

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HT MOBILE SOLUTIONS LIMITED
Report on the Financial Statements**

Tel: +91 (124) 679 2000
Fax: +91(124) 679 2012

We have audited the accompanying financial statements of **HT MOBILE SOLUTIONS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and 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 prescribed under section 133 of the Act, as applicable.

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 and the Order under section 143 (11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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



Opinion

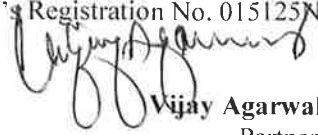
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 prescribed under section 133 of the Act, as applicable.
- e) On the basis of the 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- 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 did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & sells
Chartered Accountants
(Firm's Registration No. 015125N)

Vijay Agarwal
Partner
(Membership No. 094468)



ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 MOBILE SOLUTIONS LIMITED** (“the Company”) as of 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 issued by the Institute of Chartered Accountants of India”. 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 on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

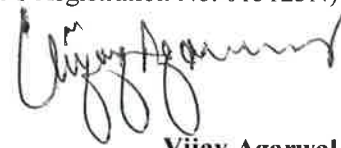
Inherent Limitations of Internal Financial Controls Over Financial Reporting

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, to the best of our information and according to the explanations given to us, 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”.

For Deloitte Haskins & sells
Chartered Accountants
(Firm's Registration No. 015125N)



Vijay Agarwal
Partner

(Membership No. 094468)

Place: Gurgaon

Date: *May 9, 2016*

SB



ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

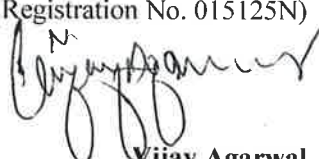
(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) The Company is a service company providing mobile marketing/ advertising, and related WAP services and does not hold any inventories. Accordingly clause (ii) of the CARO 2016 is not applicable.
- (iii) 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 Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Service Tax, Cess and other material statutory dues applicable to it to the appropriate authorities. We are informed that Employees State Insurance Act, 1948 is not applicable to the Company and the Company’s operations, during the year, did not give rise to any liability for Sales Tax, Customs Duty, Excise Duty, and Value Added Tax.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service tax, Cess, and other material statutory dues in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess and other material statutory dues applicable to it which have not been deposited as on March 31, 2016 on account of disputes.
- (viii) The Company has neither taken any loans from financial institutions, banks and government nor has issued any debentures during the year. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.



Deloitte Haskins & Sells

- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge 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 during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not paid / provided any managerial remuneration.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & sells
Chartered Accountants
(Firm's Registration No. 015125N)

Vijay Agarwal
Partner
(Membership No. 094468)

Place: Gurgaon

Date: May 9, 2016



HT MOBILE SOLUTIONS LIMITED
Balance Sheet as at March 31, 2016

Particulars	Note No.	As at March 31, 2016 (Rs. in '000)	As at March 31, 2015 (Rs. in '000)
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3.1	232,053	231,753
Reserves and surplus	3.2	(33,387)	(76,838)
		198,666	154,915
Share application money pending allotment	3.14 f	30,000	-
Non-current liabilities			
Long-term provisions	3.3	5,089	3,514
		5,089	3,514
Current liabilities			
Trade payables	3.4		
(a) Total outstanding dues of micro enterprises and small enterprises; and		-	-
(b) Total outstanding dues of other than micro enterprises and small enterprises and acceptances		152,089	98,818
Other current liabilities	3.5	12,256	7,271
Short-term provisions	3.3	126	92
		164,471	106,181
TOTAL		398,226	264,610
ASSETS			
Non-current Assets			
Fixed Assets			
- Tangible assets	3.6	5,866	4,805
- Intangible assets	3.6	15,301	11,157
Long-term loans and advances	3.7	43,697	34,284
Other non-current assets	3.8.2	-	1,500
		64,864	51,746
Current assets			
Trade receivables	3.8.1	148,818	103,532
Cash and cash equivalents	3.9	108,680	42,607
Short-term loans and advances	3.7	36,927	43,749
Other current assets	3.8.2	38,937	22,976
		333,362	212,864
TOTAL		398,226	264,610

See accompanying notes forming part of the financial statements

1 to 3.15

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

Vijay Agarwal
Partner

Amit Garg
Director
(DIN: 06385718)

Rajiv Verma
Director
(DIN: 00017110)

Pankaj Singh
Chief Financial officer

Karamjit Singh
Company Secretary
(Membership no. A28506)

Place: Gurgaon
Date: 9th May 2016

Place: New Delhi
Date: 9th May 2016

HT MOBILE SOLUTIONS LIMITED
Statement of profit and loss for the year ended March 31, 2016

Particulars	Note No.	For the year ended March 31, 2016 (Rs. in '000)	For the year ended March 31, 2015 (Rs. in '000)
INCOME			
Revenue from operations (net)	3.10.1	549,275	337,171
Other income	3.10.2	3,829	2,847
		553,104	340,018
EXPENSES			
Employee benefits expense	3.11	142,672	102,856
Other expenses	3.12	386,493	222,138
		529,165	324,994
Profit before tax, depreciation and amortisation		23,939	15,024
Depreciation and amortisation	3.13	10,188	10,244
Profit before tax		13,751	4,780
Tax expenses		-	-
-Deferred tax expense/ (credit)		-	-
Net Profit for the year		13,751	4,780
Basic earning per share (of Rs 10 each)	3.15 e	0.59	0.21
Diluted earning per share (of Rs 10 each)	3.15 e	0.59	0.21
See accompanying notes forming part of the financial statements	1 to 3.15		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

