

DIGIVIVE SERVICES PRIVATE LIMITED
(INCORPORATED ON 13.03.2010)

CIN: U93000DL2010PTC200097

**6TH ANNUAL REPORT
FOR THE YEAR 2015-2016**

REGD. OFFICE : D-7, DHAWANDEEP APARTMENT
6, JANTAR MANTAR ROAD
NEW DELHI -110 001

DIRECTORS : SH. MAHENDRA NAHATA (W.E.F. 07.02.2011)
SH. SURENDRA LUNIA (W.E.F. 13.03.2010)
SH. SUNIL BATRA (W.E.F. 19.12.2012)
SH. SURESH BOTHRA (W.E.F. 26.03.2015)
SH. CHUNCHREEK SINGHVI (W.E.F. 26.03.2015)
SH. GURDIAL SINGH KHANDPUR (DIRECTOR W.E.F. 30.03.2012;
WHOLE-TIME DIRECTOR FROM 25.03.2013
TO 31.12.2015)
SH. SANDEEP JAIRATH, CFO & MANAGER (CFO W.E.F.
26.03.2015, MANAGER
W.E.F. 01.02.2016)

COMPANY
SECRETARY : SH. MITRA KUMAR GULGULIA (W.E.F. 01.05.2015)
SH. MANISH KHANNA (UPTO 30.04.2015)

AUDITORS : OSWAL SUNIL & COMPANY
CHARTERED ACCOUNTANTS

BANKERS : HDFC BANK LTD
KOTAK MAHINDRA BANK LTD
CORPORATION BANK
IDBI BANK LTD
ANDHRA BANK



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, 2016, 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 thereunder.

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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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, 2016 and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 23 (N) of Notes to Accounts 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. 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'.
 - g. 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 does not have any pending litigations which would impact its financial position;



- 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: 24.05.2016

'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) Having regard to the nature of the Company's business/activities/result, clause 3(ii) regarding Inventory, of 'the Order' is not applicable.
- 2) (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, in respect of immovable properties, the title deeds were held in the name of the Company.
- 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 Sec148(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 has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues 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, 2016 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, Custom Duty and Cess as at 31st March, 2016, 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. No repayments were due in respect of



debentures issued by the Company. 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, managerial remuneration paid to Whole-time Director is in accordance with the approval of shareholders under provisions of section 197 read with Schedule V to the Companies Act, 2013 (corresponding to section 198 read with Schedule XIII to the Companies Act, 1956).
- 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 have been complied with and the amount raised have 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 :24.05.2016

'ANNEXURE B' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(f) 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, 2016 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, issued by ICAI and deemed to be 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, 2016, 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 :24.05.2016

DIGIVIVE SERVICES PRIVATE LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2016

(Rs.)

Particulars	Note No.	As at 31st March, 2016	As at 31st March, 2015
I EQUITY AND LIABILITY			
(1) Shareholders' Funds			
(a) Share Capital	2	1000,00,000	1000,00,000
(b) Reserves & Surplus	3	(10701,94,218)	(8369,31,689)
(2) Non-Current Liabilities			
(a) Long Term Borrowings	4	8951,56,000	8306,01,760
(b) Long Term Provisions	5	24,01,638	43,08,241
(3) Current Liabilities			
(a) Short Term Borrowings	6	1063,30,000	260,50,000
(b) Trade Payables	7	1813,00,773	1331,86,979
(c) Other Current Liabilities	8	113,51,206	126,11,518
(d) Short Term Provisions	9	182,95,219	257,31,343
		2446,40,618	2955,58,152
II ASSETS			
(1) Non Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		839,48,563	1035,43,092
(ii) Intangible Assets		46,79,085	149,44,823
(iii) Capital Work in Progress		36,38,317	-
(b) Long Term Loans and Advances	11	19,71,161	38,64,487
(c) Other Non-Current Assets	12	4,47,953	4,14,395
(2) Current Assets			
(a) Trade Receivables	13	697,36,703	992,55,449
(b) Cash and Cash Equivalents	14	24,81,926	27,39,763
(c) Short-term Loans and Advances	15	777,36,910	707,96,143
		2446,40,618	2955,58,152

