

INDEPENDENT AUDITOR'S REPORT

To,
The Members of
HT DIGITAL MEDIA HOLDINGS LIMITED
New Delhi

Report on the Financial Statements

We have audited the accompanying financial statements of **HT DIGITAL MEDIA HOLDINGS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a Summary of the 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 of 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 & 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 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 31 March 2016, its loss and its cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:
None.

Our opinion is not modified in respect of these matters

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Other Matter

With respect to the Other Matters to be included in the Independent 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:

The Company does not have any pending litigations, which would impact its financial position.

- The Company did not have any long term contracts, including derivative contracts, for which there were any material foreseeable losses.
- There were no amounts, which were required to be transferred to the Investor Education and Protection Fund.

Our opinion is not modified in respect of this matter.

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 in terms of sub section (11) of section 143 of the Companies Act, 2013, we give, in the **Annexure "A"**, a Statement on the Matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 purposes 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 the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 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"**.


Sharad Agarwal, Partner

Membership Number: 088861

Lochan & Co

Chartered Accountants

Firm Registration Number: 008019N

Place: Delhi

Date: 25 May 2016

Annexure "A" to the Independent Auditor's Report

(Referred to the Independent Auditor's Report of even date to the members of HT DIGITAL MEDIA HOLDINGS LIMITED on the financial statements for the year ended on 31 March 2016)

- i. The Company had no fixed assets during the year. Hence, compliance as per clause 3(i) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- ii. Considering the nature of activities of the Company, no inventories are maintained. Hence, compliance as per clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- iii. The company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, compliance as per clause 3(iii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- iv. In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of sections 185 and 186 of the Companies Act, 2013 in respect to loans, investments guarantees and securities.
- v. The Company has not accepted any deposit. Hence, compliance as per clause 3(v) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- vi. The Company is not required to maintain any cost record as specified by the Central Government under sub section (1) of section 148 of the Companies Act, 2013. Hence, compliance as per clause 3(vi) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- vii. (a) According to the information and explanation given to us and the records of the Company reviewed by us, in our opinion, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.
(b) According to the records of the Company reviewed by us, there are no dues of income tax or sale tax or service tax or duty of customs or duty of excise or value added tax as on 31 March 2016, which have not been deposited on account of a dispute.
- viii. The Company has not taken loans / borrowings from financial institution or bank or Government or debenture holders. Hence, compliance as per clause 3(viii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- ix. Based upon the audit procedures performed and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer. Further, the Company has not taken term loan during the year. Hence, compliance as per clause 3(ix) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- x. In our opinion and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported by the Management during the year.
- xi. According to the records of the Company reviewed by us and information & explanations given to us, no managerial remuneration has been paid or provided. Hence, compliance as per clause 3(xi) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- xii. The Company is not a Nidhi Company. Hence, compliance as per clause 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- xiii. 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 Notes to the financial statements as required by the applicable Accounting Standards.
- xiv. Based upon the audit procedures performed and the information & explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, compliance as per clause 3(xiv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- xv. Based upon the audit procedures performed and the information & explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Hence, compliance as per clause 3(xv) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

4

xvi. In our opinion, the Company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934. Hence, compliance as per clause 3(xvi) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.


Sharad Agarwal Partner
Membership Number: 088861

Lochan & Co
Chartered Accountants
Firm Registration Number: 008019N

7
Place: Delhi
Date: 25 May 2016

Annexure "B" to the Independent Auditor's Report

(Referred to the Independent Auditor's Report of even date to the members of HT DIGITAL MEDIA HOLDINGS LIMITED on the financial statements for the year ended on 31 March 2016)

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 **HT DIGITAL MEDIA HOLDINGS LIMITED** ("the Company") as on 31 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 (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (the "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.

Auditor's 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 and the Standards on Auditing, issued by the 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 & 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 judgment, 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 authorizations 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.

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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 at 31 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".



