

**INDEPENDENT AUDITOR'S REPORT**

To the Members of HT Music & Entertainment Company Limited

**Report on the Financial Statements**

We have audited the accompanying financial statements of HT Music & Entertainment Company Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

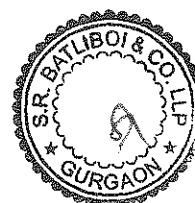
**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 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 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 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 March 31, 2016, its loss and its cash flows for the year ended on that date.



**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 2" to this report;
  - (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.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

  
per **Vishal Sharma**

Partner

Membership Number: 96766

Place of Signature: Gurgaon

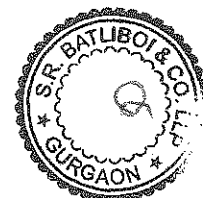
Date: May 25, 2016



**Annexure 1 referred to in paragraph 1 of "Report on Other Legal and Regulatory Requirements" of our report of even date**

Re: HT Music & Entertainment Company Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, 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. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii) (a) Undisputed statutory dues including provident fund, income-tax, service tax, custom duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions relating to employees' state insurance, sales-tax, duty of excise and value added tax are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, custom duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to employees' state insurance, wealth tax, sales-tax, duty of excise and value added tax are not applicable to the Company.



# **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

- (c) According to the information and explanations given to us, there are no dues of income tax, service tax, custom duty and cess which have not been deposited on account of any dispute. The provisions relating to sales-tax, duty of excise and value added tax are not applicable to the Company.
  
- (viii) According to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or government. The Company did not have any outstanding debentures during the year.
  
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
  
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
  
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act is not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
  
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
  
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
  
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised. According to the information and explanations given by the management, the Company has not raised fund through fully or partly convertible debentures during the year.
  
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.



# **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005



**per Vishal Sharma**

Partner

Membership No.: 96766

Place: Gurgaon

Date: May 25, 2016



**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HT MUSIC & ENTERTAINMENT COMPANY LIMITED**

**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 Music & Entertainment Company Limited ("the Company") as of March 31, 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 the 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**

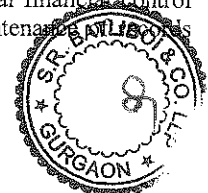
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified 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 the Institute of Chartered Accountants of India. 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 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



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, 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 March 31, 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 **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



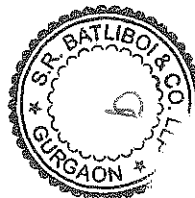
per **Vishal Sharma**

Partner

Membership Number: 96766

Place of Signature: Gurgaon

Date: May 25, 2016



**HT Music & Entertainment Company Limited**  
**Balance Sheet as at March 31, 2016**

	Notes	March 31, 2016 (In Rs.)	March 31, 2015 (In Rs.)
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	280,000,000	130,000,000
Reserves and surplus	4	(103,322,317)	(8,587,890)
		<b>176,677,683</b>	<b>121,412,110</b>
<b>Non-current liabilities</b>			
Long-term provisions	5	205,909	-
		<b>205,909</b>	<b>-</b>
<b>Current liabilities</b>			
Trade payables	6	44,647,664	1,684,965
Other current liabilities	6	1,479,744	55,840
Short-term provisions	5	169,385	180,315
		<b>46,296,793</b>	<b>1,921,120</b>
<b>TOTAL</b>		<b>223,180,385</b>	<b>123,333,230</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible Assets	7	28,673,134	94,219
Intangible assets	7	129,571,649	-
Loans and advances	8	8,011,742	19,161,349
		<b>166,256,525</b>	<b>19,255,568</b>
<b>Current assets</b>			
Trade receivables	9	20,159,112	785,926
Cash and bank balances	10	27,203,079	103,080,590
Loans and advances	8	9,261,050	211,146
Other current assets	11	300,619	-
		<b>56,923,860</b>	<b>104,077,662</b>
<b>TOTAL</b>		<b>223,180,385</b>	<b>123,333,230</b>
Summary of significant accounting policies	2.1		