Significant Accounting Policies

1

Additional Information

23

The notes referred above form an integral part of Financial Statements

As per our report of even date attached

For Oswal Sunil & Company

Chartered Accountants

Firm Regn. No.: 016520N

For and on Behalf of the Board of Directors

CA Amit Nowlakha
(Partner)
Membership No.: 0513504

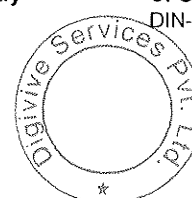
Gurdial Singh Khandpur
Director
DIN- 00121913

Sunil Batra
Director
DIN- 02188254

Place : New Delhi
Date : 24.05.2016

Mitra Kumar Gulgulia
Company Secretary

Sandeep Jairath
CFO & Manager
DIN- 05300460



DIGIVIVE SERVICES PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

(Rs.)

Particulars	Note No.	Year ended 31st March, 2016	Year ended 31st March, 2015
Revenue from Operations	16	2143,54,332	2616,18,366
Other Income	17	33,23,345	9,23,459
Total Revenue		2176,77,677	2625,41,825
EXPENDITURE			
Content and Bandwidth Expenses	18	1366,77,616	1544,86,505
Technical and Network Cost	19	190,24,078	283,52,933
Personnel Expenses	20	911,40,608	1149,72,345
Administrative and Selling Expenses	21	1676,39,583	1513,28,989
Finance Cost	22	80,76,833	52,73,898
Depreciation and Amortization Expenses	10	283,81,488	343,32,385
Preliminary Expenses Written off		-	51,600
Total Expenses		4509,40,206	4887,98,655
Profit before Exceptional items, Extraordinary items and Tax (III- IV)		(2332,62,529)	(2262,56,830)
Exceptional items			
Minimum Revenue Obligation Charges		-	15,00,000
Profit before Tax (VII- VIII)		(2332,62,529)	(2277,56,830)
Less: Tax Expense:			
Current Tax		-	-
Deferred Tax		-	-
Profit (Loss) for the year from Continuing Operation (after tax)(IX- X)		(2332,62,529)	(2277,56,830)
Profit (Loss) from Discontinuing Operation		-	-
Tax Expense of Discontinuing Operations		-	-
Profit (Loss) from Discontinuing Operation (after tax) (XII- XIII)		-	-
Profit (Loss) for the year (XI+ XIV)		(2332,62,529)	(2277,56,830)
Earning per share (Face value of Rs.10/- each)			
Basic and Diluted (Rs.)		(23.33)	(22.78)

Significant Accounting Policies

1

Additional Information

23

The notes referred above form an integral part of Financial Statements

As per our report of even date attached

For Oswal Sunil & Company
Chartered Accountants
Firm Regn. No.: 016520N

For and on Behalf of the Board of Directors

CA Amit Nowlakhia
(Partner)
Membership No.: 0513504



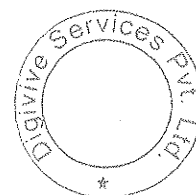
Gurdial Singh Khandpur
Director
DIN- 00121913

Mittra Kumar Gulgulia
Mittra Kumar Gulgulia
Company Secretary

Sunil Batra
Director
DIN- 02188254

Sandeep Jairam
Sandeep Jairam
CFO & Manager
DIN- 05300460

Place : New Delhi
Date : 24.05.2016



DIGIVIVE SERVICES PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

(Rs.)

	Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
A	Cash flows from Operating activities		
	Profit before tax	(2332,62,529)	(2277,56,830)
	Adjusted for:		
	Depreciation and amortization	283,81,488	343,32,385
	Provision for doubtful debts	(2,78,526)	13,74,840
	Provision for gratuity	10,45,268	9,39,493
	Provision for leave encashment	8,86,227	9,80,371
	Bad debts	5,35,640	2,97,815
	Sundry balances written off	-	1,04,790
	Profit on sale of assets	(9,60,543)	(5,159)
	Provision Written Back	3,88,388	
	Interest income	-	(76,302)
	Interest paid	76,92,373	51,49,144
	Operating profit before working capital changes	(1955,72,215)	(1846,59,454)
	Movement in working capital		
	Decrease/ (increase) in trade receivables	292,61,633	(557,33,460)
	Decrease/(Increase) in non current assets	(33,558)	32,69,841
	Decrease/(Increase) in loans and advances	(111,90,748)	6,59,877
	Increase/ (decrease) in long term provision	(38,38,098)	(4,30,079)
	Increase/ (decrease) in current liabilities and provisions	318,22,070	93,14,071
	Cash generated from operations	(1495,50,915)	(2275,79,203)
	Direct taxes paid (net of refunds)	57,54,919	3,78,633
	Net cash from operating activities	(1437,95,996)	(2272,00,570)
B	Cash flows from Investing activities		
	Purchase of fixed assets	(43,31,671)	(78,25,713)
	Sales of fixed assets	31,32,676	14,450
	Interest income	-	76,302
	Net cash used for investing activities	(11,98,995)	(77,34,961)
C	Cash flows from Financing activities		
	Proceeds from issue of CCDs/ ZOFCDS	645,54,239	2137,26,784
	Proceeds from Short Term Loan (Net)	802,80,000	260,50,000
	Interest Paid	(97,086)	(51,49,144)
	Net cash from (used for) financing activities	1447,37,153	2346,27,640
	Net increase in cash and cash equivalents (A+B+C)	(2,57,838)	(3,07,891)
	Cash and cash equivalents at the beginning of the year	27,39,763	30,47,653
	Cash and cash equivalents at the end of the year	24,81,927	27,39,761
	Cash and bank balances as per Note-14(refer notes below)	24,81,926	27,39,763
	Cash and cash equivalents in cash flow statement	24,81,926	27,39,763

Notes:-

- 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 4,47,953 4,14,395
- 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.: 016520N

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

Sandeep Jaiswal
CFO & Manager
DIN- 05300460

Place : New Delhi
Date : 24.05.2015

DIGIVIVE SERVICES PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No.2

	As at 31st March, 2016 (Rs.)	As at 31st March, 2015 (Rs.)
Share Capital		
Authorised		
2,50,00,000 (2,50,00,000) Equity Shares of Rs.10/- each	250,000,000	250,000,000
	<u>250,000,000</u>	<u>250,000,000</u>
Issued, Subscribed & Paid up		
1,00,00,000 (1,00,00,000) Equity Shares of Rs 10/- each	100,000,000	100,000,000
	<u>100,000,000</u>	<u>100,000,000</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, 2016 (Rs.)		As at 31st March, 2015 (Rs.)	
	No. of Shares	Rs.	No. of Shares	Rs.
No. of shares at the beginning of the year	10,000,000	100,000,000	10,000,000	100,000,000
Add: Issue of Shares/ Calls received	-	-	-	-
Less: No. of Shares Bought Back	-	-	-	-
No. of shares at the end of the year	<u>10,000,000</u>	<u>100,000,000</u>	<u>10,000,000</u>	<u>100,000,000</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 & its nominees.

Note No.2 (c)

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

Particulars of Shareholders	Equity Shares			
	As at 31st March, 2016 (Rs.)		As at 31st March, 2015 (Rs.)	
	No of Shares	% holding	No of Shares	% holding
Media Matrix Worldwide Limited	7,985,000	79.85	7,985,000	79.85
Media Matrix Enterprises Pvt. Ltd. (Formerly known as Media Matrix Holding Pvt Ltd) (including its nominees) *	2,015,000	20.15	2,015,000	20.15
	<u>10,000,000</u>	<u>100.00</u>	<u>10,000,000</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)

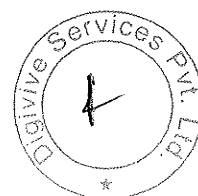
The Company during the last five years preceding the Balance Sheet date has (i) not allotted any shares for consideration other than cash and by way of bonus shares; and (ii) No shares of the Company have been bought back.

Note No.3

Reserves & Surplus

Surplus

Opening Balance	(836,931,689)	(608,446,179)
Add: Profit/ (Loss) for the year	(233,262,529)	(227,756,830)
Add: Adjustment for Accumulated Depreciation	-	(728,680)
	<u>(1,070,194,218)</u>	<u>(836,931,689)</u>