Vijay Agarwal
Partner

Amit Garg
Director
(DIN: 06385718)

Rajiv Verma
Director
(DIN: 00017110)

Pankaj Singh
Chief Financial officer

Karamjit Singh
Company Secretary
(Membership no. A28506)

Place: Gurgaon
Date: 9th May 2016

Place: New Delhi
Date: 9th May 2016

HT MOBILE SOLUTIONS LIMITED
Cash flow statement for the Year ended March 31, 2016

Particulars	Note No.	For the year ended March 31, 2016 (Rs. in '000)	For the year ended March 31, 2015 (Rs. in '000)
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		13,751	4,780
Adjustments for:			
Depreciation and amortization		10,188	10,244
Employee stock option scheme		-	166
Salaries, wages and bonus not paid in cash		-	427
Loss on disposal of fixed assets (net)		-	4
Provision for doubtful trade receivable		6,406	780
(Profit) on sale of fixed assets (net)		(4)	-
Bad debt written back		1,768	(211)
Interest income		(3,825)	(2,636)
Operating profit before working capital changes		28,284	13,554
Changes in working capital :			
Adjustments for (increase) / decrease in operating assets:			
Long term loans and advances		(9,413)	(2,740)
Short term loans and advances		15,624	(2,823)
Other non current assets		1,500	-
Other current assets		(14,769)	15,465
Trade receivable		(53,460)	(25,635)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		53,271	20,927
Other current liabilities		4,985	1,465
Short-term provisions		34	366
Long-term provisions		1,575	1,423
Cash generated from operations		27,631	22,002
Net income tax paid		(8,802)	(8,461)
Net cash flow used in operating activities		18,829	13,541
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on fixed assets, including capital advances		(15,431)	(6,921)
Proceeds from sale of fixed assets		42	49
Interest received		2,633	2,398
Net cash used in investing activities		(12,756)	(4,474)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of preference shares including security premium		30,000	-
Share application money received		30,000	-
Net cash flow from financing activities		60,000	-
Net increase in cash and cash equivalents (A + B + C)		66,073	9,067
Cash and cash equivalents at the beginning of the year		42,607	33,540
Cash and cash equivalents at the end of the year		108,680	42,607
Reconciliation of Cash and cash equivalents with the Balance Sheet:			
Cash and cash equivalents (Refer Note 3.9)		107,180	42,607
In other deposit accounts			
- original maturity more than 3 months		1,500	-
		108,680	42,607

See accompanying notes forming part of the financial statements

1 to 3.15

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

Vijay Agarwal
Partner

Amit Garg
Director
(DIN: 06385718)

Rajiv Verma
Director
(DIN: 00017110)

Pankaj Singh
Chief Financial officer

Karamjit Singh
Company Secretary
(Membership no. A28506)

Place: Gurgaon
Date: 9th May 2016

Place: New Delhi
Date: 9th May 2016

3.1 Share Capital

Particulars	As at March 31, 2016		As at March 31, 2015	
	No.	(Rs. in '000)	No.	(Rs. in '000)
Authorized shares				
Equity shares of Rs. 10 each	29,000,000	290,000	29,500,000	295,000
Preference shares of Re. 0.01 each	50,000,000	5,000	-	-
	79,000,000	295,000	29,500,000	295,000

Issued, subscribed and fully paid-up

Equity shares of Rs. 10 each, fully paid up	23,175,347	231,753	23,175,347	231,753
0.1% 3,000,000 (As at March 31, 2015: Nil) optionally convertible cumulative preference shares (OCCPS) of Re 0.10 each	3,000,000	300	-	-
Total issued, subscribed and fully paid-up share capital	26,175,347	232,053	23,175,347	231,753

Refer note (a) to (e) below:

a. Detail of shares held by each shareholder holding more than 5% shares

Name of Shareholders	As at March 31, 2016		As at March 31, 2015	
	No.	%	No.	%
Equity Shares with voting rights:				
HT Digital Media Holdings Limited	22,878,571	98.72%	22,878,571	98.72%
Optionally convertible cumulative preference shares of Re. 0.10 each fully paid up				
HT Media Limited, Ultimate Holding Company	3,000,000	100.00%	-	0.00%

b. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year

Particulars	As at March 31, 2016		As at March 31, 2015	
	No.	(Rs. in '000)	No.	(Rs. in '000)
Equity shares				
At the beginning of the year	23,175,347	231,753	23,076,421	230,764
Shares issued during the year	-	-	98,926	989
Outstanding at the end of the year	23,175,347	231,753	23,175,347	231,753
Optionally convertible cumulative preference shares				
At the beginning of the year	-	-	-	-
Issued during the year	3,000,000	300	-	-
Outstanding at the end of the year	3,000,000	300	-	-

c. Rights, preferences and restrictions attached to:

i. Equity shares:

The Company has only one class of equity share having par value of Rs.10 each per share. Each holder of equity share is entitled to one vote per share. 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, if any. The distribution will be in proportion to the number of equity shares held by the shareholders

ii. OCCPS

The Company had issued 3,000,000 OCCPS of Re. 0.10 each fully paid-up at a premium of Rs 9.90 per share. OCCPS carry cumulative dividend @ 0.1% p.a. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Each holder of OCCPS is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to OCCPS.