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

As per our report of even date

**For S.R. Batliboi & Co. LLP**

Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

**For and on behalf of the Board of Directors of  
HT Music & Entertainment Company Limited**

**Per Vishal Sharma**  
Partner  
Membership No. 96766

**Dinesh Mittal**  
Director

**Piyush Gupta**  
Director

Place: Gurgaon  
Date: May 25, 2016



**HT Music & Entertainment Company Limited****Statement of Profit and Loss for the year ended March 31, 2016**

	Notes	March 31,2016 ( in Rs.)	March 31,2015 ( in Rs.)
<b>INCOME</b>			
Revenue from operations	12	43,178,319	1,398,937
<b>Revenue from operations</b>		<b>43,178,319</b>	<b>1,398,937</b>
Other income	13	3,847,202	1,406,628
<b>Total Revenue (I)</b>		<b>47,025,521</b>	<b>2,805,565</b>
<b>EXPENSES</b>			
Employee benefits expense	14	20,023,497	1,183,515
Other expenses	15	75,934,538	4,822,297
Depreciation and amortization expense	16	44,912,517	9,330
Finance costs	17	889,396	500
<b>Profit / (loss) before tax</b>		<b>(94,734,427)</b>	<b>(3,210,077)</b>
<b>Tax expenses</b>		<b>-</b>	<b>-</b>
<b>Profit / (loss) for the year</b>		<b>(94,734,427)</b>	<b>(3,210,077)</b>

**Earnings/(Loss) per equity share (Rs.)** 18 (0.45) (0.21)

Basic and Diluted [Nominal value of share Rs. 1 (31st March 2015 Rs.1)]

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

As per our report of even date.

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**For and on behalf of the Board of Directors of  
HT Music & Entertainment Company Limited**

**Per Vishal Sharma**

Partner

Membership No. 96766

**Dinesh Mittal**

Director

**Piyush Gupta**

Director

Place: Gurgaon

Date: May 25, 2016

HT Music and Entertainment Company Limited  
Cash Flow Statement for the year ended March 31, 2016

	March 31, 2016 (Rs.)	March 31, 2015 (Rs.)
<b>A. Cash flow from operating activities</b>		
Profit/(Loss) before tax	(94,734,427)	(3,210,077)
<b>Profit before tax</b>	<b>(94,734,427)</b>	<b>(3,210,077)</b>
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation/ amortization	44,912,517	9,330
Bad debt written off	2,413,805	313,823
Unclaimed balances/unspent liabilities written back	(228,761)	(1,029,225)
Loss on sale of fixed assets	43,011	-
Interest income	(2,717,566)	(377,403)
Interest expense	483,220	-
Operating Profit/(loss) before working capital changes	(49,828,201)	(4,293,552)
Movements in working capital :		
Decrease/(Increase) in trade receivable	(14,913,265)	(920,422)
Decrease/(Increase) in loans and advances	(11,027,353)	(19,253,877)
Decrease/(Increase) in other current assets	1,007,193	-
Increase/(Decrease) in trade payables	42,998,786	2,250,893
Increase/(Decrease) in provisions	194,979	(688,624)
Increase/(Decrease) in other current liabilities	977,883	25,190
Cash generated from/(used in) operations	(30,589,978)	(22,880,392)
Direct taxes paid (net of refunds)	227,074	1,811,416
<b>Net cash from/ (used in) operating activities (A)</b>	<b>(30,362,904)</b>	<b>(21,068,976)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets including capital advances	(127,300,834)	-
Proceeds from sale of fixed assets	285,000	-
Interest received	2,416,947	377,403
Purchase consideration for amalgamation (net) (Note 19)	(70,432,500)	-
Redemption/ maturity of bank deposits (having original maturity of more than three months)	(13,847,087)	-
<b>Net cash from/ (used in) investing activities (B)</b>	<b>(208,878,474)</b>	<b>377,403</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from issuance of Equity Share Capital	150,000,000	120,000,000
Interest paid	(483,220)	-
<b>Net cash from/ (used in) financing activities (C)</b>	<b>149,516,780</b>	<b>120,000,000</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>(89,724,598)</b>	<b>99,442,922</b>
Cash and cash equivalents at the beginning of the year	103,080,590	3,637,668
<b>Cash and cash equivalents at the end of the year</b>	<b>13,355,992</b>	<b>103,080,590</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	3,479	3,778
Deposits with original maturity of less than three months	13,000,000	102,800,000
Balance with bank on current accounts	352,513	276,812
<b>Total of cash &amp; cash equivalents (Note 10)</b>	<b>13,355,992</b>	<b>103,080,590</b>

As per our report of even date  
For S.R. Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

For and on behalf of the Board of Directors of  
HT Music & Entertainment Company Limited

Per Vishal Sharma  
Partner  
Membership No. 96766

Dinesh Mittal  
Director

Piyush Gupta  
Director

Place : Gurgaon  
Date : May 25, 2016

3 : Share Capital

	March 31, 2016 (In Rs.)	March 31, 2015 (In Rs.)
Authorised shares		
1,000,000,000 (31st March 2015; 2,000,000,000) equity shares of Rs. 1 each	2,000,000,000	2,000,000,000

Issued, subscribed and fully paid-up shares		
280,000,000 (31st March 2015; 130,000,000) equity shares of Rs. 1 each	280,000,000	130,000,000
Total issued, subscribed and fully paid up share capital	280,000,000	130,000,000

a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period.