DIGIVIVE SERVICES PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31st March, 2016 Rs.	As at 31st March, 2015 Rs.
Note No.4		
Long Term Borrowings		
Secured		
Car Loan from Finance Company	-	1,339,598
(Secured by way of hypothecation of respective Vehicle)		
Less: Current maturity of long term borrowings	-	737,838
	-	601,760
Unsecured		
Bonds/ Debentures		
0% 5,41,500 (Previous year- 5,41,500) Compulsorily Convertible Debentures (CCDs) of Rs. 1,000/- each issued to Media Matrix Worldwide Ltd., the Holding Company	541,500,000	541,500,000
(Terms of conversion - Refer Note No 12a & 12b)		
0% 8,500 (Previous year- 8500) Compulsorily Convertible Debentures (CCDs) of Rs. 1,000/- each issued to Media Matrix Enterprises Pvt. Ltd., the Fellow Subsidiary Company	8,500,000	8,500,000
(Terms of conversion - Refer Note No 12a & 12b)		
0% 2,20,000 (Previous year- 2,20,000) Zero Coupon Optionally Fully Convertible Debentures (ZOFCDs) of Rs. 1,000/- each	220,000,000	220,000,000
(Terms of conversion/ redemption - Refer Note No 12c)		
0% 8,51,560 (Previous year- NIL) Compulsorily Convertible Debentures (CCDs) of Rs. 100/- each issued to Media Matrix Worldwide Ltd., the Holding Company	85,156,000	-
(Terms of conversion - Refer Note No 12e & 12f)		
0% 4,00,000 (Previous year- NIL) Compulsorily Convertible Debentures (CCDs) of Rs. 100/- each issued to Media Matrix Enterprises Pvt. Ltd., the Fellow Subsidiary Company	40,000,000	-
(Terms of conversion - Refer Note No 12d)		
Loans and Advances from related parties*	-	60,000,000
	895,156,000	830,601,760

*Loan from Media Matrix Worldwide Ltd amounting to Rs. NIL (Previous year Rs. 6,00,00,000/-) carries rate of interest 8%. This loan is repayable within 10 years from the last date of availability.

Note No.5

Long Term Provisions

Gratuity (Unfunded)	1,411,592	2,456,244
Leave Encashment (Unfunded)	990,046	1,851,997
	2,401,638	4,308,241

Note No.6

Short Term Borrowings

Unsecured

Loan repayable on demand

Loans and Advances from other Party	106,330,000	26,050,000
	106,330,000	26,050,000

Note: Loan amounting to Rs. 10,63,30,000/- (Previous year Rs. 2,60,50,000/-) carries rate of interest 9%. These loans are repayable on demand.

Note No. 7

Trade Payables

Other than Micro, small and medium Enterprises

Sundry Creditors	181,300,773	132,498,090
Creditors for capital goods	-	688,889
	181,300,773	133,186,979



Note No. 8**Other Current Liabilities**

Current Maturity of Long Term Borrowings	-	737,838
Other Payable		
For Expenses	2,572,116	724,878
For Statutory Liabilities	4,409,753	4,465,592
For Salaries and Wages	4,369,336	5,326,842
Others	-	1,056,368
Deferred Revenue	-	300,000
	<u>11,351,205</u>	<u>12,611,518</u>

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

Gratuity - Short Term (Unfunded)	27,267	27,883
Leave Encashment - Short Term (Unfunded)	35,719	59,995

Provision for Operative and Other Expenses	18,232,232	25,643,465
	<u>18,295,218</u>	<u>25,731,343</u>

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

Security Deposit	1,971,161	3,864,487
	<u>1,971,161</u>	<u>3,864,487</u>

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

In Fixed Deposit Accounts with maturity of more than 12 months* (includes interest accrued Rs 61,715/-; Previous year Rs. 49,148/-)

	447,953	414,395
	<u>447,953</u>	<u>414,395</u>

* Pledged as security with banks

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

- Exceeding Six Months	-	
Considered good	15,022,466	8,071,899
Considered doubtful	1,175,193	1,471,634
- Other	54,714,237	91,183,550
	<u>70,911,896</u>	<u>100,727,083</u>
Less: Provision for doubtful debts	1,175,193	1,471,634
	<u>69,736,703</u>	<u>99,255,449</u>

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

Cash on Hand	86,343	36,709
Balance with Banks		
- In Short Term Accounts	2,395,583	2,703,054
In Fixed Deposit Accounts with maturity of more than 12 months	447,953	414,395
	<u>2,929,879</u>	<u>3,154,157</u>
Less: Amount disclosed under other non-current assets	447,953	414,395
	<u>2,481,926</u>	<u>2,739,763</u>

