees Benefit

The Company has adopted the Accounting Standard – 15 (Revised – 2005) 'Employee Benefits'. The relevant policies are:

Short Term Employee Benefits

Short term employee benefits are recognized in the period during which the service has been rendered.

Long Term Employee Benefits

a) Defined Contribution Plan

Provident Fund Scheme

All the employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and employer make monthly contributions to the plan at a predetermined rate of the employee's basic salary. These contributions are made to the fund administered and managed by the Government of India.



The Company's contributions to these schemes are expensed in the Statement of Profit and Loss. The Company has no further obligations under these plans beyond its monthly contributions.

b) Defined Benefit Plan

i) Gratuity

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company. The Company provides for the Gratuity Plan based on actuarial valuation in accordance with Accounting Standard 15 (revised), "Employee benefits". The present value of obligation under gratuity is determined based on actuarial valuation at period end using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to build the final obligations.

ii) Leave Encashment

Liability in respect of leave encashment is determined using the Projected Unit Credit Method with actuarial valuations as on the balance sheet date. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss as income or expenses.

9. Foreign Currency Transaction

Initial Recognition

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

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction, and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on the settlement or reporting of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statement, are recognized as income or as expense in the year.

10. Earning per Share

Basic earning per share is calculated by dividing the net earnings for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For calculating diluted earning per share, the number of shares comprise the weighted average shares considered for deriving basic earning per share, and also the weighted average number of shares, if any which would have been used in the conversion of all dilutive potential equity shares. The number of shares and potentially dilutive equity shares are adjusted for the bonus shares and the sub-division of shares, if any.



11. Preliminary Expenses

Preliminary Expenses are amortized over a period of five years from the year of commencement of operation.

12. Contingent Liabilities

No provision is made for a liability which is contingent in nature but if material, the same is disclosed by way of note to the accounts.



DIGIVIVE SERVICES PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.2

| Share Capital | As at 31st March, 2018 (Rs.) | As at 31st March, 2017 (Rs.) |
|---|---------------------------------|---------------------------------|
| Authorised | | |
| 2,50,00,000 (2,50,00,000) Equity Shares of Rs.10/- each | 2500,00,000 | 2500,00,000 |
| | <u>2500,00,000</u> | <u>2500,00,000</u> |
| Issued, Subscribed & Paid up | | |
| 1,00,00,000 (1,00,00,000) Equity Shares of Rs 10/- each | 1000,00,000 | 1000,00,000 |
| | <u>1000,00,000</u> | <u>1000,00,000</u> |

Note No.2 (a)

Reconciliation of number of shares outstanding at the beginning and at the end of the year:

| Particulars | Equity Shares | | | |
|--|------------------------------|--------------------|------------------------------|--------------------|
| | As at 31st March, 2018 (Rs.) | | As at 31st March, 2017 (Rs.) | |
| | No. of Shares | Rs. | No. of Shares | Rs. |
| No. of shares at the beginning of the year | 100,00,000 | 1000,00,000 | 100,00,000 | 1000,00,000 |
| Add: Issue of Shares/ Calls received | - | - | - | - |
| Less: No. of Shares Bought Back | - | - | - | - |
| No. of shares at the end of the year | <u>100,00,000</u> | <u>1000,00,000</u> | <u>100,00,000</u> | <u>1000,00,000</u> |

Note No.2 (b)

79,85,000 (Previous year 79,85,000) Equity Shares are held by Media Matrix Worldwide Limited, the Holding Company and 20,15,000 Equity Shares (Previous year 20,15,000) are held by Media Matrix Enterprises Pvt. Ltd., the Fellow Subsidiary Company.

Note No.2 (c)

Detail of Shareholders holding more than 5% shares in the Company:

| Particulars of Shareholders | Equity Shares | | | |
|--|------------------------------|---------------|------------------------------|---------------|
| | As at 31st March, 2018 (Rs.) | | As at 31st March, 2017 (Rs.) | |
| | No of Shares | % holding | No of Shares | % holding |
| Media Matrix Worldwide Limited | 79,85,000 | 79.85 | 79,85,000 | 79.85 |
| Media Matrix Enterprises Pvt. Ltd. (Formerly known as Media Matrix Holding Pvt Ltd) (including its nominees) * | 20,15,000 | 20.15 | 20,15,000 | 20.15 |
| | <u>100,00,000</u> | <u>100.00</u> | <u>100,00,000</u> | <u>100.00</u> |

* 5 Shares are held by five individuals (jointly with Media Matrix Enterprises Pvt Ltd) as nominees of the Fellow Subsidiary Company.