Each holder of OCCPS can opt to redeem its preference shares or convert its preference shares into equity shares anytime during the period of 5 years from the date of issue at a predetermined price.

d. Aggregate number of shares as fully paid up pursuant to contract of business purchase without payment received in cash

Particulars	As at March 31, 2016		As at March 31, 2015	
	No.	(Rs. in '000)	No.	(Rs. in '000)
Equity shares with voting rights allotted as fully paid-up pursuant to contracts for consideration other than cash	296,776	2,968	296,776	2,968

e. Shares reserved for issue under options

810,891 shares (As at March 31, 2015: 983,475 Shares) of Rs 10 each reserved for issuance towards outstanding employee stock options granted. (Refer Note 3.15g)

HT Mobile Solutions Limited
Notes forming part of financial statements for the year ended March 31, 2016

3.2 Reserves and Surplus

Particulars	As at	As at
	March 31, 2016 (Rs. in '000)	March 31, 2015 (Rs. in '000)
Share premium account		
Opening balance	460	22
Add: Premium on preference shares issued during the year	29,700	438
Closing balance (A)	30,160	460
Share options outstanding account		
Opening balance	407	241
Add: Amount recorded on options granted during the year (Refer note 3.15 g)	-	166
Less: Transferred to general reserve on options lapsed (Refer note 3.15 g)	(34)	-
Closing balance (B)	373	407
General reserve		
Opening balance	-	-
Add: Amount transfer from share options outstanding account (Refer note 3.15 g)	34	-
Closing balance (C)	34	-
Deficit in the statement of profit and loss		
Opening Balance	(77,705)	(82,485)
Add: Profit for the year	13,751	4,780
Less: Proposed final preference dividend*	-	-
Less: Tax on proposed final preference dividend*	-	-
Net Loss (D)	(63,954)	(77,705)
Total reserves and surplus (A+B+C+D)	(33,387)	(76,838)

*As the financial statements are presented in thousands, proposed dividend on OCCPS amounting to Rs. 162 and tax on same for Rs. 33 have been rounded off.

3.3 Provisions

Particulars	Long-term		Short-term	
	As at March 31, 2016 (Rs. in '000)	As at March 31, 2015 (Rs. in '000)	As at March 31, 2016 (Rs. in '000)	As at March 31, 2015 (Rs. in '000)
Provision for employee benefits				
Provision for gratuity (refer note 3.15 a)	3,819	2,549	44	29
Provision for compensated absences	1,270	965	82	63
Other provisions				
Provision for proposed dividend on OCCPS*	-	-	-	-
Provision for tax on proposed dividend on OCCPS*	-	-	-	-
Total	5,089	3,514	126	92

*As the financial statements are presented in thousands, proposed dividend on OCCPS amounting to Rs. 162 and tax on same for Rs. 33 have been rounded off.

3.4 Trade Payables

Particulars	As at	As at
	March 31, 2016 (Rs. in '000)	March 31, 2015 (Rs. in '000)
Trade Payables* :		
(a) Total outstanding dues of micro enterprises and small enterprises	-	-
(b) Total outstanding dues of other than micro enterprises and small enterprises and acceptances**	152,089	98,818
Total	152,089	98,818

* Also refer note 3.14 a

** Including Rs. 13,132 thousand (As at March 31, 2015: Rs. Nil) due to HT Media Limited, ultimate holding company.

3.5 Other Current Liabilities

Particulars	As at	As at
	March 31, 2016 (Rs. in '000)	March 31, 2015 (Rs. in '000)
Statutory remittances	5,774	4,371
Advances from customers	1,969	1,327
Deferred revenue against which payment is received*	4,513	1,573
Total	12,256	7,271

*Including deferred revenue from HT Media Limited, ultimate holding company Rs. Nil (As at March 31, 2015: Rs. 25,800 thousand).

3.7 Loans and advances

Particulars	Non-current		Current	
	As at March 31, 2016 (Rs. in '000)	As at March 31, 2015 (Rs. in '000)	As at March 31, 2016 (Rs. in '000)	As at March 31, 2015 (Rs. in '000)
Security deposit				
Unsecured, considered good	5,729	5,113	1,136	81
Total (A)	5,729	5,113	1,136	81
Other loans and advances (unsecured considered good)				
Prepaid expenses	-	5	1,935	1,471
Balances with government authorities				
- CENVAT credit receivable	-	-	2,009	220
Advance income tax	37,968	29,166	-	-
Other loans and advances				
- Advances to vendors	-	-	31,807	41,531
- Advances to employees	-	-	40	446
Total (B)	37,968	29,171	35,791	43,668
Total (A+ B)	43,697	34,284	36,927	43,749