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

Advances to Suppliers	125,632	338,868
Advances to employees	241,409	1,072,774
Balance with Service Tax Authorities	54,047,559	41,629,867
TDS Recoverable	21,551,825	25,369,617
Prepaid Expenses	1,770,485	2,385,017
	<u>77,736,909</u>	<u>70,796,143</u>



DIGIVIVE SERVICES PRIVATE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Year ended 31st March, 2016 (Rs.)	Year ended 31st March, 2015 (Rs.)
Note No. 16		
Revenue from Operations		
<i>(Net of Service Tax)</i>		
Income from Services (TDS Rs. 40,63,231/-; PY Rs. 1,77,81,028/-)	207,042,450	244,070,582
Advertisement Income (TDS- Rs. 90,054/-; PY Rs. 3,47,386/-)	7,311,882	17,547,784
	<u>214,354,332</u>	<u>261,618,366</u>
Note No. 17		
Other Income		
Interest on Fixed Deposits (TDS- Rs.3729/-; PY Rs.7630/-)	37,287	76,302
Interest on Income Tax Refund	1,937,127	840,498
Profit on Sale of Assets	960,543	5,159
Miscellaneous Income	-	1,500
Provision Written back	388,388	-
	<u>3,323,345</u>	<u>923,459</u>
Note No. 18		
Content and Bandwidth Expenses		
Content Expenses	131,991,582	149,627,374
Bandwidth Charges	4,686,034	4,859,131
	<u>136,677,616</u>	<u>154,486,505</u>
Note No. 19		
Technical and Network Cost		
Applications Support Charges	762,580	4,849,525
Billing & Support Services	7,234,575	12,920,150
EPG Data Feed	2,760,000	2,760,000
IT & Network Expenses	7,438,343	6,678,210
Testing Expenses	828,580	1,145,048
	<u>19,024,078</u>	<u>28,352,933</u>
Note No. 20		
Personnel Expenses		
Salaries, Wages and Bonus, etc.	84,458,899	107,629,947
Contribution to Provident and other Funds	3,403,732	3,012,599
Staff Welfare Expenses	2,757,174	4,022,806
Payroll Processing Fee	94,100	90,000
Recruitment & Training Expenses	426,703	216,993
	<u>91,140,608</u>	<u>114,972,345</u>



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

i) Administrative Expenses		
Rent	10,310,800	10,275,600
Rates & Taxes	609,701	32,800
Insurance Expenses	1,000,573	384,918
Travelling & Conveyance	5,742,414	9,280,541
Telephone Expenses	1,233,902	3,031,175
Printing & Stationery	295,299	655,014
Books & Periodicals	9,364	10,118
Courier Charges	161,225	76,187
Electricity & Diesel Expenses	18,102,622	17,862,854
Professional and Consultancy	21,242,421	12,237,715
Auditors Remuneration (Refer Note 23 (7))	732,000	351,026
Sundry Balances Written off	-	104,789
Repairs & Maintenance		
- Building	2,339,883	2,010,698
- Plant & Machinery	972,222	1,997,561
- Others	1,342,656	1,489,255
Foreign Exchange Fluctuation (Net)	3,463	474,426
	64,098,545	60,274,677
ii) Selling Expenses		
Advertisement Expenses	81,985,019	76,326,062
Marketing Expenses	20,818,603	10,730,596
Call Center Charges	67,562	917,367
Promotional Activities	334,149	592,402
Bad Debts	535,640	297,815
Provision for Doubtful debts	(278,526)	1,374,830
Rebate & Discounts	78,591	815,240
	103,541,038	91,054,312
Total of Administrative and Selling Expenses	167,639,583	151,328,989

Note No. 22**Finance Cost**

Interest Expenses	7,797,386	5,149,144
Less: Amount Capitalised	105,013	-
	7,692,373	5,149,144
Bank Charges	93,573	30,754
Interest on TDS/ Service Tax	290,887	94,000
	8,076,833	5,273,898