Note No.2 (d)

The Company during the last five years preceding the Balance Sheet date has (i) not allotted any shares for consideration other than cash and by way of bonus shares; and (ii) No shares of the Company have been bought back.

Note No.3

Reserves & Surplus

Surplus

Opening Balance
Add: Profit/ (Loss) for the year

| | |
|----------------------|----------------------|
| (9629,69,375) | (10701,94,218) |
| <u>(176,03,116)</u> | <u>1072,24,843</u> |
| <u>(9805,72,491)</u> | <u>(9629,69,375)</u> |



DIGIVIVE SERVICES PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| Particulars | As at 31st March, 2018 Rs. | As at 31st March, 2017 Rs. |
|--|----------------------------------|----------------------------------|
| Note No.4 | | |
| Long Term Borrowings | | |
| Unsecured | | |
| Bonds/ Debentures | | |
| NIL (Previous year- 5,41,500) Compulsorily Convertible Debentures (CCDs) of Rs. 1,000/- each issued to Media Matrix Worldwide Ltd., the Holding Company | - | 5415,00,000 |
| NIL (Previous year- 8500) Compulsorily Convertible Debentures (CCDs) of Rs. 1,000/- each issued to Media Matrix Enterprises Pvt. Ltd., the Fellow Subsidiary Company | - | 85,00,000 |
| NIL (Previous year- 8,51,560) Compulsorily Convertible Debentures (CCDs) of Rs. 100/- each issued to Media Matrix Worldwide Ltd., the Holding Company | - | 851,56,000 |
| NIL (Previous year- 4,00,000) Compulsorily Convertible Debentures (CCDs) of Rs. 100/- each issued to Media Matrix Enterprises Pvt. Ltd., the Fellow Subsidiary Company | - | 400,00,000 |
| 25,00,000 (Previous year- 12,50,000) Zero Coupon Compulsorily Convertible Debentures (CCDs) of Rs. 100/- each issued to Infotel Ecommerce Pvt Ltd | 2500,00,000 | 1250,00,000 |
| 60,47,000 (Previous year- NIL) Zero Coupon Compulsorily Convertible Debentures (CCDs) of Rs. 100/- each issued to Infotel Technologies Pvt Ltd | 6047,00,000 | - |
| Loans and Advances from other Party* | 36,48,410 | 43,94,752 |
| | <u>8583,48,410</u> | <u>8045,50,752</u> |

* Note: Loan amounting to Rs. 36,48,410/- (Previous year Rs. 43,94,752/-) carries rate of interest 10% (Previous year @ 12%). This loan is repayable on or before May 2019.

Note No.5

Long Term Provisions

| | | |
|-----------------------------|------------------|------------------|
| Gratuity (Unfunded) | 13,69,507 | 13,56,241 |
| Leave Encashment (Unfunded) | 7,12,847 | 9,69,410 |
| | <u>20,82,354</u> | <u>23,25,651</u> |

Note No.6

Short Term Borrowings

Unsecured

Loan repayable on demand

| | | |
|--|-------------------|-------------------|
| Loans and Advances from other Parties* | 395,00,000 | - |
| Loans and Advances from related Parties ** | - | 282,32,000 |
| | <u>395,00,000</u> | <u>282,32,000</u> |

* Note: Loan amounting to Rs. 395,00,000/- (Previous year Rs. NIL) carries rate of interest 12%.

** Loan from Holding Company amounting to Rs. NIL (Previous year Rs. 2,82,32,000/-) carries rate of interest 10%. This loan is repayable on demand.

Note No. 7

Trade Payables

Other than Micro, small and medium Enterprises
Sundry Creditors



| | |
|-------------------|--------------------|
| 385,69,559 | 1162,21,146 |
| <u>385,69,559</u> | <u>1162,21,146</u> |

Note No. 8**Other Current Liabilities****Other Payable**

| | | |
|----------------------------------|-------------------|-------------------|
| For Expenses | 51,427 | 8,48,808 |
| For Statutory Liabilities | 15,58,608 | 43,91,791 |
| For Salaries and Wages | 31,47,240 | 27,10,125 |
| Advance for Sale of Fixed Assets | 115,00,000 | 115,00,000 |
| Advance from Customers | 45,31,080 | - |
| Interest Accrued on Borrowing | 13,06,356 | 16,19,983 |
| | <u>220,94,711</u> | <u>210,70,707</u> |