	March 31, 2016		March 31, 2015	
	No of Shares	Amount (in Rs.)	No of Shares	Amount (in Rs.)
At the beginning of the period	130,000,000	130,000,000	10,000,000	10,000,000
Issued during the period	150,000,000	150,000,000	120,000,000	120,000,000
Outstanding at the end of the year	280,000,000	280,000,000	130,000,000	130,000,000

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having the par value of Rs. 1 per share. Each holder of equity shares 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. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding company

Out of the equity shares issued by the Company shares held by its holding company are as below:

	March 31, 2016 No of Shares	March 31, 2015 No of Shares
HT Media Limited, the Holding Company	280,000,000	130,000,000
280,000,000 (31st March 2015; 130,000,000) equity shares of Rs. 1 each		

d. The Company has neither issued any bonus shares, shares for consideration other than cash nor has bought back shares since its incorporation.

e. Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at 31st March 2016		As at 31st March 2015	
	No.	% Holding in class	No.	% Holding in class
HT Media Limited: 280,000,000 shares of Rs. 1 each ; (Previous Year 130,000,000)	280,000,000	100%	130,000,000	100%

As per 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 ownership of shares.

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**4 : Reserves and surplus**

	'March 31, 2016 ( In Rs.)	'March 31, 2015 ( In Rs.)
<b>Surplus / (deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	(8,587,890)	(5,377,813)
Profit/ (Loss) for the year	(94,734,427)	(3,210,077)
<b>Net Surplus in the statement of profit and loss</b>	<b>(103,322,317)</b>	<b>(8,587,890)</b>
<b>Total Reserve &amp; Surplus</b>	<b>(103,322,317)</b>	<b>(8,587,890)</b>

**5 : Provisions**

	Long Term		Short Term	
	'March 31, 2016 ( In Rs.)	'March 31, 2015 ( In Rs.)	'March 31, 2016 ( In Rs.)	'March 31, 2015 ( In Rs.)
<b>Provision for employee benefits</b>				
Provision for leave benefits	-	-	167,702	76,222
Provision for gratuity	205,909	-	1,683	104,093
<b>Total</b>	<b>205,909</b>	<b>-</b>	<b>169,385</b>	<b>180,315</b>

**6 : Other current liabilities**

	'March 31, 2016 ( In Rs.)	'March 31, 2015 ( In Rs.)
<b>Trade payables</b>		
Total outstanding dues of micro enterprises & small enterprises (Refer Note no. 21 for details of dues to micro & small enterprises)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	44,647,664	1,684,965
	<b>44,647,664</b>	<b>1,684,965</b>
<b>Other liabilities</b>		
TDS payable	343,890	43,263
Other statutory liabilities	182,780	12,196
Payable to holding company	953,074	381
	<b>1,479,744</b>	<b>55,840</b>
<b>Total</b>	<b>46,127,408</b>	<b>1,740,805</b>

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HT Music & Entertainment Company Limited  
Notes to financial statements for the year ended March 31, 2016  
Fixed Assets

	7: Tangible Assets				(Rs.)
	Leasehold Improvements	Plant & equipment	Office equipment	IT equipment fixtures	
<b>Cost or Valuation</b>					
At 1 April 14	-	-	45,500	138,739	116,704
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
<b>At 31 March 2015</b>					
Additions (Refer Note 19)	25,205,487	17,700,021	45,500	138,739	116,704
Disposals	-	1,180,421	-	-	2,833,543
<b>At 31 March 2016</b>	<b>25,205,487</b>	<b>16,519,600</b>	<b>7,381,158</b>	<b>3,127,379</b>	<b>2,970,247</b>
					<b>55,203,871</b>
<b>Depreciation</b>					
At 1 April 14	-	-	17,072	131,802	48,521
Charge for the year	-	-	1,943	-	7,387
Disposals	-	-	-	-	-
<b>At 31 March 2015</b>					
Charge for the year	11,514,093	11,096,199	19,015	131,802	55,908
					357,451
Disposals	-	852,410	-	-	852,410
<b>At 31 March 2016</b>	<b>11,514,093</b>	<b>10,243,789</b>	<b>3,719,029</b>	<b>640,467</b>	<b>413,359</b>
<b>Net Block</b>					
At 31 March 2015	-	-	26,485	6,937	60,796
At 31 March 2016	13,691,394	6,275,811	3,662,129	2,486,912	2,556,888
					<b>28,673,134</b>
<b>7: Intangible assets</b>					
		<b>Goodwill</b>	<b>License</b>		<b>Total</b>
<b>Gross Block</b>					
At 1 April 2014	-	-	-	-	-
Purchase	-	-	-	-	-
<b>At 31 March 2015</b>					
Additions (Refer Note 19)	19,404,987	127,902,757	147,307,744	-	-
At March 31, 2016	19,404,987	127,902,757	147,307,744	-	-
<b>Amortization</b>					
At 1 April 2014	-	-	-	-	-
Charge for the year	-	-	-	-	-
<b>At 31 March 2015</b>					
Charge for the year	7,761,994	9,974,101	17,736,095	-	-
At March 31, 2016	7,761,994	9,974,101	17,736,095	-	-
<b>Net Block</b>					
At 31 March 2015	-	-	-	-	-
At March 31, 2016	11,642,993	117,928,656	129,571,649	-	-