Digivive Services Private Limited
For the year ended 31.03.2016

Particular	Gross Block				Depreciation				Net Balance as on 01.04.2015	Net Balance as on 31.03.2016
	Opening Balance as on 01.04.2015	Addition	Sale/ Deletion	Closing Balance as on 31.03.2016	Opening Balance as on 01.04.2015	Depreciation for the year	Adjustment/ Reserve	Sale/ Deletion		
TANGIBLE ASSETS										
Building - other temporary structure	2,545,247	-	-	2,545,247	838,033	805,166	-	-	1,707,214	902,049
Plant and Machinery	61,266,793	-	-	61,266,793	4,128,016	3,886,615	-	-	57,138,777	53,252,162
Furniture and Fittings	908,375	-	-	908,375	156,468	81,030	-	-	751,907	670,877
Vehicles	2,881,340	-	2,881,340	-	432,106	345,113	-	777,219	2,449,234	-
Office Equipments	1,806,226	87,999	-	1,894,225	453,487	396,125	-	-	1,352,739	1,044,614
Server and networks	48,931,018	-	-	48,931,018	15,595,833	10,978,151	-	-	33,335,184	22,357,034
Mobiles	1,765,418	149,697	6,298	1,908,817	1,423,810	256,603	-	1,352	341,608	229,757
End use devices- Desktops, laptops etc.	6,088,584	455,658	1,220,113	5,324,128	4,334,691	820,241	-	1,157,047	1,753,892	1,326,243
Electrical Installations and equipment	5,456,016	-	-	5,456,016	743,481	546,706	-	-	4,712,535	4,165,829
Total	131,649,016	693,354	4,107,751	128,234,619	28,105,924	18,115,750	-	1,935,619	103,543,093	83,948,564
INTANGIBLE ASSETS										
Software	60,639,285	-	-	60,639,285	45,816,051	10,229,577	-	-	14,823,233	4,593,656
Trademarks	193,760	-	-	193,760	72,171	36,160	-	-	121,589	85,429
Total	60,833,045	-	-	60,833,045	45,888,222	10,265,737	-	-	14,944,823	4,679,085
INTANGIBLE ASSETS UNDER DEVELOPMENT										
Capital Work in Progress	-	-	-	-	-	-	-	-	-	3,638,317
Total	-	-	-	-	-	-	-	-	-	3,638,317
Grand Total	192,482,061	693,354	4,107,751	189,067,664	73,994,146	28,381,487	-	1,935,619	118,487,915	92,265,966
Previous Year	184,751,248	7,825,713	94,900	192,482,061	39,018,690	34,332,385	728,680	85,609	145,732,558	-



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, 2016

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 CENVAT**), 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

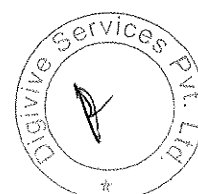
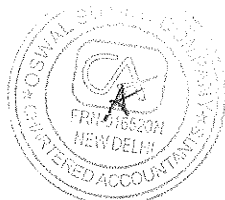
Depreciation on fixed assets for the year ended 31st March 2016:

Effective from 1st April, 2014, 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
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.



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

Particulars	As at March 31, 2016	As at March 31, 2015
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	8,00,000	8,00,000
Bonus Liability for FY 2014-15 #	9,923	-
Total	10,09,923	10,00,000

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, 2016	As at March 31, 2015
Profit after Tax (Rs.)	(2332,62,529)	(2277,56,830)
Weighted Average no. of Share	100,00,000	100,00,000
Nominal Value of Share (Rs.)	10/-	10/-
Earning per Share (Rs.)	(23.33)	(22.78)

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, 2016 (Rs.)	As at 31st March, 2015 (Rs.)
(A)	Deferred Tax Asset		
	Carry Forward Losses/ Unabsorbed Depreciation	3299,86,875	2622,60,592
	Provision for Doubtful Debts	3,63,135	4,54,735
	Leave Encashment	3,16,961	5,90,806
	Gratuity	4,44,607	7,67,595
	Bonus	12,515	-
	Total	3311,24,093	2640,73,728
(B)	Deferred Tax Liability		
	Relating to Depreciation on Fixed Assets	36,65,983	68,09,375
	Total	36,65,983	68,09,375
(A-B)	Deferred Tax Asset / (Liability) - Net	3274,58,110	2572,64,353

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, 2016.