Note No. 9**Short Term Provisions****Provision for employee benefits**

| | | |
|--|--------|--------|
| Gratuity - Short Term (Unfunded) | 40,279 | 24,552 |
| Leave Encashment - Short Term (Unfunded) | 35,565 | 31,772 |

| | | |
|--|------------------|-------------------|
| Provision for Operative and Other Expenses | 48,68,417 | 245,60,511 |
| Provision for Income Tax | - | 6,44,078 |
| | <u>49,44,261</u> | <u>252,60,913</u> |

Note No. 11**Long Term Loans and Advances****(Unsecured, considered good)**

| | | |
|------------------|------------------|------------------|
| Security Deposit | 19,75,161 | 19,71,161 |
| | <u>19,75,161</u> | <u>19,71,161</u> |

Note No. 12**Other Non-Current Assets**

| | | |
|--|-----------------|-----------------|
| In Fixed Deposit Accounts with maturity of more than 12 months | 5,11,855 | 1,62,706 |
| | <u>5,11,855</u> | <u>1,62,706</u> |

Note No. 13**Trade Receivables****(Unsecured, considered good unless otherwise stated)****Outstanding for a period**

| | | |
|------------------------------------|-------------------|-------------------|
| - Exceeding Six Months | | |
| Considered good | 6,04,942 | 22,59,581 |
| Considered doubtful | 35,38,984 | 31,35,563 |
| - Other | 234,24,281 | 389,86,574 |
| | <u>275,68,207</u> | <u>443,81,718</u> |
| Less: Provision for doubtful debts | 35,38,984 | 31,35,563 |
| | <u>240,29,223</u> | <u>412,46,155</u> |

Note No. 14**Cash and Cash Equivalents**

| | | |
|--|------------------|------------------|
| Cash on Hand | 1,752 | 56,942 |
| Balance with Banks | | |
| - In Short Term Accounts | 19,54,397 | 54,44,098 |
| In Fixed Deposit Accounts with maturity of more than 12 months* | 5,11,855 | 3,18,791 |
| In Fixed Deposit Accounts with maturity of less than 12 months* | - | 1,62,706 |
| (includes interest accrued Rs 2,11,855/-; Previous year Rs. 181,497/-) | | |
| | <u>24,68,004</u> | <u>59,82,537</u> |
| Less: Amount disclosed under other non-current assets | 5,11,855 | 1,62,706 |
| | <u>19,56,149</u> | <u>58,19,831</u> |

* Pledged as security with banks

Note No. 15**Short-term Loans and Advances****(Unsecured, Considered good unless otherwise stated)**

| | | |
|--------------------------------------|-------------------|-------------------|
| Advances to Suppliers | 9,33,612 | 2,09,675 |
| Advances to employees | 32,665 | 1,11,819 |
| Balance with Service Tax Authorities | - | 201,28,668 |
| Balance with GST Authorities | 166,05,993 | - |
| TDS Recoverable | 105,40,671 | 259,27,232 |
| Prepaid Expenses | 13,92,728 | 17,91,348 |
| MAT Credit Entitlements | 6,25,318 | 6,25,318 |
| | <u>301,30,986</u> | <u>487,94,060</u> |



| Digivive Services Private Limited | | | | | | | | | |
|-----------------------------------|--|--|--|--|--|--|--|--|--|
| For the year ended 31.03.2018 | | | | | | | | | |