HT Music & Entertainment Company Limited  
Notes to financial statements for the year ended March 31, 2016

**8 : Loans and advances**

	Non-current		Current	
	'March 31, 2016 (In Rs.)	'March 31, 2015 (In Rs.)	'March 31, 2016 (In Rs.)	'March 31, 2015 (In Rs.)
<b>Capital advances</b>				
Unsecured, considered good	4,367,399	18,500,000	-	-
	4,367,399	18,500,000	-	-
<b>Security deposit</b>				
Unsecured, considered good	3,382,400	626,480	-	-
	3,382,400	626,480	-	-
<b>Advances recoverable in cash or kind</b>				
Unsecured, considered good	-	-	8,920,819	-
	-	-	8,920,819	-
<b>Other loans &amp; advances</b>				
Advance payment of income tax (net of provision for taxation)	261,943	34,869	-	-
Balances with statutory / government authorities	-	-	340,231	211,146
	261,943	34,869	340,231	211,146
<b>Total</b>	<b>8,011,742</b>	<b>19,161,349</b>	<b>9,261,050</b>	<b>211,146</b>

**9 : Trade receivables**

	'March 31, 2016 (In Rs.)	'March 31, 2015 (In Rs.)
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	14,969,694	-
Doubtful	627,754	-
	15,597,448	-
Provision for doubtful receivables	627,754	-
	14,969,694	-
<b>Other receivables</b>		
Unsecured, considered good	5,189,418	785,926
Doubtful	1,276,179	-
	6,465,597	785,926
Provision for doubtful receivables	1,276,179	-
	5,189,418	785,926
<b>Total</b>	<b>20,159,112</b>	<b>785,926</b>

**10 : Cash and bank balances**

	Current	
	'March 31, 2016 (In Rs.)	'March 31, 2015 (In Rs.)
<b>Cash and cash equivalents</b>		
Balance with banks:		
- On current accounts	352,513	276,812
- Deposits with original maturity of less than three months	13,000,000	102,800,000
Cash on hand	3,479	3,778
	13,355,992	103,080,590
<b>Other bank balances</b>		
- Deposits with remaining maturity for less than 12 months	13,847,087	-
<b>Total</b>	<b>27,203,079</b>	<b>103,080,590</b>

**11 : Other assets**

	Non-Current		Current	
	'March 31, 2016 (In Rs.)	'March 31, 2015 (In Rs.)	'March 31, 2016 (In Rs.)	'March 31, 2015 (In Rs.)
<b>Others</b>				
Interest accrued on fixed deposits	-	-	300,619	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>300,619</b>	<b>-</b>

**12 : Revenue from operations**

	'March 31, 2016 ( In Rs.)	'March 31, 2015 ( In Rs.)
<b>Revenue from operations</b>		
Sale of services	43,178,319	1,398,937
<b>Revenue from operations (net)</b>	<b>43,178,319</b>	<b>1,398,937</b>

**Detail of services rendered**

Particulars	'March 31, 2016 ( In Rs.)	'March 31, 2015 ( In Rs.)
Broadcasting Service/ Event Management Service	43,178,319	1,398,937

**13 : Other income**

	'March 31, 2016 ( In Rs.)	'March 31, 2015 ( In Rs.)
Interest income on bank deposits	2,717,566	377,403
Unclaimed balances/unspent liabilities written back	228,761	1,029,225
Miscellaneous income	900,875	-
<b>Total</b>	<b>3,847,202</b>	<b>1,406,628</b>

**14 : Employee benefits expense**

	'March 31, 2016 ( In Rs.)	'March 31, 2015 ( In Rs.)
Salaries, wages and bonus	18,553,300	1,087,434
Contribution to provident and other funds	777,116	81,081
Gratuity expense	141,074	-
Staff welfare expenses	552,007	15,000
<b>Total</b>	<b>20,023,497</b>	<b>1,183,515</b>