Sharad Agarwal, Partner
Membership Number 088861

Lochan & Co

Chartered Accountants

Firm Registration Number: 008019N

Place: Delhi

Date: 25 May 2016

BALANCE SHEET

as at 31 March 2016

(Amount in INR)

Particulars	Notes	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	323,730,460	306,041,440
Reserves and Surplus	4	(66,351,489)	80,332,854
Subtotal (a)		257,378,971	386,374,294
Share Application Money received, pending allotment		55,000,000	-
Subtotal (b)		55,000,000	-
Non Current Liabilities			
Long Term Borrowings	5	-	100,500,000
Subtotal (c)		-	100,500,000
Current Liabilities			
Other Current Liabilities	6	1,099,821	328,723
Subtotal (d)		1,099,821	328,723
Total [(a) + (b) + (c) + (d)]		313,478,792	487,203,017
ASSETS			
Non-Current Assets			
Non-Current Investments	7	306,379,012	483,684,625
Long Term Loans and Advances	8	15,183	47,552
Subtotal (a)		546,010,195	483,732,177
Current Assets, Loans and Advances			
Trade Receivables	9	-	-
Cash and Bank Balances	10	6,899,495	3,455,931
Other Assets		185,102	14,909
Subtotal (b)		7,084,597	3,470,840
Total [(a) + (b)]		313,478,792	487,203,017
Summary of Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements.

In terms of our report of even date attached

For and on behalf of the Board of Directors of
HT Digital Media Holdings Limited

Sharad Agarwal, Partner
Membership Number: 088861
Lochan & Co
Chartered Accountants
Firm Registration Number: 008019N

(Priyavrat Bhartia)
(Director)
(DIN: 00020603)

(Shamit Bhartia)
(Director)
(DIN: 00020623)

Place: New Delhi
Date:

(Pankaj Kumar Singh)
(Chief Financial Officer)

(Vikas Prakash)
(Company Secretary)
(Membership Number: A-21117)

STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2016

(Amount in INR)

Particulars	Notes	For the period ended on 31 March 2016	For the year ended on 31 March 2015
INCOME			
Revenue	11	-	259,250
Other Income	12	307,496	188,274
Total Revenue (i)		307,496	447,524
EXPENDITURE			
Employee Benefit Expenses	13	-	235,681
Other Expenses	14	2,436,539	328,808
Financial Expenses	15	279	877
Total Expenses (ii)		2,436,818	565,366
Profit / (Loss) before Exceptional Items and Tax		(2,129,322)	(117,842)
Exceptional Items	16(d)	239,616,000	-
Profit / (Loss) before tax		(241,745,322)	(117,842)
Provision for tax		-	-
Profit / (Loss) for the year		(241,745,322)	(117,842)
Earnings / (Loss) Per Share (INR)			
Basic and Diluted Earnings Per Share [Nominal value of shares: INR10 each]	16(a)	(7.79)	(0.004)
Summary of Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements.

In terms of our report of even date attached

For and on behalf of the Board of Directors of
HT Digital Media Holdings Limited

Sharad Agarwal, Partner
Membership Number: 088861
Lochan & Co
Chartered Accountants
Firm Registration Number: 008019N

(Priyavrat Bhartia)
(Director)
(DIN: 00020603)

(Shamit Bhartia)
(Director)
(DIN: 00020623)

Place: New Delhi
Date:

(Pankaj Kumar Singh)
(Chief Financial Officer)

(Vikas Prakash)
(Company Secretary)
(Membership Number: A-21117)

CASH FLOW STATEMENT
for the year ended March 31, 2016

(Amount in INR)

Particulars	For the Year ended March 31, 2016	For the Year ended March 31, 2015
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before Taxation	(241,745,322)	(117,842)
Adjustments for:		
Provision for doubtful debts	-	20,950
Provision for diminution in value of investment	239,616,000	-
Operating loss before working capital changes	(2,129,322)	(96,892)
Movements in working capital:		
(Increase) / Decrease in Sundry Debtors	-	-
(Increase) / Decrease in Other Assets	(170,193)	17,195
Increase / (decrease) in Other Payable	708,414	37,851
Increase / (decrease) in Other Liabilities	62,684	(55,000)
Cash generated from / (used in) operations	(1,528,417)	(96,846)
Direct taxes paid (net of refunds)	32,369	(19,291)
Net cash from / (used in) Operating Activities	(1,496,049)	(116,137)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(62,310,387)	-
Net cash from / (used in) investing activities	(62,310,387)	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	12,250,000	-
Share Application Money received	55,000,000	-
Net cash from / (used in) financing activities	67,250,000	-
Net increase / (decrease) in Cash and Cash Equivalents [(A) + (B) + (C)]	3,443,564	(116,137)
Cash and Cash Equivalents at the beginning of the year	3,455,931	3,572,068
Cash and cash equivalents at the end of the year	6,899,495	3,455,931
Components of cash and cash equivalents as at March 31, 2016		
With scheduled bank:		
- On current account	599,495	355,931
- On fixed deposits	6,300,000	3,100,000