| Particular | Gross Block | | | | Depreciation | | | | Net Balance as on 31.03.2018 |
|--|----------------------------------|------------------|------------------|----------------------------------|----------------------------------|------------------------------|------------------|----------------------------------|------------------------------|
| | Opening Balance as on 01.04.2017 | Addition | Sale/ Deletion | Closing Balance as on 31.03.2018 | Opening Balance as on 01.04.2017 | Depreciation for the period* | Sale/ Deletion | Closing Balance as on 31.03.2018 | |
| TANGIBLE ASSETS | | | | | | | | | |
| Building - other temporary structure | 25,45,247 | - | - | 25,45,247 | 23,90,533 | 27,452 | - | 24,17,985 | 1,27,262 |
| Plant and Machinery | 612,66,793 | - | - | 612,66,793 | 359,51,458 | 116,40,691 | - | 475,92,148 | 136,74,645 |
| Furniture and Fittings | 9,08,375 | - | - | 9,08,375 | 3,18,557 | 81,059 | - | 3,99,616 | 5,08,759 |
| Vehicles | - | - | - | - | - | - | - | - | - |
| Office Equipments | 5,49,040 | - | - | 5,49,040 | 3,26,515 | 1,07,306 | - | 4,33,821 | 1,15,219 |
| Server and networks | 494,26,749 | 3,58,029 | - | 497,84,778 | 465,79,548 | 2,64,152 | - | 468,43,701 | 29,41,077 |
| Mobiles | 20,04,762 | 41,999 | - | 20,46,761 | 18,36,302 | 96,352 | - | 19,31,654 | 1,15,107 |
| End use devices- Desktops, laptops etc. | 48,97,975 | 1,53,900 | - | 50,51,875 | 41,36,316 | 4,65,118 | - | 46,01,434 | 4,50,441 |
| Electrical Installations and equipment | 54,56,016 | - | - | 54,56,016 | 18,37,108 | 5,46,921 | - | 23,84,029 | 30,71,987 |
| Total | 1270,54,957 | 5,53,928 | - | 1276,08,885 | 933,76,338 | 132,28,050 | - | 1066,04,388 | 210,04,497 |
| INTANGIBLE ASSETS | | | | | | | | | |
| Software | 607,99,285 | 5,00,000 | - | 612,99,285 | 578,29,232 | 1,50,133 | - | 579,79,364 | 33,19,920 |
| Trademarks | 1,93,760 | - | - | 1,93,760 | 1,44,551 | 20,518 | - | 1,65,068 | 28,692 |
| Total | 609,93,045 | 5,00,000 | - | 614,93,045 | 579,73,782 | 1,70,650 | - | 581,44,433 | 33,48,612 |
| INTANGIBLE ASSETS UNDER DEVELOPMENT | | | | | | | | | |
| Capital Work in Progress | - | 20,10,322 | - | 20,10,322 | - | - | - | - | 20,10,322 |
| Grand Total | 1880,48,002 | 30,64,250 | - | 1911,12,252 | 1513,50,120 | 133,98,701 | - | 1647,48,821 | 263,63,431 |
| Previous Year | 1890,67,664 | 8,12,456 | 18,32,118 | 1880,48,002 | 1004,40,014 | 522,31,225 | 13,21,120 | 1513,50,120 | 366,97,882 |



DIGIVIVE SERVICES PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| Particulars | Year ended 31st March, 2018 (Rs.) | Year ended 31st March, 2017 (Rs.) |
|---|---|---|
| Note No. 16 | | |
| Revenue from Operations | | |
| (Net of Service Tax/ GST) | | |
| Income from Services (TDS Rs. 10,32,934/-; PY Rs. 19,82,419/-) | 937,00,038 | 3187,66,946 |
| Advertisement Income (TDS- 324/-; PY-NIL) | 4,57,434 | 13,28,366 |
| | 941,57,472 | 3200,95,312 |
| Note No. 17 | | |
| Other Income | | |
| Rental of Networking Infrastructure (TDS- NIL; PY Rs.12,00,000/-) | - | 600,00,000 |
| Interest on Fixed Deposits (TDS- 3,373/-; PY Rs.3,852/-) | 33,731 | 37,397 |
| Miscellaneous Income | 30,000 | 90,000 |
| Profit on Sale of Assets | - | 8,401 |
| Balances Written off | 173,11,336 | 26,67,265 |
| Provision Written Back | 220,46,914 | - |
| | 421,15,320 | 628,03,063 |
| Note No. 18 | | |
| Content and Bandwidth Expenses | | |
| Content Expenses | 154,51,622 | 216,35,249 |
| Bandwidth Charges | 22,92,699 | 32,22,436 |
| | 177,44,321 | 248,57,685 |
| Note No. 19 | | |
| Technical and Network Cost | | |
| Applications Support Charges | 3,45,000 | 77,14,737 |
| Billing & Support Services | 48,54,838 | 66,28,364 |
| EPG Data Feed | 12,90,000 | 15,00,000 |
| IT & Network Expenses | 61,48,494 | 37,63,672 |
| Testing Expenses | 2,33,963 | 2,39,755 |
| | 128,72,294 | 198,46,528 |
| Note No. 20 | | |
| Personnel Expenses | | |
| Salaries, Wages and Bonus, etc. | 364,13,210 | 488,12,432 |
| Contribution to Provident and other Funds | 16,43,724 | 19,30,500 |
| Staff Welfare Expenses | 11,85,365 | 14,49,349 |
| Payroll Processing Fee | - | 90,000 |
| Recruitment & Training Expenses | 3,15,707 | 2,79,974 |
| | 395,58,006 | 525,62,255 |