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, 2016	Year ended 31st March, 2015
Employer's Contribution to Provident Fund	33,84,252	30,12,599

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

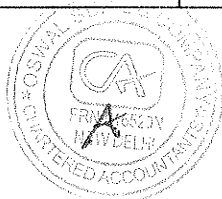
Particulars	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2015
	Gratuity	Gratuity	Leave Encashment	Leave Encashment
Present value of the obligation at the beginning of the period	24,84,127	15,44,634	19,11,992	13,38,445
Interest cost	1,98,730	1,23,571	1,52,959	1,07,076
Current service cost	3,62,779	6,27,069	2,70,450	5,07,159
Benefits paid (if any)	(13,97,109)	0	(13,56,148)	(4,06,824)
Actuarial (gain)/loss	(2,09,668)	1,88,853	46,512	3,66,136
Present value of the obligation at the end of the period	14,38,859	24,84,127	10,25,765	19,11,992

The amount to be recognized in the Balance Sheet

Particulars	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2015
	Gratuity	Gratuity	Leave Encashment	Leave Encashment
Present value of the obligation at the end of the period	14,38,859	24,84,127	10,25,765	19,11,992
Fair value of plan assets at end of period	-	-	-	-
Net liability/(asset) recognized in Balance Sheet and related analysis	14,38,859	24,84,127	10,25,765	19,11,992
Funded Status	(14,38,859)	(24,84,127)	(10,25,765)	(19,11,992)

Expense recognized in the statement of Profit and Loss

Particulars	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2015
	Gratuity	Gratuity	Leave Encashment	Leave Encashment
Interest cost	1,98,730	1,23,571	1,52,959	1,07,076
Current service cost	3,62,779	6,27,069	2,70,450	5,07,159
Expected return on plan asset	-	-	-	-
Net actuarial (gain)/loss recognized in the period	(2,09,668)	1,88,853	46,512	3,66,136
Expenses to be recognized in the statement of profit and loss accounts	3,51,841	9,39,493	4,69,921	9,80,371



Current and Non- current Liability				
Particulars	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2016	Year ended March 31, 2015
	Gratuity	Gratuity	Leave Encashment	Leave Encashment
Current liability	27,267	27,883	35,719	59,995
Non Current Liability	14,11,592	24,56,244	9,90,046	18,51,997
Total	14,38,859	24,84,127	10,25,765	19,11,992

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

Particulars	As at March 31, 2016	As at March 31, 2015
Travelling Expenses	3,50,821	7,77,409
Professional and Consultancy	-	34,30,617
Applications Support Charges	-	16,96,149
Testing Expenses	-	9,15,247
Licence Fees/ Royalty/ Technical Fees	20,42,503	19,30,062
Advertisement	396,94,832	71,22,373
Marketing Expenses	-	9,88,870
Total	420,88,156	168,60,727

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

Particular	Year ended March 31, 2016 (Rs.)	Year ended March 31, 2015 (Rs.)
Statutory Audit Fees	60,000	60,000
Tax Audit Fees	20,000	40,000
Limited Review Fees	20,000	20,000
For Other Services	6,32,000	2,46,026
Total	7,32,000	3,66,026

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

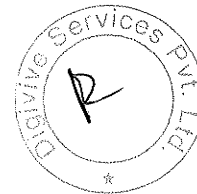
Particulars	As at March 31, 2016	As at March 31, 2015
Service Revenue	2,62,152	7,31,525
Total	2,62,152	7,31,525



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	
Media Matrix Enterprises Private Limited	
Digicall Global Services Private Limited	
Key Managerial Personnel	
Gurdial Singh Khandpur (Whole-time Director) till 31 st December 2015.	
Sandeep Jairath (CFO & Manager) Chief Financial Officer w. e. f. 26 th March 2015, Manager w.e.f. 01 st Feb 2016	
Manish Khanna (Company Secretary) till 30th April 2015	
Mitra Kumar Gulgulia (Company Secretary) w. e. f 1st May 2015	
Significant Influence	
Smart Digivision Pvt Ltd till 31st December 2015	