**15 :Other expenses**

	'March 31, 2016 ( In Rs.)	'March 31, 2015 ( In Rs.)
Event management expenses	1,910,374	1,001,000
Electricity expenses	4,822,992	236,628
Rent	11,517,945	37,092
Repair and maintenance		
-Others	2,551,007	27,204
Travelling and conveyance	2,338,602	-
Communication cost	781,195	28,152
Legal and professional fees	10,524,315	1,125,120
Payment to auditors (Refer Note A Below)	1,175,000	150,000
Sundry balance written off	-	470,788
Bad debts written off	2,413,805	313,823
Subscription	452,480	925,000
Licence fee	17,119,729	-
Rates & Taxes	394,316	-
Loss on sale of fixed assets	43,011	-
Programming expenses	5,226,885	-
Marketing expenses	11,414,200	-
Miscellaneous expenses	3,248,682	507,490
<b>Total</b>	<b>75,934,538</b>	<b>4,822,297</b>

**A. Payment to auditor**

	'March 31, 2016 ( In Rs.)	'March 31, 2015 ( In Rs.)
As auditor:		
Audit fee	500,000	150,000
Tax audit fee	125,000	-
Other services	550,000	-
	<b>1,175,000</b>	<b>150,000</b>

**16 : Depreciation and amortization expense**

	'March 31, 2016 ( In Rs.)	'March 31, 2015 ( In Rs.)
Depreciation of tangible assets	27,176,422	9,330
Amortization of intangible assets	17,736,095	-
<b>Total</b>	<b>44,912,517</b>	<b>9,330</b>

**17 : Finance costs**

	'March 31, 2016 ( In Rs.)	'March 31, 2015 ( In Rs.)
Interest	483,220	-
Bank charges	406,176	500
<b>Total</b>	<b>889,396</b>	<b>500</b>

HT Music & Entertainment Company Limited  
Notes to financial statements for the year ended March 31, 2016  
18 : Earnings per share (EPS)

	'March 31, 2016 ( In Rs.)	'March 31, 2015 ( In Rs.)
Net profit/(Loss) for calculation of basic and diluted EPS	(94,734,427)	(3,210,077)
Weighted average number of equity shares in calculating basic and diluted EPS	210,136,986	14,931,507
Basic / Diluted earnings / (Loss) per share in Rupees of face value of Rs. 1	<u>(0.45)</u>	<u>(0.21)</u>

\*Weighted average number of equity shares in calculating Basic & Diluted EPS (number)

	'March 31, 2016	March 31, 2015
Equity shares outstanding at the beginning of the year	130,000,000	10,000,000
15,00,00,000 (Previous Year- 12,00,00,000) Equity shares issued to HT Media Limited on 18th September 2015 (Previous Year- 16th March 2015), outstanding for 195 days (Previous Year- 15 days)	80,136,986	4,931,507
Weighted average number of equity shares in calculating Basic and Diluted EPS	<u>210,136,986</u>	<u>14,931,507</u>



**HT Music and Entertainment Company Limited**  
**Explanatory Notes to financial statements for year ended March 31, 2016**

*(All amounts in Indian Rupees unless otherwise stated)*

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**1. Corporate Information**

HT Music & Entertainment Company Limited (“HTME” or the Company) is a Public Company registered in India & incorporated under the provision of the Companies Act, 1956. The Company is engaged in radio broadcast and all other related activities through its radio station operating under brand name ‘Fever 91.9 FM’ in Chennai, managing and organizing event, shows etc. of various kinds and nature and derives revenue by organizing such events.

**2. Basis of preparation**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

**2.1 Summary of Significant accounting policies**

**a. Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the date end of the reporting period. Although these estimates are based on the management’s best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**b. Tangible Fixed assets**

Fixed Assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

**HT Music and Entertainment Company Limited**  
**Explanatory Notes to financial statements for year ended March 31, 2016**

*(All amounts in Indian Rupees unless otherwise stated)*

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Gains or losses arising from de recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The company identifies and determines cost of asset significant to the total cost of the asset having useful life that is materially different from that of the remaining life.

**c. Depreciation on tangible fixed assets**

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. The company has used the following rates to provide depreciation on its fixed assets.