Note No. 21**Administrative and Selling Expenses****i) Administrative Expenses**

| | | |
|------------------------------------|-------------------|-------------------|
| Rent | 28,12,000 | 48,93,000 |
| Rates & Taxes | 32,82,086 | 7,33,491 |
| Insurance Expenses | 8,21,023 | 14,27,811 |
| Travelling & Conveyance | 23,97,735 | 24,33,495 |
| Telephone Expenses | 5,78,720 | 6,71,641 |
| Printing & Stationery | 42,411 | 1,36,515 |
| Books & Periodicals | 24,290 | 17,195 |
| Courier Charges | 39,429 | 67,117 |
| Electricity & Diesel Expenses | 79,77,396 | 99,95,090 |
| Professional and Consultancy | 86,27,475 | 64,83,435 |
| Auditors Remuneration | 2,00,000 | 1,00,000 |
| Repairs & Maintenance | | |
| - Building | 9,31,440 | 10,17,190 |
| - Plant & Machinery | 13,104 | 1,70,258 |
| - Others | 5,01,048 | 5,02,125 |
| Foreign Exchange Fluctuation (Net) | (9,841) | 4,13,344 |
| | 282,38,316 | 290,61,707 |

ii) Selling Expenses

| | | |
|------------------------------|-------------------|-------------------|
| Advertisement Expenses | 312,68,767 | 825,27,327 |
| Marketing Expenses | 17,45,330 | 48,39,535 |
| Promotional Activities | 11,419 | 10,402 |
| Bad Debts | 12,23,999 | 23,14,840 |
| Provision for Doubtful debts | 4,03,421 | 19,60,369 |
| Rebate & Discounts | - | 12,16,105 |
| | 346,52,937 | 928,68,578 |

Total of Administrative and Selling Expenses

| | |
|-------------------|--------------------|
| 628,91,253 | 1219,30,284 |
|-------------------|--------------------|

Note No. 22**Finance Cost**

| | | |
|-------------------------------|------------------|------------------|
| Interest Expenses | 51,94,946 | 35,81,471 |
| Bank Charges | 57,620 | 68,174 |
| Interest on TDS | 13,736 | 1,95,260 |
| Interest on Equilisation Levy | 6,790 | 37,080 |
| Interest on Service Tax | 21,38,242 | 3,44,810 |
| | 74,11,334 | 42,26,795 |



Note- 23:- NOTES TO ACCOUNTS**1. Contingent Liability (Not provided for)-**

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|--|----------------------|----------------------|
| Guarantees given by bank on behalf of the Company (100% Margin Money kept by way of Fixed deposit) | 2,00,000 | 2,00,000 |
| Claims against the company, not acknowledged as debt | - | 34,04,648 |
| Bonus Liability for FY 2014-15 # | - | - |
| Service Tax demand (Penalty) | 4,30,884 | - |
| Total | 6,30,884 | 36,04,648 |

Pursuant to enactment of The Payment of Bonus (Amendment) Act 2015 by the Ministry of Law & Justice, whereby the ceiling on bonus, which was Rs 3,500 for an employee, was doubled retrospectively from 1st April, 2014 to Rs 7,000 or the minimum wage for the scheduled employment, as fixed by the appropriate Government, whichever is higher. Upon representation from various industry bodies by way of writ petitions in various State High Court challenging the retrospective effect from FY 2014-15, several high courts have stayed the retrospectively operation temporarily. For all above stay orders, it is clarified that the amendment would take effect from FY 2015-16 onwards. Considering the above stay orders of various high courts, management is of the view that additional liability for Bonus for FY 2014-15 would not arise.

2. There are no Micro, Small Enterprises to whom the Company owes dues. The identification of Micro, Small Enterprises and information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Company.

| | |
|--|-----|
| The disclosure pursuant to the said Act is as under: | Rs. |
| (i) Principal amount and the interest thereon | - |
| (ii) Interest paid (along with payment made to Suppliers) beyond the appointed day during the Period | - |
| (iii) Interest due and payable for delay in making the payment | - |
| (iv) Interest accrued and remaining unpaid at the end of the Period | - |
| (v) Further interest remaining due and payable in succeeding years | - |

3. Basic/Diluted Earnings per Share

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|-------------------------------|----------------------|----------------------|
| Profit after Tax (Rs.) | (176,03,116) | 1072,24,843 |
| Weighted Average no. of Share | 100,00,000 | 100,00,000 |
| Nominal Value of Share (Rs.) | 10/- | 10/- |
| Earning per Share (Rs.) | (1.76) | 10.72 |

Note: The effect of Compulsorily Convertible Debentures (CCDs) and Zero Coupon Optionally Fully Convertible Debentures (ZOFCDs) on weighted average number of shares for diluted EPS is not considered since the effect is anti-dilutive.