Particulars	For the Year ended March 31, 2016	For the Year ended March 31, 2015
	6,899,495	3,455,931

Note: The above Cash Flow Statement has been prepared under the “**Indirect Method**”, as stated in Accounting Standard 3: “**Cash Flow Statement**”.

The accompanying notes are an integral part of the financial statements.

In terms of our report of even date attached

For and on behalf of the Board of Directors of
HT Digital Media Holdings Limited

Sharad Agarwal, Partner
Membership Number: 088861
Lochan & Co
Chartered Accountants
Firm Registration Number: 008019N

(Priyavrat Bhartia)
(Director)
(DIN: 00020603)

(Shamit Bhartia)
(Director)
(DIN: 00020623)

Place: New Delhi
Date:

(Pankaj Kumar Singh)
(Chief Financial Officer)

(Vikas Prakash)
(Company Secretary)
(Membership Number: A-21117)

Notes to financial statements for the year ended on 31 March 2016

1. Corporate Information

HT Digital Media Holdings Limited, incorporated on **26 September 2007**, is a wholly owned subsidiary of HT Media Limited. The Company is engaged into the business of providing payroll processing services and consultancy services.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are prepared to comply in all material aspects with Indian Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis.

(b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although, these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from these estimates. Differences between the actual results and estimates are recognized in the year, in which the results are known or materialized.

(c) Recognition of Income and Expenditure

Revenue is recognized to the extent, it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Expenditure has been acknowledged in accordance with the accrual concept.

(d) Issue of Zero Coupon Compulsorily Convertible Debentures

The Company has issued Zero Coupon Compulsorily Convertible Debentures (CCDs) to its holding company "HT Media Limited". The said CCDs are compulsorily convertible into equity shares of the Company on the following terms:

- a) Anytime after 12 months, but before 36 months from the date of allotment, as may be decided by either the Company or the allottee after giving 30 day's notice to the other party.
- b) Conversion Price to be higher of either:
 - I. Par Value; or
 - II. Performance linked multiple calculated as 5x of the Consolidated Turnover of HT Digital Media Holdings Limited and its subsidiaries during the completed 12 months' period immediately preceding the date of conversion.

(e) Provisions

A provision is recognized, when the Company has a present obligation as a result of past event and 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 best estimate required to settle the obligation at each Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

(f) Fixed Assets

Fixed assets are stated at cost, net of accumulated depreciation. The cost comprises purchase price, borrowing costs, if capitalization criteria are met, and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates received are deducted in arriving at the purchase price. Borrowing costs relating to acquisition of fixed assets, which takes substantial period of time to get ready for its intended use, are also included to the extent, they relate to the period till such assets are ready to be put to use.

(g) Depreciation

There are no fixed assets in the company. Hence, there is no provision for depreciation.

(h) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

(i) Income Tax

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India.

Deferred income tax reflects the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing difference of earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for all timing differences only to the extent that there is a reasonable certainty that sufficient future taxable income would be available against which such deferred tax assets could be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that they could be realized against future taxable profits.

(j) Preliminary Expenses

Preliminary expenses are expensed off in the year; in which they are incurred.

3. Share Capital

(Amount in INR)

Particulars	As at 31 March 2016	As at 31 March 2015
Authorized Share Capital		
188,000,000 equity shares of INR 10 each (Previous Year: 188,000,000 equity shares of INR 10 each)	1,880,000,000	1,880,000,000
Issued, subscribed and paid up Share Capital		
32,373,046 equity shares of INR 10 each (Previous Year: 30,604,144 equity shares of INR 10 each), fully paid	323,730,460	306,041,440
Total	323,730,460	306,041,440