	Useful life estimated by management (years)
Leasehold Improvements	9 years
Office equipment	5 years
IT equipment	3 years
Furniture & fixtures	10 years
Plant and equipment	10 years

**d. Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 *Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies*.

**HT Music and Entertainment Company Limited**  
**Explanatory Notes to financial statements for year ended March 31, 2016**

*(All amounts in Indian Rupees unless otherwise stated)*

Gains or losses arising from de recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

License fees are charged to statement of profit and loss at the rate of 4% of gross revenue for the period or 10% of Reserve One Time Entry Fee (ROTEF) for the concerned city, whichever is higher. Gross Revenue for this purpose is revenue derived on the basis of billing rates inclusive of any taxes and without deduction of any discount given to the advertiser and any commission paid to advertising agencies. ROTEF means 25% of highest valid bid in the city.

Goodwill acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred. The Goodwill recognized is amortized over useful life not exceeding 5 years.

A summary of amortization policies applied to the Companies Intangible assets is as below:

<b>Intangible Asset</b>	<b>Useful life (in years)</b>
Goodwill	5 years
Software Licenses	3 years
License Fees (One time entry fee)	10-15 years

**e. Leases**

*Where the company is lessee*

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**HT Music and Entertainment Company Limited**  
**Explanatory Notes to financial statements for year ended March 31, 2016**

*(All amounts in Indian Rupees unless otherwise stated)*

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**f. Impairment of tangible and intangible assets**

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after fifth year.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

**g. Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

*Airtime Revenue*

Revenue from radio broadcasting is recognized on an accrual basis on the airing of client's commercials.

**HT Music and Entertainment Company Limited**  
**Explanatory Notes to financial statements for year ended March 31, 2016**

*(All amounts in Indian Rupees unless otherwise stated)*

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*Event Revenue*

Revenue is recognized on an accrual basis based on the events organized during the year.

*Interest*

Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

**h. Foreign currency translation**

*Foreign currency transactions and balances*

(i) Initial recognition

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

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(iii) Exchange differences

The company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on a monetary item that, in substance, forms part of the company's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
2. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
3. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
4. All other exchange differences are recognized as income or as expenses in the period in which they arise.

**HT Music and Entertainment Company Limited**  
**Explanatory Notes to financial statements for year ended March 31, 2016**

*(All amounts in Indian Rupees unless otherwise stated)*

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For the purpose of 2 and 3 above, the company treats a foreign monetary item as “long-term foreign currency monetary item”, if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated 09 August 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

**i. Retirement and other employee benefits**

Retirement benefit in form of provident fund is a defined contribution schemes. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.

The company operates defined benefit plans for its employees, viz., gratuity. The cost of providing benefit under this plan is determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for this plan using the projected unit credit method. Actuarial gains and losses for defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

**j. Income taxes**

Tax expense comprises current 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 and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the

**HT Music and Entertainment Company Limited**  
**Explanatory Notes to financial statements for year ended March 31, 2016**

*(All amounts in Indian Rupees unless otherwise stated)*

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earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can 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 virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

**k. Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as

**HT Music and Entertainment Company Limited**  
**Explanatory Notes to financial statements for year ended March 31, 2016**

*(All amounts in Indian Rupees unless otherwise stated)*

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bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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 year are adjusted for the effects of all dilutive potential equity shares.

**l. 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 except those disclosed elsewhere in the financial statements, are not discounted to their present value and are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and are adjusted to reflect the current best estimates.

**m. Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

**n. Cash and Cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**19. Acquisition of the Radio Business:**

The Company had entered into a Scheme of restructuring (the Scheme) with Noble Broadcasting Corporation Private Limited (Transferor Company) to acquire the Radio Business of the Transferor Company re-named as "Fever 91.9 FM" in Chennai for an agreed consideration of Rs. 7.35 Cr with effect from April 1, 2014, being the Appointed Date as per the Scheme. The Scheme is in compliance with the provisions of Section 391-394 of the Companies Act 1956 and has been sanctioned by the Hon'ble High Court of Chennai on December 4, 2014 and by Hon'ble High Court of Delhi on December 23, 2014 subject to clearance from Ministry of Information & Broadcasting (MIB) and Ministry of Communication & Information of Technology (MCIT) of Government of India. Further to the Order of the Hon'ble High Courts, the Company has got the approval from MIB on April 30, 2015 and MCIT on September 16, 2015.

The Scheme got effective from September 18, 2015 with the Filing of Orders of Hon'ble High Courts with Registrar of Companies (ROC) along with the Approvals of MIB & MCIT.



**HT Music and Entertainment Company Limited**  
**Explanatory Notes to financial statements for year ended March 31, 2016**

*(All amounts in Indian Rupees unless otherwise stated)*

With the scheme becoming effective from the appointed date i.e. w.e.f. April 1, 2014, the assets and liabilities; rights and obligation of Transferor Company relating to “Fever 91.9 FM” have been vested with the Company. The Scheme has accordingly, been given effect to in these financial statements.