4. **Deferred Tax (Asset) / Liability**

The breakup of net Deferred Tax Asset / (Liability) is as under:

| | Particulars | As at 31st March, 2018 (Rs.) | As at 31st March, 2017 (Rs.) |
|-------|---|---------------------------------|---------------------------------|
| (A) | Deferred Tax Asset | | |
| | Carry Forward Losses/ Unabsorbed Depreciation | 2416,50,291 | 2853,03,445 |
| | Provision for Doubtful Debts | 6,47,896 | 9,68,889 |
| | Provision for leave encashment | 1,94,587 | 3,09,365 |
| | Provision for gratuity | 3,66,544 | 4,26,665 |
| | Relating to Depreciation on Fixed Assets | 79,86,703 | 84,75,638 |
| | Total | 2508,46,021 | 2954,84,002 |
| (B) | Deferred Tax Liability | - | - |
| (A-B) | Deferred Tax Asset / (Liability) - Net | 2508,46,021 | 2954,84,002 |

The management is of the view that currently the requirement of virtual certainty and convincing evidence as enunciated in Accounting Standard 22 relating to 'Accounting for Taxes on Income' is not met and therefore, Deferred Tax Assets (Net) have not been carried in the financial statements. Accordingly, the Company has not recognized the Deferred Tax Asset as at 31st March, 2018.

□
5.

Employees Benefits

The Company has adopted Accounting Standard 15 (Revised) "Employees Benefits" prescribed by the Companies (Accounting Standard) Rules 2006. During the period, the Company has recognized the following amounts in the financial statements:

| Defined Contribution Plan | | |
|---|--------------------------------|--------------------------------|
| Particulars | Year ended 31st March, 2018 | Year ended 31st March, 2017 |
| Employer's Contribution to Provident Fund | 16,32,064 | 19,17,960 |

Defined Benefit Plans

The present value of obligation is determined based on actuarial valuation using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity. Both the schemes are not funded and the liabilities are carried in the Balance Sheet as long term liability. Accordingly, the information regarding the plan assets is not applicable.



Actuarial Assumptions

| Particulars | Gratuity | Leave Encashment |
|---|----------|------------------|
| Discount rate (per annum) | 8.00% | 8.00% |
| Rate of increase in compensation levels | 5.00% | 5.00% |

Table Showing Changes in Present Value of Obligations

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| | Gratuity | Gratuity | Leave Encashment | Leave Encashment |
| Present value of the obligation at the beginning of the period | 13,80,793 | 14,38,859 | 10,01,182 | 10,25,765 |
| Interest cost | 1,07,011 | 1,07,914 | 77,592 | 76,932 |
| Current service cost | 3,16,708 | 4,11,360 | 1,79,700 | 3,82,684 |
| Benefits paid (if any) | (1,26,202) | (16,49,800) | (2,83,444) | (5,06,943) |
| Actuarial (gain)/loss | (2,68,524) | 10,72,460 | (2,26,618) | 22,744 |
| Present value of the obligation at the end of the period | 14,09,786 | 13,80,793 | 7,48,412 | 10,01,182 |

The amount to be recognized in the Balance Sheet

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| | Gratuity | Gratuity | Leave Encashment | Leave Encashment |
| Present value of the obligation at the end of the period | 14,09,786 | 13,22,727 | 7,48,412 | 10,01,182 |
| Fair value of plan assets at end of period | - | - | - | - |
| Net liability/(asset) recognized in Balance Sheet and related analysis | 14,09,786 | 13,22,727 | 7,48,412 | 10,01,182 |
| Funded Status | (14,09,786) | (13,22,727) | (7,48,412) | (10,01,182) |



Expense recognized in the statement of Profit and Loss

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
| | Gratuity | Gratuity | Leave Encashment | Leave Encashment |
| Interest cost | 1,07,011 | 1,07,914 | 77,592 | 76,932 |
| Current service cost | 3,16,708 | 4,11,360 | 1,79,700 | 3,82,684 |
| Expected return on plan asset | - | - | - | - |
| Net actuarial (gain)/loss recognized in the period | (2,68,524) | 10,72,460 | (2,26,618) | 22,744 |
| Expenses to be recognized in the statement of profit and loss accounts | 1,55,195 | 15,91,734 | 30,674 | 4,82,360 |

Current and Non- current Liability

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 | Year ended March 31, 2018 | Year ended March 31, 2017 |
|-----------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | Gratuity | Gratuity | Leave Encashment | Leave Encashment |
| Current liability | 40,279 | 24,552 | 35,565 | 31,772 |
| Non Current Liability | 13,69,507 | 12,98,175 | 7,12,847 | 9,69,410 |
| Total | 14,09,786 | 13,22,727 | 7,48,412 | 10,01,182 |