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares	As at 31 March 2016		As at 31 March 2015	
	Number of Shares	Amount (in INR)	Number of Shares	Amount (in INR)
At the beginning of the year	30,604,144	306,041,440	26,629,900	266,299,000
Add: Issued during the year	192,184	1,921,840	-	-
Add: Conversion of Zero Coupon Compulsorily Convertible Debentures [Refer Note 16(c) below]	1,576,718	15,767,180	3,974,244	39,742,440
Outstanding at the end of the year	32,373,046	323,730,460	30,604,144	306,041,440

b) Terms / rights attached to equity shares

- The Company has only one class of equity shares having par value of ` 10 per share. Each holder of equity shares is entitled to one vote per share.
- During the year ended on 31 March 2016, no dividend was recognized as distributions to equity shareholders.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Shares held by holding / ultimate holding company and / or their subsidiaries / associates

Out of equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries / associates are as below:

(Amount in `)

Particulars	As at 31 March 2016	As at 31 March 2015
HT Media Limited, the holding Company [32,373,046 equity shares of INR 10 each (Previous Year: 30,604,144 equity shares of INR 10 each), fully paid]	323,730,460*	306,041,440

**including equity shares held by nominee(s) on behalf of HT Media Limited*

d) Details of shareholders holding more than 5% shares in the Company

Particulars	As on 31 March 2015		As on 31 March 2014	
	Number	% holding in the class	Number	% holding in the class
Equity shares of ` 10 each, fully paid up				
HT Media Limited, the holding company	32,373,046*	100%	30,604,144	100%

**including equity shares held by nominee(s) on behalf of HT Media Limited*

Note: As per the records of the company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

e) Shares reserved for issue under options

The Company does not have any stock option plan. So, no shares are reserved for issuance.

4. Reserves and Surplus

(Amount in INR)

Particulars	As at 31 March 2016	As at 31 March 2015
Share Premium Account		
Balance as per last year's financial statements	92,957,560	-
Add: Created during the year	95,060,979	92,957,560
Subtotal (a)	188,018,539	92,957,560

Particulars	As at 31 March 2016	As at 31 March 2015
Surplus / (Deficit) in the Statement of Profit and Loss		
Balance as per last year’s financial statements	(12,624,706)	(12,506,864)
Add / (Loss): Profit / (Loss) for the year	(241,745,322)	(117,842)
Subtotal (b)	(254,370,028)	(12,624,706)
Total [(a) + (b)]	(66,351,489)	80,332,854

5. Long Term Borrowings

(Amount in INR)

Particulars	As at 31 March 2016	As at 31 March 2015
Zero Coupon Compulsorily Convertible Debentures (CCD’S) (to holding Company- HT Media Limited) [Refer Note 16(c) below]	-	100,500,000
Total	-	100,500,000

6. Other Current Liabilities

(Amount in INR)

Particulars	As at 31 March 2016	As at 31 March 2015
Other Payables	1,037,137	328,723
Other Liabilities	62,684	-
Total	1,099,821	328,723

7. Non-Current Investments

(Amount in INR)

Particulars	As at 31 March 2016	As at 31 March 2015
Equity shares in Firefly e-Ventures Limited [27,149,994 equity shares of INR 10 each (Previous Year: 24,649,994 equity shares of INR 10 each)]	271,499,940	246,499,940
Equity shares in HT Mobile Solutions Limited [25,878,571 equity shares of INR 10 each (Previous Year: 22,878,571 equity shares of INR 10 each)]	234,185,766	204,185,766
Equity shares in HT Overseas Pte. Limited, Singapore [810,000 equity shares of SGD 1 each (Previous Year: 810,000 equity shares of SGD 1 each)]	32,998,919	32,998,919
Preference shares in Zuppit Tech Solutions Private Limited (83 Preference Shares of INR 39,157 per share)	3,250,000	-
Preference shares in Buzzee Technologies Private Limited (384 Preference Shares of INR 4,226 per share)	1,622,887	-
Preference shares in Planet GOGO Private Limited (556 Preference Shares of INR 4,384 per share)	2,437,500	-

Particulars	As at 31 March 2016	As at 31 March 2015
Sub total	545,995,012	483,684,625
Less: Provision for diminution in value of investment [Refer Note 16(d) below]	239,616,000	-
Total	306,379,012	483,684,625

8. Long Term Loans and Advances

(Amount in INR)