The impact in financial statements of the Company for the year ended March 31, 2016 is as below:

- a) The Company recorded the assets and liabilities of Radio business vested in it pursuant to this Scheme, at the respective book values thereof, as appearing in the books of Noble on the day immediately preceding the Appointed Date. Excess in the value of net assets of radio business transferred to the Company pursuant to the Scheme has been recorded as Goodwill.

Particulars of assets and liabilities transferred are as below:

(In Rupees)				
Particulars	Gross Block	Accumulated Depreciation	Net Amount	Amount
Building	1,218,147	282,317	935,830	
Plant & Machinery	35,623,764	21,138,982	14,484,782	
	7,931,836	3,082,131	4,849,705	
Electrical equipment's & fittings				
Furniture & fittings	18,112,655	9,870,471	8,242,184	
Computers	2,952,552	2,926,921	25,631	
<b>Total Tangible Assets</b>	<b>65,838,954</b>	<b>37,300,822</b>	<b>28,538,132</b>	<b>28,538,132</b>
FM Radio License	50,003,000	35,988,461	14,014,539	
<b>Total intangible Assets</b>	<b>50,003,000</b>	<b>35,988,461</b>	<b>14,014,539</b>	<b>14,014,539</b>
<b>Current Assets</b>				
Trade Receivables			6,873,725	
Cash & Bank Balances			3,067,500	
Loans and advances			932,000	
Other Current Assets			1,307,812	
<b>Total Current Assets</b>			<b>12,181,037</b>	<b>12,181,037</b>
<b>Total Assets (A)</b>				<b>54,733,708</b>
<b>Current Liabilities</b>				
Trade Payables			192,674	
Other Current Liabilities			446,021	
<b>Total Liability (B)</b>			<b>638,695</b>	<b>638,695</b>
Net Assets Transferred to the Company (A-B)				54,095,013
Less: Purchase consideration paid				73,500,000
<b>Accounted in Goodwill account</b>				<b>19,404,987</b>

- b) The income and expenses of “Fever 91.9 FM” w.e.f April 1, 2014 till Sept 18<sup>th</sup> 2015 have been recorded as income and expenses of the Company and following numbers relating to

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Fever 91.9 FM have been included in Statement of Profit and Loss of the Company for the year ended March 31, 2016. The depreciation rate has been applied w.e.f 1.4.2015 as per prevailing rate of the Company.

(In Rupees)

<b>Particulars</b>	<b>Amount</b>
Revenue from Operations	24,489,005
Other Income	<u>998,557</u>
<b>Total Income</b>	<b><u>25,487,562</u></b>
Employee Benefit Expenses	31,28,487
Other Expenses	20,380,493
Depreciation and amortization expenses	34,954,704
Finance costs	<u>16,506</u>
<b>Total Expenses</b>	<b><u>58,480,190</u></b>
<b>Profit / (Loss) before tax</b>	<b><u>(32,992,628)</u></b>

## 20. Gratuity

The company operates defined plans, viz., gratuity, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The scheme is not funded by the company.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and amounts recognized in the balance sheet for the respective plans.

### Statement of profit and loss

#### Net employee benefit expense recognized in the employee cost

	<b>31-Mar-16</b>	<b>31-Mar-15</b>
	<b>Rupees</b>	<b>Rupees</b>
Current service cost	178,097	-
Interest cost on benefit obligation	-	-
Past Service Cost	29,495	-
Expected return on plan assets	-	-
Net actuarial( gain) / loss recognized in the year	-	-
<b>Net benefit expense</b>	<b>207,592</b>	<b>-</b>

### Balance Sheet

<b>Benefit asset/ liability</b>	<b>31-Mar-16</b>	<b>31-Mar-15</b>
	<b>Rupees</b>	<b>Rupees</b>
Present value of defined benefit obligation	207,592	-
Fair value of plan assets	-	-

**HT Music and Entertainment Company Limited**  
**Explanatory Notes to financial statements for year ended March 31, 2016**

*(All amounts in Indian Rupees unless otherwise stated)*

<b>Plan asset / (liability)</b>	<b>(207,592)</b>	<b>-</b>
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**The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the company's plans are shown below:**

	<b>31-Mar-16 Rupees</b>	<b>31-Mar-15 Rupees</b>
Discount rate (per annum)	7.75%	-
Expected rate of return on assets (per annum)	-	-
Salary growth rate (per annum)	5.00%	-