6. Expenditure in Foreign Currency (on Accrual basis) -

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|-----------------------------|-------------------------|-------------------------|
| Travelling Expenses | - | 10,30,165 |
| Professional & License Fees | 42,76,987 | - |
| Advertisement | 145,15,213 | 643,72,394 |
| Import of Testing Equipment | 97,458 | - |
| Total | 188,89,658 | 654,02,559 |

7. Payments to Auditors (on accrual basis, excluding service tax) -

| Particular | Year ended March 31, 2018 (Rs.) | Year ended March 31, 2017 (Rs.) |
|----------------------|---------------------------------------|---------------------------------------|
| Statutory Audit Fees | 1,40,000 | 60,000 |
| Tax Audit Fees | 40,000 | 20,000 |
| Limited Review Fees | 20,000 | 20,000 |
| Total | 2,00,000 | 1,00,000 |



8. Earnings in Foreign Exchange (on Accrual basis) –

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|-----------------|------------------------------|------------------------------|
| Service Revenue | 56,89,630 | 13,28,366 |
| Total | 56,89,630 | 13,28,366 |

9. **Related Party Disclosure-**

A. Related Party Disclosures, as identified by the Management and relied upon by the Auditors–

| Name | Relationship |
|--|--------------------------|
| Holding Company | |
| MN Venture Private Limited | Ultimate Holding Company |
| Media Matrix Worldwide Limited | Holding Company |
| Fellow Subsidiary | |
| nexG Devices Private Limited | |
| Digicall Teleservices Private Limited (Ceased w.e.f. 05th Sep 2017) | |
| Media Matrix Enterprises Private Limited | |
| Digicall Global Services Private Limited (Ceased w.e.f. 05th Sep 2017) | |
| Key Managerial Personnel | |
| Sandeep Jairath (Ceased w.e.f. 23rd May 2017) | CFO & Manager |
| Mitra Kumar Gulgulia | Company Secretary |

B. Transaction with Related Parties-

| Relationship | Holding Company | | Fellow Subsidiary | | Key Management Person | |
|--|-----------------|------------|-------------------|-----------|-----------------------|-----------|
| Nature of Transaction | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 | 31-Mar-18 | 31-Mar-17 |
| Redemption of CCDs | 6266,56,000 | - | 485,00,000 | - | - | - |
| Interest on Loan | 26,11,147 | 14,21,924 | - | - | - | - |
| Other Service Provided | - | 1,03,500 | - | - | - | - |
| Repayment of Loan | 519,32,000 | - | - | - | - | - |
| Remuneration | - | - | - | - | 8,81,000 | 40,89,700 |
| Loans and advances received | 237,00,000 | 282,32,000 | - | - | - | - |
| Closing Balances as on 31st March, 2018 | - | - | - | - | - | - |
| Short Term - Liability | - | 296,53,924 | - | - | - | - |
| Trade Payable | - | 231,53,601 | - | - | - | - |

*Does not include the amount payable towards gratuity and compensated absence by the Company as the same if calculated for the Company as a whole on actuarial basis.

10. **Long term Operating Lease**

The Company has taken office space on cancellable operating lease. The lease agreement provides for cancellation by either party thereto as per the terms and conditions of the agreement.

11. In the opinion of the management, Current Assets and Loans & Advances are of the value stated, if realized in the ordinary course of business