3.8 Trade receivables and other assets

3.8.1 Trade receivables

Particulars	As at March 31, 2016 (Rs. in '000)	As at March 31, 2015 (Rs. in '000)
Trade Receivable *		
Trade receivable outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	27,825	9,192
Doubtful	13,156	6,750
	40,981	15,942
Less: Provision for doubtful trade receivables	(13,156)	(6,750)
Total (A)	27,825	9,192
Other trade receivables		
Unsecured, considered good	120,993	94,340
Total (B)	120,993	94,340
Total (A+B)	148,818	103,532

* Including receivables from HT Media Limited, ultimate holding company Rs. 35,440 thousand (As at March 31, 2015 Rs. 1,610 thousand), from Hindustan Ventures Limited, fellow subsidiary Rs. 629 thousand (As at March 31, 2015 Rs. 1,286 thousand)

3.8.2 Other assets

Particulars	Non-current		Current	
	As at March 31, 2016 (Rs. in '000)	As at March 31, 2015 (Rs. in '000)	As at March 31, 2016 (Rs. in '000)	As at March 31, 2015 (Rs. in '000)
Balance with bank	-	1,500	-	-
Unbilled revenue	-	-	37,745	22,738
Interest accrued on fixed deposits	-	-	1,192	238
Total	-	1,500	38,937	22,976

3.9 Cash and cash equivalents

Particulars	As at March 31, 2016 (Rs. in '000)	As at March 31, 2015 (Rs. in '000)
Cash and cash equivalents		
Balances with banks:		
-In current accounts		9,607
-In deposits with original maturity of less than three months	104,000	33,000
Total cash and cash equivalents (A)	107,180	42,607
Other bank balances		
-In deposits with original maturity of more than 3 months	1,500	-
Total other bank balances (B)	1,500	-
Total cash and cash equivalents (A+B)	108,680	42,607

3.10.1 Revenue from operations

Particulars	For the year ended March 31, 2016 (Rs. in '000)	For the year ended March 31, 2015 (Rs. in '000)
Revenue from operations (net)		
- Mobile content / marketing services	549,275	337,171
Total	549,275	337,171

3.10.2 Other income

Particulars	For the year ended March 31, 2016 (Rs. in '000)	For the year ended March 31, 2015 (Rs. in '000)
Interest from bank on :		
- bank deposits	3,019	1,863
(Tax deducted: Rs. 237 thousands (As at March 31, 2015: Rs. 142 thousand)		
Interest on income tax refund	806	773
Profit on sale of assets	4	-
Bad debt written back	-	211
Total	3,829	2,847

3.11 Employee benefits expense

Particulars	For the year ended March 31, 2016 (Rs. in '000)	For the year ended March 31, 2015 (Rs. in '000)
Salaries and wages	134,339	96,688
Contribution to provident and other fund (refer note 3.15 a)	5,019	3,492
Employee stock option scheme (Refer note 3.15 g)	-	166
Gratuity expense (refer note 3.15 a)	1,485	1,443
Staff welfare expenses	1,829	1,067
Total	142,672	102,856

HT Mobile Solutions Limited
Notes forming part of financial statements for the year ended March 31, 2016

3.12 Other expenses

Particulars	For the year ended March 31, 2016 (Rs. in '000)	For the year ended March 31, 2015 (Rs. in '000)
Services for mobile content and media buying	321,844	189,808
Rent (refer note 3.15 d)	12,666	4,810
Travelling and conveyance	19,051	10,127
Communication cost	8,589	7,455
Legal and professional fees	6,677	2,421
Provision for doubtful trade receivable	6,406	780
Bad debts and other receivables written off	1,768	-
Payments to the auditors comprises (net of service tax input credit, where applicable):		
-Statutory audit fee	800	450
-Tax Audit fee	50	50
-Limited review	376	300
-Out of pocket expenses	35	21
Advertising and sales promotion	2,319	2,722
Training and development	-	-
Rates and taxes	140	650
Repair and maintenance		
-Buildings	55	-
-Others	448	270
Printing and service charges	123	98
Net loss on foreign currency transactions and translation	199	135
Electricity charges	652	314
Loss on disposal of fixed assets (net)	-	4
Miscellaneous expenses	4,295	1,723
Total	386,493	222,138

3.13 Depreciation and amortization expense

Particulars	For the year ended March 31, 2016 (Rs. in '000)	For the year ended March 31, 2015 (Rs. in '000)
Depreciation of tangible assets	3,730	2,774
Amortization of intangible assets	6,458	7,470
Total	10,188	10,244

3.6 Fixed Assets - Owned

(Amount in Rs. '000)