Particulars	As at 31 March 2016	As at 31 March 2015
Advance payment of Income Tax / Tax deducted at Source	15,183	47,552
Total	15,183	47,552

9. Trade Receivables

(Amount in INR)

Particulars	As at 31 March 2016	As at 31 March 2015
Debts over six months		
Unsecured - considered good	-	-
Unsecured - considered doubtful	20,950	20,950
Less: Provision for doubtful debts	20,950	20,950
Total	-	-

10. Cash and bank balances

(Amount in INR)

Particulars	As at 31 March 2016	As at 31 March 2015
Balances with scheduled bank:		
- On current account	599,495	355,931
- On fixed deposits	6,300,000	3,100,000
Total	6,899,495	3,455,931

11. Revenue

(Amount in INR)

Particulars	For the year ended on 31 March 2016	For the year ended on 31 March 2016
Other Operating Income	-	259,250
Total	-	259,250

12. Other Income

(Amount in INR)

Particulars	For the year ended on 31 March 2016	For the year ended on 31 March 2016
Interest Income	307,496	187,169
Interest on income tax refund	-	1,105
Total	307,496	188,274

13. Employee Benefit Expenses

(Amount in INR)

Particulars	For the year ended on 31 March 2016	For the year ended on 31 March 2016
Salary, Wages and Bonus	-	235,681
Total	-	235,681

14. Other Expenses

(Amount in INR)

Particulars	For the year ended on 31 March 2016	For the year ended on 31 March 2016
Legal and professional fees	1,317,683	26,954
<u>Payment to auditors</u>		
- Statutory Audit	23,328	22,472
- Limited Review	34,250	33,708
Rates and Taxes	235,903	224,184
Marketing Expenses	813,985	-
Provision for doubtful debts	-	20,950
Miscellaneous Expenses	11,390	540
Total	2,436,539	328,808

15. Financial Expenses

(Amount in INR)

Particulars	For the year ended on 31 March 2016	For the year ended on 31 March 2016
Bank Charges	229	877
Interest	50	-
Total	279	877

16. Other Disclosure

a) Earnings per share

The following reflects the profit / (loss) and share data used in the basic and diluted Earnings Per Share (EPS) Computations:

(Amount in INR)

Particulars	For the year ended on 31 March 2016	For the year ended on 31 March 2016
a. Net Profit / (Loss) after tax available for equity shareholders (Amount in `)	(241,745,322)	(117,842)
b. Weighted average number of equity shares outstanding during the year	31,020,613	27,446,525

Particulars	For the year ended on 31 March 2016	For the year ended on 31 March 2016
c. Basic and Diluted Earnings Per Share (Face Value: ` 10 per share) (Amount in `)	(7.79)	(0.004)

b) Related Party Disclosure under Accounting Standard (AS) 18

In accordance with requirements of Accounting Standard (AS) 18: “Related Party Disclosures”, the names of the related party, where control exists and / or with whom transactions have taken place during the year and description of relationship, as identified and certified by the Management, are as below:

Names of Related Parties	
Holding Companies	<ul style="list-style-type: none">• Earthstone Holding (Two) Limited[#]• The Hindustan Times Limited[#]• HT Media Limited
Subsidiary Companies	<ul style="list-style-type: none">• Firefly e-Ventures Limited• HT Mobile Solutions Limited• HT Overseas Pte. Limited, Singapore
Fellow Subsidiary Companies	<ul style="list-style-type: none">• HT Music and Entertainment Company Limited• Hindustan Media Ventures Limited• HT Education Limited• HT Learning Centers Limited• HT Global Education• HT Digital Information Private Limited (formerly known as “<i>ED World Private Limited</i>”)• Topmovies Entertainment Limited• HT Digital Streams Limited• HT Information Services Limited (ceased w.e.f. December 30, 2015)• The Birla Cotton Spinning & Weaving Mills Limited• Earthstone Holding Overseas Private Limited• BCM Holding Limited• Earthstone Investment & Finance Limited• Duke Commerce Limited
Group companies where common control exists (Fellow Subsidiaries) and where transactions have taken place during the year	<ul style="list-style-type: none">• Nil
Key Management Personnel	<ul style="list-style-type: none">• Mr. Amit Garg (Manager) (resigned w.e.f. March 1, 2016)
Enterprises owned or significantly influenced by Key Management Personnel or their relatives and where transactions have taken place during the year	<ul style="list-style-type: none">• None

[#] Earthstone Holding (Two) Limited and The Hindustan Times Limited (HTL) does not hold any direct equity investment in the Company. However, HTL’s subsidiary HT Media Limited holds equity shares in the Company.