B. Transaction with Related Parties-

Relationship	Holding Company		Fellow Subsidiary		Fellow Subsidiary		Fellow Subsidiary		Significant Influence		Key Management Person	
Particulars	Media Matrix Worldwide Limited	Media Matrix Worldwide Limited	Nexg Devices Pvt. Ltd.	Nexg Devices Pvt. Ltd.	Digicall Teleservices Pvt. Ltd.	Digicall Teleservices Pvt. Ltd.	Media Matrix Enterprises Private Limited	Media Matrix Enterprises Private Limited	Smart Digivision Pvt. Ltd.	Smart Digivision Pvt. Ltd.		
Nature of Transaction	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Sale of Services			4,38,601	-						-		
Issue of CCDs against Long Term Loan	600,00,000	-										
Issue of CCDs	251,56,000	-					400,00,000	85,00,000				
Reimbursement of Expenses (Paid)	160,72,890	360,96,866							-		0	0
Interest on Loan	24,06,575								8,14,039		0	0
Loans and advances Given											0	557854
Payment received against Loans and advances											557854	0
Payment received against Sale of Services			4,38,601							-	0	0
Repayment of Loan							-	407,00,000			0	0
Purchase of Services					8,75,196	20,23,853					0	0
Reimbursement of Expenses (Received)	9,54,801	7,95,776									0	0
Remuneration											93,26,104	15282446
Loans and advances received									415,30,000	260,50,000	0	0
Payment made against Trade Payable	164,18,000	186,44,913			23,01,684	56,08,680					0	0
Closing Balances as on 31st March, 2016											0	0
Long Term Loan- Liability	-	600,00,000									0	0
Short Term Loan- Liability									415,30,000	260,50,000	0	0
Trade Payable	367,00,261	355,93,597	-		5,97,365	20,23,853			8,14,039		0	0

* Advances to employees (refer Note 15 – Short-term Loans and Advances) include advance amounting to Rs. NIL (Previous year Rs. 57,854/-) to Whole-time Director.

* *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.

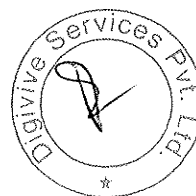
10. Long term Operating Lease

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

- 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.
- 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.



- c. The Company has issued 2,20,000 (1,00,000 issued on 16.02.15, 80,000 on 19.03.15 and 40,000 on 21.03.2015) Zero Coupon Optionally Fully Convertible Debentures (ZOFCDs) of Face Value of Rs. 1,000/- each, the Tenure of the ZOFCDs will be 20 years from the date of allotment with an option with the issuing Company to extend it up to one year. The ZOFCDs will be convertible into equity shares at the option of the ZOFCs holder at any point of time till the expiry of 20 years from the date of allotment, one ZOFCDs will be converted into 100 equity shares of Rs. 10 each at par.

In case the ZOFCDs holder does not exercise the conversion option, than the outstanding ZOFCDs on the expiry of 20 years from the date of allotment shall be redeemed by the Company, at par.

- d. 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.
- e. 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.

- f. 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.

13. In the absence of 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. Charges paid to Bharat Sanchar Nigam Limited (BSNL) for non-achievement of top line BSNL revenue have been disclosed as exceptional item in the Statement of Profit & Loss.



17. 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, 2016		As at 31st March, 2015	
	US Dollar	INR	US Dollar	INR
Trade Receivables	2,328	1,53,911	NIL	NIL
Expenses Payable	2,16,762	143,69,172	2,01,923	126,49,399

18. With effect from April 01, 2014, the Company has revised the useful life of its fixed assets to comply with the useful life as prescribed under schedule II to the Companies Act, 2013. As per Note 7 of Part C of Schedule II to the Companies Act, 2013 the carrying amount of the asset as on the date has to be depreciated over the remaining prescribed useful life of the asset. In case of fixed assets where the useful life was nil Schedule as at 01.04.2014, the Company has adjusted the net residual value aggregating Rs. 7,28,680/- from retained earnings. Further due to change in rate of depreciation as per Schedule II of the act during the year, the depreciation for the year was higher by Rs. 91,80,985/- and loss was higher by identical amount.

19. 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

For and on Behalf of the Board of Directors

CA. Amit Nowlakha

(Partner)

Membership No: 0513504

Gurdial Singh Khandpur

(Director)

DIN- 00121913

Sunil Batra

(Director)

DIN- 02188254

Mitra Kumar Gulgulia

(Company Secretary)

Sandeep Jairath

(CEO & Manager)

DIN- 05300460

Place: New Delhi

Date: **24.05.2016**