**Amounts for the current and previous four periods are as follows:**

	<b>31-Mar-16 Rupees</b>	<b>31-Mar-15 Rupees</b>	<b>31-Mar-14 Rupees</b>	<b>31-Mar-13 Rupees</b>	<b>31-Mar-12 Rupees</b>
<b>Gratuity</b>					
Defined benefit obligation	207,592	-	-	-	-
Plan assets	-	-	-	-	-
Surplus / (deficit)	-	-	-	-	-
Experience adjustments on plan liabilities	-	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

**Demographic Assumptions**

<b>Particulars</b>	<b>As at</b>	
	<b>31-Mar-16</b>	<b>31-Mar-15</b>
Mortality Rate	100%	-
Withdrawal rates, based on age: (per annum)		
Up to 30 years	3%	-
31 to 44 years	2%	-
Above 44 years	1%	-

**Scale of Benefits**

Type of Plan	Defined Benefit
Employer's Contribution	100%
Employee's Contribution	Nil
Salary for calculation of Gratuity	Last drawn salary
Normal Retirement Age	58 Years
Vesting period	5 Years
Benefit on normal retirement	Same as per the provisions of the Payment of Gratuity Act, 1972 (as amended from time to time).
Benefit on early retirement / termination /	Same as normal retirement benefit based on the service up

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resignation / withdrawal	to the date of exit.
Benefit on death in service	Same as normal retirement benefit and no vesting period condition applies.
Limit	Rs. 1,000,000
Gratuity formula	15/26 * Last drawn salary * Number of completed years

**21. Details of dues to Micro and Small Enterprises as defined under the MSMED Act, 2006**

On the basis of information available with the Company based on the identification process carried out by it, there are no amounts due to Micro, Small and Medium enterprises registered under The Micro, Small and Medium Enterprises Development Act, 2006.

<i>S. No.</i>	<i>Particulars</i>	<i>March 31, 2016</i>	<i>March 31, 2015</i>
(i)	the principal amount and the interest due thereon remaining unpaid to any supplier - Principal amount - Interest thereon	-	-
(ii)	the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iii)	the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
(iv)	the amount of interest accrued and remaining unpaid	-	-
(v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act	-	-

**22. Segment information**

The company is engaged in the business of radio broadcast and managing and organizing events. The entire operations are governed by the same set off risk and returns. Hence, the same has been considered as representing a single primary segment. The said treatment is in accordance with the guiding principles enunciated in the Accounting Standard – 17 on segment reporting.

**HT Music and Entertainment Company Limited**  
**Explanatory Notes to financial statements for year ended March 31, 2016**

*(All amounts in Indian Rupees unless otherwise stated)*

The company sells its services mostly within India and does not have any operation in economic environment with different risks and returns, hence, it is considered operating in a single geographical segment.

**23. Related party disclosures**

**Names of related parties**

**Parties having direct or indirect control over the Company**

HT Media Limited  
Earthstone Holding (Two) Limited<sup>#</sup>  
The Hindustan Times Limited<sup>#</sup>

*Note:*

*# Earthstone Holding (Two) Limited and The Hindustan Times Limited (HTL) does not hold any direct equity investment in the Company.*

**Fellow Subsidiaries**

There are no fellow subsidiaries with whom transactions have taken place during the year.

**Details of related party transactions**

**(Amount in Rs. )**

	<b>HT Media Limited (Holding company)</b>	
	<b>March 31, 2016</b>	<b>March 31, 2015</b>
<b>Transaction during the year (excluding service tax)</b>		
a) Reimbursements for expenses	-	3,60,000
b) Royalty Fee paid	47,598	-
c) Paid to vendor on behalf of the Company by the Party	-	2,78,842
d) Commission charges (excluding service tax)	1,96,535	-
e) Commission Income (excluding service tax)	1,54,172	-
f) Issue of equity shares	1,500,00,000	1,200,00,000
<b>Outstanding balances</b>		
Equity Share Capital	2,800,00,000	1,300,00,000
Trade Payable	953,000	381
Advances Received	27,195	-

**HT Music and Entertainment Company Limited**  
**Explanatory Notes to financial statements for year ended March 31, 2016**

*(All amounts in Indian Rupees unless otherwise stated)*

**24. CIF Value of Imports**

<b>Particulars</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>
Capital goods	27,02,714	-

**25. Previous year figures**

Previous year figures have been regrouped / reclassified, where necessary, to conform to this period's classification. The number for the current year are not comparable with previous year as the current year number includes the transaction of acquired radio station Aaha FM.

As per our report of even date

**For S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 301003E

**For and on behalf of the Board of Directors of  
HT Music & Entertainment Company Limited**

**Per Vishal Sharma**  
Partner  
Membership Number: 96766

Dinesh Mittal  
Director

Piyush Gupta  
Director

Place: Gurgaon  
Date: May 25, 2016