	Tangible assets			Total (D=A+B+C)	Intangible assets			Grand Total (D+H)
	Plant and machinery (A)	Leasehold improvements (B)	Furniture and fittings (C)		Softwares (E)	Non compete fees (F)	Total (H=E+F)	
Gross Block								
At April 1, 2014	16,156	1,212	326	17,694	19,338	6,044	25,382	43,076
Additions	2,663	-	72	2,735	6,351	-	6,351	9,086
Disposals	513	-	-	513	-	-	-	513
At March 31, 2015	18,306	1,212	398	19,916	25,689	6,044	31,733	51,649
Additions	4,800	29	-	4,829	10,602	-	10,602	15,431
Disposals	120	-	-	120	-	-	-	120
At March 31, 2016	22,986	1,241	398	24,625	36,291	6,044	42,335	66,960
Depreciation								
At April 1, 2014	12,497	42	258	12,797	10,034	3,072	13,106	25,903
Charge for the year	1,924	728	122	2,774	5,888	1,582	7,470	10,244
Disposals	460	-	-	460	-	-	-	460
At March 31, 2015	13,961	770	380	15,111	15,922	4,654	20,576	35,687
Charge for the year	3,286	442	2	3,730	5,071	1,387	6,458	10,188
Disposals	82	-	-	82	-	-	-	82
At March 31, 2016	17,165	1,212	382	18,759	20,993	6,041	27,034	45,793
Net Block								
At March 31, 2015	4,345	442	18	4,805	9,767	1,390	11,157	15,962
At March 31, 2016	5,821	29	16	5,866	15,298	3	15,301	21,167

HT Mobile Solutions Limited

Notes forming part of financial statements

1. Corporate information

HT Mobile Solution Limited is a Company incorporated on February 19, 2009 having investment through HT Digital Media Holdings Limited to carry out mobile marketing, social media marketing, advertising, mobile CRM and loyalty campaigns, mobile music content and ring tones and integrates with other media campaigns and strategies.

2. Significant Accounting Policies

a) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/ Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b) Use of estimates

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

c) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

d) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

e) Depreciation and amortization

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

General plant and machinery - 5 years

Laptops - 3 years

Leasehold improvements are amortized over the lease period.

HT Mobile Solutions Limited

Notes forming part of financial statements

Depreciation is calculated on pro-rata basis in respect of additions to fixed assets having a cost in excess of Rs. 5,000. Assets costing upto Rs. 5,000 each are fully depreciated in the year of acquisition.

Intangibles assets acquired like software etc. with finite lives are amortized over their respective individual estimated useful lives ranging between 3 to 6 years on a straight line basis and Non-compete fees paid at the time of acquisition of business is amortized over the period of agreement of non-compete fees

f) Fixed assets- Tangible

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Gains and losses on disposal of property and equipment are determined by comparing proceeds with the carrying value of the respective asset, and are included in income/expense from operations. All maintenance and repairs are expensed as incurred.

Capital work-in-progress: Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

g) Intangibles fixed assets

Internal Software Development Costs - Internal software development costs consist primarily of salaries of internal employees and consulting fees for developing software platforms, if any, for sale to or use by customers in mobile marketing and advertising campaigns. Capitalization of costs related to the development of software products, as all of the products are to be used as an integral part of a product or process to be sold or leased, are capitalized once technological feasibility has been reached and all development for the components of the product have been completed. The costs are amortized on a straight-line basis over the estimated useful life of the related product.

The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization method is revised to reflect the changed pattern.

Non-compete fees- Non-compete fees paid at the time of acquisition of business are amortized over the period of agreement of non-compete fees.

h) Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amounts of an asset exceed its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

i) Employee share based payments

The Company has constituted an Employee Stock Option Plan - 2013. Employee Stock Options granted on or after 1 April, 2005 are accounted under the 'Intrinsic Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India. Compensation expense is amortized over the vesting period of the option on a graded vesting method.

The fair values of these options are calculated at their grant dates using a Black-Scholes option pricing model.

HT Mobile Solutions Limited

Notes forming part of financial statements

j) Business purchase

Business purchase is accounted for using the acquisition accounting method. Identifiable assets, liabilities and contingent liabilities acquired are measured at book value on acquisition date. The consideration discharge is measured at fair value. Where the consideration discharged exceeds the fair value of the net assets, liabilities and contingent liabilities acquired, the excess is recorded as goodwill. The costs of acquisition are charged to the income statement in the period in which they are incurred.

k) Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

l) Revenue recognition

Revenue is recognized when persuasive evidence of an arrangement exists, service has been rendered, the sales price is fixed or determinable and collection is reasonable certain.

Revenue from services: Revenue from rendering of services is based on the stage of completion determined with reference to date as a percentage of total services to be performed.

Revenue from SMS pushes/voice calls: Revenue from SMS pushes/voice calls are recognized after the delivery of SMS pushes/voice calls

Revenue from Content: Revenue from content is recognized on the basis of log records of the operators.

Revenue from Social Media: Revenue from social media is recognized based on actual output delivered in a month to the client as per the terms of the RO/email from client/ agreement

Interest: Income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

m) Foreign currency transactions

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 prevailing at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date: Foreign currency monetary items are reported using the closing exchange rate on each balance sheet date.

Treatment of Exchange differences: Exchange differences arising on the settlement of short term foreign currency monetary assets and liabilities of the Company or on reporting these items at rates different from the rates at which they were initially recorded are recognised as income/expense in the year in which they arise.

n) Employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

Retirement benefits in the form of provident fund are a defined contribution scheme and the contributions are charged to the statement of profit and loss for the year when the contributions to the fund is due.