Related Party Transactions:

(Amount in INR)

Particulars	Holding Company		Subsidiary Companies	
Transactions during the year ended on	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<u>Investment in Shares</u>				
- Firefly e-Ventures Limited	-	-	25,000,000	-
- HT Mobile Solutions Limited	-	-	30,000,000	-
- HT Information Services Limited	-	-	244,500	-
<u>Refund of investments</u>				
- HT Information Services Limited	-	-	244,500	-
<u>Conversion of Compulsorily Convertible Debentures (CCDs) into shares</u>				
- HT Media Limited	100,500,000	132,700,000	-	-
<u>Share Application Money received</u>				
- HT Media Limited	67,250,000	-	-	-
<u>Conversion of Share Application into Shares</u>				
- HT Media Limited	12,250,000	-		-
<u>Revenue from operations</u>				
- Firefly e-Ventures Limited	-	-	-	259,250
<u>Reimbursement of expenses</u>				
- Firefly e-Ventures Limited	-	-	22,800	-
- HT Media Limited	813,985	-	-	-

(Amount in `)

Particulars	Holding Company		Subsidiary Companies	
Balance outstanding as on	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<u>Investment in Shares</u>				
- Firefly e-Ventures Limited	-	-	271,499,940	246,499,940
- HT Mobile Solutions Limited	-	-	234,185,766	204,185,766
- HT Overseas Pte. Limited, Singapore	-	-	32,998,919	32,998,919
<u>Equity Share Capital</u>				
- HT Media Limited	323,730,460	306,041,440		-
<u>Issue of Compulsorily Convertible Debentures (CCDs) into shares</u>				

Particulars	Holding Company		Subsidiary Companies	
Balance outstanding as on	31 March 2016	31 March 2015	31 March 2016	31 March 2015
- HT Media Limited	-	100,500,000	-	-
Reimbursement of Expenses Payable				
- HT Media Limited	742,894	-	-	-

- c) **Conversion of Zero Coupon Compulsorily Convertible Debentures (CCDs)**
During the year, the Company has converted 1,005,000 (Previous Year: 1,327,000) CCDs of Rs. 100/- each into 1,576,718 (Previous Year: 3,974,244) equity shares of INR 10/- each at a premium of INR 53.74 (Previous Year: INR 23.39) per share as per the terms of CCD, aggregating to INR 100,500,000 (Previous Year: Rs. 39,742,440) to its holding company “HT Media Limited”.
- d) **Provision for diminution in value of Investment**
During the year, the Company has made a provision of INR 239,616,000 towards permanent decline in the value of investments held by it in Firefly e-Ventures Limited triggered by substantial decline in the net worth of the Company and disclosed as exceptional item in these financial statements.
- e) **Small and Medium Enterprises**
The balance due to suppliers registered under “The Micro, Small and Medium Enterprises Development Act, 2006” as on 31 March 2016 is Nil (Previous Year: Nil).
Further, no interest, during the period, has been paid or is payable under the terms of the Act.
- f) **Segment Information**
As the Company is engaged in one type of business activities, the disclosure requirements of Accounting Standard (AS) 17 "**Segment Reporting**" is not applicable to the Company.

17. **Previous Year’s comparatives**
Previous year's figures have been regrouped / reclassified, wherever necessary, to correspond with the current year's classification / disclosure.

In terms of our report of even date attached

For and on behalf of the Board of Directors of
HT Digital Media Holdings Limited

Sharad Agarwal, Partner
Membership Number: 088861
Lochan & Co.
Chartered Accountants
Firm Registration Number: 008019N

(Priyavrat Bhartia)
(Director)
(DIN: 00020603)

(Shamit Bhartia)
(Director)
(DIN: 00020623)

Place: New Delhi
Date:

(Pankaj Kumar Singh)
(Chief Financial Officer)

(Vikas Prakash)
(Company Secretary)
(Membership Number: A-21117)