12. Debentures

- a. The Company has issued 5,15,000 (1,65,000 issued on 31.12.12, 1,75,000 on 30.06.13, 1,12,500 on 30.09.13 and 62,500 issued on 30.12.13) Zero% Compulsorily Convertible Debentures (CCDs) of Face Value of Rs. 1,000/- each, compulsorily convertible into equity shares after 9 years from the date of allotment, at Book Value or Face Value of Equity Shares at the time of conversion, whichever is higher. At the request of the debenture holder, such debentures are redeemed at par during the year.
- b. The Company has issued 35,000 (16,500 issued on 29.11.14 and 18,500 on 26.12.14) Zero% Compulsorily Convertible Debentures (CCDs) of Face Value of Rs. 1,000/- each, every CCDs will be compulsorily convertible into 100 equity shares of the Company after 9 years from the date of allotment, with an option with the issuing Company to extend it up to one year. At the request of the debenture holder, such debentures are redeemed at par during the year.
- c. The Company has issued 4,00,000 (4,00,000 issued on 01.10.15) Zero Coupon Compulsorily Convertible Debentures (CCDs) of Face Value of Rs. 100/- each, convertible into equity shares at expiry of 9 years from the date of allotment. Each CCD will be convertible into such number of equity shares of Rs.10 each of the Company at fair value, not being lower than the book value at the time of issue, arrived at on the time of conversion. At the request of the debenture holder, such debentures are redeemed at par during the year.
- d. The Company issued 2,51,560 (2,51,560 issued on 20.10.15) Zero Coupon Optionally Fully Convertible Debentures (ZOFCDs) of Face Value of Rs. 100/- each, the Tenure of the ZOFCDs will be 15 years from the date of allotment. The ZOFCDs will be convertible into equity shares at the option of the ZOFCDs holder at any point of time commencing after completion of 10 years from the date of allotment till the expiry of 15 years from the said date. In case the ZOFCDs holder does not exercise the conversion option, than the outstanding ZOFCDs on the expiry of 15 years from the date of allotment shall be redeemed by the Company, at par.

On 21.12 2015 above ZOFCDs were converted into Zero Coupon Compulsorily Convertible Debentures (CCDs) of Face Value of Rs. 100/- each. The CCDs will be convertible into Equity Shares of the Company at expiry of 9 years from the date of allotment. Each CCD will be convertible into such number of equity shares of Rs.100/- each of the Company at fair value, not being lower than the fair value at the time of issue, arrived at on the time of conversion. At the request of the debenture holder, such debentures are redeemed at par during the year.

- e. The Company has issued 6,00,000 (6,00,000 issued on 31.12.2015) Zero Coupon Compulsorily Convertible Debentures (CCDs) of Face Value of Rs. 100/- each. The CCDs will be convertible into Equity Shares of the Company at expiry of 9 years from the date of allotment. Each CCD will be convertible into such number of equity shares of Rs.100/- each of the Company at fair value, not being lower than the fair value at the time of issue, arrived at on the time of conversion. At the request of the debenture holder, such debentures are redeemed at par during the year.
- f. The Company has issued 25,00,000 (PY- 12,50,000) Zero Coupon Compulsorily Convertible Debentures (CCDs) of Face Value of Rs. 100/- each, the Tenure of the CCDs will be 15 years from the date of allotment. The CCDs will be compulsorily convertible into Equity Shares of the company at any point of time commencing after completion of 10 years from the date of allotment till the expiry of 15 years from the said date. Each CCD of Rs.100 each will be convertible into 10 equity shares of Rs.10 each of the Company.



- g. The Company has issued 60,47,000 (PY- NIL) Zero Coupon Compulsorily Convertible Debentures (CCDs) of Face Value of Rs. 100/- each, the Tenure of the CCDs will be 15 years from the date of allotment. The CCDs will be compulsorily convertible into Equity Shares of the company at any point of time commencing after completion of 10 years from the date of allotment till the expiry of 15 years from the said date. Each CCD of Rs.100 each will be convertible into 10 equity shares of Rs.10 each of the Company.
13. In the absence of adequate profits, no Debenture Redemption Reserve has been created, in respect of ZOFCDs issued by the Company.
14. The Company is in the business of Mobile Value Added Services (TV and Video Streaming on Mobile), which includes income from advertisement. The business is considered and reported as a single business segment. Further, the business is carried out primarily in India and hence, there are no reportable geographical segments.
15. As at the year end, the accumulated losses exceed the paid up share capital and the net worth of the Company has been completely eroded. However, the management is confident of generating cash flows from business operations and is in process of taking all efforts including infusion of fresh funds.
16. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:-

| Amounts receivable in foreign currency on account of the following: | As at 31st March, 2018 | | As at 31st March, 2017 | |
|---|------------------------|-----------|------------------------|------------|
| | US Dollar | INR | US Dollar | INR |
| Trade Receivables | 39,459 | 25,67,597 | 1,313 | 85,074 |
| Expenses Payable | 15,743 | 10,24,469 | 3,20,839 | 207,93,576 |

17. Previous year figures are regrouped or re-arranged, wherever necessary.

As per our report of even date attached

For **Oswal Sunil & Company**

Chartered Accountants

Firm Regn. No. 016520N



CA Amit Nowlakhia
(Partner)
Membership No: 513504

For and on Behalf of the Board of Directors

Gurdial Singh Khandpur
(Director)
DIN- 00121913

Sunil Batra
(Director)
DIN- 02188254

Place: New Delhi
Date: 18-05-2018

Mitra Kumar Gulgulia
(Company Secretary)