Gratuity is a defined benefit obligation and is provided for on the basis of actuarial valuation carried out as per projected unit credit method by an independent actuary as at year end.

Provision for leave encashment arising on long term benefits is accrued and made on the basis of an actuarial valuation carried out as per projected unit credit method by an independent actuary at the year end. Short term compensated absences are provided for based on arithmetical calculations.

In case of provision for compensated absences, for employees who have earned the right to unconditionally avail the leave at any time during the year immediately following the balance sheet date, the liability needs to be classified as current even though the same is measured as 'other long-term employee benefit' as per AS 15 Employee Benefits. Accordingly, the Company has classified as Provision for compensated absence is considered as short term.

HT Mobile Solutions Limited

Notes forming part of financial statements

o) Provisions and contingencies

A provision is recognised 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 (excluding retirement benefits) 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.

Company recognize 100% provision for doubtful debts on all trade receivables outstanding for more than one year from its invoice date and on other trade receivable, which are outstanding for less than one year and doubtful, based on its best estimates.

p) Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off of deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

q) Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

r) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

s) Operating cycle

Based on the nature of services / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

HT Mobile Solutions Limited
Notes forming part of financial statements

3.14 Additional Information to the financial statements

- a) Based upon the information available with the Company, the balance due to suppliers registered under “The Micro, Small and Medium Enterprises Development Act, 2006” as on March 31, 2016 is Rs. Nil (As at March 31, 2015: Rs. Nil). Further, no interest during the year has been paid or is payable under the terms of the Act.

b) Expenditure in foreign currency

Description	Year ended March 31, 2016 Rs. in ‘000	Year ended March 31, 2015 Rs. in ‘000
Services for mobile content and media buying	54,620	40,395

c) Earnings in foreign currency

Description	Year ended March 31, 2016 Rs. in ‘000	Year ended March 31, 2015 Rs. in ‘000
Revenue from operations	98,499	39,232

d) Unhedged Foreign Currency Exposure

Description	Currency	As at March 31, 2016		As at March 31, 2015	
		USD	INR (‘000)	USD	INR (‘000)
Trade receivables	USD	28,064	1,859	-	-
Unbilled revenue	USD	125,173	8,293	73,717	4,614
Advance from customers	USD	1,205	80	8,481	531
Trade payables	USD	204,079	13,520	-	-

- e) During the year, the Company has capitalized the following expenses of revenue nature to the cost of intangible asset under development. Consequently, expenses disclosed under note 3.11 are net of amounts capitalized by the Company.

Particulars	Year ended March 31, 2016 Rs. in ‘000	Year ended March 31, 2015 Rs. in ‘000
Salaries, wages and bonus	9,139*	4,186**

* Amount spent during the year for developing in house analytical tool ROCQ to be used in providing application analysis services to the customers.

** Amount spent during the previous year for developing an in house technology platform (Big Data) in the phased manner which will be upgraded to the next levels as per requirement and development of the business.

f) Share application money pending allotment

As at March 31, 2016, the Company has received an amount of Rs. 30,000 thousand towards share application money for equity shares of the Company (As at March 31, 2015: Rs. Nil). The share application money was received pursuant to an invitation to offer of shares under Rights Issue to the existing shareholders of the Company and in terms of such invitation; the Company is required to complete the allotment formalities by May 30, 2016. The Company has sufficient authorised capital to cover the allotment of these shares.

HT Mobile Solutions Limited
Notes forming part of financial statements

- g) The Company has trade receivables / unbilled revenue of Rs. 26,365 thousand (As at March 31, 2015 Rs. 23,514 thousand) recoverable from telecom operators for the contents downloaded by the end users. An amount of Rs. 19,831 thousand (As at March 31, 2015 Rs. 18,318 thousand) payable to service providers' in relation to such contents received by the Company included under trade payables. The Company has an understanding with these service providers' that the payment will be made after receiving of payments from the telecom operators.

3.15 Disclosures under Accounting Standards:

a) Employee benefits plan

i. Defined Contribution plans:

The Company makes Provident Fund to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 4,978 thousand (As at March 31, 2015 Rs. 3,492 thousand) in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

ii. Defined Benefit Plans:

The liability for gratuity is determined as per actuarial valuation (included as part of Gratuity expense in Note 3.11 Employee benefits expense).

The following table summarizes the components of net benefit expense recognized in the Statement of Profit and Loss and amounts recognized in the Balance Sheet for gratuity.

Components of employer expense

Particulars	Year ended March 31, 2016 (Rs. in '000)	Year ended March 31, 2015 (Rs. in '000)
Current service cost	1,437	801
Interest cost	201	102
Actuarial losses/(gains)	(165)	540
Total expense recognised in the Statement of Profit and Loss	1,473	1,443

Net asset / (liability) recognised in the Balance Sheet

Particulars	As at March 31, 2016 (Rs. in '000)	As at March 31, 2015 (Rs. in '000)
Present value of defined benefit obligation	3,864	2,579
Net liability recognised in the Balance Sheet	3,864	2,579

HT Mobile Solutions Limited
Notes forming part of financial statements

Change in defined benefit obligations (DBO) during the year

Particulars	As at March 31, 2016 (Rs. in '000)	As at March 31, 2015 (Rs. in '000)
Present value of DBO at beginning of the year	2,579	1,136
Current service cost	1,437	801
Interest cost	213	102
Actuarial (gains)/ losses	(165)	540
Benefit paid	(200)	-
Present value of DBO at the end of the year	3,864	2,579

Change in fair value of assets during the year - There are no plan assets for gratuity.

Actuarial assumptions

Particulars	Gratuity	
	As at March 31, 2016	As at March 31, 2015
Mortality tables	IALM (2006-08)	IALM (2006-08)
Discount rate	7.75% p.a.	7.75% p.a.
Salary escalation	7.5% p.a.	7.5% p.a.
Attrition:		
upto 30 years	3%	3%
From 31 to 44 years	2%	2%
Above 44 years	1%	1%

Estimate of amount of contribution in the immediate next year Rs Nil for gratuity.

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Experience adjustments

	Year ended March 31, 2016 (Rs. in '000)	Year ended March 31, 2015 (Rs. in '000)	Year ended March 31, 2014 (Rs. in '000)	Year ended March 31, 2013 (Rs. in '000)	Year ended March 31, 2012 (Rs. in '000)
Present value of defined benefit obligation	3,864	2,579	1,136	808	682
Experience gain / (loss) adjustments on plan liabilities	165	(49)	185	292	72

b) Segment Reporting

As the company's business activity falls within a single primary business segment viz. "digital solutions", the disclosure requirements of Accounting Standard (AS) – 17 "Segment Reporting" as notified by the Companies (Accounting Standard) Rules, 2006 are not applicable.

HT Mobile Solutions Limited
Notes forming part of financial statements

c) Related party transactions

i. Details of related parties:

Description of relationship	Names of related parties
Ultimate Holding Company	HT Media Limited # The Hindustan Times Limited #
Holding Company	HT Digital Media Holdings Limited
Fellow Subsidiaries (to be given only if there are transactions)	Firefly e-Venture Limited HT Learning Centers Limited Hindustan Media Ventures Limited Topmovies Entertainment Limited

The Hindustan Times Limited (HTL) and HT Media Limited does not hold any direct equity investment in the Company. However, HTL's subsidiary HT Media Limited through its subsidiary HT Digital Media Holdings Limited holds equity shares in the Company.

----- *The page has been intentionally left blank* -----

HT Mobile Solutions Limited
Notes forming part of financial statements

ii. Details of related party transactions during the year ended 31 March, 2016 and balances outstanding as at 31 March, 2016:

(Amount in Rs '000)

Nature	Ultimate Holding Company		Holding Company		Fellow Subsidiary								Total	
	HT Media Limited		HT Digital Media Holdings Limited		Firefly e-Ventures Limited		HT Learning Centers Limited		Topmovies Entertainment Limited		Hindustan Media Ventures Limited			
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Services rendered	61,330	54,408	-	-	1,735	1,481	727	47	-	267	602	1,676	64,395	57,879
Office rent and other expenses	2,814	2,808	-	-	-	-	-	-	-	-	-	-	2,814	2,808
Advertising and sales promotion	495	-	-	-	-	-	-	-	-	160	10	-	505	160
Reimbursement of expenses	1,700	383	-	-	120	-	-	-	-	-	-	-	1,820	383
Share application money received	-	-	30,000	-	-	-	-	-	-	-	-	-	30,000	-
Preference shares issued during the year (including securities premium amount of Rs. 29,700 thousand)	30,000	-	-	-	-	-	-	-	-	-	-	-	30,000	-
Amount paid for collection on behalf of the parties by company	486	1,115	-	-	-	-	-	18	-	-	-	-	486	1,133
Amount received for collection on behalf of the company by parties	53	170	-	-	-	-	-	-	-	-	-	-	53	170
Outstanding balances														
Trade receivable	35,440	1,610	-	-	-	-	-	-	-	-	629	1,286	36,069	2,897
Deferred revenue against which payment is received	-	26	-	-	-	-	-	-	-	-	-	-	-	26
Trade payable	13,132	-	-	-	-	-	-	-	-	-	-	-	13,132	-
Share application money pending allotment	-	-	30,000	-	-	-	-	-	-	-	-	-	30,000	-
Preference share capital	300	-	-	-	-	-	-	-	-	-	-	-	300	-
Equity share capital	-	-	228,786	228,786	-	-	-	-	-	-	-	-	228,786	228,786

HT Mobile Solutions Limited
Notes forming part of financial statements

d) Operating Lease

- i. The Company has taken office premises under operating lease agreement. These are cancellable lease and are renewable on expiry of the lease period subject to mutual agreement.
- ii. Lease payments recognised for the year are Rs. 12,666 thousand (As at March 31, 2015 Rs. 4,810 thousand) and are disclosed as rent under note 3.12.

e) Earnings per share

(i) Basic

Particulars	Year ended March 31, 2016 Rs. in '000	Year ended March 31, 2015 Rs. in '000
Net profit for the year	13,751	4,780
Weighted average number of equity shares	23,175,347	23,076,692
Basic earnings per share (Rs.)	0.59	0.21

(ii) Diluted

Particulars	Year ended March 31, 2016 Rs. in '000	Year ended March 31, 2015 Rs. in '000
Net profit for the year	13,751	4,780
Weighted average number of equity shares (No.)	23,175,347	23,076,692
Equity shares to be issued (No.)	35,661	28,545
Potential equity shares (No.)	23,211,008	23,105,237
Diluted earnings per share (Rs.)	0.59	0.21

- f) The Company has carried out its tax computation in accordance with the mandatory standard on accounting, AS 22 – ‘Taxes on Income’ as notified by the Companies (Accounting Standard) Rules, 2006. Having regard to the significant accumulated losses, the Company has not recognised the net deferred tax assets of Rs. 20,398 thousands (March 31, 2015 Rs. 24,472 thousand), in the absence of virtual or reasonable certainty at this stage that there will be sufficient future taxable income available to realize such assets.

The Company has deferred tax assets on account of losses and depreciation respectively which is as follows:

Particulars	As at March 31, 2016 (Rs. in '000)	As at March 31, 2015 (Rs. in '000)
Tax effect of items constituting deferred tax assets		
On difference between book balance and tax balance of fixed assets	1,782	1,589
Unabsorbed depreciation carried forward	4,470	4,387
Brought forward business losses	1,703	11,753
Others	12,442	6,743
Gross deferred tax assets	20,398	24,472
Net deferred tax assets recognized	Nil	Nil

g) Employee Stock Option Scheme

In the extraordinary general meeting held on November 4, 2013, the shareholders approved the issue of 1,977,225 options under the Scheme titled “Employee Stock Option Plan 2013”. All option under the ESOP 2013 is exercisable for equity share and each option comprises one underlying equity share.

The ESOP allows the issue of options to eligible employees of the Company and directors of the Company, employee of the holding company and employee of the fellow subsidiaries. The vesting shall happen in more than one tranches as may be decided by the Board. Each option is exercisable for one equity share of Rs. 10 each fully paid up on payment of exercise price (face value) of share.

HT Mobile Solutions Limited
Notes forming part of financial statements

A. Details of these plans are given below:

Employee Stock Options

Stock option gives an employee, the right to purchase equity shares of the Company at a fixed price within a specific period of time. The grant price (or strike price) is fixed as below:

B. Details of stock options granted during the year ended 31 March, 2014 are as given below:

Employee Stock Options	31 March 2014
Dates of Grant	November 4, 2013
Options granted (nos.)	983,475
Fair market value on the grant date (Rs.)	14.74
Intrinsic value on the grant date (Rs.)	10.46
Weighted average remaining contractual life in years	12
Vesting Conditions	Starts from the date of grant of the Company as per the following vesting schedule 33% On the date of grant 33% 12 months from the date of grant 34% 24 months from the date of grant

C. Summary of activity under the plan for the year ended 31 March 2016 is given below.

Employee Stock Options

Employee Stock Options	Year ended 31 March 2016			Year ended 31 March 2015		
	Number of options	Weighted-average exercise price	Weighted-average remaining contractual life	Number of options	Weighted-average exercise price	Weighted-average remaining contractual life
Outstanding at the beginning of the year	983,475	10	11	983,475	10	12
Vested during the year	-	-	-	-	-	-
Granted during the year	-	-	-	-	-	-
Lapsed during the year	172,584	-	-	-	-	-
Exercised during the year	-	-	-	-	-	-
Expired during the year	-	-	1	-	-	1
Outstanding at the end of the year	810,891	10	10	983,475	10	11

Weighted average fair value of the options outstanding is Rs. 4.74 per option. Since no options have been exercised during the year, thus weighted average share price has not been disclosed.

The estimated fair value of each stock option granted on each date was made using the Black-Scholes option pricing model with the following assumptions:

Grant Date	Expected volatility for stock options	Contractual life in years	Dividend yield	Risk-free interest rate	Exercise price of options	Fair Value of options granted
November 4, 2013	0%	10	0%	8.72%	10	4.74

The Company applies the intrinsic value based method of accounting for determining cost of ESOP 2013 plan. Difference between employee compensation cost (calculated using the intrinsic value of stock options) and the employee compensation cost (calculated on the fair value of the options) is Rs. (312) thousand (March 31, 2015 Rs. 1,540 thousand). Had the fair value method been used the profit would have been higher by Rs. 312 thousand (March 31, 2015 Rs. (1,540 thousand)) and adjusted basic and diluted earnings per share would have been higher by Re. 0.013 (March 31, 2015 Re. 0.067) (Nominal value of share Rs.10).

HT Mobile Solutions Limited
Notes forming part of financial statements

- h) The Company has issued 3,000,000 (Nos.) 0.10 % Optionally Convertible Cumulative Preference shares (OCCPS) on September 17, 2015 at a face value of Re. 0.10 on premium of Rs. 9.90 per share, aggregating Rs. 30,000 thousand.
- i) Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Amit Garg
Director
(DIN: 06385718)

Rajiv Verma
Director
(DIN: 00017110)

Pankaj Singh
Chief Financial officer

Karamjit Singh
Company Secretary
(Membership no. A28506)